

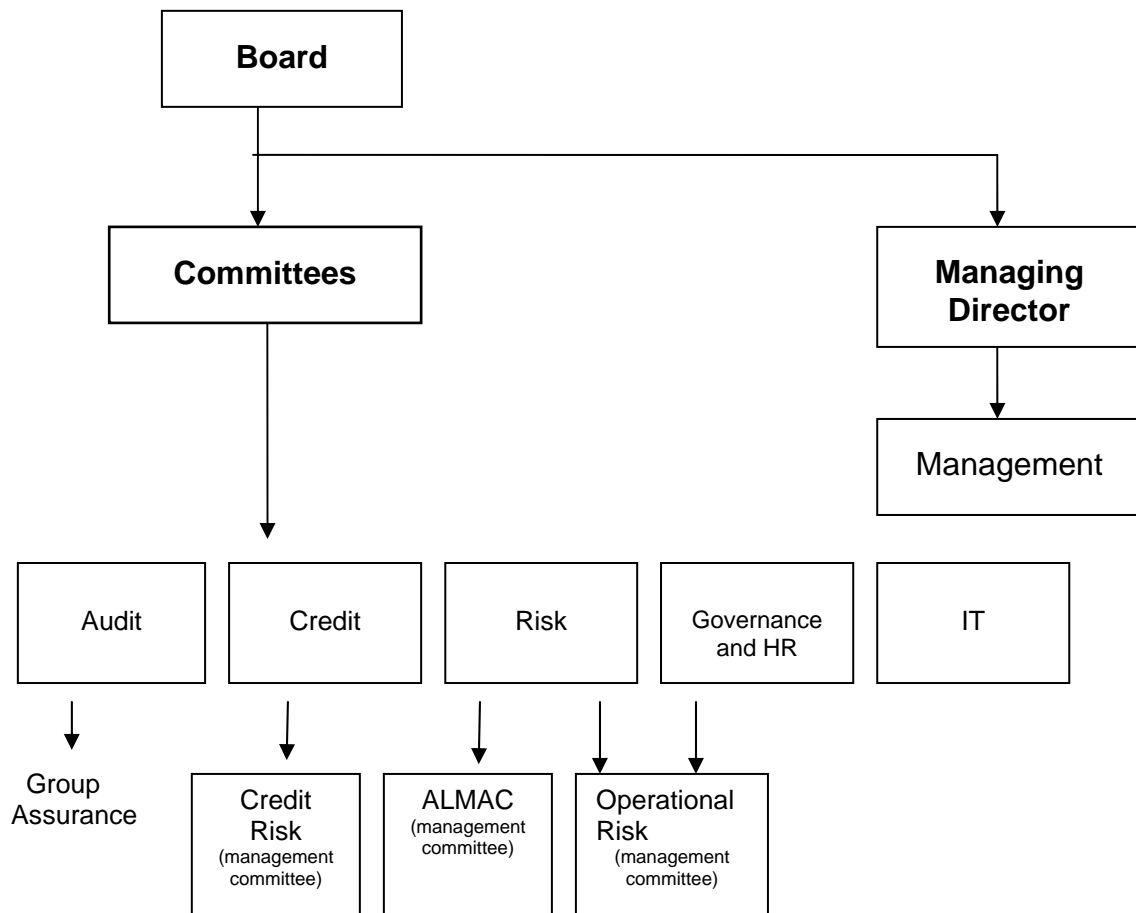
Bendigo and Adelaide Bank Limited

Governance framework

The following sets out the framework for governance for Bendigo and Adelaide Bank. While the framework takes into account the 2007 ASX Corporate Governance Council *Corporate Governance Principles and Recommendations* and APRA Prudential Standard *APS 510 Governance*, it provides a reference point only and the details are contained in the various charters and policies. If a document is publicly available, the website address is provided below. Further information can also be obtained from the governance statement in the annual report.

1. Governance structure

1.1 Overview



* Includes internal audit function

** Asset Liability Management Committee

The Board and each Committee has a charter setting out its responsibilities.

1.2 Board

The division of responsibility between Board and management is decided by the Board Charter (www.bendigobank.com.au/public/about_us/corporate_governance/board_charter.asp), where all matters not expressly reserved to the Board are delegated to the Managing Director (who may sub-delegate).

In addition, specific Board approved delegations have been established in respect to group expenditure, document execution, equity investments, loan approvals, balance sheet and off balance sheet risk, credit risk and operational risk management. The delegations are monitored through Board and Committee reporting arrangements. The delegations are subject to periodic review by the Board or relevant Board Committee.

Responsibilities of the Board include approving strategy and financial objectives and monitoring the implementation of the strategy and objectives.

As well as dealing with responsibilities, the Board Charter deals with board composition, access to information, conflicts and other procedural matters. The Board Charter is supported by the following policies that apply to the Board.

- Independence
www.bendigobank.com.au/public/about_us/corporate_governance/independence.asp
- Non-executive director appointment
www.bendigobank.com.au/public/about_us/corporate_governance/ned_appointment.asp
- Board renewal
- Protocol for engagement of Grant Samuel (a company with which the Chairman is associated)
- Fit and Proper
- Performance evaluation
www.bendigobank.com.au/public/about_us/corporate_governance/performance_evaluation.asp
- Remuneration policy – Non-executive directors and executives
www.bendigobank.com.au/public/about_us/corporate_governance/remuneration_policy.asp
- Code of Conduct
www.bendigobank.com.au/public/about_us/corporate_governance/code_of_conduct.asp
- Continuous Disclosure
www.bendigobank.com.au/public/about_us/corporate_governance/continuous_disclosure.asp
- Trading
www.bendigoadelaide.com.au/public/corporate_governance/policies/staff_trading_policy.asp

1.3 Board committees

The Board has adopted procedural rules (www.bendigobank.com.au/public/about_us/corporate_governance/committee_procedural_rules.asp), which apply to all Board Committees. The matters covered in the procedural rules include composition, quorum, attendees and access to information, and review of rules, charter and performance.

The following is an overview of the requirements in relation to composition and the committee responsibilities.

Committee	Composition requirements	Responsibilities
Audit www.bendigobank.com.au/public/about_us/corporate_governance/audit_charter.asp	At least 3 members. All independent directors. An independent chair, who is not chairman of the Board.	The role of the Committee is to provide assistance to the Board in relation to the following. <ul style="list-style-type: none"> ➤ External audit function (including prudential audit requirements). ➤ Internal audit function. ➤ Statutory financial reporting. ➤ Internal control framework.
Governance and HR www.bendigobank.com.au/public/about_us/corporate_governance/governance_charter.asp	At least 3 members. A majority of independent directors. An independent chair.	The role of the Committee is to provide assistance to the Board in relation to the following. <ul style="list-style-type: none"> ➤ Board composition and succession planning. ➤ Board performance and Board and executive remuneration policy. ➤ Corporate governance matters generally. ➤ Key human resources policies.

Committee	Composition requirements	Responsibilities
Risk www.bendigobank.com.au/public/about_us/corporate_governance/risk_and_credit_summary.asp	At least 3 members. A majority of independent directors. An independent chair.	The role of the Committee is to provide assistance to the Board in relation to oversight of the establishment, implementation, review and monitoring of risk management systems and policies for the following. <ul style="list-style-type: none"> ➤ Balance sheet and off-balance sheet risk. ➤ Operational risk, including regulatory compliance, business continuity and fraud risk.
Credit www.bendigobank.com.au/public/about_us/corporate_governance/risk_and_credit_summary.asp	At least 3 members. A majority of independent directors. An independent chair.	The role of the Committee is to provide assistance to the Board in relation to oversight of the establishment, implementation, review and monitoring of credit risk management systems and policies, taking into account the risk tolerance of the Bank, the overall business strategy and management expertise.
IT Governance www.bendigobank.com.au/public/about_us/corporate_governance/risk_and_credit_summary.asp	At least 3 members. A majority of independent directors. An independent chair.	The role of the Committee is to provide oversight of IT strategic planning and to make sure frameworks are in place for the efficient and effective management of the IT investment and the continuing alignment with business strategy and plans.

1.4 Management

The Managing Director has appointed an Executive Committee that provides centralized oversight of the activities of Bendigo and Adelaide Bank. As well as dealing with operational matters, it also approves policies below Board level.

The following Board policies apply specifically in relation to executives, including the Managing Director.

- Fit and proper
- Performance evaluation
www.bendigobank.com.au/public/about_us/corporate_governance/performance_evaluation.asp
- Remuneration policy – Non-executive directors and executives
www.bendigobank.com.au/public/about_us/corporate_governance/remuneration_policy.asp

2. Ethical decision-making and regulatory compliance

Bendigo and Adelaide Bank's corporate values provide a framework to guide interactions within the Bendigo and Adelaide Bank Group, with customers, shareholders, suppliers and the community. The values are teamwork, integrity, performance, engagement, leadership and passion.

The following policies support ethical decision-making and regulatory compliance.

- Code of Conduct
www.bendigobank.com.au/public/about_us/corporate_governance/code_of_conduct.asp
- Reporting of Concerns
www.bendigobank.com.au/about_us/corporate_governance/reporting_of_concerns_policy.asp
- Trading
www.bendigobank.com.au/public/about_us/corporate_governance/trading_policy.asp
- Regulatory compliance policy

3. Risk management

The Board is responsible for overseeing the establishment, implementation, review and monitoring of risk management systems and policies. It has established an integrated framework of committee policies and controls to identify, assess, monitor and manage risk. Executive management is responsible for implementing the policies and controls.

There are a number of policies that establish and support the risk management system, including the following.

- Risk Management Principles and Systems Description
- Internal Capital Adequacy Assessment Process (ICAAP)
- Liquidity Management
- Net Interest Income
- Capital Policy Statement
- Operational Risk Management
- Group Credit Manual
- Regulatory Compliance
- Business Continuity Management
- Code of Conduct
www.bendigobank.com.au/public/about_us/corporate_governance/code_of_conduct.asp
- Reporting of concerns
www.bendigobank.com.au/about_us/corporate_governance/reporting_of_concerns_policy.asp
- Anti Money Laundering (AML)
- Financial Crimes
- Privacy
- Occupational Health and Safety
- Outsourcing
- Consumer Protection and Competitive Practices

A summary of the risk management system is contained in Risk Management System Description www.bendigobank.com.au/public/about_us/corporate_governance/risk_management_system.asp

4. Financial safeguards

As discussed above, the Board has established an Audit Committee, with a charter setting out the responsibilities of the Committee.

The Audit Committee has oversight responsibility for the internal audit function, and approves the internal audit department charter.

The Audit Committee also has oversight responsibility in relation to the external auditor. Among other things it recommends to the Board the policy in relation to auditor independence and approves the annual audit engagement terms. It also conducts the annual fit and proper assessment of the auditor.

The following policies support these functions.

- External Auditor – Selection & Appointment
www.bendigobank.com.au/public/about_us/corporate_governance/external_auditor_selection.asp
- External Audit Independence
- Fit and proper

The CEO and CFO both provide annual signoffs to the Board in relation to financial matters, as explained in the annual report.

5. External communications

The Board has established the following policies to regulate external communications and facilitate compliance with ASX listing rule disclosure requirements.

- **Continuous disclosure policy**
www.bendigobank.com.au/public/about_us/corporate_governance/continuous_disclosure_policy.asp
- **Communications policy**
www.bendigobank.com.au/public/about_us/corporate_governance/communications_policy.asp

This framework was approved by the Board on 25 September 2006 and amended on 28 April 2008 and 1 March 2010.