



**CUSTOMER  
CONNECTED**

 **Bendigo** and  
**Adelaide** Bank

Annual Review **2012**

# CUSTOMER CONNECTED

## Index

2	Contact Us
2	Calendar
3	About this Annual Review
4	Our Multi-Brand Strategy
5	Our Company
6	Our Performance
8	Chairman's Message
9	Managing Director's Message
11	Banking and Wealth Report
15	Customer and Community Report
16	Finance and Treasury Report
17	Corporate Resources Report
18	Change Report
19	Risk Report
20	Our Board
22	Our Executive
24	Remuneration Summary
26	Our Year
29	Flip to read the Community Review

## Contact Us

**Bendigo and Adelaide Bank Limited**  
ABN 11 068 049 178

### Registered Head Office

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22 – 44 Bath Lane  
Bendigo VIC  
Australia 3550  
Telephone: 1300 361 911  
Facsimile: 03 5485 7000

### Customer Help Centre

1300 361 911 (local call)  
8.30am – 7.30pm weekdays  
Australian Eastern Standard Time/  
Australian Eastern Daylight Time (AEST/AEDT)

### Shareholder Inquiries

Share Registry  
1800 646 042  
Email: [share.register@bendigoadelaide.com.au](mailto:share.register@bendigoadelaide.com.au)

## Calendar

### 2012

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

### Proposed 2013

10.01.13	Bendigo Step Up Preference Share Dividend
18.02.13	Announcement of Interim Results and Interim Dividend
20.02.13	Interim Ex-Dividend Date
26.02.13	Interim Dividend Record Date
15.03.13	Bendigo Preference Share Dividend
28.03.13	Distribution of Interim Dividend
10.04.13	Bendigo Step Up Preference Share Dividend
01.05.13	Bendigo Reset Preference Share Dividend
17.06.13	Bendigo Preference Share Dividend
10.07.13	Bendigo Step Up Preference Share Dividend
19.08.13	Announcement of Final Results and Final Dividend
23.08.13	Final Ex-Dividend Date
29.08.13	Final Dividend Record Date
16.09.13	Bendigo Preference Share Dividend
30.09.13	Distribution of Final Dividend
10.10.13	Bendigo Step Up Preference Share Dividend
28.10.13	Annual General Meeting
01.11.13	Bendigo Reset Preference Share Dividend
16.12.13	Bendigo Preference Share Dividend

The 2013 dates are proposed. Please visit [www.bendigoadelaide.com.au](http://www.bendigoadelaide.com.au) to view the most current calendar.

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



## About this Annual Review

Bendigo and Adelaide Bank believes performance should not only be measured in terms of profits and dividends, but also by the good deeds and tangible support its banking model provides to Australian communities and local people.

That's why we've divided our Annual Review into two sections this year providing an overview of our customer-connected strategy and our community-focused achievements.

The "Customer-Connected" section of our report will provide you with an overview of our business and performance, including messages from our Chairman, Managing Director and Executive. We have also included profiles of each of our leaders and a remuneration summary.

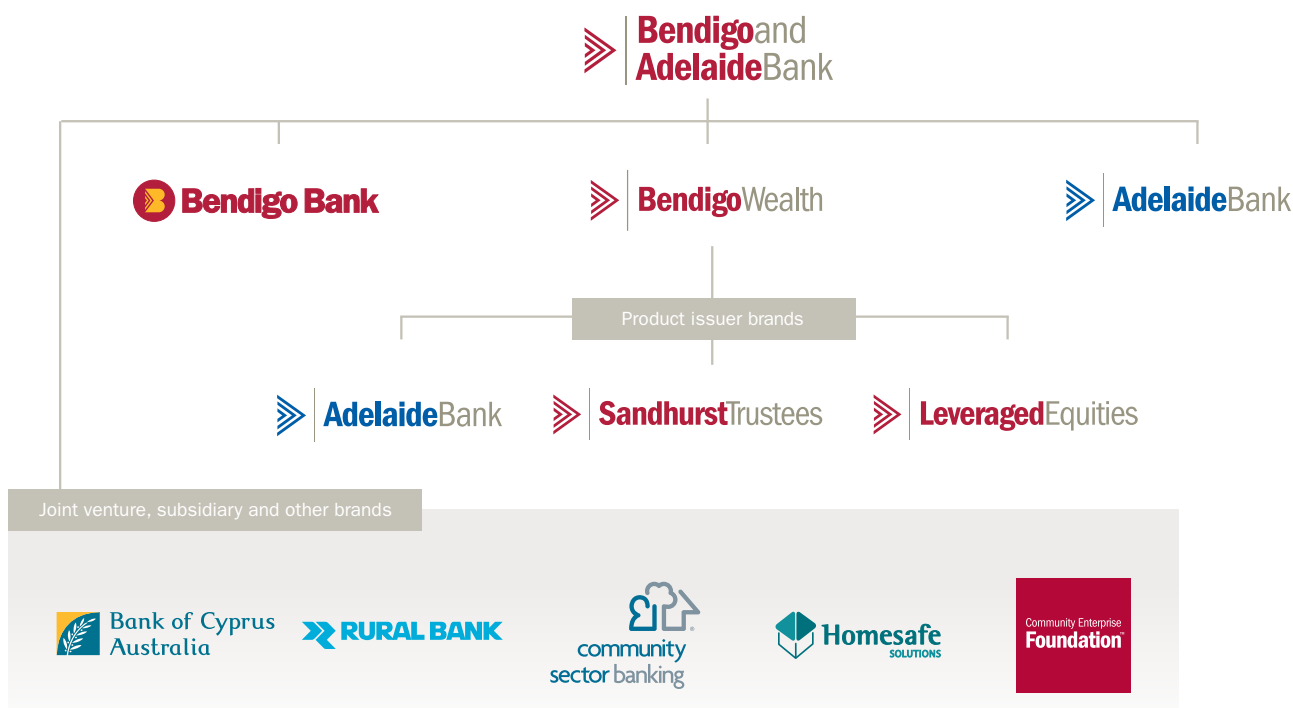
When you flip our Annual Review you will be presented with the "Community-Focused" section which details what our Bank does beyond banking including partnerships, joint ventures and other initiatives to strengthen the communities we operate in.

As our vision and strategy states, we believe our success comes from our focus on the success of others. If we do this we will be relevant, connected and valued, with the benefits flowing to all of our stakeholders including shareholders, customers, our people, partners and the wider community.

If you would like further information on anything mentioned in this Annual Review or if you would like to read our Annual Financial Report please visit our corporate website [www.bendigoadelaide.com.au](http://www.bendigoadelaide.com.au) or contact us on 1300 361 911.



# Our Multi-Brand Strategy



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 online, while others will look to compare deals through an adviser.

That's why our 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 which encompasses the **Community Bank**<sup>®</sup> network.

Financial advisers and customers can choose from our Bendigo Wealth offering to help ensure their personal financial goals are achieved.

Adelaide Bank distributes mortgages and deposit accounts through third party companies, either under its own brand or that of a partner.

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

Bank of Cyprus Australia delivers superior service and competitive banking products and services to the Hellenic community.

Community Sector Banking serves Australia's not-for-profit sector, Community Enterprise Foundation<sup>™</sup> is the Bank's philanthropic arm, Rural Bank is our wholly-owned specialist agribusiness bank, while Homesafe Solutions is a joint venture which offers an equity release product to older Australians.





# Our Performance

## Company Overview

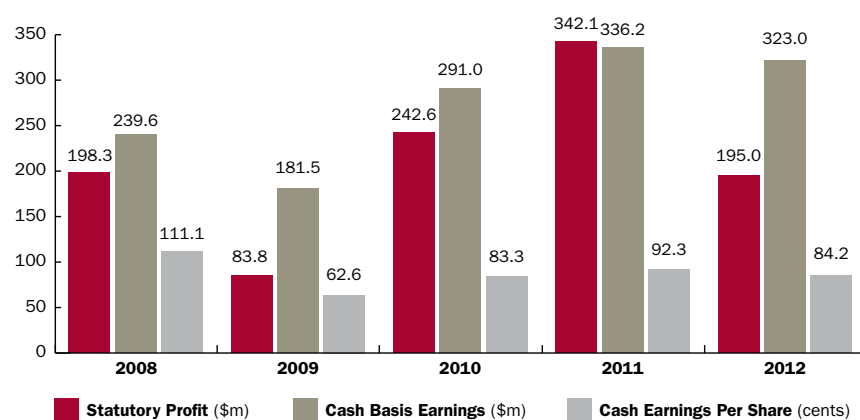
Measure	2012	2011	Change (%)
Cash Earnings Per Share (cents)	84.2	92.3	▼ 8.8
Cash Earnings (\$m)	323.0	336.2	▼ 3.9
Net Profit After Tax (\$m)	195.0	342.1	▼ 43.0
Dividend Per Share (cents)	60.0	60.0	▲ 0.0
Cost to Income (%)	59.1	57.4	▲ 3.0
Net Interest Margin	2.10	2.17	▼ 3.2
Cash Basis Return on Equity (%)	8.4	9.1	▼ 7.8
Cash Basis Return on Tangible Equity (%)	14.1	16.9	▼ 16.6

Balance Sheet	2012	2011	Change (%)
Total Assets (\$b)	57.2	55.0	▲ 4.1
Total Liabilities (\$b)	53.0	51.0	▲ 3.9
Risk Weighted Assets (\$b)	28.3	26.0	▲ 8.9

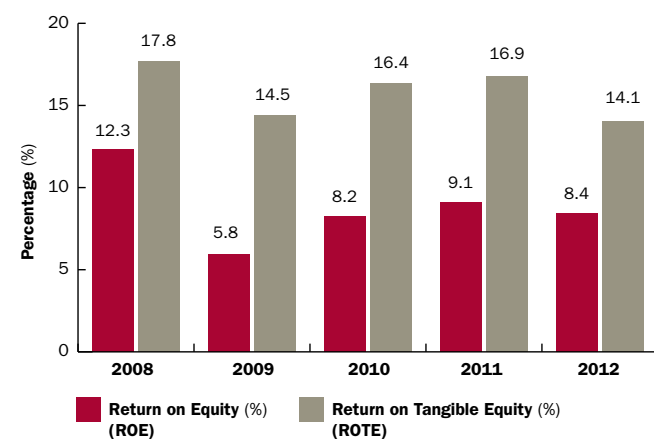
Capital and Funding	2012	2011	Change (%)
Tier 1 Capital (%)	8.39	7.85	▲ 6.9
Total Capital (%)	10.41	10.59	▼ 1.7
Deposit Funding (%) <sup>1</sup>	79.7	74.9	▲ 6.4

<sup>1</sup> Total funding position.

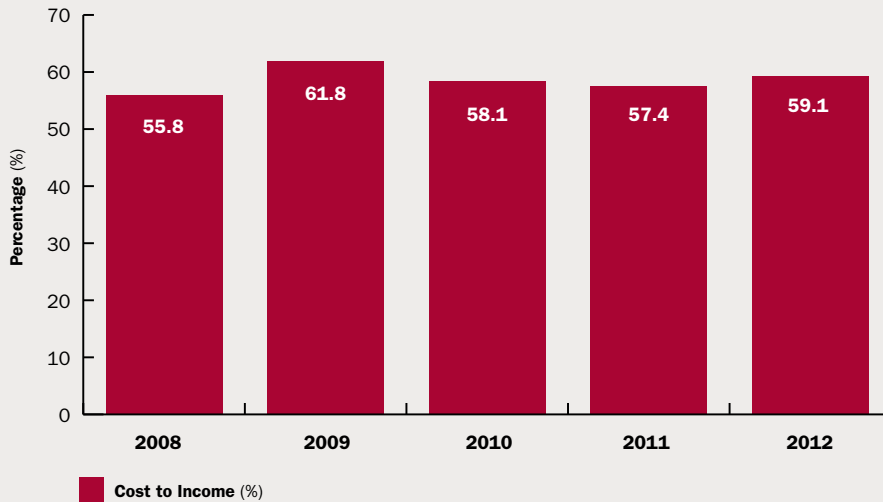
## Profit and Earnings



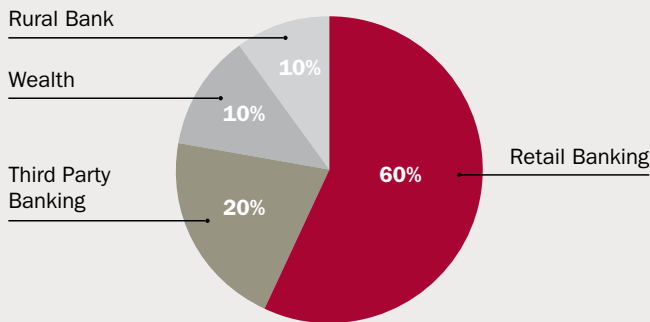
## ROE and ROTE



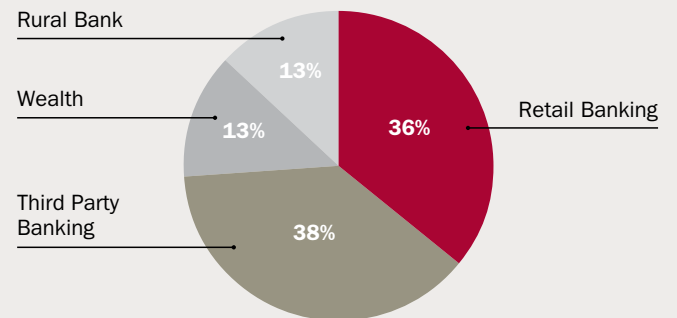
**Cost to Income**



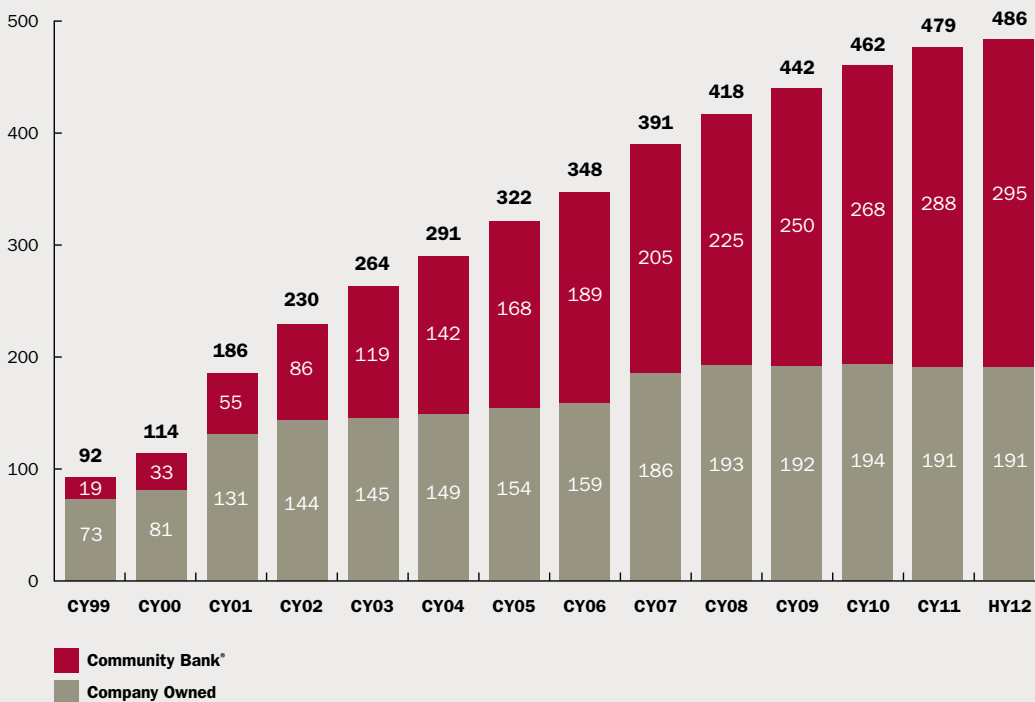
**Contribution by Revenue**



**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.

# Chairman's Message



**Robert Johanson**  
Chairman

This year has been tough for banking in Australia. There has been strong competition for raising domestic deposits as a result of the continued turmoil in overseas markets. This led to a sharp deterioration in margins at times, in particular in the early months of 2012.

As a result, the Bank announced an after tax statutory profit of \$195 million for the 12 months ending 30 June 2012. Cash earnings were \$323 million, down 3.9 per cent on the prior corresponding period and we announced a final dividend of 30 cents per share (fully franked) which is flat compared to the 2011 full year result.

We raised an additional \$270 million in share capital through the year from share issues and dividend reinvestment to finance the acquisition of the Australian operations of Bank of Cyprus and to strengthen the balance sheet.

Credit growth was subdued across the country as customers reduced their indebtedness. At Bendigo and Adelaide Bank we achieved good growth at profitable prices, but our customers remain prudently cautious. Levels of bad debts were reduced and the book remains healthy.

In 2011/12, another 20 **Community Bank**<sup>®</sup> branches opened for business and our network increased by a further 14 branches with the acquisition of Bank of Cyprus Australia. We now have more than 500 branches (including BOCA) across Australia and over a hundred have been in our network for less than five years.

The expansion and immaturity of our retail network is evidence of our commitment to our customers and Australian communities and this investment will generate significant growth opportunities for our Bank in the years to come.

We continued to invest in our IT network and capacity and we have commenced work on achieving advanced accreditation under Basel II.

Director Terry O'Dwyer announced his retirement from the Board in August 2012. He joined the Board in October 2000 and had previously served 10 years on the Board of First Australian Building Society (which was acquired by the Bank in 2000).

He made a great contribution to the Bank through his knowledge and experience in accounting and finance and his involvement in particular in Queensland. Terry always

provided forthright advice and we thank him for all his hard work.

We are very confident about the long term strength of the quite distinctive proposition that our Bank offers. Over the past five years the competitive landscape in Australian financial services has altered significantly.

Several regional banks were taken over by the major banks, foreign banks have largely withdrawn, non-bank aggregators and packagers have found their business models unsustainable and smaller deposit takers face requirements for much greater capital. The major banks together dominate the market.

Bendigo and Adelaide Bank has expanded its considerable presence across Australia in that time. We now win awards for our business banking and have high advocacy and customer satisfaction rankings.

In an era when traditional conservative banking is valued, our value proposition – that we understand that our financial success can only follow the prosperity of our customers and their communities – is compelling.

The trust our customers and the wider community have in our Bank has been hard-earned over 154 years of diligent service. At a time when many people have lost trust in banks it's more important than ever that we continue to deliver on our vision and act in-line with the values that have underpinned our organisation's enduring success.

We already enjoy strong positions in a number of regional and local markets across Australia. We are confident this will grow in future years.

I encourage you to read the Managing Director's Message and the wider review which details how our business is connecting with customers and focusing on communities.

A handwritten signature in black ink that reads "Robert Johanson".

**Robert Johanson**  
Chairman





# Managing Director's Message



**Mike Hirst**  
Managing Director

Bendigo and Adelaide Bank announced a full year result for the 2011/12 financial year that was in-line with market expectations. Achieving this result was challenging, with ongoing ructions in many economies around the world and a general lack of growth in the global economy impacting upon business and consumer confidence domestically. However the result was credible and provides a good marker as to the strength of our strategy and business model.

These results have been driven by our Bank's aim to be Australia's leading customer-connected bank and every day our people work to deliver on our strategy which states:

- 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.

I think it is important to take time to reflect on the words in our strategy. In my view it is unique, in both the way it outlines how we will go about our business (with a long-term view, listening, respecting choice and partnering) and in the fact that its external stakeholder centricity leaves our own success implied. In other words, our strategy recognises that the Bank will only be successful when all our stakeholders are.

Taking the approach of driving your own success by focusing on the success of others has never been as important as it is today. Globally people are questioning the imbalance in power between institutions and individuals, between customers and shareholders, between an individual's rewards and community benefit.

In many other countries, the conduct of banks and bank management is being derided as the cause of their current economic woes. And on more than one read of it, it would seem with some justification. This is why our strategy is so clear in terms of the things we must do as a bank to properly undertake the trusted role we have in the communities in which we operate.

Our business is very broad. We operate a retail banking network under the Bendigo Bank and Bank of Cyprus Australia brands, an agricultural banking business through Rural Bank, a wealth business across Sandhurst Trustees and Leveraged Equities, and a partner based banking business under the Adelaide Bank brand.

Each of these businesses must be marked against our strategy all the time to ensure their relevance. Where there are gaps, adjustments will be made to create better alignment. In the past year, the manifestation of this can be seen in the following milestones that we achieved:

- We're now A-rated by all three of the major ratings agencies.
- Our wholly-owned subsidiary Rural Bank finalised a distribution deal with Australia Post.
- We acquired the Bank of Cyprus Australia.
- We took a stake in HubIT, the company that has developed NoQ.
- We successfully completed two Residential Mortgage Backed Securitisation transactions worth \$1.75 billion.
- We completed a \$150 million institutional capital raising and a \$46 million share purchase plan for retail shareholders.
- The strengths of our brand, industry leading customer service and beyond banking efforts were recognised through a number of highly-regarded external awards.

We work everyday to ensure our Bank feeds into prosperity, not off it. We understand successful customers, create a successful community which creates a successful bank, but only in that order. And we are genuinely connected with our customers and partners and are engaged with the communities they live in.



This is our Bank's point of difference, it's why people choose to bank with us and why they will continue to do so. If we can deliver on this promise, we believe our point of difference will drive further growth and success to benefit all of our key stakeholders, including our customers, people, partners, shareholders and the wider community.

Over the past year we achieved the following milestones in community building:

- \$80 million was returned by **Community Bank**<sup>®</sup> companies for investment in local communities, with a further \$24.44 million in dividends distributed to **Community Bank**<sup>®</sup> shareholders since the model's inception in 1998.
- Expansion of the retail banking network with a further 20 branches opened in communities across Australia. According to the Australian Banker's Association statistics, from 2001 to 2011, **Community Bank**<sup>®</sup> branches have represented more than a quarter of all new Australian bank branches (205 of 799).
- Our staff and partners signed up to support our Statement of Commitment to the Environment, formalising our long-standing efforts and achievements in this space and re-focusing our efforts to generate further green initiatives.
- We continue to invest in the development of young people through our nation-wide scholarship program, which is one of the largest in Australia, the introduction of a new Graduate and IT Cadetship program as well as many other local initiatives run in conjunction with our partners.

Any business can do well in a strong market and confident environment, we witnessed this in the lead up to the Global Financial Crisis. However, in times of low growth like we are currently experiencing, the value proposition of an organisation becomes very important.

For more than 150 years we have helped customers and communities to build their prosperity and delivered on our commitment to shareholders who want to be rewarded for sharing their wealth for re-investment in community-building activities.

Our Bank is well positioned to outperform the market in this current environment as we have a distinctive offering and long history of trusted service. We will continue to invest in this offering, to help us better understand the needs and aspirations of our customers by:

- Ongoing development of our customer management platform.
- Transitioning Adelaide Bank's retail customers to the Bendigo Bank system.
- Committing to connect with customers through social media forums and emerging technologies.

Over the coming years we will work towards advanced accreditation under BASEL II. Our efforts in this space will generate significant long-term benefits, improving our ability to meet our customers' needs while streamlining our risk management, systems and processes.

We will continue to take practical measures that benefit the environment and affirm our commitment to South Australia with a new Five-Star Green-Star building under construction in the heart of Adelaide for our people.

We expect to see further growth in the **Community Bank**<sup>®</sup> network, there are more than 30 sites in development and demand for the model remains strong. The returns to the community by the network will also continue to grow exponentially and we expect to see returns top \$100 million by the end of 2013.

On behalf of our people and partners I'd like to thank you for your ongoing support of our Bank. You are part of a business that plays an important and unique role in Australia and we look forward to sharing our point of difference with more customers and communities in the coming year.



**Mike Hirst**  
Managing Director



# Banking and Wealth Report

Banking and Wealth consists of a number of businesses representing a stable of brands that make up the Bendigo and Adelaide Bank Group. The underlying element that is common to all these businesses is the **Customer Experience**.

We understand that customers join our Bank on a promise; on a belief that what they see and hear about our Bank is going to live up to their expectations and it's up to us as the Banking and Wealth team, with the support of every part of the organisation, to deliver on this expectation. In Banking and Wealth our role is to deliver on the customer experience.

Increasingly customers have a choice and are exercising this based on their experience with an organisation. If we are to truly connect with, and be relevant to our customers, we must respect each individual customer's choice, needs and objectives.

We believe customer choice is important and we understand that our customers' future prosperity and that of our Bank's is intrinsically linked to our ability to deliver on our promise and differentiate our organisation.

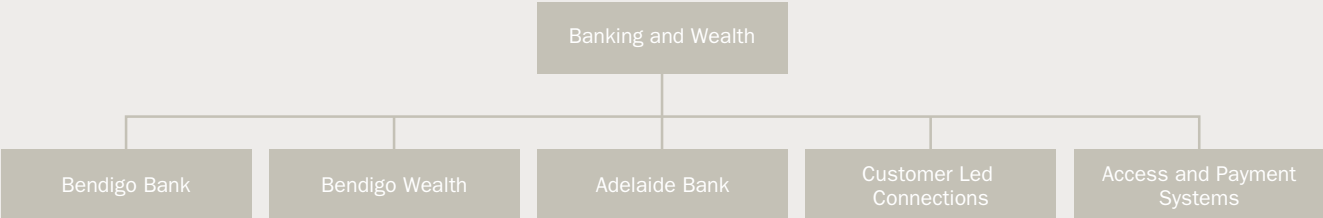
A core focus for next year will be to gain a better understanding of the needs and objectives of our customers. Customer behaviour and insight drives a lot of what we do and we've established the Customer Led Connections team to help coordinate our activities in response to the ongoing change in customer behaviour and expectations.

Increasing activity and the level of engagement with our customers will also be a major focus. This goes directly to our point of difference, leveraging the community and partner based activities and increasing awareness of the benefits of our banking model and deepening relationships with our customers.

We will continue to focus on making it easier for our customers to do business with us. We will work to improve our processes and address the frustrations felt by our customers to make it simpler and easier for them to bank with us.

We will utilise our resources effectively and invest in the areas that will ensure the best outcomes for all of our stakeholders.

We will also continue to build on the skills of our staff and adapt our workforce to meet the future needs of our customers.



# Bendigo Bank

Bendigo Bank offers a wide range of retail banking products and services through our distribution network of branches (company and community), call centres, agencies and on-line banking services.

Our focus is on our customers and our commitment to deliver choice and relevant outcomes to them, partnering with communities to build more prosperous places and providing our people with a motivating environment which develops their skills and knowledge, enabling them to deliver on our strategic goals.

Over the past year we focussed on reducing our costs, continuing to grow our retail network, enhancing our wealth services offering and improving our credit rating and this was largely achieved with the following results recorded:

- In a contracting credit environment we saw strong asset growth across residential lending and outperformed the growth of the industry by 1.72 per cent.
- Maintained strong growth and retention of customer deposit base.
- Delivered strong retail profit result in a challenging economic environment.
- Bendigo Bank opened 20 new branches and 10 new agencies, six of which went on to become **Community Bank**<sup>®</sup> branches.

- Delivered new business banking capability within our dedicated business banking teams.

We also continued to lead the industry in customer satisfaction with Bendigo Bank consistently at or near the top of Roy Morgan's Bank Customer Satisfaction Surveys throughout the financial year. Roy Morgan also awarded us Business Bank of the Year for 2011.

In the coming year we will continue to develop our distribution network and work with our partners to achieve sustainable and positive community outcomes. We will focus on delivering broader products and services to our business, wealth and agribusiness customers and provide a high level of customer service through the many ways our customers choose to engage with us.

We will continue to develop our offering in each Australian state and broaden our product penetration across our national customer base. We are committed to providing a high level of customer service and satisfaction by building on and enhancing the customer value proposition.

# Bendigo Wealth

Bendigo Wealth is an amalgamation of products and services that create and protect the wealth of our retail customers. Whether it's protecting lifestyle and assets or helping customers to achieve their financial goals earlier, Bendigo Wealth has a full range of products and services to satisfy all needs.

Bendigo Wealth aims to deliver service to our customer, no matter how they choose to engage with us. We have spent the past year enhancing our product and service offering to ensure it can take a holistic approach to meeting our customers' needs. We've also focused on developing our people so they can have meaningful conversations with our customers.

Whether it is financial advice, wealth financing or taking out an insurance, superannuation or funds management product Bendigo Wealth can deliver an outcome that meets our customers' needs.

In the past year Bendigo Wealth achieved a number of major milestones including:

- Expanded our offering to meet the needs of all customers from those requiring no advice to full advice.

- Launched SmartStart Super, a low-cost superannuation offering.
- Created four new passive Funds and four new active Funds under our Sandhurst Trustees brand.
- Launched Super Astute, our new self managed superannuation fund.
- Launched our new Strategic Income Fund.

We aim to enhance the relationships we have with our customers and look forward to speaking with more existing and potential customers about the wealth products and services we offer, while maintaining high levels of customer advocacy and satisfaction.

Adelaide Bank is the Group's specialised third party lending business. We provide residential, commercial and consumer finance to and through intermediaries across a range of business models, channels and brands, including our own.

The business deals primarily in housing finance through mortgage managers, originators and brokers but also provides portfolio funding facilities to other financiers in the commercial and consumer finance markets, as well as deposits to the advised market.

Over the past year we focused on growing the residential mortgages portfolio in line with the broader market and continued investment in key infrastructure supporting the business.

Growth across our mortgage portfolio matched system, though slowed slightly towards the end of the year. Income grew by more than 10 per cent and a strong focus on costs ensured they remained at 2010/11 levels.

Investment in the business saw a number of improvements delivered to customers and business partners, including a new basic mortgage product in our mortgage broker channel and a range of system improvements to our partner-facing platforms.

Several significant Portfolio Funding programs came up for review and were successfully renegotiated with terms extended.

The coming year will see further investment in the mortgage businesses with improvements in both partner and customer services scheduled for roll out over the next 12 months.

Our plans for 2012/13 call for a special emphasis on delivering simplicity and value through our mortgage broker business, improved platforms to our mortgage management and origination partners and a new online banking experience for our borrowers.

The Portfolio Funding business is currently considering a number of mandates and we expect to add to that program over the next year.

Notwithstanding the likelihood of a relatively soft market, we expect moderate growth over the period across all channels.

## Customer Led Connections

Customer Led Connections is a new team established to champion and provide direction on the Bank's electronic engagement strategy, ensuring we are able to offer a user-friendly experience for our customers.

The Bank understands the importance of connecting with people in the manner preferred by them and we realise that there is an increasing number of people choosing to connect with us outside of a branch via the internet, social media platforms and mobile devices.

In a world where our customers can connect with us anywhere and anytime, our customers are still requesting an experience with us that is personalised, relevant, immediate and convenient for them. However, some of our customers want this connection to be online, over the phone, in their home or via current social media platforms.

In response, the Bank has continued its investment in online, mobile and social strategies through a number of activities including:

- Purchased a 15 per cent shareholding in Hub IT Holdings, the company behind NoQ which has created a suite of market-leading e-commerce platforms for the retail industry including online, mobile and Facebook ordering.
- Launched our Twitter presence giving our Bendigo Bank customers the opportunity to engage with our people in

conversations in a manner relevant to them.

- Rolled out our mobile application for Bendigo Bank customers and we continue to work on including extra functionality in response to customer feedback.
- Joined Facebook and created a Bendigo Bank page which offers our customers yet another way to engage with us. Facebook is also being used by many of our community partners with take-up strong across the **Community Bank**® network.
- Interest in PlanBig continued to grow with more than 500 active plans and over 6,300 members.
- Re-launched Adelaide Bank and Bendigo Wealth websites and started upgrades to the Adelaide Bank internet banking platform which is scheduled for completion in the new year.

In the coming year we will continue to grow our connection to customers through social media networks, undertake continuous improvement works on our mobile application and look at how we can make further improvements to our internet banking platforms and websites.

# Access and Payment Systems

Access and Payment Systems support and manage the Bank's payment services and ATM network. We have taken a unique approach in the Australian market by combining all payment services and the management of our ATM network in one functional business unit.

This enables our Bank to develop a more strategic approach to the delivery of payment services to our customers by combining our delivery capabilities in one area. It is an approach that makes even more sense now as we begin to witness a fundamental shift in the Australian market in how customers access their payments in an ever increasing digital environment.

To ensure that the payment services we provide to our customers continue to support our vision of being Australia's leading customer-connected bank, our focus over the past year was on key areas of process improvement and enhancement of services that support the customer-connected vision.

Over the past year a number of key improvements and enhancements were delivered including:

- Enhanced detection rules, established a round-the-clock fraud detection unit and introduced password protected online transactions using MasterCard and Visa's 3D Secure Protocol to enhance our customers' security.
- Launched a new card rewards program and online redemption system which delivers better value to our customers.
- Moved to better support community fundraising events through the roll out of the Community POS EFTPOS solution, which allows communities to accept card transactions.

- Ensured our ATMs were in the most convenient places for our customers through a review of our service point locations. We also added a further 40 ATMs to the network giving our customers access to almost 2,170 ATMs nation-wide.
- Renewed our partnership with the RSPCA and started a project that will allow customers to personalise their RSPCA Rescue Visa Card with a photo of their own pet.
- The Bank, in partnership with our SPS joint venture, was awarded the card acquiring relationship for the Reserve Bank of Australia. This will see more than 3,000 EFTPOS terminals deployed to Medicare offices to support its move to electronic payments.

In the coming year we will work to support the expansion and take up of NoQ across our retail and business customer base as well as the wider community. We will roll out our personalised credit card service to all card customers, support changes to Medicare's payments system, continue to provide our customers with a safe and secure environment to do their banking and offer industry-leading products and services.

The Customer and Community division's role is to build and expand on the themes that bring our customers and partners through our doors; that is our brand, customer and community engagement and perhaps most importantly, our point of difference. These factors have all played a key role in building some of the most highly valued banking and finance brands in the Australian market.

The division incorporates Group Strategy, Marketing and Communications, Customer Help Centre, Community Strengthening, Community Banking, Group Alliances and Community Solutions and Partnering (incorporating Joint Ventures). It is our role to partner with our front line business units and support those who serve our customers and communities.

Over the past year there has been a strong focus on efficiency and process improvement across our division, with a view to providing even higher quality support to our customers, front line business units and community partners.

Highlights for 2011/12 included:

- Twenty new **Community Bank**<sup>®</sup> branches joined the network.
- The **Community Bank**<sup>®</sup> network has now returned more than \$80 million in community contributions since the model was established in 1998.
- Development of the **Community Bank**<sup>®</sup> Evidential Data Base, a new tool which allows us to measure the benefits generated within each community as a result of the activities of **Community Bank**<sup>®</sup> branch investments.
- Relunched our Inspirations program which encourages staff suggestions for process and procedure improvement.
- Achieved the milestone of 500,000 **Community Bank**<sup>®</sup> company share trades via the Low Volume Market.
- Developed the Green Light Driver Education program with more than 200 learner drivers successfully completing the course.
- The Community Snapshots initiative demonstrates our point of difference on film and online. Since its launch in April 2010, 39 video Community Snapshots have been produced, with ten of these made in the past financial year. All of these videos have been streamed to our people and are available at [www.bendigobank.com.au](http://www.bendigobank.com.au), YouTube and Facebook, with a further 150 written snapshots also available on our website.

The Bank completed its acquisition of the Bank of Cyprus Australia in February 2012. Established in 2000, its vision is to be the premier relationship bank serving the Hellenic community, delivering superior service and competitive products.

Operating 14 branches across Melbourne, Sydney and Adelaide, it aims to forge strong relationships with the community, create value for all stakeholders through delivering superior customer service and competitive products, as well as providing a positive working environment to enable its people to make a strong contribution towards achieving the organisation's overall goals.

The Bank plans to operate the Bank of Cyprus Australia as a stand alone brand that has access to the broad range of products offered by our Bank. As a result we expect to see exciting growth opportunities in the coming year.

There is no question we have built a point of difference to be cherished. In the coming year the role of our division is to maintain and build on that point of difference. We will do this by continuing to support our front line teams as they engage with our customers and communities.

Our best community engagement example by far is the **Community Bank**<sup>®</sup> model, however we have a number of others including the Community Enterprise Foundation<sup>™</sup>, Lead On Australia and our broad based Community Enterprise<sup>™</sup> structures.

We will continue to develop these structures by providing strategic and focused marketing and communication support. And how do we know if we are on the right track? Our customers and communities will let us know by providing their feedback directly to our Customer Help Centre team.

# Finance and Treasury Report

Finance and Treasury is committed to Bendigo and Adelaide Bank's vision of being Australia's leading customer-connected bank. We do this by providing professional financial, tax, capital, investor relations, accounting and consultancy services to the Group.

Our Treasury function ensures the Group has robust funding and liquidity to sustain the Bank's requirements, while managing interest rate and market risk for the business.

Finance and Treasury supports the Group by:

- Providing robust, timely and insightful reporting and guidance so that informed business decisions can be made to effectively allocate the Group's resources.
- Ensuring that adequate capital and funding is available to allow the business to fulfil customer needs.
- Providing effective financial shared services across the Group.
- Proactively managing and meeting statutory and regulatory requirements.
- Actively managing interest rate and market risk within the Bank's risk appetite.

In the past year Finance and Treasury has focused on improving the customer experience, driving process improvements, cost and financial management and enhancing our culture with a focus on driving employee engagement. This has allowed us to achieve the following:

- Enhanced management business unit reporting.
- Provided consultancy, financial analysis and advice on corporate initiatives including mergers and acquisitions.
- Improved financial analysis and insight to the Board and Executive through better reporting.

- Embedded a Finance Business Partner model.
- Developed and initiated our data warehouse and information management strategy.
- Implemented a new business intelligence tool.
- Integrated the Rural Bank Treasury Settlements functions.
- Rolled out an automated reconciliations solution.
- Recorded an 18 per cent increase in employee engagement for the division.

We have continued to challenge the Group in the proactive management of income and costs through the introduction of a rolling quarterly financial forecasting process.

Next year the Finance and Treasury team will focus on the following:

- Increase our focus on streamlining processes by further developing a culture of continuous improvement.
- Develop a technology roadmap for Finance and Treasury systems to drive efficiency, accuracy and automated solutions.
- Funding and Capital diversification to ensure we are able to meet our customer and shareholder requirements.

Above all we will continue to partner with our customers to provide insight and analysis in the delivery of financial information for our business' decision making and ensure development opportunities exist for our staff so they can position themselves for future success.





The Corporate Resources division consists of People and Performance, Technology Services, Corporate Services, Group Legal, Group Assurance and IT Risk and Security Governance.

Our teams work to provide relevant and valued services, advice and structures to support the Bank in achieving its vision and strategy. We strive to provide services and solutions that are flexible, simple and streamlined to better meet our customers' changing needs and to provide information, analysis and advice to enable effective decision making.

Highlights for 2011/12 included:

- Upgraded the Bank's network to create additional capacity which will allow for continued business growth while generating significant recurring savings each year. This upgrade also enhanced the reliability of our network through the roll out of 3G backup at all of our branches and will support emerging business needs such as improved data security and more video content.
- Enabled improved collaboration across our core regional offices by consolidating our telephone platform which will also result in a recurring annual saving.
- Commenced extensive project planning and design activity on the new Adelaide building which will be completed in late 2013.
- The Bank's new Enterprise Agreement was approved with overwhelming support from certified staff. More than 70 per cent of eligible staff cast their vote and of those 98.5 per cent voted in favour of the agreement.
- Bi-annual Employee Engagement Survey was conducted with 67 per cent of our employees participating (up from 54 per cent in 2010). This highlighted a significant increase in employee engagement from 46 per cent to 54 per cent and places the Bank above the financial services industry average of 36 per cent.

- Inaugural Graduate Program launched with four graduates offered places in Bendigo and Adelaide. After the success of the pilot program the Bank has committed to continue the program.
- Undertook significant project planning and design activity for the Bank of Cyprus Australia acquisition.

In the coming year Corporate Resources will continue to build the capability of the Bank's more than 6,500 people, based at almost 500 locations across Australia, to ensure we can deliver on our customer-connected vision.

A key focus will be the culture, technology and environment changes associated with the new Adelaide building, as well as continuing to explore technology and people processes across the organisation to support a mobile workforce, including bring your own device strategies.

We are committed to developing a diverse and inclusive workforce and workplace so we can deliver on our Diversity Strategy, and we will concentrate on embedding a continuous improvement culture by simplifying and streamlining key processes.



# Change Report

Successful organisations must respond to the evolving needs of their customers and the changing social, regulatory, technological and competitive landscape. In a rapidly moving and connected world, customers, communities and partners continue to seek new and innovative solutions to meet their goals.

The Change division's role is to work across the organisation to identify the most important initiatives that ensure we remain connected and relevant to our customers, engage key stakeholders to implement these changes successfully and to ensure our customers, partners, staff and organisation see the value. Change is a constant in our business and we must consider people, process and technology together.

Our division is also responsible for embedding a continuous improvement culture across our business. The ultimate goal is to make it easier for customers to do business with us, improve operational efficiency and build capacity to support the ongoing growth of our business.

Highlights for 2011/12 included:

- Expanded the LINX Customer Relationship Management system to enable our staff to better engage with our customers.
- Launched the Bank's mobile banking applications.
- Implemented significant product improvements in our retail, third party, cards and wealth businesses to respond to our customers' needs and choices.
- Further evolved the Bank's strategic direction for architecture and technology.
- Improved our project management and change management frameworks to ensure we achieve the greatest possible value from our investment at the appropriate level of risk.

Importantly, our people from right across the company continue to grow as we involve cross-functional teams to implement these major initiatives.

Next year we will continue to work across our business to:

- Partner with Banking and Wealth to enhance the Bank's capabilities to deliver solutions to our customers that allow them to do business with us where, when and how they choose.
- Establishing a program to work towards advanced accreditation under Basel II.

We will also work to further evolve the Bank's technology strategy to respond to the needs of our customers and business. We will improve the Bank's ability to flex its information technology capability through partnerships and further develop our capabilities to manage successful change and to embed a continuous improvement culture.



The Risk division executes the important activity of ensuring the credit and operating risks accepted by Bendigo and Adelaide Bank are consistent with our Group's Risk Appetite Statement.

Risk also oversees the credit risk profile of the total loan portfolio and joint approvals of large loans with the businesses.

Risk management is a process of thinking systematically about all possible risks and introducing procedures to ensure attaining value is still achievable if the risk actually eventuates.

A simple definition of risk appetite is the amount of risk at a broad level, an entity is willing to accept in pursuit of value. The Bank's overall tolerance for risk has been assessed against a set of strategic objectives adopted by the Group.

These strategic objectives include:

- To be Australia's leading customer-connected bank.
- To achieve stability of earnings.
- To achieve an engaged staff culture.
- To maintain current Group credit ratings as a minimum.
- To achieve material compliance with all external laws, regulations and standards.

In Risk we have a very simple and enduring primary goal which is to always play our part in achieving the Bank's customer-connected vision.

Over the past year we successfully started preparing the Bank to apply for advanced accreditation under Basel II.

This is a long-term initiative which will improve our ability to match our products and services to our customers' needs while improving our business systems and processes.

We have also continued to refine our existing policies and processes to improve our ability to better and more efficiently meet our customers' and partners' needs.

Notwithstanding the challenging economic conditions that prevailed in Australia over the past financial year, the strength of our risk management has been evident in the reliable operating environment we've established and the overall performance of our total loan portfolio.

Highlights for 2011/12 included:

- No material outages for the banking system which ensured our customers had reliable access to banking products and services.
- Low loan losses of 0.07 per cent of the total loan portfolio.
- Total loans greater than 90 days in arrears remaining constant at 2.62 per cent of the total loan portfolio.
- Growth in the loan portfolios was satisfactory with advances being extended in market segments consistent with our risk appetite.

The Australian economic environment looks set to remain challenging next financial year and we will continue to manage the Bank's risk appetite ensuring it is appropriate for the prevailing trading conditions.

We will also continue work on the Basel II advanced accreditation initiative, building new credit and operating models and improving our delivery systems.



## Our Board



**Robert Johanson, Chairman (independent) 61 years**

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

Robert has been a Bank Director for 25 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 25 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) 54 years**

BCom (Melb).

Mike 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 extensive 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:** Mike has a standing invitation to attend all committee meetings.

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



**Jenny Dawson, (independent) 47 years**

B Bus (Acc), FCA, MAICD.

Jenny 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 10 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) 61 years**

BEc, FFin.

Jim joined the Board in 2010 and is a professional public company Director who has had an extensive career in banking and finance, including in the regional banking industry. He was Chief General Manager of Adelaide Bank (his employment ended in 1999).

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

**Other director and memberships:** Chairman, Ingenia Communities Group Ltd (listed, period June 2012 to present), Director, Centrex Metals Ltd (listed, period of directorship 2010 to present), Impedimed Ltd (listed, period of directorship 2007 to present), Motor Accident Commission and Coopers Brewery Ltd. Former Director, Becton Property Group Ltd (2006 to 2010).



**Jacqueline Hey, (independent) 46 years**

BCom (Melb), Graduate Certificate in Management (Southern Cross University), GAICD.

Jacque 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 (Chair).

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



**David Matthews, (independent) 54 years**

Dip BIT, GAICD.

David 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**<sup>®</sup> 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.



**Deborah Radford, (independent) 56 years**

B.Ec, G. Dip Finance & Investment.

Deb joined the board in 2006 and has more than 20 years experience in the banking industry with both international and local banks. She also worked in the Victorian State Treasury and 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 (ceased 30 June 2012) and City West Water (ceased 30 September 2011).



**Tony Robinson, (independent) 54 years**

B Com (Melb), ASA, MBA (Melb).

Tony joined the Board in 2006 and is the Managing Director of Centrepoint 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, senior executive positions at Link Telecommunications and General Manager Corporate Services at Mayne Nickless.

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

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

## Our Executive



**Mike Hirst, *Managing Director***

B Com.

Mike is a career banker with broad experience in retail banking, finance, planning, treasury and financial markets. Mike joined the Bank in 2001 and has worked across most areas, including Chief Operating Officer then Chief Executive Retail Bank prior to becoming Managing Director in 2009.

Mike is a keen AFL fan, with grass roots involvement as a life member of Sydney University ANFC and number one ticket holder of the Geelong West-St Peters Football Club. He is also an Ambassador of the Barwon Health Foundation and served as a Director on the Barwon Health Board for nine years.



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

B Bus (Acc), CPA, MAICD, FFin.

Marnie joined the Bank in 1989 and has held senior roles in many areas of the Group including Wealth Management, Treasury, Structured Finance, Product Solutions, Corporate Support as well as serving as Chief Executive of Sandhurst Trustees. She joined the Bank's executive team in 2000 and is currently a Director of Sandhurst Trustees Limited, Bendigo Financial Planning Limited, Australian Friendly Society Limited and Linear Financial Holdings Pty Ltd.

Marnie is a well known member of her local community and has held executive positions with the Loddon Valley Netball Association, Anglican Diocese Development Fund and is a life member of the Marong Football Netball Club. She was recently nominated and short-listed for the inaugural Finsia Pinnacle Award in the category 'Most Outstanding Woman in Financial Services'.



**Dennis Bice, *Executive Retail***

Dennis joined the Bank in 1975 and has spent more than 35 years focusing on our customers through his work within the retail banking network and has helped set the Bank's retail strategy for a number of years. He has been involved with some of the Bank's key mergers and acquisitions including IOOF, First Australian Building Society and Adelaide Bank.

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



**John Billington, *Executive Bendigo Wealth***

John joined the Bank in 2010 and has more than 30 years experience in the financial services industry. He is a qualified Organisations and Methods Analyst and was previously employed with IOOF as General Manager Portfolio Solutions and as Managing Partner Financial Services with Deloitte Consulting (ANZ).

John is a Director of Sandhurst Trustees Limited, Bendigo Financial Planning Limited, Linear Asset Management and is a board member of not-for-profit organisation Cool Australia which provides teachers with online resources to assist in educating children about the environment and sustainability.



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

BEC, CA, MAICD.

Richard joined the Bank in 2007 after an 18-year career in finance and consulting primarily with PricewaterhouseCoopers in Australia and Asia. He has been Chief Financial Officer since 2009 and has previously led the Bank's Strategy team with responsibility for mergers and acquisitions. He also played a leading role in integrating Bendigo Bank and Adelaide Bank.

Richard is a keen supporter of sport and the arts in South Australia. He serves on the Board of the Helpmann Academy, a charitable organisation dedicated to the support of young artists, as they transition from the study of visual and performing arts to successful artistic careers. In 2011, he helped raise more than \$9,000 for the St Vincent De Paul Society's CEO Sleepout program.



**Russell Jenkins, Executive Customer and Community**

B Eng (Hon).

Russell joined the Bank in 1992 as Assistant General Manager Corporate Services. Appointed to the Bank's Executive team in 1994, Russell has led the introduction and subsequent roll out of the **Community Bank**® concept, with branch numbers growing to almost 300 under his guidance. He has worked in a variety of other roles, including Chief General Manager Retail and Distribution and now heads up the Bank's Customer and Community team.

Russell is Chairman of Lead On Australia, an organisation which aims to strengthen relationships between young people and the broader community. A keen sportsman, Russell is active locally in golf and cycling and competes as an athlete at local, state and national events.



**Tim Piper, Executive Risk**

B Bus (Banking & Finance), FFin.

Tim joined the Bank in 2005 after spending 18 years at National Australia Bank. During a career in finance spanning nearly 35 years he has had direct experience with most facets of banking, from personal finance, through to middle and large commercial lending, and credit risk.

In particular, his credit risk experience has seen him closely involved with asset restructuring and international capital and debt markets. He held global responsibilities with a strong Asian focus for three years of his career. Tim is also a Regional Councillor in South Australia for the Financial Services Institute of Australasia.



**Stella Thredgold, Executive Corporate Resources**

B Bus (Banking & Finance), FFin.

Stella joined the Bank in 1987 as an accountant in the finance division and held a number of different roles within this area with experience in financial management, treasury settlements, mergers and securitisation. Having held a number of senior roles across the organisation, Stella headed up the Bank's Corporate Services team prior to taking on the role of Executive Corporate Resources in 2010.

Stella has a keen interest in mentoring and supporting people to succeed and find balance in life, something she is passionate about both at work and in the community. As an advocate of diversity in the workplace, she enjoys fostering the creation of workplace environments and practices that encourage learning from others and capture the advantage of diverse perspectives.



**Andrew Watts, Executive Change**

B Eng, Grad Dip Business Administration.

Andrew joined the Bank in 1994 and has held a number of senior roles in areas including retail, marketing, strategy and electronic banking. Andrew was the Bank's Chief Information Officer prior to his current role of Executive Change.

Andrew has a passion for building the strength of the Information Technology sector in Australia through the development of future talent, industry partnerships and investment. He is also a passionate musician and is committed to developing communities for musicians of all ages to come together, create new networks and to develop their craft.

# Remuneration Summary

## Summary of remuneration arrangements and outcomes for senior executives for 2012

This summary gives shareholders a concise and easy to understand overview of the Group's remuneration outcomes for the 2012 financial year and includes information on the actual value of remuneration received by senior executives. This summary is unaudited and has not been prepared to comply with statutory obligations or accounting standards. The detailed statutory remuneration disclosures prepared to comply with the accounting standards are contained in the Company's 2012 remuneration report.

	2011/12 arrangements
<b>Remuneration oversight &amp; approval</b>	The board, on recommendation of the governance & HR committee, approved the 2012 remuneration arrangements for senior executives, including the managing director, in August 2011. The managing director's long term incentive arrangements were set in 2009. The senior executives' long term incentive arrangements were set in 2009 and 2010. No long term incentive grants were made to senior executives in the 2012 financial year.
<b>Remuneration policy</b>	A number of technical changes were made to the Remuneration Policy to clarify its operation under APRA's remuneration prudential standards. The changes did not alter the design or structure of the group's remuneration arrangements in FY2012.
<b>Non executive director fees</b>	The base non-executive director fee was increased from \$129,375 to \$143,000 (\$286,000 for the Chair – two times the base fee) for the period 1 July 2011 to 31 October 2011 and from \$143,000 to \$165,000 (\$412,500 for the Chair – two and a half times the base fee) for the period 1 November 2011 to 30 June 2012. There were no additional fee payments for board committee memberships. In addition, the non-executive directors again contributed \$5,000 of their annual fee payment to fund the board scholarship for disadvantaged students. Additional fees were paid to directors who were on the boards of Rural Bank Limited, Sandhurst Trustees Limited and the <b>Community Bank</b> <sup>®</sup> Strategic Advisory Board.
<b>Senior executive salaries</b>	The board approved changes to senior executive remuneration arrangements in August 2011 in line with increases awarded to salaried employees generally. The overall increase in fixed remuneration for all senior executives and other direct reports to the managing director for the 2012 financial year was 3.5%.
<b>Company performance</b>	The Company's overall performance for the year did not achieve the targets set by the board. The Company announced a statutory after-tax profit of \$195 million for the year. The Company's cash earnings result was \$323 million, a 3.9% decrease on the previous financial year. The cash earnings result equated to 84.2 cents per share and represents an 8.7% decrease on the previous financial year. The Company's share price decreased by 145 cents (16.4%) and the Company's annual dividend remained flat at 60 cents.
<b>Short term incentive ("STI")</b>	In August 2012 the board, on recommendation of the governance & HR committee, decided that the criteria for establishment of a group short term incentive (STI) performance bonus pool were not met and no STI bonus pool was established for the 2012 financial year. As no STI bonus pool was established, no STI bonuses were paid to senior executives for the 2012 financial year.
<b>Long term incentive ("LTI")</b>	<p>No long term incentive grants were made to senior executives in the 2012 financial year. Below is a summary of the outcomes for past grants.</p> <p>Shareholders approved an issue of five equal annual parcels of performance shares to the managing director at the 2009 Annual General Meeting (AGM), with the performance periods measured over one to five years (with the final performance period ending 30 June 2014). 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 senior executives following the 2009 AGM, with the performance periods measured from one to three years (with the final performance period ending 30 June 2012). The vested performance shares for the managing director and the other senior executives are subject to a further trading restriction which applies for the later of 2 years from the end of each parcel's performance period and the date specified in the offer.</p> <p>In 2010 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 (with performance periods also ending 30 June 2012).</p> <p>Half of each annual parcel of performance shares is subject to earnings per share (EPS) and total shareholder return (TSR) tests. The EPS test for the parcel tested on 30 June 2012 (which included previous parcels rolled over from 2010 and 2011 for retesting) was not met. For the managing director, these performance shares have been rolled over for retesting in FY2013. For other senior executives, the performance share parcels tested on 30 June 2012 have lapsed.</p> <p>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 2012, and accordingly, the 2012 parcel vested for executives who received the grant and were employed by the Company at that date.</p>



## 2011/12 Remuneration outcomes for senior executives

### 1. Remuneration outcome summary

The table below sets out the actual remuneration received by senior executives in relation to FY2012. The values disclosed in the table below are different to the tables set out later in the Remuneration Report for the reasons explained in footnote <sup>6</sup>.

Executive (current title)	Remuneration received <sup>6</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)	\$1,258,408	-	\$556,399	\$1,814,807	100%	\$178,885
<b>Marnie Baker</b> (Executive: Banking and Wealth)	\$556,883	-	\$155,089	\$711,972	100%	\$282,047
<b>Dennis Bice</b> (Executive: Retail Banking)	\$409,666	-	\$81,088	\$490,754	100%	\$120,116
<b>John Billington</b> (Executive: Bendigo Wealth)	\$414,504	-	\$96,397	\$510,901	100%	\$132,098
<b>Richard Fennell</b> (Chief Financial Officer)	\$511,922	-	\$152,139	\$664,061	100%	\$272,376
<b>Russell Jenkins</b> (Executive: Customer and Community)	\$470,938	-	\$155,089	\$626,027	100%	\$289,339
<b>Tim Piper</b> (Executive: Risk)	\$409,540	-	\$113,953	\$523,493	100%	\$216,942
<b>Stella Thredgold</b> (Executive: Corporate Resources)	\$312,951	-	\$65,722	\$378,673	100%	\$90,061
<b>Andrew Watts</b> (Executive: Change)	\$420,696	-	\$98,587	\$519,283	100%	\$189,918

<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 2012. The vesting date of the shares is anticipated to be in September 2012.

<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 and performance shares 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 2012. 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> **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 FY2012 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.

# Our Year 2011



## New director

**6 July:** Bendigo and Adelaide Bank appointed former Ericsson CEO, Jacqueline Hey, to its Board of Directors.

## Most trusted bank

**21 July:** Bendigo Bank won Australian Reader's Digest Most Trusted Bank award.

## CSR recognised

**21 July:** Bendigo and Adelaide Bank was recognised as a finalist in the Asian Banking & Finance's Best Corporate Social Responsibility Program.

## \$1 billion RMBS

**14 July:** Bendigo and Adelaide Bank finalises its Residential Mortgage Backed Securities (RMBS) issue for \$1 billion.

## Post partnership

**2 August:** Bendigo and Adelaide Bank subsidiary Rural Bank announced its intention to distribute banking services via Australia Post's regional and rural outlets.

## Full year result

**8 August:** Bendigo and Adelaide Bank announced its Full Year Result with a net profit after tax \$342.1 million, cash earnings of \$336.2 million, cash earnings per share of 92.3 cents and a final dividend of 30 cents per share (full year dividend of 60 cents per share).



## Good for all

**19 August:** Bendigo Bank launched its newest marketing campaign which aimed to demonstrate more clearly and simply than ever before, the connection between Bendigo Bank and community.

## Basic black is best

**20 August:** Bendigo Bank's Basic Black Credit Card won silver in Your Money Magazine's Best of the Best Awards in the category of Best Low-Rate Credit Card.

## First sod turned in Adelaide

**24 August:** The first sod was turned on Bendigo and Adelaide Bank's new South Australian head office. The office will accommodate more than 1,000 employees.

## Green commitment

**1 September:** Bendigo and Adelaide Bank launched its Statement of Commitment to the Environment, with all staff and partners committing to the environmental goals.

## People's choice

**27 September:** Bendigo Bank was voted Best Credit Card Provider and one of Australia's top five banks, home loan and bank account providers in the 2011 Mozo People's Choice Awards.



### *\$1 million for RSPCA*

**3 October:** Bendigo Bank celebrated returning \$1 million to the RSPCA Adopt-a-Pet Program which it has supported since October 2005 through its RSPCA Rescue credit cards. It's estimated the donations have saved the lives of more than 150,000 animals across Australia.

### *AGM vote*

**24 October:** Bendigo and Adelaide Bank held its Annual General Meeting. Shareholders voted to elect new Director Jacqueline Hey, change non-executive director fees and approve the Company's remuneration report. However, the motion to endorse amendments to the constitution was not carried.

### *Director retires*

**24 October:** Kevin Abrahamson retired from the Bendigo and Adelaide Bank Board after 11 years service. He joined the Adelaide Bank Board in 2000 and provided specialist skills in corporate strategy and information technology to the Group.

### *\$750 million RMBS*

**28 October:** Bendigo and Adelaide Bank finalises its Residential Mortgage Backed Securities (RMBS) issue for \$750 million.



### *Another rating upgrade*

**7 December:** Standard & Poor's upgraded Bendigo and Adelaide Bank's credit rating from BBB+ to A-. The upgrade was also applied to the Bank's wholly owned subsidiary Rural Bank.

### *Post deal done*

**14 December:** Rural Bank finalised its deal with Australia Post to distribute banking services and launched the first phase of implementation at 39 Australia Post retail outlets in regional New South Wales.

### *Hellenic partnership*

**16 December:** Bendigo and Adelaide Bank announced its intention to purchase Bank of Cyprus Australia Limited for an estimated total of \$130 million from parent company Bank of Cyprus. The purchase was funded by a share offer to institutional and retail investors.

### *Raising complete*

**19 December:** Bendigo and Adelaide Bank successfully completed and upsized the institutional component of a capital raising it announced on 16 December. Due to strong demand the raising was upsized from \$120 million to \$150 million and priced at \$8.45 per share.

# Our Year 2012



## Most satisfied customers

**30 January:** Roy Morgan released results from its monthly survey into Australian bank customer satisfaction, with Bendigo Bank customers rated as more satisfied than any other bank's.

## Graduate development

**6 February:** Bendigo and Adelaide Bank launched its inaugural Graduate Development Program with four university graduates given a two year opportunity to learn about various aspects of the banking and finance industry.

## Tweet me

**15 February:** Bendigo Bank reached out to its customers via Twitter for the first time, talking with them and answering questions via the social media juggernaut.

## Half year results

**20 February:** Bendigo and Adelaide Bank announced its Half Year Result with an after tax statutory profit of \$57.9 million for the six months ending 31 December 2011, cash earnings of \$162.6 million (an increase of \$0.5 million over the prior corresponding period), cash earnings per share of 43.9 cents and an interim dividend of 30 cents per share (fully franked).



## Bank jumps queue

**20 February:** Bendigo and Adelaide Bank announced its latest foray into online and smart phone financial applications with its purchase of a strategic equity stake in Hub IT and Adelaide-based company which has designed an online ordering system called NoQ (no queue).

## Info-tech cadetships

**27 February:** Five Information Technology enthusiasts embarked on the first day of a five year cadetship program at the Bank.

## Welcome to Cyprus

**1 March:** The purchase of Bank of Cyprus Australia Limited is finalised. The bank is now a wholly-owned subsidiary of Bendigo and Adelaide Bank.

## Farewell Victorian Securities

**1 March:** After 52 years Victorian Securities ceased operations. We'd like to thank all those who contributed to its success.



### Business bank of year

**2 March:** Bendigo Bank was named Business Bank of the Year for 2011 at Roy Morgan Research's inaugural Customer Satisfaction Awards.

### Scholarships help students

**2 March:** Bendigo and Adelaide Bank and its community partners helped to make the academic dreams of 70 university students a reality through its scholarship program which aims to assist outstanding but disadvantaged students from regional Australia.

### Adelaide Festival major sponsor

**2 March:** Bendigo and Adelaide Bank announced it had signed as a major partner of the Adelaide Festival from 2013, from which time the event will be held annually.

### Share purchase closes

**19 March:** Bendigo and Adelaide Bank announced it has raised \$46 million under the Share Purchase Plan it launched as part of the Bank of Cyprus acquisition. The new shares were issued at \$7.33 each.



### NoQ launches in Victoria

**22 June:** NoQ was launched in Victoria for the first time. It's already been up and running in Adelaide for 12 months where more than 15,000 people have downloaded the free app.

### 486th branch opens

**7 June:** Bendigo Bank celebrated the opening of its 486th branch with the launch of the Curtin **Community Bank**<sup>®</sup> Branch in the Australian Capital Territory. The retail branch network is made up of 295 **Community Bank**<sup>®</sup> branches and 191 company owned branches.

### Time to like us

**29 June:** Bendigo Bank connected with its customers on Facebook, asking its supporters to "like" the Bank for the first time via the social media phenomenon.



### Community Bank<sup>®</sup> returns \$80 million

**30 June:** The **Community Bank**<sup>®</sup> network achieved a significant milestone, contributing \$80 million to support the communities these unique companies operate within.



COMMUNITY  
FOCUSED

 **Bendigo** and  
**Adelaide** Bank

Community Review **2012**

# COMMUNITY FOCUSED

## Index

- 3 About this Community Review
- 4 **Community Bank**® Network
- 8 Environment and Sustainability
- 12 Community Enterprise Foundation™
- 16 Scholarships, Graduate Programs and Cadetships
- 16 Lead On Australia
- 18 Sponsorships
- 18 Online Engagement
- 20 Community Telco™
- 20 Community Enterprise™
- 20 Community Sector Banking
- 22 Ethical Banking
- 23 Flip to read the Annual Review



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.



## About this Community Review

Bendigo and Adelaide Bank aims to be Australia's leading customer-connected bank and we recognise the role of a bank is to feed into prosperity not off it. We're mindful that our customers live in communities facing complex social and economic issues and we hope by partnering with these communities and supporting the solutions they put forward, together we will see the challenges overcome and prosperity shared.

Our Bank believes successful customers, create successful communities, which creates a successful bank, but only in that order. As we work to provide banking products and services for our customers, we consider the bigger picture and think about what we can do beyond banking to help strengthen communities, solve problems and generate new opportunities.

We have created a number of unique partnerships and services to achieve these goals. We consider how we can enhance community services, employment opportunities and develop alternative income streams through our **Community Bank**® network, Community Telco™ and Community Enterprise™ models.

We help those in need through our philanthropic arm Community Enterprise Foundation™. We work to address climate change through our Environment and Sustainability team and Generation Green™ program.

We offer opportunity and support through our scholarship and sponsorship programs and reach out to youth through Lead On Australia.

We engage with online communities through our social media initiatives such as Plan Big and offer alternative banking products through Community Sector Banking and Homesafe Solutions.

It's the time and effort our Bank spends innovating in the community that makes us unique, it's what sets us apart and it's our point of difference. It's also why so many people choose to bank with the Bendigo.





# Community Bank® Network

The **Community Bank®** network has achieved a significant milestone this year, contributing more than \$80 million to support the communities these unique companies operate within.

This figure was almost unimaginable when the **Community Bank®** model was first launched in 1998, in partnership with the people from the small Victorian wheat farming towns of Rupanyup and Minyip.

For these communities the **Community Bank®** model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. However, in the years since the **Community Bank®** model has become so much more.

In the past financial year a further 20 **Community Bank®** branches have opened and this growth is in-line with our forecast and consistent with what we have seen in recent years. Demand for the model remains strong and there are currently another 32 **Community Bank®** sites in development, with many more conversations happening with communities Australia wide.

At the end of the financial year 2011/12 the **Community Bank®** network had achieved the following:

- Returns to community **\$80 million**
- Branches **295**
- Branch staff **1,292**
- Directors **1,905**
- Volume footings **\$22.05 billion**
- Customers **615,523**
- Shareholders **71,489**
- Shareholder dividends **\$24.44 million**

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, so they can not only enhance banking services, but more importantly aggregate the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community.

In the past 14 years we have witnessed the **Community Bank®** network's returns to communities grow exponentially each year, with \$470,000 returned within the first five years, \$8.15 million within the first eight and \$22.58 million by the end of the first decade of operation.

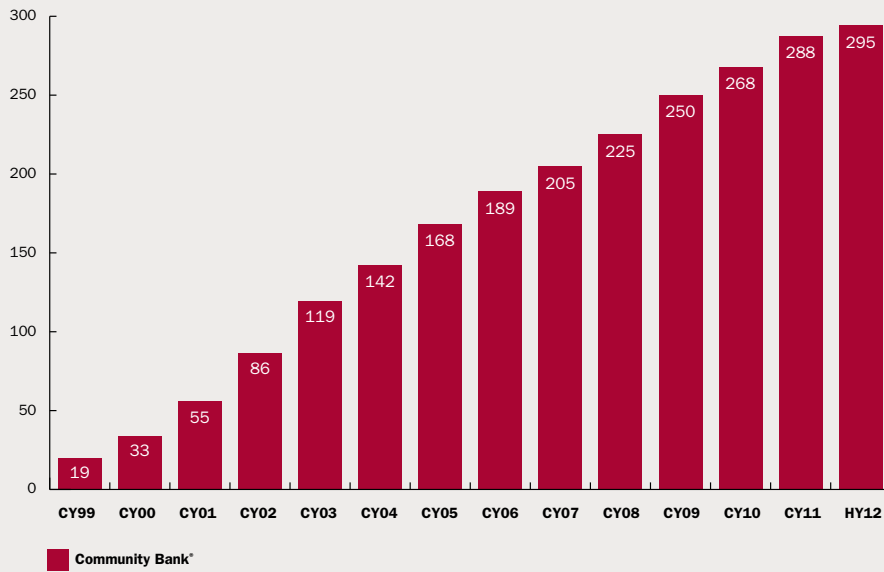
Today that figure is an astonishing \$80 million and with the continued growth and popularity of the **Community Bank®** model, returns should top \$100 million by the end of 2013. These dollars add up to new community facilities, improved services, more opportunities for community engagement activities and generally speaking, a more prosperous society.

Those who support a **Community Bank®** branch know they are part of something special, a unique banking movement which has evolved into a whole new way of thinking about banking and the role it plays in modern society.

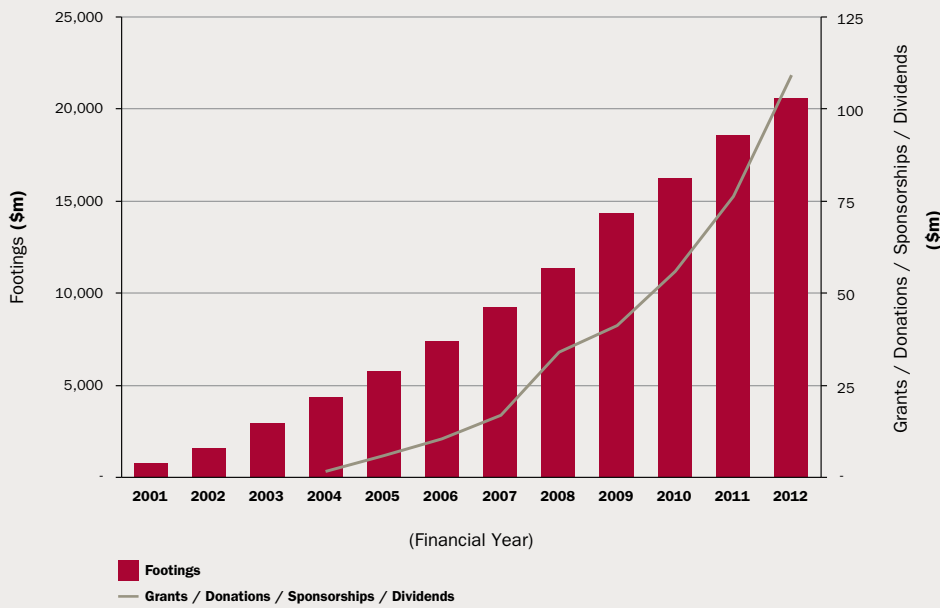
Read more about the **Community Bank®** model at [www.communitybank.com.au](http://www.communitybank.com.au)



**Community Bank® Branch Network Growth**



**Community Bank® Footings and Community Returns**



## Community Bank® Network (continued)



### Green lunches

The average person produces up to two kilograms of domestic waste every day. In an effort to lessen their impact on the environment the community of Swansea in Tasmania's east coast started a waste reduction program.

Swansea Tidy Towns turned its attention to the local primary school, equipping each student with one of 115 reusable stainless steel water bottles and a two-piece reusable lunch wrap kit which removes the need for sandwiches covered in plastic or snacks in bags.

The Swansea/Bicheno **Community Bank®** Branches recognised the importance of teaching children sustainable living habits early and have supported the initiative with a \$1,700 grant.

### Driving education

Young drivers are over represented in the road toll, with the lives of many youth from rural and regional Australia lost each year.

In an effort to reduce the carnage the Charlton community, located about 250 kilometres north-west of Melbourne, has established the Charlton Traffic Safety Education Centre. The centre aims to give pre-learner drivers the basic skills they need in a practical but safe environment.

Over the past eight years, Charlton & District **Community Bank®** Branch has donated more than \$50,000 to support the program to ensure it can continue to make a positive impact and enhance the safety of young drivers.



### Air angels

The Snowy Hydro South Care helicopter unit provides a life saving emergency service to the people of the Australian Capital Territory and New South Wales' central west regions.

The service operates around the clock and has completed more than 4,000 missions, transporting critically injured people to hospital at a time when every second counts.

To ensure the service can keep saving lives, six **Community Bank®** branches and three Bendigo Bank branches in the ACT and NSW united to donate \$50,000 to get the chopper off the ground and provide support to its team of paramedics.

### Big day out

Each year Lutheran Community Care hosts the Big Day Out in the south Brisbane suburb of Logan. The event is for young adults with disabilities and attracts more than 450 attendees.

The Big Day Out encourages participants to team up and compete in a series of mini-Olympic sporting events, which is followed by a celebratory lunch, presentation ceremony and disco-dancing.

**Community Bank®** company, Logan Community Financial Services, owns and operates five **Community Bank®** branches in the region and supports the event with an annual donation of \$6,000. It also provides in-kind assistance with staff volunteering to help ensure the success of the day.



## Mobile health care

St John Ambulance provides a mobile health care service to the remote community of Katherine and the surrounding region (which is about the size of Victoria) in the Northern Territory.

Katherine Regional **Community Bank**<sup>®</sup> Branch, Bendigo Bank and the NT Government in partnership with the Katherine Rotary Club have donated \$15,000 to help St John's buy a disaster response trailer.

The trailer ensures first aid supplies and equipment can be quickly mobilised in the event of an accident or natural disaster, as well as assisting volunteers in providing services for the community and at public events.

## Solar Kicks goals

The Henley Sharks Football Club and a number of other local sports clubs train under lights at the Henley Memorial Oval on Adelaide's northern beaches.

In 2010, the electricity bill for the oval was more than \$8,000. In an effort to reduce their spend and help the environment the club approached West Beach & Districts **Community Bank**<sup>®</sup> Branch for a \$14,000 grant to fund the installation of solar powered lights.

The solar panels were installed in July 2011 with the power bill reduced to almost nothing, allowing the clubs to invest their savings in other community building initiatives.



## The right moves

Chess was introduced to the Kendenup Primary School students in 2011 and within six months the children from the remote Western Australian town had won the state title and an opportunity to compete in the national championships.

Initially, the school fostered the students' interest in chess with a large outdoor board and set in the playground which was funded by a \$1,000 grant from Mount Barker **Community Bank**<sup>®</sup> Branch.

Once the **Community Bank**<sup>®</sup> branch heard about the children's further success it donated a further \$3,000 to help send the students to the national championships in Melbourne where the school placed eighth.

## Beating the drum

Northern Sydney Symphonic Wind Ensemble teaches children about music through its school band program which boasts more than 200 young musicians. The program has been growing rapidly and more instruments were needed to meet the demand.

Freshwater **Community Bank**<sup>®</sup> Branch in Sydney's northern suburbs recognised the work of the group and the positive impact it was having on the lives of local youth and donated almost \$75,000 to help support it.

The **Community Bank**<sup>®</sup> branch hopes the ensemble opens doors for more aspiring young musicians and further develops their skills through mentoring and performance.

# Environment and Sustainability

Our Bank recognises our 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 with.

For some time now we have been implementing and engaging in initiatives to help reduce our carbon emissions and those of the wider community. Primarily this has been achieved through the Bank's Generation Green™ program which was first established in early 2007.

The program provides Bank customers and communities with practical solutions and advice that add up to a cleaner, greener and more sustainable future. The Generation Green™ offering also includes Green Home and Personal Loans to enable and encourage customers to make their homes more energy efficient.

These are some of the ways we assist the community but we've also taken measures as an organisation such as reducing power usage and supporting the construction or retrofitting of our buildings to improve energy efficiency.

To formalise our efforts and establish a set of standards for our people and partners to follow, we launched our Statement of Commitment to the Environment in September 2011.

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

We have committed to consider the environment in all relevant business decisions and 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 we believe with a united commitment we can make our Earth the healthiest it can be.

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.



# Our Environmental Footprint

- *259 tonnes of paper recycled*  
*(698 tonnes in carbon dioxide equivalent)*
- *21,906,818 kilowatts of electricity used*  
*(22,353 tonnes in carbon dioxide equivalent)*
- *14,370,268 megajoules of gas used*  
*(745 tonnes in carbon dioxide equivalent)*



# Environment and Sustainability *(continued)*



## *Branch makes tree change*

Bendigo Bank's Eaglehawk Branch in Central Victoria has made a strong green statement by trialling new ways to reduce its environmental footprint. In August 2011, the branch took part in an energy audit which assessed electricity consumption.

The audit revealed the branch could reduce the energy it uses by about 45 per cent if staff made simple changes such as switching off their computers at the end of the day, replacing power hungry light bulbs with energy efficient ones and using online reports instead of printed hard copies.

The Bank is monitoring the success of the pilot and looking at how some of these simple solutions can be rolled out across the national branch network.

## *Green star building*

At the end of 2013 more than 1,000 of the Bank's Adelaide-based staff will move into a new office with a minimum Five Star Green Star energy rating.

The building located on Grenfell Street is in the heart of Adelaide and will make a strong environmental statement which reinforces the Bank's commitment to sustainability.

The new Adelaide headquarters will use about half the energy of a typical office building and feature a number of energy efficient measures, including underfloor air conditioning to reduce energy consumption and improve air quality, a central atrium to encourage natural light and materials used to fit out the building will be sourced locally (when possible) to reduce carbon emissions during the build.



## *Bank offices power down*

Electricity usage generates about 90 per cent of the Bank's direct carbon emissions, with computers one of our more power-hungry appliances.

In an effort to reduce the energy consumed by our computer network, the Bank rolled out an IT PowerDown initiative in September 2011. The technology manages our computers and automatically shuts down our more than 6,000 desktops, laptops and monitors at the end of each working day.

Powering down our computers instead of leaving them in stand-by mode overnight and on weekends has significantly reduced the amount of electricity we use, saving thousands of tonnes in carbon emissions and helping us to achieve significant cost savings.

## *Paper cut*

Research has shown that more than 25 per cent of printing at the Bank was never actually collected and while most of the uncollected printing was recycled there was an opportunity for our people to be more efficient and mindful of the environment.

Double-sided printing is now the default setting on all computers and an online print management tool has been rolled out allowing staff to monitor how much paper they use.

It's hoped these initiatives will help the Bank reduce its printing by about 25 per cent and less printing means fewer trees are logged and fewer toxic chemicals are used.



## Clean, green drive

Bendigo and Adelaide Bank is a national organisation and sometimes our staff are required to travel to do their jobs.

To help reduce the emissions generated by staff travel we've started to replace our existing car fleet with smaller, more fuel and energy efficient models.

We've also established a travel register so staff can easily organise to car pool and save on emissions. Staff are also encouraged to use public transport whenever they can. We've also enhanced our video conferencing facilities to help reduce the need for travel.

## Energy Saver Initiative

Bendigo Bank's Generation Green™ partnered with Carbon Down in 2011 to launch the Energy Saver Initiative which aimed to help small to medium businesses reduce their energy consumption.

The program saw almost 5,000 energy saving power boards installed free of charge in businesses across Victoria, generating an estimated saving of about 20,000 tonnes of emissions – the equivalent to taking about 4,500 cars off the road for a year.

The community was also given the opportunity to enter a competition to win \$10,000 to implement an environmentally friendly project, with the Paynesville Men's Shed taking out the major prize.



## Greenhouse Games champions

Last October, Sustainability Victoria launched its GreenHouse Games Workplace Challenge, a national competition which encouraged people working at some of Australia's top companies to reduce their environmental impact at home.

More than 230 Bank employees from across Australia stepped up to the challenge and implemented positive green changes in their homes.

Of the 35 competing companies our people amassed the greatest points tally and over the next year Bank staff and their households will save an estimated 470 tonnes of emissions, 8,800 kilolitres of water and save 74 tonnes of waste from going into landfill.

## Switch to Save

Bendigo Bank's Generation Green™ launched the Switch to Save initiative in June 2012 and invited customers and members of the community to have Standby Power Controller installed in their homes for free.

The simple switches have been installed in more than 17,000 Victorian homes saving an estimated \$44 million in energy costs over the next 10 years and 220,000 tonnes in greenhouse gas emissions—that's the equivalent of taking more than 50,000 cars off the road for a year.

Bendigo Bank has also supported local schools to think green through the program, distributing about \$330,000 to more than 220 schools undertaking environment or sustainability initiatives.



# Community Enterprise Foundation™

The past financial year has seen a return to ‘community grassroots’ grant making for our organisation’s Community Enterprise Foundation™.

In recent years the Foundation has been involved in appeals raising money for communities devastated by bushfires, floods and cyclones, but the past 12 months has seen a focus on **Community Bank**® company grant making.

The Foundation is working closely with our **Community Bank**® network as they return millions of dollars back into their communities via community grants programs.

Whether it’s a \$5,000 shade sail for a pre-school in the Queensland town of Yarraman, \$125,000 for a new Regional Coronary and Cancer Care Unit in Bunbury, WA, or \$35,000 for All Abilities Basketball players in the Melbourne suburb of Doncaster, the Foundation provides **Community Bank**® companies with a tax-effective framework to reinvest profits back into their local communities.

The Foundation also establishes and oversees appeals, working closely with communities and relevant organisations to appropriately determine how funds raised should be distributed.

Our Hobart branch staff are working with local volunteer fire fighters to raise money for the Australian Cancer Research Foundation, while in Bendigo \$47,000 from the Bendigo Bushfire Appeal was handed over to local community support centre, Our Place.

The Foundation accepts donations online and through Bendigo Bank’s almost 600 customer service outlets across Australia to ensure help gets to where it’s needed.



## 2005 Community Enterprise Foundation™ established

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- \$60 million raised since 2005
- \$9.4 million raised in 2011/12
- \$46.7 million distributed since 2005
- \$9.2 million distributed in 2011/12
- 4,197 organisations assisted since 2005
- 983 organisations assisted in 2011/12
- \$46,000 raised through the Bank's Staff Gifting program
- 10 organisations assisted through the Bank's Staff Gifting program



# Community Enterprise Foundation™ (continued)



## Collie's community-building

Collie and Districts **Community Bank**® Branch opened in 2001. Since then it's returned more than \$1.6 million back into the small Western Australian community.

As fires, floods and cyclones have ravaged communities throughout Australia in recent years, Collie has set aside \$100,000 with the Community Enterprise Foundation™ in a disaster relief fund to be immediately available if a natural disaster hits their community.

The Foundation has also helped the **Community Bank**® branch commit to a \$125,000 grant for the fit out of the new Regional Coronary and Cancer Care Unit in Bunbury.

## Heart-starting gift

This year the Altona, Laverton/Altona Meadows and Point Cook **Community Bank**® branches united to get behind life-saving initiative Defib Your Club for Life which equips community meeting places with defibrillators.

The program was established by MICA paramedic Andrew White who attempted to save a young footballer from cardiac arrest. Sadly, he couldn't but with the aid of a defibrillator he believes the outcome could have been very different.

With the support of the **Community Bank**® company and help from Community Enterprise Foundation™ more than \$250,000 has been committed to see almost 90 defibrillators installed at community and sporting locations right across Victoria.



## Cyber heroes

In today's world of technology and social networking the issue of cyber bullying and its impact on young people is rarely out of the news.

In Sydney, the Ku-ring-gai Youth Development Service (KYDS) organisation is working with four primary and four secondary schools on a Cyber Heroes program.

Turrumurra **Community Bank**® Branch has granted \$5,500 to support the program, with the funding distributed via our Foundation.

## Pedal power

Bendigo Bank's Hobart branch staff have thrown their support behind the city's medical sector by supporting Tasmania's latest fundraising effort.

A group of firefighters are aiming to raise \$100,000 for the Australian Cancer Research Foundation by riding their bikes 2,239 kilometres over two weeks from Brisbane to Hobart.

Branch staff have been busy rattling tins for the cause. This is not the first time they have thrown themselves behind a local fundraiser, with staff involved in several other major Community Enterprise Foundation™ appeals over the years including Lucy Henry's Climb to Recovery Appeal which raised \$39,000 for the Royal Hobart Hospital's burns unit.



## A force greater than Yasi

Cyclone Yasi was the strongest tropical storm to ever hit Australia. Appeals were launched but money donated by individuals, governments and the private and public sectors didn't come close to repairing the damage caused by Yasi.

At the 2012 Queensland **Community Bank**<sup>®</sup> Conference, an annual gathering of branch managers and **Community Bank**<sup>®</sup> company directors, there was discussion about the slow road to recovery for many of these communities.

The hat was passed around and 20 Queensland **Community Bank**<sup>®</sup> companies committed to providing a combined \$50,000 to support the Cardwell, Mission Beach and Ravenshoe communities in their rebuilding efforts. The funding was distributed via our Foundation.

## Hit for six

In 2007, Doncaster East **Community Bank**<sup>®</sup> Branch partnered with the East Doncaster Cricket Club to develop the 'No Boundaries' cricket program for young people with a physical or intellectual disability.

During the past five years the branch has worked with the Community Enterprise Foundation<sup>™</sup> to donate more than \$40,000 to support the initiative which has now expanded to four programs running throughout Melbourne's north east suburbs.

The **Community Bank**<sup>®</sup> company's support has ensured the club can continue working towards making a positive difference to the lives of these young people.



## Sleeping rough

The Bendigo Executive Director Sleepout is an initiative of Central Victorian welfare agency St Luke's. It sees local business leaders spend a night sleeping rough on the street in an effort to highlight youth homelessness and raise money for youth programs.

Bendigo and Adelaide Bank's Executive Banking and Wealth Marnie Baker, pulled out her woollies and sleeping bag to support the worthy cause, with Bank staff getting behind the worthy cause, donating money through the Staff Gifting Program.

The Community Enterprise Foundation<sup>™</sup> collected donations from the community to assist in the fundraising effort.

## Support for slam dunks

Over the past three years the Doncaster East and Templestowe Village **Community Bank**<sup>®</sup> branches have forged a strong partnership with Doncaster All Abilities Basketball which runs a competition for more than 200 players with an intellectual disability.

The relationship began with a grant through the Community Enterprise Foundation<sup>™</sup> in 2010 and has continued with almost \$35,000 donated to support the 28 team competition.

**Community Bank**<sup>®</sup> directors and staff regularly attend the games and continue to be inspired by the enthusiasm and sportsmanship shown by these spirited and passionate young basketballers.

## Scholarships, Graduate Programs and Cadetships

Given the right opportunities and support, people are capable of great things. That's why Bendigo and Adelaide Bank has introduced a number of programs to assist people in accessing higher education and developing their skills in the workplace.

In 2007, our Bank established a scholarship program for academically outstanding but disadvantaged students from rural and regional Australia who wanted to study full-time for the first time at an Australian university.

In its first year the Bendigo and Adelaide Bank Scholarship assisted one student. Since then support for the program has grown and this year, with the involvement of our **Community Bank**<sup>®</sup> network and other Bank partners across the country, the program was able to offer assistance to 70 students to help them achieve their academic dreams.

The Bank also launched two new initiatives this year to aid the organisation in attracting, developing and hopefully retaining the skills of exceptional people.

Four university graduates commenced work with the Bank in February 2012 through our graduate program, which provides a range of workplace experiences which allows the graduates to build on their academic achievements while learning more about our organisation and the financial services industry.

We're also piloting an Information Technology Cadetship program. Cadetships have been given to five people as they work at the Bank and undertake a degree in IT. We hope this will go some way to addressing the IT skills shortage currently faced by our nation, particularly in regional areas.

## Lead On Australia

Bendigo and Adelaide Bank believes Australia's youth are our country's most valuable resource, but we recognise that sometimes communities need help to better engage with their young people.

To contribute to the engagement and development of youth and the strength of our communities, the Bank established Lead On Australia in 1999.

Lead On is a community development organisation that aims to build the relationship between young people and the broader community to ensure relationships based on mutual respect are established, enabling youth to actively participate in and contribute to their community.

Connections are forged between youth and the community through a range of projects and initiatives which involve businesses, education providers, volunteer groups and other sections of the community looking to build a reciprocal relationship with local youth.

In late 2010, our long-standing partnership with Lead On was enhanced through an agreement that saw the Bank take over management of the youth engagement initiative's operations and the delivery of its community programs.

Since it was established, Lead On has helped more than 9,000 young people participate in more than 1,250 projects, and the Bank is always looking for new ways to help expose young people to positive experiences and opportunities within their communities.





## Message from student Sam Carter

I'm at the University of Ballarat undertaking my Bachelor of Physical Education.

I have been lucky enough to receive a scholarship which has allowed me to purchase all the necessities for my course so far and it has taken away the stress I would otherwise be feeling.

I would like to take this opportunity to personally thank the Rupanyup township and the **Community Bank**® branch for their kindness and generosity.

I look forward to my next three and a half years of study with excitement and anticipation.

## Message from graduate Terri Harding

When the opportunity arose to apply for the Bank's new graduate program I didn't hesitate. The program stood out from other employment prospects with its strong focus on learning and development.

The chance to experience a wide range of work within the Bank over two years is a truly unique element of the program.

I have thoroughly enjoyed being a part of the new graduate program. The Bank's warm and welcoming culture has allowed me to settle in, develop relationships and take pride in learning about and contributing to the Bank.



## Message from cadet Nathan Fredericksen

I feel the cadetship is a unique and valuable opportunity. It's not often that you get a kick-start like this, especially into an industry like IT.

So far it's proving to be both a challenging and rewarding experience. In the time I've been here I feel like I've learnt more than I had in a year and a half of university in Brisbane.

Being selected for the cadetship was a really humbling experience; it also gives me an opportunity to learn from industry experts. Essentially, the cadetship is an excellent start to my career and I'm very grateful for the opportunity.

## Greenlight for young drivers

Bendigo and Adelaide Bank, a number of its **Community Bank**® companies, CGU Insurance and Lead On Australia are helping to deliver defensive driver training to young people.

More than 220 young learner and probationary drivers in 28 communities have participated in the Greenlight Driver Education pilot program which aims to reduce young people's likelihood of being involved in a major collision by equipping them with the skills and confidence required to drive safely.

The Bank and its partners have assisted in covering course costs and if the program is deemed successful the Greenlight program will be rolled out across Australia.

## Sponsorships

Bendigo and Adelaide Bank believes providing sponsorship is an important part of our continued support of Australian communities.

We partner with a variety of organisations at a national, state and local level, providing financial and in-kind assistance to groups and events which are relevant, valued and connected to their community.

We aim to understand the needs of the community through our sponsorships and deliver added value through a trusted relationship, reinforcing our point of difference to the people we're connecting with.

We favour sponsorships that provide us with an opportunity to be involved with local communities and help strengthen them. Our sponsorships are far more than just a one-dimensional financial agreement.

Our Bank is involved with hundreds of sponsorships and contributes to many communities, which is why you will see the Bank's name on football fields, community buses, at surf life-saving clubs, on volunteer ambulances, at arts festivals, community centres and many more places right across Australia.

## Online Engagement

Bendigo and Adelaide Bank is committed to helping people and communities achieve their dreams and we've been doing this for more than 150 years. Many people enter our branches, call or write to us and ask for our help, but increasingly our customers and the community want to engage with us online.

We recognised this growing trend and in 2010 launched PlanBig, an initiative that gives people a new way to connect, form an online community and work together to make a difference.

PlanBig enables people to share their ideas and aspirations and then invites supporters to volunteer their skills and knowledge via an online forum to help turn big plans into reality.

Since PlanBig was launched more than 335,000 people (over 210,000 unique visitors) have visited the website with 6,692 becoming members. Almost 2,100 plans have been created (526 active today), with 12,773 conversations taking place and 142 plans have been successfully completed.

In February, the Bank launched its official Twitter presence @Bendigobank to join the conversations that were already happening. Within six months we've gained 700 followers and posted 695 tweets. And in June we launched our Facebook page giving our customers and communities another place to talk, share stories and ask questions.

We believe it's important to connect with our customers and communities through whatever means they choose and we're pleased to be able to do this via social media.





## Adelaide Festival

Bendigo and Adelaide Bank has been a passionate supporter of the Adelaide Festival since 2004, with the arts event providing the Bank with a fantastic opportunity to engage with the South Australian community and the thousands of national and international visitors who attend the event.

In March, almost a hundred Bank staff supported the Adelaide Festival's Writers' Week, with Kids' Day a particular focus.

Following the growth and success of the festival in recent years, the Adelaide Festival is to become an annual event with the Bank signing on as a major partner from 2013.

*Photo courtesy of Tony Lewis and the Adelaide Festival Corporation.*

## Bendigo Easter Festival

Held since 1871, the annual Bendigo Easter Festival is Australia's longest running community festival.

Bendigo's streets come to life with activities and events including an Easter egg hunt, torchlight procession and gala parade featuring Sun Loong, Bendigo's famous Chinese dragon.

Thousands of locals and visitors enjoyed the 2012 festival, including Bank supported activities such as the Bendigo Bank Kidzone and the Dora the Explorer stage show.



## Foodbank SA

Since Foodbank SA's inception in September 2000 it has become South Australia's largest hunger-relief organisations, aiming to meet the needs of the one in 10 South Australians in need of food assistance.

Last year Foodbank SA distributed more than 1.5 million kilograms of food, served three million meals to people in need, gave out 400,000 meals and snacks to children and gifted 9,500 Christmas hampers.

About 65 percent of Foodbank SA's groceries are donated with other support coming from sponsors like Bendigo Bank, which is involved in Foodbank SA's Power to End Hunger campaign.

## Community plans big

Since it opened in 2005 the Byford & Districts **Community Bank**® Branch has returned more than \$170,000 to its small community located about 45 kilometres south of Perth.

The **Community Bank**® team has been working hard to unite local people, businesses and government to identify projects that are worthy of funding and support.

To help achieve this aim the branch registered on PlanBig and started talking about six community projects including a new pathway at a retirement village, a community bus, a kitchen upgrade to a community facility and a street art project.

With the help of the community in the form of funds or in-kind support all of the projects are either underway or completed.



## Community Telco™

The Community Telco™ model is similar to the **Community Bank®** model in that it allows a community to aggregate their spend on a service (in this case telecommunications instead of banking) and retain a percentage of the profits so this can be reinvested in community building initiatives.

Community Telco™ provides telecommunications solutions through nine companies and oversees the products and services so that the local companies can focus on working with the community to identify the best places to spend the revenue.

Since the telecommunication initiative was established in 2003 more than \$120,000 has been distributed to a variety of community groups and projects. Funds have

been given to organisations which address a range of social issues including cancer treatment, support for disabled people and their families, youth engagement and disaster recovery projects.

Community Telco™ companies also create employment opportunities and contribute to local economies and this enhances the appeal of these towns and helps them to attract new businesses to invest and settle in their region.

## Community Enterprise™

Bendigo and Adelaide Bank's Community Enterprise™ model enables our customers to generate a sustainable income stream to support community strengthening initiatives and activities.

The model sees groups or projects established which aim to benefit the wider community. Bendigo Bank customers are then invited to support these initiatives by asking the Bank to contribute a share of the profit it makes on their account to their chosen Community Enterprise™. The Community Enterprise™ then earns a commission from each customer account aligned to their cause.

Since the first enterprise was established in 2005 more than \$3.2 million has been distributed to numerous community initiatives.

This creates a benefit for our customers who can support their community just by banking with the Bendigo; it creates positive community outcomes and helps the Bank establish new community partnership opportunities while growing our business.

## Community Sector Banking

Community Sector Banking is the not-for-profit specialist within the Bendigo and Adelaide Bank group and a decade-long joint venture between Community 21 (a consortium of 20 not-for-profits including Oxfam Australia, Jobs Australia and Yfoundations) and the Bank.

Community Sector Banking draws upon the banking expertise and experience of Bendigo and Adelaide Bank, while the ongoing support of Community 21 ensures it remains true to its original vision of promoting positive social change by supporting the growth and sustainability of the not-for-profit sector.

Community Sector Banking has grown to serve more than 6,000 not-for-profit organisations with tailored banking to help them achieve their goals. This is more than 10 per cent of the economically significant not-for-profits in Australia.

It loaned more than \$72 million to community organisations and projects in 2011 and is currently working in the emerging social finance arena, including the development and recent launch of the Social Investment Deposit Account which contributes 50 per cent of account profits to social projects.



## Skate park supported

Youth engagement can be challenging for small and remote country towns. Cobram, a Victorian community located on the banks of the Murray River, shared this challenge and was seeking new ways to involve and entertain teenagers living in the town.

Working with the community, Cobram Bendigo Bank Branch in partnership with the Cobram Community Enterprise™ and Bendigo Bank Telco helped to establish a local skate park, donating more than \$18,000 towards the project.

The skate park has become a new meeting place for young people living in the town and has provided skating enthusiasts with a place to perfect their tricks.

## Walking tall

Since Strathfieldsaye and Districts Community Enterprise was launched in 2005 local residents have actively sought initiatives and ideas to create a better community for everyone.

This has been achieved by investing in community infrastructure and social programs to promote healthy lifestyle opportunities. An example of this has been the completion of more than three kilometres of walking tracks throughout the Central Victorian suburb.

This is the first stage of a comprehensive walking and cycling track development that will allow everyone to enjoy the beautiful natural environment and encourage physical exercise.



## Housing a social business

Long-time valued customer and innovative housing organisation, Haven, recently broke soil for an exciting new development using business principles to build affordable housing. In 2009, Haven bought an aged-care centre on a large piece of land in Melbourne's rapidly developing South-East, aiming to create a vibrant, mixed residential community.

The construction of 100 affordable housing units was to be funded by selling some allotments to private buyers; generating income and fostering diversity, while offering secure housing for people on low incomes.

Community Sector Banking was pleased to facilitate finance for this project, highlighting the not-for-profit sector's movement towards mixing caring and compassion with creative business ideas.

## Small loans create big impact

Community Sector Banking's In-roads program provides small personal loans and financial counselling for people excluded from mainstream banking, allowing people to build a credit rating and avoid high pay-day lender interest rates. Seven community partners operate In-roads throughout Australia.

Recently, St Luke's in Bendigo assisted Jasmine, an enterprising single mother and uni student who was surprised to learn that, though she had savings and a part-time job, she was not eligible to borrow the \$2,000 needed to buy a reliable car.

The loan made a huge difference to Jasmine and her son Andrew; meaning they could participate in a full range of sporting, social and educational activities.

# Ethical Banking

Bendigo and Adelaide Bank aims to be customer-connected but it's also driven to generate positive community outcomes.

We encourage our customers to join with us in building a better community and have created a range of banking products to achieve this goal.

Through these innovative products our customers can join with us in implementing practical solutions which address common issues faced by our society, such as assisting the less-fortunate, protecting vulnerable animals, providing affordable housing and aged-care solutions and reducing our impact on the environment.

These products either create capital for community-building or empower people to access capital to ensure they can make lifestyle choices which suit them.

These specialised products complement our unique banking models and enhance our ability to ensure the communities we operate within are strong and prosperous.

This is just another way our Bank is thinking outside of the square and partnering with its customers and leading organisations to find new ways to build better communities.





## Oxfam Australia

Established in 1953, Oxfam Australia is one of this country's leading aid and development agencies.

Bendigo Bank and its customers support Oxfam Australia through the Bendigo Oxfam Community Investment Account. This account has been created for customers who want to support the not-for-profit work and choose to do so by electing to forego either all or part of the interest they earn on their account.

Since it was established in 2000 this account has generated more than \$8 million to support Oxfam Australia. Bank staff also raised money for Oxfam Australia by taking part in its annual fundraising event the Oxfam Trailwalker.

## RSPCA Rescue Visa

In 2005, Bendigo Bank formed a partnership with the RSPCA to help save the lives of homeless animals. By shopping with the Bendigo RSPCA Rescue Visa, our customers help to fund the RSPCA's national Adopt-a-pet program.

Each time customers use their credit card, Bendigo Bank makes a payment to the RSPCA based on a percentage of the spend. Customers can also nominate to make a tax-deductible donation of \$3 a month.

Since the product was launched more than \$1 million has been raised to support the program and the RSPCA says this has saved the lives of more than 150,000 animals across Australia.



## Homesafe Solutions

Homesafe Solutions was formed in 2004 as a joint venture between Bendigo Bank and Athy Pty Ltd in order to assist older Australians to access the wealth locked up in their homes without downsizing or going back into debt.

The Homesafe Solutions product, known as Homesafe Debt Free Equity Release enables older Australians to supplement their retirement savings by selling part of the future sale proceeds of their home, allowing them to remain in their home and community for longer.

Equity release can play an important complementary role in enhancing the wellbeing of older Australians, promoting independence and choice.

## Generation Green™ Home and Personal Loans

Bendigo and Adelaide Bank is committed to reducing its impact on the environment and to helping its customers reduce their environmental footprint.

In an effort to assist our customers invest in selected green initiatives and build environmentally friendly homes, the Bank offers discounted personal and home loans through its Generation Green™ program.

The Bank offers a 0.50 per cent per annum reduction on Bendigo Bank's current residential variable rate and no monthly service fee on its Generation Green™ Home Loan and a 1.00 per cent per annum discount on the Bank's current fixed rate personal loans.