



**Bendigo and  
Adelaide Bank**

**Annual Review 2011**

*Relevant.*



*Connected.*



*Valued.*



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



# Annual Review 2011

## Calendar 2011/12

### 2011

- 30.09.11** Distribution of Final Dividend  
**10.10.11** Bendigo Step Up Preference Share Dividend  
**24.10.11** Annual General Meeting  
**01.11.11** Bendigo Reset Preference Share Dividend  
**15.12.11** Bendigo Preference Share Dividend

### Proposed 2012

- 10.01.12** Bendigo Step Up Preference Share Dividend  
**13.02.12** Announcement of Interim Results and Interim Dividend  
**27.02.12** Interim Ex-Dividend Date  
**02.03.12** Interim Dividend Record Date  
**15.03.12** Bendigo Preference Share Dividend  
**30.03.12** Distribution of Interim Dividend  
**10.04.12** Bendigo Step Up Preference Share Dividend  
**01.05.12** Bendigo Reset Preference Share Dividend  
**15.06.12** Bendigo Preference Share Dividend  
**10.07.12** Bendigo Step Up Preference Share Dividend  
**13.08.12** Announcement of Final Results and Final Dividend  
**27.08.12** Final Ex-Dividend Date  
**31.08.12** Final Dividend Record Date  
**17.09.12** Bendigo Preference Share Dividend  
**28.09.12** Distribution of Final Dividend  
**10.10.12** Bendigo Step Up Preference Share Dividend  
**29.10.12** Annual General Meeting  
**01.11.12** Bendigo Reset Preference Share Dividend  
**17.12.12** Bendigo Preference Share Dividend

Relevant.



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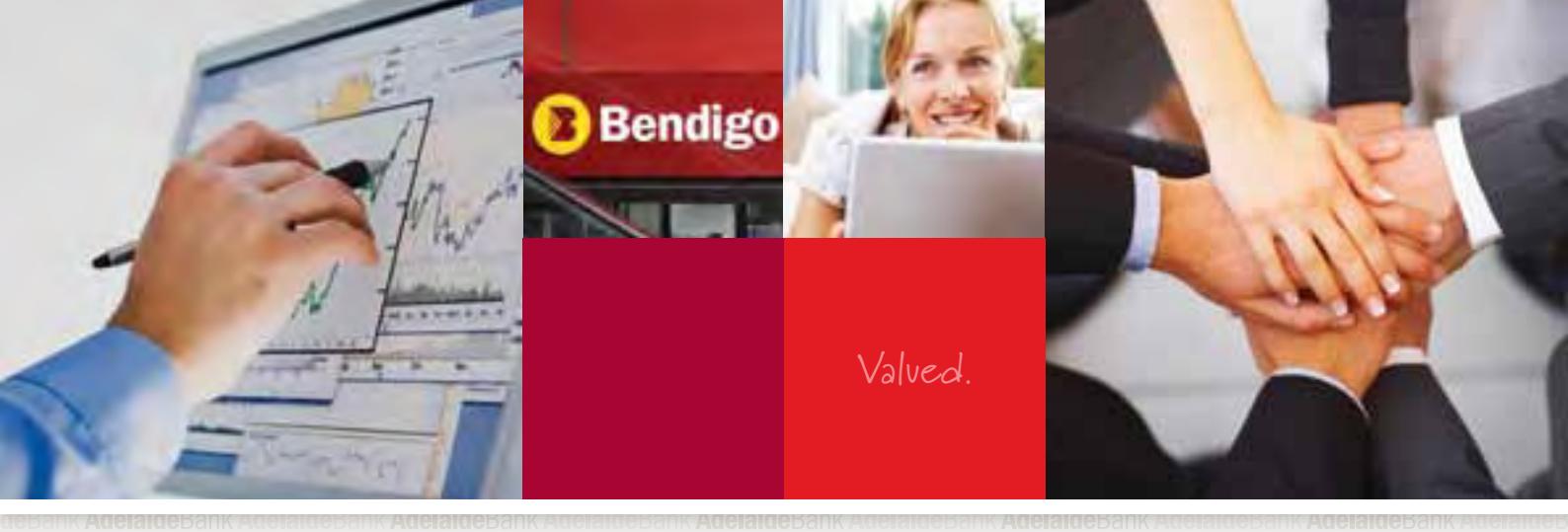
Connected.



# We aim to be Australia's leading customer-connected bank.

- Our strength comes from our focus on the success of our customers, people, partners and communities.
- We take a 100-year view of the business.
- We listen.
- We respect every customer's choice, needs and objectives.
- We partner for sustainable long-term outcomes.

Relevant, Connected, Valued.



Valued.



## Chairman's Message

In 2010/11, Bendigo and Adelaide Bank built further on its strong recovery from the depths of the Global Financial Crisis (GFC).

The surge in earnings in the previous year, as the economy emerged from the worst of the crisis, was followed by further solid gains. This strong profit performance enabled Directors to lift shareholder dividends marginally while continuing to invest capital in the business to bolster its balance sheet and to position it to capitalise on growth opportunities.

Our performance was built on a foundation of solid deposit inflows and lending. The results are a testament to the strength of our retail franchise, the re-emergence of our third party lending business (which had been constrained by a lack of available funding as the GFC bit hard) and the strong margins earned across our various businesses.

Our Bank continues to play an important role in facilitating the flow of capital in local economies during a period of patchy economic performance across the nation. Strong support from our depositors enabled us to provide a good flow of funds to home and business borrowers, helping to maintain local economic activity across our communities. This is at the heart of what a bank does, a fact that was forgotten by those who precipitated the GFC in the pursuit of profit at the expense of prudence.

Next to this Chairman's Report is an edited extract of an excellent article by our Managing Director which examines some of the causes of the GFC and contrasts this with the way in which our Bank seeks to share value between all stakeholders who contribute to its success. I commend the full article to shareholders – it is well worth the read.

After balance date, we appointed a new Director to our Board and will seek shareholder ratification at the forthcoming Annual General Meeting (AGM). Jacqueline Hey was previously CEO of Ericsson in the UK and in Australia. She worked with Ericsson for more than 20 years in finance, marketing, sales and leadership roles in Australia, Sweden, the UK and the Middle East. Her skills in technology and communications will be very valuable. We welcome her to our Company.

Kevin Abrahamson will retire from the Board at this year's AGM. Kevin has been a Director for 11 years, first with Adelaide Bank and since 2007 with the merged Bank. He has made a great contribution to the Company and we thank him for all his hard work.

As I write this message, in late August, world financial markets continue to be in turmoil as the economic outlook for the US and Europe remains uncertain. But our economic fundamentals remain in good shape and the Federal Government and the Reserve Bank retain the capacity to respond fiscally and financially to further challenges.

Our Bank is well placed to continue its progress. Many of our retail branches are still in early growth phase and we continue to open new branches and to establish new distribution arrangements such as the exciting agreement with Australia Post. We continue to expand our ability to serve customers through, for example, new investments in technology.

Funding is available to our third party mortgage partners and we have begun or announced several large scale initiatives that promise to generate earnings. Most importantly, we remain focused on what produces our success – and that is the success of our customers, staff, partners and communities. This must come first.

Finally, I thank you for your support as a shareholder – and I hope a customer – and look forward to providing you with further reports of the progress of our bank.



**Robert Johanson**

Chairman



**Robert Johanson**  
Chairman

## Creating Shared Value:

### Community Banking in the 21<sup>st</sup> Century

In June 2011, the Fairfax newspaper group ran stories that relied on selective information to criticise our **Community Bank®** model. In response, Fairfax agreed to run a comment piece by our Managing Director Mike Hirst. The following is an edited excerpt of Mr Hirst's article, the full text of which is available at [www.bendigoадelaide.com.au](http://www.bendigoадelaide.com.au)

The Global Financial Crisis was caused by a wilful departure from the notion that everyone should benefit from a financial transaction – the investor who provides the funds, the borrower, the bank's shareholders who bear the risk of the borrower not paying, and society itself.

Banks were formed to feed into prosperity this way – to accept cash from savers to lend to borrowers who could add value to it. The bank charged the borrower a bit more than it paid the investor and returned the risk margin to its shareholders as dividends. The value added along the way was shared – people gained employment, houses were built, businesses started and public infrastructure funded.

If shared value and banking for and by community sound familiar, it's because our Bank started just such a venture 13 years ago. **Community Bank®** was founded on the belief that successful customers and successful communities create a successful bank - *in that order*. **Community Bank®** works as a shared value model: it creates economic value while helping communities to address their needs and challenges.

**Community Bank®** companies are owned by local community companies that receive half the income generated by their branch. There are now 276 of them and in 13 years since the first was opened they have received more than \$764 million in revenue. These branches have returned \$56 million in community grants – \$40 million in just the past four years – and paid \$18 million in shareholder dividends. They have created 1400 jobs and each year now spend around \$40 million in wages and services locally, which has a significant positive impact on these micro economies.

Their profits have been responsible for building community centres and health services; bought fire trucks and community buses; funded scholarships and sponsored hundreds of sporting teams. Increasingly, governments are co-funding projects with **Community Bank®** companies because they know the community will value the outcome.

**Community Bank®** has enabled us to become a meaningful alternative to the big four banks and is starting to deliver reasonable returns.

No one is suggesting **Community Bank®** is the new way of doing business. But as leaders the world over contemplate the GFC's challenges, it is perhaps worthwhile them having a peek into a corner of Australia where an army of willing and capable community volunteers and one small bank are together creating new value from old values.

(A complete financial analysis of the **Community Bank®** network's performance is available on the ASX website under BEN company announcements).

more than  
1.5 million  
customers



**we listen  
to our  
customers**

*Connected.*



## Managing Director's Message

Bendigo and Adelaide Bank announced an after tax profit of \$342.1 million for the 2011 financial year. Cash earnings were \$336.2 million, representing cash earnings per share of 92.3 cents, an increase of 10.8 per cent on the previous year.

As a result we paid a final fully franked dividend of 30 cents per share, taking our full year dividend to 60 cents per share, an increase of 3.5 per cent on 2010.

These results have been driven by the Group's focus on making it easier for customers to do business with us. Each day our people have reflected on what they do and how they can improve upon it, to make the experience of our more than 1.5 million customers a better one.

It's this approach that has seen the Bank continue to record industry-leading customer satisfaction and advocacy results. And more recently (July 2011) our Bank was named the 'Most Trusted Bank' by Reader's Digest and recognised by Asian Banking & Finance as having a leading Corporate Social Responsibility Program.

At Bendigo and Adelaide Bank, we listen to what our customers want, we understand their needs, and assist them in accessing a comprehensive range of products and services through one convenient service point.

We have introduced LINX, new technology which assists our staff in getting to know their customers, giving them the opportunity to have meaningful conversations, which build deeper relationships with our Bank and provide our customers with better outcomes.

We've also realigned our Wealth offering, launching a one-stop shop for customers under the Bendigo Wealth umbrella. This will assist us in leveraging our expansive retail network and allow us to provide essential financial solutions such as financial planning, insurance and superannuation, to customers who may have only turned to us for loans, credit cards or statement accounts in the past.

Our third party lending business is experiencing levels of growth comparable to before the GFC. Brokers are still seeking an alternative to the major banks and we are that alternative. As part of our wider reinvestment in this part of the business, we will relaunch the Adelaide Bank brand in September 2011.

Our retail network continues to grow with a further 20 branches opened and seven agencies established this year. We now have more than 570 customer service outlets Australia-wide, and will continue to add to this footprint, further enhancing customer convenience and personalised service.

Again, much of this growth was driven by communities wanting to establish their own **Community Bank®** branch. This year 11 new **Community Bank®** companies were formed and 16 branches were opened.

Many mature **Community Bank®** companies are opening their third, fourth and fifth branch, with more than 10 companies returning over \$1 million to their local communities since establishment. It's this kind of success that continues to motivate other communities to join the network, with a further 50 sites currently in the **Community Bank®** development pipeline.

We've added to our ATM network, primarily through a network-sharing arrangement with Suncorp Bank, but also through our own investment, which means our customers can now access their accounts at more than 2000 locations without incurring a direct charge fee.

We're also growing our business in other ways. In December, we finalised our purchase of Rural Bank, a move that provides us with greater exposure to a well-performing business with sound credit quality and strong returns.

And Rural Bank is already making moves in the market place, announcing its intention in August 2011 to join forces with Australia Post to distribute banking services via regional and rural post offices.

The deal will see some Rural Bank products and services made available at selected postal outlets from late November 2011. The roll-out will start in New South Wales, with the offering to be available at 1400 post offices across the country by 2013.

Importantly, this reinforces our commitment to rural and regional Australia and further enhances our position as the first banking alternative to the major banks.

We continue to pursue joint venture partnerships with groups that provide specialised products and services. Home Safe Solutions assists senior Australians through its Debt Free Equity Release product and Community Sector Banking exclusively services the needs of the not-for-profit sector. Meanwhile, our wholly-owned subsidiary Oxford Funding provides debtor finance for businesses, with Victorian Securities a specialist in residential and commercial lending.

We've focussed on making the business more robust. This has been achieved through conservative risk management practices, low-risk funding and balance sheet structure, sound capital ratios and a sustained improvement in profitability.

Our work in this area has been well-received and recognised. In May, Fitch Ratings Agency upgraded the Bank to A-, making us the first Australian bank and one of few globally to receive an upgrade since the GFC. Then a month later, Standard & Poor's put our BBB+ rating on positive outlook for an upgrade to A-.

Our new ratings position the Bank well for future growth, in part by reducing the cost of our wholesale borrowing. If we continue to perform well, improve our profitability and credit, then we feel confident further credit rating upgrades should follow.

Throughout all of this hard work and success, each of us has made a concerted effort to be a part of one team, reaching for the same goal. This came to the fore during the Queensland floods, when staff from right across Australia pulled together, working extended hours and performing extraordinary duties to make sure our customers and staff in the flood zone were supported. The same spirit of community was evident during the Victorian floods and Cyclone Yasi.

Being Australia's leading customer-connected bank is the vision that drives each and every one of us, and while we have made huge strides towards achieving this, we're constantly raising the bar and understand we can always do more to help our customers and support our communities.

Our strength comes from our focus on the success of our customers, people, partners and communities. We believe we have a market-beating strategy, an ethos that sets us apart from others and a point of difference that cannot be genuinely replicated.

We take a 100-year view of the business; we make decisions for the long-term and understand that we hold a privileged position as the stewards of a 153-year-old institution that has become far more than just another bank.

We listen to our customers, because if we can understand what our customers want and help them to achieve it, then we will be relevant, connected and valued.

Our ability to forge partnerships is unique to us and differentiates us from other banks. We must build on this strength and leverage it, to ensure the prosperity of our business and the customers and communities we serve.

If we do these things and do them well, our business will continue to be successful and we will be well-positioned to seize future opportunities.

This is an exciting time for Bendigo and Adelaide Bank. We look forward to building on this strong momentum and sharing our success with you, our supporters.



**Mike Hirst**  
Managing Director



**Mike Hirst**  
Managing Director

## Our Brands

Bendigo and Adelaide Bank understands that customers will choose to connect with a bank for many different reasons and in a variety of ways.

Some customers like personalised service, some like to bank on-line, while others will look for the most competitive deal through an adviser.

That's why the Bank has developed a diverse business with a family of brands which enable us to attract, serve and satisfy all our customers' various needs and wants.

Bendigo Bank provides a full suite of retail banking and financial services under its own brand.

Financial advisers can choose from our Bendigo Wealth offering to help their clients plan and achieve their financial goals.

Adelaide Bank provides mortgages and deposit accounts to third party companies, either under its own brand or under a partner's.

Rural Bank is our wholly-owned specialist agribusiness bank, while a joint venture company, Community Sector Banking, banks Australia's not-for-profit sector.

We also support a range of subsidiary or joint venture brands that cater for specialist markets.

### Our multi-brand strategy





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“ Sandhurst Trustees' Abbott Foundation has donated almost \$95,000 to help our organisation upgrade the equipment at our Bendigo recycling plant. Sandhurst Enterprise Recycling (part of VATMI Industries) employs people with disabilities, and the grant will allow us to offer more opportunities to people with higher levels of physical disability. This will enhance our team and output, while helping our employees find greater independence. ”

**Derek Shotton, VATMI Industries**

# Our Year

Throughout 2010/11, the hard work of Bendigo and Adelaide Bank's people, partners and supporters was recognised, with many milestones reached and achievements rewarded.

## July

### RMBS Issue Upsized to \$1.5b

**15 July:** Bendigo and Adelaide Bank upsized its TORRENS 2010-2 Residential Mortgage Backed Securities (RMBS) issue from \$750 million to \$1.5 billion. The offer was well supported, with a total of 16 investors participating in the transaction.

### ATM Access Doubled

**19 July:** The Bank forged a new partnership with Suncorp Bank allowing customers to transact at almost 2000 machines across Australia without incurring a direct charge fee.

## August

### Most Loyal Customers

**2 August:** Engaged Marketing's Consumer Loyalty Benchmarking study found Bendigo Bank had the equal highest Net Promoter Score (NPS) in the Australian banking sector.

### Banking4u Rates Bendigo

**3 August:** Banking4u rankings released by Retail Finance Intelligence, named Bendigo and Adelaide Bank as a market leader in all major banking service categories.

The Bank finished top three in every category including card, savings, transactions, personal loans and mortgages, and was the number one choice for cards, transactions and personal loans.

### Victorian Securities Celebrates 50th

**8 August:** Victorian Securities, formerly known as Ballarat Securities, celebrated its 50th anniversary.

### Full Year Result Announcement

**9 August:** The Bank announced an after-tax profit of \$242.6 million for the 12 months ending 30 June 2010. This was a 190 per cent improvement on the prior corresponding period.

## September

### Bendigo is the People's Choice

**14 September:** Bendigo Bank won three awards at the inaugural Mozo People's Choice Awards. More than 23,000 banking customers from around Australia participated, voting the Bendigo to have the best credit cards, best personal loans and best term deposits.

### Branching Out in Sydney

**15 September:** The Bank celebrated the opening of its first Bendigo Bank branch in the Sydney central business district at 75 Elizabeth Street.

### New LINX to Customers

**22 September:** The Bank rolled out LINX, the largest customer-driven program of work it's ever undertaken. This customer engagement platform will assist the Group in delivering on its customer-connected strategy.

## October

### Strategic Alliance with AMP

**6 October:** AMP Financial Services and the Bank announced a strategic alliance to deliver tailored AMP life insurance solutions to the Bank's retail customers.

Connected.



## Rural Bank Purchase Announced

**26 October:** The Bank announced it had entered into an agreement to acquire Elders Limited's 40 per cent shareholding in specialist agribusiness lender Rural Bank for \$165 million. The purchase took the Bank's ownership to 100 per cent.

## November

### Site Identified for Adelaide HQ

**3 November:** The Bank announced its search for a new corporate head office in Adelaide had progressed with a preferred site identified on Grenfell Street.

### AGM Resolutions Approved

**3 November:** All resolutions put to shareholders at the Annual General Meeting were approved including the election of two new Directors, Jim Hazel and David Matthews, and re-election of Robert Johanson and Terry O'Dwyer.

### Sydney Staff United

**12 November:** The Bank continued to grow its presence in Sydney, consolidating 200 staff from three locations into one main office in Pitt Street.

## December

### Note Buy-Back Completed

**8 December:** The Bank announced the completion of its off-market buy-back of its Unsecured Perpetual Floating Rate Subordinated Notes. The buy-back was well supported with 54 per cent of total notes outstanding being tendered into the buy-back, leaving 348,163 notes quoted on the ASX.

### RMBS Upsized to \$1b

**10 December:** The Bank successfully priced and upsized its TORRENS 2010-3 RMBS transaction. The initial transaction size of \$775 million attracted strong demand from investors and was upsized to \$1 billion.

### \$250m of Sub Debt Issued

**15 December:** The Bank successfully raised \$250 million in subordinated debt to assist with the continued growth of the business. The raising helped increase the Group's capital ratio to 11.07 per cent as at 31 December.

### MD's Submission to Senate

**15 December:** Managing Director Mike Hirst presented a submission to the Senate Economics Committee regarding its inquiry into competition within the Australian banking sector.

### Rural Bank Credit Rating Upgraded

**22 December:** Rural Bank, the now 100 per cent Bank-owned subsidiary, received a credit rating upgrade from ratings agency Standard & Poor's. S&P upgraded Rural Bank from BBB, to BBB+/A2 with a stable outlook.

### Adelaide Bank Merger Tax Consolidation

**22 December:** The Bank announced the completion of further aspects of the tax consolidation process relating to the merger of Bendigo Bank and Adelaide Bank in 2007, resulting in the contribution of approximately \$34 million to the Bank's statutory net profit as at 31 December.

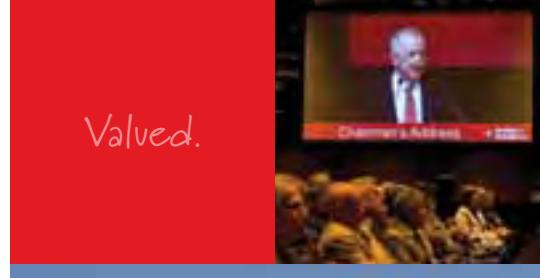
### Queensland Flood Appeal Launched

**23 December:** Bendigo and Adelaide Bank's philanthropic arm, Community Enterprise Foundation™, launched the Queensland Flood Appeal. The Bank also extended additional support to staff and customers impacted by the floods.

## January

### Number One in Customer Satisfaction

**31 January:** Roy Morgan's January survey into Australian bank customer satisfaction showed Bendigo Bank had experienced a 0.2 per cent increase, taking its total to 87.1 per cent. This figure was the leading score for an Australian retail bank.





## Our Year (continued)

### February

#### Interim Result Announcement

**10 February:** Bendigo and Adelaide Bank announced an after-tax profit of \$173.9 million for the six months ending 31 December 2010. Cash earnings were \$162.1 million, representing cash earnings per share of 44.7 cents, an increase of 8.5 per cent on the prior corresponding period.

#### Retail Bonds Launched

**22 February:** Bendigo and Adelaide Bank launched its inaugural series of retail bonds and raised \$90.5 million through the offer.

#### Happy Birthday PlanBig™

**24 February:** PlanBig™, the Bank's online resource aimed at connecting like-minded individuals to bring ideas and plans into reality, celebrated its first birthday. Soon after, the initiative was recognised with a Financial Insights Innovation Award for Excellence in Banking 2.0.

#### Restoring the Balance

**25 February:** Executives and senior members of staff met with more than 500 **Community Bank®** Directors to discuss the findings of the Bank's review of the **Community Bank®** financial model.

### March

#### Community Bank® Network Returns \$50m

**31 March:** The **Community Bank®** network has returned more than \$50 million to support local community groups and projects across Australia since it was established in 1998.

### April

#### Bendigo Wealth Unveiled

**11 April:** A new era in wealth management at Bendigo and Adelaide Bank was ushered in with the launch of Bendigo Wealth, the Bank's new wealth management division.

### May

#### Fitch's Upgrade Bank's Credit Rating

**5 May:** Fitch Ratings upgraded Bendigo and Adelaide Bank's Long Term Issuer Default Rating to A- from BBB+. The Bank's outlook was also revised from positive to stable.

### June

#### Community Enterprise Foundation™ Returns \$50m

**21 June:** The Community Enterprise Foundation™ reached a significant milestone, achieving more than \$50 million in contributions.

#### S&P Upgrade Bank's Credit Rating

**28 June:** S&P revised Bendigo and Adelaide Bank's credit rating from BBB+ stable, to BBB+ positive and also revised the ratings outlook of the Bank's subsidiary, Rural Bank, from BBB+ stable to BBB+ positive.



Connected.

“ The Cooroy and Tewantin **Community Bank®** branches have partnered with Rotary and local schools to deliver support to school children in East Timor. The Aussie kids decorate shoe boxes and fill them with stationery and books and send them over. As a result, our kids have got a real sense of responsibility about helping their peers and the East Timorese kids are thrilled to receive the gifts and know that somebody cares for them in another country. It's quite amazing! ”

Len Tyler, Noosa Rotary Club



# Our Performance

## Company Overview

Measure	2010	2011	Change (%)
Cash Earnings Per Share (cents)	83.3	92.3	▲ 10.8
Cash Earnings (\$m)	291	336.2	▲ 15.5
Net Profit After Tax (\$m)	242.6	342.1	▲ 41.0
Dividend Per Share (cents) <sup>1</sup>	58.0	60.0	▲ 3.4
Cost to Income (%)	58.1	57.4	▼ 1.2
Net Interest Margin	2.12 <sup>2</sup>	2.17	▲ 2.4
Cash Basis Return on Equity (%)	8.2	9.1	▲ 11
Cash Basis Return on Tangible Equity (%)	16.4	16.9	▲ 3.1

Balance Sheet	2010	2011	Change (%)
Total Assets (\$b)	52.1	54.9	▲ 5.4
Total Liabilities (\$b)	48.3	51.0	▲ 5.6
Risk Weighted Assets (\$b)	25.3	26.0	▲ 2.7

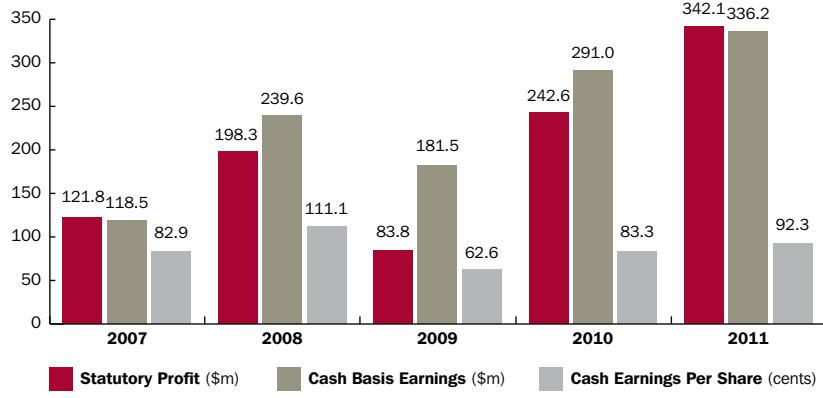
Capital and Funding	2010	2011	Change (%)
Tier 1 Capital (%)	8.55	7.85	▼ 8.2
Total Capital (%)	11.15	10.59	▼ 5.0
Deposit funding (%) <sup>3</sup>	73.0	75.0	▲ 2.7

<sup>1</sup> Includes 30 cents per share dividend in first half of FY2011.

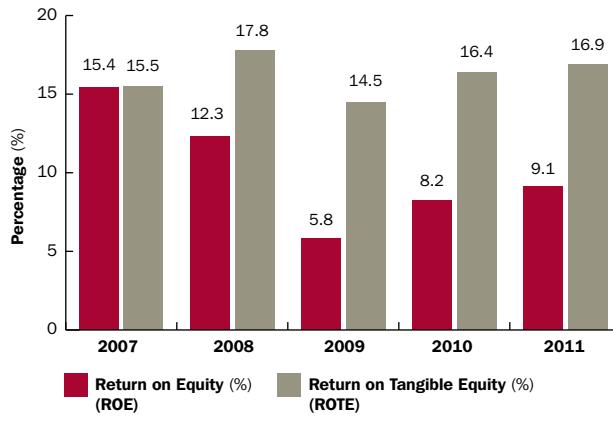
<sup>2</sup> Normalised NIM for FY2010 to include 12 month contribution of Rural Bank.

<sup>3</sup> Total funding position.

## Profit and Earnings



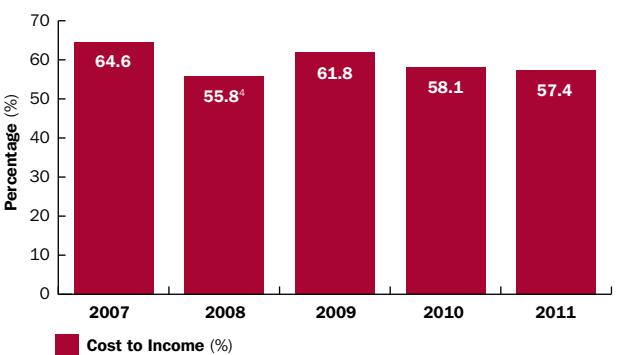
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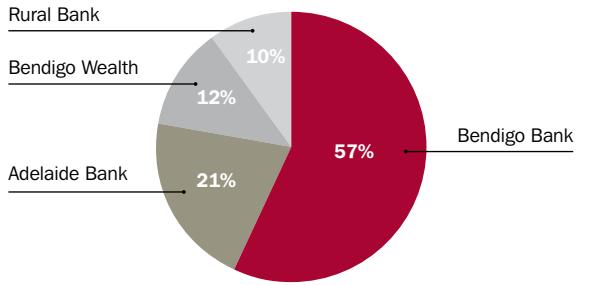


### Cost to Income

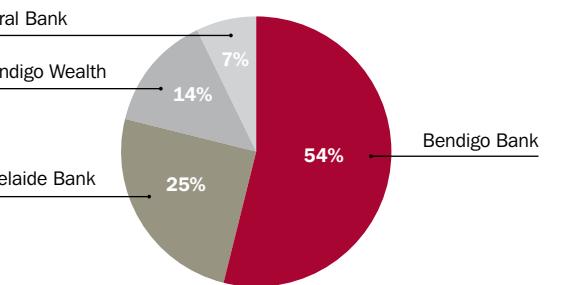


<sup>4</sup> 2008 includes the merger with Adelaide Bank effective 30 November 2007.

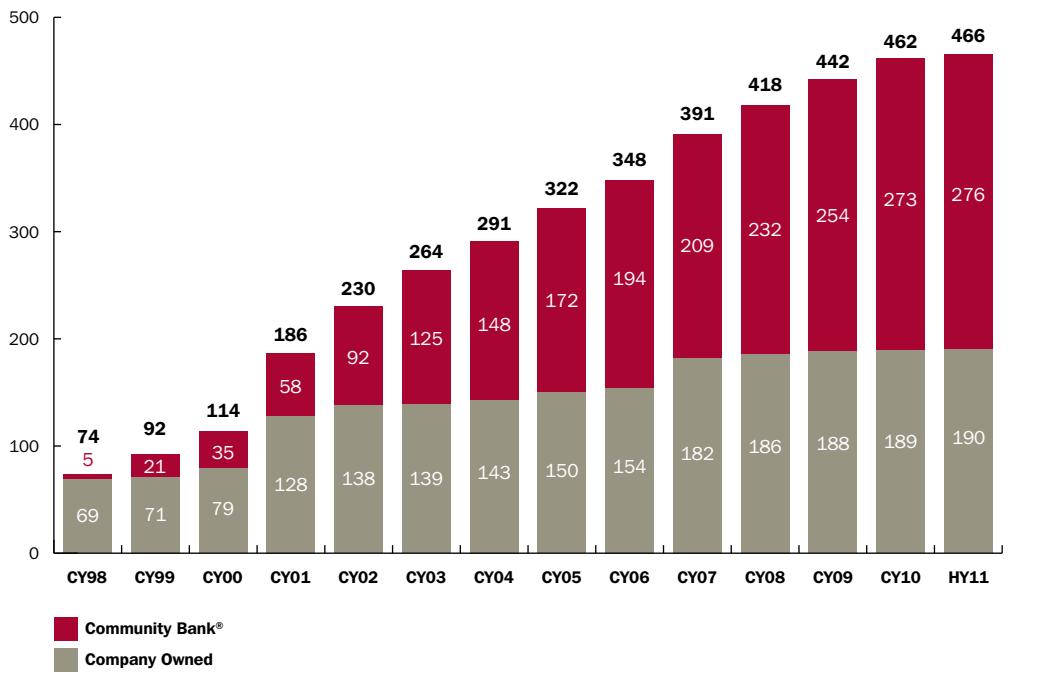
### Contribution by Revenue



### Contribution by Profit



### Branch Growth



Source: BEN internal data.

Notes: 2001 includes FABS acquisition, 2007 includes ADB merger. Excludes Alliances & Private franchises.

CY represents Calendar Year and HY represents Half Year.

over  
**\$58 million**  
returned to the  
community



## Our Partners

Bendigo and Adelaide Bank believes partnering with the community is intrinsic to the way in which we conduct our business.

The Bank believes successful customers and successful communities create a successful bank, but only in that order.

This is our point of difference, this is what sets us apart from other banks and this is what makes us a genuine alternative.

Contributing to the communities we serve is the right thing to do and it also makes good business sense.

### Community Bank® Network

The Bank and its **Community Bank®** partners are part of a unique banking movement which has evolved into a whole new way of thinking about organising and strengthening communities.

Together we have reached new heights and achieved many great successes. This has been underpinned by our commitment and dedication to the customers we serve and communities we are a part of.

Since the **Community Bank®** network was established in 1998, more than \$76 million has been distributed back to local communities, including \$58 million to support local groups and projects and \$18 million paid in shareholder dividends. All of this equates to new community facilities, better health care, increased transport services and generally speaking, more prosperous communities.

And then there's also the knock-on economic impact to consider. The Bank is in the process of quantifying this figure, but the practical outcomes are obvious; we see it in tenanted shops, increased consumer traffic, retained local capital and new jobs.

Prosperous and inclusive communities are great places in which to do business, resulting in a robust and sustainable earnings outlook for the Bank.

The **Community Bank®** model is unique and successful. It's one of our major points of difference and enables us to connect with more than 550,000 customers, in excess of 270 communities and make a difference in the lives of countless people.

We are proud of the model we have developed and we're very thankful for the opportunity to partner with communities to help build their financial and community balance sheets.

- More than \$58 million in revenue returned to support community groups and projects since inception in 1998.
- 68,379 **Community Bank®** shareholders, who have been paid more than \$18 million in dividends since inception.
- 276 **Community Bank®** branches with 16 new branches this year.
- 1411 people employed by the **Community Bank®** network.
- 1740 volunteer **Community Bank®** Directors.



Connected.



“ A year ago the Inglewood **Community Bank®** Branch gave our community \$20,000 to buy a community bus and I volunteer as a driver. The bus has quickly become an invaluable resource in our small community, as it provides door-to-door transport for our special needs people and the elderly. The service has allowed some of our disabled youth to access employment opportunities for the first time and has enabled our elderly to attend social functions. ”

**Kim Hanlon, Inglewood **Community Bank®** Bus Driver**

**3214**  
**groups and**  
**organisations**  
assisted



Valued.



## Our Partners

### Community Enterprise Foundation™

Community Enterprise Foundation™ aims to unite local people who care about their community and the communities other people live in.

The Foundation is the Bank's philanthropic arm and believes everyone shares an equal responsibility and opportunity to contribute to our society's ongoing success.

Bendigo Bank's national network allows the Foundation to access more than 570 communities across Australia, enabling us to reach out to people and quickly deliver their goodwill to where it's needed most.

Many hands make light work and we're reminded every day that people who share a goal can achieve great things, even in challenging times.

- More than \$50 million in contributions raised since establishment.
- 3214 groups and organisations assisted, with more than \$37 million distributed since establishment.
- 864 groups and organisations assisted this year, with more than \$9.5 million distributed.
- More than \$2.5 million raised to support Australians impacted by natural disasters this year.
- \$40,000 raised by our people through the Bank's Staff Giving Program, supporting 15 charities including the Cancer Council, Royal Children's Hospital, Mater Hospital, the Make-A-Wish Foundation and communities hit by natural disaster.

### Community Sector Banking

Formed in 2002, Community Sector Banking (CSB) is the only banking service in Australia solely dedicated to the not-for-profit sector.

CSB has a unique ownership model. It is 50 per cent owned by a consortium of 20 not-for-profit organisations, including Australian Council of Social Service, Jobs Australia and Youth Accommodation Association. The remaining 50 per cent is owned by Bendigo and Adelaide Bank.

With specialised knowledge of the sector, CSB has grown to serve more than 4500 organisations, or about 10 per cent of Australia's not-for-profits.

To date, CSB has provided not-for-profit organisations more than \$120 million in finance for a variety of reasons including, working capital, expanding premises and building social and affordable housing.

CSB's intimate connection with the not-for-profit sector enables it to design and deliver tailored products and services to these organisations with the aim of contributing to a strengthened and more sustainable sector in Australia.



Relevant.

“ Red Cross is always there for people in need, providing relief and long term assistance following disasters and ensuring that communities are empowered which is critical to their recovery.

Red Cross will work closely with communities to aid them with the planning, design and management of their recovery effort. Through the support of the Community Enterprise Foundation™ we're able to commit to providing support for the long term. ”

**Andrew Coghlan, Australia Red Cross**



# investing in Australia's youth



## Our Partners

### Scholarships

Investing in Australia's youth and providing them with access to higher education is one of the best ways we can support the development of the next generation of leaders.

Given the right opportunities and support, young people are capable of achieving great things that will enrich the communities each of us live in.

As part of the Bank's commitment to help build stronger communities, the Bendigo and Adelaide Bank Board Scholarship program was established.

Each year grants are awarded to outstanding, but disadvantaged students, from a rural or regional area, who have been offered a full-time place at an Australian university or college campus for the first time.

The scholarship aims to support students who, due to social or financial circumstances, would have struggled to further their education.

With the support of the Bank, their families, friends and the wider community, the impossible can be made possible for these young people.

### Sponsorships

The Bank likes to support people, groups and events at a grass-roots level and has long considered sponsorships to be an important part of our continued support of Australian communities.

We partner with a variety of organisations on a national, state and local level and select who we support based on their ability to be relevant, valued and connected, just like us.

We aim to understand the needs of the community through our relationship and reinforce our point of difference through the connection, which should be far more than a one-dimensional financial agreement.

Across our network there are literally hundreds of sponsorships supporting clubs and community groups; from local football and cricket clubs, community festivals through to aerial patrols for beach safety, the Bank is participating in and contributing to our communities.



Valved.

“ I still would have gone to University without the scholarship, but the experience would have been a lot more stressful for both me and my family. With the Bank's help I could cover rent and focus on my studies without worrying about balancing these commitments with work. I'm in my first year of Commerce and Engineering at the University of Melbourne and hope to go on to work in the development of prosthetics. ”

**Emma Smith, Scholarship Recipient**



# committed to the environment



Relevant.



## Our Partners

### Environment and Sustainability

The Bank recognises that its daily business activities have an impact on the environment and we understand our green reputation will play a key role in our future success and that of the customers we serve and communities we partner.

In addition to the green products and services the Bank already offers its customers and the wider community, we have launched our Statement of Commitment to the Environment.

All of our people support this commitment and promise to actively identify opportunities which reduce our environmental footprint and assist our customers, partners, shareholders and communities to identify opportunities which reduce their environmental footprint.

We will consider the environment in all relevant business decisions and commit to measure and report our progress as we act to achieve these goals.

We understand we're just one company made up of many people, but with a united commitment, together we can help make our Earth the healthiest it can be.

This is what we believe and it's what we commit to, it's our future.

To ensure we can deliver on our commitment to the environment, the Bank has established an Environment Working Group to examine every aspect of what we do, the impact it has on the environment and how, through simple changes, we can do a better job.

This will not only reduce our environmental impact, but also make us a more efficient organisation.

- 200 tonnes of paper and cardboard recycled by our people.
- 4462 Victorian businesses participated in the Generation Green™ Energy Saver Initiative.
- 19,037 tonnes of greenhouse gas emissions saved through the Energy Saver Initiative.
- 2000 Victorian households participated in free Home Energy Assessments resulting in more than 800 retrofit packages, 550 solar panel systems and 230 solar hot water systems.
- 100 employees participated in the Eco-Driving Trial which aims to increase efficiency and reduce emissions.

**Statement of commitment to the Environment**

Bendigo and Adelaide Bank is committed to making a positive contribution to the communities in which it operates. Our planet is made up of many such communities. For that reason acting in the best interests of the environment just makes sense.

**Therefore:**

We commit to actively identify opportunities to reduce our environmental footprint.

We will assist our staff, customers, partners, shareholders and communities to identify opportunities to reduce their environmental footprint.

We will consider the environment in all relevant business decisions.

We commit to measure and report our progress as we act to achieve these goals.

Working together we can all make a difference.



Mike Hirst, Managing Director  
Mamie Baker, Banking and Wealth  
Richard Fennell, Finance and Treasury  
Tim Piper, Group Risk  
Dennis Blice, Retail  
John Billington, Western and Third Party Banking  
Andrew Watts, Change  
Stella Threadgold, Corporate Resources



Connected.



“ Bendigo and Adelaide Bank assisted Central Victoria Solar City in providing more than 2000 home energy assessments across 14 municipalities in Central Victoria. With the help of 31 branches, and financial and in-kind assistance from the Bank, we supported more than 800 households to ‘retrofit’ their property to make their homes more energy efficient. The Bank also provides the corporate lease agreement for Victoria’s only grid-connected solar parks, which are now generating green power electricity. ”

**Leah Sertori**, Central Victoria Solar City



## Our Partners

### Community Telco™

Like the **Community Bank®** model, Community Telco™ enables communities to aggregate their business to generate revenue which creates positive community outcomes.

Community Telco™ currently provides telecommunications solutions through eight companies in nine regional communities. By bringing together the telco spend of local businesses, these companies can influence carriers to offer greater service delivery and competition. But more importantly, they can return revenue to communities.

Around 100 local community groups and organisations have received support nationally since Community Telco™ was established in July 2003. Some of the communities supported this year have been Peter's Project Warrnambool, a campaign established in memory of Peter Jellie which aims to bring improved cancer-care services to south-west Victoria.

The STEMM Program on the Sunshine Coast provides teenage mothers with education, mothering and mentoring support. While the Turn a Life Around organisation in Bendigo provides assistance to children with autism.

Community Telco™ companies also provide new employment opportunities and contribute to local economies, which makes these places an attractive investment destination for big and small business.

## Our People

During the past 153 years, thousands of employees have worked tirelessly to build Bendigo and Adelaide Bank up to what it is today and their hard work has cemented our reputation as being customer-focused and community-driven.

Today, our company is made up of almost 5800 people who strive every day to make our Bank Australia's leading customer-connected bank.

They work in more than 430 communities across Australia to deliver industry-leading customer service, create innovative banking products and partner to implement solutions which strengthen communities.

Our people understand they have a responsibility to act as the stewards of the Bank and its culture and to continue our tradition of making meaningful contributions to communities.

Our past, present and future is in the safe hands of our staff as they continue to set new standards in customer satisfaction and find innovative ways to connect with the communities they work in.

We know a company is only as good as the people who work for it and our Bank boasts a confident, capable and proud team.



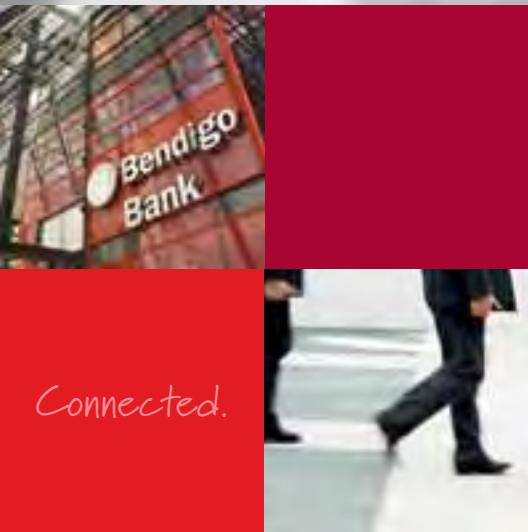
Photograph courtesy of *The Advertiser* (Bendigo) 3 March, 2011.

Relevant.

“ I try to draw on my own experiences and offer guidance when it comes to future planning, career and goal setting. It's good for the students to have someone other than family and teachers to talk to about their career prospects. It's also good for me, as I have an opportunity to develop leadership skills and give something back to my community. ”

**Samara Beckett, Bendigo and Adelaide Bank**

## Our Board



**Robert Johanson**, *Chairman (independent)* BA, LLM (Melb), MBA (Harvard), 60 years.

Mr Johanson has been a Bank Director for 24 years. He was appointed Deputy Chairman in 2001 and became Chairman in 2006. He has experience in banking and financial services and expertise in corporate strategy, capital management, risk management and mergers and acquisitions, and has more than 20 years experience in providing corporate advice on capital market transactions to a wide range of public and private companies.

**Board committees:** Governance & HR, Change Framework & Technology Governance.

**Other director and memberships:** Member, Takeovers Panel; Deputy Chancellor, University of Melbourne; Director, Robert Salzer Foundation Ltd and Grant Samuel Group Pty Ltd.



**Mike Hirst**, *Managing Director (not independent)* BCom (Melb),  
53 years.

Mr Hirst was appointed as Managing Director and Chief Executive Officer of the Bank 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. He has experience in banking, treasury, funds management and financial markets, including from previous senior executive and management positions with Colonial Ltd, Chase AMP Bank and Westpac.

## **Board committees:** Credit, Risk.

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



**Kevin Abrahamson, (independent)\*** BSc (Hons), MA, MBA, FAICD,  
FFin, FAIM, 66 years.

Mr Abrahamson joined the Adelaide Bank Board in 2000 and the Bendigo and Adelaide Bank Board in 2007. As a specialist in the area of corporate strategy and information technology, he has worked as a consultant in the financial sector since 1997 as the head of KD Abrahamson Consultants. From 1988 to 1997, he held the position of General Manager, Group Services with Advance Bank and St George Bank.

**Board committees:** Audit, Change Framework & Technology Governance.

**Other director and memberships:** None.

\* Mr Abrahamson will retire at the 2011 AGM.



**Jenny Dawson, (independent)** B Bus (Acc), FCA, MAICD, 46 years.

Ms Dawson joined the Board in 1999 and has experience in financial reporting and audit, IT internal control reviews, internal audit and risk management. She has worked with Arthur Andersen for ten years in the audit and IT controls division, and also worked at the Bank until 1999.

**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; Director, Goulburn-Murray Water.

**Jim Hazel, (Independent)** BEc, FFin, 60 years.



Mr Hazel joined the Board in 2010 and is a professional public company Director who has had an extensive career in banking and investment banking. This includes knowledge of the regional banking industry. He was Chief General Manager of Adelaide Bank (his employment ended in 1999).

**Board committees:** Risk, Credit, Governance & HR.

**Other director and memberships:** Chairman, RED Fund Management Pty Ltd; Director, Centrex Metals Limited, Impedimed Limited, Motor Accident Commission, Coopers Brewery Limited, Precision Group Pty Ltd, Council on the Ageing Inc, Veterans' Homes (Myrtle Bank) Inc. and Adelaide Football Club Limited.

**Jacqueline Hey, (Independent)\*** BCom (Melb), Graduate Certificate in Management (Southern Cross University), MAICD, 45 years.



Ms Hey joined the Board in July 2011 and has experience in the areas of telecommunications, marketing and sales, including as CEO of Ericsson in the UK and in Australia. She worked with Ericsson for more than 20 years in finance, marketing and sales and in leadership roles in Australia, Sweden, the UK and the Middle East.

**Board committees:** Audit, Risk, Change Framework & Technology Governance.

**Other director and memberships:** Special Broadcasting Service (SBS) and Honorary Consul of Sweden for Victoria.

\* Ms Hey is standing for election at the 2011 AGM.

**David Matthews, (Independent)** Dip BIT, GAICD, 53 years.



Mr Matthews joined the Board in 2010 and has experience in small business and agri-business. He is involved in a number of agricultural industry bodies including Pulse Australia and Australian Field Crops Association. He has a strong connection to regional communities and chaired the first **Community Bank®** company in Rupanyup and Minyip.

**Board committees:** Audit, Credit.

**Other director and memberships:** Director, Pulse Australia, Australian Field Crops Association, Rupanyup/Minyip Finance Group Ltd.

**Terry O'Dwyer, (Independent)** B Com, Dip Adv Acc, FCA, FAICD, 61 years.



Mr O'Dwyer joined the Board in 2000 and was a Director of First Australian Building Society Limited which was acquired by Bendigo Bank in 2000. He has expertise in accounting and corporate finance and was a partner at BDO Kendalls (Chartered Accountants) for 28 years.

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

**Other director and memberships:** Chairman, Metal Storm Ltd; Director, Queensland Theatre Company Ltd, Backwell Lombard Capital Pty Ltd and Retravision Southern Ltd.

**Deborah Radford, (Independent)** B.Ec, G. Dip Finance & Investment, 55 years.



Ms Radford joined the Board in 2005 and has more than 20 years experience in the banking industry with both international and local banks. Following seven years with the Victorian State Treasury, she ran her own consulting business between 2001 and 2007, advising the government on commercial transactions.

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

**Other director and memberships:** Director, Forestry Tasmania and City West Water.

**Tony Robinson, (Independent)** B Com (Melb), ASA, MBA (Melb), 53 years.

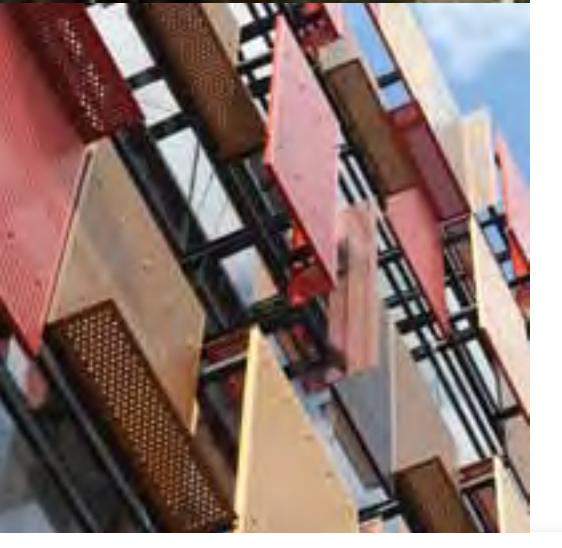


Mr Robinson joined the Board in 2005 and is the Managing Director of Centrepoin Alliance Limited. He has experience in the financial services sector including wealth management and insurance. His previous management roles include Chief Executive Officer and Executive Director of IOOF Holdings Ltd, Managing Director and Chief Executive Officer of OAMPS Limited, joint Managing Director of Falkiners Stockbroking, Managing Director of WealthPoint, Chief Financial Officer of Link Telecommunications and General Manager Corporate Services at Mayne Nickless.

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

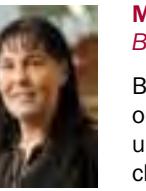
**Other director and memberships:** Director, Centrepoin Alliance Limited.

## Our Executive



**Mike Hirst,**  
*Managing Director*

It's Bendigo and Adelaide Bank's aim to be Australia's leading customer-connected bank and to achieve this vision our people must have this goal front of mind every time they help a customer, support a partner, interact with each other or get involved with a community. We believe as a bank, our role is to feed into prosperity not off it. If we can deliver on this promise our Bank will be relevant, connected and valued.



**Marnie Baker,**  
*Banking and Wealth*

Banking and Wealth is focussed on customer outcomes. We understand our customers will choose how they wish to engage with our organisation and it is then up to us, through our actions, to ensure their experience is a positive one. By listening to our customers and providing a personalised, seamless and integrated experience, we can deliver relevant outcomes to meet their specific needs.



**Dennis Bice,**  
*Retail*

Distribution, customer, community and people represent the key areas of focus for the retail distribution network. By ensuring these pillars of focus remain at the forefront of all the activities operating within the network, we can ensure we are all working towards, and contributing to, an active evolution of the customer experience. This is how we can achieve our vision to be Australia's leading customer-connected bank.

Valued.



**John Billington,**  
*Bendigo Wealth*

Bendigo Wealth has a long-term vision and strategy that will deliver relevant wealth creation and protection offerings to our customers and business partners. We take a whole-of-life view of our customers and partners, and match the relevant stages of their life with holistic product and service offerings. Bendigo Wealth exists to grow, protect and enhance the wealth of all who choose to deal with us.



**Tim Piper,**  
*Risk*

Risk aims to ensure our Bank has a strong and consistent internal operating environment which provides a solid foundation, so that our customers and partners receive a first-class experience every time they deal with us. We will quickly identify if any aspect of our businesses need improving and respond. We genuinely believe that a strong and consistent offering of well-designed and delivered products and services is good for our customers, partners and the community.



**Richard Fennell,**  
*Finance and Treasury*

Finance and Treasury is committed to providing a range of financial services and solutions to our internal and external customers and stakeholders. These services include the active management of the Bank's funding and capital, provision of relevant information, insights and analysis for business decision making and meeting all necessary statutory and regulatory requirements. These services are provided by a team of dedicated professionals based in Bendigo, Adelaide and Melbourne.



**Stella Thredgold,**  
*Corporate Resources*

Corporate Resources provides expert advisory and support services that enable the Bank and its people to succeed. We work to foster an environment that has engaged and capable staff, who enjoy development opportunities which will make them, and in-turn their customers, successful now and into the future. Our people should feel valued, empowered and aligned to our culture and strategy, and have access to effective and efficient services which allow our Bank to be responsive and proactive when dealing with the ever-changing environment, while identifying, understanding and mitigating risk.



**Russell Jenkins,**  
*Customer and Community*

Customer and Community are the champions of the Bank's strategic focus, community and engagement activities and brand development. Our role is to build and expand on the unique point of difference and our brand and service proposition to bring customers to our doors. We do this through our various business streams including Strategy, Marketing, Customer Help, **Community Bank®**, Community Solutions and Partnering, and Community Strengthening.



**Andrew Watts,**  
*Change*

To become Australia's leading customer-connected bank we need to continue to respond to the changing needs of our customers. The Change division works with Banking and Wealth, our partners and supporting business units to identify, coordinate and deliver change initiatives to achieve the Bank's strategic and operational goals. Successful change spans people, process and technology.

# Remuneration Review

## Summary of remuneration outcomes 2011

This summary gives shareholders a concise and easy to understand overview of the Group's remuneration outcomes for the 2011 financial year and includes information on the actual value of remuneration received by senior executives. The detailed statutory remuneration disclosures are contained in the Remuneration Report.

	2010/11 Outcomes
<b>Remuneration oversight &amp; approval</b>	The Board, on recommendation of the Governance & HR Committee, approved the 2011 remuneration arrangements for senior executives and the short term incentive arrangement for the Managing Director in August 2010. The Managing Director's fixed and long term incentive arrangements were set in 2009.  In August 2011 the Board, on recommendation of the Governance & HR Committee, approved the group bonus pool established for the payment of short term incentives and bonus payments to staff including the Managing Director and senior executives. The amount set aside for the bonus pool took into account key financial and risk measures as explained in the Remuneration Report.
<b>Remuneration policy</b>	There were no changes to the Company's remuneration policy or framework during the year.
<b>Non executive director fees</b>	The base non-executive director fee was increased by 3.5% from \$125,000 per annum to \$129,375 per annum. There were no additional fee payments for board committee memberships. In addition, the non-executive directors again contributed \$5000 of their annual fee payment to fund a board scholarship for disadvantaged students.
<b>Senior executive salaries</b>	The pay freeze has been lifted for the 2011 financial year in light of improved trading performance and outlook for the Company. The Board approved changes to senior executive remuneration arrangements in August 2010 to reflect changes in senior executive roles, responsibilities, market relativities and to re-align the mix of variable pay between short and long term.  The overall increase in fixed remuneration for all senior executives and other direct reports to the Managing Director was 6.1%.
<b>Company performance</b>	The Company's overall performance for the year substantially achieved the targets set by the Board. The Company announced a statutory after-tax profit of \$342.1 million for the year. The Company's cash earnings result was \$336.2 million, a 10.8% increase on the previous financial year. The cash earnings result equated to 92.3 cents per share and represents a 15.5% increase on the previous financial year. The Company's share price improved by 68 cents (8%) and the Company's annual dividend increased by 2 cents (3%) to 60 cents.
<b>Short term incentive</b>	In line with the above improved performance and taking into account the pool of funds approved by the Board for the payment of staff bonuses, and individual executive performance, senior executives received the annual cash bonus allocations as set out in the below table. A third of these payments will be deferred into equity in the company for a two year restriction period.
<b>Long term incentive</b>	<b>Salary Sacrifice, Deferred Share &amp; Performance Share Plan</b>  Shareholders approved an issue of five equal annual parcels of performance shares to the Managing Director at the 2009 Annual General Meeting (AGM), with a five year performance period. No further grants are proposed during the performance period. The Board also approved an issue of three equal annual parcels of performance shares to other executives following the 2009 AGM, with a three year performance period. The shares are subject to a further two year trading restriction.  During the year the Board approved a supplementary grant to senior executives to reflect changes in senior executive roles, market relativities and to re-align the mix of short and long term incentive components.  Half of each annual parcel of performance shares is subject to earnings per share and total shareholder return TSR tests. The TSR test for the 2011 parcel was partially met and 65% of those performance shares vested. The remaining allocation will be re-tested as part of the 2012 allocation.  The other half of each annual parcel of performance shares is subject to the executive's continued employment with the Company. The relevant employment date under the grant was 30 June 2011, and accordingly, the 2011 parcel vested for executives who received the grant and were employed by the Company on 30 June 2011. <b>Executive Incentive Plan (discontinued)</b>  The executive incentive plan established in 2006, under which executives were issued performance shares and options with a three year performance period, has been discontinued for future grants. Grants were made in the 2007, 2008 and 2009 financial years. On the basis of the achievement of the performance measures, none of the 2007 grant vested, some of the 2008 performance rights vested but none of the 2008 options vested. None of the 2009 grant has vested.

Relevant.



## Actual remuneration received by Senior Executives

The table below sets out the actual remuneration received by Senior Executives in 2010/11. The values disclosed in the table below are different to the tables set out later in the statutory Remuneration Report for the reasons explained in footnote <sup>7</sup>.

Executive (current title)	Remuneration received <sup>7</sup>				Remuneration forfeited	
	Base Pay <sup>1</sup> (Fixed annual remuneration)	(Short term incentive) (Cash/Shares) <sup>2</sup>	(Long term incentive) (Shares) <sup>3</sup>	Total	% of cash bonus not awarded <sup>4</sup>	Value of LTI that lapsed <sup>5</sup>
<b>Key management personnel – current members of executive committee</b>						
<b>Mike Hirst</b> (Managing Director)	\$1,299,686	\$300,000	\$1,267,884	\$2,867,570	0%	\$66,308
<b>Marnie Baker</b> (Executive: Banking and Wealth)	\$547,653	\$200,000	\$341,305	\$1,088,958	0%	\$45,780
<b>Dennis Bice</b> (Executive: Retail Banking)	\$421,208	\$70,000	\$182,357	\$673,565	30%	\$0.00
<b>John Billington</b> <sup>6</sup> (Executive Bendigo Wealth)	\$330,610	\$100,000	\$193,042	\$623,652	38%	\$0.00
<b>Richard Fennell</b> (Chief Financial Officer)	\$496,899	\$200,000	\$331,559	\$1,028,458	0%	\$0.00
<b>Russell Jenkins</b> (Executive: Customer and Community)	\$501,570	\$160,000	\$341,305	\$1,002,875	20%	\$50,520
<b>Tim Piper</b> (Executive: Risk)	\$413,171	\$125,000	\$248,169	\$786,340	17%	\$0.00
<b>Stella Thredgold</b> (Executive: Corporate Resources)	\$279,312	\$80,000	\$131,615	\$490,927	20%	\$0.00
<b>Andrew Watts</b> (Executive: Change)	\$431,884	\$100,000	\$197,427	\$729,311	33%	\$34,731

<sup>1</sup> **Base pay:** This is the total amount of cash salary, non-monetary benefits, company superannuation contributions and annual leave and long-service leave paid in the financial year.

<sup>2</sup> **Short term incentive:** In accordance with the Company's remuneration policy, one third of the short term incentive is subject to deferral into shares in the Company for a period of two years.

<sup>3</sup> **Shares:** Value is derived from the LTI if the securities vest. For the purposes of this table, the value is based on the Company's closing share price on the day the securities were tested, being 30 June 2011. The vesting date of the shares is anticipated to be in September 2011.

<sup>4</sup> **% of cash bonus not awarded:** This is the percentage of the bonus for the reporting year that the executive did not receive, due to performance conditions not being satisfied. It does not carry over into future years.

<sup>5</sup> **Value of lapsed LTI:** This is the value of performance rights for the reporting year that have lapsed and are not subject to retesting. The value is calculated by using the closing share price of the Company's shares at the date of testing, being 30 June 2011. For the purpose of this table the value of options that lapsed for the reporting year, and are not subject to re-testing, have not been included as the exercise price (\$14.66) exceeded the market value of the Company's shares at testing date.

<sup>6</sup> **Key management personnel (KMP) for part of year:** Mr John Billington commenced as a KMP on 31 August 2010.

<sup>7</sup> **Differences to Remuneration Report:** The difference to the amount disclosed in the Remuneration Report varies for the following reasons. In relation to base pay, the statutory Remuneration Report amounts include an additional amount representing a notional interest benefit, calculated on the average balance of interest-free loans provided under the employee share ownership plan calculated at the Company's average cost of funds. The amounts in the Remuneration Report also include movements in annual and long service leave accruals.

The disclosure in the table under the column "Shares" represents the actual value of shares received by Senior Executives in FY2011 for long term incentive (LTI) grants that have vested. The value disclosed is the market value of the shares at the date of testing or vesting as explained in the footnote. The amounts disclosed under the Share Based Payments columns in the Remuneration Report represent the accounting values for current and previous year LTI grants which by law must be disclosed in the Remuneration Report and include LTI that has not and may never vest if performance or service conditions for vesting are not met. There were no termination benefits for the above senior executives.

Bendigo and Adelaide Bank Limited  
ABN 11 068 049 178

**Registered Head Office**

The Bendigo Centre  
PO Box 480  
Bendigo VIC  
Australia 3552

Telephone: 03 5485 7911

Facsimile: 03 5485 7000

Email: share.register@bendigobank.com.au

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

**Contact Us**

**Customer Help Centre**  
(*Head office inquiries*)  
1300 361 911 (local call)  
8.30am – 7.30pm weekdays  
Australian Eastern Standard Time/  
Australian Eastern Daylight Time (AEST/AEDT)

**Bendigo Bank**

(*Bendigo Bank customer inquiries*)  
**1300 BENDIGO** (1300 236 344)  
8.00am – 8.00pm weekdays  
9.00am – 4.00pm Saturday and Sunday  
(Local Hours)

**Adelaide Bank**

13 22 20 (within SA) or  
1300 652 220 (outside SA)  
8.00am – 8.00pm weekdays  
9.00am – 6.00pm Saturday  
10.00am – 6.00pm Sunday  
Australian Central Standard Time/Australian  
Central Daylight Savings Time (ACST/ACDST)

**24-hour Phone Bank**

Bendigo Bank customers  
**1300 BENDIGO** (1300 236 344)  
Adelaide Bank customers  
08 8300 7000 or 1300 300 893  
(outside metropolitan SA)

**24-hour e-banking**

[www.bendigobank.com.au](http://www.bendigobank.com.au)  
[www.adelaidebank.com.au](http://www.adelaidebank.com.au)

**Shareholder Inquiries**

Share Registry  
1800 646 042

**Websites**

[www.bendigoadelaide.com.au](http://www.bendigoadelaide.com.au)  
[www.bendigobank.com.au](http://www.bendigobank.com.au)  
[www.bendigowealth.com.au](http://www.bendigowealth.com.au)  
[www.adelaidebank.com.au](http://www.adelaidebank.com.au)  
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[www.sandhursttrustees.com.au](http://www.sandhursttrustees.com.au)  
[www.trinity-3.com.au](http://www.trinity-3.com.au)  
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[www.homesafesolutions.com.au](http://www.homesafesolutions.com.au)  
[www.communitybank.com.au](http://www.communitybank.com.au)  
[www.bendigobank.com.au/foundation](http://www.bendigobank.com.au/foundation)  
[www.bendigobank.com.au/generationgreen](http://www.bendigobank.com.au/generationgreen)  
[www.communitysectorbanking.com.au](http://www.communitysectorbanking.com.au)  
[www.leadon.com.au](http://www.leadon.com.au)  
[www.planbig.com.au](http://www.planbig.com.au)  
[www.bendigoadelaide.com.au/careers](http://www.bendigoadelaide.com.au/careers)



In an effort to reduce our paper consumption and impact on the environment, this Annual Review has been printed on recycled paper using environmentally friendly inks.

