

Q: What is happening?

A: The Boards of Adelaide Bank and Bendigo Bank have announced a proposal to merge and create a unique customer and partner focussed financial services organisation.

Q: Why are Adelaide Bank and Bendigo Bank merging?

A: We believe that in creating this new entity we are building the complete banking alternative. By developing a stronger company we will be providing our customers and partners with real banking choices.

The merger combines two successful companies who have developed innovative and distinctive strategies and who are leaders in their fields. The Bank will build on Adelaide Bank's success as a leader in partnering with a range of distribution partners as a specialist wholesales finance provider, while Bendigo Bank's strength is as a retail bank, partnering with communities.

We will be able to offer a complete banking alternative while retaining our customer, partner, community and staff focused culture.

Q: What will the merged Group be called?

A: The name will change to Bendigo and Adelaide Bank Limited.

Q: What are the key benefits of the merger?

A: With increased financial strength, scale efficiency and funding flexibility, the merged group is better positioned to pursue expansion opportunities and invest in growth and continued innovation.

In addition:

- **Staff** will have increased opportunities for career development and advancement through a larger and more diversified company.
- **Customers** will have access to more products, branches and ATMs through more than 380 company and community-owned branches across Australia.
- **Partners** of both banks will see a continued commitment to the partnership model.
- **Shareholders** will own a unique company with an enhanced financial profile.

By bringing the two businesses together cost synergies can be achieved, while improving service capabilities and continuing to grow the business.

Q: Is the merger definitely happening or is this just a proposal?

A: Adelaide Bank shareholders have to vote on the proposal before the merger can proceed.

The merger will be implemented by a Scheme of Arrangement of Adelaide Bank which will require approval by Adelaide Bank shareholders at a shareholder meeting expected to be held in November 2007. Adelaide Bank shareholders will receive 1.075 Bendigo Bank shares per Adelaide Bank share.

Q: How will the new Bank be structured?

A: The Merged Group will have four key business units:

1. Retail Banking (including Bendigo Bank's Community Bank)
2. Wealth Management (including Leveraged Equities, Adelaide Managed Funds and Sandhurst Trustees)
3. Wholesale Mortgages
4. Business Partners (including Portfolio Funding, Adelaide Bank's Specialised Lending and Bendigo Bank's SME offerings, including Oxford Funding).

Q: Where will the headquarters be?

A: The registered office of the new entity will be in Bendigo, with split head office functions between Adelaide and Bendigo (Wholesale headquarters in Adelaide and Retail headquarters in Bendigo).

Q: I'm a shareholder, why should I vote to approve the merger?

A: Shareholders will own a unique company with an enhanced financial profile and a market capitalisation of more than \$4 billion, placing the company well within the S&P/ASX 100. The merger will deliver significant value and EPS increases to both sets of shareholders in the first full financial year.

Q: What will happen to the Bank's Managing Director and executive team?

A: Rob Hunt, Group Managing Director of Bendigo Bank, will be the Managing Director of the new organisation until 1 July 2009, concentrating on the continued performance improvement of the Group, and on the effective integration of the two already successful businesses.

Jamie McPhee will be appointed executive director and will be responsible for the Group's Wholesale Banking services. With Rob Hunt's retirement in July 2009, this will place Jamie in an excellent position to succeed Rob.

Bendigo Bank's Chief Operating Officer, Mike Hirst, will be responsible for Retail Banking.

Both Jamie and Mike will concentrate on the continued development and expansion of the two major businesses.

Decisions on the composition of the remainder of the executive team will be made over time.

Q: What about the Board?

A: The Boards of both Adelaide Bank and Bendigo Bank will each be reduced by two directors when the companies are merged. This will result in a board of 12, including two executive directors.

Robert Johanson, Chairman of Bendigo Bank, will be the Chairman of the merged Group, while Kevin G Osborn, non-executive director of Adelaide Bank, will become the deputy Chairman.

Q: When do the changes take effect?

A: It is business as usual for the next three months until the shareholder meeting in November to determine whether the merger will proceed.

Once the proposal has been formally approved, work can then begin on merging the two businesses – a process that will take many months to complete.

Q: Is my money safe?

A: It is business as usual and Adelaide Bank continues to trade as it always has. We continue to safeguard your funds via rigorous audit and compliance standards.

The Bank now has in excess of \$31.6 billion of assets under management and the company recently announced a profit of more than \$104 million for the 2006-07 financial year.

Once merged with Bendigo Bank we will be a top 100 ASX listed company with market capitalisation of about \$4 billion, making us even stronger.

Q: Will Adelaide Bank branches be closed or changed to Bendigo Bank branches?

A: Both the Adelaide Bank and Bendigo Bank brands will be retained and grown with a continued focus on the delivery of high levels of service, particularly to customers.

Customers will have access to more products, branches and ATMs through more than 380 company and community-owned branches across Australia.

Q: What will it mean for customers?

A: As has always been the case in the past, the focus under the new Bank will be on providing the best possible service to our customers.

This means no negative changes to customers account details, the way they do business in Adelaide Bank branches or internet and telephone banking services.

Information explaining the merger will be available online at www.adelaidebank.com.au

Q: What will it mean for partners?

A: Adelaide Bank partners, including wholesale distributors of mortgages, wealth management and other financial services products, will see a continued commitment to the partnership model.

These partners will have access to a more extensive range of products, backed by the greater scale and processing capability of the merged entity.

Q: Where can I find more information about Bendigo Bank?

A: Background information about Bendigo Bank can be found on the website at www.bendigobank.com.au