

Customer connected Community focused

2012–2013
Annual Review



**Bendigo and
Adelaide Bank**

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Becoming an eShareholder

Want to reduce paper and receive this document electronically? You can become an eShareholder simply by registering your mobile number and email address at www.bendigoadelaide.com.au. As an eShareholder, you will have ready access to important dates, current shareholder publications and the Company's latest announcements.

In an effort to reduce our paper consumption and impact on the environment, this Annual Review is printed on FSC certified paper using environmentally friendly inks.

Welcome to the 2013 Annual Review

At Bendigo and Adelaide Bank, we believe that successful and happy customers combined with thriving local communities create a successful bank. For us, being Australia's leading customer-connected Bank remains the primary goal.

We know supporting our customers and communities will also reward our shareholders. The popular **Community Bank**[®] model is a great example of how this works to everyone's benefit.

We are constantly exploring innovative ways to better service our customers and looking beyond banking to how we can help communities meet their needs, solve problems and generate new opportunities.

For example, our philanthropic arm, Community Enterprise Foundation[™], helps those in need while our Generation Green[™] program provides affordable solutions to help people make their homes environmentally friendly.

In this year's Annual Review, we'll touch on the key highlights from across the whole of Bendigo and Adelaide Bank, from our advances in the online and digital space to our acquisitions, overall financial performance and exciting future plans and opportunities.

We'll also meet some of the young people who are getting a headstart in their careers through our scholarship program, and introduce you to some of the wonderful projects we are currently supporting in communities across the country.

If you would like further information on anything mentioned in this Annual Review or would like to see our Annual Financial Report please visit www.bendigoadelaide.com.au

We thank you for your ongoing support of our Bank.

A diverse business

From rural communities to suburban families, corporate investors to not-for-profit organisations and businesses, the Bendigo and Adelaide Bank network is helping customers and communities across Australia achieve their goals.

Our various businesses share a common purpose: help customers, partners and communities succeed. We continue to take a long-term view, both for our business and for our communities, delivering sustainable outcomes and enabling prosperity.

Bendigo Bank

Bendigo Bank is renowned for its network of innovative corporate and **Community Bank**[®] branches and commitment to giving back to the community. It offers banking and wealth management services to individuals, families and small to medium businesses Australia-wide.

Adelaide Bank

Adelaide Bank, through its partners, is a popular mortgage provider, working with a national network of brokers and mortgage managers who service the home loans of more than 40 percent of Australians.

Bendigo Wealth

In the wealth management arena, Bendigo Wealth and Sandhurst Trustees provide financial advice, funds management and trustee services, along with superannuation, management of wills and more. Leveraged Equities offers innovative and responsive margin loan and investment loan products, combined with standout private banking-style service.

Rural Bank

Rural Bank provides specialist agribusiness banking solutions and services to rural and regional Australia and plays a vital role in supporting those communities.

Delphi Bank

In November 2012, the Bank of Cyprus Australia was relaunched as Delphi Bank. Offering a wide range of banking services from 14 branches across Victoria, New South Wales and South Australia, Delphi Bank is the bank of choice for Australia's Hellenic community, providing personal, friendly and expert service.



Joint ventures, subsidiary and other brands

Our core brands are supplemented by joint ventures, subsidiaries and other brands that serve discrete markets and add to the diversity of our business.

Community Telco® Australia is one of Australia’s largest regional telecommunications companies and is also heavily involved in voice, data and mobile technologies and the convergence of banking and telecommunications.

Community Sector Banking is Australia’s only specialist banking service for not-for-profit organisations, while the Community Enterprise Foundation™ is the Bank’s philanthropic arm with Sandhurst Trustees acting as trustee. Our joint venture, Homesafe Solutions, offers an equity release product to older Australians in selected areas.

Financial performance

Profitability and dividends

Bendigo and Adelaide Bank announced an after tax statutory profit of \$352.3 million for the 12 months ending 30 June, 2013. Underlying cash earnings were \$348.0 million, an increase of 7.7 percent on the prior corresponding period. Cash earnings per share were 85.4 cents, an increase of 1.4 percent.

The Board of Directors has also announced an increase in the final dividend to 31 cents per share – an increase of 3.3 percent on the prior half – taking the full-year dividend to 61 cents per share. This increase reflects the Group's strong capital position and improved earnings performance.

Net interest margin

Net interest margin continued to come under pressure over the 2012–2013 financial year from a combination of vigorous competition for retail deposits and the natural compression caused by low official cash rates. Notwithstanding this, the Group increased net interest margin to 2.21 percent, up 10 basis points on the prior corresponding period.

When setting interest rates Bendigo and Adelaide Bank takes into account a wide range of factors and carefully considers the needs of all its key stakeholders including borrowers, depositors, staff, shareholders, partners and the wider community.

Funding and capital

While retail deposits continue to make up approximately 80 percent of the Group's total funding, there has been a material improvement in the cost and availability of wholesale funding options for the Bank. This was evidenced by two successful senior unsecured wholesale funding offers during the 12 month period, marking the first senior unsecured raisings by the Group since the start of the Global Financial Crisis.

There was a material improvement in capital ratios over the 12 month period to 30 June, 2013, with Core Tier 1 increasing to 7.82 percent, Tier 1 capital up 86 basis points to 9.25 percent, and total capital up 30 basis points to 10.71 percent. Under Standard & Poor's ratings methodology the Group's risk adjusted capital ratio is 11.5 percent, which is more than 25 percent higher than any of the four major Australian banks. The Bank continues to manage a conservative capital management program that reflects the low risk, highly secured nature of its lending portfolio.

Growth

The Bank continues to invest in its distribution footprint and capability. This, combined with industry leading customer satisfaction and brand advocacy, has allowed the business to grow total lending at an annualised rate of 4.8 percent over the past 12 months. This compares favourably with system growth of just 3.4 percent over the same period.

Efficiency

The Bank reported its third consecutive six-monthly improvement in its cost to income ratio, which now sits at 56.2 percent (six months ended 30 June, 2013). The Group continues to grow revenues faster than costs, with revenue growing at 3.5 percent for the second half of the financial year, a reduction in cost of 0.4 percent. However, the Group expects an increase in costs during FY14 as the Basel II Advanced Accreditation project continues, and we open our new office accommodation in Adelaide.

Credit

Credit costs continue to be impacted by seasonal and trade disruptions to the north Queensland cattle sector, and an increase in the number of bankruptcies from investors in the portfolio of Great Southern managed investment schemes. Despite this, 90 day arrears rates in our residential, business, consumer and Rural Bank portfolios are all better than at the same period last year, and this augers well for the coming financial year.

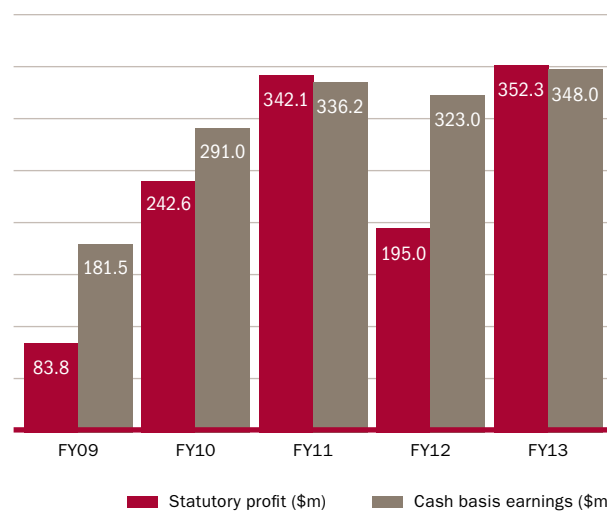
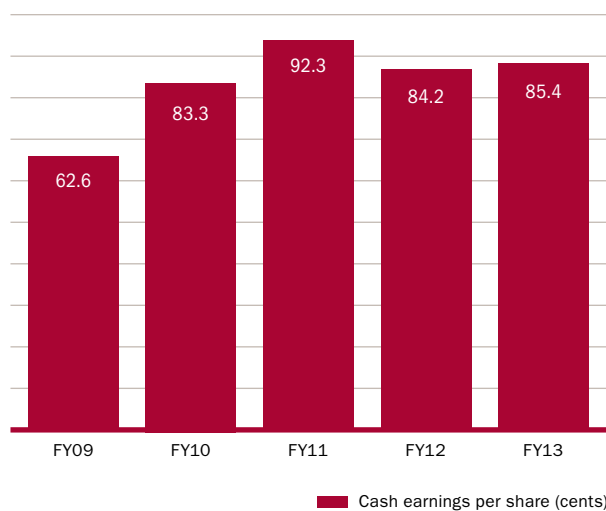
Measure	FY13	FY12	Change (%)
Cash earnings per share (cents)	85.4	84.2	1.4%
Cash earnings (\$m)	348.0	323.0	7.7%
Net profit after tax (\$m)	352.3	195.0	80.7%
Dividend per share (cents)	61.0	60.0	1.7%
Cost to income (%)	57.0	59.1	-3.6%
Net interest margin (%)	2.2	2.1	4.8%
Cash basis return on equity (%)	8.6	8.4	2.4%
Cash basis return on tangible equity (%)	13.5	14.1	-4.3%

Balance sheet	FY13	FY12	Change (%)
Total assets (\$b)	60.3	57.2	5.3%
Total liabilities (\$b)	55.8	53.0	5.2%
Risk weighted assets (\$b)	30.5	28.3	7.7%

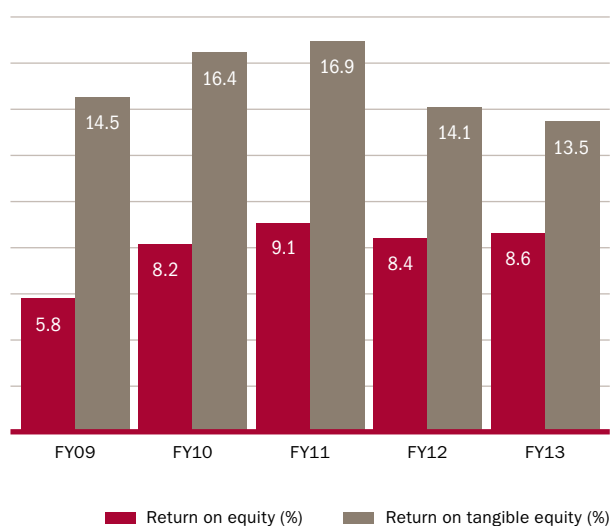
Capital and funding	FY13	FY12	Change (%)
Tier 1 capital (%)	9.25	8.39	10.3%
Total capital (%)	10.71	10.41	2.9%
Deposit funding (%) ¹	78.5	79.8	-1.6%

¹ Total funding position

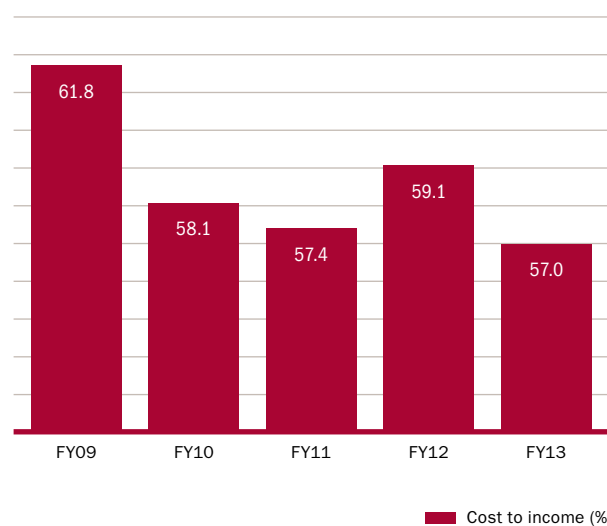
Profit and earnings



ROE and ROTE



Cost to income



Chairman's message

We are pleased to be able to report another strong performance by Bendigo and Adelaide Bank for 2012–2013.

This result builds on the solid foundations laid over several years as we have dealt with the broader implications of the Global Financial Crisis. It also reflects the strength of the Bank's unique customer and community value proposition in these subdued market conditions. We appreciate the support that our customers and the communities in which we operate provide to our business.

The Board was pleased to announce an increase in the final dividend to 31 cents per share, a 3.3 percent increase on the first half of the financial year. This increase took the full year dividend to 61 cents per share. It reflects the Bank's strong capital position, improved earnings performance, and our confidence in the outlook for Bendigo and Adelaide Bank, despite expectations of subdued economic conditions in the coming 12 months.

This strong, consistent performance comes from our low risk, rigorous, common sense management of Bendigo and Adelaide Bank. Today, our conservative funding and balance sheet structure, and our highly engaged staff, place Bendigo and Adelaide Bank in a good position to continue to grow and to benefit from any improvement in market sentiment and demand for credit.

We are now well-placed to move beyond our recent phase of consolidation and transition to a more entrepreneurial period, where we can take greater advantage of the opportunities in the marketplace. We have never been better placed to evolve and develop. As the fifth largest retail bank in Australia, we are an increasingly significant player in the financial services industry. We can be confident about our growing profile and potential.

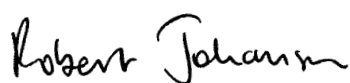
Following the retirement of Terry O'Dwyer in August 2012, we welcomed Robert Hubbard to our Board. Rob joins the Board with more than 20 years of experience in various accounting, corporate finance, assurance, and audit roles. He is from Queensland, which is an important area of business for us. We look forward to his invaluable insights into running large complex organisations with a national footprint in an international marketplace.

Your Board has a diverse mix of skills, backgrounds, geographies and experience, contributing to the strong, purposeful development of the Bank. Five of the directors have been on the Board for less than five years, each offering fresh perspective and new ideas.

To retain our unique position in the marketplace, we must continually adapt, grow and improve while remaining true to our core values of placing customers and communities first. We must keep responding to and anticipate the demands of our customers and be an unapologetically 21st century organisation. Our investments in Basel II Advanced Accreditation and new digital and online technologies are an integral part of this. We must ensure our business systems and practices are constantly updated to support our people, customers and communities.

On a more personal note, I have been delighted by how the Bank's scholarship program has grown in the six years since we established it. From just one scholarship in 2007, it has become one of Australia's largest privately funded scholarship programs. While these scholarships are just one of many examples of how our Bank is investing in communities around the country, I believe there is no better investment for all our communities than giving young people the opportunity to further their education.

I am very proud of some key milestones the Group has celebrated this year, and I am excited about what the coming year will bring. On behalf of the Board, thank you for your continued support, and we look forward to a successful 2014.



Robert Johanson
Chairman



“The Board was pleased to announce an increase in the final dividend to 31 cents per share, a 3.3 percent increase on the first half, taking the full year dividend to 61 cents per share.”

Robert Johanson, Chairman

A portrait of Mike Hirst, Managing Director, smiling. He is wearing a dark pinstriped suit jacket, a white shirt, and a purple striped tie. The background is a blurred office setting with vertical blinds.

“Our after tax statutory profit for the 12 months ending 30 June, 2013 was \$352.3 million, up 80.7 percent on the previous year. Underlying cash earnings were \$348.0 million, an increase of 7.7 percent, and cash earnings per share were 85.4 cents, an increase of 1.4 percent.”

Mike Hirst, Managing Director

Managing Director's message

The 2012-2013 financial year was typified by soft demand for credit, heightened competition for retail deposits and fragile consumer confidence. It is therefore pleasing that we have been able to produce a result that shows improvement in a range of profitability and efficiency measures – including net profit, cash earnings, net interest margin, dividend and earnings per share, return on equity and cost to income ratio.

We have been able to achieve this due to the fantastic support of our shareholders, customers and the communities we operate in, while maintaining a credit rating of at least “A-” from all three ratings agencies.

Our strategy over the next three years is to build on the strong foundations established for the business since the offset of the Global Financial Crisis, and to capitalise on the many opportunities available to us. Our family of brands ensures we will continue to attract, serve and satisfy the varied needs of our customers. Significant investments in Basel II Advanced Accreditation and our new Adelaide premises will deliver enormous benefits to our customers through increases in productivity, efficiency and collaboration.

As a management team we must remain nimble and continue to evolve in response to the ever-changing environment in which we operate. Advances in technology add another layer of uncertainty to the banking environment, through the rapid introduction of new ways and models of doing business and a fluid competitive landscape with aggressive new entrants seeking market share growth in niche areas. We continue to invest in the digital space, and are increasingly engaging with our customers through social media channels. We are currently developing a new online banking system, which will initially be rolled out in mobile format, and we will soon be relaunching www.bendigobank.com.au

Our customer-centric values, ability to innovate and a culture of doing things differently have carved out a position for our Bank that continues to be unique. From the many milestones and achievements of the past year, there are some key highlights we would like to share with you.

- > Our **Community Bank**[®] model, which celebrated its 15th birthday, has now returned more than \$100 million to communities across Australia
- > Sandhurst Trustees, part of our Bank's Wealth division, celebrated 125 years since its formation
- > The Community Sector Banking initiative celebrated its first 10 years. From small beginnings, it now serves more than 7,000 customers and has a \$650 million balance sheet
- > The transition of more than 110,000 Adelaide Bank retail customers onto the core Bendigo Bank retail platform was successfully completed in April. Our Bank is now well-placed to grow our connection with all our South Australian customers
- > In November we relaunched the Bank of Cyprus as Delphi Bank. The new-look brand will continue to build on the company's strong connection to the Hellenic community
- > Investments in Community Telco[®] Australia and HubIT, the company that developed the NoQ app, continue to diversify our services and complement our customer-connected vision

Your management team looks forward to continuing to leverage our unique strengths to take advantage of the significant opportunities that exist for our Bank. This in turn drives our ability to continue to make a positive difference to the communities in which we operate and the individuals and businesses within them.



Mike Hirst
Managing Director



Our year 2012–2013

Established 1858

90,000 shareholders

\$4 billion market capitalisation

ASX Top 60

Increased dividend to 61 cents per share

58% retail shareholders and 42% institutional shareholders

**A- credit rating
(Fitch, Standard & Poor's, Moody's)**

More than 500 branches

\$60.3 billion total assets

1.5 million customers

1,900 ATMs

109 agencies

6,500 staff

Ratings agencies affirm the Bank's "A-" rating

Bendigo and Adelaide Bank remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis. Our Bank continues to be rated at least "A-" by Standard & Poor's, Moody's and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

100 million reasons to celebrate

Bendigo and Adelaide Bank's **Community Bank**[®] network has returned more than \$100 million back to the communities in which it operates, helping to make towns and suburbs all around Australia better places to live.

On 26 June 2013, our **Community Bank**[®] network also celebrated its 15th birthday. The very first **Community Bank**[®] branches opened in 1998 in the neighbouring western Victorian farming towns of Minyip and Rupanyup. These two branches have returned more than \$780,000 in profits to their local communities.

Investing in renewable energy

Bendigo and Adelaide Bank has signed up to purchase more than 85 percent of its electricity needs from renewable sources, which represents more than 17 million kilowatt hours of electricity, equivalent to 17,000 tonnes of carbon dioxide.

Electricity accounts for the majority of the Bank's emissions, so this investment in renewable energy will play a key role in reducing our impact on the environment.

A rewarding partnership

A 12 year partnership with Oxfam Australia has seen more than \$9 million raised to support the world's poorest. Oxfam presented Bendigo and Adelaide Bank with an award in recognition of our Oxfam Community Investment Account, which allows customers to nominate a percentage of interest to support the work of Oxfam Australia.

Connecting online

There are now even more ways to connect, with Bendigo Bank active on Facebook, Twitter and YouTube and you can get involved in our online community, PlanBig. In line with increased demand for "anywhere, anytime" banking, Bendigo Bank will offer a new state-of-the-art online banking platform this financial year.

Happy 10th birthday

On 29 July 2012, Community Sector Banking celebrated its 10th birthday. As our not-for-profit specialist, Community Sector Banking delivers a banking service specifically tailored to the requirements of this sector. From small beginnings, Community Sector Banking now serves more than 7,000 customers with a \$650 million balance sheet, and assists in delivering social change initiatives that make a valuable contribution to communities across Australia.

Smart Investor awards us

The Australian Financial Review's Smart Investor magazine SMILES Survey (Smart Investor League of Exceptional Service) recognised Bendigo Bank as Australia's favourite banking provider in November 2012. The award acknowledges Bendigo Bank's achievements across value-for-money, quality of customer service, fees, charges and products.

Our Sandhurst IML Industrial Share Fund was named winner of the Smart Investor Blue Ribbon Award in the category of Australian Large-Cap Shares for 2012.

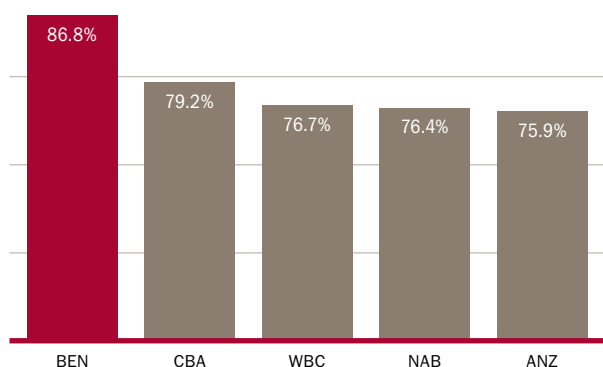
Community Telco® Australia

Bendigo and Adelaide Bank has taken 100 percent ownership of Community Telco® Australia (CTA). Since 2003, CTA has grown to be one of Australia's largest regional telecommunications companies, annually producing \$148 million in economic output across regional Australia, the equivalent of 382 local jobs. CTA has invested heavily in voice, data and mobile technologies and the convergence of banking and telecommunications and will take an active role in assisting the Bank with the development and launch of many of its digital initiatives.

Community connections strengthened through Southern Finance

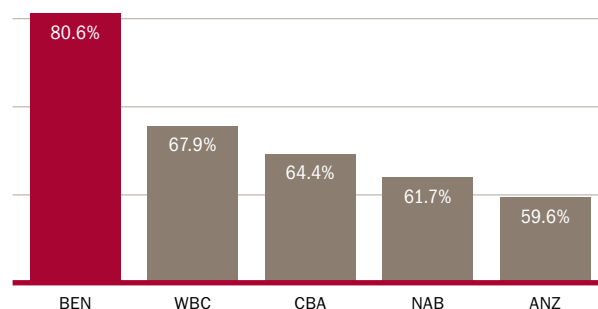
Bendigo and Adelaide Bank acquired the loan book, financial planning business and other assets of Southern Finance in late 2012. The transaction has resulted in significant benefits for the communities in which Southern Finance operated. Customers across western Victoria and south eastern South Australia now have access to a broader network of branches and products.

Overall banking satisfaction



(Source: Roy Morgan Research - 6 month average to June 2013)

Business banking satisfaction



(Source: Roy Morgan Research - 6 month average to June 2013)

Our unique customer proposition

Over the past financial year, we have seen the continued maturation of our **Community Bank®** and retail network. Our customer satisfaction ratings remain high, outranking Australia's four major banks. We have also been awarded Business Bank of the Year in 2011 and 2012 (Roy Morgan Research).

Changeover a great success

In April 2013 we consolidated all retail customers from Bendigo Bank and Adelaide Bank onto a single platform through the successful transition of more than 110,000 Adelaide Bank retail customers onto our core Bendigo Bank retail platform. This was a complex change as it involved the seamless transfer of all customer accounts, funds and access mechanisms, including cards, phone and internet banking. Thanks to the efforts of all staff involved, we are now well-positioned to improve our customer connection with the South Australian market.

Sandhurst Trustees celebrates 125 years

Sandhurst Trustees has celebrated 125 years in business. This wholly owned subsidiary of Bendigo and Adelaide Bank forms part of Bendigo Wealth, offering a wide range of products and services such as managed funds, superannuation, management of wills, estates and trusts and provision of corporate trustee and custodial services.

Bank acquires H.D. & C. Securities

Bendigo and Adelaide Bank acquired the H.D. & C. Securities loan book totalling approximately \$50 million. This purchase supports the loan customers of H.D. & C. Securities in Victoria's Benalla region, further strengthening our community connection within the district.

Margin lending business set for growth

The Bank's margin lending business, Leveraged Equities, completed a successful campaign for customers wishing to pre-pay the interest on their loans. The better-than-budgeted result underlines the strong position Leveraged Equities has in the margin lending sector.

To deliver growth and capitalise on an expected upturn in the margin lending business cycle, we are pleased to welcome a new Executive to our team - Alex Tullio, Executive, Margin Lending.

Growing opportunities

At Bendigo and Adelaide Bank we're aiming to be Australia's leading customer-connected Bank. We are beginning a new chapter in our history, moving from strengthening the Bank's balance sheet through the Global Financial Crisis to taking advantage of the significant opportunities that exist for our business now and in the future. But the philosophy that unites our Group remains unchanged – to help a community become a success, we must first help the members of that community.

 **Bendigo Bank**



Bendigo Bank maintains focus on customers, community and people

Last financial year, our Retail bank outperformed overall market growth in lending, a significant achievement given ongoing challenging economic conditions. We have introduced a new lending product, Bendigo Business Flexi Loan, created new roles in our Business Banking team and invested in staff training, which immediately translated into strong growth. We have continued to be recognised for our personal service and commitment through a variety of national awards relating to customer service and satisfaction.

The transition of more than 110,000 Adelaide Bank retail customers onto the core Bendigo Bank retail platform was one of the largest projects completed by the Retail team during the 2012–2013 financial year and we have been very satisfied to see this through to highly successful completion.

In 2013–2014 we will, as always, maintain our focus on our customers, the communities in which we operate and our people, while working to instil a culture of continuous improvement and consistent service delivery across our Retail network.



Helping customers grow their wealth

Bendigo Wealth is the Bank's offering of specialist products and services designed to help our customers to invest, grow and protect their wealth. From our Sandhurst Trustees award winning managed funds, to our Leveraged Equities margin lending business, Bendigo Wealth offers a full range of products and services.

Over the past year, Bendigo Wealth has continued to grow and invest, with key achievements including the 125 year anniversary of Sandhurst Trustees, and the expansion of our wealth consultancy services nationally.

We have also received a range of positive awards and ratings, including:

- > Awarded 5 Heron quality stars in the low cost superannuation category, and rated in The Australian's Top 100 Investments for 2012 for our SmartStart Super product
- > Australian Financial Review Smart Investor Blue Ribbon Award 2012 (Australian Large-Cap Shares) for our Sandhurst Industrial Share Fund
- > Ranked top 10 in its category in Morningstar ratings for our Sandhurst Default Diversified Funds
- > Included in The Weekend Australian annual review of Australia's Best Investments 2012 for our Income Fund, SmartStart Super and SuperAstute
- > Rated "A" by Australia Ratings 2013 for the Strategic Income Fund, which has grown by more than 150 percent during the financial year

At Bendigo Wealth we seek to continuously improve our offering to customers, and 2013–2014 will see newly launched SmartStart Super Pension accounts, MySuper for employer customers, and the launch of insurance advice through our wealth consultant team.

*“Delphi Bank is a great fit with our **Community Bank**[®] model. Many of our customers choose to bank with us as a result of our community understanding and engagement.”*

Mike Hirst, Managing Director




Adelaide Bank – our dedicated intermediary lending business

Adelaide Bank works with a network of brokers and mortgage managers to provide lending products to individuals and businesses across the country.

We specialise in creating innovative and affordable mortgage products and we support our partners through exceptional service.

In the 2012–2013 financial year, we experienced strong growth in our Mortgage Management business and increased wholesale funding support for a number of niche financial institutions through our Portfolio Funding business, which provides sustainable funding solutions to third party financiers.

We also developed a new online banking system both for Adelaide Bank customers and our wholesale business partners, offering improved security, functionality and mobility.



Our focus for the year ahead is to continue to build our specialist mortgage broking business, as well as increase its affordability and reliability. We will also streamline and automate the home loan experience and add extra capability to our new online banking system, including budgeting and personal financial management tools.



Say hi to Delphi Bank

In November 2012, Bank of Cyprus Australia launched its new name and identity, and became known as Delphi Bank. Despite an Australia-wide rebrand, our key organisational focus remains very much the same. We're more than just a bank. We're family.

Delivering the same great service and still going out of our way to help customers achieve their financial goals, we pride ourselves on our strong community connections, particularly with the Hellenic Australian community.

Where everyone knows your name

At Delphi Bank, you won't find call centres or long delays; just friendly service, committed teams and expert advice at your fingertips, any time of day or night.

At Delphi Bank, we don't just care about the community; we're part of it. We make positive contributions to local communities through various initiatives and projects that make a real difference. In addition to supporting customers' banking needs, we sponsor and assist community groups, sporting associations, hospitals and educational institutions, and we're usually found at Greek festivals and cultural events.

What's in a name?

The name Delphi represents a journey of growth and opportunity and has an important link with Hellenic culture. Delphi Bank is named after the ancient city of Delphi, which was home to the famous Oracle of Apollo, a site symbolising history, tradition, friendship and peace.

Family, business and community form the fundamental pillars of the organisation and have made Delphi Bank what it is today.



Rural Bank – the only wholly Australian-owned and operated agribusiness bank

Rural Bank specialises in the needs of primary producers and continues to play a vital, trusted role in rural communities across Australia.

Money deposited with Rural Bank is reinvested into country Australia in the form of loans to primary producers. Rural Bank also supports the Australian agribusiness community through a countrywide program of community involvement activities, including support for industry bodies, local education institutions to address skills shortages in the industry and other groups dedicated to enhancing the farming sector in Australia.

Over the last financial year, we have:

- > Boosted presence and level of service in regional areas through an increased number of relationship managers and a dedicated training program
- > Delivered specialised banking expertise and service to primary producers across the country via marketing campaigns run in conjunction with Bendigo Bank and its **Community Bank®** network
- > Highlighted the Rural Bank brand and the relationship with Bendigo and Adelaide Bank, creating significant business opportunities
- > Developed additional products for our agribusiness customers, including a StockTrader facility for livestock trading, Equipment Finance for farm equipment purchases, and lending facilities for specific industries, such as poppy growers in Tasmania

Community Bank[®] network





\$102 million returned to community groups and projects

1,460 Community Bank® branch staff

1,925 Community Bank® company directors

640,200 Community Bank® branch customers

72,070 Community Bank® company shareholders

\$30.88 million in shareholder dividends paid

*The **Community Bank®** network began by restoring banking services to towns following the closure of major bank branches, and now operates in capital city suburbs, regional centres and rural areas.*

The **Community Bank®** model does far more than enhance a community's access to banking services. It's about creating an alternative source of income so communities can fund activities or initiatives that make their town or suburb a better place to live.

From building a community hall, sponsoring an art prize or even buying new footy jumpers for the local side, **Community Bank®** branches are helping improve the economic and social prospects of their local communities.

Altogether, more than 298 community owned and operated **Community Bank®** branches across Australia have reinvested more than \$100 million into their communities, funding initiatives including health services, aged care facilities, education initiatives, sports programs and community events.

On 26 June 2013, the **Community Bank®** network celebrated its 15th birthday. Since opening the doors to the first **Community Bank®** branch in regional Victoria, the innovative concept remains unique in the banking sector.



New medical centre for Henty

The community of Henty in south west New South Wales will have access to a variety of clinicians once the upgrade of its medical centre is completed.

The \$500,000 project is jointly funded by the Federal Government, the local council and Henty **Community Bank**[®] Branch, which provided \$140,000 towards the venture. As well as improved facilities, the development is expected to bring greater access to diabetes educators, dieticians and mental health clinicians, along with visiting specialists.

Since opening its doors in 1998, Henty **Community Bank**[®] Branch has injected more than \$2.5 million into local projects.

WA's "You Like" campaign

Almost 100 WA communities shared \$220,000 of funding for local projects through the social media campaign, "You Like."

The campaign saw three local initiatives selected from every suburb or town in WA with a participating **Community Bank**[®] branch.

Throughout May, local residents were asked to vote for their favourite project, to determine which should receive the largest share of funding. West Australians enthusiastically embraced the campaign, submitting more than 55,000 votes via the competition Facebook app and in-branch.

Wentworth celebrates new ambulance station

Wentworth finally has its own ambulance station, more than 50 years after fundraising efforts for the service began.

The station was made possible due to the incredible fundraising efforts of the local community, which raised \$280,000 between 1963 and 2012, combined with a \$220,000 grant from Wentworth and District **Community Bank**[®] Branch.

The local commitment to the project was so strong that when ambulance service volunteers began to be paid by the Victorian ambulance service in the 1990s, the volunteers donated their wages straight into a fund for the town's future ambulance station.

Cummins Sports Centre transformed

A \$350,000 investment by Cummins District **Community Bank**[®] Branch has played a major role in a \$1.1 million redevelopment of the Cummins Sports Centre.

This funding injection is estimated to have provided an economic benefit of more than \$500,000 to the Eyre Peninsula town.

The investment comes 10 years after Cummins District **Community Bank**[®] Branch helped save the local swimming pool by investing \$53,000 towards the \$200,000 needed to carry out urgent repair work, the branch's first community contribution.

Community Enterprise FoundationTM

More than \$70 million raised since 2005

\$11.2 million raised in 2012–2013

\$55 million distributed over the life of the Foundation

More than \$9 million distributed in 2012–2013

5,181 organisations assisted since inception

984 organisations assisted in 2012–2013

\$66,000 raised and 24 organisations assisted through the Bank's staff gifting program

10 disaster appeals launched

12 KickStart Breakfast programs launched

127 youth scholarships funded

Raise it

Multiply it

Reinvest it

The Foundation exists to work with communities to better manage their capital and achieve their goals.

The Foundation partners with communities around the country to support local projects and organisations.

Formed in 2005, the Foundation is one of Australia's top five foundations in terms of funds contributed to community organisations.



Fifteen years after the launch of Australia's first **Community Bank**[®] branch our communities have started to partner with government, the not-for-profit sector and private organisations to support larger scale projects, to bring even greater benefit to local communities.

For example, a \$35 million state-of-the-art Coronary Care Unit has been opened in Bunbury, WA. Collie & Districts **Community Bank**[®] Branch is a player in the funding mix – not the largest funding partner by a long shot, but the ongoing banking support of local bank customers has ensured the community company can take responsibility for funding part of this medical development.



“Our partners, Australian communities, are the heroes. It is a privilege to work with people all around the country who care about their communities, to achieve great local outcomes.”

Callum Wright, CEO,
Community Enterprise Foundation™



SES

In November 2012, the Foundation reached the milestone of having handed over more than \$1 million in public donations to the State Emergency Service (SES). These donations have helped the SES respond to the many natural disasters, including floods and fires, which have swept through Australia in recent years.

Belconnen Health Co-op

As part of the Calwell, Curtin, Jerrabomberra and Wanniasa **Community Bank**[®] branches' 10 year celebration, a partnership was formed with the ACT Government and National Health Co-op to open a new bulk billing medical centre in Tuggeranong.

The \$100,000 provided by the **Community Bank**[®] branches Grants Program and \$100,000 provided by the Health Co-op, was matched by the ACT Government, totalling \$400,000 in start-up funding.

Hero HQ

Turrumurra and Lindfield **Community Bank**[®] Branch contributed \$100,000 towards a state-of-the-art, purpose built incident control centre for the SES and Rural Fire Services.

The development of 'Hero HQ' in Ku-ring-gai was driven by the local community which also raised \$100,000 for the control centre, in partnership with the Foundation.

Love Your Sister Appeal



Bendigo Bank is supporting Australian actor Samuel Johnson, pictured here with Bendigo Bank staff, in his quest to raise awareness and money for breast cancer.


Since beginning his 15,000 kilometre unicycle ride around Australia, inspired by his sister's illness, Samuel has taken part in community challenges in Victoria, South Australia, Northern Territory and Western Australia.

Environment and sustainability

We're acting

Wherever possible, our Bank works to reduce and offset our impact on the environment, help our customers reduce their impact on the environment and lead the way on environmental protection.

- > Reducing paper use and printing
- > Re-using and recycling
- > Making our buildings and branches more energy efficient
- > Considering the environment in our decision-making
- > We have committed to purchasing more than 85 percent of our electricity from renewable sources
- > We're investing in the natural capital of our communities, from wind technology to sustainable thermal solar pools

 **11,446 shareholders now receive our publications and announcements electronically, up from 7,509 last year – a 52 percent increase.**

If you would like to reduce paper and receive this document electronically, simply see 'become an eShareholder' in your Notice of Annual General Meeting booklet.

This Annual Review is also available online in a range of formats for easy viewing or download across desktop, tablet and mobile devices.

We're leading the way

As well as reducing our own environmental footprint, we're supporting our customers to reduce their impact on our natural environment.

- > Our Sustainable Living Guide now includes information to support small and medium sized businesses manage energy and water use, waste, greenhouse gas emissions and more
- > Our Generation Green™ program continues to gain strength, with 8,000 subscribers now receiving our tips on topics such as green renovations, saving energy, water efficient gardening and buying local and seasonal food
- > Generation Green™ Home Loans are helping many Australians save money on building or buying energy or water efficient homes

Be Rewarded goes green

Rewards customers received their catalogue electronically for the first time this year. The first 'green' edition of Be Rewarded also focused on 'green' products, including an organic gardening guide.



Cool Australia Partnership

In October, Bendigo Bank announced a new partnership with Cool Australia, a not-for-profit organisation dedicated to educating school students about waste, water, biodiversity, energy, climate change, sustainability and consumption.

Cool Australia will deliver the Bendigo Bank brand to thousands of teachers, children and their families. Cool Australia will also help us shape our thinking as we develop socially responsible investment solutions for this future generation of adults concerned about their footprint on this planet.

Earth Hour

On 23 March 2013 at 8.30pm Bendigo and Adelaide Bank joined millions around the world in switching off the lights in our Bendigo, Adelaide, Docklands and Sydney headquarters for one hour. Bendigo and Adelaide Bank has participated in Earth Hour every year since the event went global.

Central Victoria Solar City program

June 2013 saw the conclusion of the Bendigo and Adelaide Bank-supported Central Victoria Solar City program aimed at discovering new models of sustainable energy.

Among numerous other achievements, the project team designed and built Victoria's first 'photovoltaic' solar energy parks.

The Bendigo and Ballarat Solar Parks, opened in November 2009, together generate around one Gigawatt hour of clean energy each year.

Bendigo and Adelaide Bank was the largest contributor to the project, which was the only solar city project in Australia to engage diverse regional communities.

World Environment Day

To mark World Environment Day on 5 June, the Bank organised a week-long series of events aimed at reducing our "foodprint" including reducing food waste and better disposal of food scraps.



Connecting with our customers

Growing our customer connections

Following on from Bendigo Bank joining Facebook and Twitter in 2012, there have been lots of exciting developments this financial year in the online and digital space. Our Customer Led Connections team builds opportunities for our customers to connect with us anytime and anywhere, ensuring we deliver personalised, relevant, immediate and convenient services.

NoQ broadens reach

Now you can pre-order and pay for your coffee, flowers, or a favourite item with the free NoQ app on your iPhone or Android phone.

NoQ is unique in the Australian marketplace because it lets consumers use this single, intuitive app to purchase from multiple retailers rather than having one app dedicated to each brand. Using NoQ is simple - you just choose what you want to eat or drink or buy, make a secure payment and then the shop confirms what time you can pick up your order. NoQ's footprint is rapidly growing across Australia.

Bendigo and Adelaide Bank own a 15 percent stake in the business, with the service complementing the Group's customer-connected vision as well as helping to expand the Bank's offering to its merchant customers.

8,300+ Facebook Likes

2,200+ Twitter followers

**15,000+ downloads
of NoQ**

**100,000+ downloads of
the Bendigo Bank app**

9,800+ YouTube views

**180+ successful
PlanBig plans**

Australia Post Digital Mailbox

In October 2012, the Bank agreed to partner with Australia Post Digital Mailbox to provide safe and secure access to statements at any time of the day and from any internet enabled device.

Next year, we are planning for customers to be able to access their statements from any device, using the Australia Post Digital Mailbox app as a personal digital vault to securely store and easily find important documents.

Bendigo Bank app ticks the right boxes

In December 2012, we launched our latest Bendigo Bank mobile app, featuring a sleek, new look and all the functionality to provide a great range of services for our customers. Importantly, it also allows our customers to do their banking within the app itself, which makes it easier and more convenient for our customers who want to do their banking anywhere and anytime. This latest development is in response to feedback from our customers.

Bendigo Bank now has its own YouTube channel: BendigoBankCommunity

The channel features videos focussing on the Bank's connection with our customers and the communities we partner with. We've already uploaded Community Snapshots, television commercials and campaign videos and we're looking to showcase more content put together by our valued **Community Bank**[®] branches and customers around Australia.

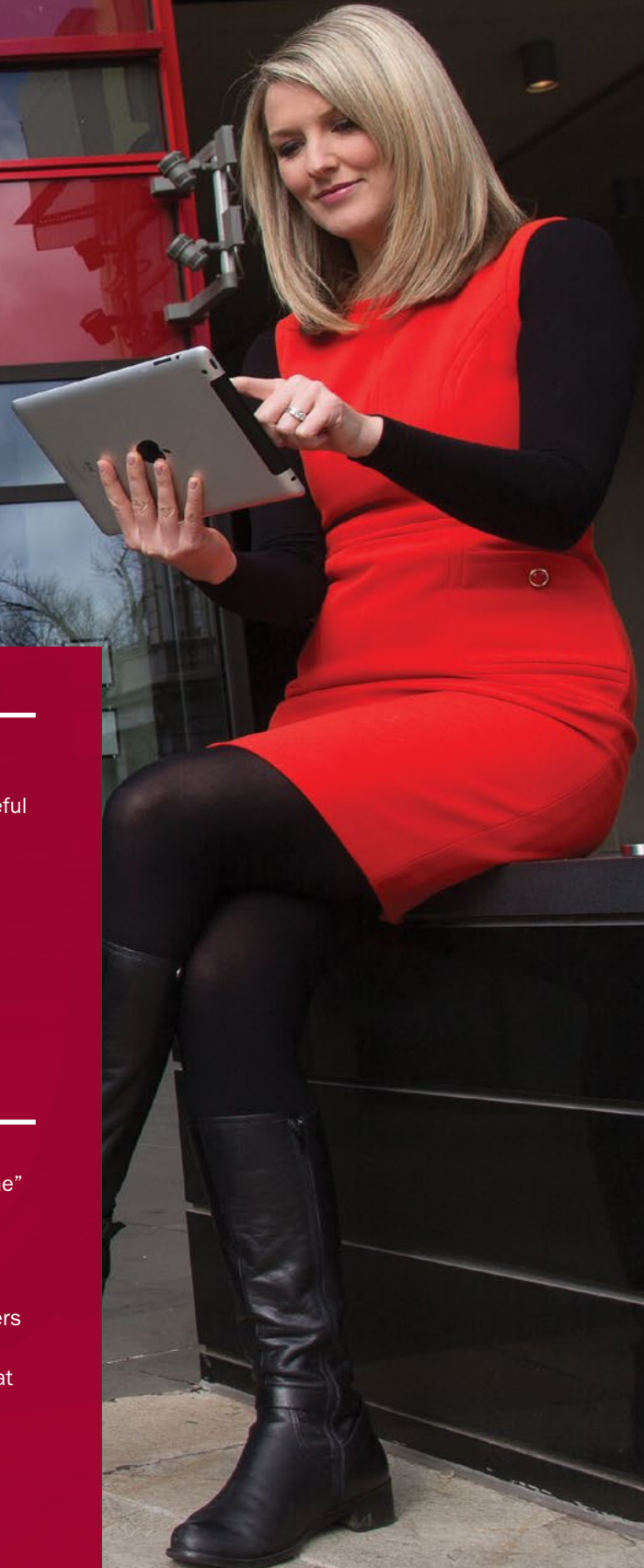
Turning ideas into reality with PlanBig

It's often said that great things happen when people with ideas get together with people with great passion and that's what PlanBig is all about. PlanBig was created by Bendigo and Adelaide Bank as a free resource to help people get their big plans off the ground – an online extension of what we've been doing in local communities for more than 150 years.

There are hundreds of plans already underway at **www.planbig.com.au**

By becoming a member, you can watch plans progress and offer advice and you may even decide to get your own idea off the ground and upload a plan. It's an ideal way to connect with people who are interested in the things you're interested in and are willing to jump in and give you a helping hand.

Bendigo Bank



Relaunching www.bendigobank.com.au

Later this year, we are launching our new www.bendigobank.com.au website, packed with useful information and easy to access online services to ensure our customers can easily connect with us, at home, at work or on their mobile or tablet.

The relaunched site will allow for greatly increased customer engagement and interactivity, to better leverage the 3.2 million visits the site receives each month as well as highlighting our commitment to strengthening and supporting local communities.

Coming soon... eBanking re-imagined

In line with increasing demand for “anywhere, anytime” banking, the Bank will offer a state-of-the-art online banking platform to our customers.

This innovative platform will replace our existing transactional eBanking platform, offering our customers personalised and in-depth functionality, insights and information. It will initially be launched in mobile format this financial year, with a tablet version to follow.

Scholarships, graduates and cadets



“There are many outstanding high school students across our nation whose financial circumstances make attending university very difficult or even impossible. Local communities benefit greatly from a young person’s ability to further their education and our program means young people will have the chance to pursue their dreams.”

Robert Johanson, Chairman

Scholarships program

Supporting talented young Australians to attend university and kick-start their careers is just one of the ways Bendigo and Adelaide Bank is helping to build stronger communities.

In 2013, 124 students from around Australia shared in \$750,000 worth of scholarships to study in fields as diverse as medicine, music and law.

The Bendigo and Adelaide Bank Scholarship program began in 2007 with just one scholarship. Today, it is one of Australia’s largest privately funded scholarship programs.

The number of scholarship recipients had significantly grown in 2012 after the Bank invited its community partners across metropolitan and regional Australia to join the program.



Cadetship program

The Cadetship program aims to meet the growing demand for IT professionals in central Victoria, benefit local businesses and help reinvigorate the community.

Thanks to Bendigo and Adelaide Bank's support of the Bachelor of Information Technology Cadetship Program, our cadets are well on the way to a successful career in IT.

The partnership with La Trobe University will see them gain industry experience on the job at the Bank while completing their university studies.

Over the coming years, our cadets will be exposed to a number of IT disciplines to gain the experience that will help them choose a career path in the IT industry.

Graduate program

Seven new graduates began their careers with Bendigo and Adelaide Bank in 2013, up from four in 2012, the inaugural year of the program.

The two year program is aimed at attracting our future leaders, developing talent and addressing our ongoing skills requirement. We employ a holistic approach to the business by offering four rotations throughout the business including Finance, Risk, Wealth and Business Banking, with a view to the graduates specialising in an area of their choosing post program.

Congratulations to Sarah Nur, Tarran Shimmin, Hayden Woolgar and Chris Hughes in Adelaide, and Sarah Prewer, Olivia Tulk and Krishna Dermawan in Bendigo, who were selected to join the Graduate Program this year from a strong field of applicants.



In last year's Annual Review, we featured IT cadet Nathan Frederiksen. We caught up with him again this year for an update on his cadetship.



"Since starting, I've had placements in Standard Operating Environment, Systems Management, IT Helpdesk and the Bank's customer relationship database, LINX and I'm currently working in Web Services. My understanding of the business grows from placement to placement, and the cadetship has continued to push me ahead of the pack at every turn.

It's been a fantastic experience and I've learnt so much already in the 18 months that I've worked at the Bank. The people are great to work with and the Bank has an excellent culture. The dedication to community is amazing and something I really value."



Last year, we introduced you to Graduate, Terri Harding. We caught up with her in Adelaide.



"I have worked in Finance & Treasury, Risk, Wealth and am placed within Business Banking for my final rotation in the Graduate Program. I have really enjoyed working in all these areas, meeting new people and working within dynamic and inspiring teams.

The Bendigo and Adelaide Bank model really resonates with me and my own values in terms of community and customer connection. For me, it's a huge motivator to know that you are contributing to a bigger picture and a better world. There are so many areas of the Bank that I could see myself working in, and so many opportunities for progression – it'll be exciting to see what the future holds!"

Lead On Australia

Supporting tomorrow's leaders

Since its establishment in 1999, more than 9,500 young Australians have benefited from the Bank's community development partner Lead On Australia.

Lead On offers young people the opportunity to gain practical experience in business and community projects, to help develop their skills and build their confidence.

Over the past 13 years, Lead On Australia has placed young people in more than 1,300 projects, supported by partners across the business, community and government sectors. While every initiative is unique, each one aims to strengthen the connections between the young person and their broader community.



2012–2013 highlights

- > In 2012, the Bendigo for Homeless Youth campaign raised \$113,000 to support homeless youth. By working with Lead On and Community Enterprise Foundation™ the campaign leveraged a further \$6 million in philanthropic and state government funding to build a large-scale affordable housing complex in the Bendigo region
- > Lead On and the Bank together funded 33 young Australians aged 14-17 to attend the Magic Moments Youth Business and Leadership Summit 2013
- > The free youth driver education program 'Greenlight' is offered in 2013 for the second year, supporting 200 young drivers to gain skills that will make them less vulnerable in their first years of driving.

Community Sector Banking

Community Sector Banking lives and breathes not-for-profits. A joint venture between Bendigo and Adelaide Bank and the Community 21 consortium of not-for-profit organisations, we provide tailored banking services to help these organisations help others.

Ten years after its launch in Wollongong as arguably Australia's largest social enterprise, Community Sector Banking today draws on best practice worldwide to create innovative banking solutions for 7,000 not-for-profit organisations around the country.

Now more than ever, Bendigo and Adelaide Bank, as both shareholder and supplier, supports the critical work of not-for-profits within local communities. This alignment enables Community Sector Banking to offer more comprehensive solutions to the sector, especially in such areas as affordable housing, disability services and aged care.

Community Sector Banking is now 10 years young and still has big plans and goals.

2012–2013 highlights

- > Reconciliation Action Plan launched: in a further sign of our commitment to reconciliation, Community Sector Banking launched its Reconciliation Action Plan (RAP) in May. The RAP formalises work we've been doing over a number of years through our Indigenous banking strategy and our In-roads microcredit program for Indigenous people. The RAP includes:
 - » Skills exchange with our Indigenous-run and focused customer organisations
 - » The development of a cultural awareness policy, including staff training
- > Investment repaid: At the beginning of the year, Community Sector Banking paid its shareholders a dividend of \$100,000 – the final instalment to repay the investment that helped create Community Sector Banking a decade ago – a milestone to be exceptionally proud of.

Looking ahead, we're aiming to grow our 7,000 strong customer community; help not-for-profits and social businesses capitalise on the economy; continue to invest heavily in the emerging area of social finance; and make strides in banking for Aboriginal and Torres Strait Islanders.



Celebrating 10 years

2001 Community 21 forms, Bendigo Bank commits to banking service for not-for-profits

2002 Community Sector Banking launched

2003 First microfinance pilot launch – small loans for disadvantaged people

2004 2,876 deposit accounts, \$2.8 million loan provided to a not-for-profit to buy a Sydney CBD building, launch of a salary benefit b-packaged card

2008 WA office opened, first dividend payment to shareholders

2010 Biggest loan to date \$50 million to build 800 affordable homes

2011 \$72 million in loans, \$500 million balance sheet, 5,000 customers, SA office opens, 16,557 deposit accounts

2012 50 plus staff, \$650 million balance sheet

2013 HQ moves to Innovation Campus @ Wollongong Uni, more than 7,000 customers

Sponsorships

Festive partnership

The Bank will continue as a major sponsor of the Adelaide Festival of Arts until 2014, marking our 10th year of our support for the festival.

As Australia's largest multi-arts festival, the Adelaide Festival features the world's best in contemporary arts from across the globe and Australian talent including theatre, music, dance, literature, outdoor entertainment and the visual arts.

Sponsoring the Adelaide Festival demonstrates the Bank's commitment to Adelaide and South Australia and offers the Bank great opportunities for brand presence and engagement with the South Australian community and more than 330,000 festival patrons.

Bendigo Easter Festival

In 2013 Bendigo Bank continued its long-term support of Australia's oldest community festival by becoming the naming rights sponsor, and supporting various improvements to the event including a new mobile phone app.

Famous for its sense of community spirit and broad appeal, the Bendigo Easter Festival attracts a huge crowd of locals as well as bringing many thousands to the region. It brings Bendigo's streets to life each Easter with events and activities around the city.

Dragon Mile

The Bank's longest running sponsorship, the Bendigo Bank Dragon Mile, has been conducted annually since 1986. Attracting runners of all ages from across Victoria, the event has drawn Olympic and Commonwealth athletes and national champions to the starting line.



Community Telco® Australia



In the 2012–2013 financial year, Bendigo and Adelaide Bank took 100 percent ownership of Community Telco® Australia Pty Ltd

Community Telco® Australia annually produces \$148 million in economic output across regional Australia, the equivalent of 382 local jobs¹

In the 2012–2013 financial year, more than \$330,000 was delivered back to local community groups within our local regions

Looking ahead, we are excited about the recent launch of 'cube', an integrated mobile management platform, delivering a complete outsourced mobile management solution incorporating mobile device management (MDM), help desk support, reporting, billing, procurement and device lifecycle management.

Set up to direct telecommunications profits back to local communities, Community Telco® Australia is one of the largest regional telecommunications companies in Australia.

From mobile phones, fixed telephones and internet solutions to video-conferencing, data networks and app development, Community Telco® Australia offers the latest telecommunications products for home and business use, combined with the highest levels of personal service.

Community Telco® Australia has been supporting the Inclusive Kids program, which supports disabled children by providing small grants to assist with their daily care or purchasing items that will create better inclusion in community life. Available for Sunshine Coast residents, this grant program is an investment in the future of the disabled children and their community.

Community Telco® Australia proudly supported the Supporting Teenagers with Education, Mothering and Mentoring Program (STEMM) with a bus for young mothers and their children to travel to school free of charge. The program supports young mothers to continue their education and gain access to mentors who provide guidance, life skills and encouragement. A number of the students who have used this service have graduated from the program and are enjoying academic success at university, while other graduates have been able to secure employment.

¹ Economic Impact Analysis of Community Telco® Australia conducted by REMPLAN Pty Ltd

New Adelaide headquarters



Our offices at 80 Grenfell Street in the heart of Adelaide will be completed by the end of the year.

The 5 Star Green Star rated building will bring enormous benefits to staff, the business overall, and most importantly, our customers.

The new office has been designed for activity based working featuring a variety of workstations, collaborative break out areas and meeting rooms.

Activity based working allows people to choose an individual or team workspace that suits the activity they wish to undertake, and aims to increase efficiency, productivity and foster a collaborative culture, supported by technology.

To prepare our staff for the transition to activity based working, 700 of our 1,000 Adelaide based head office staff members have since March trialled the new work style in an Experience Centre in Adelaide, with feedback from staff overwhelmingly positive.

The new building will house more than 1,000 staff who are currently located across three locations including the Pirie Street office which has been the Bank's Adelaide home for 25 years. Staff from the Bank's wholly-owned subsidiary, Rural Bank, will also make 80 Grenfell Street their home in Adelaide.

New SA flagship branch

Our new office at 80 Grenfell Street will also feature an innovative flagship branch, which will set the benchmark for the Bank's in-branch customer experience.

Featuring self service technologies including standard ATM, intelligent deposit and cash handling machine our flagship branch will provide a more flexible, dynamic and interactive customer service approach to support the needs of city-based customers.



“The innovative design will create a work environment for our people that encourages greater collaboration and enhances a one-team environment.”

*Stella Thredgold,
Executive Corporate Resources*

Looking ahead

Over the coming year, we will continue to invest in our physical branches, while simultaneously increasing our efforts in the digital sphere. At the same time we will maintain our investment in key strategic initiatives, particularly the Basel II Advanced Accreditation program.

In 2013–2014, we plan to open 10 to 12 additional **Community Bank**[®] branches around the country, continue to provide the leading levels of customer service for which we are known, and maintain our commitment to investing in local communities.

Increasingly, we will be looking to translate the high levels of customer service we provide throughout our branch network to our online interactions with our customers, including through new online banking platforms.

Basel II

Achieving Basel II Advanced Accreditation will be a significant focus for the Bank in 2013–2014.

Basel II relates to how we identify and manage the risks inherent in our work, and the accreditation process will help streamline our systems and processes while allowing us to better serve our customers.

Key Basel II Advanced Accreditation priorities for the Bank over the coming year include:

- > Developing updated processes, procedures and tools to manage risk
- > Improving our credit-related business capabilities and processes
- > Mapping out training requirements for the entire program
- > Data consolidation and continued data cleansing

The accreditation process will take around three years in total, and bring long term benefits to the business.



Board



Robert Johanson

Chairman, independent

BA, LL.M (Melb), MBA (Harvard),
62 years

Robert Johanson has been a Board member for 25 years.

Appointed as Deputy Chairman in 2001 and then Chairman in 2006, Robert has extensive expertise in banking and financial services, corporate strategy, capital management, risk management and mergers and acquisitions.

He brings more than 30 years of experience in advising public and private companies on capital market transactions to his role at Bendigo and Adelaide Bank.

Board committees: Governance & HR, Technology & Change.

Other director and memberships: Member, Takeovers Panel; Deputy Chancellor, University of Melbourne; Chairman of Australia India Institute, Chairman of The Conversation, Director, Robert Salzer Foundation Ltd and Grant Samuel Group Pty Ltd.

Mike Hirst

Managing Director

BCom (Melb), SF Fin, 55 years

Mike Hirst was appointed as the Group Managing Director and Chief Executive Officer in 2009. He joined the Group when he was appointed as a Director of Sandhurst Trustees Limited in 2001 and became an employee of the Bank the same year.

Prior to joining Bendigo and Adelaide Bank, Mike held senior positions with Colonial Ltd, Chase AMP Bank and Westpac. He has extensive experience in banking, treasury, funds management and financial markets.

Board committees: Mike has a standing invitation to attend all committee meetings.

Other director and memberships: Director, Treasury Corporation of Victoria; Member, Financial Sector Advisory Council and Business Council of Australia; Councillor, Australian Bankers' Association; Member, Centre for Workplace Leadership Advisory Board.

Jenny Dawson

Independent

BBus (Acc), FCA, MAICD,
48 years

Jenny joined the Board in 1999. Prior to her appointment, Jenny worked for the Bank from 1995 to 1999 and in the audit and IT controls division of Arthur Andersen for 10 years.

Jenny specialises in financial reporting and audit, IT internal control reviews, internal audit and risk management.

Board committees: Audit (Chair), Credit.

Other director and memberships: Member, Victorian Regional Policy Advisory Committee; Chairman, Regional Development Australia Committee for the Loddon Mallee Region; Member, Independent Audit Committee of Goulburn-Murray Water.

Jim Hazel

Independent

BEC, SFFin, FAICD, 62 years

Jim joined the Board in 2010. A professional public company director with an extensive career in banking and finance, including in the regional banking industry, Jim was Chief General Manager of Adelaide Bank until 1999.

Board committees: Risk (Chair), Credit, Governance & HR.

Other director and memberships: Chairman, Ingenia Communities Group Ltd, Director, Centrex Metals Ltd, Impedimed Ltd, Motor Accident Commission, Coopers Brewery Ltd.



Jacqueline Hey

Independent

BCom (Melb), Grad Cert in Management (Southern Cross University), GAICD, 47 years

Jacquie joined the Board in July 2011. Prior to this, she worked for Ericsson for more than 20 years in finance, marketing, sales and leadership roles in Australia, Sweden, the UK and the Middle East, including as CEO and Managing Director of Ericsson in the UK and in Australia.

Board committees: *Audit, Risk, Technology & Change (Chair).*

Other director and memberships: *Director, Special Broadcasting Service (SBS), Cricket Australia, Australian Foundation Investment Company Ltd and Qantas Airways Ltd. Honorary Consul of Sweden for Victoria.*

Robert Hubbard

Independent

BA (Hons) Accy, FCA, MAICD, 54 years

Rob was appointed to the Board in 2013. He has more than 20 years experience in accounting, corporate finance, assurance and audit as a partner at PriceWaterhouseCoopers. Rob is a Director of the ASX and TSX listed Orocobre Limited.

Board committees: *Risk, Audit.*

Other director and memberships: *Chairman, Multiple Sclerosis Australia and Opera Queensland, Director of MS Research Australia, Multiple Sclerosis International Federation, UQ Health Care, and Council member of the University of the Sunshine Coast.*

David Matthews

Independent

Dip BIT, GAICD, 55 years

David joined the Board in 2010. He brings experience in small business and agribusiness and remains involved with agricultural industry bodies including Pulse Australia.

David's strong connections with regional communities saw him chair the first **Community Bank**[®] company in Rупanyup and Minyip.

Board committees: *Audit, Credit.*

Other director and memberships: *Director, Pulse Australia, Rупanyup/Minyip Finance Group Ltd.*

Deborah Radford

Independent

B.Ec, G. Dip Finance & Investment, 57 years

Deb joined the Board in 2006. She has more than 20 years experience in the banking industry, gained with both international and local banks. Deb also worked for the Victorian State Treasury and between 2001 and 2007 ran her own consulting business, advising the government on commercial transactions.

Board committees: *Credit (Chair), Technology & Change, Governance & HR.*

Tony Robinson

Independent

BCom (Melb), ASA, MBA (Melb), 55 years

Tony joined the Board in 2006, bringing significant experience in wealth management and insurance to the role.

Tony has held the following executive positions; Managing Director of Centrepoint Alliance Limited, Chief Executive Officer and Executive Director of IOOF Holdings Ltd, Managing Director and Chief Executive Officer of OAMPS Limited, joint Managing Director of Falkiners Stockbroking and Managing Director of WealthPoint. He has also held senior executive positions at Link Telecommunications and Mayne Nickless.

Board committees: *Risk, Governance & HR (Chair).*

Executive



Mike Hirst

Managing Director
BCom, SF Fin

Mike Hirst joined the Bank in 2001 and has worked across most areas of the business including the positions of Chief Operating Officer and Chief Executive Retail Bank prior to becoming Managing Director in 2009.

A career banker with broad experience in retail banking, finance, planning, treasury and financial markets, Mike is also a Member of the Federal Government's Financial Sector Advisory Council, the Australian Banker's Association Council, the Business Council of Australia and the Centre for Workplace Leadership Advisory Board.

Mike is an Ambassador of the Barwon Health Foundation, is a Director of the Treasury Corporation of Victoria and was previously a Director of Barwon Health, Colonial First State and Austraclear.

A keen AFL fan, he is a life member of Sydney University ANFC and number one ticket holder of the Geelong West-St Peters Football Club.

Marnie Baker

Executive Customer Voice
BBus (Acc), CPA, MAICD, SF Fin.

Marnie Baker joined the Bank in 1989 and has held senior roles in many areas of the Group including Retail & Third Party Banking, Wealth Management, Treasury, Structured Finance, Product Solutions, and Corporate Support, including as Chief Executive of Sandhurst Trustees.

Marnie is currently a Director of Sandhurst Trustees Limited, Bendigo Financial Planning Limited, the Australian Friendly Society Limited, Linear Financial Holdings Pty Ltd and Bendigo TAFE.

Well known in her local community, Marnie has also held executive positions with the Loddon Valley Netball Association and Anglican Diocese Development Fund, and is a life member of the Marong Football Netball Club.

Dennis Bice

Executive Retail

Dennis brings more than 35 years experience in the financial services industry, John joined the Bank in 2010.

Since joining the Bank in 1975, Dennis has played a significant role in key mergers and acquisitions including IOOF, First Australian Building Society and Adelaide Bank.

A harness racing enthusiast, Dennis is President of the Bendigo Harness Racing Club and an Executive Committee Member of the Victorian Country Clubs Harness Racing Association. He is also a life member of the Eaglehawk Cricket Club and a Hall of Fame member of the Bendigo District Cricket Association.

John Billington

Executive Bendigo Wealth

With more than 30 years experience in the financial services industry, John joined the Bank in 2010.

A qualified Organisations and Methods Analyst, his previous positions include General Manager Portfolio Solutions at IOOF and Managing Partner Financial Services with Deloitte Consulting (ANZ).

John is also a director of Sandhurst Trustees Limited, Bendigo Financial Planning Limited, and Leveraged Equities; and a board member of Cool Australia, a not-for-profit that provides teachers with online resources to educate children about the environment and sustainability.

Richard Fennell

Executive Finance and Treasury
BEC, CA, MAICD.

Richard Fennell joined the Bank in 2007 after an 18-year career in finance and consulting, primarily with PricewaterhouseCoopers in Australia and Asia.

Before being appointed as Chief Financial Officer in 2009, Richard led the Bank's Strategy team with responsibility for mergers and acquisitions and played a leading role in integrating Bendigo Bank and Adelaide Bank.

A keen supporter of sport and the arts in South Australia, Richard is a director of the Helpmann Academy, a not-for-profit organisation dedicated to supporting young artists as they transition from study to artistic careers, and is a member of the finance committee of the Adelaide Football Club.

Richard is also treasurer of the Australia Cambodia Foundation, which supports a range of children's charities in Cambodia.



Robert Musgrove

Executive Community Engagement
GradCertAppFin

Since joining Bendigo and Adelaide Bank in 1987, Robert has held a wide and varied range of positions across the Group, from Customer Service Officer to playing a pivotal role in the development and expansion of the **Community Bank®** model.

From 2006 Robert managed key innovative partnerships for the Bank before moving into the role of Head of Group Strategy in 2009. Robert joined the Bank's executive team in 2013.

Robert is always on the lookout for challenging and unique ways to give back to his community, such as mentoring and regularly donating blood. He has participated in the Oxfam 100km "Trailwalker" fundraising event, and recently volunteered for Earthwatch, counting African fauna and flora in South African wildlife reserves.

Tim Piper

Executive Risk
BBus (Banking & Finance), FFin.

Tim Piper joined the Bank in 2005 after 18 years at National Australia Bank.

With a finance career spanning almost 35 years, Tim has had direct experience in most facets of banking, from personal finance through to middle and large commercial lending and credit risk, and has held global responsibilities with a strong Asian focus. Tim's credit risk experience has seen him closely involved with asset restructuring and international capital and debt markets.

Tim is also a Regional Councillor in South Australia for the Financial Services Institute of Australasia.

Stella Thredgold

Executive Corporate Resources
BBus (Accountancy), CPA

Stella joined the Bank in 1987 as an accountant and has since held a number of senior roles including financial management, treasury settlements, mergers, payments, properties and strategic sourcing.

An advocate of diversity and inclusiveness in the workplace, Stella enjoys fostering workplace environments and practices that encourage learning from others and sharing diverse perspectives. Stella also has a keen interest in mentoring and supporting people to succeed and find balance in life.

Alexandra Tullio

Executive Margin Lending
BArts, Grad Dip Fin Plan

With more than 15 years of experience in the financial services industry, Alex Tullio joined the Bank in 2011.

Before being appointed to the newly created role of Executive Margin Lending, Alex was Head of Wealth Markets at Bendigo and Adelaide Bank, where she was responsible for Bendigo Wealth's advice and distribution businesses.

Before joining the Group, Alex worked at Potter Warburg and Citicorp and spent almost ten years at IOOF where she held various distribution and management roles across the dealer group, funds management and platform businesses, before taking a role as National Sales Manager across IOOF's platform businesses.

Alex was recently appointed to the board of Homesafe, a subsidiary company of the Bank.

Andrew Watts

Executive Change
BEng, Grad Dip Business Administration.

Andrew joined the Bank in 1994 and since then has held senior roles in areas including retail, marketing, strategy, self service and electronic banking.

Before moving into his current role in 2010, he was the Bank's Chief Information Officer. He is passionate about strengthening the Information Technology sector in Australia through developing future talent, industry partnerships and investment. During his time at the Bank, Andrew has overseen a number of significant transformational change programs.

An ardent musician, in his spare time Andrew is committed to fostering communities in which musicians of all ages can come together, create new networks and develop their craft.

Remuneration

This summary provides shareholders a concise overview of the Group's remuneration outcomes for the 2013 financial year. The statutory remuneration disclosures are contained in the Company's 2013 Remuneration Report.

Non-executive director fees

There was no change to the base non-executive director fee for the year (\$165,000 (\$412,500 for the Chair)) and there were no additional fee payments for Board committee memberships. The non-executive directors again contributed \$5,000 each to fund the Board scholarship for disadvantaged students.

Senior executive base pay

The 2013 base pay for senior executives, including the Managing Director, were set by the Board on recommendation of the Governance & HR Committee in August 2012. There were no increases to the fixed remuneration or Short Term Incentive (STI) arrangements with the exception of two senior executives.

Deferred base remuneration

Deferred base remuneration is provided in the form of deferred share grants. A deferred share is a fully paid ordinary share issued at nil cost to the senior executive. Deferred shares are beneficially owned by the senior executive from grant date, but are held on trust for a two year deferral period. Vesting of these shares is subject to continued employment with the Company and any adjustment for risk and performance decided by the Board.

Short Term Incentive

In August 2013 the Board, on recommendation of the Governance & HR Committee, decided that the criteria for the establishment of a group STI performance bonus pool had been met for the year and approved the establishment of a group bonus pool for the payment of Short Term Incentive (STI) and bonus payments. One-third of STI awards that exceed a \$30,000 threshold are paid as equity in the Company and deferred for two years. The value of the STI cash component received by senior executives for the year are presented in the following table. The value of the deferred equity component for 2013 will be amortised over the two year deferral period (ie 2014 and 2015).

Long Term Incentive

The Managing Director's LTI arrangement was set in 2009. Shareholders approved an issue of five equal annual parcels of performance shares to the Managing Director, with the performance periods measured over one to five years (the final performance period ends 30 June 2014). Each annual parcel of performance shares is subject to earnings per share (EPS) and total shareholder return (TSR) tests. The EPS test for the parcel tested on 30 June 2013 was met. The TSR test for the year was partially met and 65 percent of these performance shares vested.

In July 2012 the Board approved new performance share grants for other senior executives. The grants are a single tranche with a four year performance period. The four year performance period consists of a twelve month initial performance period for EPS testing (1 July 2012 to 30 June 2013) and a three year performance period for relative TSR testing (1 July 2013 to 30 June 2016).

Details of the LTI terms including the achievement of performance measures and the number and value of performance shares that vested for the year are presented in the Remuneration Report.

The table below sets out the senior executive remuneration arrangements for FY2013 and FY2012.

Senior executive		Base pay ¹	Deferred base pay ²	Cash bonuses (STI) ³	Deferred STI ⁴	Performance shares ⁵	Total
Mike Hirst	2013	\$1,242,782	\$571,643	\$117,333	\$50,000	\$434,448	\$2,416,206
	2012	\$1,285,106	\$596,795	-	\$50,000	\$471,795	\$2,403,696
Marnie Baker	2013	\$536,708	\$50,000	\$66,667	\$33,332	\$22,603	\$709,310
	2012	\$565,967	\$169,890	-	\$33,332	\$125,624	\$894,813
Dennis Bice	2013	\$417,341	\$25,000	\$50,000	\$11,665	\$11,302	\$515,308
	2012	\$421,544	\$87,684	-	\$11,665	\$67,582	\$588,475
John Billington	2013	\$423,974	\$36,668	\$24,000	\$16,666	\$16,575	\$517,883
	2012	\$427,706	\$111,186	-	\$16,666	\$68,798	\$624,356
Richard Fennell	2013	\$509,201	\$50,000	\$66,667	\$33,332	\$22,603	\$681,803
	2012	\$494,184	\$167,612	-	\$33,332	\$121,653	\$816,781
Russell Jenkins	2013	\$517,669	\$50,000	\$58,667	\$26,665	\$22,603	\$675,604
	2012	\$487,785	\$169,890	-	\$26,665	\$125,624	\$809,964
Tim Piper	2013	\$415,779	\$37,500	\$44,000	\$20,832	\$16,952	\$535,063
	2012	\$432,094	\$125,591	-	\$20,832	\$91,038	\$669,555
Stella Thredgold	2013	\$336,186	\$25,000	\$30,000	\$13,330	\$11,302	\$415,818
	2012	\$308,722	\$75,805	-	\$13,330	\$46,906	\$444,763
Andrew Watts	2013	\$392,441	\$37,500	\$43,333	\$16,666	\$16,952	\$506,892
	2012	\$426,907	\$113,712	-	\$16,666	\$70,361	\$627,646
Totals	2013	\$4,792,081	\$883,311	\$500,667	\$222,488	\$575,340	\$6,973,887
	2012	\$4,850,017	\$1,618,165	-	\$222,488	\$1,189,379	\$7,880,049

¹ **Base pay:** This is the total amount of cash salary, allowances, non-monetary benefits, company superannuation contributions, notional interest-free loan benefit, annual leave and long service leave paid in the financial year. The amounts also include the movement in annual and long service leave accruals for the year.

² **Deferred base pay:** Senior executives' deferred base pay is made as a grant of "deferred shares". These are shares held on trust over a deferral period. The amounts of deferred base pay included in the table above represent the accounting fair value of the deferred share grants amortised over the applicable deferral period. A change to a new plan for all senior executives (except the Managing Director) in 2013 has resulted in a significant reduction in the accounting value of their deferred base pay for 2013 because the number of deferred shares granted in 2013 was less than the number of shares of the previous grant (annualised), and the value of the 2013 grant will be amortised over the two year deferral period – FY2013 and FY2014.

³ **Cash bonus STI:** This is the value of STI payments awarded in cash for the financial year.

⁴ **Deferred STI:** In accordance with the Company's remuneration policy, one-third of total STI awards that exceed \$30,000 are subject to deferral into shares in the Company for a two year period. These amounts are the accounting value of the 2011 STI deferred share grants to senior executives amortised over the two year deferral period (being FY2012 and FY2013).

⁵ **Performance Shares:** Senior executives' performance shares are rights to receive shares, subject to minimum EPS and TSR performance conditions. The amounts of performance shares included in the table above represent the accounting fair value of the rights amortised over the applicable performance period. A change to a new plan for all senior executives (except the Managing Director) in 2013 has resulted in a significant reduction in the accounting value of their performance shares for 2013 because the fair value ascribed to the 2013 grant (calculated using option pricing methodology) was lower than the fair value for the previous year and the performance period is longer (four years, instead of three).

Financial calendar 2013–2014

2013

- 30/09/13** Distribution of final dividend
- 10/10/13** Bendigo Step Up Preference Share dividend
- 22/10/13** Adelaide shareholder briefing session
- 24/10/13** Melbourne shareholder briefing session
- 28/10/13** Annual General Meeting
- 13/12/13** Bendigo Convertible Preference Share dividend
- 16/12/13** Bendigo Preference Share dividend

Proposed 2014

- 10/01/14** Bendigo Step Up Preference Share dividend
- 17/02/14** Announcement of interim results and interim dividend
- 21/02/14** Interim ex-dividend date
- 27/02/14** Interim dividend record date
- 17/03/14** Bendigo Preference Share dividend
- 31/03/14** Distribution of interim dividend
- 10/04/14** Bendigo Step Up Preference Share dividend
- 13/06/14** Bendigo Convertible Preference Share dividend
- 16/06/14** Bendigo Preference Share dividend
- 10/07/14** Bendigo Step Up Preference Share dividend
- 11/08/14** Announcement of final results and final dividend
- 15/08/14** Final ex-dividend date
- 21/08/14** Final dividend record date
- 15/09/14** Bendigo Preference Share dividend
- 30/09/14** Distribution of final dividend
- 10/10/14** Bendigo Step Up Preference Share dividend
- 27/10/14** Annual General Meeting
- 15/12/14** Bendigo Convertible Preference Share dividend
- 15/12/14** Bendigo Preference Share dividend

The 2014 dates are proposed. Please visit www.bendigoadelaide.com.au to view the most current calendar.



Bendigo and Adelaide Bank Limited
ABN 11 068 049 178

