



**Bendigo and
Adelaide Bank**



**building customer
connections**

annualreview09

Financial Calendar 2009/10

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2009

30 September	Distribution of final dividend
12 October	Bendigo Step Up Preference Share dividend
26 October	Annual General Meeting
02 November	Bendigo Reset Preference Share dividend
15 December	Bendigo Preference Share dividend

Proposed 2010

11 January	Bendigo Step Up Preference Share dividend
15 February	Announcement of interim results and interim dividend
26 February	Ex-dividend date
04 March	Interim dividend record date
15 March	Bendigo Preference Share dividend
31 March	Distribution of interim dividend
12 April	Bendigo Step Up Preference Share dividend
03 May	Bendigo Reset Preference Share dividend
15 June	Bendigo Preference Share dividend
12 July	Bendigo Step Up Preference Share dividend
16 August	Announcement of final results and final dividend
27 August	Final ex-dividend date
02 September	Final dividend record date
15 September	Bendigo Preference Share dividend
30 September	Distribution of final dividend
11 October	Bendigo Step Up Preference Share dividend
25 October	Annual General Meeting
01 November	Bendigo Reset Preference Share dividend
15 December	Bendigo Preference Share dividend



Annual Review 09 e-book

Go to www.bendigoadelaide.com.au and view our fully interactive e-book featuring video stories and hyperlinks.

At Bendigo and Adelaide Bank we aim to be Australia's leading customer-connected banking group...

That's our vision, but why?

How do you "connect" with a customer? Why is that important? Does it grow your business and improve shareholder returns?

Lots of people shop purely for the cheapest price, although many people look for something more. They value good service; they expect their bank to be fair and honest; they want their bank to act in their best interests; and they want to feel appreciated for their business. If a bank can do all those things and put something back into their community, then all the better. Those customers are likely to trust that bank, remain loyal and do more business with it. They are also likely to recommend "my bank" to others.

That's what we mean by "connected".

We are doing many things to forge those connections.

We stress to staff the values and behaviours Bendigo and Adelaide Bank expects. Our leaders model those behaviours.

Staff are trained to ask customers what they are trying to achieve and then recommend the best financial products to help them. We're opening more branches and installing more ATMs to give customers more service points. Our internet banking is good but is being further improved. We try to ensure branches and call centres are well staffed and that our adviser partners get good service so their customers are happy.

Doing all these things well means we are likely to be trusted with more business by customers and partners pleased with our service. But it is what we do in their communities that has reinforced we are a different bank – one of more value. This report tells some of those stories, because we consider them so important to our future.

We have established corporate values of **teamwork, integrity, performance, engagement, leadership** and **passion**. These are our touchstones in improving outcomes for our customers, their communities and our shareholders.

We believe in what we do and we are proud of our bank.

Our new branding

Drawing from the heritage logos of both Bendigo Bank and Adelaide Bank, we have created a new corporate identity and consistent branding across our business divisions.



Corporate



Retail Banking



Wealth



Margin Lending



Third Party Mortgages

Report from Chairman

Dear Shareholder

2008/09 has been an extraordinary year for Bendigo and Adelaide Bank.

- > On 9 July 2008, we celebrated the 150th anniversary of the foundation of the first Bendigo Building Society. 150 years is a very long time in financial services and the business has changed and adapted many times as it steadily grew through various crises, recessions and depressions;
- > On 11 December 2008, we opened The Bendigo Centre, an uncompromisingly modern \$100 million building in the centre of Bendigo, built to provide more than 1000 staff with an open-planned, light-filled work space for the next 50 years;

- > We farewelled Rob Hunt after 35 years as an employee and 21 years as chief executive. Rob has been crucial in the development of the organisation, from a one-branch building society when he joined, to a national bank. Our distinctive identity as Australia's leading customer-connected bank is more attributable to him than anyone else. He made an extraordinary contribution and we thank him for it;
- > We welcomed Mike Hirst as the new chief executive, to lead the bank into the next stage of development; and
- > We have dealt with the global financial crisis of 2009.

This has been the most serious financial crisis since the 1930s. It has fundamentally changed the nature of banking for at least a generation. Much of the world's banking system has been nationalised. Economies have struggled to cope and will take many years to recover and repay the debts now being incurred.

Australia has been relatively unaffected, in part because of early and decisive action by strong regulators and government. But even here, many competitors have been taken over or collapsed and public debt markets were, for a time, frozen. Every Australian bank has relied on government guarantees to borrow from the wholesale markets – every bank that is except Bendigo and Adelaide Bank and our 60 per cent subsidiary Rural Bank, our joint venture with Elders Limited.

But for us, too, there has been a heavy cost. Interest margins shrank as we restructured our balance sheet. Bad debts increased as some customers struggled to cope with the economic downturn and the excesses of the boom caught up with us all. So profits are down and dividends reduced. Funding remains the biggest issue for all banks.

But now we look forward with confidence. Markets remain fragile and for the time-being dependent on government support. But we continue to attract customers and open new branches. Our credit quality remains sound and our capital position strong.

Rob Hunt's time as chief executive commenced just before the collapse of Pyramid Building Society. Out of that crisis we emerged stronger, better equipped to serve our customers and the communities in which they live. We are determined to do the same with this crisis, and look forward to capturing appropriate opportunities being presented by the turmoil.

Yours faithfully



Robert Johanson



Report from Managing Director

The bank has emerged from the worst of the global financial crisis (GFC) in good shape to take advantage of opportunities sure to emerge from the disruption caused to the finance industry.

Our retail brand is strongly differentiated, we enjoy high levels of customer trust and advocacy, our balance sheet is robust, credit quality is sound and demand for our customer and community style of banking is undiminished. We provide customers with a national branch network, extended trading hours, 24/7 electronic banking options, a wide product range and advice not tainted by commissions. They can choose to deal with us directly or through their broker or adviser.

We therefore offer consumers a logical first alternative to the major banks.

That position has been further enhanced through an erosion of competition in large part prompted by the GFC.

But while the GFC will provide us with opportunities, it also disrupted our earnings progress.

Our profit after tax before significant items was down by 26 per cent, to \$173.2 million, cash earnings per share (63 cents) and dividends (43 cents) were well below the previous year. These falls were largely due to a slowing economy, higher funding costs and an unprecedented drop in official interest rates.

Having restructured our balance sheet to provide secure funding, and taken a consequent one-off hit to earnings, we are now in the process of structuring the business to grow by:

- > Clearly articulating our vision to be Australia's leading customer-connected bank.
- > Simplifying our business structure.
- > Re-branding our Group to better leverage our distinct point of difference.
- > Raising \$300 million in capital to enable us to secure growth opportunities.
- > Containing our cost base.

The GFC has magnified and accelerated change in the financial services industry and we have already taken some opportunities to expand.

In the past year we opened 22 new branches and brought 24 former Adelaide Bank branches into our national Bendigo Bank retail network. Macquarie's \$1.5 billion margin lending portfolio was purchased. We increased our stake in (formerly Elders) Rural Bank from 50 to 60 per cent, bought out our joint venture partner in Tasmanian Banking Services to strengthen Bendigo's offering in that State, increased our stake in IOOF Holdings Limited and negotiated with Customers Ltd to boost our branded ATM network.

Further opportunities will emerge. Peer banks St George and BankWest have been subsumed into major banks, overseas banks have pulled back from the Australian market, credit unions are merging and some firms (particularly mortgage brokers) have departed from the financial services market.

Although consumers have tended to seek out large banks during the GFC, experience tells us many will look to alternatives as nervousness dissipates and customers turn to brands they trust. As the only regional bank with truly national branch coverage, our retail bank is well placed to be the logical alternative to the big four.

- Our customer and community focus means we are highly differentiated.
- Our brand awareness is growing. We have the highest customer advocacy of any bank with a world-class Net Promoter Score of +33.

Continued overleaf



\$28.5bil

Retail deposits

Strong growth of 20.8% was recorded

1.4mil

Customers

The bank attracts more than 10,000 new customers every month

\$173.2mil

08/09 net profit after tax before significant items

Down by 25.8%

62.9c

Cash earnings per share

Decline of 43.4% with a dividend payout ratio per ordinary share of 68.4%

- > We are well connected with and relevant to our communities.
- > Customers trust us. Our Sandhurst Trustees mortgage funds remained open throughout the GFC when many competitor funds were closed.
- > We expect to open 20-plus branches each year and continue to attract more than 10,000 new customers each month.

Our other businesses, too, are well positioned.

- > The mortgage origination industry was badly hit by the GFC, with 90 per cent of new mortgages being written by the big four banks. But the broker industry says there is a need for a fifth financier to promote competition and our Adelaide Bank brand is a logical contender. We continued to provide (admittedly limited) funding to our mortgage broker/manager partners even as competitors withdrew from the market. As funding capacity rebuilds, we will gradually increase our support.
- > Our purchase of Macquarie's margin loan portfolio ranks us as the third-biggest provider of customer funding for this important asset class, now re-emerging as share markets recover.
- > Our wealth management offering is being consolidated under the banner of Sandhurst Trustees, a renowned fixed income specialist.

Already, there are clear signs of improvement in our business and earnings capacity. Our portfolios are growing in line with improving market sentiment and our interest margin has fully recovered from the lows experienced during the reshaping of our balance sheet. As capacity recovers, we are gradually increasing funding flows to third party mortgages and our wealth management and margin revenues will grow as markets recover.

We are a bank with sound credit quality, a low-risk balance sheet and a high-quality capital base. While the GFC has eroded customer trust in financial institutions, I do not think that is true of Bendigo and Adelaide Bank. We have enshrined in this newly merged bank a set of values that will act as a foundation stone for our staff dealings with each other and with customers, partners and communities.

Our vision is to be Australia's leading customer-connected bank, because we know that strong connections equal strong business.

It's important to note that our vision and values come from our staff. Achieving our goal and working to this set of standards is what our staff believe is important and this is reflected in the way we go about doing business.

I would like to thank all of our staff for the tremendous effort they put in over the past year; for their continued willingness to go the extra mile and for their ongoing commitment to see everyone involved with our business succeed.

If there is one thing the GFC taught us, it is the important role played by banks – and particularly those that have not lost touch with their grass roots. Our bank is strongly supported at that level and is in a good position to grow shareholder earnings in a sustainable way while continuing to meet – and at times exceed – the expectations of our customers.

We are a bank different from the herd. Leveraging that difference will produce our growth.



Mike Hirst

The Year in Review

\$9.1bil

in loans approved,
an increase of 3.3%

Towards a more flexible cost base

Demand for our banking models, distribution channels and products is strong and we can expect growth as our funding capacity and markets recover. But in the short term, uncertainty remains, and we need to manage our costs according to the income we receive. We therefore took some hard but necessary decisions.

- No increases for salaried employees. (However, the scheduled pay increase for employees covered by the Collective Agreement will proceed in December 2009.)
- No "at risk" payments in September 2009 for the 08/09 financial year.
- Close management of operating expenses.
- Encouragement for all employees to take their accrued annual and long service leave.
- Almost two-thirds of our staff – including all Executives – volunteered to participate in the unpaid leave program, committing to take leave during the 09/10 financial year. This indicates the strength of staff engagement. Directors have agreed to donate equivalent fees to the bank scholarship program for disadvantaged youth.

Credit

Credit quality remains generally sound, and reflects the low-risk nature of our lending book. At 30 June 2009, gross impaired loans were just 0.49 per cent of total assets. A total of \$20.2 million was raised in specific and collective provisions relating to loans to investors in Great Southern managed investment schemes.

Funding and capital

After restructuring the balance sheet, retail deposits comprise nearly 90 per cent of on-balance sheet funding, with growth of 20 per cent – almost \$5 billion – over the 12 months.

The \$300 million equity raising completed post balance date increased total capital to 12.11 per cent and Tier 1 capital to 8.63 per cent on a 30 June 2009 pro-forma basis.

Merger implementation

We are on track to achieve forecast merger synergies of \$60-65 million, with 80 per cent due by 1 December 2009 and the balance a year later.

\$300mil

Equity raising completed to assist
in further growth of the bank

\$60-65mil

Merger synergies

80% due December 2009
and the balance a year later

0.49%

Gross impaired loans to total assets

Compared with 07/08
figure of 0.12%

\$47.1bil

Total Assets

A fall of 1.9%

\$635mil

Net interest income

An increase of 6.3%

\$38.9bil

Total loan balances

A fall of 3.3%

1.7mil

Deposit accounts

A rise of 7.1%

Review of Business Divisions

Retail Banking

Our Bendigo Bank-branded retail business continues to expand rapidly on the back of high customer satisfaction and advocacy ratings. More than 10,000 new customers joined us each month, a trend evident for more than seven years. We opened 22 new branches and merged the 24 former Adelaide Bank branches into our national network.

The strength of the franchise came to the fore during the GFC when we were able to raise huge amounts of deposits to replace scarce wholesale funding. Yearly growth in retail deposits was 20.8 per cent; in a deteriorating economy residential lending fell by 4.2 per cent but gains were made in business loans.

With more than 95 per cent of transactions now electronic, we are gradually reshaping and up-skilling our branch network to concentrate on providing customers with better advice on banking, wealth creation and insurance. Bendigo Financial Planning was one of the first planning groups to adopt a true fee-for-service model (rather than commissions). We think a growing number of customers will appreciate a planning service that tells them how much they will pay and what they will receive for it.

Insurance had a strong year, successfully integrating the Bendigo and Adelaide Bank operations as well as increasing our service, advice and product offering throughout the branch network.

Sandhurst Trustees' trustee services division achieved significant growth in revenues from personal estates and funeral bonds. Corporate Trusts' fee income fell, largely in line with the reduction in its clients' assets under management.

Payment systems

We grew our ATM network to 789 machines. Access to Bendigo Bank-branded ATMs is all-the-more important because of the introduction in March 2009 of direct charging of usage fees by the ATM owner. This has resulted in a significant increase in Bendigo customers using our own network ahead of others. Our expansion will be accelerated under an agreement with Customers Limited to brand more machines over the next five years.

Credit card accounts and receivables grew moderately as the economy slowed.

Business banking

Business lending increased by 6.7 per cent, to \$6.13 billion, an excellent result in a slowing economy. Our debtor finance company significantly improved its performance with a 300 per cent increase in net profit before tax.

We became a major sponsor of the Victorian Government's "Energise Enterprise" promotion of small business through more than 400 events at venues throughout Victoria.

Managed funds

As stock markets fell, investors avoided managed funds. Our focus on customer service helped to soften the impact on our business.

The introduction of the government guarantee on bank deposits led to investors withdrawing money from mortgage funds and depositing them with banks. In response, 70 mortgage fund providers froze customer redemptions – but not ours. Existing customers of Sandhurst Select Mortgage Fund and the AMF Yield Trust could still access their investments. That's because we have a prudent investment mandate and appropriate liquidity facilities provided by the bank.

We also launched a new Cash Management Account in November 2008 to enable customers to access the government guarantee. With our conservative approach and strong balance sheet, our managed funds business is well placed to seize opportunities presented by its expanding retail customer base and partner-advised channels.

Margin Lending (Leveraged Equities)

A fall of 27 per cent in the All Ordinaries Index was always going to be a great stress test for our business model and credit quality. They passed with flying colours, resulting in no significant write-offs or specific provisions. We believe we struck a good balance of customer service and risk management.

The acquisition of the Macquarie margin lending portfolio during the year was a compelling strategic fit of a low-risk business. With integration of the portfolio well on track, and completion planned this calendar year, we expect to fully deliver the value expected of the acquisition.

As markets recover, we look to consolidate and capitalise on our prominent position in the market.

Portfolio Funding

This business buys loans from companies that need cash. It was a challenging year because of the global financial crisis. We had little funding available for new business, so we concentrated on managing existing portfolios and improving margins.

At year end, the number of active partners had reduced to eight from a peak of 25.

Third party mortgages

Mortgage businesses were challenged as funding dried up during the global financial crisis.

Our third party mortgage business responded quickly and prudently to ensure we were well placed to fund our partners' demands as conditions stabilised. Margins were managed appropriately, funding rebalanced and credit policy adjusted to a more conservative setting. Our business is therefore well positioned to deliver the balance sheet-funded, service-oriented banking alternative increasingly demanded.

190

Company branches

Two new company branches opened in 08/09 and 24 Adelaide Bank branches were integrated into our national Bendigo Bank network

236

Community Bank® branches

20 new Community Bank® branches opened in 08/09

789

ATMs

On average, we add 80 to 100 new ATMs to the network each year

92

Public Agents

the number of public agents fell in 08/09 as two of our agents became Community Bank® branches

Community Bank® Network



Teamwork. We are one team with one vision. We work together, encourage diversity and respect the unique contribution of each individual.

\$30.4mil

Donations to local groups and projects since the inception of the **Community Bank®** network

\$10.7mil

Dividends paid to local shareholders since the **Community Bank®** network was established

740,161

Community Bank® accounts

\$14.9bil

Total business of **Community Bank®** network

1620

Community Bank® company directors

1103

Community Bank® branch staff

Community Bank® Network

Despite the global financial crisis, our grassroots banking movement has marched steadily on. Twenty new **Community Bank®** branches joined our national network. Around 120,000 new customers switched to our community style of banking and 70 communities started campaigning to open their own local **Community Bank®** branch. Those statistics are impressive, but it's the story behind them that is really important.

The story is that of everyday people, who understand that the role of a bank is to feed into prosperity, rather than profit from it. That lesson was forgotten by many bankers across the globe with devastating consequences, but it is well understood by the residents of the 236 towns and suburbs that host a **Community Bank®** branch. They see the fruits of their investment daily in locally owned and operated banking.

Since the **Community Bank®** model was launched in 1998, more than \$30 million has been distributed to community projects and groups, and almost \$11 million in dividends paid to local shareholders. But again, the real stories lie behind the numbers, with new community centres built, fire trucks purchased, more local nurses employed and new walking tracks and swimming pools established.

As a direct result of these **Community Bank®** branches, more money was retained and spent locally. More jobs were created, 1100 just in the branches alone. And then there's the flow-on or multiplier effect of those wages being spent, supporting local business across Australia.

Our franchised **Community Bank®** branches have not escaped the fallout from the global turmoil. They share margin income with the bank, so their income was impacted as margins fell.

But like Bendigo and Adelaide Bank, they have not needed government help to get through this crisis. And every day we are reminded, banks that are relevant and connected locally will be valued by their customers and communities.

Community Success Stories

The **Community Bank®** success story has been replicated in scores of Australian cities and towns.

By taking control of their own financial destiny these communities have been empowered to support local groups and projects that would have otherwise struggled for funding. Here's some of our **Community Bank®** branches' achievements this year.

Hospice bank lifeline

Paradise Point Community Bank® Branch QLD - opened 2001

After reading about the desperate plight of an Arundel facility caring for terminally ill patients, the Paradise Point **Community Bank®** Branch donated \$54,000 to the Hopewell Hospice. Donations to the not-for-profit organisation had plummeted by 30 per cent since the start of the year, and the facility faced closure within weeks if funds were not found. The branch has been a long-term supporter of the Arundel facility.

Bus set to make life easier

Coleambally Community Bank® Branch NSW – opened 1999

Since the branch's inception just over 10 years ago, more than \$400,000 in profits has been channelled back into community projects. During March, the branch announced the purchase of a community bus. The 36-seater bus is wholly funded by the Coleambally **Community Bank®** Branch. Ongoing profits from the branch will assist in funding the day-to-day running costs of the vehicle.

Community banking on it

North Epping Community Bank® Branch NSW – opened 2003

North Epping **Community Bank®** Branch celebrated its fifth birthday in July by distributing \$50,000 worth of grants to 13 community groups. In the five years the branch has been operating it has provided \$100,000 in sponsorship and financial support to more than 20 community groups.

Bank donation helps Gosnells light up oval

Gosnells Community Bank® Branch WA – opened 2002

The Gosnells Football Club is closer to its goal of raising \$50,000 for lights, thanks to a boost from the Gosnells **Community Bank®** Branch. The Gosnells branch donated \$6000 to the club to go towards new lights for the oval. The lights will benefit the whole community, with other sporting groups having use of the oval throughout the year.

Community Bank® bus for senior residents

Tongala Community Bank® Branch VIC – opened 2000

Tongala's senior citizens will not miss out on a single community event in coming years thanks to the purchase of a community bus. The Aged Care Bus has been funded by the Tongala **Community Bank®** Branch and is one of the many major projects funded by the branch. Ongoing profits from Bendigo Bank Telco will assist in funding the day-to-day running costs of the vehicle. The bus will be run throughout Tongala in conjunction with the Tongala Aged Care Complex.

Shade and sand for kids

Diamond Creek Community Bank® Branch VIC – opened 2004

After more than six years of fundraising for a sandpit and shade sail, the Ness Reserve Preschool parents' committee received a very welcome \$24,000 grant from the Diamond Creek **Community Bank®** Branch.



From top to bottom 1 The Coleambally **Community Bank®** Branch assists in the ongoing funding of its local community bus. 2 Young footballers are better positioned for victory after a \$6000 donation from the Gosnells **Community Bank®** Branch. 3 The Tongala **Community Bank®** Branch has helped purchase an aged care bus for its local senior citizens. 4 Sun smart children are happy children thanks to the Diamond Creek **Community Bank®** Branch. 5 Coleraine & District **Community Bank®** Branch has donated special medical equipment to its local hospital.



Engagement. We listen, understand, then deliver. We build our success through the success of others.

Bank donates special monitor for vital signs

Coleraine & District Community Bank® Branch VIC – opened 2003

Coleraine and District Hospital patients will benefit from a vital signs monitor donated by the town's own **Community Bank®** branch. The \$4600 Weelch Allyn monitor is the first of a number of purchases to be made from \$14,000 set aside by the bank to help local organisations. The device will be used on neo-natal and adult patients.

Brand new pitch a big hit

Mareeba Community Bank® Branch QLD – opened 2005

Junior cricketers at Mareeba can now play on their very own new pitch – all thanks to the generous support of the local community and a \$1500 grant from the Mareeba **Community Bank®** Branch. The new pitch will allow the team to play competitive matches on their home turf.

Program to support young Bellarine leaders

Bellarine Peninsula Community Bank® Branch VIC – opened 1999

A Victorian State Government grant of \$225,000 into a youth leadership program in Portarlington, Drysdale and Clifton Springs has been further boosted

by a \$225,000 contribution by the Bellarine Peninsula **Community Bank®** Branch. The program is designed to deliver skills to young people and is to be carried out over four years.

A bank that lives up to its name

North Richmond Community Bank® Branch NSW – opened 2002

This year the North Richmond **Community Bank®** Branch distributed almost \$80,000 to 20 local community groups and organisations. Bridges Disability Services received \$25,000 towards a new bus, allowing carers to engage clients in interesting and fun activities. The branch also placed \$200,000 with Community Enterprise Foundation™. The money will eventually be used to establish a day care facility for young people living with a disability.

Spreading the joy

Bayswater and Noranda Community Bank® branches WA – opened 2000 and 2004

Bayswater and Noranda **Community Bank®** branches gave \$140,000 to local community projects at their first community grants presentation in 2008. The Bayswater Amazon Dragon Boat Racing team was one of the many groups to be given money to buy a fitted-out boat trailer.

Bank's school grant

Margate Community Bank® Branch QLD – opened 2004

Margate **Community Bank®** Branch Manager was greeted with open arms and beaming smiles when he presented Woody Point Special School staff with a cheque for \$15,000 – the branch's first major community donation. This money will buy the school, which services severely disabled children, learning aids including an electronic whiteboard and a hydraulic change table.

All aboard new school bus

Braidwood Community Bank® Branch NSW – opened 2002

Braidwood Central School's new bus was officially handed over after a massive fundraising campaign which included a \$15,000 donation by the Braidwood **Community Bank®** Branch.

New outdoor bike track unveiled

San Remo Community Bank® Branch VIC – opened 2003

Phillip Island Playgroup unveiled its new outdoor bike track recently, a facility funded in full through the Community Grants Program, an initiative of the San Remo District **Community Bank®** Branch. The soft-fall, rubberised track navigates the perimeter of the playgroup playground providing a fantastic circuit on which the children can ride, walk and enjoy other outdoor activities with their parents.

Chemistry of gold

Harbord Community Bank® Branch NSW – opened 2002

Sixteen-year-old Freshwater High School student Frank Jia was among four Australian chemistry buffs who competed in the International Science Olympiads during July. The competition is funded by government, Merck Sharp and Dohme and Monash University, but Frank received an extra bonus, \$3000 provided by the Harbord **Community Bank®** Branch.

Bank gives out \$140,000

Oak Flats and Shellharbour Community Bank® Branches NSW – opened 2000 and 2006

Sporting clubs, schools, fire brigades and scouts benefited from \$140,000 in funding from Oak Flats and Shellharbour **Community Bank®** branches during October. The two branches have given the money to 55 community groups, including \$10,000 to the Shellharbour Beacon Foundation, \$4000 to the Oak Flats Rural Fire Brigade and \$1000 to Port Kembla Palliative Care. The \$140,000 contribution brings the total return to the community to \$430,000.

New toys to tempt

East Ivanhoe Community Bank® Branch VIC – opened 2001

The Banyule Toy Library has expanded its treasure trove with \$5000 worth of new toys, games and puzzles. The spending spree was funded, in part, by the East Ivanhoe **Community Bank®** Branch, which contributed \$2500 under its 2008 community grants program.

School gains a \$10,000 sporting boost

Warburton, Yarra Junction District and Woori Yallock Community Bank® branches VIC – opened 2000, 2008 and 2003

Upper Yarra Secondary College got a kick out of the \$10,000 it received during June. The school received more than 30 new sleeping bags and a new canoe trailer as part of a joint sponsorship effort between Warburton, Yarra Junction District and the Woori Yallock **Community Bank®** branches. Woori Yallock and Warburton jointly funded the SES purchase of the essential maintenance and repairs equipment. Costing almost \$1000 each, the two new toolboxes are important for crew safety.

Dancing on

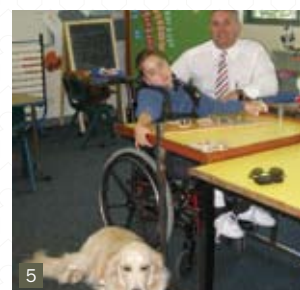
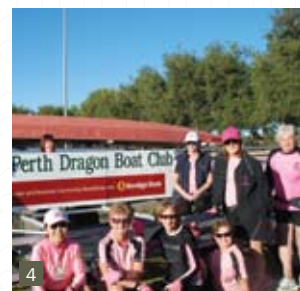
Windsor Community Bank® Branch VIC – opened 2002

Prahran dance school Patrick Studios Australia has welcomed news that the local **Community Bank®** branch will step in to provide \$2000 for dancers struggling with tuition fees. Windsor **Community Bank®** Branch gave four students \$500 each. The branch has given \$95,000 to the local community this financial year.

Donations aid tanker refit

Ferntree Gully and Rowville Community Bank® Branches VIC – opened 2000 and 2001

Ferntree Gully has rallied behind local CFA volunteers following the loss of their tanker. The branches presented the Upper Ferntree Gully Fire Brigade captain with a cheque for \$3000 to purchase equipment for their replacement tanker, after their truck was destroyed in a fire.



From top to bottom: 1 Mareeba **Community Bank®** Branch has shown its support for junior cricketers with a \$1500 donation. 2 Bellarine Peninsula **Community Bank®** Branch has invested in its local youth through a leadership program. 3 A new bus funded by the North Richmond **Community Bank®** Branch has opened up a world of opportunities for local disabled people in its community. 4 The Bayswater Amazon Dragon Boat Racing team can now compete in races around the state following the donation of a new boat trailer from the Bayswater and Noranda **Community Bank®** branches. 5 New education aids funded by the Margate **Community Bank®** Branch are assisting severely disabled children to learn.

Sustainability



Performance. We strive for sustainable success. We seek and provide feedback and find a better way.

Sustainability

Bendigo and Adelaide Bank acknowledges it has an obligation to customers, shareholders, staff, partners and the communities in which it participates, to operate in a way that minimises its impact on the environment.

We recognise that our day-to-day business activities have an impact on the environment and we understand our environmental reputation will play a key role in the bank's future success.

The Bendigo Centre

Building a green future

At Bendigo and Adelaide Bank we have embraced the task of building a sustainable community by investing in one of regional Australia's first Five Star Green Star designed buildings.

The six-storey office building accommodates almost 1000 staff and is a landmark redevelopment in Bendigo's city centre. It incorporates new retail stores, cafes and community meeting spaces.

Key features of The Bendigo Centre include;

- The building uses half the energy of a typical office building.
- Recycling Water Treatment Plant saves 20,000 litres of waste water a day.

- The building incorporates under-floor displacement air conditioning which uses considerably less energy than a traditional system.
- Solar panels reduce the amount of power used for heating water.

The bank is now looking at making a similar investment in South Australia, with initial design concepts for a new Green Star office in Pirie Street in Adelaide currently under review.

Solar Cities

Renewable energy solutions

Bendigo and Adelaide Bank is part of the Central Victorian Greenhouse Alliance, which comprises of 14 local governments, businesses and community organisations. The alliance is playing a key role in creating sustainable, climate-aware communities and profitable, climate-friendly economies.

This will be furthered through a number of community education and innovative initiatives, including the construction of two solar parks in Bendigo and Ballarat that will offer renewable energy to local green energy customers.

Generation Green™

Through Generation Green™, Bendigo and Adelaide Bank can play a role in addressing environmental issues by providing customers and communities with simple and practical solutions that add up to a cleaner, greener and more sustainable future.

Ban the Bulb

Illuminating a brighter future for all

Generation Green™ launched the Ban the Bulb campaign in 2007. The project was enormously successful with eight Victorian communities getting involved.

The project called on community based volunteers from organisations such as the Country Fire Authority and State Emergency Service and paid them to replace light bulbs free of charge to the home owner.

The energy efficient bulbs are funded through Generation Green™ and its partnerships with energy providers, the private sector and state government.

More than 60,000 incandescent bulbs were changed for new energy efficient ones in around 4000 homes. The project raised more than \$160,000 for the volunteer groups, and will reduce greenhouse gas emissions by about 60,000* tonnes over the lifetime of the bulbs. Participating householders should also see their energy bills fall by as much as \$100 a year.

This year, the project will engage more than 50 communities across Victoria. With the co-operation of local community groups, we aim to exchange 300,000 light bulbs in 20,000 homes and small businesses, saving about 150,000* tonnes in emissions. In addition, the campaign will raise more than \$600,000 for the participating community groups.

*Greenhouse gas abatement numbers per globe reflect two separate schemes which apply different abatement calculations.

Generation Green™ Loans

Borrowing to invest in our future

Bendigo and Adelaide Bank encourages its customers to live in environmentally friendly homes. To help customers achieve this, we offer Generation Green™ Home Loans and Personal Loans.

Generation Green™ Home Loans are at a 0.50% reduction on the bank's current residential variable rate with no monthly service fee. Generation Green™ Secured and Unsecured Personal loans are at a 1.00% discount to standard personal loan rates.

The loans are available to people building green homes, or for home owners updating their existing residence with products like solar hot water systems, insulation or a water tank.



Leadership. We all lead by example. We show initiative, are accountable and empower others.

Carbon Offsets

Sowing seeds for clean air

Bendigo and Adelaide Bank understands that living carbon neutral is challenging. However, the task is more achievable when you offset your emissions by purchasing a Generation Green™ Carbon Offset product.

When you commit to carbon offsetting, we revegetate cleared land with local native species. Over a period of about 30 years this vegetation absorbs the equivalent amount of greenhouse emissions you wish to offset for a one year period. Further offsets can be purchased for subsequent years to continue to offset emissions.

Since 2005, the bank has purchased its own Generation Green™ Carbon Offsets to balance the emissions we produce from our air and road travel. This year, we acquired almost 5500 tonnes of carbon offsets to counter our 2007/08 travel emissions.

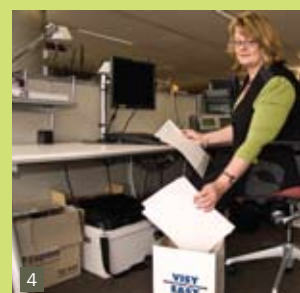
Paper Recycling

Saving trees and preserving our land

The invention of email has seen the humble office move a step closer towards the idealised paper-free workplace. However, in reality paper is still a necessary and practical tool for every business.

In an effort to reduce the impact of our paper consumption on the environment, we recycle whenever we can, with each workstation complete with its own paper recycling bin.

This year, we recycled more than 230 tonnes of paper and cardboard waste from our main offices and larger branches. This is an increase of almost 30 tonnes on the previous year.



From top to bottom: 1 Sunshades on the exterior of our head office building act as a "second skin" cutting out heat and reducing demand on air conditioning. Double glazed windows minimise heat absorption in summer and insulate the building from the cold in winter. 2 The building incorporates one of the first large-scale applications of under-floor displacement air conditioning to be seen in Australia. The system uses considerably less energy than a traditional system, while solar panels further reduce black power used. 3 An SES volunteer helping to make a change for the better in Maldon. 4 Staff are encouraged to recycle with a paper recycling bin at each workstation. 5 Central Victorian Solar Cities supporters at the launch of the Bendigo Solar Park.

Community Enterprise Foundation™



Passion. We believe in what we do and are proud of our bank.

Community Enterprise Foundation™

Community Enterprise Foundation™ is the philanthropic arm of Bendigo and Adelaide Bank. Since 2005, the foundation has worked closely with the bank's network of community and charitable partners to distribute \$12.25 million back into more than 1750 charitable projects and programs in communities across Australia.

The foundation has played a central role in mobilising the generosity of thousands of Australians who have chosen to support those in need through a series of appeals run through the bank's retail network.

We do this by collecting donations in a tax-effective way from individuals, businesses and governments. Bendigo and Adelaide Bank and the foundation's trustee, Sandhurst Trustees, are two companies which have already committed to make ongoing donations to a variety of charitable projects and causes.

This year, the foundation worked with 70 community partners to distribute more than \$3.9 million to almost 700 projects. In addition to this, the foundation worked with the broader bank network to raise more than \$180,000 for flood-affected communities in North Queensland and more than \$8 million to support those communities devastated by the Black Saturday bushfires in Victoria.

Lifesaving technology in Toora

Heart-starting initiative

After the death of an elderly patron, the Royal Standard Hotel, Toora **Community Bank®** Branch and local service clubs teamed up to purchase two defibrillators for the small Gippsland community in Victoria.

Training was provided for more than 30 residents by the local doctor and paramedics and one defibrillator is now stationed at the hotel, with the other located at the doctor's surgery.

Community Emergency Response Team

First at an emergency and saving lives

Tongala in North East Victoria had seen many of its community members suffer cardiac arrests, with the chances of survival diminished due to poor access to ambulance services.

Community Enterprise Foundation™, the Tongala **Community Bank®** Branch and Bendigo Bank Telco provided funding in 2007 to establish a Rural Ambulance Victoria Community Emergency Response Team.

The team is made up of 12 local volunteers who are trained by Ambulance Victoria and provide first aid to local residents in an emergency.

This year, the team was called upon to deal with two heart attack victims at the same time. While the first patient was stabilised, the second stopped breathing. Calling upon their new skills, the team successfully revived the second patient until paramedics arrived. Both patients have now made a full recovery.

Bushfire Appeal

The events of the 2009 Victorian bushfires left a lasting impression upon the psyche of our nation. Many Victorians faced the full front of the fires, losing property and treasured possessions. Some lost family, friends, neighbours and loved ones.

Throughout this time our nation rallied. We were generous with our time, our compassion and our financial resources, as well as in our love and support for those whose lives so profoundly changed during the time of the fires and in the weeks that followed.

In the aftermath, the Community Enterprise Foundation™ accepted \$8 million from more than 32,000 generous individual donors, businesses and community groups across Australia.

The funds have been administered by the foundation, which is working with the bank's community partners to identify groups and programs in need of support.

A week after the fires hit, more than \$250,000 was immediately released to those most in need. Money went towards food and shelter for fire victims and emergency workers, counselling services, back-to-school packs for children and animal welfare programs.

A further \$350,000, including \$200,000 from Elders staff and customers, is now being used by Conservation Volunteers Australia to replace the thousands of kilometres of fencing destroyed by the fires.

Banking services returned to Kinglake

Hardest hit lend helping hand

Valley Community Financial Services Limited operates the Hurstbridge & Districts and Diamond Creek **Community Bank**[®] branches.

Thanks to the support of its customers and the local community, the company has been providing ongoing financial assistance to the Country Fire Authority, donating thousands of dollars in branch profits to the firefighters who protect Kinglake, St Andrews, Strathewen, Hurstbridge and Diamond Creek – some of the towns that were hardest hit by the Black Saturday bushfires.

Since Black Saturday, the company has donated more than \$200,000 to the Community Enterprise Foundation[™] as its contribution to help bushfire-affected communities. A further \$80,000 was given to establish an Information Centre to assist locals immediately after the fires, and in July a branch was opened in Kinglake to return banking services to the community.

The **Community Bank**[®] company is now looking at other ways it can help the Kinglake community rebuild and recover and eventually establish its very own **Community Bank**[®] branch.

Partnership secures \$4 million for fire fund

Helping communities rebuild and recover

The Victorian State Government, Bendigo and Adelaide Bank and Community Enterprise Foundation[™] partnered in April to set up a \$4 million fund to help rebuild community infrastructure and provide jobs in Victoria's bushfire-affected communities.

The Bushfire Recovery Community Infrastructure Program will provide grants of up to \$300,000 to regional, rural and interface council-and-community projects, and is equally funded by the Victorian Government and the foundation.

The funding will enable councils and local groups to immediately undertake vital activities in rebuilding and helping their communities recover from the bushfires. Assistance will go to projects that replace lost or damaged facilities, improve existing community infrastructure, contribute to economic development and demonstrate wide community use and benefit.

This program is essential in helping communities to rebuild, because infrastructure forms the basis from which all future community prosperity can be generated.

North Queensland Flood Appeal

North Queensland residents endured some of the worst flooding the state has ever experienced, when Cyclone Ellie hit the region in February 2009.

The freakish weather event turned the lives of many people upside down, with hundreds of locals displaced from their homes and forced to endure extreme hardship.

The impact of the floods was truly devastating, but within days of the cyclone hitting, Community Enterprise Foundation[™] launched the North Queensland Flood Appeal.

Bendigo and Adelaide Bank offered to match community donations dollar-for-dollar up to \$50,000, a challenge that was quickly met by the community with money rushing in. More than \$180,000 was raised to assist locals with the clean-up and recovery process.



From top to bottom: 1 Hurstbridge & Districts and Diamond Creek **Community Bank**[®] Chairman Barry Henwood opens the Kinglake sub branch with Bendigo and Adelaide Bank Managing Director Mike Hirst. 2 Kinglake locals show their community spirit. 3 The people of Toora gathered at the local pub to familiarise themselves with the new life-saving defibrillator (Photograph supplied by The Foster Mirror). 4 Conservation Volunteers Australia are working to replace fencing lost in bushfires around Redesdale. 5 The Tongala Community Emergency Response Team celebrate being named Community Group of the Year by their local council (Photograph supplied by Kyabram Free Press).

Engagement



Integrity. We build a culture of trust.
We are open, honest and fair.

Sponsorships and Scholarships

Bendigo and Adelaide Bank has long considered philanthropic contributions as an important part of its continued support of Australian communities.

The bank partners with a variety of community, sports, business, education and arts organisations through sponsorship and scholarship programs.

These programs not only offer financial assistance, but provide access to our network of partners and skilled staff through in-kind work.

Board Scholarship

Helping country kids pursue their academic dreams in the city

As part of the bank's commitment to help build stronger communities, we established the Board Scholarship Fund three years ago.

Each year grants are awarded to outstanding, but disadvantaged students, usually from a rural area, who have been offered a full-time place at an Australian university or college campus. The scholarship aims to support first-year students who, due to social or financial circumstances, would not have been able to further their education.

In 2009, seven students were awarded a scholarship. Those students are now studying to become doctors, dentists, scientists and communications professionals.

Bendigo and Adelaide Bank Court

Supporting affordable housing solutions

Many cities across Australia are experiencing severe shortages of affordable inner-city housing.

We have contributed \$700,000 towards the development of Bendigo and Adelaide Bank Court in Adelaide to help provide a home for some of the city's low-income earners. There are 16 units, each with its own kitchen, bathroom and living area.

The project was brought to fruition through an innovative partnering model that forged a union between the bank, South Australian State Government, Unity Housing Company and Adelaide City Council.

Bendigo and Adelaide Bank Award

Creating opportunities for young artists

The bank's sponsorship of the Helpmann Academy for the Visual and Performing Arts continues to help foster emerging artists. The Bendigo and Adelaide Bank Award is now the top prize for an arts graduate in South Australia.

Staff in Adelaide have been particularly supportive of the program, with the walls of the Pirie Street offices adorned with works by Helpmann artists.

Lead On

Bendigo and Adelaide Bank recognises and values the contribution young people make to a community. However, we see a need to better engage youth in civic and business life.

Through Lead On we aim to promote the development of our young people and foster in them a sense of community and an appreciation of the positive impact they can have on their district's prospects.

Lead On started in Bendigo in 1999 and operates in seven locations nationwide including Bendigo, Ballarat, Echuca/Moama, Scenic Rim, Townsville, Logan and Bayswater.

Community Door

Opening doors for youth in our community

Lead On is partnering with **Community Bank**® branches to pilot a new program called Community Door. The initiative aims to get young people involved in, and contributing to, the decision-making structures within their community by becoming active participants on a **Community Bank**® board.

The youth are given guidance by community mentors, providing **Community Bank**® staff and boards with a framework to engage, involve and encourage the active participation of young people.

It's hoped the Community Door program will open up a range of experiences and options for both young people and the communities they become involved in.

Money Matters

Educating young people to manage their money

The Money Matters project is educating young people about microfinance and financial planning, so they are better prepared for the transition into the workforce.

Partnering with **Community Bank®** branches, Lead On invites young people to participate in practical and activity based learning through discussion groups with people from the finance industry in their local community.

Community Telco

Community Telco Australia is an initiative of Bendigo and Adelaide Bank which has been created to improve the prospects of communities and to minimise the capital drain they face from the purchase of essential services such as telecommunications. The primary objective behind this strategy is the long-term sustainability of those communities who choose to partner with the bank.

There are nine Community Telco companies operating throughout Australia including Ballarat Community Telco, Bendigo Community Telco, Bendigo Bank Telco, Geelong Community Telco, Hunter and Coast Community Telco, Oxley Community Telco, South East Qld Community Telco, Suncoast Community Telco and Tastel Community Telco.

Strathfieldsaye Playing Fields

Working together to achieve great things

Strathfieldsaye, on the outskirts of Bendigo, is one of the fastest-growing suburbs in the region. In 2005, the emerging community launched the Strathfieldsaye and Districts Community Enterprise, to raise money to establish a sporting complex.

The enterprise partnered with Bendigo and Adelaide Bank, Bendigo Community Telco and the City of Greater Bendigo and income was generated by the community that committed to use the services these business partners provide. In return, the businesses paid a commission to the enterprise. More than \$240,000 was raised and the new Strathfieldsaye playing fields were launched in May.

Our Staff

Bendigo and Adelaide Bank and our **Community Bank®** partners employ about 5500 people at more than 430 locations across Australia. Every day our staff work to ensure we are Australia's leading customer connected bank.

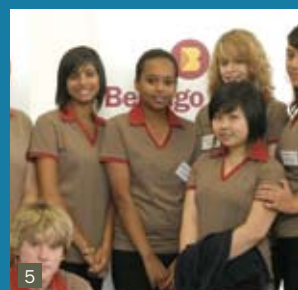
Bank Traineeship Program

Practical learning for students

Many of our staff chose to get involved with the communities in which they live and work by volunteering or partnering with local organisations.

For the second year, branches across the Mornington Peninsula have participated in the School Based Traineeship Program, providing secondary school students with an insight into the finance and banking industry.

Branch staff mentor the students, providing them with hands-on experience as they attain a nationally recognised Certificate III in Financial Services.



From top to bottom: 1 Board Scholarship recipients Joshua Carter, Jaye Cook, The University of Melbourne's Vice Chancellor Professor Glyn Davis, Bendigo and Adelaide Bank Chairman Robert Johanson, Jeffrey Tho and Callum Lynch. 2 Bendigo and Adelaide Bank Executive Director Jamie McPhee with South Australian Housing Minister Jennifer Rankine and Chairman of Unity Housing Matthew Adcock at the launch of Bendigo and Adelaide Bank Court. 3 Sophie Crawford-Smith from Lead On is eager to make her money matter by improving her financial literacy. 4 The turning of the first sod at the Strathfieldsaye Playing Fields. 5 Mornington Peninsula students graduating from the bank traineeship program.

Five Year Comparison

	09 \$m	08 ¹ \$m	07 \$m	06 \$m	05 ² \$m
Net interest income	635.0	597.5	357.1	315.0	286.1
Other income	238.7	272.4	205.1	201.8	172.9
Bad & doubtful debts expense (net of bad debts recovered)	80.3	23.1	8.2	7.0	13.6
Other expenses	674.1	560.5	376.1	344.1	309.9
Profit before income tax expense	119.3	286.3	177.9	165.7	135.5
Income tax expense	(35.5)	(87.3)	(56.2)	(49.0)	(41.2)
Profit after income tax expense	83.9	198.3	121.8	116.7	94.7
Net (profit)/loss attributable to minority interest	-	(0.7)	0.1	-	0.4
Adjustments	98.4 ³	41.3	(3.3)	(14.2)	(3.0)
Cash basis earnings	182.2	239.6	118.5	102.5	91.7
Financial Position at 30 June					
Total assets	47,114.2	48,049.0	17,001.6	15,196.1	13,858.6
Equity	3,118.7	3,297.9	1,015.0	899.5	720.7
Deposits and Notes payable	41,854.3	42,697.1	15,146.6	13,525.8	12,513.5
Share Information					
Cash basis earnings per ordinary share - cents	62.9	111.1	82.9	73.2	65.5
Total dividend - cents per share (fully franked)	43.0	65.0	58.0	52.0	45.0
Ratios					
After tax before significant items return on average assets	0.36%	0.72%	0.80%	0.75%	0.73%
Return on average assets	0.18%	0.61%	0.76%	0.80%	0.75%
Cash basis return on average ordinary equity	5.82%	12.29%	15.38%	14.51%	13.54%
Return on average ordinary equity	2.37%	9.70%	15.18%	16.16%	13.98%

¹ Figures for 2008 include the merger with Adelaide Bank effective 30 November 2007

² Figures for 2005 include the acquisition of Oxford Funding Pty Ltd effective 1 May 2005.

³ The adjustment of \$98.4 is made up of the following items:

- After tax Significant Income/Expenses \$89.4mil
- After tax intangibles amortisation (excluding software amortisation) \$18.5mil
- Dividends paid/accrued on preference shares \$9.5mil

09 08² 07 06 05³

Key Trading Indicators

Retail deposits - branch sourced	(\$m)	20,799.9	14,986.8	11,641.3	10,771.4	9,259.8
Number of depositors' accounts - branch sourced		1,754,849	1,638,443	1,418,088	1,309,957	1,201,627
Total loans approved	(\$m)	9,137.4	8,845.2	7,018.0	6,189.6	5,872.6
Number of loans approved		130,670	81,853	73,236	66,227	65,498
Liquid assets and cash equivalents	(\$m)	5,508.3	5,256.4	2,578.1	2,334.1	2,057.7
Total assets	(\$m)	47,114.2	48,049.0	17,001.6	15,196.1	13,858.6
Liquid assets & cash equiv as proportion of total assets	(%)	11.69	10.94	15.16	15.36	14.85
Number of branches ¹		426	404	357	335	302
Average deposit holdings per branch	(\$m)	48.8	37.1	32.6	32.2	30.7
Number of staff (excluding Community Banks)	(FTE)	3,598	3,478	2,428	2,343	2,214
Assets per staff member ⁴	(\$m)	13.095	13.815	7.002	6.486	5.990
Staff per million dollars of assets ⁴		0.08	0.07	0.14	0.15	0.17

Asset Quality

Loan write-offs as % of average total assets	(%)	0.04	0.03	0.04	0.04	0.06
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¹ Includes **Community Bank**[®] branches.

² Includes staff increases from the merger with Adelaide Bank.

³ Includes staff increases from the acquisition of Oxford Funding Pty Ltd.

⁴ These ratios do not take into account off-balance sheet assets under management, which totalled \$2.4 billion at 30 June 2009 (2008: \$4.8 billion).

Our Directors

Robert Johanson (58 years) Chairman

*BA, LL.M (Melb), MBA (Harvard)
Independent Director*

Director for 22 years and appointed as Chairman during 2006. Previously Deputy Chairman for five years.

Special responsibilities Committees

Governance & HR (Chair)
IT Strategy

Group and joint venture company directorships

Community Telco Australia Pty Ltd
(ceased September 2008)

Rural Bank Ltd

Homesafe Solutions Pty Ltd (Chair)

Mr Johanson has expertise in corporate strategy, capital and risk management. He has provided

independent corporate advice on capital market transactions to a wide range of public and private companies.

Mr Johanson is a director of Grant Samuel Group Pty Ltd (and subsidiaries). Grant Samuel provides professional advisory services to the Group on normal commercial terms and conditions.

The services provided during the 2009 financial year included services in relation to corporate matters including alliance and joint venture activities, strategic developments and the Adelaide accommodation project.

A protocol, approved by the Board, has been established for the engagement of Grant Samuel by the bank which includes arrangements for dealing with conflicts of interest.

Mike Hirst (51 years) Managing Director

*BCom (Melb)
Executive Director and Chief
Executive Officer*

Employee since 2001 and appointed CEO and Managing Director in July 2009.

Special responsibilities Committees

IT Strategy

Credit

Risk

Group and joint venture company directorships

Rural Bank Limited

Sandhurst Trustees Limited

Prior to joining the bank Mr Hirst worked for 11 years in senior executive and management positions with Colonial Ltd.

He previously held directorships with Colonial First State Investment Managers, Barwon Health and Austraclear Ltd. He is a director of Treasury Corporation of Victoria and many of the group's subsidiary companies.

Rob Hunt AM (58 years) Managing Director (Retired on 3 July 2009)

*FAICD, Doctor of University
(honoris causa) La Trobe
University, 1999*

*Former Executive Director and
Chief Executive Officer*

Employee since 1973 and appointed CEO in 1988.

Appointed to Board in 1990.

Special responsibilities Committees

IT Strategy

Governance & HR

Risk

Group and joint venture company directorships

Community Telco Australia Pty Ltd
(Chair)

Community Sector Enterprises
Pty Ltd

Community Sector Banking Pty
Ltd

Mr Hunt will now undertake an advisory role at the bank in relation to community engagement activities, reporting to the Managing Director.

Front centre going clockwise going around table
Rob Hunt, Robert Johanson, Jenny Dawson, Deb Radford, Terry O'Dwyer,
Kevin Abrahamson, Kevin Roache, Mike Hirst, Kevin Osborn,
Tony Robinson, Jamie McPhee and Company Secretary David Oatway.



Kevin Abrahamson (64 years)

BSc (Hons), MA, MBA, FAICD, FFin, FAIM, Independent Director

Appointed to Board in November 2007

Appointed to Adelaide Bank Board in 2000

**Special responsibilities
Committees**

Audit

IT Strategy

**Group and joint venture company
directorships**

Sunstate Lenders Mortgage Insurance Pty Ltd

Mr Abrahamson is an Australian finance sector specialist and consultant. As a specialist in the area of corporate strategy and information technology, he has worked as a consultant to the financial sector since 1997 as the head of KD Abrahamson Consultants.

From 1988 to 1997, he held the position of General Manager, Group Services with Advance Bank and St George Bank. Mr Abrahamson was also a director of Fiducian Portfolio Services Limited between 2000 and 2004.

Jenny Dawson (44 years)

B Bus (Acc), FCA, MAICD
Independent Director

Director for 10 years.

*Seeking election at 2009 AGM

**Special responsibilities
Committees**

Audit (Chair)

Credit

**Group and joint venture company
directorships**

Adelaide Managed Funds Limited (Chair) (ceased August 2009)

Community Sector Banking Pty Ltd

Community Sector Enterprises Pty Ltd

Ms Dawson spent 10 years with Arthur Andersen in the audit and IT controls division. Ms Dawson has experience in the areas of financial reporting and audit, IT internal control reviews, internal audit and risk management. Ms Dawson is a director of Coliban Region Water Corporation and a member of the Victorian Regional Development Advisory Committee.

Jamie McPhee (44 years)

BEng (Hons), MBA, FAICD, SF Fin
Executive Director

Appointed to Board in November 2007

Appointed to Adelaide Bank Board in 2006

**Special responsibilities
Committees**

Risk

Credit

IT Strategy

**Group and joint venture company
directorships**

Adelaide Managed Funds Limited (ceased August 2009)

Leveraged Equities Limited

Rural Bank Limited

Mr McPhee is responsible for the Group's retail, wealth and partner advised businesses. Mr McPhee joined Adelaide Bank in 1988 within the Treasury function, and was appointed Group Managing Director of Adelaide Bank in December 2006.

Mr McPhee was the Treasurer of The Co-operative Building Society of South Australia Limited during its conversion to Adelaide Bank on 1 January 1994.

Terry O'Dwyer (59 years)

B Com, Dip Adv Acc, FCA, FAICD
Independent Director

Director for nine years.

**Special responsibilities
Committees**

Audit

Risk

IT Strategy (Chair)

**Group and joint venture company
directorships**

Sunstate Lenders Mortgage Insurance Pty Ltd

Mr O'Dwyer is the former chairman and managing partner of BDO Kendalls (Chartered Accountants). He was a partner in the firm for 28 years and headed its corporate finance division prior to being appointed its independent chairman.

Mr O'Dwyer is chairman of Metal Storm Ltd, Roamfree Ltd and a director of Queensland Theatre Company Ltd, Backwell Lombard Capital Pty Ltd and Retravision Southern Ltd. He has previously chaired MFS Limited and Brumby's Bakeries Holdings Ltd and has had service on other public company board and government business enterprises.

Kevin Osborn (58 years)**Deputy Chairman**

FAICD, FPNA Independent Director

Appointed to Board in November 2007

Appointed to Adelaide Bank Board in 2003

**Special responsibilities
Committees**

Credit (Chair)

Audit

Risk

Mr Osborn was formerly the Chief Executive of Bank One in Australia (now part of JPMorgan Chase). He is a director of the Economic Development Board of South Australia, and was formerly a director of the American Chamber of Commerce in Australia.

He is a director of ABB Grain Limited, the SA Government Projects Co-ordination Board, and chairs the Adelaide Desalination Project Committee. Mr Osborn is a Fellow of the National Institute of Accountants and a Foundation Fellow of the Australian Institute of Company Directors. The Board has approved a protocol that sets out arrangements for dealing with potential conflicts of interest connected with the financial services activities of ABB Grain Limited.

Deborah Radford (53 years)

B.Ec, G. Dip Finance & Investment
Independent Director

Director for four years.

*Seeking election at 2009 AGM

**Special responsibilities
Committees**

Audit

IT Strategy

Credit

Ms Radford has 15 years experience in the banking industry with both international and local banks. Following seven years with the Victorian State Treasury, she ran her own consulting business between 2001 and 2007 advising the government on commercial transactions. Ms Radford is a Director of Forestry Tasmania and City West Water.

Kevin Roache (69 years)

LLB, B Com, ASCPA, FAICD
Barrister & Solicitor of the Supreme Court of Victoria
Independent Director

Director for 18 years.

**Special responsibilities
Committees**

Credit

Risk

Governance & HR

Mr Roache has extensive experience in advising clients on business and taxation issues. Mr Roache is a director of Geelong Community Enterprise Ltd, a former President of the Geelong Business Club, member of the Finance Committee of Geelong Chamber of Commerce, treasurer of Committee for Geelong, a former Chairman of Barwon Health Geelong and has been a board member of many community and charitable organisations.

Mr Roache was the Chairman of Capital Building Society, the business of which was integrated into Bendigo and Adelaide Bank in 1992. Mr Roache is the chairman of partners in Coulter Roache Lawyers which provides legal services to the Group on normal commercial terms and conditions.

Tony Robinson (51 years)

B Com (Melb), ASA, MBA (Melb)
Independent Director

Director for four years.

*Seeking election at 2009 AGM

**Special responsibilities
Committees**

Risk (Chair)

Governance & HR

Mr Robinson is the managing director of Centre Point Alliance Limited. Mr Robinson was employed as the executive director and chief executive officer of IOOF Holdings Ltd ("IOOF") from 2007 until April 2009 and was previously the managing director of OAMPS Limited and a director of VECCI.

Mr Robinson's other previous management positions include joint managing director of Falkiners Stockbroking, managing director of WealthPoint, chief financial officer of Link Telecommunications and general manager corporate services at Mayne Nickless.

The Group has entered into certain commercial arrangements with subsidiaries of IOOF concerning the provision of investment management and promotion services. Details of these services, and the fees paid in connection with these services, are disclosed at Note 40 of the full Financial Statements.

Our Executives

Executive Structure

A new Executive structure, implemented in August 2009, reflects our strategy and is flexible and dynamic to capitalise on opportunities as they emerge.

The new structure starts with the “single purpose” – or reason for being – for each area. We think of our business as a continuum. First we build a strategy and the brands to communicate our offering (Customer and Community). We then engage with and provide service to those customers, partners and communities attracted to our brand proposition (Banking and Wealth). We provide the people, technology, innovation and services needed to deliver services to those customers (Corporate Resources). We manage risk – a fundamental of banking (Risk). And we devise financial strategies to drive efficiencies and report on our progress (Finance and Treasury). The Executive comprises the heads of those five divisions, plus a head of Retail and head of our other operating businesses.



Mike Hirst Managing Director

Mike Hirst joined Bendigo Bank in 2001 to establish the Wealth Management business. He then ran the bank's Strategy and Solutions areas before taking on the role of Chief Operating Officer.

He then became Chief Executive, Retail Bank, and was responsible for the retail distribution network, treasury and all retail product areas of the bank.

In July 2009, Mike took over as Managing Director of Bendigo and Adelaide Bank.

Prior to joining the bank he spent more than two decades working in senior executive and management positions with leading Australian financial institutions.

Russell Jenkins Customer and Community

Russell Jenkins started at the then Bendigo Building Society in 1992 as Assistant General Manager Corporate Services. In 1994, he was appointed Chief Manager in charge of Group Planning and Development.

In 1998, Russell headed the introduction and subsequent roll out of the **Community Bank®** concept, with branch numbers growing to more than 230 under his guidance.

He has worked in a variety of roles including Chief General Manager of Retail and Distribution and now heads up the group's Customer and Community arm.

Jamie McPhee Banking and Wealth

Jamie McPhee worked at Adelaide Bank for 20 years, starting in Treasury before moving into various roles which involved running the bank's business units.

In 2003, he was appointed Chief General Manager Operations and in 2005 he became Chief Operating Officer, responsible for all bank operations of the group.

Jamie became Group Managing Director of Adelaide Bank in 2006. Following the 2007 merger with Bendigo Bank, he was appointed as an Executive Director and Chief Executive, Wholesale Bank.

He is now responsible for the Banking and Wealth functions of the business and remains an Executive Director of the bank.

Marnie Baker Corporate Resources

Marnie Baker joined Sandhurst Trustees in 1989 which became part of the then Bendigo Building Society in 1991. Since that time Marnie has held a number of senior positions within the bank including areas such as Treasury, Structured Finance, Capital Planning and Balance Sheet Management and more recently as the Chief General Manager Solutions/Products.

Marnie was elevated to a member of the bank's executive in 2000 and is currently an Executive Director of Sandhurst Trustees Limited, Bendigo Financial Planning Limited, Victorian Securities Corporation Limited and Oxford Funding Pty Ltd and a Director of Australian Friendly Society Limited.

Marnie now oversees the Corporate Resources Division responsible for the technology, people, legal, project management and corporate service functions of the bank.



**Tim Piper
Risk**

Tim Piper joined Adelaide Bank in 2005 as the General Manager of Credit Risk. He spent a short time leading the Shared Services division and was responsible for Wholesale Mortgages as Chief General Manager, Wholesale Mortgages.

His career in finance spans nearly 30 years during which time he has had direct experience with most facets of banking, from personal finance, through to middle and large commercial lending, and credit risk.

Tim is now in charge of Risk for the business.



**David Hughes
Finance and Treasury**

David Hughes joined Adelaide Bank in 2007 as Chief General Manager, Finance and Information Services. Soon after, he was appointed Chief Financial Officer of the newly-merged Bendigo and Adelaide Bank.

David's value to the organisation cannot be underestimated. His experience, skills and guidance have come to the fore in the past financial year, as he calmly guided the bank through the global financial crisis.

David leaves this position in October 2009.



**Richard Fennell
Finance and Treasury**

Richard joined Adelaide Bank in 2007 after an 18-year career in finance and consulting, including roles as partner with PricewaterhouseCoopers in Australia and Hong Kong and as an executive with IBM's Business Consulting Services.

Richard has led the strategy function at the bank with responsibility for Mergers and Acquisitions, Strategic Projects, the Programme Management Office and the integration of the Bendigo and Adelaide Bank businesses.

Richard takes over Finance and Treasury in October 2009.



**Dennis Bice
Retail**

Dennis joined the former Eaglehawk Star Building Society in 1975 and has spent more than 35 years focussing on retail banking.

He has a keen understanding of our customers and their needs and has been involved with some of the group's key mergers and acquisitions including IOOF, First Australian Building Society and Adelaide Bank.

Dennis' most recent role as Chief Manager Retail and Distribution saw him oversee the bank's retail strategy and his new role leading Retail sees him focus on the national retail network, specialised lending and agencies.



**Anthony Baum
Wealth and Third Party Banking**

Anthony Baum joined Adelaide Bank in 2000 and has more than 18 years experience in the Australia and European banking sector.

Prior to his current role, Anthony worked at BNP Paribas in London and has previously held the positions of Group Treasurer, Chief General Manager Financial Markets and Chief General Manager Wealth Management.

He now oversees Wealth and Third Party Banking.

Remuneration

Following is an extract from the Company's Remuneration Report for the year ended 30 June 2009. The full Remuneration Report is presented in the 2009 Annual Report which is available from the Company's web site. This report summarises the remuneration arrangements established by the Company for our Non-Executive

Directors and Senior Executives for the 2009 financial year. There have been a number of developments in relation to the regulation of director and executive remuneration. The Board will closely monitor these developments including any implications for the group's remuneration structures.

Table 1 - Senior Executive remuneration snapshot

Issue	Summary
Key changes for 2009	The Company's remuneration structure remained unchanged for the year. The Board will continue to monitor regulatory and market developments that impact remuneration arrangements for non-executive directors and senior executives. Mike Hirst commenced as managing director and chief executive officer on 3 July 2009. His remuneration arrangements were released to the ASX on 15 May 2009 and are also summarised in the full Remuneration Report.
Remuneration Strategy	To attract, retain and motivate Senior Executives to manage and lead the business successfully including driving organisational growth and performance in line with the Company's strategy and business objectives.
i. Fixed Remuneration	Fixed remuneration is set taking into account market relativities and having regard to the Senior Executive's direct accountability and responsibility for operational management, strategic direction, decision making and their demonstrated leadership.
ii. Short-term incentive	Senior Executive remuneration arrangements include an annual (cash) incentive component. Payment of the annual at-risk component is dependent on (in the first instance) the achievement of targeted financial performance and then (at the discretion of the Board and Managing Director) the achievement of position objectives set at the start of the year and the level of performance achieved by the Senior Executive in discharging their role. There were no short-term incentive payments for the year other than the payment to the managing director as disclosed in the full Remuneration Report.
iii. Long-term incentive	Senior Executive remuneration arrangements include participation in the Executive Incentive Plan ("Plan") established in 2006. The plan gives Senior Executives the opportunity to participate in grants of Performance Rights and Options to acquire shares in the Company subject to the achievement of performance conditions over a three year performance period set by the Board. The plan has been discontinued and will be replaced by a new arrangement involving grants of performance shares under the Employee Salary Sacrifice, Deferred Share and Performance Share Plan for the 2010 financial year.
Service Agreements	The remuneration and other terms of employment for Senior Executives are formalised in employment agreements. The employment agreements also deal with Senior Executive duties, conflicts of interest, confidentiality, termination rights, notice periods, post-employment restraints and entitlements upon termination.
Remuneration paid	Details of Senior Executive remuneration for the 2009 financial year are presented at Table 7 of the full Remuneration Report.
Linking remuneration and company performance	The remuneration structure for Senior Executives is designed to provide the desired flexibility and reward structure to support the Company's short term performance targets and continued investment in its strategy and business objectives that have a medium to longer term maturity profile. Senior executive remuneration is linked to the overall performance of the Group. The full Remuneration Report describes the Company's progress and financial performance for the year and explains how the performance impacted senior executive rewards under the Group's short term incentive and long term incentive arrangements.

Table 2 - Non-Executive Director remuneration snapshot

Issue	Summary
Remuneration strategy	To attract and retain appropriately qualified and experienced directors.
Base Fee	The Non-Executive Director annual base fee was last increased effective from 1 July 2008 (being \$125,000 per annum). The chairman receives twice the annual base fee in recognition of the additional time commitment. The base fee is reviewed annually with reference to survey data and peer analysis. The fee payments will remain unchanged for the 2010 financial year. The Directors have agreed to donate 4% of their annual fee payment to a charitable cause (refer also Table 13). Non-Executive Directors do not receive additional fees for committee memberships. The Board may determine additional fees for subsidiary and joint venture appointments.
Not at risk	The focus of the Board is to build sustainable shareholder value by taking a longer-term strategic perspective. Non-Executive Director fees are not linked to the short-term results of the Company. Non-Executive Director remuneration comprises a fixed annual fee plus superannuation contributions (a). Non-Executive Directors do not receive bonuses or incentive payments or participate in the Company's employee equity plans.
Alignment with shareholders interests	A Non-Executive Director may enter into a salary-sacrifice arrangement under which the director may acquire shares rather than receiving cash. A new Non-Executive Director Fee Sacrifice Plan was approved by shareholders at the 2008 Annual General Meeting.
Remuneration paid	Details of Non-Executive Director remuneration for the 2009 financial year are presented at Table 15 of the full Remuneration Report.

(a) Non-Executive Directors do not accrue separate retirement benefits in addition to superannuation contributions. The Company's former retirement benefit arrangement was crystallised as at 31 August 2005 and all accrued entitlements at that date have since been paid out by the Company.

Online Shareholder Services



Online

Bendigo and Adelaide Bank's new company website provides shareholders with access to quick, relevant information by text and email.

To benefit from our e-Shareholder service you need to register your mobile number and email address at www.bendigoadelaide.com.au

Once you become an e-Shareholder you can:

Follow the price of your shares (20-minute delay)
Get dividend information
View important dates
Check the details of your shareholding
Download shareholder forms
Read shareholder publications
Keep up-to-date via company announcements, webcasts and online videos and;
Email us your comments and feedback

The website complements our retail banking customer site www.bendigobank.com.au where you can bank online and view information on our products, services, branch and ATM locations.

e-Shareholder Register

Visit www.bendigoadelaide.com.au and register your details, including your email address and mobile number.

Once you're registered you will receive alerts to view shareholder publications, including our Annual Report, online. We'll also keep you informed about major company announcements and upcoming webcasts.

Share Registry

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or 1800 646 042

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Facsimile: 03 5485 7668
Email: share.register@bendigobank.com.au

In this report, the expression “the bank”, “the Company” or “the Group” refers to Bendigo and Adelaide Bank Limited and its controlled entities.

Customer Inquiries

Customer Help Centre

(Head Office inquiries)
1300 361 911 (local call)
Mondays to Fridays
8.30am – 7.30pm
Australian Eastern Standard Time/
Australian Eastern Daylight Time (AEST/AEDT)

Bendigo OnCall

(Bendigo Bank customer inquiries)
1300 366 666 (local call)
8.00am – 8.00pm weekdays
9.00am – 4.00pm Saturdays
10.00am – 4.00pm Sundays
(AEST/AEDT)

Adelaide Direct

13 22 20 (within SA) or
1300 65 22 20 (outside SA)
8.00am – 8.00pm weekdays
9.00am – 6.00pm Saturdays
10.00am – 6.00pm Sundays
Australian Central Standard Time/
Australian Central Daylight Time (ACST/ACDT)

24-hour Banking

Phone Bank

Bendigo Phone Banking – 1300 366 666 (local call)
Adelaide Express Line – 08 8300 7000
or 1300 300 893 (outside metropolitan SA)

e-banking

www.bendigobank.com.au
www.adelaidebank.com.au

Shareholder Inquiries

Share Registry
1800 646 042

Company Website

www.bendigoadelaide.com.au



**Bendigo and
Adelaide Bank**

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