

# Capital Notes Offer and CPS2 Reinvestment Offer

28 October 2020



# Disclaimers

This presentation is dated 28 October 2020 has been prepared by Bendigo and Adelaide Bank Limited ABN 11 068 049 178 ("BEN") in relation to its proposed offer of Capital Notes. A prospectus in respect of the offer of Capital Notes was lodged with ASIC on 28 October 2020 ("Prospectus"). The Prospectus does not contain the Margin or the Application Form. The Prospectus is available online at [www.BendigoCNooffer.com.au](http://www.BendigoCNooffer.com.au). This presentation, and the Prospectus, is to be read in conjunction with BEN's full year results filed with the Australian Securities Exchange on 17 August 2020 and BEN's other periodic and continuous disclosure announcements.

A prospectus containing the Margin and the Application Form will be lodged with ASIC once the Margin is determined (expected to be on or about 5 November 2020) and will be available within Australia.

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# Disclaimers

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# Capital Notes Offer overview

<b>Issuer</b>	<ul style="list-style-type: none"> <li>Bendigo and Adelaide Bank Limited (ABN 11 068 049 178) (“<b>BEN</b>”)</li> </ul>
<b>Offer</b>	<ul style="list-style-type: none"> <li>Fully paid, perpetual, subordinated, unsecured, convertible notes (“<b>Capital Notes</b>”), with an issue price of \$100 per Capital Note</li> </ul>
<b>Offer size</b>	<ul style="list-style-type: none"> <li>\$350 million with the ability to raise more or less</li> </ul>
<b>Purpose</b>	<ul style="list-style-type: none"> <li>The Capital Notes will qualify as Additional Tier 1 Capital</li> <li>The Capital Notes proceeds will be used to fund the redemption of CPS2 (in the hands of the CPS2 Nominated Purchaser) and for BEN’s general corporate purposes. The proceeds may also be used to fund the redemption of BEN’s 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)</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>In a winding-up of BEN, Capital Notes rank ahead of Ordinary Shares, equally and without preference with other Capital Notes, equally with Equal Ranking Securities, but behind the claims of all creditors of BEN (other than creditors expressed to rank equally with Capital Notes on a winding up)</li> </ul>
<b>Distributions</b>	<ul style="list-style-type: none"> <li>Discretionary, non-cumulative, quarterly floating rate payments, and only payable subject to certain Distribution Payment Conditions</li> <li>Distribution Rate = (Market Rate + Margin) * (1 - Tax Rate). Distributions are expected to be fully franked</li> <li>Market Rate means, broadly, the 90-day bank bill swap rate on the first day of the relevant Distribution Period</li> <li>Margin expected to be in the range of 3.80% - 4.00% per annum, to be determined under the Bookbuild</li> </ul>
<b>Term</b>	<ul style="list-style-type: none"> <li>Perpetual (no fixed maturity date) unless Exchanged, Redeemed, Resold or terminated in accordance with the Terms</li> <li>Subject to conditions, BEN has the option to Redeem, Resell or Exchange on 15 June 2027, or earlier following the occurrence of certain events</li> <li>Mandatory Exchange must occur on 15 June 2029, subject to the Mandatory Exchange Conditions being satisfied, if not Redeemed, Resold or Converted prior</li> <li>BEN must also convert Capital Notes into Ordinary Shares if another entity acquires BEN, subject to certain conditions</li> <li>Subject to Exchange into Ordinary Shares or Write Off upon occurrence of a Capital Trigger Event or a Non-Viability Trigger Event</li> </ul>
<b>Offer structure</b>	<ul style="list-style-type: none"> <li>Reinvestment Offer, Securityholder Offer, Broker Firm Offer and Institutional Offer</li> </ul>
<b>Lead managers</b>	<ul style="list-style-type: none"> <li>National Australia Bank Limited, Ord Minnett Limited, Westpac Institutional Bank and UBS AG, Australia Branch</li> </ul>
<b>Quotation</b>	<ul style="list-style-type: none"> <li>BEN will apply for Capital Notes to be quoted on ASX – expected to trade under ASX code “BENPH”</li> </ul>

# CPS2 Reinvestment Offer

<b>CPS2</b>	<ul style="list-style-type: none"> <li>CPS2 are convertible preference shares issued by BEN in 2014 and trade on ASX under the code “BENPE”</li> </ul>
<b>Reinvestment Offer</b>	<ul style="list-style-type: none"> <li>Eligible holders of CPS2 have the opportunity to reinvest their CPS2 in Capital Notes</li> </ul>
<b>Key details</b>	<ul style="list-style-type: none"> <li>On 28 October 2020, BEN issued an exchange notice that confirms that on 30 November 2020 all CPS2 will be mandatorily resold to the CPS2 Nominated Purchaser for \$100 per CPS2 (“<b>Resale Proceeds</b>”). After that date, CPS2 will no longer be on issue and you cannot continue to hold CPS2, unless a circumstance arises which results in the resale not occurring</li> <li>Eligible holders of CPS2 may elect for some or all of their Resale Proceeds (i.e. \$100 per CPS2) to be applied as an Application Payment for Capital Notes provided that, if only some of their Resale Proceeds are to be applied, a minimum application of 50 Capital Notes (\$5,000) and multiples of 10 Capital Notes (\$1,000) thereafter is required</li> <li>Eligible holders of CPS2 who elect to reinvest will: <ul style="list-style-type: none"> <li>not be required to make a separate Application Payment to the extent that CPS2 will be reinvested directly in Capital Notes</li> <li>be guaranteed an Allocation of one Capital Note for every CPS2 they reinvest</li> </ul> </li> <li>Eligible holders of CPS2 may also apply for additional Capital Notes</li> </ul>
<b>CPS2 Dividend</b>	<ul style="list-style-type: none"> <li>Holders of CPS2 as at 18 November 2020 (being the record date for the CPS2 Dividend) will receive, subject to the satisfaction of the dividend payment conditions in the CPS2 Terms, a final dividend of \$1.1728 per CPS2 on 30 November 2020, irrespective of whether they have elected to participate in the Reinvestment Offer</li> </ul>



# **Bendigo and Adelaide Bank Overview**

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We are well placed

**B**  
**9th most  
trusted brand  
in Australia<sup>1</sup>**

Roy Morgan Net Trust Score



**Mozo's Experts  
Choice Award  
Winner 2020**

1st Excellent Banking App BEN  
4th excellent banking app – Up



**Mozo People's  
Choice Award  
Winner 2020<sup>2</sup>**

**#2 Consumer  
Banking  
Satisfaction<sup>3</sup>**

for Home Loan customers

**Up winner of Fintech  
Australia awards for**

**Best Partnership of the Year**

**Excellence in Industry  
Collaborations &  
Partnerships**

Bendigo and Adelaide  
Bank and Ferocia



**#2 Forrester's  
Australian  
Customer  
Experience  
Index**

- Customer satisfaction – bank accounts
- Customer satisfaction – credit cards
- Excellent customer service
- Highly trusted
- Most recommended
- Outstanding customer satisfaction

  
**Australian  
Banking  
Brand  
and Trust  
review:  
1st in Trust<sup>4</sup>**

Australia 2019  
RepTrak® Results

**KPMG Customer  
Experience  
Excellence 2020**

#2 – local customer  
experience brands

**2019 DBM Australian Financial Awards  
Winner of 5 business banking awards**

Best Business  
Customer  
Service

Best Business  
Relationship  
Managers

Best Digital  
Business  
Bank

Most  
Competitive  
Business Bank

Most  
Recommended  
Business Bank

**Canstar  
5-Star Rated**

**Adelaide Bank**

Home Lender

Home Lender Fixed

Investment Home Lender

**Leveraged**

Direct investment loan

**Canstar  
4-Star Rated**

**Credit cards – low fee category**

Bendigo Bank low rate Mastercard

Bendigo Bank low rate first Mastercard

**Savings and transaction accounts**

Bendigo Bank Everyday Account

Bendigo Bank Student Account

1. Roy Morgan Risk Monitor, May 2020

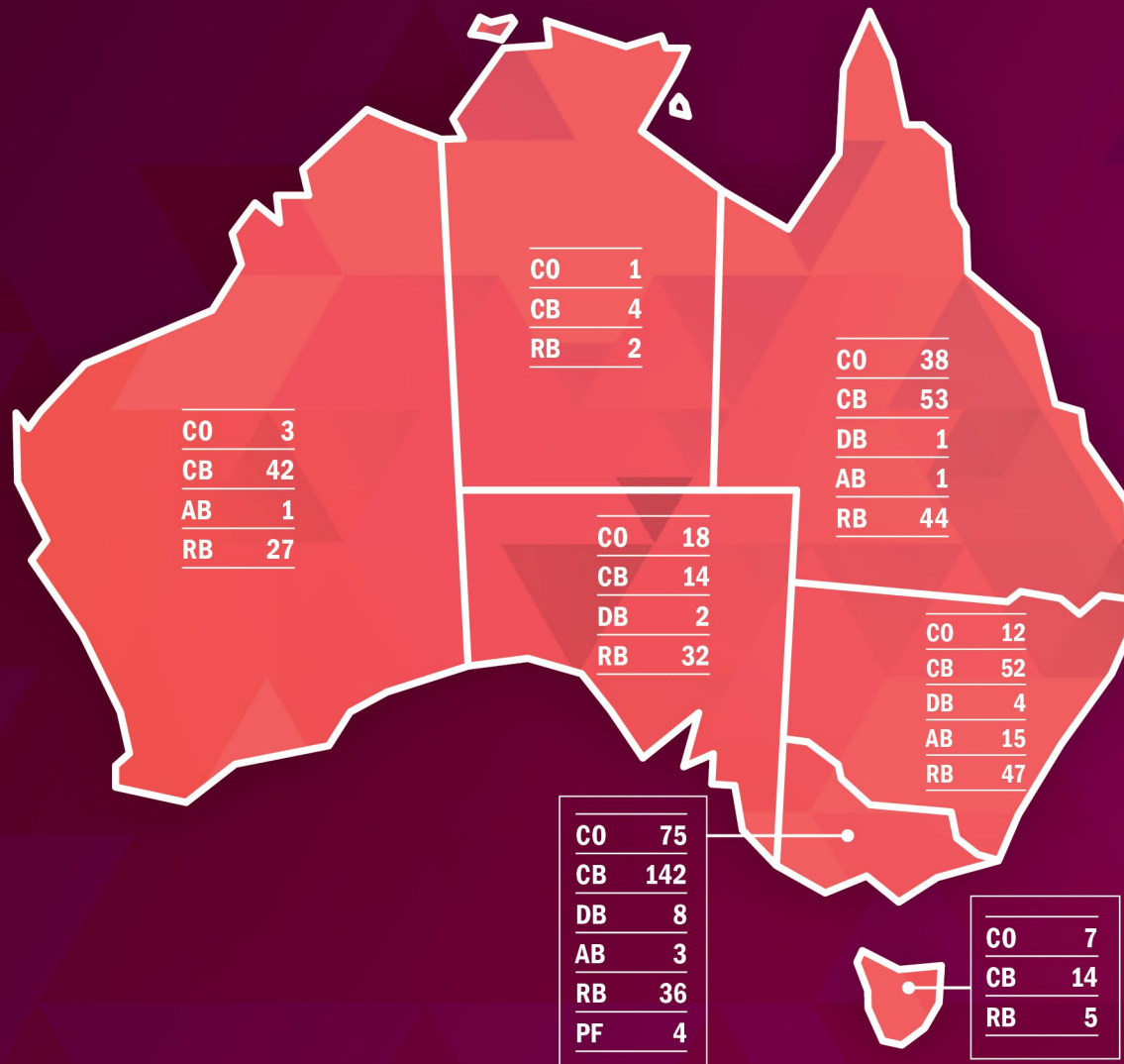
2. Mozo People's Choice Awards, May 2020






3. Roy Morgan 'Customer Satisfaction report consumer banking in Australia, June 2020

4. Glow Australian Banking Brand and Trust Index Q3 2020



# Physical locations



PHYSICAL LOCATIONS		
	CO	Company-owned branch 154
	CB	Community Bank® branch 321
	DB	Delphi Bank 15
	RB	Rural Bank 193
	AB	Alliance Bank 20
	PF	Private Franchises 4
TOTAL		707

# FY20 financial result

Pre-COVID-19 impacts earnings broadly stable

	FY20 (\$m)	FY19 (\$m)	FY20 vs FY19
<b>Statutory net profit</b>	\$192.8	\$376.8	(48.8%)
<b>Cash earnings</b>	\$301.7	\$415.7	(27.4%)
<b>Cash earnings (ex COVID-19 impacts)<sup>2</sup></b>	\$403.9	\$415.7	(2.8%)
Total income	\$1,614.2	\$1,599.5	0.9%
Cost to income	62.7%	59.2%	+350bps
Return on tangible equity	7.42%	10.73%	(331bps)
CET1	9.25%	8.92%	+33bps
Net interest margin	2.33%	2.36%	(3bps)
Cash earnings per share	59.7c	85.0c	(29.8%)
Dividends per share <sup>3</sup>	31c	70c	(55.7%)

## FY20 net profit impacted by<sup>1</sup>

- COVID-19 collective provision overlay of \$127.7m
- Software impairments of \$121.9m
- Accelerated amortisation of \$19.0m
- Restructuring and other specific expense items \$14.2m

<sup>1</sup> Pre-tax

<sup>2</sup> Cash earnings (ex COVID-19 impact) reflects cash earnings after tax and removes the notable impacts from COVID-19 (after tax impact of \$102.2m). Refer to slide 23 for additional information

<sup>3</sup> FY20 final dividend decision has been deferred

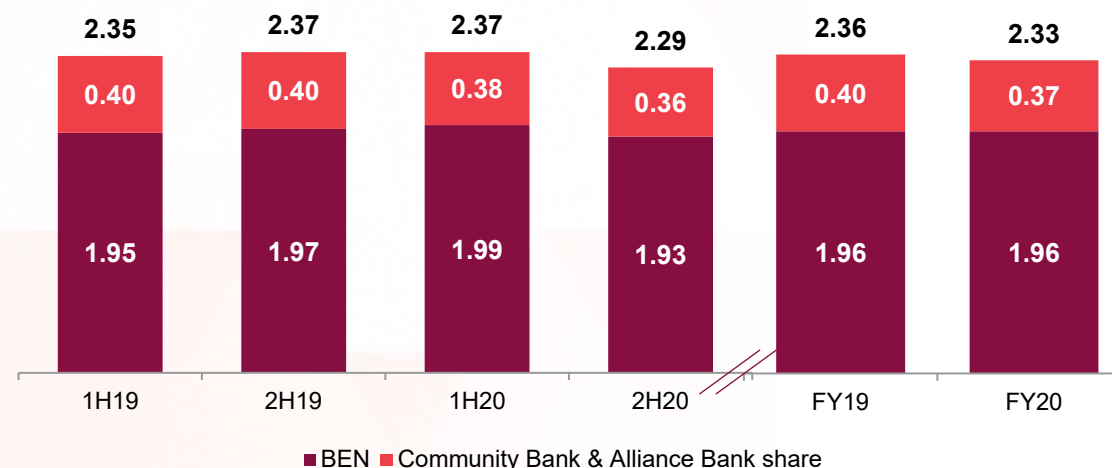


# Net interest margin

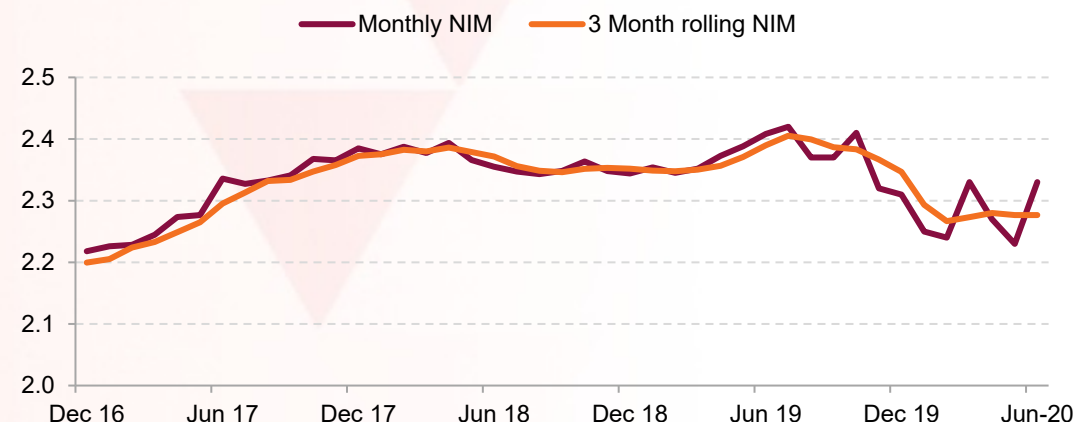
- FY20 NIM contracted by 3bps to 2.33%
- Ongoing active management of price/volume balance – lending and term deposits
- Lending portfolio rate continues to drive lower due to mix of growth and competitive new business rates
- Customer deposit repricing following RBA rate cuts in 2H20 impacted NIM, offset by variable loan repricing
- June 2020 exit NIM of 2.33%

NIM impacts	2H20	1H20	2H19
Front book/back book repricing	(7bps)	(6bps)	(6bps)
Variable loan repricing	10bps	10bps	-
BBSW priced commercial lending	-	-	(1bp)
Hedging	(3bps)	6bps	3bps
Treasury liquids	(1bps)	(2bps)	(1bps)
Customer deposit repricing	(8bps)	(7bps)	3bps
Wholesale deposits repricing	-	1bp	2bps
Funding mix	3bps	2bps	1bp
Equity contribution	(2bps)	(3bps)	1bp
Impact on adoption of AASB 16 <sup>1</sup>	-	(1bp)	-
<b>Total</b>	<b>(8bps)</b>	<b>-</b>	<b>2bps</b>

Historical NIM (%)



NIM monthly movement

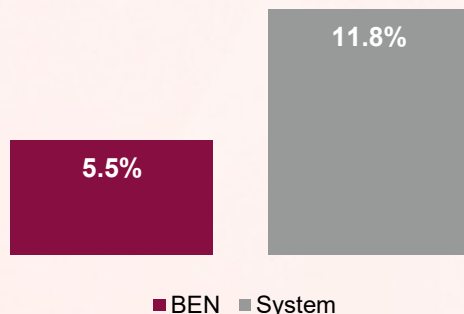


<sup>1</sup> On 1 July 2019 the BEN Group applied AASB 16 Leases which has resulted in interest expense associated with the BEN Group's leases being recorded through NII  
Note: Please also refer to BEN's ASX announcement titled 'Update on 1Q21 trading result & COVID-19 support packages' released on 27 October 2020.

# Funding mix

- Funding mix continues to be a strength, allowing flexibility to fund asset growth and manage margin
- Despite RBA cash rate reductions, group call deposit portfolio has increased ~\$3.0b during 2H20, replacing higher cost term deposits
- Retail term deposit average retention rate of ~90% through FY20 reflecting continued strength in volatile environment
- Wholesale domestic issuance continues to provide a reliable source of funding, and will be used in the future to differentiate and lengthen BEN's maturity profile
- LCR as at 19 October 2020 was 167.7%<sup>2</sup>

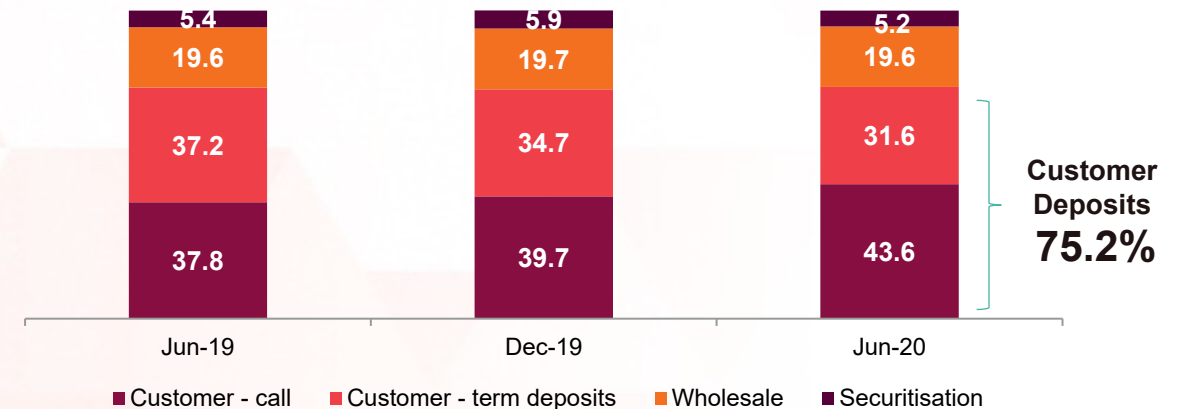
## Total deposits – 12 month growth<sup>1</sup>



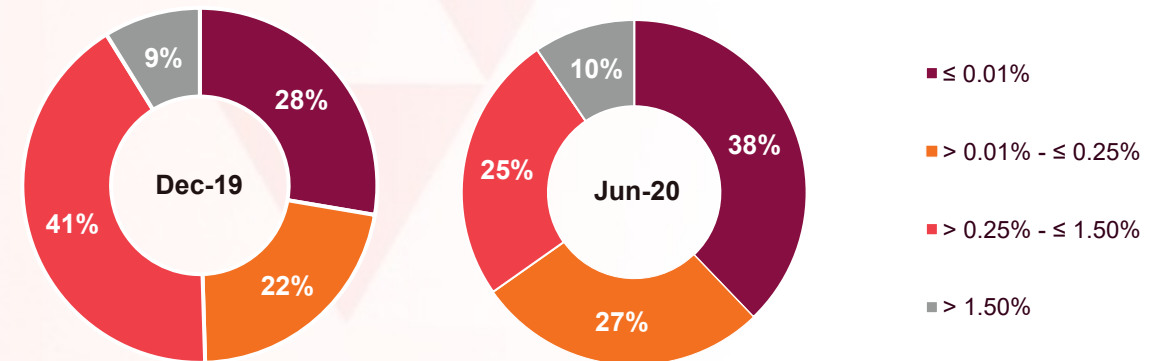
<sup>1</sup> APRA Monthly Banking Statistics June 2020. Growth rate based on a 12-month period (30 June 2019 – 30 June 2020).

<sup>2</sup> 152.4% including the 10% net cash outflow overlay that APRA advised BEN must apply from 2 November 2020 in a media release dated 21 October 2020.

## Funding profile (%)



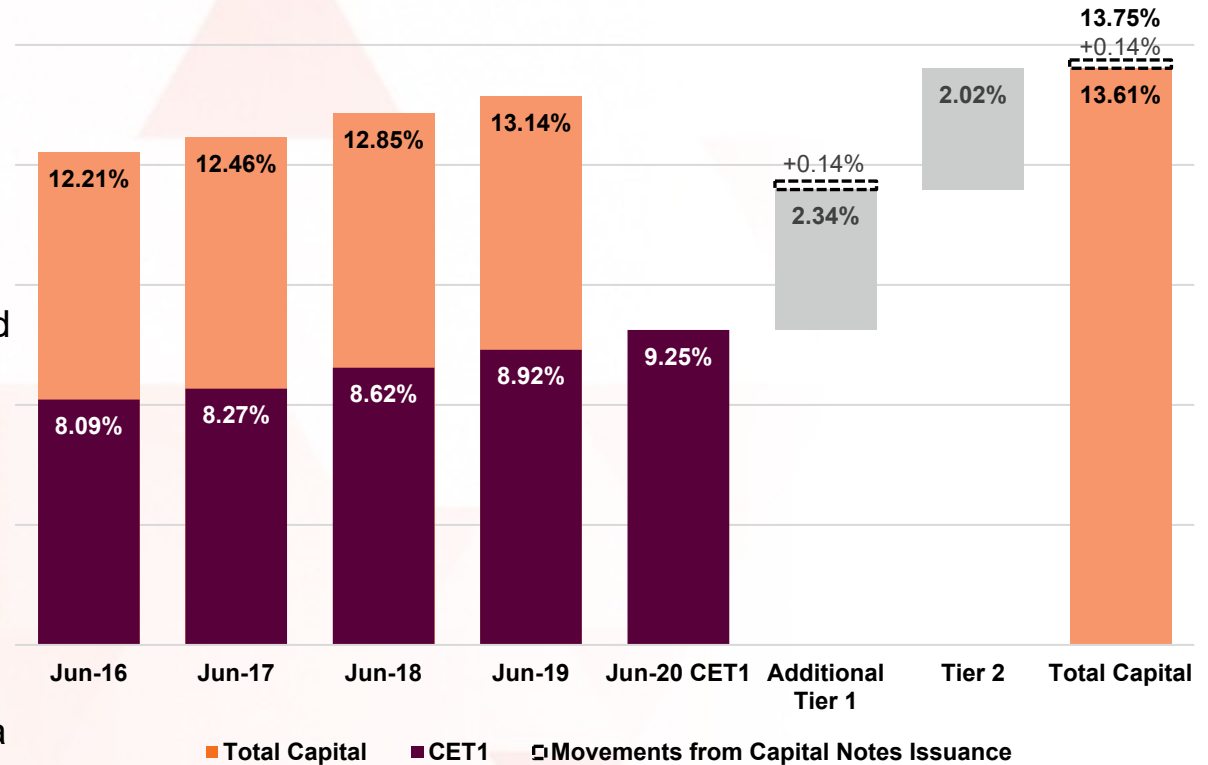
## Customer call deposit funding costs



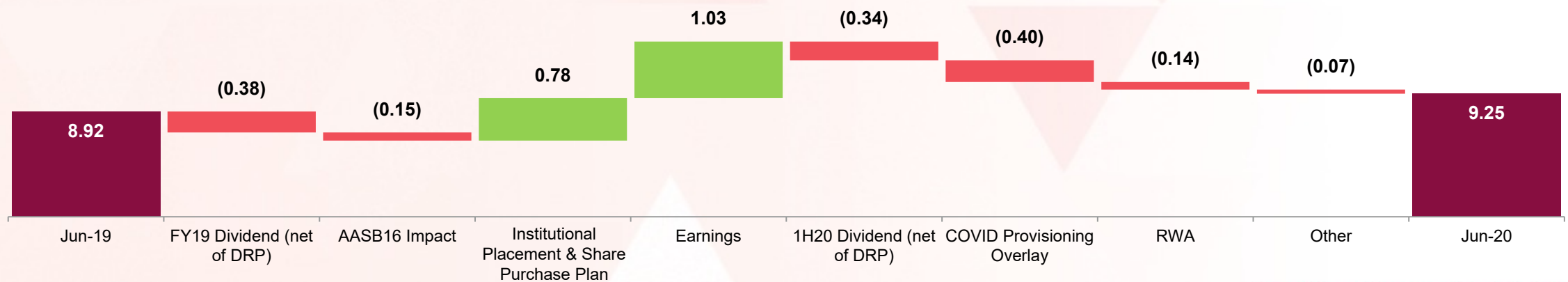


# Capital

- Balance sheet strength
  - 33bps increase in Common Equity Tier 1 ("CET1") since June 2019 to 9.25%
  - Target CET1 range of 9.0% – 9.5% remains and will be reviewed after APRA finalises its review of the capital adequacy framework
- Successfully completed a \$250m institutional placement in February 2020 and \$44.8m in a Share Purchase Plan in March 2020
- Internal stress testing completed to date sees capital ratios maintained above APRA's unquestionably strong minimums
- Assuming proceeds of \$350m from the issue of Capital Notes and the redemption of CPS2 in full on 30 November 2020, on a pro forma basis this would result in a 14bps increase in BEN's Total Capital ratio as at 30 June 2020<sup>2</sup>



## CET1 movement - 12 months (%)<sup>1</sup>



<sup>1</sup> Unrealised Homesafe revaluation revenue has been excluded from increases in retained earnings.

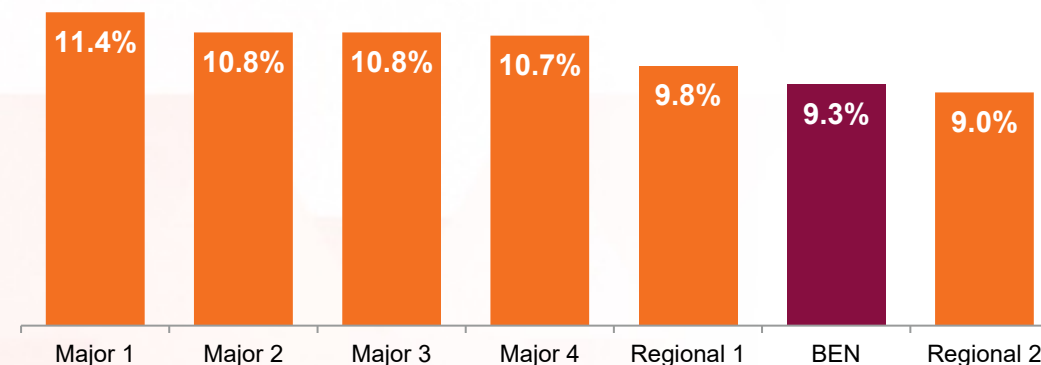
<sup>2</sup> Assumes \$350m to be raised via Capital Notes issuance, however the actual amount raised could be more or less. Based on RWA as at 30 June 2020.

Note: Please also refer to BEN's ASX announcement titled '2020 AGM Chair address' released on 27 October 2020.

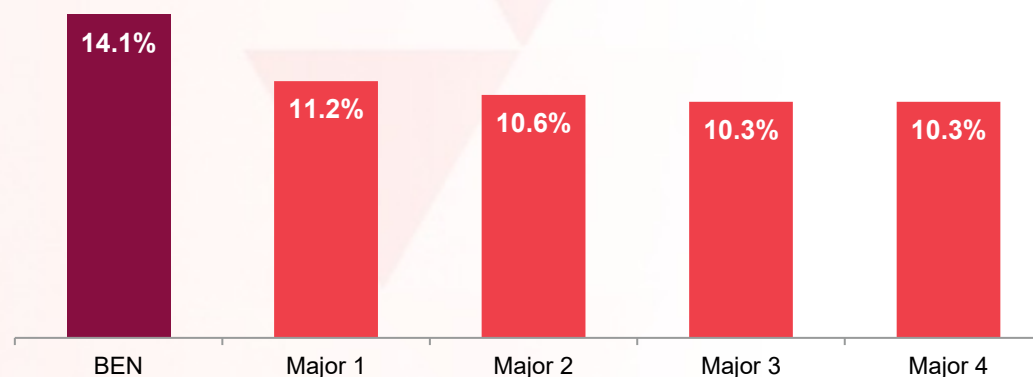
# Capital

	2H20 (%)	1H20 (%)	2H19 (%)	1H19 (%)
<b>Common Equity Tier 1</b>	9.25%	9.00%	8.92%	8.76%
<b>Additional Tier 1</b>	2.40%	2.40%	2.39%	2.39%
<b>Tier 1</b>	11.59%	11.40%	11.31%	11.15%
<b>Tier 2</b>	2.02%	1.81%	1.83%	2.69%
<b>Total capital</b>	13.61%	13.21%	13.14%	13.84%
<b>Total risk weighted assets</b>	\$38.2b	\$37.3b	\$37.5b	\$37.5b

**CET1 peer comparison<sup>1</sup>**



**S&P Risk Adjusted Capital Ratio<sup>2</sup>**



<sup>1</sup> Last reported CET1 as at 30 July 2020

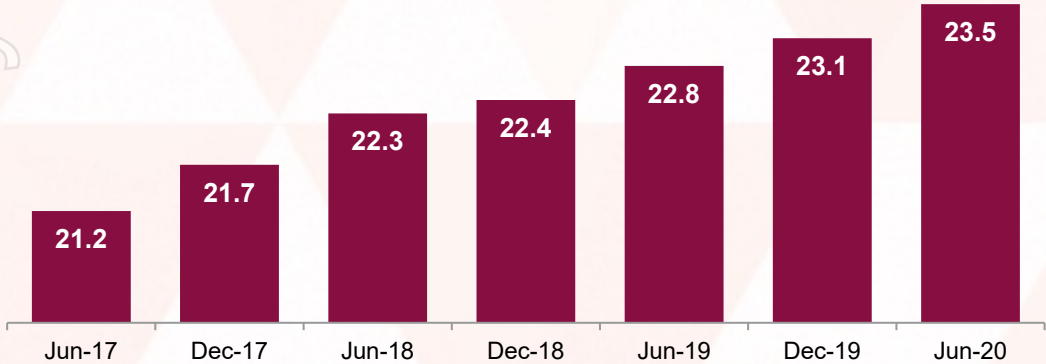
<sup>2</sup> BEN as at 30 June 2019 and not reflecting capital raised in February/March 2020. Major 1 as at 30 June 2019 and Majors 2, 3 & 4 as at 31 March 2019 and in all cases not reflecting capital raised (if any) since those dates.

Note: Please also refer to BEN's ASX announcement titled '2020 AGM Chair address' released on 27 October 2020.

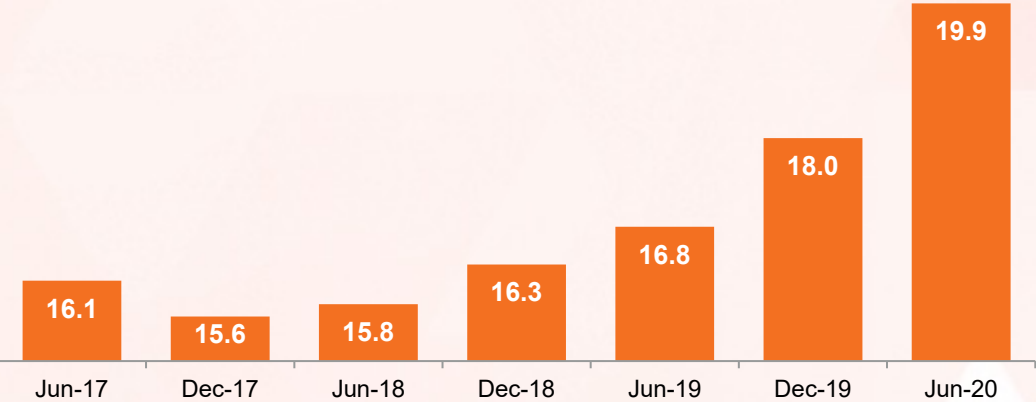


# Residential lending portfolio

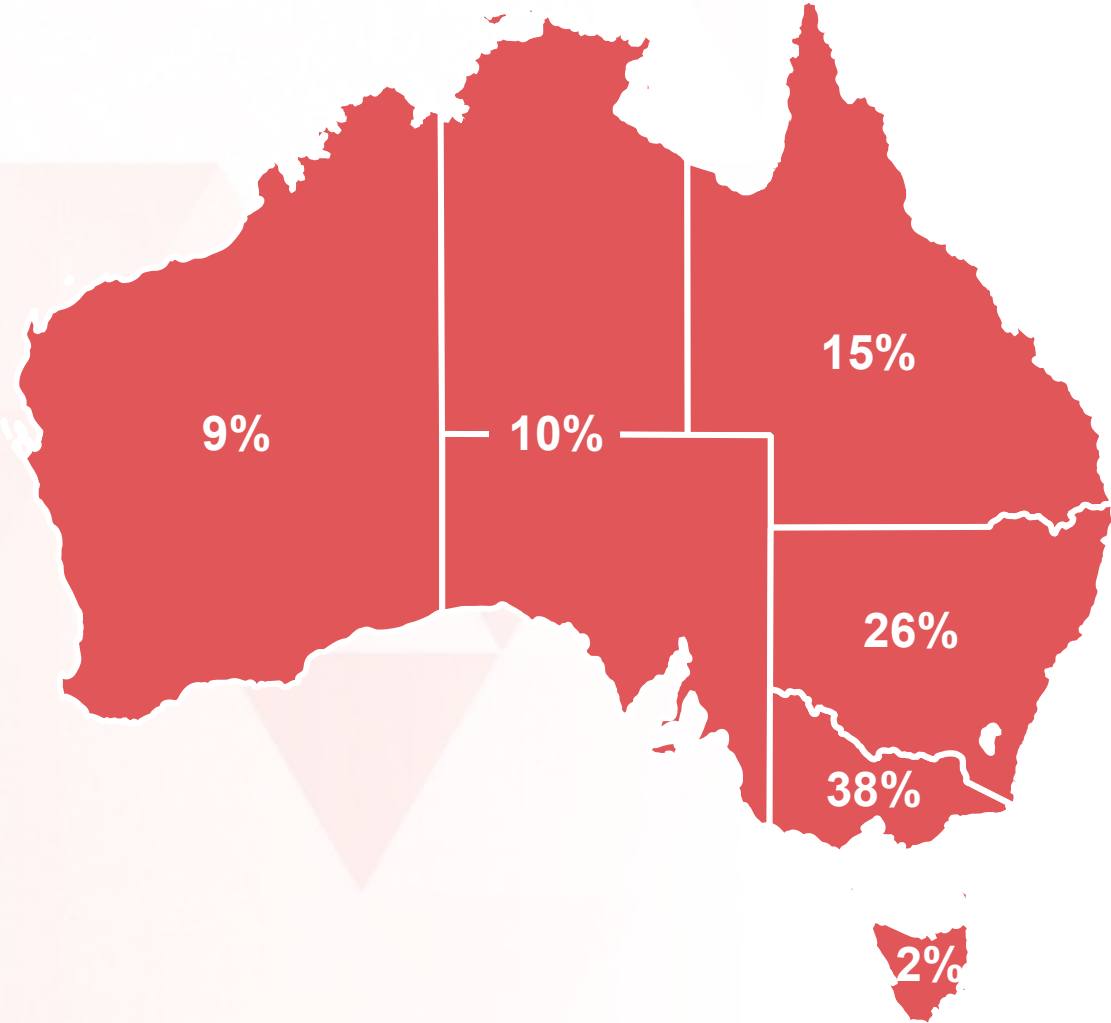
Retail<sup>1</sup> - portfolio (\$b)<sup>2</sup>



TPB<sup>3</sup> - portfolio (\$b)<sup>2</sup>



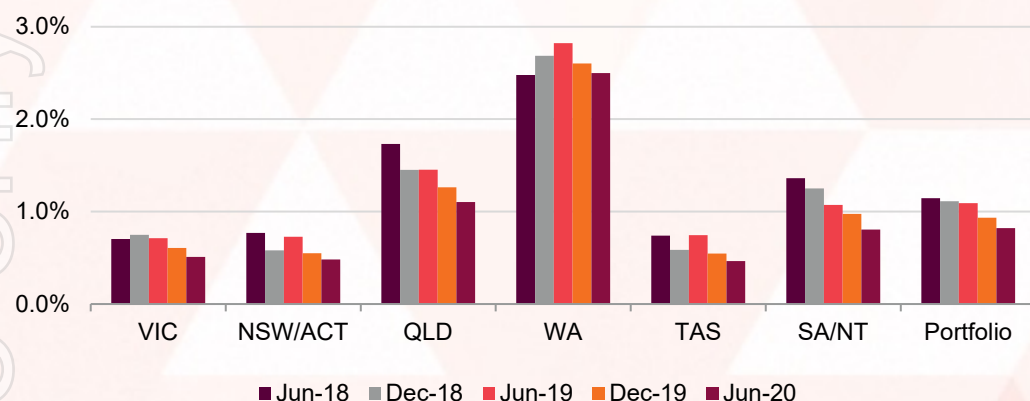
Exposure by state



<sup>1</sup> Retail represents portfolio balance of residential loans by purpose originated in Bendigo Bank channel  
<sup>2</sup> Loan portfolio constructed from internal data and includes line of credit products. Excludes Delphi, Alliance Bank and Portfolio Funding  
<sup>3</sup> TPB represents portfolio balance of residential loans by purpose originated in Third Party Banking channels

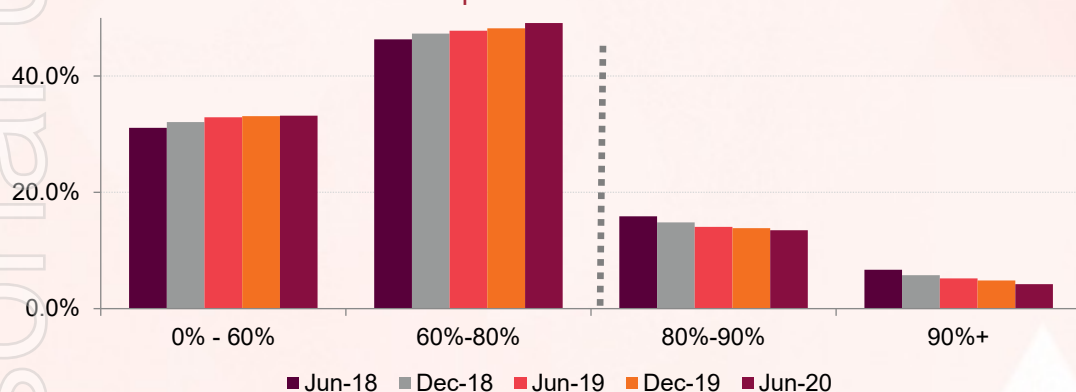
# Residential lending portfolio key metrics

## Home Loans 90+ days past due - by state<sup>1</sup>



## Residential loan-to-value profile<sup>2</sup>

82% of portfolio with LVR ≤ 80%



## Residential portfolio and settlement metrics<sup>3</sup>

	Jun-20	Dec-19
Retail mortgages	54%	56%
Third Party mortgages	46%	44%
Lo Doc	1%	1%
Owner occupied	64%	63%
Owner occupied P&I	90%	89%
Owner occupied I/O	10%	11%
Investment	36%	37%
Investment P&I	54%	52%
Investment I/O	46%	48%
Mortgages with LMI	19%	20%
Average LVR (at origination)	57%	57%
Average loan balance	\$250k	\$243k
90+ days past due - exc arrangements	0.4%	0.4%
Impaired loans	0.10%	0.11%
Specific provisions	0.03%	0.03%
Loss rate	0.01%	0.01%
Variable	74%	77%
Fixed	26%	23%

<sup>1</sup> Excludes Delphi Bank. Arrears includes impaired over 90d+ and excludes arrangements

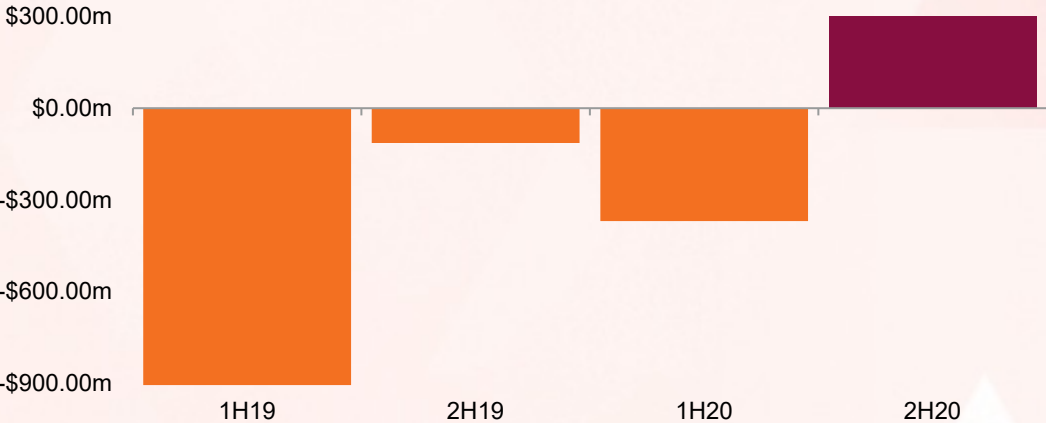
<sup>2</sup> Breakdown of LVRs by residential mortgages by origination

<sup>3</sup> Loan data represented by purpose. Includes Business and Agribusiness divisions. Excludes Delphi Bank & Keystart data. Arrears includes impaired over 90d+ and excludes arrangements

# Business division segments

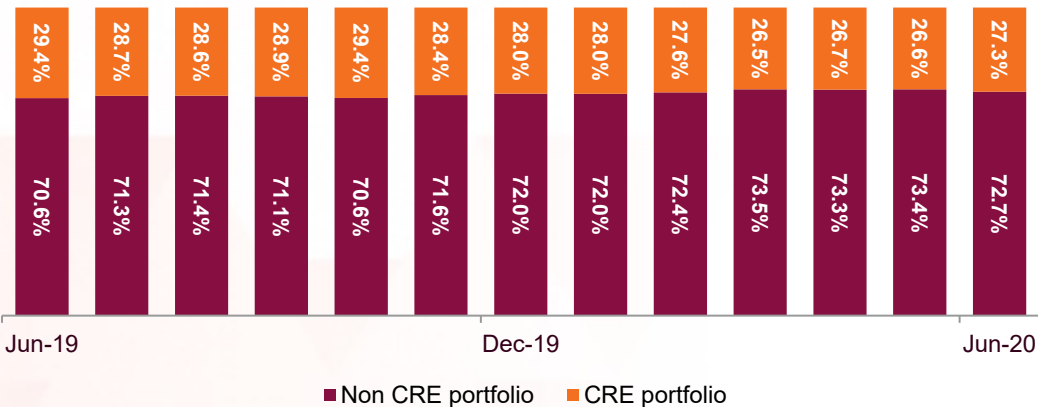
- Small business proposition continues to build on prior period momentum, as a clear differentiator within the market, achieving growth over the financial year
- Commercial property lending portfolio grew during the June 2020 quarter
- Arrears rates in business portfolio continue to trend lower in FY20

Business division - asset growth (\$m)

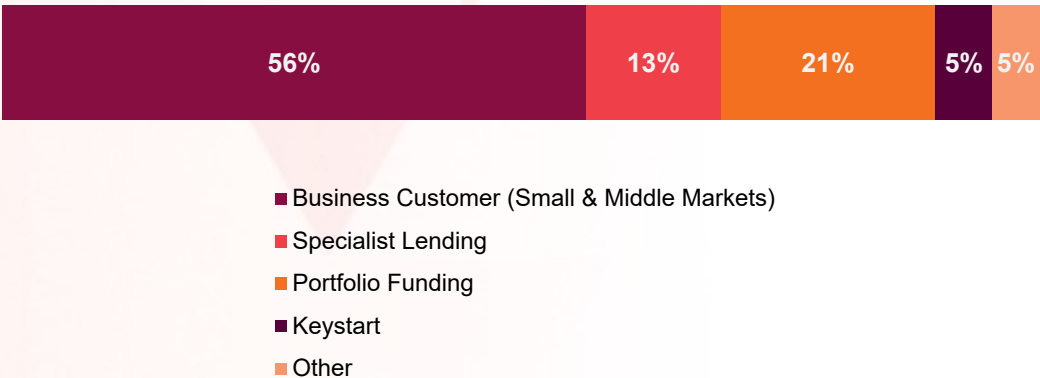


<sup>1</sup> Commercial Real Estate ("CRE")

Business division – CRE<sup>1</sup> portfolio



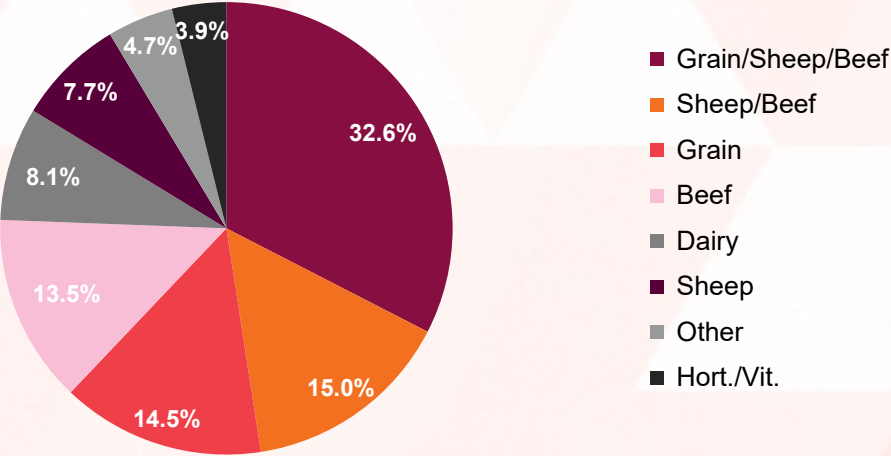
Business division



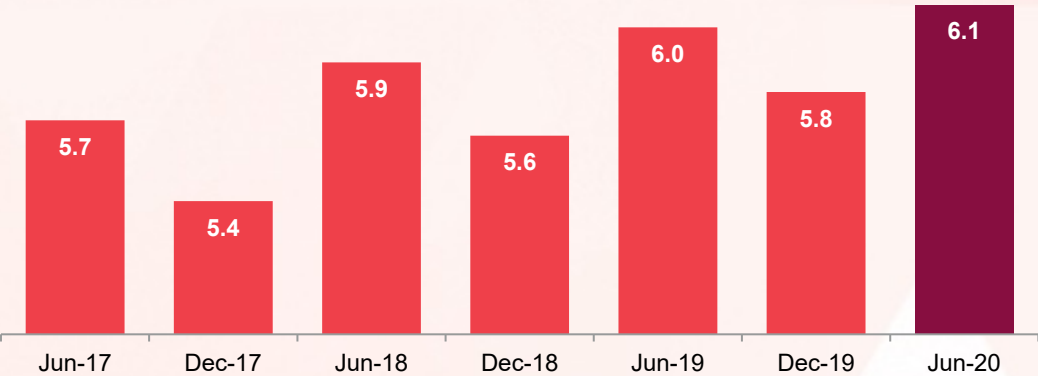


# Agribusiness portfolio

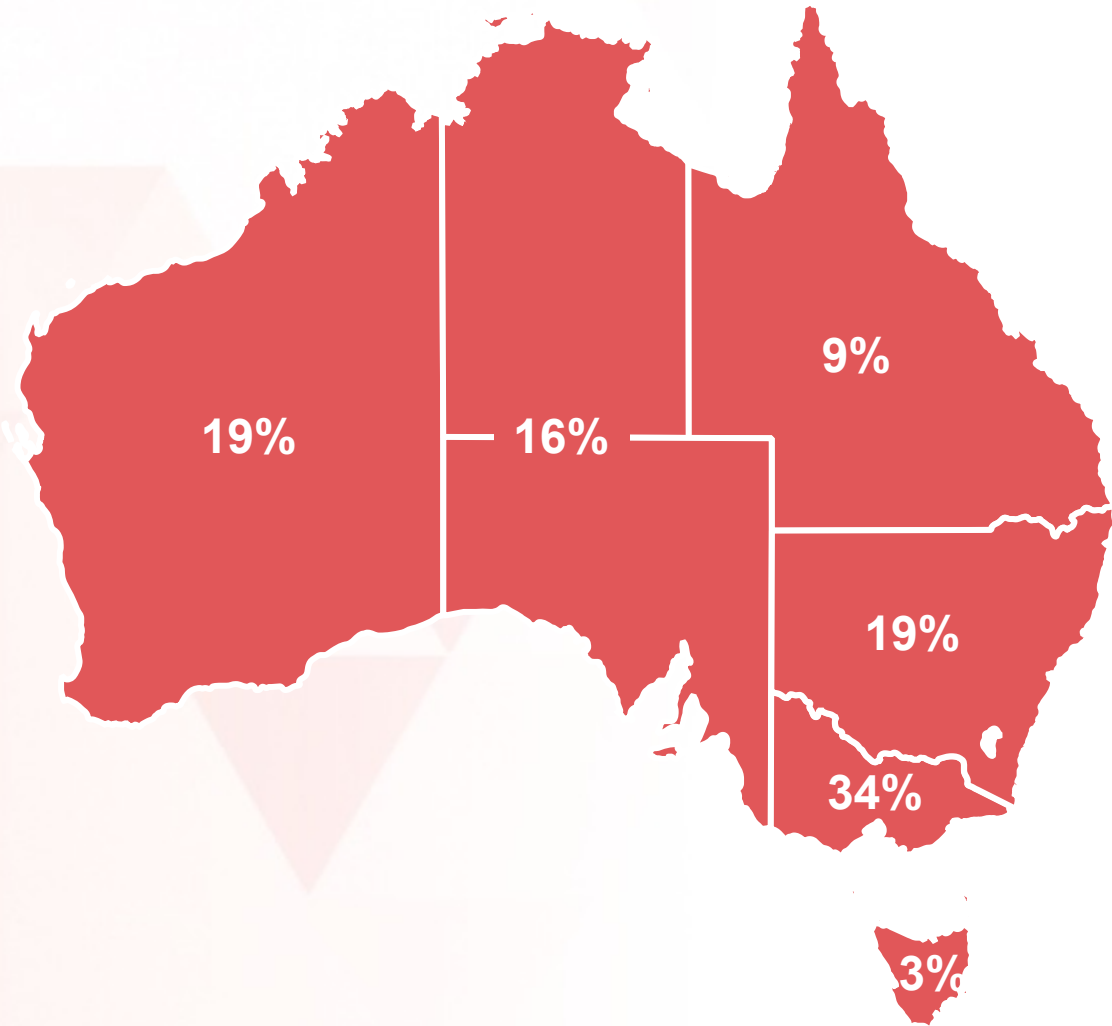
Agri exposure by industry



Agribusiness portfolio (\$)



Exposure by state

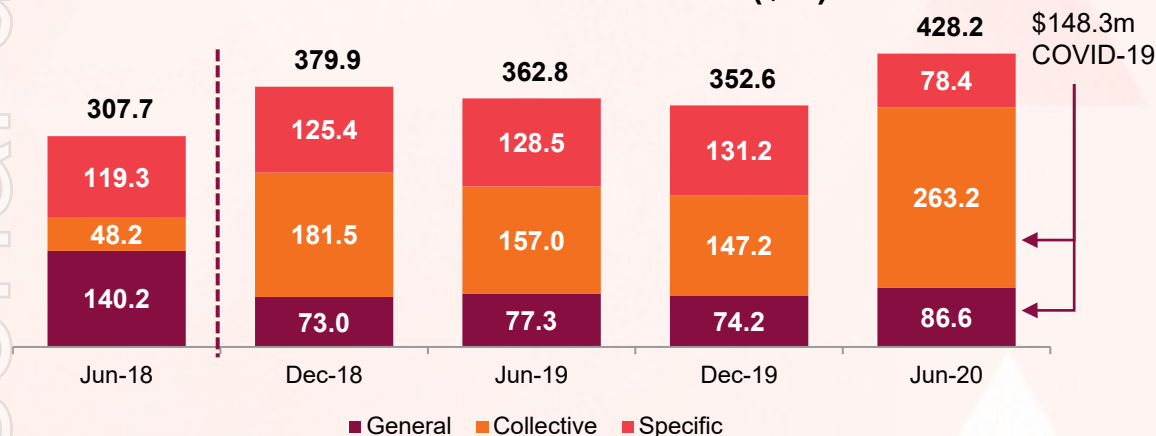


# Bad and doubtful debts

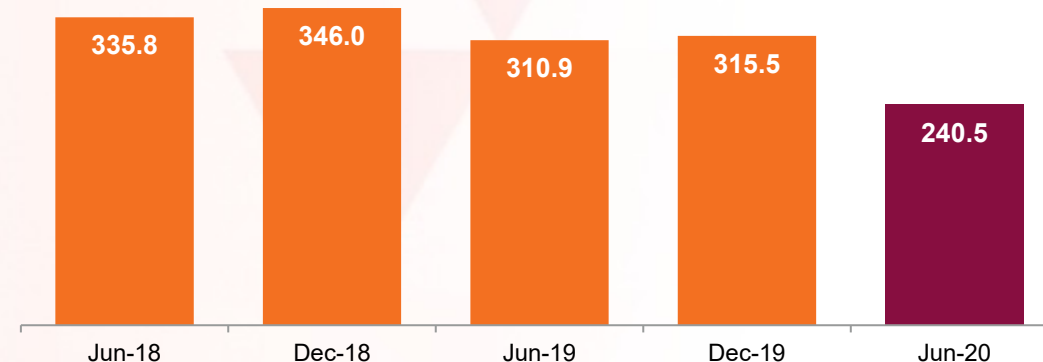
- FY20 BDD charge excluding COVID-19 overlay was 8bps of gross loans, with COVID-19 collective provision overlay contributing a further 18bps (total 26bps of Gross Lending Assets)
- COVID-19 collective provision overlay reviewed at 30 June 2020, but total provision unchanged from 28 May 2020 ASX release
- A number of large loans were resolved during 2H20 reducing specific provisions and total impaired assets

	2H20 (\$m)	1H20 (\$m)	2H19 (\$m)	1H19 (\$m)
Consumer division	(\$3.5)	(\$0.4)	\$13.0	\$5.7
Business division	\$16.3	\$17.8	\$10.4	\$9.1
Agribusiness division	\$2.8	\$3.3	\$1.9	(\$4.4)
Great Southern	\$1.0	(\$0.1)	\$3.3	\$9.8
Corporate (includes COVID-19 overlay)	\$128.7	\$2.6	(\$3.8)	\$5.3
<b>Total</b>	<b>\$145.3</b>	<b>\$23.2</b>	<b>\$24.8</b>	<b>\$25.5</b>

Provisions for doubtful debts (\$m)<sup>1</sup>



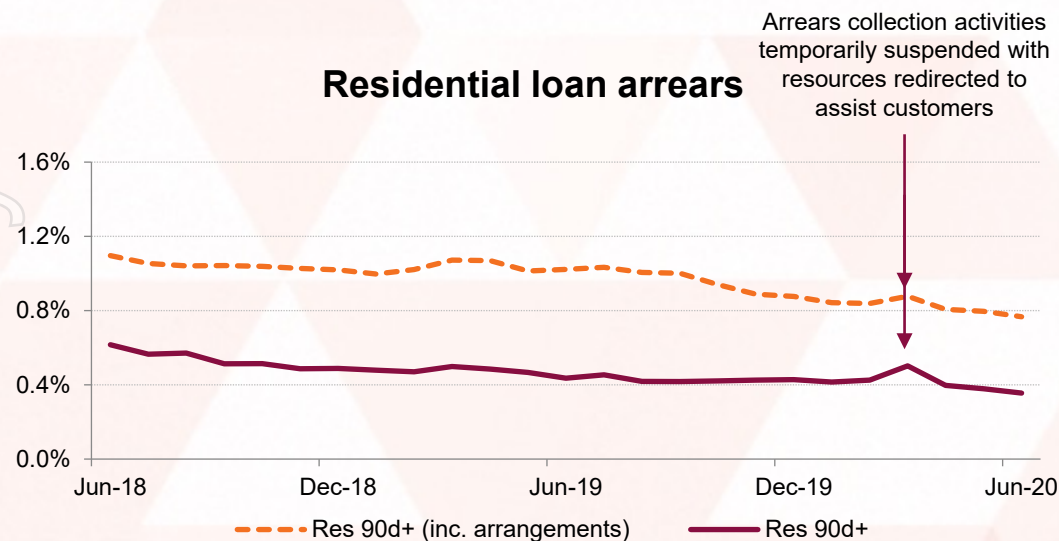
Total impaired assets (\$m)



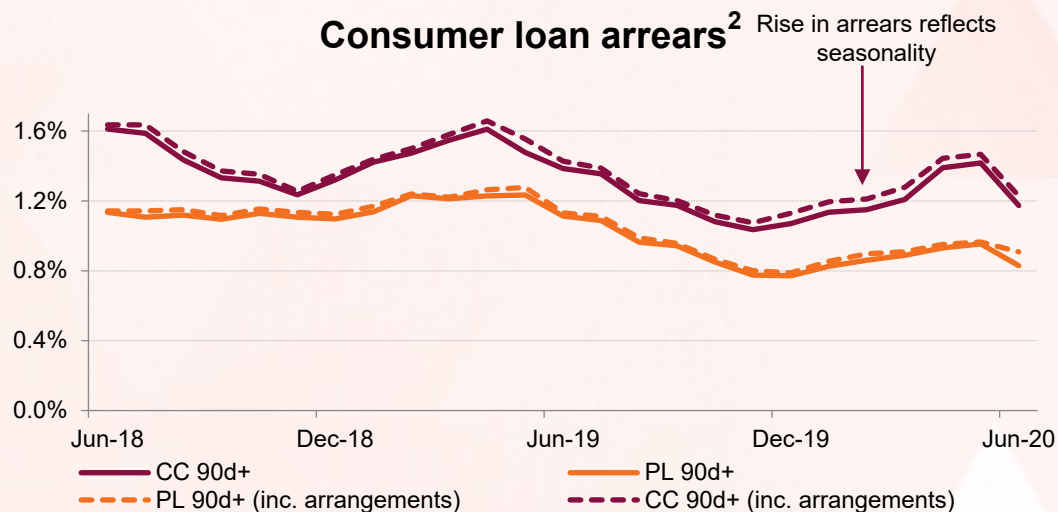
<sup>1</sup> AASB9 was adopted from 1 July 2018 (prior periods are not required to be restated)

# Arrears

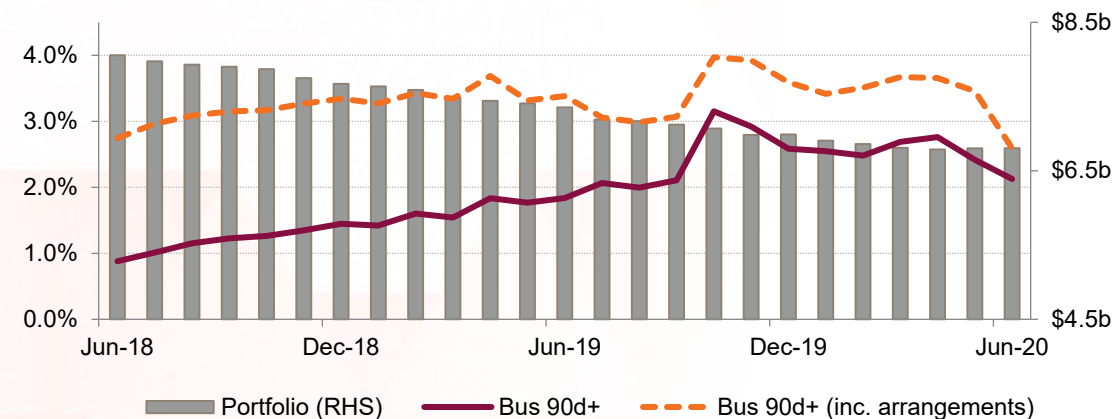
## Residential loan arrears



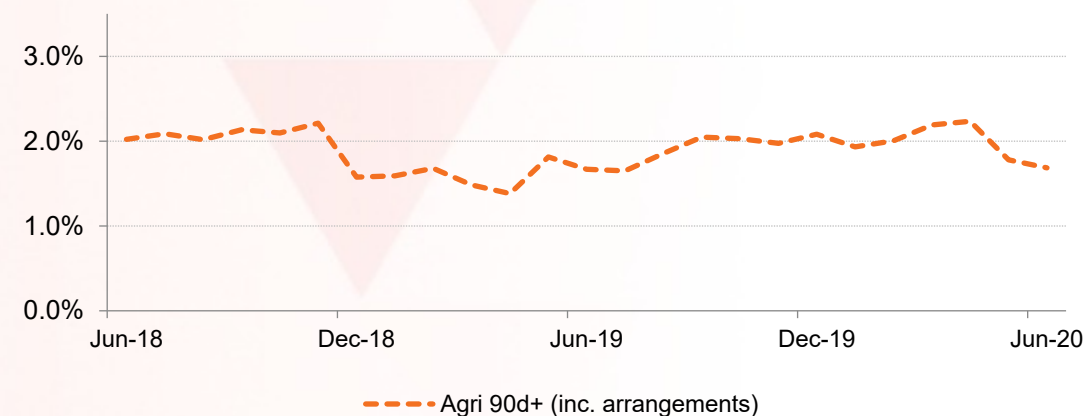
## Consumer loan arrears<sup>2</sup>



## Commercial loan arrears<sup>1</sup>



## Agribusiness loan arrears



Note: Solid line in graphs reflects arrears including impaired over 90d+ and excludes arrangements while the dotted line reflects arrears including impaired assets and all arrangements

<sup>1</sup> October 2019 includes correction in arrears reporting

<sup>2</sup> Consumer loan arrears reflects credit card portfolio and personal loan portfolio



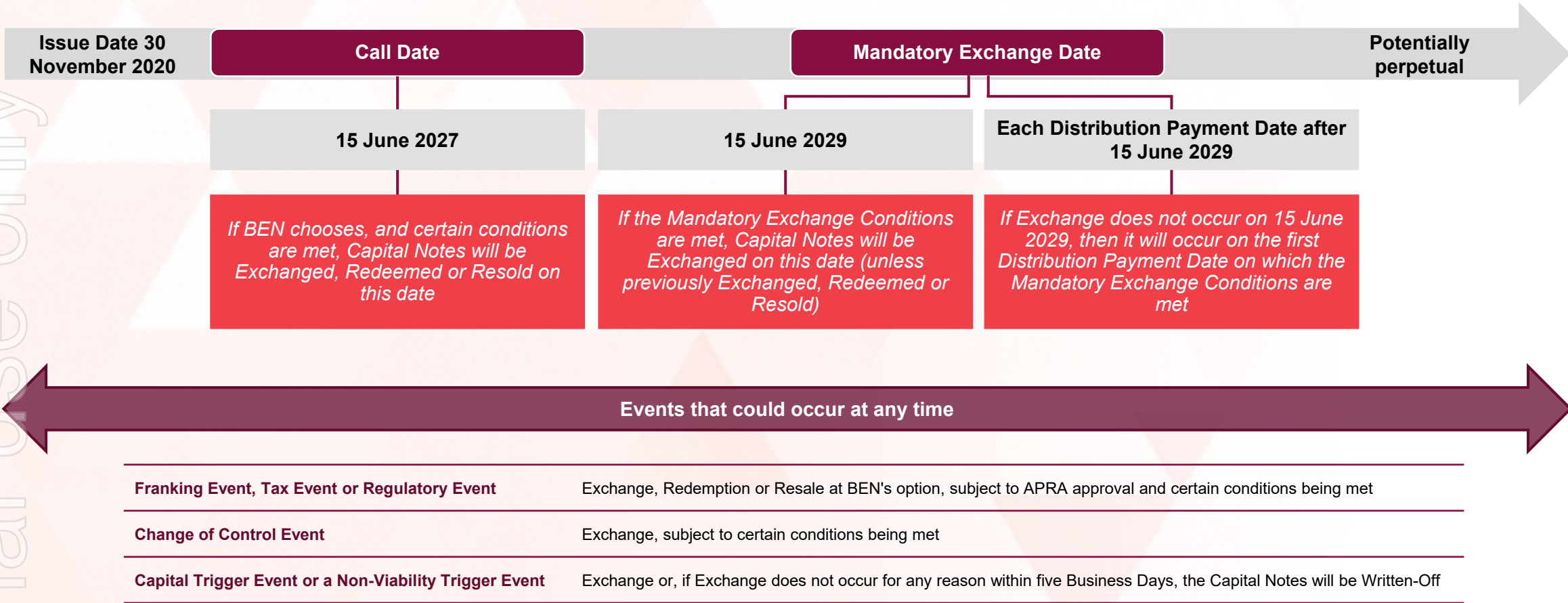
# Capital Notes Offer

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# Distributions

<b>Distributions</b>	<ul style="list-style-type: none"> <li>Distributions on Capital Notes are discretionary, non-cumulative floating rate payments and are subject to certain Distribution Payment Conditions</li> <li>Holders are expected to receive Distributions which have been fully franked – if any Distribution payment is not fully franked, the amount of it would be increased to compensate for the unfranked amount</li> </ul>
<b>Distribution Rate</b>	<ul style="list-style-type: none"> <li>Distribution Rate = (Market Rate + Margin) x (1 – Tax Rate) <ul style="list-style-type: none"> <li>the Market Rate is broadly the 3 month BBSW rate on the first Business Day of the Distribution Period</li> <li>the Margin is expected to be between 3.80% and 4.00% per annum</li> <li>the Tax Rate is the Australian corporate tax rate on the relevant Distribution Payment Date</li> </ul> </li> </ul>
<b>Payment conditions</b>	<ul style="list-style-type: none"> <li>The payment of each Distribution on any Distribution Payment Date is subject to the following Distribution Payment Conditions being satisfied: <ul style="list-style-type: none"> <li>the Directors, in their absolute discretion, resolving to pay the Distribution to Holders;</li> <li>the payment of the Distribution not resulting in a breach of BEN's capital requirements under APRA's prudential standards as they are applied to the BEN Level 1 Group or the BEN Level 2 Group;</li> <li>the payment of the Distribution not resulting in BEN becoming, or being likely to become, insolvent for the purposes of the Corporations Act; and</li> <li>APRA not otherwise objecting to the Distribution being paid</li> </ul> </li> </ul>
<b>Distribution restriction</b>	<ul style="list-style-type: none"> <li>If for any reason a Distribution has not been paid in full on a Distribution Payment Date (“<b>Relevant Distribution Payment Date</b>”), BEN must not, subject to certain exceptions, until and including the next Distribution Payment Date: <ul style="list-style-type: none"> <li>declare, determine to pay or pay a dividend on Ordinary Shares; or</li> <li>return any capital or undertake any buy-backs or repurchases on Ordinary Shares,</li> </ul> unless the amount of any unpaid Distribution is paid in full within five Business Days of the Relevant Distribution Payment Date </li> </ul>

# Summary of events that may affect Capital Notes





# Call Date and Optional Exchange Date

<b>Call Date</b>	<ul style="list-style-type: none"> <li>The Call Date is 15 June 2027</li> <li>BEN may elect to Exchange, Redeem or Resell Capital Notes (subject to APRA's prior written approval)</li> </ul>
<b>Optional Exchange, Redemption or Resale by BEN</b>	<ul style="list-style-type: none"> <li>BEN may choose to Exchange, Redeem or Resell all or some Capital Notes (subject to APRA's prior written approval) following the occurrence of a: <ul style="list-style-type: none"> <li>– Franking Event;</li> <li>– Tax Event; or</li> <li>– Regulatory Event</li> </ul> </li> </ul>
<b>Exchange</b>	<ul style="list-style-type: none"> <li>Upon Exchange, Capital Notes Holders will receive approximately \$101.01 worth of BEN Ordinary Shares per Capital Note</li> </ul>
<b>Conditions of Exchange</b>	<ul style="list-style-type: none"> <li>The conditions to Exchange and the associated Exchange calculations are designed to ensure that Holders receive approximately \$101.01 worth of Ordinary Shares for each Capital Note they hold, and that Holders receive Ordinary Shares that are capable of being sold on ASX. However, the value of Ordinary Shares received on Exchange may be worth more or less than \$101. The number of Ordinary Shares that Holders will receive will not be greater than the Maximum Exchange Number</li> </ul>
<b>Redemption</b>	<ul style="list-style-type: none"> <li>Redemption is a process by which BEN pays the Face Value of a Capital Note to a Holder and, upon doing so, all rights conferred, or restrictions imposed, by the Capital Note will no longer have effect and the Capital Note will be cancelled</li> <li>Each Holder will receive the Face Value, being \$100 per Capital Note (which is equal to the Issue Price)</li> </ul>
<b>Resale</b>	<ul style="list-style-type: none"> <li>Resale is a process by which BEN may appoint one or more third parties to purchase some or all Capital Notes</li> <li>Each Holder will receive the Resale Price, being \$100 per Capital Note</li> </ul>
<b>Holder rights</b>	<ul style="list-style-type: none"> <li>Holdings do not have a right to request Exchange, Redemption or Resale at any time</li> </ul>

# Mandatory Exchange

- On 15 June 2029, subject to the satisfaction of the Mandatory Exchange Conditions illustrated below, Capital Notes will Mandatorily Exchange, unless previously Exchanged, Redeemed or Resold. The Exchange Calculations are designed to ensure that the Holders receive approximately \$101.01 worth of Ordinary Shares for each Capital Notes they hold
- If any of the Mandatory Exchange Conditions are not satisfied, the Mandatory Exchange Date will be deferred until the next Distribution Payment Date on which all of those conditions are satisfied
- Capital Notes may remain on issue indefinitely if the Mandatory Exchange Conditions are not satisfied

## First Mandatory Exchange Condition

VWAP greater than 55% of the Issue Date VWAP

25<sup>th</sup> Business Day before Scheduled Mandatory Exchange Date

## Second Mandatory Exchange Condition

VWAP greater than 50.51% of the Issue Date VWAP

20th Business Day before Scheduled Mandatory Exchange Date to Last Business Day of VWAP Period (business Day before Scheduled Mandatory Exchange Date)

## Third Mandatory Exchange Condition

Ordinary Shares have not been Delisted

**15 June 2029**

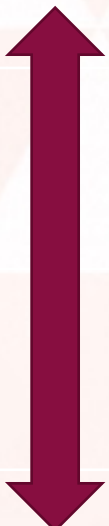
Scheduled Mandatory Exchange Date (subject to satisfaction of the Mandatory Exchange conditions)

# Exchange on a Capital Trigger Event or Non-Viability Trigger Event

<b>Capital Trigger Event</b>	<ul style="list-style-type: none"> <li>A Capital Trigger Event occurs when BEN determines, or APRA notifies BEN in writing that it believes, that either or both of the BEN Level 1 Common Equity Tier 1 Capital Ratio or the BEN Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%</li> </ul>
<b>Non-Viability Trigger Event</b>	<ul style="list-style-type: none"> <li>A Non-Viability Trigger Event occurs when APRA notifies BEN in writing that it believes:                             <ul style="list-style-type: none"> <li>Exchange of all or some Capital Notes, or exchange, conversion or write-off of capital instruments of the BEN Group is necessary because, without it, BEN would become non-viable; or</li> <li>a public sector injection of capital, or equivalent support, is necessary because, without it, BEN would become non-viable</li> </ul> </li> </ul>
<b>Exchange following a Capital Trigger Event or Non-Viability Trigger Event</b>	<ul style="list-style-type: none"> <li>BEN will be required to Exchange Capital Notes into Ordinary Shares on account of a Capital Trigger Event or Non-Viability Trigger Event</li> <li>Exchange on account of a Capital Trigger Event or a Non-Viability Trigger Event is not subject to the Mandatory Exchange Conditions being satisfied and the number of Ordinary Shares a Holder will receive will be capped at the Maximum Exchange Number</li> <li>If Exchange occurs in circumstances where a Capital Trigger Event or a Non-Viability Trigger Event has occurred, Holders are likely to receive Ordinary Shares that are worth significantly less than \$101.01 for each Capital Note they hold</li> <li>If, following a Capital Trigger Event or a Non-Viability Trigger Event, Exchange of Capital Notes has not been effected within five Business Days, those Capital Notes will not be Exchanged but instead Written-Off</li> </ul>
<b>Maximum Exchange Number</b>	<ul style="list-style-type: none"> <li>The Capital Notes Terms include a restriction on the number of Ordinary Shares that may be issued upon Exchange</li> <li>The Maximum Exchange Number is calculated as <math>\text{Face Value} / (\text{Relevant Percentage} \times \text{Issue Date VWAP})</math></li> <li>The Relevant Percentage is 0.2 in the case of a Capital Trigger Event or Non-Viability Trigger Event</li> </ul>



# Ranking of Capital Notes in a winding-up

	Type	Illustrative examples
<p><b>Higher ranking</b></p>  <p><b>Equal ranking</b></p> <p><b>Lower ranking</b></p>	<ul style="list-style-type: none"> <li>Preferred and secured debt</li> </ul>	<ul style="list-style-type: none"> <li>Liabilities in Australia in relation to protected accounts (generally, savings accounts and term deposits) and other liabilities preferred by law including employee entitlements and secured creditors</li> </ul>
	<ul style="list-style-type: none"> <li>Unsubordinated and unsecured debt</li> </ul>	<ul style="list-style-type: none"> <li>Unsubordinated and unsecured bonds and notes, trade and general creditors</li> </ul>
	<ul style="list-style-type: none"> <li>Subordinated and unsecured debt (unless expressed to rank equally with preference shares)</li> </ul>	<ul style="list-style-type: none"> <li>Subordinated and unsecured debt obligations and Floating Rate Capital Notes</li> </ul>
	<ul style="list-style-type: none"> <li>Preference shares and Equal Ranking Securities</li> </ul>	<ul style="list-style-type: none"> <li><b>Capital Notes</b>, CPS4, CPS3 and any other preference shares or securities expressed to rank equally with Capital Notes (and assuming that CPS2 have been redeemed)*</li> </ul>
	<ul style="list-style-type: none"> <li>Ordinary Shares</li> </ul>	<ul style="list-style-type: none"> <li>Ordinary Shares</li> </ul>

\* This is the ranking of Capital Notes or similar ranking securities prior to any Exchange or Write-Off.

# Key risks associated with an investment in Capital Notes<sup>1</sup>

<b>Not deposit liabilities</b>	<ul style="list-style-type: none"> <li>Capital Notes are not deposit liabilities of BEN or any member of the BEN Group, are not protected accounts for the purposes of the depositor protection provisions under the Banking Act and are not guaranteed by any government or other person</li> </ul>
<b>Market price of Capital Notes</b>	<ul style="list-style-type: none"> <li>The price at which Holders are able to sell Capital Notes on the ASX is uncertain and Capital Notes may trade at a market price below the Issue Price. There is no guarantee that Capital Notes will remain continuously quoted on the ASX</li> </ul>
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>There may be no liquid market for Capital Notes</li> <li>Holders who wish to sell their Capital Notes may be unable to do so at a price acceptable to them, or at all</li> </ul>
<b>Exposure to BEN Group's financial performance</b>	<ul style="list-style-type: none"> <li>If the BEN Group's financial performance or position declines, or if market participants anticipate that it may decline, an investment in Capital Notes could decline in value even if Capital Notes have not been Exchanged</li> </ul>
<b>Changes in Distribution Rate</b>	<ul style="list-style-type: none"> <li>The Distribution Rate will fluctuate (both increasing and decreasing) over time as a result of movements in the Market Rate</li> </ul>
<b>Distributions may not be paid</b>	<ul style="list-style-type: none"> <li>There is a risk that Distributions will not be paid, including where the Directors determine not to pay a Distribution or where APRA objects to the Distribution payment</li> <li>Distributions are non-cumulative. Accordingly, in the event that BEN does not pay a scheduled Distribution, a Holder has no entitlement to such Distribution</li> </ul>
<b>Fluctuation in Ordinary Share price</b>	<ul style="list-style-type: none"> <li>The price of Ordinary Shares may fluctuate due to various factors, including investor perceptions, Australian and worldwide economic conditions, the financial performance and position of financial institutions generally in Australia and globally and BEN's financial performance and position (which could affect the value of Ordinary Shares received on Exchange)</li> </ul>
<b>Capital Notes are perpetual and Mandatory Exchange may never occur</b>	<ul style="list-style-type: none"> <li>There is a risk that Exchange will not occur on the Scheduled Mandatory Exchange Date or any subsequent Mandatory Exchange Date, because the Mandatory Exchange Conditions are not satisfied due to a large fall in the Ordinary Share price relative to the Issue Date VWAP, or where Ordinary Shares have been Delisted</li> </ul>

<sup>1</sup>This is a summary of key risks only. You should read the Prospectus in full before deciding to invest in Capital Notes (including section 1.4 and 6 of the Prospectus). In addition, ASIC has published guidance on hybrid securities on its website which may be relevant to your consideration of Capital Notes. You can find this guidance by searching "hybrid securities" at [www.moneysmart.gov.au/investing](http://www.moneysmart.gov.au/investing)

# Key risks associated with an investment in Capital Notes<sup>1</sup>

## It is not certain whether and when Capital Notes may be Exchanged, Redeemed or Resold

- It is uncertain whether and when Exchange may occur and, subject to certain conditions, Capital Notes may be Exchanged, Redeemed or Resold on the Call Date or following the occurrence of a Franking Event, Regulatory Event or a Tax Event and must, subject to certain conditions, be Exchanged on a Change of Control Event
- The timing of any Exchange, Redemption or Resale may not suit individual Holder preferences or circumstances. Any Exchange, Redemption or Resale is subject to APRA approval

## Exchange following a Capital Trigger Event or a Non-Viability Trigger Event

- Exchange on account of a Capital Trigger Event or a Non-Viability Trigger Event may occur on dates not previously contemplated by Holders, which may be disadvantageous to them
- If Exchange occurs in these cases, Holders are likely to receive Ordinary Shares that are worth significantly less than the Issue Price of Capital Notes
- In cases where Exchange of Capital Notes has not been effected within five Business Days after a Capital Trigger Event or Non-Viability Trigger Event occurs for any reason, the Capital Notes which should have been Exchanged will be Written Off with effect on and from the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. This means those Capital Notes will not be Exchanged but instead the Holder's rights (including to payment of the Face Value and Distributions, and the right to receive Ordinary Shares) in relation to such Capital Notes (or a percentage of the Face Value of each Capital Notes) are immediately and irrevocably terminated with effect on and from the Capital Trigger Event or Non-Viability Trigger Event, in which case the Holder's investment will lose all of its value, they will not have the Issue Price repaid, and they will not receive any compensation

## Exchange on a Change Of Control

- Capital Notes may be affected by M&A activity, including the possibility of being acquired by, or merged with, another company or group of companies, potentially resulting in a change of control
- Where a Change of Control Event occurs, BEN is required, subject to satisfaction of certain conditions, to convert all Capital Notes. Exchange may therefore occur on dates not previously contemplated by Holders, which may be disadvantageous

<sup>1</sup>This is a summary of key risks only. You should read the Prospectus in full before deciding to invest in Capital Notes (including section 1.4 and 6 of the Prospectus). In addition, ASIC has published guidance on hybrid securities on its website which may be relevant to your consideration of Capital Notes. You can find this guidance by searching "hybrid securities" at [www.moneysmart.gov.au/investing](http://www.moneysmart.gov.au/investing)

# Key risks associated with an investment in Capital Notes<sup>1</sup>

<b>Restrictions in a winding-up of BEN</b>	<ul style="list-style-type: none"><li>• If there is a shortfall of funds on a winding-up of BEN to pay all amounts ranking senior to and equally with Capital Notes, Holders will lose all or some of their investment</li></ul>
<b>Substitution of BEN for a NOHC</b>	<ul style="list-style-type: none"><li>• BEN may substitute for itself a NOHC as the debtor in respect of Capital Notes or as the issuer of ordinary shares on Exchange. If a NOHC is substituted as the debtor, it means that Holders would no longer have rights against BEN. If a NOHC is substituted as the issuer of ordinary shares on Exchange, it means that you will receive ordinary shares in the NOHC rather than BEN</li><li>• The implementation of a NOHC structure may involve BEN selling some but not all of its business, and other subsidiaries, to the NOHC or a subsidiary of the NOHC. As a result, the profits and net asset position of BEN and the NOHC may be different to that of BEN prior to the NOHC structure being implemented</li></ul>
<b>Risks associated with BEN generally</b>	<ul style="list-style-type: none"><li>• Key risks associated with an investment in BEN and the business of the BEN Group generally are set out at section 6.2 of the Prospectus and should be read in full before investing in Capital Notes</li></ul>

<sup>1</sup>This is a summary of key risks only. You should read the Prospectus in full before deciding to invest in Capital Notes (including section 1.4 and 6 of the Prospectus). In addition, ASIC has published guidance on hybrid securities on its website which may be relevant to your consideration of Capital Notes. You can find this guidance by searching "hybrid securities" at [www.moneysmart.gov.au/investing](http://www.moneysmart.gov.au/investing)



# Key dates for the Offer

Key dates for the Offer	
Record Date for Securityholder Offer	22 October 2020
Lodgement of Prospectus with ASIC and ASX	28 October 2020
Bookbuild to determine the Margin	4 November 2020
Announcement of the Margin	4 November 2020
Lodgement of Replacement Prospectus with ASIC and ASX (with final Margin)	5 November 2020
Opening Date for the Offer	5 November 2020
Closing Date for the Offer (including Reinvestment Offer and Broker Firm Offer)	5:00pm, 24 November 2020
Settlement Date	27 November 2020
Issue Date	30 November 2020
Capital Notes commence trading on ASX (normal settlement basis)	1 December 2020
Holding Statements for Capital Notes despatched	2 December 2020

# Key dates for the Offer

## Key dates for Capital Notes

First Distribution Payment Date	15 March 2021
Call Date	15 June 2027
Mandatory Exchange Date	15 June 2029

## Key dates for CPS2 holders

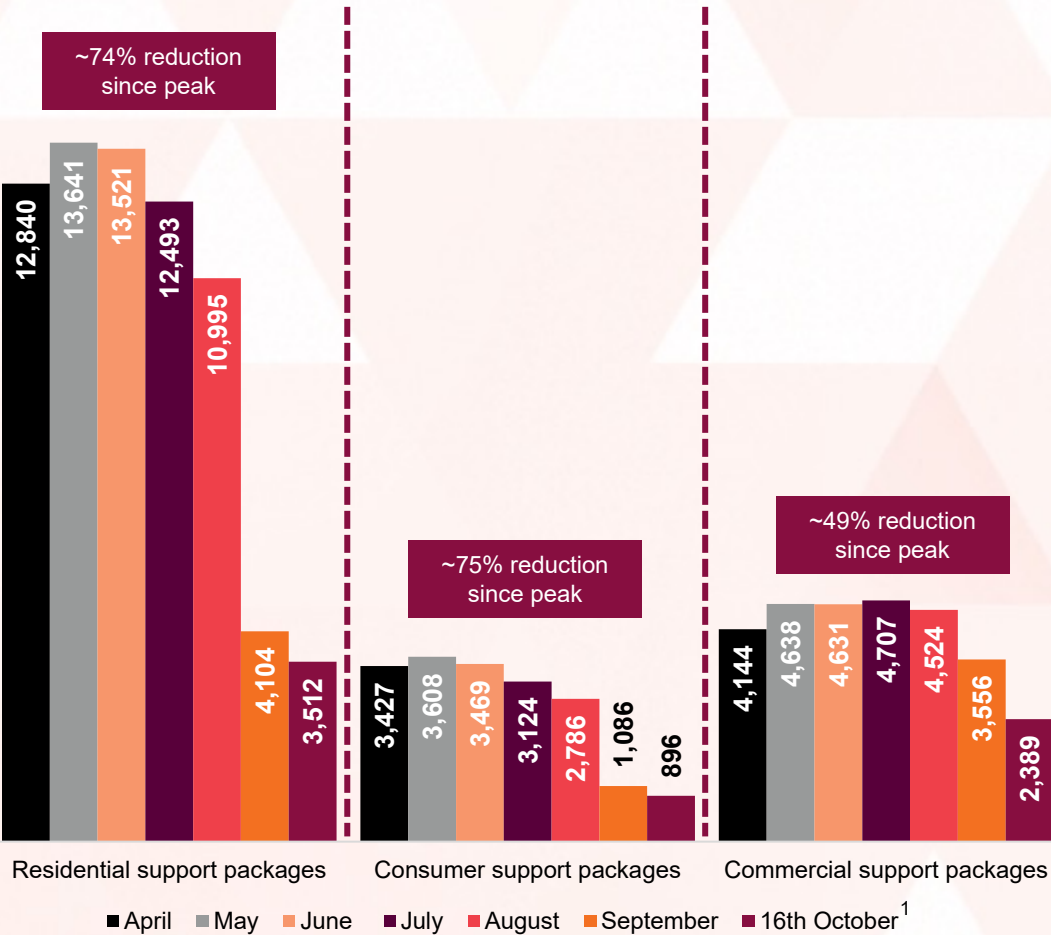
Record date for determining Eligible CPS2 Holders for the Reinvestment Offer	22 October 2020
Last day of trading for CPS2 on ASX	13 November 2020
Record date for CPS2 Dividend	18 November 2020
Closing Date for the Offer	5:00pm, 24 November 2020
Resale date for CPS2 and payment date for CPS2 Dividend	30 November 2020

# Appendix

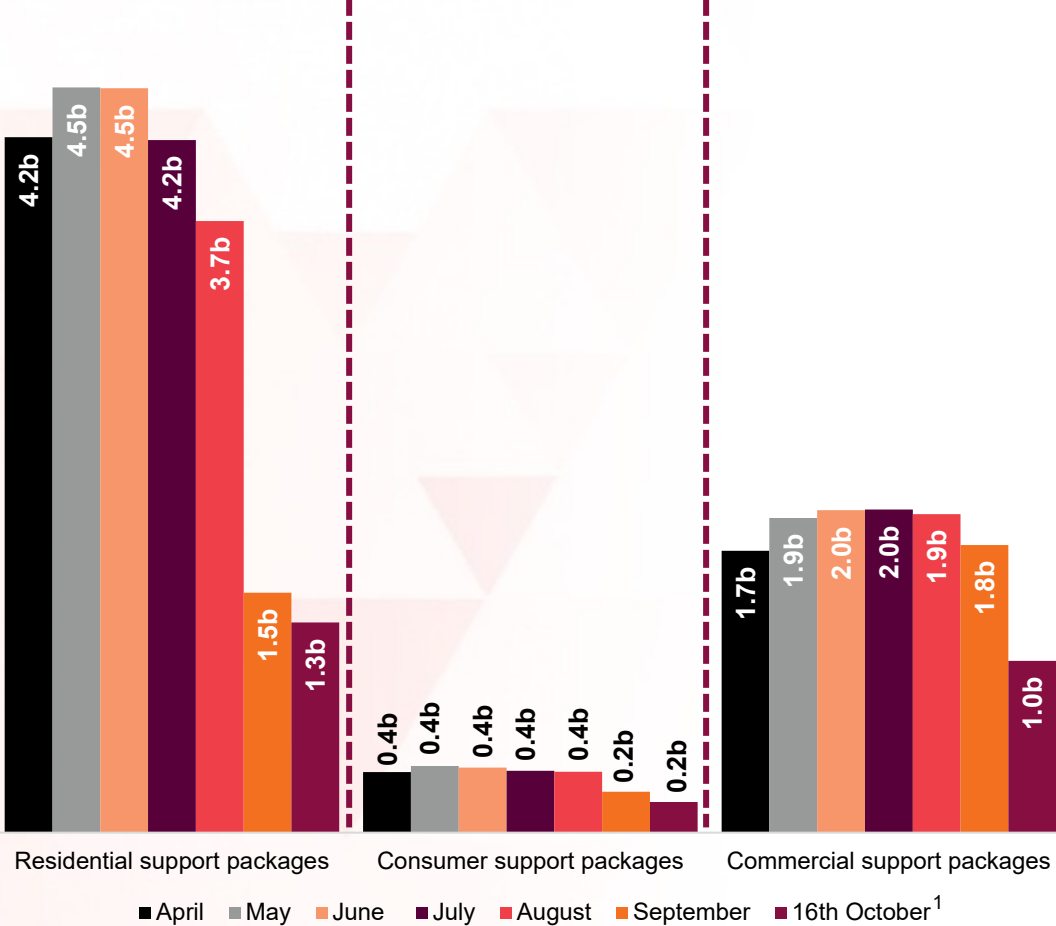
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# Support packages through COVID-19 (as at 16 October)

Support packages through COVID-19 (by #)



Support packages through COVID-19 (by \$)



<sup>1</sup> COVID-19 deferral data updated to 16 October 2020 for Bendigo Bank and Adelaide Bank data. All other source systems remain at 30 September 2020

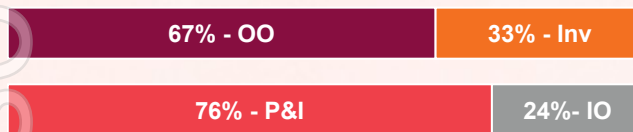


# Supporting our customers through COVID-19 (as at 30 September)

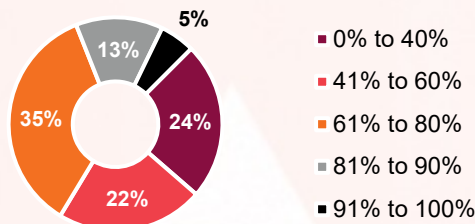
Total accounts assisted	25,066
Total balance assisted	\$7.7b
Accounts active	8,746
Balance active	\$3.5b

Residential & consumer support packages (active)		Commercial support packages (active) <sup>1</sup>	
Accounts	5,190	Accounts	3,556
Loan value	\$1.7b	Loan value	\$1.8b
% of total portfolio (#)	~1%	% of total portfolio (#)	~6%
% of total portfolio (\$)	~3%	% of total portfolio (\$)	~11%
Consumer loan % (\$) <sup>2</sup>	~15%		

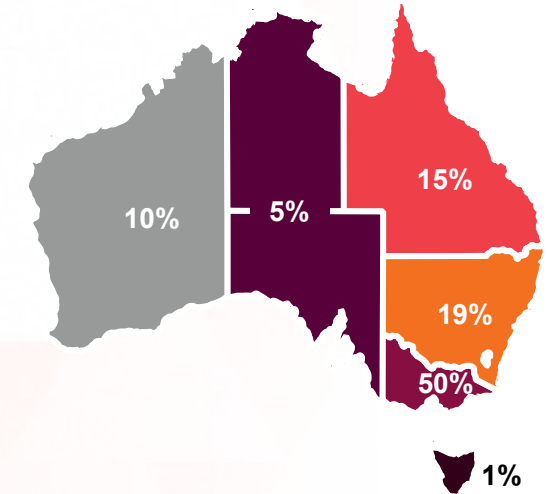
Residential support packages - product and payment split



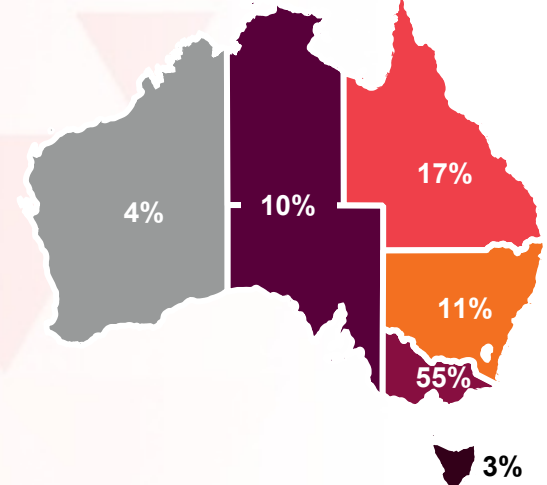
Residential support packages - by LVR<sup>3</sup>



Residential & consumer support packages - by state



Commercial support packages - by state<sup>1</sup>



<sup>1</sup> Commercial lending includes Agribusiness accounts (<50 customers)

<sup>2</sup> Includes personal loans and credit cards, % of residential & consumer packages

<sup>3</sup> LVR reflects current balance divided by valuation at date of origination

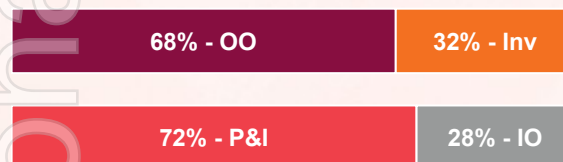
# COVID-19 in Victoria – detail (as at 30 September)

Accounts active	4,476
Balance active	\$1.8b

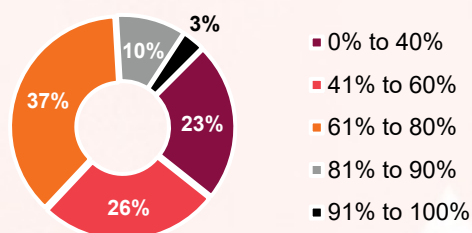
## Metropolitan Victoria

Residential & consumer support packages (active)		Commercial support packages (active) <sup>1</sup>	
Accounts	1,500	Accounts	943
Loan value	\$0.6b	Loan value	\$0.6b
% of Victoria portfolio (#)	~1%	% of Victoria portfolio (#)	~3%
% of Victoria portfolio (\$)	~3%	% of Victoria portfolio (\$)	~7%
Consumer loan % (\$) <sup>2</sup>	~15%		

Residential support packages - product and payment split



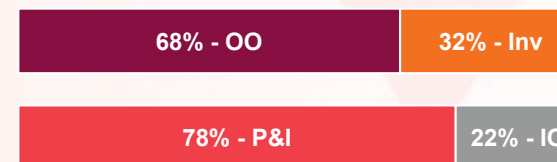
Residential support packages - by LVR<sup>3</sup>



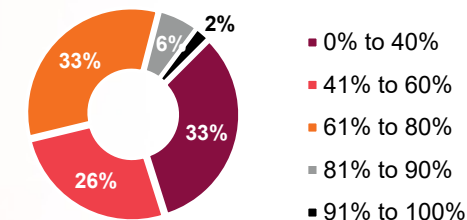
## Regional Victoria

Residential & consumer support packages (active)		Commercial support packages (active) <sup>1</sup>	
Accounts	925	Accounts	1,108
Loan value	\$0.2b	Loan value	\$0.4b
% of Victoria portfolio (#)	~1%	% of Victoria portfolio (#)	~4%
% of Victoria portfolio (\$)	~1%	% of Victoria portfolio (\$)	~5%
Consumer loan % (\$) <sup>2</sup>	~19%		

Residential support packages - product and payment split



Residential support packages - by LVR<sup>3</sup>



Note: Geographies based on the ABS Australian Statistical Geography Standard (ASGS 2016)

<sup>1</sup> Commercial lending includes Agribusiness accounts

<sup>2</sup> Includes personal loans and credit cards, % of residential & consumer packages

<sup>3</sup> LVR reflects current balance divided by valuation at date of origination

## Issuer

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## Arranger and Joint Lead Managers

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## Further Information:

Please call the Capital Notes Information Line on 1800 646 042 (within Australia) or +61 3 5485 6393 (International) between 8:15am and 5:30pm (Melbourne time), Monday to Friday or visit [www.BendigoCNOffer.com.au](http://www.BendigoCNOffer.com.au)