

# Bendigo and Adelaide Bank

## Convertible Preference Share Offer

24 September 2012



incorporating



This presentation has been prepared by Bendigo and Adelaide Bank Limited (ABN 11 068 049 178, AFSL 237879) ("BEN") in relation to the offer of Convertible Preference Shares ("CPS") in Australia (the "Offer"). The Offer is made pursuant to a prospectus under Part 6D.2 of the Corporations Act 2001 (Cth) which was lodged with the Australian Securities and Investments Commission ("ASIC") on 24 September 2012 ("Prospectus"). BEN intends to lodge a replacement Prospectus which will include the margin and offer size determined after the bookbuild to be held on or about 28 September 2012. Investors may request a Prospectus by calling the CPS Information Line on 1300 318 082 (within Australia) or +61 3 9415 4866 (international) or by visiting [www.BendigoCPSoffer.com.au](http://www.BendigoCPSoffer.com.au). Applicants for CPS will need to complete the application form in or accompanying the Prospectus.

The information provided in this presentation is not personal investment advice and has been prepared without taking account of any person's investment objectives, financial situation or particular needs (including financial and taxation issues). Investors should read and consider the Prospectus in full and seek advice from their financial adviser or other professional adviser before deciding to invest in the Offer. Any decision by a person to apply for CPS should be made on the basis of information contained in the Prospectus and independent assessment as to whether to invest, and not in reliance on any information contained in this presentation.

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All amounts are presented in Australian dollars (A\$) unless otherwise stated. All references starting with "1H" refer to the six months ended 31 December, being the first half of BEN's financial year. For example, "1H12" refers to the six months ended 31 December 2011. All references starting with "2H" refer to the six months ended 30 June, being the second half of BEN's financial year. For example, "2H12" refers to the six months ended 30 June 2012. All references starting with "FY" refer to the financial year ended 30 June. For example, "FY12" refers to the year ended 30 June 2012.

Unless otherwise defined, capitalised terms in this presentation have the meaning in the Prospectus.

# Disclaimer



# CPS Offer

- Bendigo and Adelaide Bank (“BEN”) today announced an offer of convertible preference shares (“CPS”)
- The Offer is to raise \$125m, with the ability to raise more or less
- CPS will qualify as Additional Tier 1 Capital under APRA’s Basel III capital adequacy framework from 1 January 2013<sup>1</sup>
- CPS key terms:
  - Issue Price of \$100 each
  - Fully paid, perpetual, convertible preference shares
  - Floating rate, semi-annual, discretionary, non-cumulative dividends
  - Optional Exchange Date on 13 December 2017, subject to certain conditions
  - Mandatory Conversion Date on 13 December 2019, subject to certain conditions
- CPS will rank ahead of Ordinary Shares and equally with existing preference shares (currently BPS, RPS and SPS), but are subordinated to claims of depositors and other creditors
- BEN will apply for CPS to be quoted on the ASX – expected to trade under ASX code BENPD

## CPS Overview



1. CPS will qualify as Additional Tier 1 Capital until at least the Optional Exchange Date of 13 December 2017

# RPS Reinvestment Offer

- BEN intends to redeem BEN's existing Reset Preference Shares ("RPS") on 1 November 2012<sup>1</sup>
- Eligible holders of RPS may elect to have some or all of their RPS redemption proceeds (i.e. \$100 per RPS) to be applied to the Application Payment for CPS
- Eligible holders of RPS who elect to reinvest will
  - not be required to make a separate Application Payment to the extent that RPS will be reinvested directly in CPS
  - be guaranteed an allocation of 1 CPS for every RPS reinvested
- Eligible holders of RPS may also apply for additional CPS but an Application Payment would have to be made for those additional CPS
- All holders of RPS as at 17 October 2012 (being the record date for the RPS Dividend) will receive a final RPS Dividend of \$3.0968 per RPS on 1 November 2012 (irrespective of whether they have elected to participate in the Reinvestment Offer). The final RPS Dividend is expected to be fully franked

## RPS Reinvestment Offer



1. The Reinvestment Offer is conditional upon BEN issuing an RPS Exchange Notice on or about 2 October 2012 to redeem RPS on 1 November 2012, which, subject to satisfactory completion of the Bookbuild, it intends to do on the Opening Date for the Offer

## FY12 Results Overview

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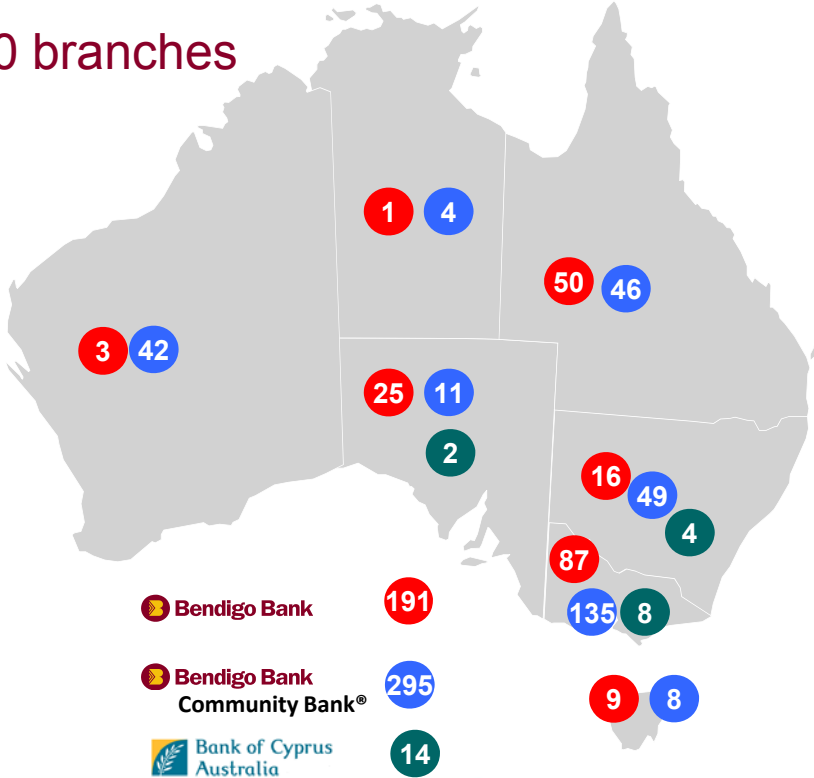
# Bendigo and Adelaide Bank Overview



# Bendigo and Adelaide Bank

- A leading Australian regional bank
- More than 82,000 shareholders
- Over 4,000 staff
- Market capitalisation of \$3.1bn<sup>1</sup>
- A multi-brand strategy with three main business segments: Retail Banking, Wealth and Third Party Banking
- Regulated by APRA

500 branches



## Overview



1. As at 17 September 2012.

# FY12 Results

## Our result

### Financial performance - statutory profit after tax

- Statutory profit after tax \$195.0m
- Statutory profit after tax before specific items \$312.0m
- Statutory earnings affected by \$95.1m goodwill write-down in wealth cash generating unit in 1H12
- Full year dividend of 60.0¢<sup>1</sup>, fully franked

### Financial performance - cash basis earnings

- Cash earnings of \$323.0m
- Cash earnings per share 84.2¢
- Cash basis earnings return on average tangible equity 14.1%

## Results overview

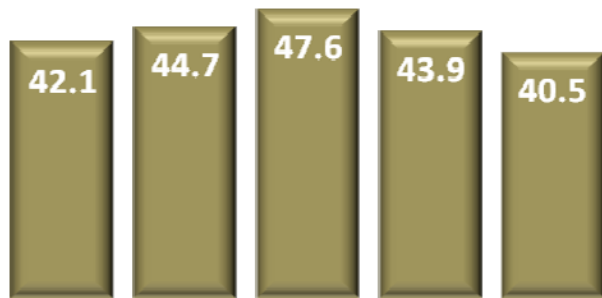


1. Half-year dividend of 30.0 cents, fully franked paid on 31 March 2012

# Group performance

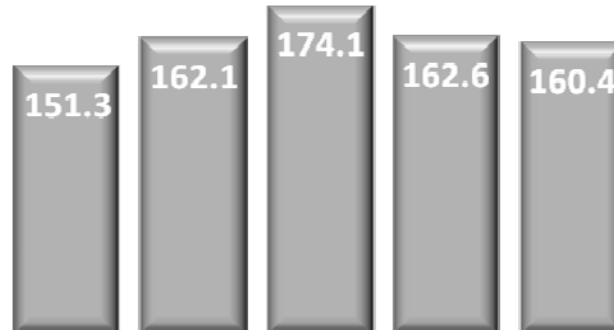
- EPS metrics impacted by December 2011 capital raising and share purchase plan in March 2012
- Dividends maintained at 30 cents
- Steady cash basis earnings

■ Cash earnings per share (cents)



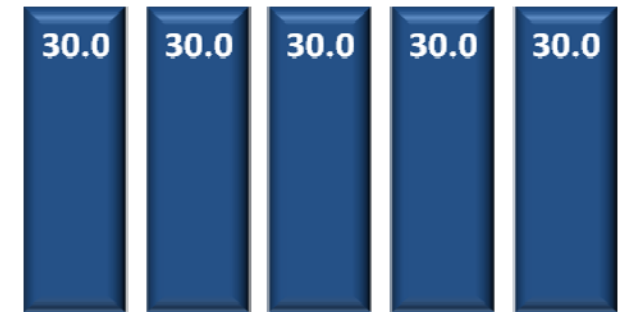
Jun-10 Dec-10 Jun-11 Dec-11 Jun-12

■ Cash basis earnings (\$m)



Jun-10 Dec-10 Jun-11 Dec-11 Jun-12

■ Dividends (cents)



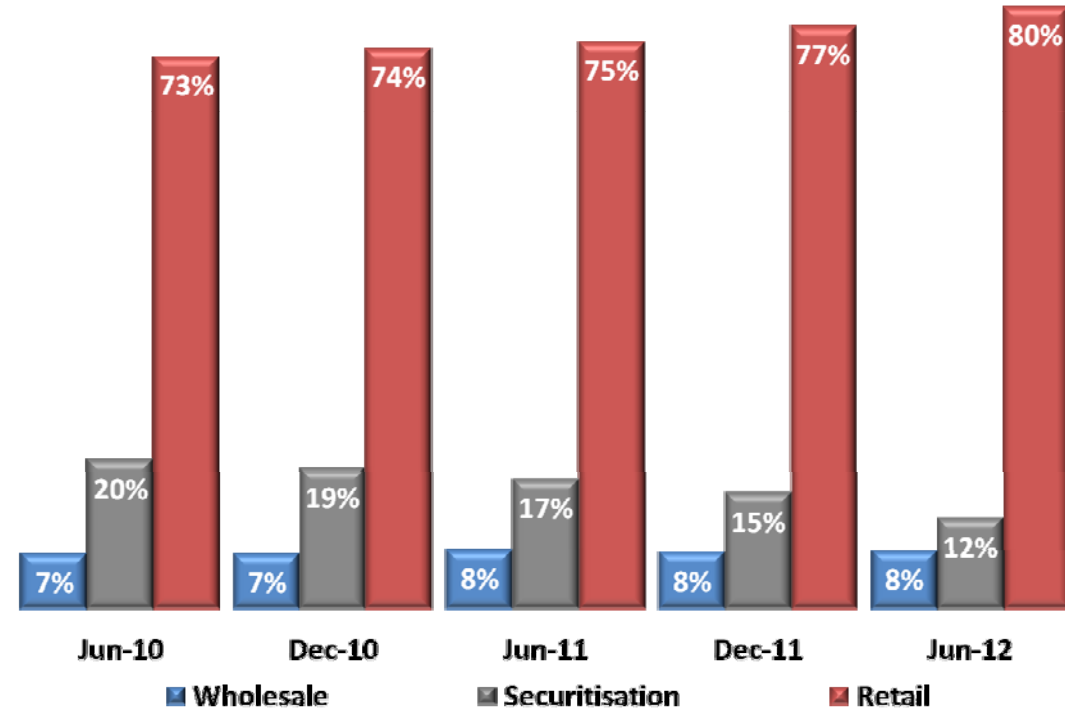
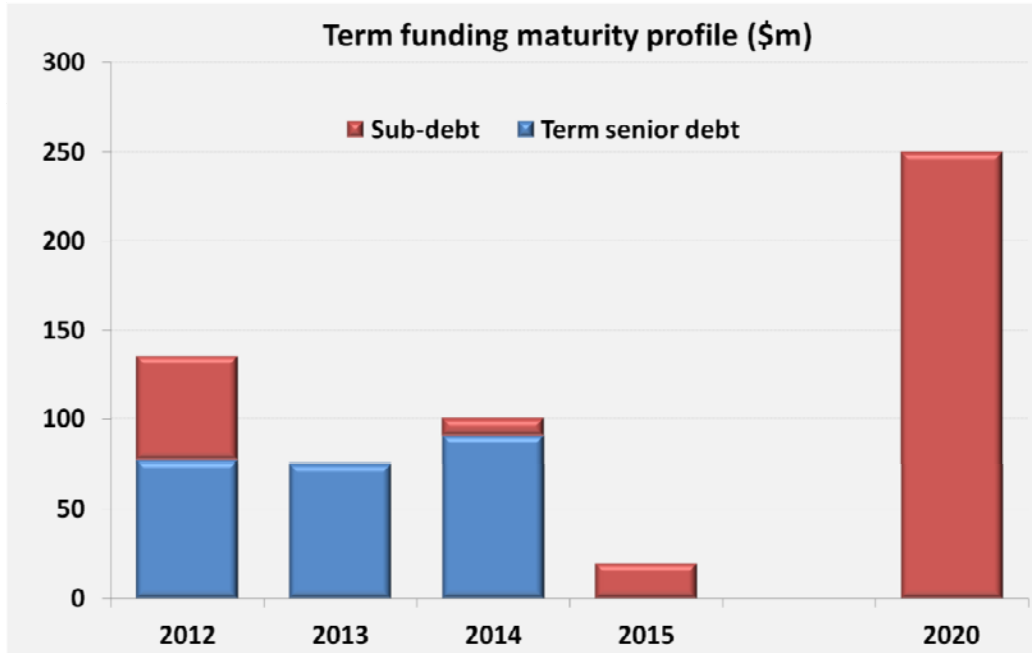
Jun-10 Dec-10 Jun-11 Dec-11 Jun-12

Financial overview



# Funding remains a strength

- No Government Guaranteed wholesale funding

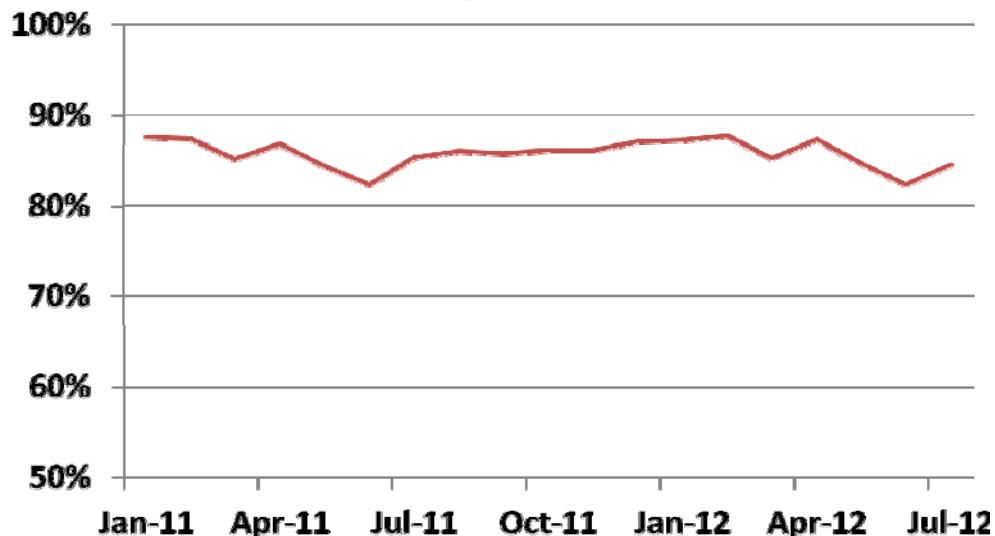


Financial overview

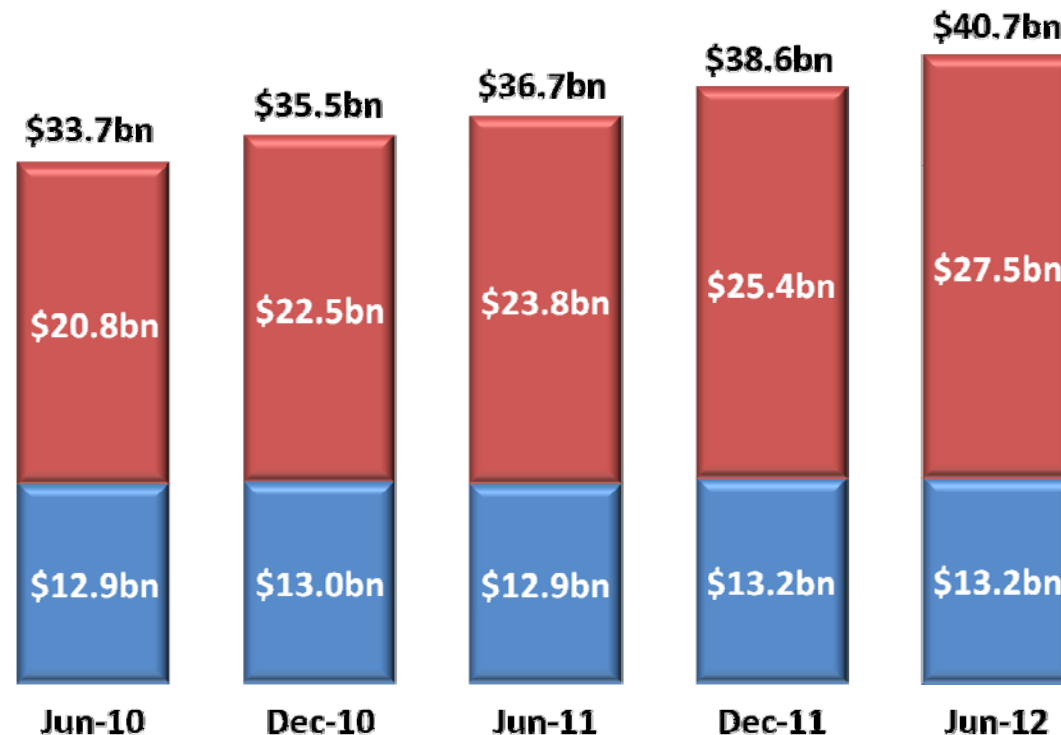
# Retail deposits

- Term deposits priced to manage liquidity
- Successful growth and retention strategies in place
- Not a price leader – value proposition driven
- Term deposit retention rate consistently above 80%

**Retail term deposit retention rate**



■ Retail call deposits   ■ Retail term deposits

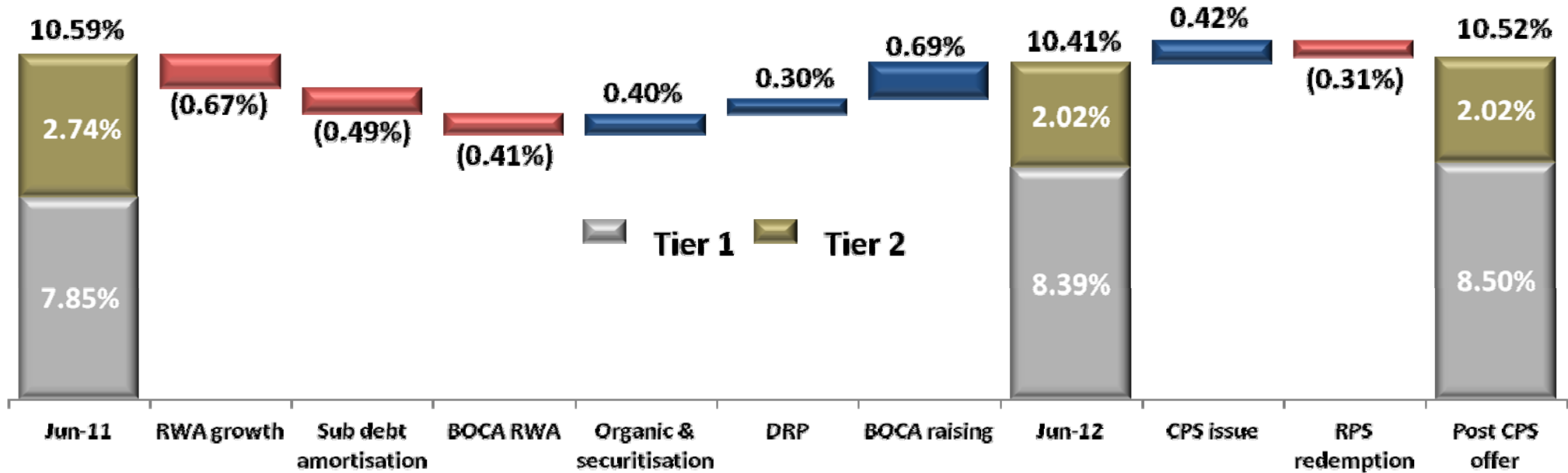


## Financial overview



# Capital

- Material improvement in Tier 1 capital ratios over the reporting period
- 30 June 2012 Common Equity Tier 1 Ratio approx 7.67%
- 30 June 2012 adjusted Common Equity Tier 1 Ratio after capital initiatives approx 8.09%<sup>1</sup>
- Following redemption of RPS and issue of CPS, pro-forma Tier 1 ratio of 8.50% at 30 June 2012



## Financial overview

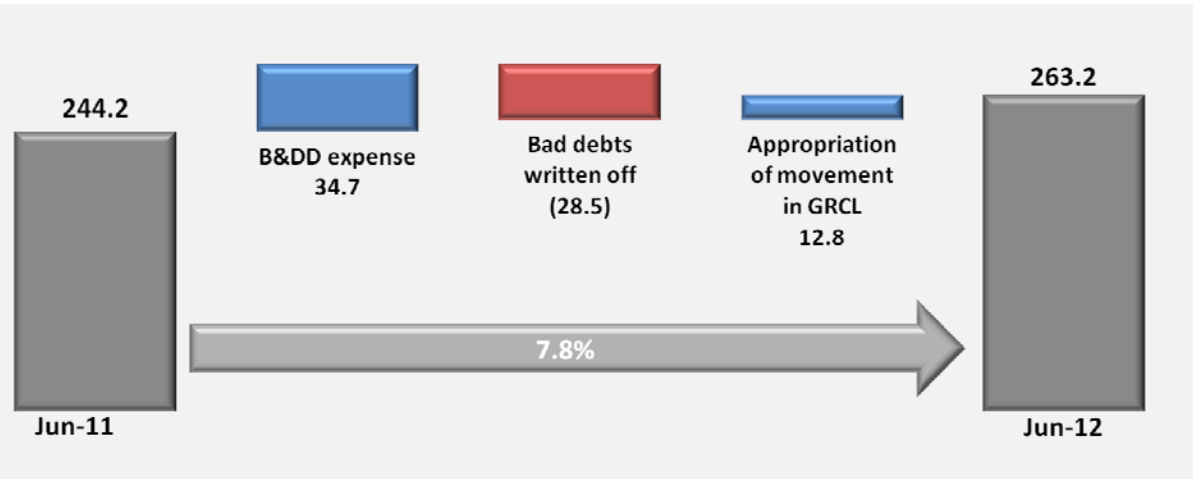


1. Adjusted for the increase in capital from the sale of BEN's shareholding in IOOF and holding in subordinated notes in the Torrens RMBS programme since 30 June 2012

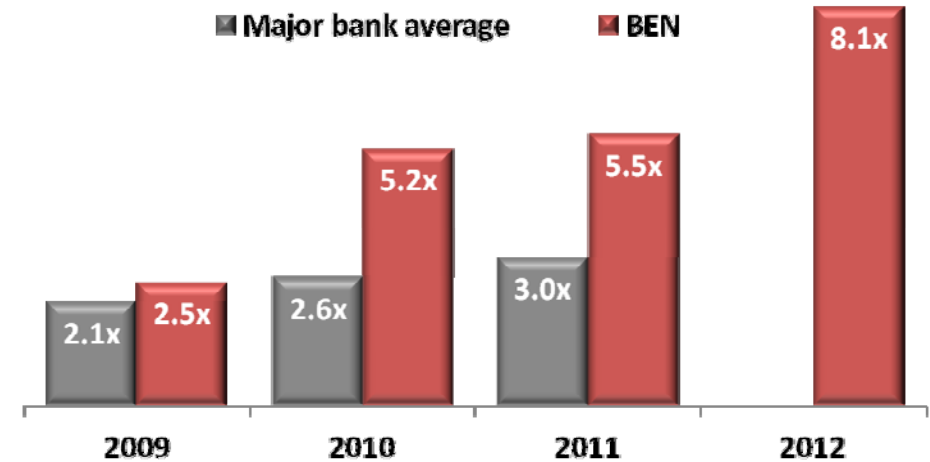
# Provisioning has grown and remains conservative

- Provisioning reflects conservative low risk nature of portfolio, prudent underwriting standards and benign bad debt experience
- Impaired assets flat
- Economic overlay increased to \$5.5m

**Total provisions and reserves for doubtful debts (\$m)**

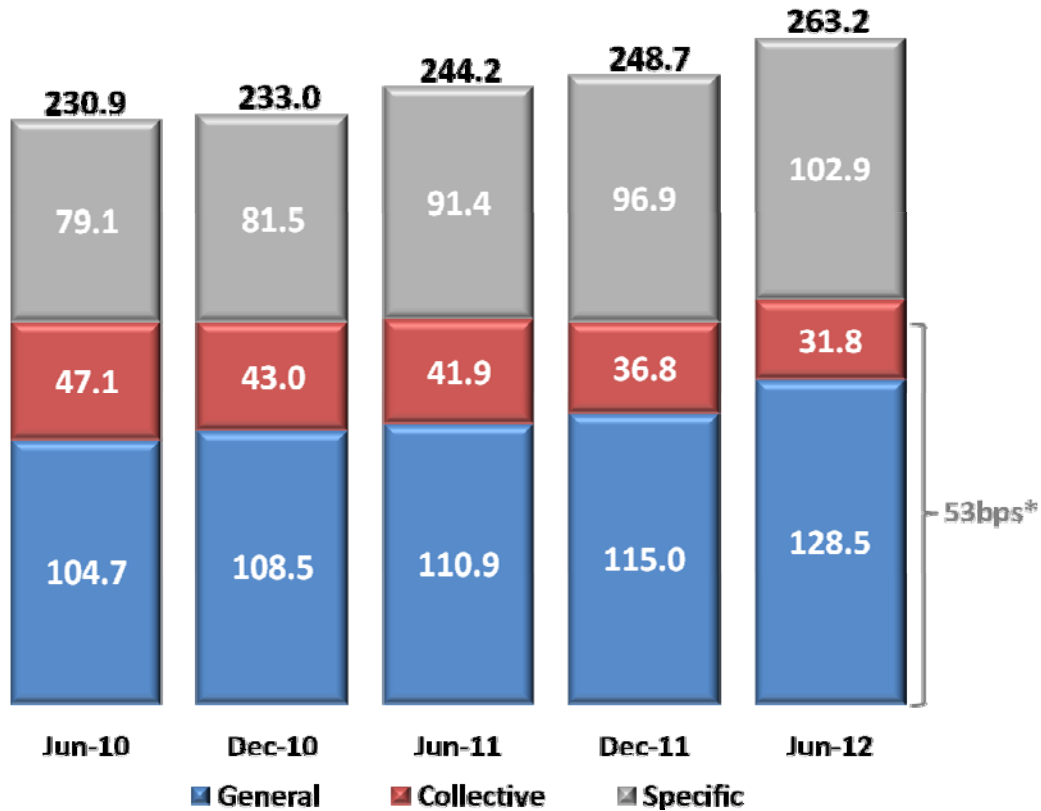


**Provisions cover of bad debt expense (x times)<sup>1</sup>**



1. Source: Company disclosure.

# Total provisions and reserves for doubtful debts (\$m)



- Total provisions increased \$14.5m over the past six months
- Rural Bank specific provisions have increased to \$38.9m (Jun-12) vs \$33.7m (Dec-11)
- Great Southern represents \$20.7m of total provisions
- Collective reduction due to lower losses in the mortgage and personal lending portfolios

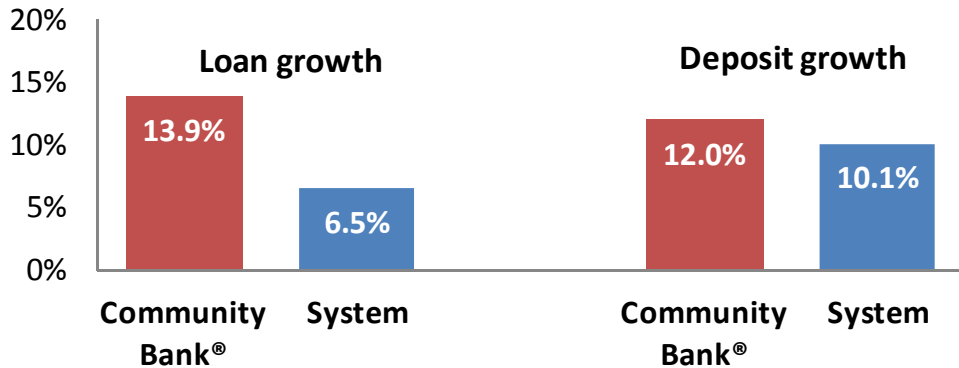
## Financial overview



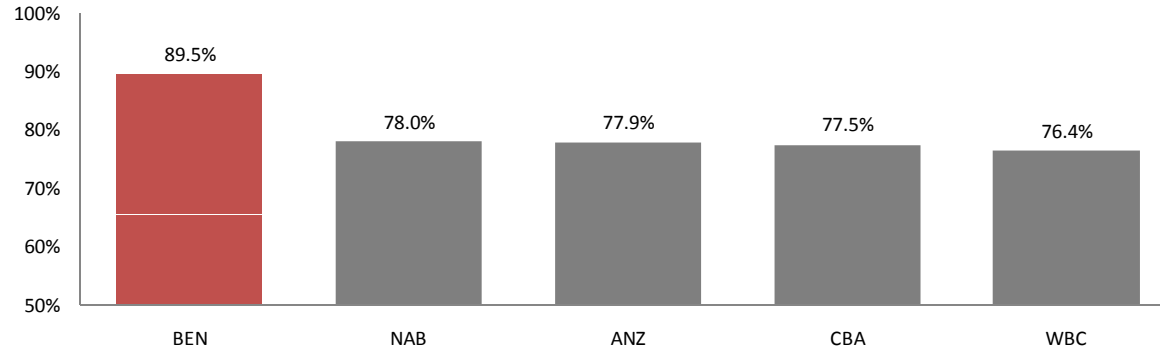
\*Collective provision (adjusted for tax) and GRCL to risk-weighted assets.

# Robust foundations for volatile times

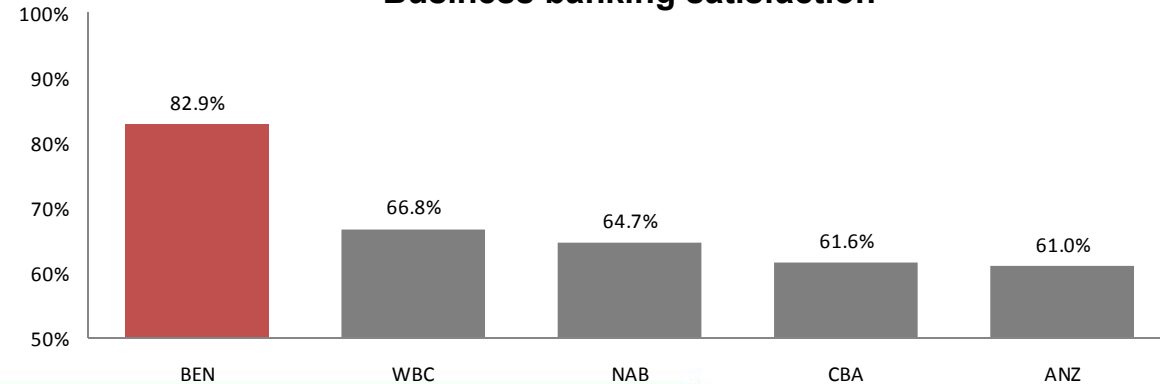
- Continued maturation of **Community Bank®** and retail network
- Opportunities in Bendigo Wealth
- Rural Bank recovery
- S&P rating upgrade in the past 12 months
- Brand, staff and customer advocacy



**Customer satisfaction<sup>1</sup>**



**Business banking satisfaction<sup>2</sup>**



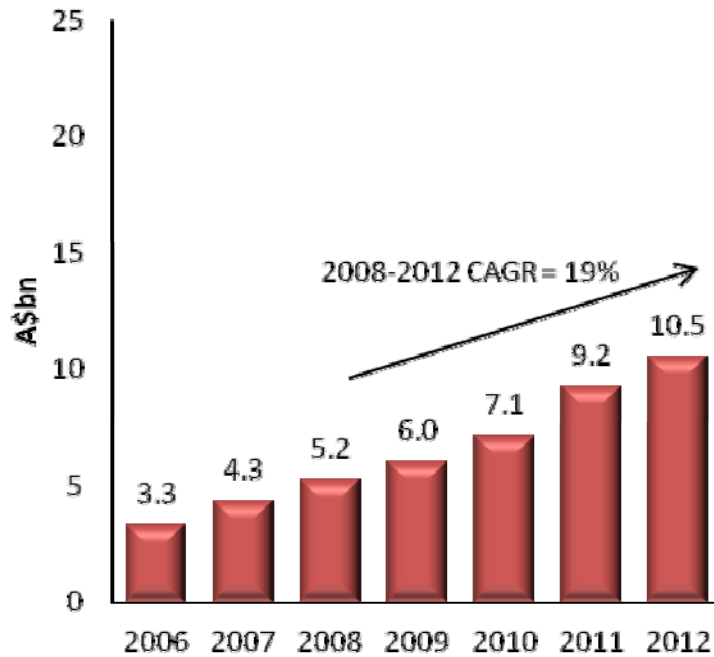
## Strategy and outlook



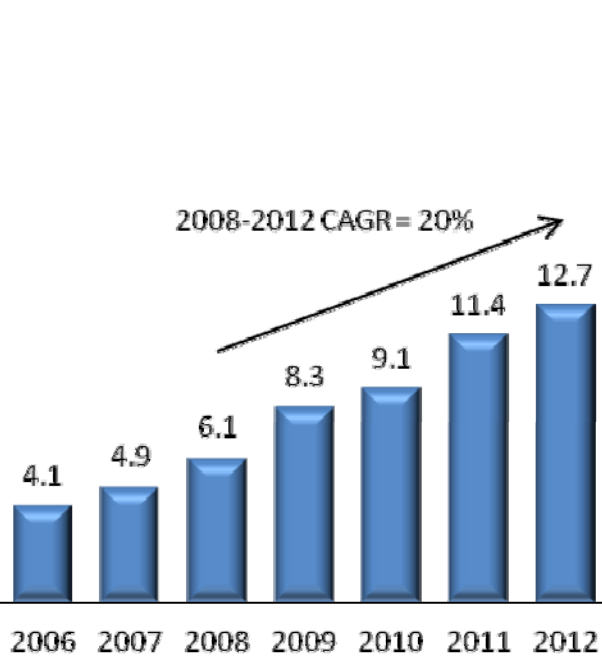
1. Roy Morgan Research consumer banking in Australia report December 2011 – main financial institution satisfaction.  
 2. Roy Morgan Research business banking satisfaction survey May 2012 – main financial institution satisfaction.

# Community Bank<sup>®</sup> footings growth

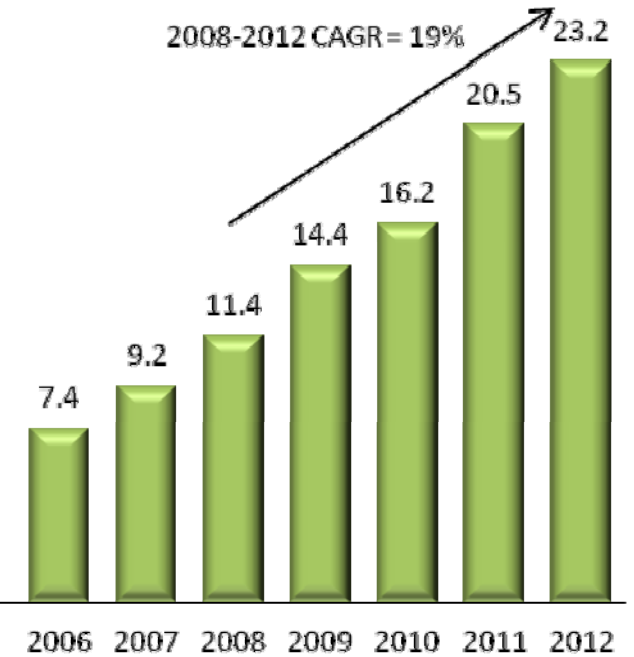
## Community Bank<sup>®</sup> loans



## Community Bank<sup>®</sup> deposits



## Community Bank<sup>®</sup> footings



Strategy and outlook



## CPS Offer

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CPS





# Dividends

|                             |   |
|-----------------------------|---|
| <b>Dividends</b>            | <ul style="list-style-type: none"><li>■ Dividends on CPS are preferred, discretionary, non-cumulative payments based on a floating rate</li><li>■ Dividends on CPS are expected to be fully franked</li><li>■ Dividends are scheduled to be paid semi-annually in arrears, subject to the Payment Tests</li></ul>   |
| <b>Dividend Rate</b>        | <ul style="list-style-type: none"><li>■ Dividend Rate = (180 day Bank Bill Swap Rate + Margin) x (1 – Tax Rate<sup>1</sup>)</li><li>■ Margin is expected to be in the range of 5.00% to 5.50%, to be determined under the Bookbuild</li><li>■ As an example, assuming the 180 day Bank Bill Swap Rate is 3.53% and the Margin is 5.00%<ul style="list-style-type: none"><li>■ the cash dividend received by a holder would be 5.9710% per annum</li><li>■ if the potential value of the franking credits is taken into account in full, this would be equivalent to an unfranked dividend rate of 8.53%<sup>2</sup></li></ul></li></ul> |
| <b>Dividend Restriction</b> | <ul style="list-style-type: none"><li>■ Unless a Dividend is paid in full within 3 Business Days of the relevant Dividend Payment Date or all CPS have been Exchanged, BEN must not, without a Special Resolution, until and including the next Dividend Payment Date:<ul style="list-style-type: none"><li>■ declare or pay a dividend or make any distribution on Ordinary Shares; or</li><li>■ buy back or reduce capital on any Ordinary Shares</li></ul></li><li>■ Certain limited exceptions apply</li></ul>  |

## CPS Key Terms



1. Tax Rate is the Australian corporate tax rate applicable to the relevant franking account for BEN. As at the date of this presentation, the relevant rate is 30%

2. The value and availability of franking credits to a Holder will differ depending on the Holder's particular tax circumstances. Holders should also be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Dividend

# Optional Exchange

|                                    |  |
|------------------------------------|--|
| <b>Optional Exchange</b>           | <ul style="list-style-type: none"><li>■ BEN may choose to Exchange all or some CPS on issue on the Optional Exchange Date (13 December 2017)</li></ul>   |
| <b>Exchange</b>                    | <ul style="list-style-type: none"><li>■ Subject to APRA's prior written approval and provided certain conditions are satisfied, BEN may Exchange CPS via:<ul style="list-style-type: none"><li>■ Conversion into approximately \$102.56<sup>1</sup> of Ordinary Shares per CPS<sup>2</sup>; or</li><li>■ Redemption of CPS for \$100 per CPS; or</li><li>■ a combination of the above</li></ul></li></ul>  |
| <b>Requirements for Redemption</b> | <ul style="list-style-type: none"><li>■ BEN is not permitted to Redeem any CPS at any time unless:<ul style="list-style-type: none"><li>■ those CPS being Redeemed are replaced concurrently or beforehand with Tier 1 Capital of the same or better quality as CPS and the replacement of the CPS is done under conditions that BEN is satisfied are sustainable for BEN's income capacity; or</li><li>■ APRA is satisfied that BEN's capital position will remain adequate for its future needs after BEN elects to redeem CPS</li></ul></li></ul> |

## CPS Key Terms



1. Based on the \$100 CPS Issue Price and the VWAP of Ordinary Shares during the 20 Business Days before the Optional Exchange Date with the benefit of a 2.5% discount. However, this VWAP may differ from the Ordinary Share price on or after the Optional Exchange Date. This means that the value of Ordinary Shares received may be more or less than anticipated when they are issued or thereafter.
2. If an Approved NOHC Event has occurred, conversion will be into Approved NOHC Ordinary Shares. Refer to Section 2.10.4 of the Prospectus.

# Mandatory Conversion

|  |  |
|--|--|
| <b>Mandatory Conversion</b>            | <ul style="list-style-type: none"><li>■ On the Mandatory Conversion Date, Holders will receive approximately \$102.56 of Ordinary Shares<sup>1</sup>, unless CPS have been Exchanged earlier</li><li>■ The Mandatory Conversion Date is 13 December 2019 provided that all of the Mandatory Conversion Conditions are satisfied</li><li>■ If any of the Mandatory Conversion Conditions are not satisfied, Conversion will be deferred until the next Dividend Payment Date on which all of the Mandatory Conversion Conditions are satisfied</li></ul>  |
| <b>Mandatory Conversion Conditions</b> | <ul style="list-style-type: none"><li>■ The Mandatory Conversion Conditions to be satisfied on a possible Mandatory Conversion Date are as follows:<ol style="list-style-type: none"><li>1. the VWAP on the 25th Business Day before (but not including) a possible Mandatory Conversion Date must be greater than 115% of the Conversion Floor Price (which equates to 57.50% of the Issue Date VWAP)</li><li>2. the VWAP during the 20 Business Days before (but not including) a possible Mandatory Conversion Date must be greater than 102.56% of the Conversion Floor Price (which equates to 51.28% of the Issue Date VWAP)</li><li>3. No Delisting Event applies (i.e. BEN is delisted or its Ordinary Shares have been suspended from ASX trading for a certain period)</li></ol></li></ul> |
| <b>Maximum Conversion Number</b>       | <ul style="list-style-type: none"><li>■ The number of Ordinary Shares that Holders receive per CPS on Conversion may not be greater than the Maximum Conversion Number. The Maximum Conversion Number is set to reflect:<ul style="list-style-type: none"><li>■ a share price of 50% of the Issue Date VWAP if Conversion is occurring on a Mandatory Conversion Date; or</li><li>■ a share price of 20% of the Issue date VWAP if Conversion is otherwise occurring after 1 January 2013<sup>2</sup></li></ul></li></ul>  |

## CPS Key Terms



1. Based on the \$100 CPS Issue Price and the VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date with the benefit of a 2.5% discount. However, this VWAP may differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be more or less than anticipated when they are issued or thereafter
2. If Conversion were to occur between the Issue Date and 1 January 2013, the Maximum conversion Number is set to reflect a share price of 50% of the Issue Date VWAP

# Capital Trigger Event

|                                    |   |
|------------------------------------|---|
| <b>Capital Trigger Event</b>       | <ul style="list-style-type: none"> <li>■ A Capital Trigger Event will occur if:             <ul style="list-style-type: none"> <li>■ the Common Equity Tier 1 Ratio of BEN Level 1 or Level 2 Group as determined by BEN or APRA at any time is equal to or less than 5.125% (“Common Equity Trigger Event”); or</li> <li>■ APRA notifies BEN in writing that:                 <ul style="list-style-type: none"> <li>■ conversion or write-off of Additional Capital Instruments is necessary because, without it, APRA considers that BEN would become non-viable; or</li> <li>■ it has determined that BEN would become non-viable without a public sector injection of capital or equivalent support (collectively “Non-Viability Trigger Event”)</li> </ul> </li> </ul> </li> </ul>  |
| <b>Non-Viability Trigger Event</b> | <ul style="list-style-type: none"> <li>■ APRA has not provided guidance as to how it would determine non-viability</li> <li>■ Non-viability would be expected to include serious impairment of BEN’s financial position and insolvency and may also include liquidity</li> </ul>  |
| <b>Conversion</b>                  | <ul style="list-style-type: none"> <li>■ Following a Capital Trigger Event, some or all CPS will Convert into Ordinary Shares</li> <li>■ Conversion following a Capital Trigger Event is not subject to the Mandatory Conversion Conditions</li> <li>■ Holders may receive less than \$102.56 of Ordinary Shares per CPS upon Conversion following a Capital Trigger Event due to the Maximum Conversion Number</li> <li>■ If a Capital Trigger Event occurs, the Maximum Conversion Number will be based on a share price of 20% of the Issue Date VWAP<sup>1</sup></li> <li>■ If CPS cannot be converted following a Capital Trigger Event for any reason (including by applicable law, court order or government action), rights attached to CPS will be automatically varied. The effect of such variation is that Holders’ rights in respect of dividends and return of capital would be broadly equivalent to the rights of a person holding the number of Ordinary Shares the Holder would have held if Conversion had occurred</li> </ul> |

## CPS Key Terms

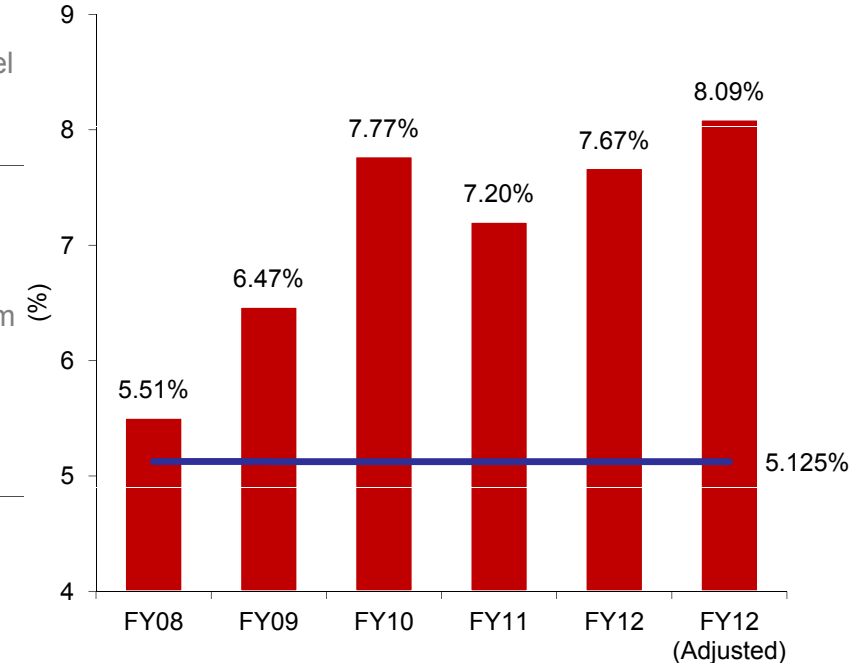


1. If Conversion were to occur between the Issue Date and 1 January 2013, the Maximum conversion Number is set to reflect a share price of 50% of the Issue Date VWAP

# Level 2 Common Equity Tier 1 Ratio

|                               |   |
|-------------------------------|---|
| <b>Balance Sheet Strength</b> | <ul style="list-style-type: none"> <li>■ Prudent and pro-active approach to balance sheet management</li> <li>■ Estimated 8.09% adjusted Common Equity Tier 1 Ratio at 30 June 2012 (Basel III)<sup>1</sup></li> </ul>  |
| <b>Target under Basel III</b> | <ul style="list-style-type: none"> <li>■ BEN will target a Common Equity Tier 1 Ratio in excess of 7.0% under the Basel III regulatory regime</li> <li>■ Under APRA's proposals, the capital conservation measures implemented from 1 January 2016 include restrictions on payments of dividends and bonuses, which apply when the Common Equity Tier 1 Ratio falls below 7.0% (or any higher percentage that may be required by APRA from time to time)</li> </ul> |
| <b>Capital Buffer</b>         | <ul style="list-style-type: none"> <li>■ The 30 June 2012 adjusted Common Equity Tier 1 Ratio of 8.09%<sup>1</sup> implies a buffer of \$839m above the 5.125% Common Equity Trigger Event ratio level</li> </ul>   |

## Level 2 Common Equity Tier 1 Ratio<sup>2</sup>



2. Based on APRA's draft prudential standards for Basel III

## CPS Key Terms



1. Adjusted for the increase in capital from the sale of BEN's shareholding in IOOF and holding in subordinated notes in the Torrens RMBS programme since 30 June 2012

# Other Early Exchange

|                                    |  |
|------------------------------------|--|
| <b>Other Early Exchange</b>        | <ul style="list-style-type: none"><li>■ BEN may choose to Exchange all or some CPS on issue at any time after a Tax Event or a Regulatory Event</li><li>■ BEN may choose to Convert all CPS after an Acquisition Event</li><li>■ BEN must Convert all CPS on issue if a Change of Control Event occurs</li></ul>   |
| <b>Exchange</b>                    | <ul style="list-style-type: none"><li>■ Subject to APRA's prior written approval for any Redemption and provided certain conditions are satisfied, BEN may Exchange CPS following a Tax Event or a Regulatory Event via:<ul style="list-style-type: none"><li>■ Conversion into approximately \$102.56 of Ordinary Shares per CPS<sup>1</sup>; or</li><li>■ Redemption of CPS for \$100 per CPS; or</li><li>■ a combination of the above</li></ul></li></ul>   |
| <b>Requirements for Redemption</b> | <ul style="list-style-type: none"><li>■ BEN is not permitted to Redeem any CPS at any time unless:<ul style="list-style-type: none"><li>■ those CPS being Redeemed are replaced concurrently or beforehand with Tier 1 Capital of the same or better quality as CPS and the replacement of the CPS is done under conditions that BEN is satisfied are sustainable for BEN's income capacity; or</li><li>■ APRA is satisfied that BEN's capital position will remain adequate for its future needs after BEN elects to redeem CPS</li></ul></li></ul> |

## CPS Key Terms



1. Based on the \$100 CPS Issue Price and the VWAP of Ordinary Shares during the 20 Business Days before the Exchange Date with the benefit of a 2.5% discount. However, this VWAP may differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be more or less than anticipated when they are issued or thereafter

# Comparison to other recent Tier 1 Hybrids

|                                      | BEN CPS  | CBA PERLS VI   | IAG CPS  | Westpac CPS  |
|--------------------------------------|--|--|--|--|
| <b>Legal form</b>                    | <ul style="list-style-type: none"> <li>Preference share</li> </ul>   | <ul style="list-style-type: none"> <li>Perpetual note</li> </ul>   | <ul style="list-style-type: none"> <li>Preference share</li> </ul>   | <ul style="list-style-type: none"> <li>Preference share</li> </ul>   |
| <b>ASX Code</b>                      | <ul style="list-style-type: none"> <li>Expected to be BENPD</li> </ul>   | <ul style="list-style-type: none"> <li>Expected to be CBAPC</li> </ul>   | <ul style="list-style-type: none"> <li>IAGPC</li> </ul>  | <ul style="list-style-type: none"> <li>WBCPC</li> </ul>  |
| <b>Margin</b>                        | <ul style="list-style-type: none"> <li>Expected to be in the range of 5.00% - 5.50%</li> </ul>   | <ul style="list-style-type: none"> <li>3.80%</li> </ul>  | <ul style="list-style-type: none"> <li>4.00%</li> </ul>  | <ul style="list-style-type: none"> <li>3.25%</li> </ul>  |
| <b>Dividends</b>                     | <ul style="list-style-type: none"> <li>Floating rate, semi-annual, frankable, discretionary, non-cumulative (subject to Dividend Payment Tests)</li> <li>Current period ordinary dividend stopper if not paid</li> </ul> | <ul style="list-style-type: none"> <li>Floating rate, quarterly, frankable, discretionary, non-cumulative (subject to distribution payment tests)</li> <li>Current period ordinary dividend stopper if not paid</li> </ul> | <ul style="list-style-type: none"> <li>Floating rate, semi-annual, frankable, discretionary, non-cumulative (subject to Dividend Payment Tests)</li> <li>Current period ordinary dividend stopper if not paid</li> </ul> | <ul style="list-style-type: none"> <li>Floating rate, semi-annual, frankable, discretionary, non-cumulative (subject to Dividend Payment Tests)</li> <li>Current period ordinary dividend stopper if not paid</li> </ul> |
| <b>Capital Trigger Event</b>         | <ul style="list-style-type: none"> <li>Yes</li> </ul>  | <ul style="list-style-type: none"> <li>Yes</li> </ul>  | <ul style="list-style-type: none"> <li>No</li> </ul>   | <ul style="list-style-type: none"> <li>Yes</li> </ul>  |
| <b>Non-viability Trigger Event</b>   | <ul style="list-style-type: none"> <li>Yes</li> </ul>  | <ul style="list-style-type: none"> <li>Yes</li> </ul>  | <ul style="list-style-type: none"> <li>Yes</li> </ul>  | <ul style="list-style-type: none"> <li>No</li> </ul>   |
| <b>Redemption rights</b>             | <ul style="list-style-type: none"> <li>At issuer's election 5 years after the Issue Date</li> <li>Other specified circumstances</li> </ul>   | <ul style="list-style-type: none"> <li>At issuer's election 6 years after the Issue Date</li> <li>Other specified circumstances</li> </ul>   | <ul style="list-style-type: none"> <li>At issuer's election 5 years after the Issue Date</li> <li>Other specified circumstances</li> </ul>   | <ul style="list-style-type: none"> <li>At issuer's election 6 years after the Issue Date</li> <li>Other specified circumstances</li> </ul>   |
| <b>Conversion to Ordinary Shares</b> | <ul style="list-style-type: none"> <li>Mandatory Conversion 7 years after the Issue Date subject to Mandatory Conversion Conditions</li> <li>Other specified circumstances</li> </ul>                                    | <ul style="list-style-type: none"> <li>Mandatory Conversion 8 years after the Issue Date subject to Mandatory Conversion Conditions</li> <li>Other specified circumstances</li> </ul>                                      | <ul style="list-style-type: none"> <li>Mandatory Conversion 7 years after the Issue Date subject to Mandatory Conversion Conditions</li> <li>Other specified circumstances</li> </ul>                                    | <ul style="list-style-type: none"> <li>Mandatory Conversion 8 years after the Issue Date subject to Mandatory Conversion Conditions</li> <li>Other specified circumstances</li> </ul>                                    |
| <b>Conversion discount</b>           | <ul style="list-style-type: none"> <li>2.5%</li> </ul>   | <ul style="list-style-type: none"> <li>1.0%</li> </ul>   | <ul style="list-style-type: none"> <li>1.0%</li> </ul>   | <ul style="list-style-type: none"> <li>1.0%</li> </ul>   |

## Tier 1 Hybrid Comparison



# Key Risks<sup>1</sup>

## Key risks associated with investing in CPS

|  |  |
|--|--|
| <b>Market price of CPS</b>   | <ul style="list-style-type: none"> <li>■ The price at which Holders are able to sell CPS on the ASX is uncertain</li> </ul>  |
| <b>Liquidity</b>   | <ul style="list-style-type: none"> <li>■ There may be no liquid market for CPS</li> <li>■ Holders who wish to sell their CPS may be unable to do so at a price acceptable to them, or at all</li> </ul>  |
| <b>Fluctuation in Ordinary Share price</b>                                 | <ul style="list-style-type: none"> <li>■ The market 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</li> </ul>                |
| <b>Dividends may not be paid</b>   | <ul style="list-style-type: none"> <li>■ There is a risk that Dividends will not be paid, including where the Directors determine not to pay a Dividend or where APRA objects to the Dividend payment</li> <li>■ Dividends are non-cumulative. Accordingly, in the event that BEN does not pay a scheduled Dividend, a Holder has no entitlement to such Dividend</li> </ul> |
| <b>Changes in Dividend Rate</b>  | <ul style="list-style-type: none"> <li>■ The Dividend Rate will fluctuate (both increasing and decreasing) over time as a result of movements in the Bank Bill Rate</li> </ul>   |
| <b>It is not certain whether and when CPS may be Converted or Redeemed</b> | <ul style="list-style-type: none"> <li>■ It is uncertain whether and when Conversion or Redemption may occur. The timing of any Conversion or Redemption may not suit Holders</li> </ul>   |
| <b>Conversion on account of a Capital Trigger Event</b>                    | <ul style="list-style-type: none"> <li>■ If Conversion occurs following a Capital Trigger Event, you may receive significantly less than \$102.56 of Ordinary Shares per CPS and may receive unlisted Ordinary Shares</li> </ul>   |
| <b>Early Exchange in other circumstances</b>                               | <ul style="list-style-type: none"> <li>■ CPS may be Converted or Redeemed early due to a Regulatory Event or a Tax Event or Converted early due to an Acquisition Event or a Change of Control. CPS must be Converted after a Change of Control Event</li> <li>■ The timing of early Exchange may not suit individual Holder preferences or circumstances</li> </ul>         |
| <b>Restrictions on rights and ranking 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 CPS, Holders will lose all or some of their investment</li> </ul>   |

## Key Risks



1. You should read the risk factors set out in Section 6 of the Prospectus before deciding to invest in CPS



# Key Risks<sup>1</sup>

## Key risks and uncertainties associated with Bendigo and Adelaide Bank

|   |   |
|---|---|
| <b>Credit and counterparty risk</b>                             | <ul style="list-style-type: none"><li>■ The unwillingness or inability of counterparties to fully meet their contractual debts and obligations may result in financial loss</li></ul>   |
| <b>Competition</b>  | <ul style="list-style-type: none"><li>■ The effect of competitive market conditions in the markets in which BEN operates may lead to erosion in its market share or margins, and adversely affect its business, operations and financial condition</li></ul>  |
| <b>Liquidity and funding risk</b>                               | <ul style="list-style-type: none"><li>■ Reduced liquidity could lead to an increase in the cost of BEN's borrowings and possibly constrain the volume of new lending, which could adversely affect its profitability</li><li>■ In extreme circumstances, liquidity risk could lead to BEN becoming non-viable and thus triggering a Capital Trigger Event</li></ul>   |
| <b>Global market and economic environment</b>                   | <ul style="list-style-type: none"><li>■ The financial performance of BEN is significantly affected by changes in investment markets and economic conditions both globally and in Australia</li></ul>  |
| <b>Changes in government policy, regulation and legislation</b> | <ul style="list-style-type: none"><li>■ A failure to comply with any standards, laws, regulations or policies by any federal or state organisations, including APRA and the RBA could result in sanctions by these or other regulatory agencies</li></ul>   |
| <b>Operational risk</b>   | <ul style="list-style-type: none"><li>■ As a financial services organisation, BEN is exposed to a variety of operational risks that can directly impact BEN's reputation and result in financial losses which could adversely affect its financial performance or financial condition</li></ul>   |
| <b>Litigation risk</b>  | <ul style="list-style-type: none"><li>■ BEN may be subject to material litigation, regulatory actions, legal or arbitration proceedings and other contingent liabilities which, if they crystallise, may adversely impact BEN's results</li><li>■ A specific litigation risk exists in relation to BEN's Great Southern loan portfolio. If the proceedings in respect of the Great Southern portfolio are successful in having some or all of the loans provided or acquired by BEN deemed void or unenforceable, there is a risk that there may be a significant negative impact on BEN's Common Equity Tier 1 Ratio. This would potentially lead to a Capital Trigger Event occurring and increase the risk that Conversion of CPS will occur where the Mandatory Conversion Conditions are not met</li></ul> |
| <b>Strategic and acquisition risk</b>                           | <ul style="list-style-type: none"><li>■ Strategic and business decisions made in the ordinary course of business could, for a variety of reasons, have a material adverse effect on BEN's current and future financial position or performance</li></ul>  |

## Key Risks



1. You should read the risk factors set out in Section 6 of the Prospectus before deciding to invest in CPS

# Key Dates

|   |   |
|---|---|
| <b>Date for determining Eligible Securityholders</b>  | 21 September 2012                         |
| <b>Lodgement of the Prospectus with ASIC</b>  | 24 September 2012                         |
| <b>Bookbuild to determine the Margin</b>  | 28 September 2012                         |
| <b>Announcement of the Margin</b>   | 1 October 2012                            |
| <b>Lodgement of the replacement Prospectus with ASIC</b>  | 2 October 2012                            |
| <b>Opening Date</b>   | 2 October 2012                            |
| <b>Closing Date for Securityholder Offer, Community Bank® and Customer Offer and General Offer</b>  | 5.00pm Melbourne time on 25 October 2012  |
| <b>Closing Date for the Broker Firm Offer (applications in respect of Reinvested RPS)</b>           | 5.00pm Melbourne time on 25 October 2012  |
| <b>Closing Date for the Broker Firm Offer (excluding applications in respect of Reinvested RPS)</b> | 10.00am Melbourne time on 31 October 2012 |
| <b>Issue Date</b>   | 1 November 2012                           |
| <b>CPS commence trading on ASX (deferred settlement basis)</b>                                      | 1 November 2012                           |
| <b>Holding Statements despatched by</b>   | 7 November 2012                           |
| <b>CPS commence trading on ASX (normal settlement basis)</b>  | 8 November 2012                           |
| <b>First Dividend Payment Date<sup>1</sup></b>  | 13 December 2012                          |
| <b>First Optional Exchange Date</b>   | 13 December 2017                          |
| <b>Mandatory Conversion Date<sup>2</sup></b>  | 13 December 2019                          |

## Scheduled Key Dates



1. Dividends are scheduled to be paid at the end of each semi-annual Dividend Period (on 13 June and 13 December) subject to the Payment Tests. If any of these scheduled dates are not Business Days, then the Dividend Payment Date will occur on the next Business Day
2. The Mandatory Conversion Date may be later than 13 December 2019, or may not occur at all, if the Mandatory Conversion Conditions are not satisfied – see Section 2.5 of the Prospectus

# Key Dates – RPS Holders

|   |  |
|---|--|
| <b>Record date for determining Eligible RPS Holders for Reinvestment Offer</b>            | 21 September 2012                        |
| <b>Record date for RPS Dividend</b>   | 17 October 2012                          |
| <b>Last day of trading for RPS on ASX</b>   | 24 October 2012                          |
| <b>Closing Date for the Reinvestment Offer</b>  | 5:00pm Melbourne time on 25 October 2012 |
| <b>Closing Date for the Broker Firm Offer (Applications in respect of Reinvested RPS)</b> | 5.00pm Melbourne time on 25 October 2012 |
| <b>Redemption Date for RPS and payment date for RPS Dividend</b>                          | 1 November 2012                          |

The key dates above are indicative only and may change without notice

## Scheduled Key Dates



# Contact Details

## Bendigo and Adelaide Bank



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## Joint Lead Manager



Peter McInnes  
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## Joint Lead Manager



EVANS & PARTNERS

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## Joint Lead Manager



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**Further Information:** Please call the CPS Information Line on 1300 318 082 (within Australia) or +61 3 9415 4866 (international) between 9:00am and 5:00pm (Melbourne time), Monday to Friday or visit [www.BendigoCPSoffer.com.au](http://www.BendigoCPSoffer.com.au)

# Contact Details

