



Shareholder Review
Information for shareholders of
Bendigo and Adelaide Bank Limited
November 2008

Bendigo and
Adelaide Bank

Welcome to the Shareholder review, your shareholder news update. Four editions are published each year: February (interim profit), August (full-year profit) and November (report on Annual General Meeting). In September, we publish the Annual Review.



Robert Johanson – Chairman (left)
Rob Hunt – Managing Director

Welcome to our house-warming party: Prime Minister to open new HQ

Our new Bendigo headquarters is nearly finished and we would love to see you at its official opening by Prime Minister Kevin Rudd on Thursday 11 December at 11am.

The celebrations will take place at the Lyric Square, Charing Cross, Bendigo and all shareholders are most welcome to attend. (We acknowledge this is difficult for many of you.)

In addition to official proceedings, many exciting activities are planned throughout The Bendigo Centre and neighboring Bath Lane precinct. We aim to turn the centre of Bendigo into a big party for the day, with music, food, art and tours of the building.



▲ Nearing completion. The western facade of our new headquarters in Bendigo

History of Bendigo Bank

The opening of The Bendigo Centre is a centrepiece of our 150th anniversary celebrations and is a timely reminder that great, sustainable companies are built on solid foundations.

On the evening preceding the opening, we will launch a new history of Bendigo Bank (which is the oldest of the many companies that now make up the Bendigo and Adelaide Bank Group).

Written by historian Prof. Alan Mayne, *Building The Village – A History of Bendigo Bank* shows how the bank itself began life as a locally owned organisation with one aim – to help build a stronger Bendigo community.

As Mayne observes, that underlying philosophy is unchanged today – our business is just more complex and diverse.

Mayne shows why permanent shareholder capital has been important to our success – and has been critical in helping the company overcome crises including the 1890s land boom and resultant crash, the Great Depression, two World Wars and global credit squeezes.

And if that sounds all-too-familiar given the current credit crisis, yes the book is a timely reminder that we look to the lessons of our own history when running the company today.

Special shareholder offer

Building the Village – A History of Bendigo Bank will be published in early December and is available from our Share Registry for the shareholder special price of just \$12 postage paid.

To obtain your copy, simply call us on 1300 646 042 with your credit card details. Your book will be sent as soon as copies are available.



▲ The entrance to our new flagship branch in The Bendigo Centre

New green building for Adelaide staff

Bendigo and Adelaide Bank will build new accommodation for its 900 staff in Adelaide.

“Our goal is to provide our staff with a great working environment, with a minimum 5-star green rating in a central location,” Chairman Robert Johanson said.

“After an extensive search we have decided to re-develop the current head office site at 169 Pirie Street. Our commission of a new, purpose-built office for our staff is a positive statement about the stability of our business and our intention to remain a powerful and successful contributor to the South Australian economy.”

Our goal is to have all staff working from the new building by mid to late 2011.



▲ Our current Adelaide building

Successful launch of ‘U’ campaign

The bank’s sponsorship of the Olympics telecast provided the Bendigo Bank It starts with U campaign with a tremendous launch platform. Early indications are that the campaign launch was successful:

- > Brand and advertising awareness jumped markedly over the sponsorship period. Unprompted brand awareness of Bendigo Bank was an all-time high of 31 per cent.
- > Almost one-quarter of current customers said they would consider transferring more business to us and 23% of non-customers said they were now considering banking with Bendigo Bank.
- > Almost 50% of non-customers have become more aware of the Bank.
- > When asked who the major telecast sponsors of the Olympics were, people answered McDonalds (31%), Telstra (29%) followed very closely by Bendigo Bank (28%). This means people recalled us third out of the 14 leading sponsors.
- > Based on the overall advertising approach almost six-in-10 (58%) indicated that their impression of Bendigo Bank was more positive.

Bank news

Retail networks to merge

Our Bendigo Bank and Adelaide Bank customers will be able to use all our branches across Australia from around April 2009. The Adelaide Bank retail branches will be brought in under the branding of our national Bendigo Bank network, with appropriate recognition of their Adelaide heritage.

Deposits to the fore

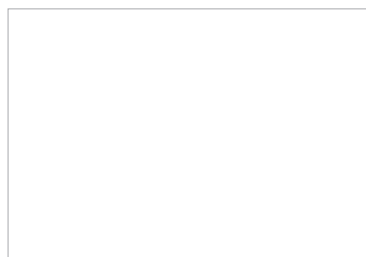
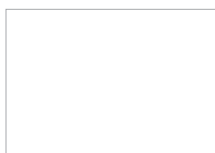
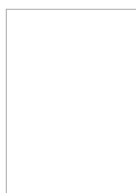
The credit crisis has thrown the spotlight on the way in which banks fund their lending. At a time when wholesale funds have been scarce and expensive, our ability to attract retail deposits has been a real boon.

In just the first three months of this financial year – and mainly before the Government announced its guarantee on bank deposits – we had grown our retail funding base by as much as the entire preceding year. Around three-quarters of our lending is currently funded by retail deposits, which recently topped \$20 billion.

500th banking outlet

The Nagambie community in Victoria has helped Bendigo and Adelaide Bank celebrate a major milestone, with the launch of its agency being our 500th retail transactional outlet.

Agencies play a key role within Bendigo Bank’s network, 100,000 customers with \$1.4 billion in business in almost 100 locations throughout Australia.



‘Two AGMs in one’

In an historic first for the bank, our AGM on 27 October was held simultaneously in Bendigo and Adelaide venues linked by satellite telecast.

This enabled almost 600 registered shareholders to attend and vote in person, with a further 117 visitors swelling the crowds and 269 viewing our online broadcast.

To the collective sighs of our public relations team, the telecast worked like a charm and is certain to be repeated – hopefully with the same result.

Chairman Robert Johanson told shareholders the Bank was this year celebrating the 150th anniversary of the formation of the first Bendigo Building Society and was well-versed in managing financial crises such as the global credit upheaval.

Following the AGM, we caught up with Mr Johanson to speak about the merger and plans for the future.

Q: What has the bank been up to of late?

A: It has been a most interesting year. We’ve made huge investments in new branches and distribution capacity over the past decade – often to the puzzlement of our competitors – but that commitment to the retail market has served us very well recently.

Already this financial year we’ve opened seven new branches. We celebrated the 10th anniversary of the first Community Bank company in Rupanyup and Minyip the 10th anniversary of the establishment of Elders Rural Bank, our joint venture with Elders. We also celebrated the 120th anniversary of the foundation of Sandhurst Trustees. And of course there was the little question of a merger between Bendigo and Adelaide. We have made good progress in bringing together two different businesses and cultures into a stronger organisation.

Q: You spent quite a bit of time in your address discussing the current financial market. How do you think the Bank is dealing with the crisis?

A: In a word, resolutely. We’re determined to emerge from it stronger, better equipped to help our customers and partners prosper and, as a result, to prosper ourselves. As I said today, the current conditions are very difficult and dangerous, the bank is focused on the principles that has stood us in good stead through similar difficulties in our history: by keeping the business simple; working hard to maintain the trust of our customers; not taking the relationship with customers for granted; supporting them in difficult times; by being self-reliant; don’t depend on others – be they governments or wholesale markets – to save you; build prosperity rather than feed from it.



▲ The bank’s chief information officer, Andrew Watts (left) talks to Adelaide-based shareholders about our plans to merge our retail branch networks.



▲ Chairman Robert Johanson addresses the Bank’s AGM in Bendigo via satellite link from Adelaide. Directors Jenny Dawson, Deb Radford, Kevin Roache and Tony Robinson participated at the Bendigo venue. Photograph courtesy of The Advertiser (Bendigo)

Q: And how do you expect the international banking system will survive?

A: It will survive, but in a profoundly different form. Many overseas banks have already been nationalised; the implicit government guarantee for deposits has become for much of the world explicit; differentials for credit quality will be much wider, capital flows will change and consumption patterns will alter. Activity based on financial engineering will reduce. Banks will hold more of the assets and liabilities of the community on their balance sheets. Credit will not grow at the unsustainable rates that the system had become used to over the past decade. Banks will be better capitalised.

Q: Investments such as superannuation, life insurance and managed funds are not included in the Government guarantee on bank deposits. What does this mean for funds placed with Sandhurst Trustees?

A: Common funds, and in particular mortgage trusts, are suffering some collateral damage from the deposit guarantee. We saw redemptions from those funds but these have slowed dramatically. The assets backing our funds are cash and first mortgages predominantly over residential property. These are written to the bank’s credit standards and continue to perform well, generating strong cash flows. Sandhurst Trustees funds are strongly supported with available liquidity facilities and there is no change to Sandhurst’s redemption policy or its ability to meet redemptions.



▲ Directors at the Adelaide meeting listen to the address by Chairman Robert Johanson.

Shareholder Questions

Shareholders were invited in their Notice of Annual General Meeting 2008 to submit written questions. An edited selection of answers follows. The major focus of shareholder questions was the current market instability and the progress of the company merger.

Q: It appears the merger is currently weighing down the income performance and probably earnings per share of the former Bendigo Bank. Shareholders who had shares in Bendigo Bank before the merger in December would like to know whether the increase in earnings per share of 13% was due to, or in spite of the merger.

A: Prior to the merger Bendigo had forecast a 12% cash Earnings Per Share (EPS) increase for 2008 and Adelaide 10%. The result of 13% cash EPS for the combined group and the fact that the EPS number is based on a weighted number of shares (meaning the increase in share capital is taken into account in the calculation) demonstrates that the combined organisation is performing above these forecasts. The Board has stated its confidence that the organisation will continue to deliver increases in shareholder value through growth in cash EPS over coming year.

Q: Given the financial crisis, is there any prospect of Managing Director Rob Hunt staying on for a longer period than originally planned?

A: Rob Hunt will retire from the role of Managing Director on 1 July 2009. The Board is currently undertaking a thorough succession process with the assistance of a specialist search consultant. The search process will include internal and external candidates. The Board is targeting to make a market announcement in early April 2009.

Q: What exposure does Bendigo and Adelaide Bank have to the sub-prime lending crisis originating from the USA?

A: We have no direct exposure to the US sub-prime market.

Q: Are there any further proposed changes to the Board or plans to further reduce or increase the Board size? The Board was 12 Directors following the merger and is now down to 10.

A: There are no plans at this time to either increase or decrease the size of the Board. The composition of the Board is reviewed regularly to ensure that we have the appropriate mix of knowledge, skills and experience.

Q: The Government is considering regulating the remuneration arrangements of bank senior executives. Does the Board have a view on this proposal?

A: We believe our remuneration arrangements are appropriately structured and aligned with the market. The payments are not excessive by comparison to others in the market, and certainly not when compared with overseas institutions. Our executive remuneration is linked to the performance of the our Bank. Components of remuneration are not received if specified hurdles are not met. If the hurdles are met, then our shareholders also share the rewards via the profit and dividend growth and increased share price.



▲ L>R: Shareholders Lindsay Roberts, Bruce Reid, Doug Laity and Warwick Johanson enjoy refreshments at the AGM in Bendigo.



▲ L>R: Director Tony Robinson with Shareholders Pat Burvill and Leon Burvill from Ballan at the Bendigo AGM.

Welcome to the Bendigo and Adelaide Bank Shareholder Privileges Package for 2009

We are pleased to offer Bendigo and Adelaide Bank shareholders a variety of benefits on various Bendigo and Adelaide Bank Group products and services for 2009.

These Shareholder Privileges are available to personal customers holding 500 or more fully paid Bendigo and Adelaide Bank shares or 40 Bendigo Preference Shares, or companies holding 1500 or more fully paid Bendigo and Adelaide Bank shares or 120 Bendigo and Adelaide Bank Preference Shares.

Your 2009 card

If you are an eligible shareholder, your 2009 Shareholder Privileges card is enclosed. Please destroy your 2008 card. You will need to present your card each time you redeem a privilege.

All of the offers are valid until 31 December 2009, with the exception of Bendigo Online Share Trading which expires on 30 November 2009. If you would like further information, please contact Customer Help on 1300 361 911.

We encourage you to take advantage of these services. Terms and conditions for these offers are included in this newsletter, or where indicated.



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|---|--|
| Privilege 1 Shareholder Account | <p>Offering eligible shareholders a convenient transaction account with great benefits.</p> <p>You have the choice of a Bendigo Shareholder Passbook Account, a Bendigo Shareholder Everyday Account, or a Bendigo Shareholder Cheque Account. All accounts offer an attractive rate of interest, calculated daily and credited half yearly, convenient access 24 hours a day 7 days a week and a transaction account rebate of \$10.00.</p> <p>Limited to one "Shareholder Account" per shareholder. The account must be in the name of a listed shareholder, except in the case of a company shareholding, in which case an account must be opened in a director's name. Shareholder Account only available through Bendigo Bank branches.</p> |
| Privilege 2 Special Term Deposit | <p>A 12 month term deposit which will earn higher interest at 0.25%p.a. above the Bank's 12 month Term Deposit rate with interest paid on maturity.</p> <p>Minimum deposit \$5,000. Term Deposit rate applicable on date of redemption of this offer. The rate listed is subject to change.</p> |
| Privilege 3 Lending Products | <p>\$0 Loan Application Fees for, Home Loans, Investment Loans, Commercial Loans, Personal Loans</p> <p>Maximum value of loan application fee waiver is \$1000 per application. Excludes all Bendigo Agribusiness Lending products.</p> |
| Privilege 4 Insurance | <ul style="list-style-type: none"> • 10% discount on premium for House & Contents Insurance • 20% discount on premium for Travel Insurance • 5% discount on premium for Car Insurance • 10% discount on premium for Landlords Insurance • 7.5% discount on premium for Health Insurance |
| Privilege 5 Bendigo Bank branded Credit Card and Bendigo Rewards | <ul style="list-style-type: none"> • 5% discount off the normal standard rate for the Bendigo Red Up to 44 Days Interest Free credit cards. With your choice of either MasterCard or Visa and automatic membership to Bendigo Rewards. • Plus if you successfully apply for a Bendigo Red up to 44 days Interest Free credit card we'll kick start your points tally with a bonus 5000 points. <p>Annual fee of \$45 applies to the Bendigo Red Up to 44 Days Interest Free credit cards. Bendigo Bank credit cards and Bendigo Rewards only available through Bendigo Bank branches.</p> |
| Privilege 6 Bendigo Financial Planning | <ul style="list-style-type: none"> • An obligation free initial financial consultation with a Bendigo Financial Planner. • A one-off discount of up to \$1,000 (maximum) off the initial advice and implementation fee for investment recommendations (no further discounts apply). • 10% rebate on your insurance premiums for the first year on all life, trauma, income protection, business overheads and key person insurance policies arranged through Bendigo Financial Planning. <p>Financial Planning services are provided by Bendigo Financial Planning Limited ABN 81 087 585 073, AFSL No. 237898, a member of the Bendigo and Adelaide Bank Group, operating throughout Bendigo Bank branches in VIC, SA, QLD, NSW, ACT & WA.</p> |
| Privilege 7 Foreign Currency and Travellers Cheques | <ul style="list-style-type: none"> • Receive a 50% discount on standard fees when buying foreign bank notes and on foreign currency cheque conversions (cash letter items only)*. • Travellers Cheques FREE of commission charges. A safe way of carrying funds overseas or within Australia. • Receive a 50% discount on standard fees when cashing non-Amex Travellers Cheques*. <p>* Please refer to the Bendigo Bank or Adelaide Bank Schedule of Fees, Charges and Transaction Account Rebates for full details of fees and charges.</p> |
| Privilege 8 Bank Draft and Telegraphic Transfers | <ul style="list-style-type: none"> • 50% discount on standard fees on issue of Foreign Bank Drafts and Telegraphic Transfers*. • Receive a 50% discount on the standard Bendigo or Adelaide Bank fee when making a payment of funds from a Bendigo and Adelaide Bank account for fast transfer to an account at any Australian financial institution**. <p>* This discount applies only to the fee component charged by Bendigo Bank or Adelaide Bank for issuing Bank Drafts & Telegraphic Transfers and is only applicable to personal banking. This discount is not to be used to obtain concessions in relation to services provided to companies or trusts.</p> <p>** Please refer to the Bendigo Bank or Adelaide Bank Schedule of Fees, Charges and Transaction Account Rebates for full details of fees and charges.</p> |
| Privilege 9 Bendigo Bank Telco | <p>Any shareholder signing up for a 24 month contract for home phone, mobile phone or internet will receive a \$100 sign on bonus.</p> <p>Terms and Conditions apply. Not to be used in conjunction with any other offer.</p> |
| Privilege 10 Bendigo Online Share Trading | <p>Register for Bendigo Online Share Trading and you will receive your first 10 share trades free of brokerage (your new account must be opened by 30 November 2009 and share purchases completed within 60 days of the account opening).</p> <p>Visit http://www.bendigobank.com.au/share_trading/shareholder_offer.asp for full terms and conditions and to complete your application today.</p> <p>Terms and Conditions apply.</p> |

Ten years on and the sky's the limit

Ten years ago, Bendigo Bank and the people of Rupanyup and Minyip unveiled the first **Community Bank®** branches in Australia, marking a turning point for the two small Victorian wheat belt towns.

Today, they have been joined by 221 other communities to form one of Australia's fastest growing banking networks – community banking.

And a decade in, our early communities are partying ... and adding up the benefits community banking has delivered.

“Rup-Min” directors have channeled \$450,000 in local profits into a variety of projects in both towns.

Elsewhere the story has been similar.

Our second **Community Bank®** company, Lang Lang has spent \$1.2 million on projects; Toora, the third company, about \$850,000.

And our first interstate community, Henty in southern NSW, celebrated its 10th anniversary with the news that its contributions had topped \$1.5 million, with the major project being completion of the town's new civic centre.

Bendigo Bank Managing Director Rob Hunt said these pioneering communities showed how Community Bank's contribution would accelerate as branches continued to reach maturity.

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

“Add to those contributions the employment of more than 1000 staff members and daily expenses in the local economy and you have a truly meaningful contribution to those communities and to local prosperity.

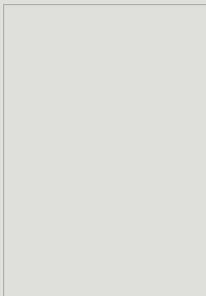
“Bendigo Bank is committed to helping these communities succeed. Why? Because, apart from the valuable banking business, we know that success at the community level almost inevitably creates improvement in our own prospects and performance, especially when the model ensures we are better connected than our competition to the aspirations of the community.”

Bendigo Bank is currently working with 60 new communities and expects to open around 20 Community Banks this financial year.

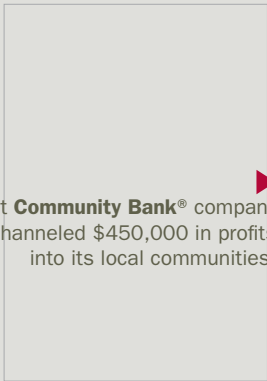
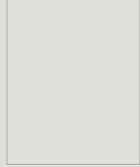
▼ Just as they did a decade ago, the townsfolk of Henty turn out in force in front of their branch.

Community Bank® by the numbers

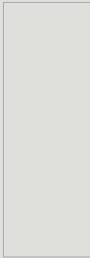
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|-----------------------------------|----------------|
| Branches | 223 |
| Local shareholders | 57,000 |
| Customers | 465,000 |
| Total banking business | \$12 billion |
| Jobs | 1300 |
| 2008 community income | \$120 million |
| 2008 spend in local communities | \$59 million |
| Community projects total | \$21.7 million |
| Local shareholder dividends total | \$12 million |



▶ Rupanyup-Minyip Chairman Stewart Petering and our Managing Director Rob Hunt cut the celebratory cake.



▶ Our first **Community Bank®** company has channeled \$450,000 in profits into its local communities.



Bendigo and Adelaide Bank Convertible Preference Share offer withdrawn

On Wednesday 5 November the Bank announced to the ASX that the prospectus lodged by BEN with ASIC on 29 October 2008 (Prospectus) in connection with the Offer of Convertible Preference Shares (CPS) had been withdrawn and no offers would be made under the Prospectus.

The Bank decided not to offer the proposed issue of CPS at that time in light of the current uncertainty in financial markets. Joint Lead Managers Deutsche Bank, Goldman Sachs JBWere and ABN AMRO advised that, since the issue of the prospectus, there had been a significant deterioration in market conditions for hybrid issues.

We received positive responses to the offer from some shareholders, however we were concerned that the current market conditions meant the deal was no longer in the best interests of investors. The Bank will continue to review market conditions and may relaunch the CPS offer, or undertake other suitable capital initiatives, in the future.

Shareholder reporting

Our full annual report continues to grow in complexity and size (this year 168 pages) due to mandatory reporting requirements.

Shareholders who do not wish to receive a copy of the full annual report are reminded that they can opt to receive a shareholder review that contains summaries of our performance and various business developments.

If you do not wish to receive a copy of the full annual report and would prefer to receive the shareholder review only, contact our share registry or advise us in writing to Bendigo Bank Share Registry, PO Box 480, Bendigo Victoria 3552.

Dividend Reinvestment Plan

Shareholders are reminded that the Bank offers a Dividend Reinvestment Plans (DRP) applying to the 2008/09 interim dividend. The DRP is also a great opportunity for shareholders to increase their investment in the Company without paying brokerage costs. A 2.5 per cent discount currently applies to shares issued under the DRP.

How do I participate?

If you already participate in the DRP, a 2.5 per cent bonus will be automatically applied to shares allocated in the interim dividend.

If you do not currently participate in the DRP but wish to do so, you must notify us in writing before 4 March 2009 for the 2009 interim dividend. A Dividend Nomination Advice Form may be downloaded from www.bendigobank.com.au. Shareholders are reminded that if the shares are held in joint names, all signatures are required.

Fax: (03) 5485 7645

email: share.registry@bendigobank.com.au

Post: PO Box 480, Bendigo, Vic. 3552

Branch: Call into your nearest Bendigo Bank or Adelaide Bank branch on or before 4 March 2009.

Your company news

Changing address?

Please ensure you advise of any change of address.

Broker-sponsored shareholders should advise their broker, not Share Registry (which is unable to process your request).

Issuer-sponsored shareholders should obtain a Change of Address Form and complete and return it to Bendigo Bank Share Registry, PO Box 480, Bendigo, Victoria 3552.

Forms can be downloaded from our Online Share Registry, or obtained from Share Registry on 1800 646 042.

Have you received multiple newsletters?

If your household has received multiple copies of this review and you would like to receive just one, please advise us in writing to Bendigo Bank Share Registry, PO Box 480, Bendigo, Victoria 3552.

Do you have multiple shareholdings?

If you have multiple issuer sponsored shareholdings in the same name that you wish to consolidate into a single shareholding, please advise the Share Registry in writing.

If your shareholdings are broker sponsored, please contact your sponsoring broker.

Become an e-shareholder

By registering to become a Bendigo Bank e-shareholder, you will receive most of your documents online, including your Annual Report and shareholder reviews.

To register, simply enter your details at www.bendigobank.com.au/e-shareholder

Bendigo and Adelaide Bank

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