

Appendix 4E

Full Year Results

For the year ended 30 June 2015

Released 10 August 2015

ABN 11 068 049 178



Appendix 4E: Full Year Results Contents

1	Appendix 4E: Full Year Results	3		
1.1	Company details and reporting period	3	2.3	Results commentary
1.2	Results for announcement to the market	3	2.3.1	Profit
1.3	Cash earnings results	3	2.3.2	Specific items
1.4	Net tangible assets per ordinary share	4	2.3.3	Interest margin
1.5	Details of entities over which control has been gained or lost during the period	4	2.3.4	Income
1.6	Details of individual and total dividends	4	2.3.5	Operating expenses
1.7	Details of any dividend or distribution reinvestment plans in operation	4	2.3.6	Segment results
1.8	Details of associates and joint arrangement entities	4	2.3.7	Lending
1.9	Accounting standards used for foreign entities	4	2.3.8	Asset quality
1.10	Dispute or qualifications if audited	4	2.3.9	Bad and doubtful debts
1.11	Annual general meeting	4	2.3.10	Deposits and funds under management
1.12	Subsequent events	4	2.3.11	Average balance sheet
			2.3.12	Capital and shareholder returns
			2.3.12.1	Assets and capital
			2.3.12.2	Capital adequacy
			2.3.12.3	Shareholder returns
			2.3.12.4	Dividends
2	Full year results	5	2.4	Additional notes
2.1	Financial highlights	5	2.4.1	Analysis of intangible assets
2.2	Financial statements	7	2.4.2	Net tangible assets per share
2.2.1	Income statement	7	2.4.3	Investments accounted for using the equity method
2.2.2	Statement of comprehensive income	8	2.4.4	Credit ratings
2.2.3	Balance sheet	9	2.4.5	Issued capital
2.2.4	Statement of changes in equity	10		
2.2.5	Cash flow statement	11		

Appendix 4E: Full year results

1.1 Company details and reporting period

Bendigo and Adelaide Bank Limited
ABN 11 068 049 178

Reporting period - twelve months ended: 30 June 2015
Previous corresponding period - twelve months ended: 30 June 2014

1.2 Results for announcement to the market

Income from operations up 7.4% to \$1,548.4 m

Profit after tax from ordinary activities attributable to Owners of the Company up 13.9% to \$423.9 m

Net profit after tax from ordinary activities attributable to Owners of the Company up 13.9% to \$423.9 m

Dividends - current year 2015	Date Payable	Amount per security
Final dividend - fully franked	30 September 2015	33.0 cents
Record date for determining entitlements		20 August 2015

	Date Paid	Amount per security
Interim dividend - fully franked	31 March 2015	33.0 cents

Dividends - previous year 2014	Date Paid	Amount per security
Final dividend - fully franked	30 September 2014	33.0 cents
Interim dividend - fully franked	31 March 2014	31.0 cents

1.3 Cash earnings results

Cash earnings attributable to Owners of the Company up 13.1% to \$432.4 m

Cash earnings per share up 3.9% to 95.1 cents

See note 2.3.1 and 2.3.12.3 for full details

This Appendix 4E: Full year results should be read in conjunction with the media release and results presentation released to the ASX on 10 August 2015.

1.4 Net tangible assets per ordinary share

Refer to section 2.4.2 of the attached 30 June 2015 full year profit announcement.

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

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

1.6 Details of individual and total dividends

Refer to section 2.3.12.4 of the attached 30 June 2015 full year profit announcement.

1.7 Details of any dividend or distribution reinvestment plans in operation

Refer to section 2.3.12.4 of the attached 30 June 2015 full year profit announcement.

1.8 Details of associates and joint arrangement entities

Refer to section 2.4.3 of the attached 30 June 2015 full year profit announcement.

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

1.11 Annual general meeting

The annual general meeting will be held as follows:

Place: Ulumbarra Theatre, Gaol Rd, Bendigo, Victoria

Date: 10 November 2015

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

1.12 Subsequent events

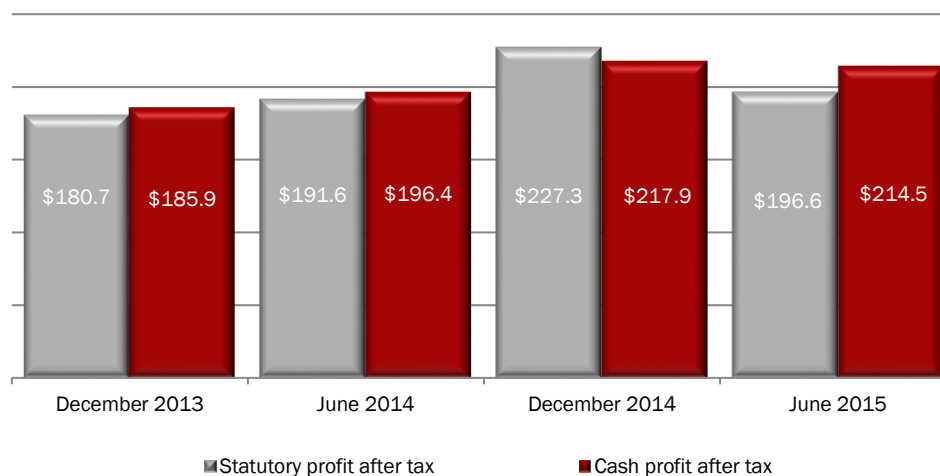
No other matters or circumstances have arisen since the end of the financial year to the date of this report which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

2 Full year results

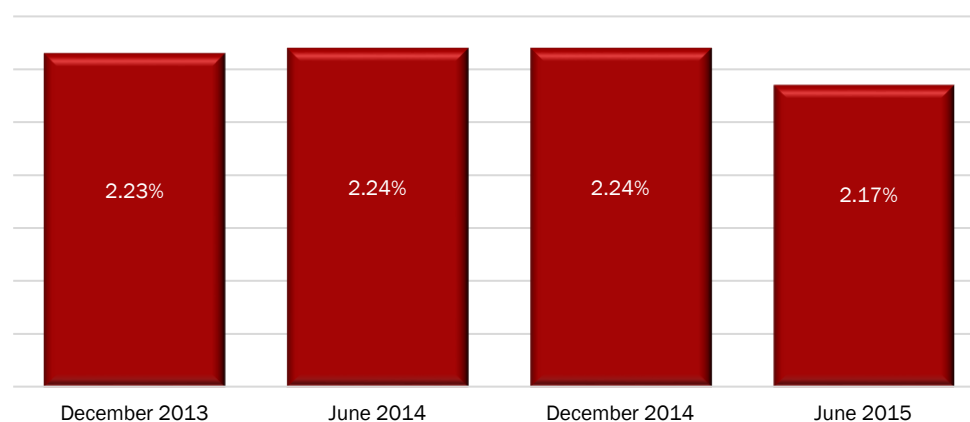
2.1 Financial highlights

	Jun-15	Dec-14	Total	Jun-14	Dec-13	Total	Jun-14 to Jun-15	
	Half	Half		Half	Half		\$m	%
	\$m	\$m		\$m	\$m			
Financial performance metrics								
Profit after tax attributable to Owners of the Company	196.6	227.3	423.9	191.6	180.7	372.3	51.6	13.9
Profit after tax and before specific items	208.6	212.0	420.6	191.5	181.3	372.8	47.8	12.8
Cash earnings	214.5	217.9	432.4	196.4	185.9	382.3	50.1	13.1
Net interest income (before specific items)	580.0	604.1	1,184.1	566.7	551.5	1,118.2	65.9	5.9
Non-interest income (before specific items)	187.4	178.5	365.9	163.3	159.8	323.1	42.8	13.2
Bad and doubtful debts	38.2	30.1	68.3	39.2	42.7	81.9	(13.6)	(16.6)
Expenses (before specific items)	431.5	446.5	878.0	417.6	406.1	823.7	54.3	6.6
	%	%		%	%		% change	
Financial performance ratios								
Cost to income ratio	54.9%	55.6%	55.2%	55.7%	55.6%	55.6%	(0.7)	
Net interest margin before profit share arrangements	2.17%	2.24%	2.20%	2.24%	2.23%	2.24%	(1.8)	
Net interest margin after profit share arrangements	1.86%	1.93%	1.89%	1.93%	1.91%	1.92%	(1.6)	

Statutory profit and cash earnings (\$m)



Net interest margin before profit share arrangements (%)



2 Full year results (continued)

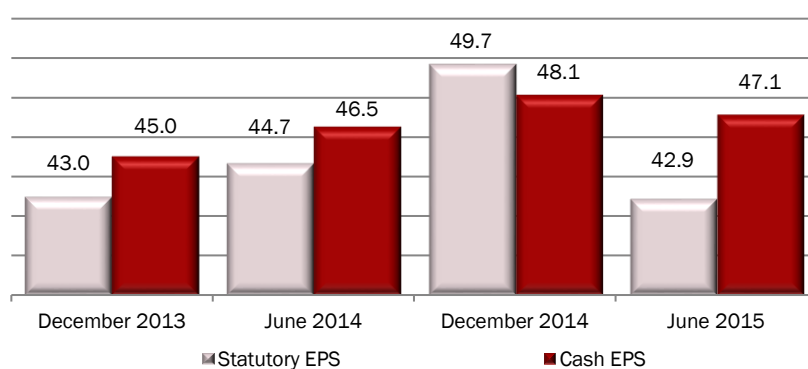
2.1 Financial highlights (continued)

	Jun-15	Dec-14	Total	Jun-14	Dec-13	Total	Jun-14	Jun-15
	Half	Half		Half	Half		to	
	\$m	\$m		\$m	\$m		\$m	%
Financial position metrics								
Ordinary equity	4,858.5	4,792.1	4,858.5	4,693.1	4,234.5	4,693.1	165.4	3.5
Retail deposits	46,222.7	45,376.4	46,222.7	44,843.0	42,654.4	44,843.0	1,379.7	3.1
Funds under management	4,165.8	3,808.2	4,165.8	3,390.5	3,252.9	3,390.5	775.3	22.9
Loans under management	56,540.6	55,801.3	56,540.6	53,980.7	51,935.0	53,980.7	2,559.9	4.7
New loan approvals	7,260.1	7,950.4	15,210.5	8,758.4	7,599.0	16,357.4	(1,146.9)	(7.0)
> Residential	4,559.4	5,253.6	9,813.0	5,424.2	5,098.1	10,522.3	(709.3)	(6.7)
> Non-residential	2,700.7	2,696.8	5,397.5	3,334.2	2,500.9	5,835.1	(437.6)	(7.5)
Total provisions and reserves for doubtful debts	322.6	318.1	322.6	295.5	276.7	295.5	27.1	9.2
	%	%		%	%		% change	

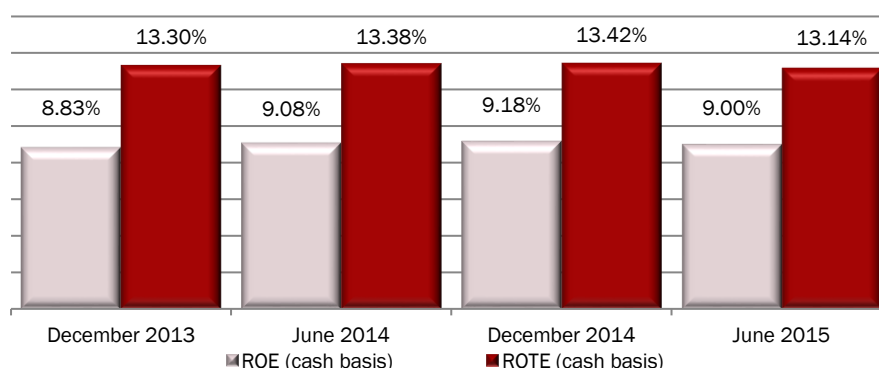
Financial position ratios							
Return on average ordinary equity (after tax)	8.19%	9.48%	8.84%	8.73%	8.44%	8.59%	2.9
Return on average ordinary equity (cash basis)	9.00%	9.18%	9.09%	9.08%	8.83%	8.96%	1.5
Return on average tangible equity (cash basis)	13.14%	13.42%	13.28%	13.38%	13.30%	13.34%	(0.5)
	cents	cents		cents	cents		% change

Key shareholder ratios							
Earnings per ordinary share (statutory basis)	42.9	49.7	92.5	44.7	43.0	87.7	5.5
Earnings per ordinary share (cash basis)	47.1	48.1	95.1	46.5	45.0	91.5	3.9
Dividend per share - fully franked	33.0	33.0	66.0	33.0	31.0	64.0	3.1

Statutory EPS and cash EPS (cents)



ROE and ROTE (%)



2.2 Financial statements

2.2.1 Income statement

For the year ended 30 June 2015

	Note	Jun-15 \$m	Jun-14 \$m
Income			
Interest income		2,945.2	2,928.2
Interest expense		1,761.1	1,810.0
Net interest income		1,184.1	1,118.2
Total non interest income	2.3.4	361.5	322.9
Share of net profit accounted for using the equity method	2.4.3	4.4	0.2
Total income		1,550.0	1,441.3
Expense			
Bad and doubtful debts	2.3.9	(68.3)	(81.9)
Operating expenses	2.3.5	(878.0)	(823.7)
Profit before income tax expense and specific items		603.7	535.7
Specific interest expense item	2.3.2	(6.5)	-
Specific income items before tax	2.3.2	4.9	0.1
Specific expense items before tax	2.3.2	(12.6)	0.7
Total specific items before tax		(14.2)	0.8
Profit before income tax expense		589.5	536.5
Income tax expense		(165.6)	(164.2)
Profit after income tax expense attributable to Owners of the Company		423.9	372.3
Adjusted for:			
Specific items after tax	2.3.2	(3.3)	0.5
Distributions accrued and/or paid on preference shares		(2.6)	(2.6)
Distributions accrued and/or paid on step-up preference shares		(0.9)	(3.1)
Amortisation of acquired intangibles after tax		15.3	15.2
Cash earnings		432.4	382.3
Earnings per ordinary share (cents per share)		cents	cents
Basic		92.5	87.7
Cash		95.1	91.5
Diluted		87.3	83.6
Franked dividends per share		66.0	64.0

2.2.2 Statement of comprehensive income For the year ended 30 June 2015

	Jun-15 \$m	Jun-14 \$m
Profit for the period ended 30 June	423.9	372.3
Items which may be reclassified subsequently to profit & loss:		
Net gain/(loss) on available for sale - equity investments	(1.6)	1.4
Net gain/(loss) on cash flow hedges taken to equity	(17.3)	(5.9)
Net gain/(loss) on reclassification from cash flow hedge reserve to income	(0.6)	0.1
Net unrealised gain/(loss) on debt securities in available for sale portfolio	(0.7)	-
Tax effect on items taken directly to or transferred from equity	6.1	1.3
Total items that may be reclassified to profit & loss	(14.1)	(3.1)
Items which will not be reclassified subsequently to profit & loss:		
Actuarial gain/(loss) on superannuation defined benefits plan	(1.6)	1.6
Revaluation of land and buildings	-	0.9
Tax effect on items taken directly to or transferred from equity	0.5	(0.8)
Total items that will not be reclassified to profit & loss	(1.1)	1.7
Total comprehensive income for the period	408.7	370.9
Total comprehensive income for the period attributable to:		
Owners of the Company	408.7	370.9

2.2.3 Balance sheet

As at 30 June 2015

	As at Jun-15 \$m	As at Jun-14 \$m
Assets		
Cash and cash equivalents	981.6	716.1
Due from other financial institutions	215.7	242.5
Financial assets held for trading	5,562.9	7,265.4
Financial assets available for sale	601.3	643.6
Financial assets held to maturity	300.7	286.6
Derivatives	63.8	22.3
Net loans and other receivables	55,531.6	52,932.8
Investments in joint ventures accounted for using the equity method	3.6	15.7
Property, plant and equipment	98.8	96.8
Deferred tax assets	146.4	130.5
Investment property	482.0	404.9
Assets held for sale	-	3.3
Goodwill and other intangible assets	1,580.5	1,504.4
Other assets	459.9	798.0
Total Assets	66,028.8	65,062.9
Liabilities		
Due to other financial institutions	202.7	363.5
Deposits	53,505.3	52,359.4
Notes payable	4,925.9	5,256.4
Derivatives	108.0	79.2
Income tax payable	18.2	17.5
Provisions	114.7	105.0
Deferred tax liabilities	111.8	79.8
Other payables	688.4	918.7
Convertible preference shares	819.5	261.4
Subordinated debt	592.6	655.5
Total Liabilities	61,087.1	60,096.4
Net Assets	4,941.7	4,966.5
Equity		
Share capital	4,223.6	4,355.6
Reserves	95.0	101.1
Retained earnings	623.1	509.8
Total Equity	4,941.7	4,966.5

2.2.4 Statement of changes in equity For the year ended 30 June 2015

	Attributable to owners of Bendigo and Adelaide Bank Limited				
	Issued	Other	Retained		Total
	ordinary	issued	earnings	Reserves	equity
	capital	capital			
	\$m	\$m	\$m	\$m	\$m
Opening balance at 1 July 2014	4,183.3	172.3	509.8	101.1	4,966.5
Comprehensive income:					
Profit for the period	-	-	423.9	-	423.9
Other comprehensive income	-	-	(1.1)	(14.1)	(15.2)
Total comprehensive income for the period	-	-	422.8	(14.1)	408.7
Transactions with owners in their capacity as owners:					
Shares issued	52.4	(190.0)	-	-	(137.6)
Share issue expenses	(0.3)	1.5	(1.5)	-	(0.3)
Reduction in employee share ownership plan (ESOP) shares	-	4.4	-	-	4.4
Movement in general reserve for credit losses (GRCL)	-	-	(8.6)	8.6	-
Movement in operational risk reserve	-	-	(1.8)	1.8	-
Share based payment	-	-	-	(2.4)	(2.4)
Equity dividends	-	-	(297.6)	-	(297.6)
At 30 June 2015	4,235.4	(11.8)	623.1	95.0	4,941.7

For the year ended 30 June 2014

	Attributable to owners of Bendigo and Adelaide Bank Limited				
	Issued	Other	Retained		Total
	ordinary	issued	earnings	Reserves	equity
	capital	capital			
	\$m	\$m	\$m	\$m	\$m
Opening balance at 1 July 2013	3,758.0	169.8	398.1	108.1	4,434.0
Comprehensive income:					
Profit for the period	-	-	372.3	-	372.3
Other comprehensive income	-	-	1.1	(2.5)	(1.4)
Total comprehensive income for the period	-	-	373.4	(2.5)	370.9
Transactions with owners in their capacity as owners:					
Shares issued	427.8	-	-	-	427.8
Share issue expenses	(2.5)	-	-	-	(2.5)
Prior years' restatement	-	-	(7.7)	-	(7.7)
Reduction in employee share ownership plan (ESOP) shares	-	2.5	-	-	2.5
Share based payment	-	-	-	(1.7)	(1.7)
Transfer from asset revaluation reserve	-	-	2.8	(2.8)	-
Equity dividends	-	-	(256.8)	-	(256.8)
At 30 June 2014	4,183.3	172.3	509.8	101.1	4,966.5

2.2.5 Cash flow statement

For the year ended 30 June 2015

	Jun-15 \$m	Jun-14 \$m
Cash flows from operating activities		
Interest and other items of a similar nature received	2,868.4	2,856.1
Interest and other costs of finance paid	(1,713.3)	(1,793.8)
Receipts from customers (excluding effective interest)	292.2	269.7
Payments to suppliers and employees	(756.8)	(751.6)
Dividends received	1.2	0.8
Income taxes paid	(144.3)	(185.8)
Net cash flows from operating activities	547.4	395.4
Cash flows from investing activities		
Cash paid for purchases of property, plant and equipment	(26.3)	(53.3)
Cash proceeds from sale of property, plant and equipment	1.9	1.9
Cash paid for purchases of investment property	(41.4)	(28.2)
Cash proceeds from sale of investment property	27.8	22.8
Cash paid for purchases of equity investments	(2.9)	(5.8)
Cash proceeds from sale of equity investments	16.5	-
Net increase in balance of loans and other receivables outstanding	(433.4)	(2,503.1)
Net (increase)/decrease in balance of investment securities	1,737.9	(1,773.9)
Net cash received/(paid) on acquisition of a business combination	(1,678.5)	(4.4)
Net cash flows used in investing activities	(398.4)	(4,344.0)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	379.6
Proceeds from issue of convertible preference shares	486.2	-
Repayment of preference shares	(102.1)	-
Net increase in balance of retail deposits	756.2	2,597.2
Net (decrease)/increase in balance of wholesale deposits	(233.8)	2,323.2
(Payments to)/proceeds from subordinated debt holders	(62.9)	301.2
Dividends paid	(247.0)	(211.5)
Net decrease in balance of notes payable	(330.4)	(1,144.2)
Repayment received for ESOP shares	4.4	2.5
Payment of share issue costs	(20.1)	(2.5)
Net cash flows from financing activities	250.5	4,245.5
Net increase in cash and cash equivalents	399.5	296.9
Cash and cash equivalents at the beginning of the period	595.1	298.2
Cash and cash equivalents at the end of period	994.6	595.1

2.3 Results commentary

2.3.1 Profit

	Full year ending				Six months ending			
	Jun-15	Jun-14	Change		Jun-15	Dec-14	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Profit before tax	589.5	536.5	53.0	9.9	284.8	304.7	(19.9)	(6.5)
Specific items before tax	14.2	(0.8)	15.0	(1,875.0)	12.9	1.3	11.6	892.3
Profit before tax and specific items	603.7	535.7	68.0	12.7	297.7	306.0	(8.3)	(2.7)
Profit after tax attributable to Owners of the Company	423.9	372.3	51.6	13.9	196.6	227.3	(30.7)	(13.5)
Specific items after tax	(3.3)	0.5	(3.8)	(760.0)	12.0	(15.3)	27.3	(178.4)
Profit after tax before specific items	420.6	372.8	47.8	12.8	208.6	212.0	(3.4)	(1.6)
Adjusted for:								
Amortisation of acquired intangibles after tax	15.3	15.2	0.1	0.7	7.2	8.1	(0.9)	(11.1)
Distributions accrued and/or paid on preference shares	(2.6)	(2.6)	-	-	(1.3)	(1.3)	-	-
Distributions accrued and/or paid on step-up preference shares	(0.9)	(3.1)	2.2	(71.0)	-	(0.9)	0.9	(100.0)
Cash earnings after tax	432.4	382.3	50.1	13.1	214.5	217.9	(3.4)	(1.6)

2.3.2 Specific items

The reported profit after tax for the year ended 30 June 2015 \$423.9 million included the following specific items:

	Jun-15		Jun-14	
	Before Tax	After Tax	Before Tax	After Tax
	\$m	\$m	\$m	\$m
Items included in interest income				
Fair value adjustments - interest expense	(6.5)	(4.6)	-	-
Total specific net interest income items	(6.5)	(4.6)	-	-
Items included in non interest income				
Hedge ineffectiveness	0.1	-	0.1	0.1
Profit on sale of investment in joint venture	4.8	3.4	-	-
Total specific non interest income items	4.9	3.4	0.1	0.1
Items included in operating expenses				
Integration costs	(8.4)	(6.0)	-	-
Impairment of investment in associates	(1.5)	(1.5)	-	-
Litigation costs	(2.7)	(1.9)	-	-
Employee shares gain	-	-	0.7	0.5
Total specific operating expense items	(12.6)	(9.4)	0.7	0.5
Items included in income tax expense				
Income tax benefit relating to mergers and acquisitions	-	16.7	-	(1.1)
Tax impacts relating to prior year impairment losses	-	(2.8)	-	-
Total specific income tax benefit	-	13.9	-	(1.1)
Total specific items attributable to the Group	(14.2)	3.3	0.8	(0.5)

Specific interest income items

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

Specific income items

Hedge ineffectiveness - ineffectiveness resulting from hedge accounting.

Profit on sale of investment in joint venture - on the 30 November 2014 the Group sold its investment in Strategic Payment Services Pty Ltd resulting in a profit above the original carrying value.

Specific expense items

Integration costs - costs associated with the integration of the business activities of Rural Finance and Alliance Partners.

Impairment of investment in associates - an impairment has been recorded on the investment the Group has in Vic West Community Enterprise Pty Ltd.

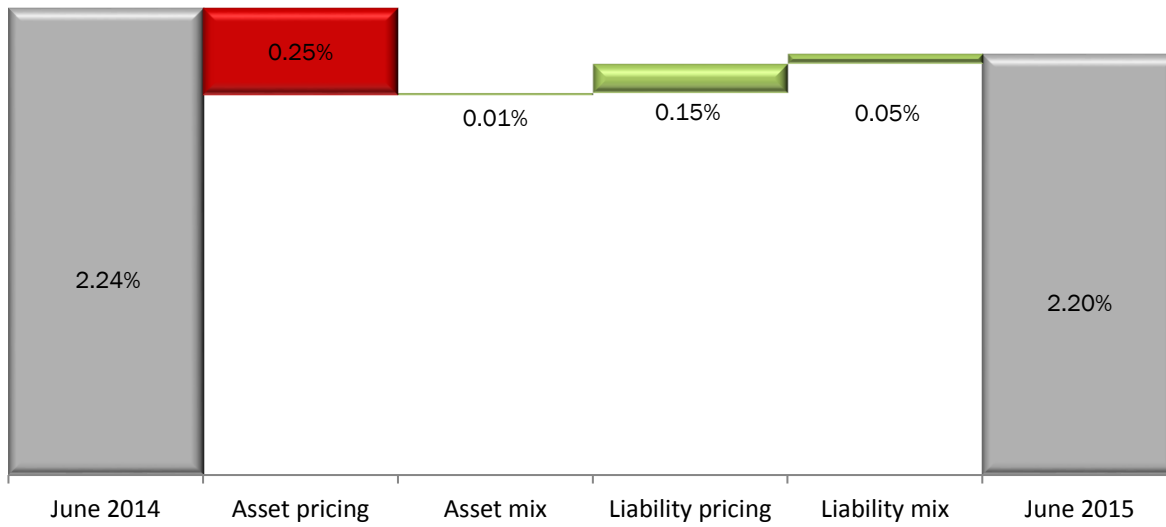
Litigation costs - costs incurred in relation to the Great Southern legal case, not recovered from insurance claims.

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.

Specific income tax items

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

2.3.3 Interest margin



Asset pricing - Pricing pressure on all mortgage and business lending portfolios has continued with particular impact from fixed rate lending along with cash rate reductions in the second half of the year.

Asset mix - The Rural Finance acquisition has had a positive impact due to its higher margin rural lending portfolio.

Liability pricing - Term deposit yields have continued to decrease.

Liability mix - Retail deposits has seen a shift from term to at-call deposits. However, margin improvements have been partially offset by higher treasury borrowings held for the financial year.

From January 2015, \$3 million has been expensed for the use of the Committed Liquidity Facility.

2.3.4 Income

	Full year ending				Six months ending			
	Jun-15	Jun-14	Change		Jun-15	Dec-14	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Net interest income	1,184.1	1,118.2	65.9	5.9	580.0	604.1	(24.1)	(4.0)
Specific items - interest income	(6.5)	-	(6.5)	-	(3.0)	(3.5)	0.5	(14.3)
Total net interest income	1,177.6	1,118.2	59.4	5.3	577.0	600.6	(23.6)	(3.9)
Other income								
Fees								
Asset products	67.8	62.4	5.4	8.7	35.5	32.3	3.2	9.9
Liability and other products	92.4	92.8	(0.4)	(0.4)	45.4	47.0	(1.6)	(3.4)
Trustee, management and other services	5.4	5.0	0.4	8.0	2.7	2.7	-	-
Commissions								
Wealth solutions	44.6	41.8	2.8	6.6	23.0	21.6	1.4	6.5
Insurance	18.6	16.6	2.0	12.0	10.6	8.0	2.6	32.5
Foreign exchange income	19.4	18.3	1.1	6.0	9.9	9.5	0.4	4.2
Homesafe trust	63.4	50.3	13.1	26.0	32.8	30.6	2.2	7.2
Other	49.9	35.7	14.2	39.8	27.5	22.4	5.1	22.8
Total other income before specific items	361.5	322.9	38.6	11.9	187.4	174.1	13.3	7.6
Share of net profit accounted for using the equity method	4.4	0.2	4.2	2,100.0	-	4.4	(4.4)	(100.0)
Total other income before specific items	365.9	323.1	42.8	13.2	187.4	178.5	8.9	5.0
Specific items - non interest income	4.9	0.1	4.8	4,800.0	(2.6)	7.5	(10.1)	(134.7)
Total income	1,548.4	1,441.4	107.0	7.4	761.8	786.6	(24.8)	(3.2)

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

Rural Finance included from 1st July 2014.

Net interest income increased by \$59.4 million, or 5.3%. Refer to 2.3.3 for further analysis. Rural Finance contributed \$47.0 million to net interest income.

Since January 2015, \$3 million has been expensed for the committed liquidity facility.

Fees increased by \$5.4 million, or 3.4%, Rural Finance contributed \$2.8 million to fee income.

Commissions increased by \$4.8 million, or 8.2%, due to increased volume of third party products sold, including insurance and commissions received as a responsible entity.

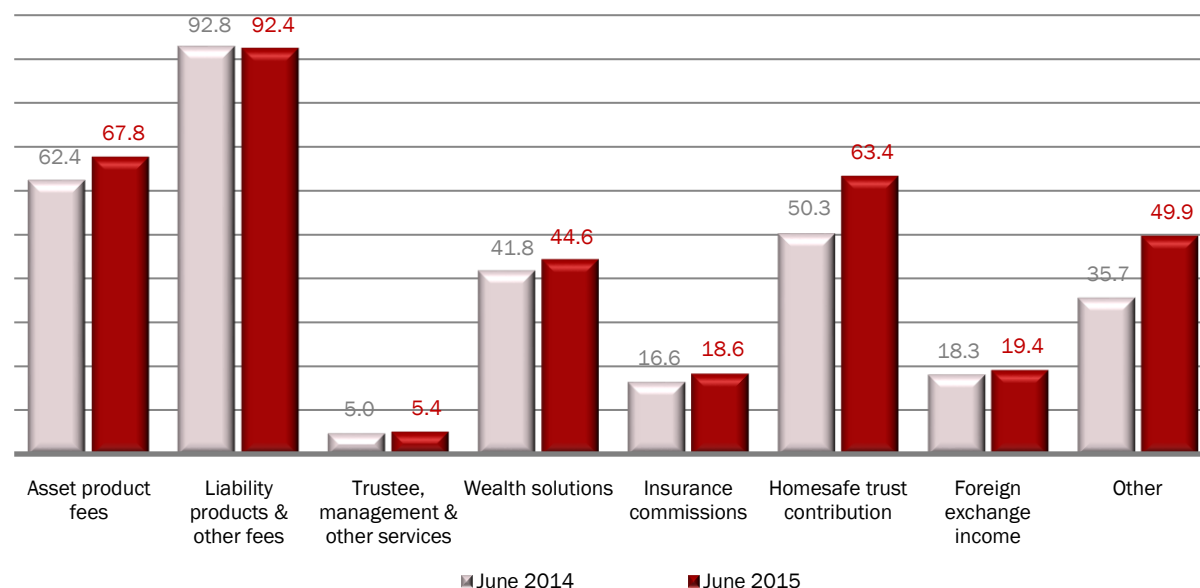
Homesafe trust income was \$13.1 million higher primarily due to strong increases in residential property markets of Melbourne and Sydney and the continued growth and maturation of this portfolio.

Other income includes factoring income, franchise fees and telecommunications income. Trading revaluation investment income increased \$6.5 million. Other equity investments sold realised a profit of \$2.7 million.

Specific items - non interest income increased by \$4.8 million. Refer to 2.3.2 for further detail.

Non-interest income

\$m



2.3.5 Operating expenses

	Full year ending				Six months ending			
	Jun-15	Jun-14	Change		Jun-15	Dec-14	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Staff and related costs	464.2	435.1	29.1	6.7	227.4	236.8	(9.4)	(4.0)
Occupancy costs	96.5	86.8	9.7	11.2	47.3	49.2	(1.9)	(3.9)
Information technology costs	73.4	70.0	3.4	4.9	35.4	38.0	(2.6)	(6.8)
Amortisation of acquired intangibles	21.9	21.7	0.2	0.9	10.4	11.5	(1.1)	(9.6)
Amortisation of software intangibles	14.2	15.1	(0.9)	(6.0)	7.3	6.9	0.4	5.8
Property, plant and equipment costs	11.1	9.7	1.4	14.4	5.7	5.4	0.3	5.6
Fees and commissions	35.9	33.9	2.0	5.9	18.4	17.5	0.9	5.1
Communications, postage and stationery	34.4	32.6	1.8	5.5	16.8	17.6	(0.8)	(4.5)
Advertising and promotion	33.1	32.6	0.5	1.5	16.0	17.1	(1.1)	(6.4)
Other product and services delivery costs	32.9	32.5	0.4	1.2	16.8	16.1	0.7	4.3
Other administration expenses	60.4	53.7	6.7	12.5	30.0	30.4	(0.4)	(1.3)
Total operating expenses	878.0	823.7	54.3	6.6	431.5	446.5	(15.0)	(3.4)
Specific items	12.6	(0.7)	13.3	(1,900.0)	7.3	5.3	2.0	37.7
Total expenses	890.6	823.0	67.6	8.2	438.8	451.8	(13.0)	(2.9)
			Change				Change	
	Jun-15	Jun-14		%	Jun-15	Dec-14		%
Expenses to income ¹	55.2%	55.6%	(0.4)	(0.7)	54.9%	55.6%	(0.7)	(1.3)
Expenses to average assets	1.31%	1.31%	-	-	1.29%	1.32%	(0.03)	(2.3)
Number of staff (full-time equivalent)	4,628	4,387	241	5.5	4,628	4,585	43	0.9
Staff and related costs to income ²	29.8%	30.1%	(0.3)	(1.0)	29.5%	30.1%	(0.6)	(2.0)

¹ **Expenses** used in the above ratios are expenses less specific expense items and acquired intangibles amortisation. **Income** used in the above ratios is income less specific income items.

² Excludes redundancy costs.

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

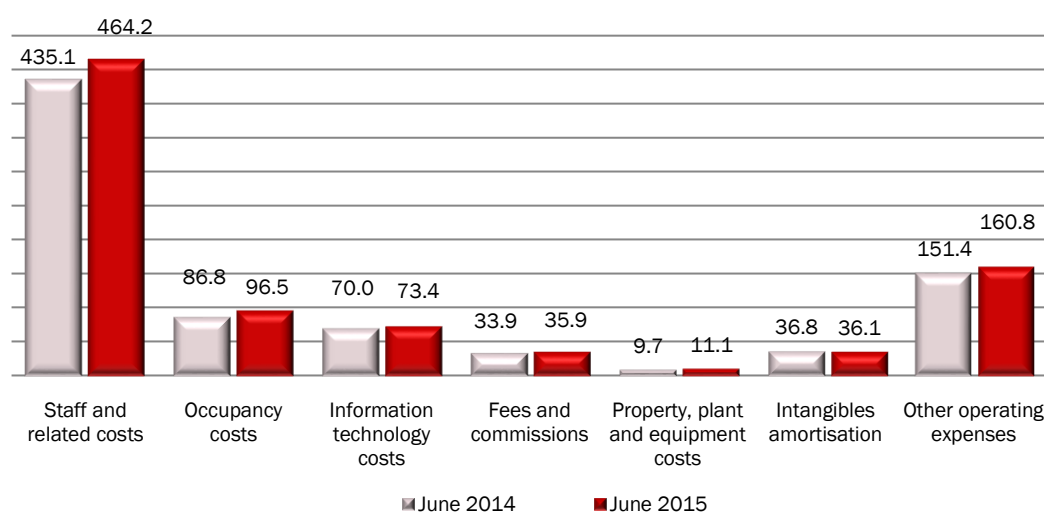
Rural Finance included from 1st July 2014.

Staff and related costs increased by \$29.1 million, or 6.7%, due to wage and salary increases and increased FTE due to the Rural Finance acquisition (\$11.0 million).

Occupancy costs increased by \$9.7 million, or 11.2%, due to the inclusion of rent for the new Adelaide building as well as the regular increase in rent payments following annual reviews.

Information technology costs increased by \$3.4 million, or 4.9%, predominantly due to an increase in software maintenance and IT leasing costs.

Operating expenses (\$m)



2.3.6 Segment results

Segment reporting

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

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

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

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

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

Types of products and services

Retail banking

Major sources of net interest income are derived from banking services, along with fee income for the provision of services. Income is generated through the company owned branch network and its share of the revenue generated through the Community Bank @ branch network. Delphi Bank and Community Telco Australia are included within the retail banking operating segment.

Third party banking

Major revenue sources are net interest income, and the fees derived from the provision of residential, commercial, consumer and business services, along with the contribution from Homesafe Trust. Third party banking comprises the 'Adelaide Bank' branded services, portfolio funding, Alliance Partners and Homesafe Trust.

Wealth

Major revenue sources are net interest income, along with the fees and commissions derived from the provision of margin lending, wealth management, wealth deposit, cash management and financial planning products and services. Sandhurst Trustees, Leveraged and Bendigo Financial Planning are included within the wealth segment.

Rural

Major revenue sources are net interest income and fees, from the provision of banking services to agribusinesses in rural and regional Australia. Rural Bank and Rural Finance are included within the rural segment.

Central functions

Functions not relating directly to a reportable operating segment.

Accounting policies and inter-segment transactions

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

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

Major customers

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

Geographic Information

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

2.3.6 Segment results

For the year ended 30 June 2015

	Operating segments				Total operating segments	Central functions	Total
	Retail banking	Third party banking	Wealth	Rural			
	\$m	\$m	\$m	\$m			
Net interest income	736.7	205.6	66.8	175.0	1,184.1	-	1,184.1
Other income	193.4	78.1	56.9	8.5	336.9	24.6	361.5
Share of net profit accounted for using the equity method	-	-	-	-	-	4.4	4.4
Total segment income	930.1	283.7	123.7	183.5	1,521.0	29.0	1,550.0
Operating expenses	(617.1)	(81.6)	(97.0)	(82.3)	(878.0)	-	(878.0)
Credit expenses	(22.1)	(34.1)	1.3	(13.4)	(68.3)	-	(68.3)
Segment result (before specific items & tax expense)	290.9	168.0	28.0	87.8	574.7	29.0	603.7
Specific income & (expense) items	(1.5)	(8.1)	-	(9.5)	(19.1)	4.9	(14.2)
Segment result (before tax expense)	289.4	159.9	28.0	78.3	555.6	33.9	589.5
Tax expense	(81.3)	(44.9)	(7.9)	(22.0)	(156.1)	(9.5)	(165.6)
Segment result (statutory basis)	208.1	115.0	20.1	56.3	399.5	24.4	423.9
Cash basis adjustments:							
Specific income & expense items	1.5	5.7	-	6.8	14.0	(17.3)	(3.3)
Distributions accrued and/or paid on preference shares	-	-	-	-	-	(3.5)	(3.5)
Amortisation of intangibles	4.4	1.7	4.4	4.8	15.3	-	15.3
Segment result (Cash basis)	214.0	122.4	24.5	67.9	428.8	3.6	432.4

For the year ended 30 June 2014

	Operating segments				Total operating segments	Central functions	Total
	Retail banking	Third party banking	Wealth	Rural			
	\$m	\$m	\$m	\$m			
Net interest income	695.4	230.7	72.0	120.1	1,118.2	-	1,118.2
Other income	189.1	65.8	48.5	6.1	309.5	13.4	322.9
Share of net profit accounted for using the equity method	-	-	-	-	-	0.2	0.2
Total segment income	884.5	296.5	120.5	126.2	1,427.7	13.6	1,441.3
Operating expenses	(597.0)	(82.6)	(79.9)	(64.2)	(823.7)	-	(823.7)
Credit expenses	(40.3)	(12.6)	(1.2)	(27.8)	(81.9)	-	(81.9)
Segment result (before specific items & tax expense)	247.2	201.3	39.4	34.2	522.1	13.6	535.7
Specific income & (expense) items	-	-	-	-	-	0.8	0.8
Segment result (before tax expense)	247.2	201.3	39.4	34.2	522.1	14.4	536.5
Tax expense	(75.7)	(61.6)	(12.1)	(10.5)	(159.9)	(4.3)	(164.2)
Segment result (statutory basis)	171.5	139.7	27.3	23.7	362.2	10.1	372.3
Cash basis adjustments:							
Specific income & expense items	-	-	-	-	-	0.5	0.5
Distributions accrued and/or paid on preference shares	-	-	-	-	-	(5.7)	(5.7)
Amortisation of intangibles	4.6	2.2	3.5	4.9	15.2	-	15.2
Segment result (Cash basis)	176.1	141.9	30.8	28.6	377.4	4.9	382.3

2.3.6 Segment results (continued)

	Operating segments				Total operating segments	Central functions	Total
	Retail banking	Third party banking	Wealth	Rural			
	\$m	\$m	\$m	\$m			
For the year ended 30 June 2015							
Reportable segment assets	30,590.5	17,791.7	1,834.5	5,979.5	56,196.2	9,832.6	66,028.8
Reportable segment liabilities	38,056.2	1,643.4	3,092.5	3,538.0	46,330.1	9,831.1	56,161.2
For the year ended 30 June 2014							
Reportable segment assets	29,527.5	17,767.1	1,853.8	4,398.6	53,547.0	11,515.9	65,062.9
Reportable segment liabilities	35,841.4	1,111.5	4,524.8	3,700.4	45,178.1	9,661.9	54,840.0

Reportable segment assets and liabilities

	Group	
	As at	As at
	June 2015	June 2014
Total assets for operating segments	66,028.8	65,062.9
Total assets	66,028.8	65,062.9
Total liabilities for operating segments	56,161.2	54,840.0
Securitisation funding	4,925.9	5,256.4
Total liabilities	61,087.1	60,096.4

2.3.7 Lending

	Full year ending				Six months ending			
	Jun-15	Jun-14	Change		Jun-15	Dec-14	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Approvals - by security								
Residential	9,813.0	10,522.3	(709.3)	(6.7)	4,559.4	5,253.6	(694.2)	(13.2)
Non-residential	5,397.5	5,835.1	(437.6)	(7.5)	2,700.7	2,696.8	3.9	0.1
Total approvals	15,210.5	16,357.4	(1,146.9)	(7.0)	7,260.1	7,950.4	(690.3)	(8.7)
	As at	As at	Change		As at	As at	Change	
	Jun-15	Jun-14	\$m	%	Jun-15	Dec-14	\$m	%
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Gross loan balance - by security								
Residential	38,297.9	37,108.8	1,189.1	3.2	38,297.9	37,610.4	687.5	1.8
Business								
Accommodation and food services	391.0	365.3	25.7	7.0	391.0	375.1	15.9	4.2
Administrative and support services	40.3	42.0	(1.7)	(4.0)	40.3	42.1	(1.8)	(4.3)
Agriculture, forestry and fishing	6,009.8	4,629.7	1,380.1	29.8	6,009.8	5,958.1	51.7	0.9
Arts and recreation services	102.8	90.9	11.9	13.1	102.8	105.5	(2.7)	(2.6)
Construction	1,100.3	1,098.6	1.7	0.2	1,100.3	1,097.8	2.5	0.2
Education and training	68.7	72.2	(3.5)	(4.8)	68.7	67.5	1.2	1.8
Electricity, gas, water and waste services	26.5	31.4	(4.9)	(15.6)	26.5	21.5	5.0	23.3
Financial and insurance services	389.1	618.4	(229.3)	(37.1)	389.1	508.8	(119.7)	(23.5)
Health care and social assistance	355.8	344.2	11.6	3.4	355.8	333.4	22.4	6.7
Information media and telecommunications	22.4	24.0	(1.6)	(6.7)	22.4	21.3	1.1	5.2
Manufacturing	257.4	271.9	(14.5)	(5.3)	257.4	255.3	2.1	0.8
Mining	19.6	16.9	2.7	16.0	19.6	16.6	3.0	18.1
Other Services	213.3	185.1	28.2	15.2	213.3	203.1	10.2	5.0
Professional, scientific and technical services	249.1	234.9	14.2	6.0	249.1	236.6	12.5	5.3
Public administration and safety	90.0	92.9	(2.9)	(3.1)	90.0	100.6	(10.6)	(10.5)
Rental, hiring and real estate services	4,010.1	3,754.8	255.3	6.8	4,010.1	3,922.0	88.1	2.2
Retail trade	479.2	540.7	(61.5)	(11.4)	479.2	527.0	(47.8)	(9.1)
Transport, postal and warehousing	156.8	176.4	(19.6)	(11.1)	156.8	168.9	(12.1)	(7.2)
Wholesale trade	164.7	166.4	(1.7)	(1.0)	164.7	168.4	(3.7)	(2.2)
Other	277.7	270.4	7.3	2.7	277.7	271.9	5.8	2.1
Total business	14,424.6	13,027.1	1,397.5	10.7	14,424.6	14,401.5	23.1	0.2
Margin lending	1,792.2	1,822.7	(30.5)	(1.7)	1,792.2	1,754.9	37.3	2.1
Unsecured	871.9	906.7	(34.8)	(3.8)	871.9	913.4	(41.5)	(4.5)
Other	343.9	248.5	95.4	38.4	343.9	285.3	58.6	20.5
Total gross loan balance	55,730.5	53,113.8	2,616.7	4.9	55,730.5	54,965.5	765.0	1.4
Gross loan balance - by purpose								
Residential	36,294.4	34,882.1	1,412.3	4.0	36,294.4	35,551.5	742.9	2.1
Consumer	3,797.3	3,997.8	(200.5)	(5.0)	3,797.3	3,798.5	(1.2)	-
Margin lending	1,792.2	1,822.7	(30.5)	(1.7)	1,792.2	1,754.9	37.3	2.1
Commercial	13,846.6	12,411.2	1,435.4	11.6	13,846.6	13,860.6	(14.0)	(0.1)
Total gross loan balance	55,730.5	53,113.8	2,616.7	4.9	55,730.5	54,965.5	765.0	1.4
Loans under management (gross balance)								
On-balance sheet	55,730.5	53,113.8	2,616.7	4.9	55,730.5	54,965.5	765.0	1.4
Off-balance sheet loans under management	810.1	866.9	(56.8)	(6.6)	810.1	835.8	(25.7)	(3.1)
Total Group loans under management	56,540.6	53,980.7	2,559.9	4.7	56,540.6	55,801.3	739.3	1.3

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

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

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

2.3.8 Asset quality

	As at	As at	Change		As at	As at	Change	
	Jun-15	Jun-14	\$m	%	Jun-15	Dec-14	\$m	%
Impaired loans ¹								
Full-performing ²	0.9	2.0	(1.1)	(55.0)	0.9	2.4	(1.5)	(62.5)
Part-performing ³	73.9	117.8	(43.9)	(37.3)	73.9	95.5	(21.6)	(22.6)
Non-performing	247.4	277.3	(29.9)	(10.8)	247.4	277.6	(30.2)	(10.9)
Restructured loans	3.4	14.7	(11.3)	(76.9)	3.4	6.5	(3.1)	(47.7)
Total impaired assets	325.6	411.8	(86.2)	(20.9)	325.6	382.0	(56.4)	(14.8)
Less: specific impairment provisions	(116.1)	(113.6)	(2.5)	2.2	(116.1)	(124.0)	7.9	(6.4)
Net impaired assets	209.5	298.2	(88.7)	(29.8)	209.5	258.0	(48.5)	(18.8)
Portfolio facilities - past due 90 days, not well secured	4.2	4.0	0.2	5.0	4.2	3.6	0.6	16.7
Less: specific impairment provisions	(0.7)	(0.8)	0.1	(12.5)	(0.7)	(0.6)	(0.1)	16.7
Net portfolio facilities	3.5	3.2	0.3	9.4	3.5	3.0	0.5	16.7
Past due 90 days								
Well secured (excluding commercial arrangement loans)	362.7	326.5	36.2	11.1	362.7	373.4	(10.7)	(2.9)
Great Southern portfolio	235.0	303.6	(68.6)	(22.6)	235.0	311.4	(76.4)	(24.5)
Ratios	%	%	%		%	%	%	
Total impaired loans to gross loans	0.58%	0.78%	(0.20%)		0.58%	0.69%	(0.11%)	
Total impaired loans to total assets	0.49%	0.63%	(0.14%)		0.49%	0.58%	(0.09%)	
Net impaired loans to gross loans	0.38%	0.56%	(0.18%)		0.38%	0.47%	(0.09%)	
Provision coverage ⁴	99.1%	71.8%	27.3%		99.1%	83.3%	15.8%	

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

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

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

⁴ Provision coverage is calculated as total provisions and reserves for doubtful debts - divided by total impaired assets.

2.3.9 Bad and doubtful debts

	Full year ending				Six months ending			
	Jun-15	Jun-14	Change		Jun-15	Dec-14	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Bad and doubtful debts expense								
Bad debts written off	4.3	3.3	1.0	30.3	1.5	2.8	(1.3)	(46.4)
Provision doubtful debts - expense	66.9	82.3	(15.4)	(18.7)	38.5	28.4	10.1	35.6
Total bad and doubtful debts expense	71.2	85.6	(14.4)	(16.8)	40.0	31.2	8.8	28.2
Less: Bad debts recovered	2.9	3.7	(0.8)	(21.6)	1.8	1.1	0.7	63.6
Bad and doubtful debts net of recoveries	68.3	81.9	(13.6)	(16.6)	38.2	30.1	8.1	26.9

	As at		Change		As at		Change	
	Jun-15	Jun-14	\$m	%	Jun-15	Dec-14	\$m	%
Provisions and reserves								
Provision for doubtful debts - specific	116.8	114.4	2.4	2.1	116.8	124.6	(7.8)	(6.3)
Provision for doubtful debts - collective	59.0	42.8	16.2	37.9	59.0	46.7	12.3	26.3
General reserve for credit losses	146.8	138.3	8.5	6.1	146.8	146.8	-	-
Total provisions and reserve for doubtful debts	322.6	295.5	27.1	9.2	322.6	318.1	4.5	1.4

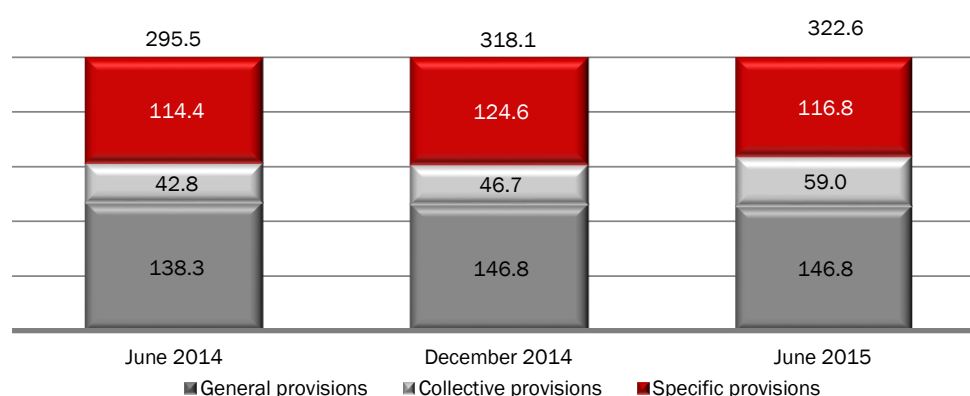
	As at		Change		As at		Change	
	Jun-15	Jun-14	%	%	Jun-15	Dec-14	%	%
Ratios								
Loan write-offs (annualised) to average assets	0.09%	0.11%	(0.02%)		0.11%	0.07%	0.04%	
Loan write-offs (annualised) to gross loans	0.10%	0.13%	(0.03%)		0.13%	0.08%	0.05%	
Total provision/reserve for doubtful debts to gross loans	0.58%	0.56%	0.02%		0.58%	0.58%	0.00%	
Collective provision and GRCL to risk-weighted assets	0.59%	0.56%	0.03%		0.59%	0.56%	0.03%	

	Specific	Collective	GRCL	Total
	\$m	\$m	\$m	\$m
Movements in provisions and reserves				
Balance at July 2014	114.4	42.8	138.3	295.5
Provision for doubtful debts expense to profit and loss	53.9	13.0	-	66.9
Bad debts written off - previously provided for	(53.6)	-	-	(53.6)
Business acquisition - Rural Finance	2.1	3.2	8.5	13.8
Balance at 30 June 2015	116.8	59.0	146.8	322.6
Balance at July 2013	104.1	34.5	138.3	276.9
Provision for doubtful debts expense to profit and loss	74.0	8.3	-	82.3
Bad debts written off - previously provided for	(63.7)	-	-	(63.7)
Balance at 30 June 2014	114.4	42.8	138.3	295.5

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

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

Total provisions and reserves for doubtful debts (\$m)



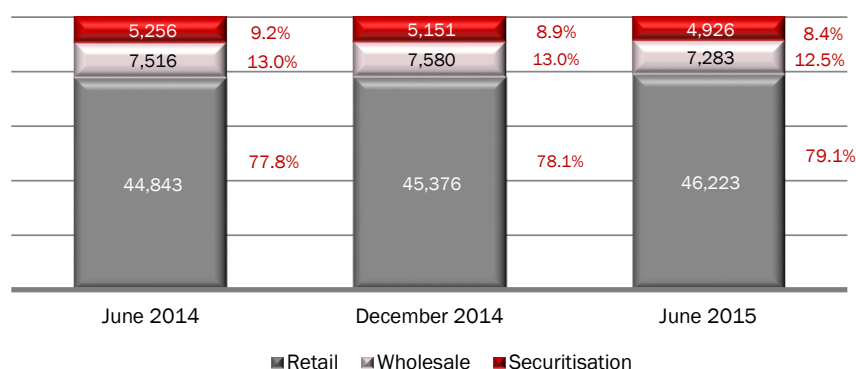
2.3.10 Deposits and funds under management

	As at		Change		As at		Change	
	Jun-15	Jun-14	\$m	%	Jun-15	Dec-14	\$m	%
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Deposits and funds under management								
Deposits	53,505.3	52,359.4	1,145.9	2.2	53,505.3	52,956.4	548.9	1.0
Securitisation	4,925.9	5,256.4	(330.5)	(6.3)	4,925.9	5,150.6	(224.7)	(4.4)
Managed funds	4,165.8	3,390.5	775.3	22.9	4,165.8	3,808.2	357.6	9.4
Total deposits and funds under management	62,597.0	61,006.3	1,590.7	2.6	62,597.0	61,915.2	681.8	1.1
Deposits dissection - \$m								
Retail	46,222.7	44,843.0	1,379.7	3.1	46,222.7	45,376.4	846.3	1.9
Wholesale	7,282.6	7,516.4	(233.8)	(3.1)	7,282.6	7,580.0	(297.4)	(3.9)
Securitisation	4,925.9	5,256.4	(330.5)	(6.3)	4,925.9	5,150.6	(224.7)	(4.4)
Total deposits	58,431.2	57,615.8	815.4	1.4	58,431.2	58,107.0	324.2	0.6
Deposits dissection - %								
Retail	79.1%	77.8%		1.7	79.1%	78.1%		1.3
Wholesale	12.5%	13.0%		(3.8)	12.5%	13.0%		(3.8)
Securitisation	8.4%	9.2%		(8.7)	8.4%	8.9%		(5.6)
Total deposits	100.0%	100.0%		-	100.0%	100.0%		-
Managed funds dissection								
Assets under management	1,919.2	1,703.9	215.3	12.6	1,919.2	1,763.9	155.3	8.8
Other managed funds	2,246.6	1,686.6	560.0	33.2	2,246.6	2,044.3	202.3	9.9
Total managed funds	4,165.8	3,390.5	775.3	22.9	4,165.8	3,808.2	357.6	9.4

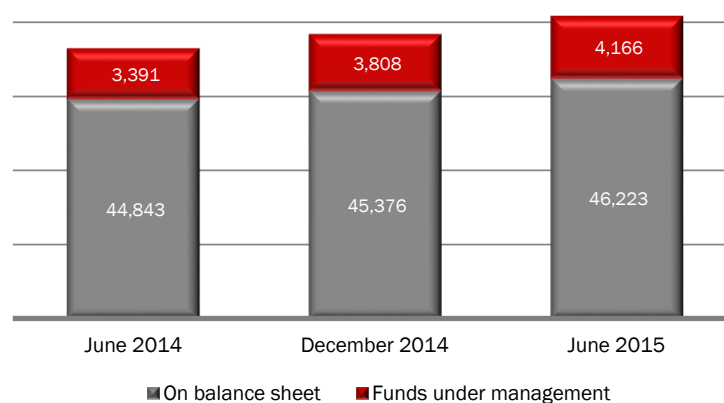
Assets under management include those funds deposited in the Sandhurst Trustees Limited Common Funds, which are invested in cash, cash enhanced and mortgage investments on behalf of investors. These funds are off-balance sheet.

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

Funding mix (\$m)



Retail deposits and funds under management (\$m)



2.3.11 Average balance sheet

For the year ended 30 June 2015

	30 June 2015			30 June 2014		
	Average	Interest	Average	Average	Interest	Average
	Balance	12 mths	Rate	Balance	12 mths	Rate
	\$m	\$m	%	\$m	\$m	%
Average balances and rates ¹						
Interest earning assets						
Cash and investments	7,715.0	186.7	2.42	7,157.5	186.4	2.60
Loans and other receivables ²	54,858.5	2,758.5	5.03	51,217.1	2,741.8	5.35
Total interest earning assets ³	62,573.5	2,945.2	4.71	58,374.6	2,928.2	5.02
Non interest earning assets						
Provisions for doubtful debts	(165.4)			(139.0)		
Other assets	3,092.2			2,850.8		
Total non interest earning assets	2,926.8			2,711.8		
Total assets (average balance)	65,500.3			61,086.4		
Interest bearing liabilities						
Deposits						
Retail	45,754.9	(1,291.6)	(2.82)	42,956.4	(1,369.1)	(3.19)
Wholesale - domestic	6,905.9	(225.6)	(3.27)	5,385.0	(180.5)	(3.35)
Wholesale - offshore	493.9	(16.0)	(3.24)	526.3	(16.6)	(3.15)
Notes payable	4,894.1	(166.5)	(3.40)	5,653.9	(199.3)	(3.53)
Preference shares	478.8	(23.9)	(4.99)	262.5	(14.5)	(5.52)
Subordinated debt	631.4	(37.5)	(5.94)	494.0	(30.0)	(6.07)
Total interest bearing liabilities ³	59,159.0	(1,761.1)	(2.98)	55,278.1	(1,810.0)	(3.27)
Non interest bearing liabilities and equity						
Other liabilities	1,393.5			1,258.5		
Equity	4,947.8			4,549.8		
Total liabilities and equity (average balance)	65,500.3			61,086.4		
Interest margin and interest spread						
Interest earning assets	62,573.5	2,945.2	4.71	58,374.6	2,928.2	5.02
Interest bearing liabilities	(59,159.0)	(1,761.1)	(2.98)	(55,278.1)	(1,810.0)	(3.27)
Net interest income and interest spread ⁴		1,184.1	1.73		1,118.2	1.75
Net free liabilities and equity			0.16			0.17
Net interest margin ⁵			1.89			1.92
Impact of profit share arrangements						
Net interest margin			1.89			1.92
Add: impact of profit share arrangements			0.31			0.32
Net interest margin before profit share arrangements			2.20			2.24

1 Average balance is based on monthly closing balances.

2 Loans and receivables excludes specific items (June 2015 \$6.5m).

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

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

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

2.3.11 Average balance sheet

For the six months ended 30 June 2015

	30 June 2015			31 December 2014		
	Average	Interest	Average	Average	Interest	Average
	Balance	6 mths	Rate	Balance	6 mths	Rate
	\$m	\$m	%	\$m	\$m	%
Average balances and rates ¹						
Interest earning assets						
Cash and investments	7,789.1	91.2	2.36	7,629.3	95.5	2.48
Loans and other receivables ²	55,138.7	1,335.5	4.88	54,583.0	1,423.0	5.17
Total interest earning assets ³	62,927.8	1,426.7	4.57	62,212.3	1,518.5	4.84
Non interest earning assets						
Provisions for doubtful debts	(172.1)			(159.6)		
Other assets	3,106.9			3,074.3		
Total non interest earning assets	2,934.8			2,914.7		
Total assets (average balance)	65,862.6			65,127.0		
Interest bearing liabilities						
Deposits						
Retail	46,203.2	(621.7)	(2.71)	45,252.5	(669.9)	(2.94)
Wholesale - domestic	6,894.0	(109.4)	(3.20)	6,953.2	(116.2)	(3.32)
Wholesale - offshore	393.8	(6.4)	(3.28)	584.3	(9.6)	(3.26)
Notes payable	4,848.7	(77.7)	(3.23)	4,976.2	(88.8)	(3.54)
Convertible Preference Shares	584.4	(13.8)	(4.76)	382.7	(10.1)	(5.24)
Subordinated debt	613.7	(17.7)	(5.82)	651.2	(19.8)	(6.03)
Total interest bearing liabilities ³	59,537.8	(846.7)	(2.87)	58,800.1	(914.4)	(3.08)
Non interest bearing liabilities and equity						
Other liabilities	1,375.9			1,379.4		
Equity	4,948.9			4,947.5		
Total liabilities and equity (average balance)	65,862.6			65,127.0		
Interest margin and interest spread						
Interest earning assets	62,927.8	1,426.7	4.57	62,212.3	1,518.5	4.84
Interest bearing liabilities	(59,537.8)	(846.7)	(2.87)	(58,800.1)	(914.4)	(3.08)
Net interest income and interest spread ⁴		580.0	1.70		604.1	1.76
Net free liabilities and equity			0.16			0.17
Net interest margin ⁵			1.86			1.93
Impact of profit share arrangements						
Net interest margin			1.86			1.93
Add: impact of profit share arrangements			0.31			0.31
Net interest margin before profit share arrangements			2.17			2.24

1 Average balance is based on monthly closing balances.

2 Loans and receivables excludes specific items (Jun 2015 \$3.0m and Dec 2014 \$3.5m).

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

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

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

2.3.11 Average balance sheet

For the six months ended 30 June 2014

	30 June 2014			31 December 2013		
	Average	Interest	Average	Average	Interest	Average
	Balance	6 mths	Rate	Balance	6 mths	Rate
	\$m	\$m	%	\$m	\$m	%
Average balances and rates ¹						
Interest earning assets						
Cash and Investments	7,538.8	94.5	2.53	6,706.9	91.9	2.72
Loans and other receivables - company	51,755.7	1,351.7	5.27	50,636.2	1,390.1	5.45
Total interest earning assets ²	59,294.5	1,446.2	4.92	57,343.1	1,482.0	5.13
Non interest earning assets						
Provisions for doubtful debts	(145.6)			(132.3)		
Other assets	2,918.3			2,798.7		
Total non interest earning assets	2,772.7			2,666.4		
Total assets (average balance)	62,067.2			60,009.5		
Interest bearing liabilities and equity						
Deposits						
Retail - company	43,353.9	(653.7)	(3.04)	42,515.7	(715.4)	(3.34)
Wholesale - domestic	5,726.9	(92.4)	(3.25)	5,079.8	(88.1)	(3.44)
Wholesale - offshore	686.4	(10.6)	(3.11)	357.9	(6.0)	(3.33)
Notes Payable	5,486.9	(97.4)	(3.58)	5,784.1	(101.9)	(3.49)
Convertible Preference Shares	260.8	(7.1)	(5.49)	263.8	(7.4)	(5.56)
Subordinated debt	612.8	(18.3)	(6.02)	355.4	(11.7)	(6.53)
Total interest bearing liabilities ²	56,127.7	(879.5)	(3.16)	54,356.7	(930.5)	(3.40)
Non interest bearing liabilities and equity						
Other liabilities	1,306.8			1,188.9		
Equity	4,632.7			4,463.9		
Total liabilities and equity (average balance)	62,067.2			60,009.5		
Interest margin and interest spread						
Interest earning assets	59,294.5	1,446.2	4.92	57,343.1	1,482.0	5.13
Interest bearing liabilities	(56,127.7)	(879.5)	(3.16)	(54,356.7)	(930.5)	(3.40)
Net interest income and interest spread ³		566.7	1.76		551.5	1.73
Net free liabilities and equity			0.17			0.18
Net interest margin ⁴			1.93			1.91
Impact of profit share arrangements						
Net interest margin			1.93			1.91
Add: impact of profit share arrangements			0.31			0.32
Net interest margin before profit share arrangements			2.24			2.23

1 Average balance is based on monthly closing balances.

2 Interest payments to alliance partners are net values in the Income Statement.

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.

2.3.12 Capital and shareholder returns

2.3.12.1 Assets and capital

	As at		Change		As at		Change	
	Jun-15	Jun-14			Jun-15	Dec-14		
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Group assets	66,028.8	65,062.9	965.9	1.5	66,028.8	65,423.3	605.5	0.9
Capital adequacy								
Total regulatory capital	4,363.0	3,996.2	366.8	9.2	4,363.0	4,208.8	154.2	3.7
Risk-weighted assets	34,712.9	32,618.4	2,094.5	6.4	34,712.9	34,516.3	196.6	0.6
Risk-weighted capital adequacy	12.57%	12.25%	0.32%	2.6	12.57%	12.19%	0.38%	3.1
- Tier 1	10.60%	9.99%	0.61%	6.1	10.60%	10.02%	0.58%	5.8
- Tier 2	1.97%	2.26%	(0.29%)	(12.8)	1.97%	2.17%	(0.20%)	(9.2)
- Common Equity Tier 1	8.17%	8.73%	(0.56%)	(6.4)	8.17%	8.14%	0.03%	0.4

2.3.12.2 Capital adequacy

The Australian Prudential Regulation Authority (APRA) guidelines require capital to be allocated against credit, operational and market risk. Banks must maintain a ratio of qualifying capital (comprising Common Equity Tier 1, Additional Tier 1 and Tier 2 capital), to risk weighted assets. The Bank adopted the "standard model" approach prescribed by APRA to calculate the Bank's capital position.

	Jun-15	Jun-14
Risk weighted capital ratios		
Tier 1	10.60%	9.99%
Tier 2	1.97%	2.26%
Total capital ratio	12.57%	12.25%
	\$m	\$m
Regulatory capital		
Common Equity Tier 1		
Contributed capital	4,235.4	4,183.3
Retained profits & reserves	486.9	413.9
Accumulated other comprehensive income (and other reserves)	(55.0)	(33.6)
Less:		
Intangible assets, cash flow hedges and capitalised expenses	1,750.2	1,638.0
Net deferred tax assets	42.6	44.9
Equity exposures	37.3	29.4
Other adjustments as per APRA advice	2.3	3.5
Total common equity tier 1 capital	2,834.9	2,847.8
Additional Tier 1 capital instruments	843.2	412.2
Total Additional Tier 1 Capital	843.2	412.2
Total Tier 1 Capital	3,678.1	3,260.0
Tier 2		
Tier 2 capital instruments	506.8	566.9
General reserve for credit losses/collective provision (net of tax effect)	178.1	169.3
Total Tier 2 Capital	684.9	736.2
Total regulatory capital	4,363.0	3,996.2
Total risk weighted assets	34,712.9	32,618.4
Common Equity Tier 1	8.17%	8.73%

2.3.12.2 Capital adequacy (continued)

	As at		Change		As at		Change	
	Jun-15	Jun-14	\$m	%	Jun-15	Dec-14	\$m	%
Risk-weighted assets								
Credit risk	31,094.2	29,351.8	1,742.4	5.9	31,094.2	31,050.5	43.7	0.1
Market risk	493.0	479.9	13.1	2.7	493.0	471.9	21.1	4.5
Operational risk	3,125.7	2,786.7	339.0	12.2	3,125.7	2,993.9	131.8	4.4
Total risk-weighted assets	34,712.9	32,618.4	2,094.5	6.4	34,712.9	34,516.3	196.6	0.6

Key movements in capital in the June 15 year include:

> Common Tier 1

Dividend reinvestment plan - increase capital \$50.7 million.

Retained earnings net increase of \$73.0 million.

Other adjustments - mainly due to the increase in goodwill associated with the Rural Finance acquisition \$73.8 million.

> Additional Tier 1

October 2014, convertible preference shares issued \$292.0 million and redeemed \$100.0 million of step up preference shares.

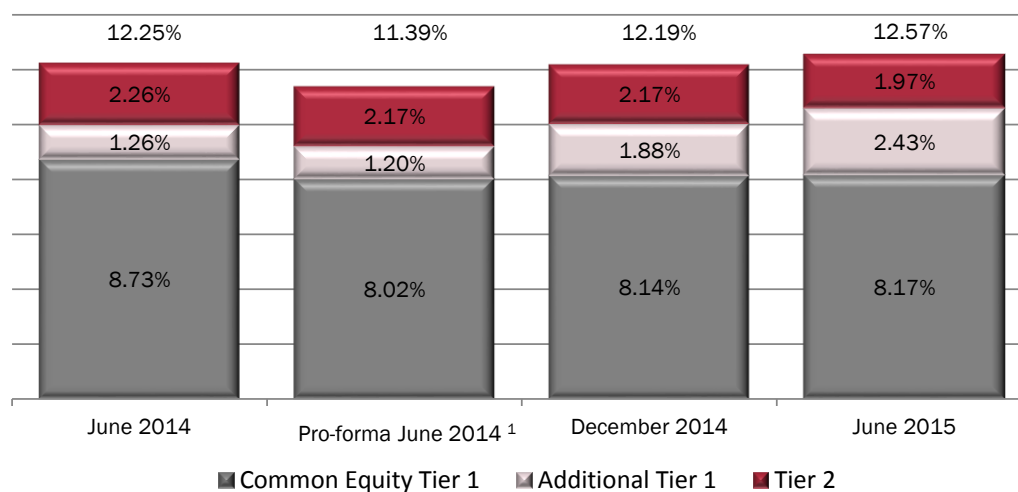
June 2015, convertible preference shares issued \$282.0 million and redeemed \$90.0 million of preference shares.

> Tier 2

General reserve for credit losses increase mainly due to Rural Finance acquisition \$8.5 million.

Subordinated debt decreased by \$62.9 million.

Capital adequacy (%)



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

¹ shows pro-forma impact to capital adequacy of the Rural Finance acquisition which was completed on 1 July 2014.

2.3.12.3 Shareholder returns

	Full year ending				Six months ending			
	Jun-15	Jun-14	Change		Jun-15	Dec-14	Change	
	cents	cents	cents	%	cents	cents	cents	%
Earnings per ordinary share								
Statutory earnings per ordinary share (weighted average)	92.5	87.7	4.8	5.5	42.9	49.7	(6.8)	(13.7)
Cash earnings per ordinary share (weighted average)	95.1	91.5	3.6	3.9	47.1	48.1	(1.0)	(2.1)
Diluted earnings per ordinary share (weighted average)	87.3	83.6	3.7	4.4	40.4	47.0	(6.6)	(14.0)
Weighted average number of ordinary shares								
	000's	000's	Change		000's	000's	Change	
			000's	%			000's	%
Weighted average number of ordinary shares - used in basic and cash basis EPS calculations	454,457	417,934	36,523	8.7	455,569	453,363	2,206	0.5
Weighted average number of ordinary shares - used in diluted EPS calculations	504,775	457,753	47,022	10.3	510,854	499,079	11,775	2.4
Ratios								
	%	%	Change		%	%	Change	
			%				%	
Return on average ordinary equity (after tax)	8.84%	8.59%	0.25%		8.19%	9.48%	(1.29%)	
Return on average ordinary equity (after tax before specific items)	8.77%	8.60%	0.17%		8.70%	8.84%	(0.14%)	
Return on average ordinary equity (cash basis)	9.09%	8.96%	0.13%		9.00%	9.18%	(0.18%)	
Return on average tangible equity (cash basis)	13.28%	13.34%	(0.06%)		13.14%	13.42%	(0.28%)	
Return on average assets (after tax)	0.65%	0.61%	0.04%		0.60%	0.69%	(0.09%)	
Return on average assets (after tax before specific items)	0.64%	0.61%	0.03%		0.64%	0.65%	(0.01%)	
Return on average assets (cash basis)	0.66%	0.63%	0.03%		0.66%	0.66%	0.00%	

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

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

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

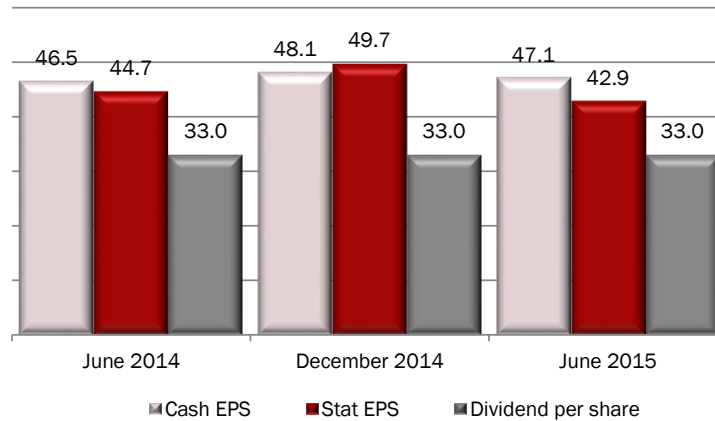
Ordinary equity for use in these ratios is represented by total ordinary shares and retained earnings.

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

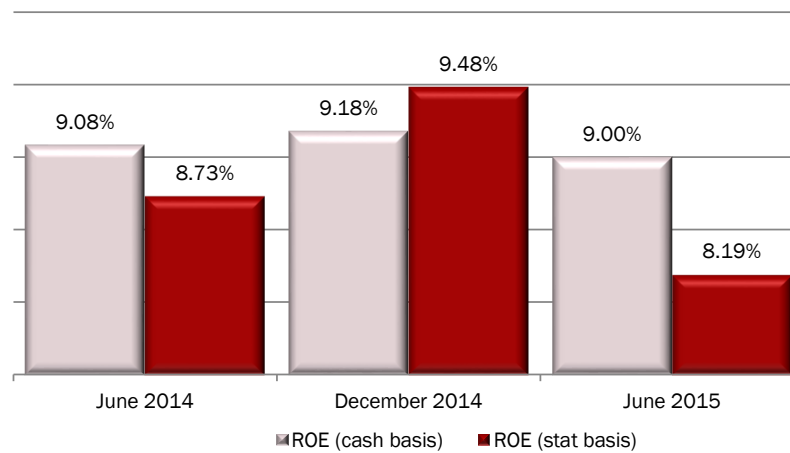
	As at	As at	Change		As at	As at	Change	
	Jun-15	Jun-14	Change	%	Jun-15	Dec-14	Change	%
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Ordinary issued capital	4,235.4	4,183.3	52.1	1.2	4,235.4	4,212.4	23.1	0.5
Retained earnings	623.1	509.8	113.3	22.2	623.1	579.8	43.3	7.5
Total ordinary equity	4,858.5	4,693.1	165.5	3.5	4,858.5	4,792.1	66.4	1.4
Average ordinary equity	4,757.8	4,268.3			4,806.1	4,709.6		

2.3.12.3 Shareholder returns (continued)

Earnings per share and dividend per share (cents)



Statutory and cash return on equity



2.3.12.4 Dividends

	Full year ending				Six months ending			
	Jun-15	Jun-14	Change	%	Jun-15	Dec-14	Change	%
Dividend per share - cents	66.0	64.0	2.0	3.1	33.0	33.0	-	-
Dividend amount payable - \$m	295.8	272.5	23.3	8.6	148.3	147.5	0.8	0.5
Payout ratio - earnings per ordinary share ¹	71.4%	73.0%	(1.6%)	(2.2)	76.9%	66.4%	10.5%	15.8
Payout ratio - cash basis per ordinary share ¹	69.4%	69.9%	(0.5%)	(0.7)	70.1%	68.6%	1.5%	2.2

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

Dividend Reinvestment Plan

The Dividend Reinvestment Plan provides shareholders with the opportunity of converting their entitlement to a dividend into new shares. The issue price of the shares is equal to the volume weighted average share price of Bendigo and Adelaide Bank shares traded on the Australian Securities Exchange over the seven trading days commencing 24 August 2015. Shares issued under this Plan rank equally with all other ordinary shares.

Bonus Share Scheme

The Bonus Share Scheme provides shareholders with the opportunity to elect to receive a number of bonus shares issued for no consideration instead of receiving a dividend. The issue price of the shares is equal to the volume weighted average share price of Bendigo and Adelaide Bank shares traded on the Australian Securities Exchange over the seven trading days commencing 24 August 2015. 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 2015 final dividend is 21 August 2015.

2.4 Additional notes

2.4.1 Analysis of intangible assets

	Balance sheet		Amortisation/ impairment expense	
	Carrying value			
	Jun-15	Jun-14	Jun-15	Jun-14
	\$m	\$m	\$m	\$m
Goodwill	1,442.3	1,368.4	-	-
Trustee licence	8.4	8.4	-	-
Software	74.6	53.0	14.2	15.1
Customer lists	8.0	9.3	3.8	2.5
Core deposits	20.0	28.5	8.5	8.8
Trade name	3.4	4.1	0.7	0.8
Customer relationship	16.2	24.1	7.9	8.6
Management rights - Adelaide Bank	7.6	8.6	1.0	1.0
Total intangible assets and goodwill	1,580.5	1,504.4	36.1	36.8

2.4.2 Net tangible assets per share

	Jun-15	Jun-14
	\$m	\$m
Net tangible assets per ordinary share	\$7.36	\$7.24
Net tangible assets		
Net assets	4,941.7	4,966.5
Intangibles	(1,580.5)	(1,504.4)
Preference shares - face value	-	(90.0)
Step-up preference shares - face value	-	(100.0)
Net tangible assets attributable to ordinary shareholders	3,361.2	3,272.1
Number of fully paid ordinary shares on issue - 000's	456,566	452,007

2.4.3 Investments accounted for using the equity method

	Ownership		Balance date	Profit/(loss) before tax	
	interest held by consolidated entity				
	2015	2014		2015	2014
	%	%	\$m	\$m	
Joint Arrangements					
Community Sector Enterprises Pty Ltd	50.0	50.0	30 June	(0.3)	0.4
Homesafe Solutions Pty Ltd	50.0	50.0	30 June	0.7	0.4
Silver Body Corporate Financial Services Pty Ltd	50.0	50.0	30 June	-	0.1
				0.4	0.9
Associates					
Aegis Correctional Partnership Pty Ltd	49.5	49.5	30 June	-	-
Aegis Securitisation Nominees Pty Ltd	49.5	49.5	30 June	-	-
Aegis Correctional Partnership Trust	49.5	49.5	30 June	-	-
Aegis Securitisation Trust	49.5	49.5	30 June	-	-
Dancoor Community Finances Ltd	49.0	49.0	30 June	-	-
Homebush Financial Services Ltd	49.0	49.0	30 June	-	-
Linear Financial Holdings Pty Ltd ¹	-	36.0	30 June	2.7	(1.1)
Strategic Payments Services Pty Ltd ²	-	47.5	31 December	1.4	0.3
Vic West Community Enterprise Pty Ltd ³	50.0	50.0	30 June	(0.1)	0.1
				4.0	(0.7)
Total share of profits/(losses) before tax				4.4	0.2

¹ Linear Financial Holdings - sold in December 2014.

² Strategic Payment Services - sold in November 2014.

³ Vic West Community Enterprises - fully impaired in December 2014.

All joint arrangements and associates are incorporated in Australia.

2.4.4 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 29 July 2015, Standard & Poor's Ratings Services affirmed its long-term counterparty credit rating on Bendigo and Adelaide Bank Limited at 'A-', and affirmed the short-term rating at 'A-2'. The outlook remains stable. Standard and Poor's commented that the issuer credit ratings on Bendigo and Adelaide Bank Limited reflect the Group's good business stability, which benefits from the franchise strength associated with its Community Bank model, as well as its strong capitalisation and very low credit losses, plus its focus on relatively lower risk residential mortgage lending and a good geographic spread of agricultural loans throughout Australia.

On 20 November 2014, Fitch Ratings, the international ratings agency affirmed Bendigo and Adelaide Bank Ltd's long term rating at 'A-', and affirmed the short term rating of 'F2' and its support rating of '3', and the Bank's viability rating of 'A-'. The outlook remains stable. Fitch commented that the ratings reflect the Bank's conservative risk appetite, strengthened capitalisation and sound asset quality.

On 6 March 2014, Moody's affirmed its long-term issuer rating at 'A2' and short term rating at 'P-1', with a stable outlook. Moody's commented that the rating reflects the Group's well developed franchise centred around community banking and the Group's conservative management that has historically focused on low-risk lending which has contributed to greater asset quality stability over time.

2.4.5 Issued capital

Changes to issued and quoted securities during the period:

Ordinary Shares (BEN - ASX code)	Number of Shares	\$m
Fully paid ordinary shares at 30 June 2014	452,006,957	4,183.3
Shares issued:		
July 2014 - Share purchase plan at \$10.85 ¹	164,435	1.8
September 2014 - Dividend reinvestment plan at \$12.62	2,184,643	27.6
September 2014 - Bonus share scheme (in lieu of dividend payment) at \$12.62	205,584	-
March 2015 - Dividend Reinvestment Plan at \$12.73	1,813,234	23.0
March 2015 - Bonus Share Scheme (in lieu of dividend payment) at \$12.73	191,372	-
Share issue costs	-	(0.3)
Total ordinary shares at 30 June 2015	456,566,225	4,235.4
Preference Shares (BENPB - ASX code)		
Preference shares of \$100 face value (fully paid)	900,000	88.5
Redemption - June 2015	(900,000)	(88.5)
Total preference shares at 30 June 2015	-	-
Step up preference Shares (BENPC - ASX code)		
Step up preference shares of \$100 face value (fully paid)	1,000,000	100.0
Redemption - October 2014	(1,000,000)	(100.0)
Total step up preference shares at 30 June 2015	-	-

¹ Relates to late applications for the June 2014 share purchase plan

