

Issue of new Bendigo and Adelaide Bank Capital Notes and resale of Bendigo and Adelaide Bank Convertible Preference Shares 2

28 October 2020

Bendigo and Adelaide Bank Limited (**ASX: BEN**), today announced an offer of new Capital Notes ("**Capital Notes**"), which are expected to be quoted on the Australian Securities Exchange ("**ASX**") and trade under the ASX code "BENPH".

Capital Notes Offer

BEN intends to raise approximately \$350 million through the offer of Capital Notes, with the ability to raise more or less (the "**Offer**"). Capital Notes are being issued to support the Bank's balance sheet growth and to ensure it continues to have strong regulatory capital levels, with the proceeds available to be used to fund the redemption of the Bank's Convertible Preference Shares 2 (ASX ticker: BENPE) ("**CPS2**") (in the hands of the CPS2 Nominated Purchaser) and for general corporate purposes. The proceeds may also be used to fund the redemption of the Bank's Convertible Preference Shares 3 (ASX ticker: BENPF) ("**CPS3**") (which have an optional exchange date of 15 June 2021), although any such redemption would be subject to obtaining APRA's prior approval (which may or may not be given).

Capital Notes are fully paid, non-cumulative, perpetual, subordinated, unsecured, convertible notes and will qualify as Additional Tier 1 Capital under APRA's Basel III capital adequacy framework.¹

Capital Notes will provide investors with floating rate, quarterly, discretionary, non-cumulative distributions that are expected to be fully franked. The Margin is expected to be in the range of 3.80 per cent to 4.00 per cent, and will be set by way of Bookbuild to be conducted on or around 4 November 2020. Based on the expected Margin and assuming a Market Rate of 0.06 per cent, the Distribution Rate on Capital Notes would be equivalent to an unfranked Distribution Rate of between 3.8600 per cent and 4.0600 per cent per annum which is equivalent to a fully franked cash Distribution Rate of between 2.7020 per cent and 2.8420 per cent.²

If certain conditions are met (including APRA's prior written approval), Bendigo and Adelaide Bank may elect to Redeem or Resell Capital Notes, or Exchange Capital Notes into Ordinary Shares of BEN, on 15 June 2027. Otherwise, Capital Notes will mandatorily Exchange into Ordinary Shares of the Bank on 15 June 2029 (subject to certain conditions being satisfied or unless Redeemed, Resold, Exchanged or Written Off earlier). Capital Notes, in accordance with their terms of issue, must Exchange into Ordinary Shares of Bendigo and Adelaide Bank upon the occurrence of a Non-Viability Trigger Event or a Capital Trigger Event.

The Offer comprises:

- a Reinvestment Offer to Eligible CPS2 Holders – being registered holders of CPS2 with a registered address in Australia at 7:00pm (AEDT) on 22 October 2020 (see further details below);
- a Securityholder Offer to Eligible Securityholders – being registered holders of Ordinary Shares, Floating Rate Capital Notes, CPS3 or Converting Preference Shares 4 ("**CPS4**") with a registered address in Australia at 7:00pm (AEDT) on 22 October 2020;
- a Broker Firm Offer to Broker Firm Applicants including Eligible CPS2 Holders – being Australian resident retail clients of a Syndicate Broker; and

¹ Note that Capital Notes are not deposit liabilities or protected accounts of BEN under the Banking Act 1959 (Cth), nor are they guaranteed or insured by a government or any other person.

² Assuming a Market Rate of 0.06 per cent and assuming the value of franking credits is taken into account in full. You should be aware that the ability to use franking credits will depend on your individual tax position.

- an Institutional Offer to Institutional Investors – being certain Institutional Investors invited by the Joint Lead Managers to participate in the Offer.

Applications under the Securityholder Offer, Broker Firm Offer and Institutional Offer must be for at least 50 Capital Notes and thereafter in incremental multiples of 10 Capital Notes for Applications of more than 50 Capital Notes.

The Reinvestment Offer, Securityholder Offer and Broker Firm Offer are expected to close at 5:00pm (Melbourne time) on 24 November 2020.

Resale of CPS2 and Reinvestment Offer

Bendigo and Adelaide Bank today issued an Exchange Notice (“**CPS2 Exchange Notice**”) to resell the CPS2 for \$100 per CPS2 on the upcoming CPS2 Optional Exchange Date, being 30 November 2020.³

Eligible CPS2 Holders will have the opportunity to participate in the Offer by electing to have some or all of their CPS2 Resale Proceeds (i.e. \$100 per CPS2) applied to the Application Payment for Capital Notes. Under the Reinvestment Offer, Eligible CPS2 Holders will not be required to make a separate Application Payment to the extent that their CPS2 Resale Proceeds will be reinvested directly in Capital Notes. Eligible CPS2 Holders who participate in the Reinvestment Offer are guaranteed an Allocation of one Capital Note for every CPS2 they reinvest. Eligible CPS2 Holders will also have the opportunity to apply for additional Capital Notes other than through Reinvested CPS2, but a separate Application Payment would have to be made for those additional Capital Notes.

There is no minimum number of CPS2 that Eligible CPS2 Holders must hold to be able to participate in the Reinvestment Offer. If you are an Eligible CPS2 Holder and own 50 CPS2 or less, you must apply to reinvest all of your CPS2 in Capital Notes if you wish to participate in the Reinvestment Offer. If you are an Eligible CPS2 Holder and own more than 50 CPS2, you must apply for a minimum number of 50 Capital Notes and thereafter in multiples of 10 Capital Notes if you wish to apply for additional Capital Notes.

All holders of CPS2 as at the CPS2 Dividend record date of 18 November 2020 (including Eligible CPS2 Holders who elect to participate in the Reinvestment Offer) are expected to receive a final fully franked CPS2 Dividend of \$1.1728 for each CPS2 on 30 November 2020.

Participation in the Reinvestment Offer is voluntary and BEN intends that all outstanding CPS2 which have not been reinvested in Capital Notes under the Reinvestment Offer will be mandatorily resold to the CPS2 Nominated Purchaser on 30 November 2020 in accordance with the CPS2 Exchange Notice.

Full details of the Offer including the Reinvestment Offer are set out in the prospectus lodged with the Australian Securities and Investments Commission and ASX today (“**Prospectus**”). A replacement Prospectus, containing the final Margin will be made available when the Offer opens, which is expected to be on 5 November 2020. Investors should read and consider the Prospectus in full and obtain professional advice before deciding whether to acquire Capital Notes or participate in the Reinvestment Offer. Applications for Capital Notes under the Offer can only be made by completing the electronic Application Form available at www.BendigoCNOffer.com.au. This announcement is not financial product advice and has not taken into account your objectives, financial situation or needs.

Investor information

Investors may access an electronic version of the Prospectus by visiting www.BendigoCNOffer.com.au.

Westpac Institutional Bank is the Arranger and Joint Lead Manager to the Offer. National Australia Bank, Ord Minnett and UBS AG, Australia Branch have also been appointed Joint Lead Managers to the Offer. Bell

³ Once all CPS2 have been resold to the nominated purchaser on 30 November 2020, BEN intends to redeem all CPS2 in the hands of the nominated purchaser for \$100 per CPS2.

Potter Securities Limited, Crestone Wealth Management Limited, JBWere Limited and Shaw and Partners Limited have been appointed as Co-Managers to the Offer.

Capitalised terms in this announcement have the meaning given to them in the Prospectus.

Indicative timetable for the Offer

KEY DATES FOR THE OFFER	DATE
Record Date for Securityholder Offer	Thursday, 22 October 2020
Lodgement of Prospectus with ASIC and ASX	Wednesday, 28 October 2020
Bookbuild to determine the Margin	Wednesday, 4 November 2020
Announcement of the Margin	Wednesday, 4 November 2020
Lodgement of Replacement Prospectus with ASIC and ASX (with final Margin)	Thursday, 5 November 2020
Opening Date for the Offer	Thursday, 5 November 2020
Closing Date for the Offer (including Reinvestment Offer and Broker Firm Offer)	5:00pm, Tuesday, 24 November 2020
Settlement Date	Friday, 27 November 2020
Issue Date	Monday, 30 November 2020
Capital Notes commence trading on ASX (normal settlement basis)	Tuesday, 1 December 2020
Holding Statements for Capital Notes despatched	Wednesday, 2 December 2020
KEY DATES FOR CAPITAL NOTES	
First Distribution Payment Date ⁴	Monday, 15 March 2021
Call Date	Tuesday, 15 June 2027
Mandatory Exchange Date ⁵	Friday, 15 June 2029
KEY DATES FOR CPS2 HOLDERS	
Record date for determining Eligible CPS2 Holders for the Reinvestment Offer	Thursday, 22 October 2020
Last day of trading for CPS2 on ASX	Friday, 13 November 2020
Record date for CPS2 Dividend and for determining CPS2 holders for the purposes of the resale to the nominated purchaser	Wednesday, 18 November 2020
Closing Date for the Offer (including Reinvestment Offer and Broker Firm Offer applications in respect of Reinvested CPS2)	5:00pm, Tuesday, 24 November 2020
Resale date for CPS2 and payment date for CPS2 Dividend	Monday, 30 November 2020

References to times in this Prospectus are to the time in Melbourne, Victoria, Australia, unless otherwise stated.
The key dates above are indicative only and may change without notice.

⁴ Distributions are scheduled to be paid at the end of each quarterly Distribution Period (on 15 March, 15 June, 15 September and 15 December). If any of these scheduled dates are not Business Days, then the Distribution Payment Date will occur on the next Business Day.

⁵ The Mandatory Exchange Date may be later than 15 June 2029, or may not occur at all, if the Mandatory Exchange Conditions are not satisfied.

Approved for release by: The Bendigo and Adelaide Bank Board

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About Bendigo and Adelaide Bank Limited

Bendigo and Adelaide Bank is Australia's fifth largest retail bank, with more than 7,400 staff helping our 1.9 million customers to achieve their financial goals. Bendigo and Adelaide Bank's vision is to be Australia's bank of choice, by feeding into the prosperity of customers and their communities.

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Important information for investors

An investment in Bendigo and Adelaide Bank Capital Notes is an investment in the Bendigo and Adelaide Bank Group and may be affected by the ongoing performance, financial position and solvency of the Group. Capital Notes are not deposit liabilities or protected accounts of Bendigo and Adelaide Bank under the Banking Act 1959 (Cth). This release is not investment advice and has not taken into account any person's objectives, financial situation or needs. Investors should seek advice from their financial adviser or other professional adviser before deciding to invest in Capital Notes. Investors should consider the Prospectus and obtain professional advice from their financial adviser or other professional advisor in deciding whether to apply for Capital Notes.

This announcement does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer. In particular, Capital Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States or to, or for the account or benefit of, any "U.S. person" (as defined in Regulation S under the Securities Act) unless the Capital Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.