

Prospectus and RPS Reinvestment Offer Information



**Bendigo and
Adelaide Bank**

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Prospectus for the issue of Convertible Preference Shares
to raise \$210 million with the ability to raise more or less

*Relevant.
Connected.
Valued.*

Issuer: Bendigo and Adelaide Bank Limited | ABN 11 068 049 178 | AFSL 237879
Arranger: Macquarie Capital (Australia) Limited
Joint Lead Managers: Evans and Partners Pty Limited, J.P. Morgan Australia Limited,
Macquarie Capital (Australia) Limited, Morgan Stanley Australia Securities Limited

IMPORTANT NOTICES

About this Prospectus

This Prospectus relates to the Offer by Bendigo and Adelaide Bank Limited (ABN 11 068 049 178) (“**Bendigo and Adelaide Bank**” or the “**Bank**”) of Convertible Preference Shares (“**CPS**”) at an Issue Price of \$100 each to raise approximately \$210 million, with the ability to raise more or less.

This Prospectus is dated 2 October 2012 and was lodged with the Australian Securities and Investments Commission (“**ASIC**”) on that date.

This is a replacement prospectus that replaces the prospectus dated and lodged with ASIC on 24 September 2012 (“**Original Prospectus**”). ASIC and ASX Limited (“**ASX**”) take no responsibility for the contents of this Prospectus nor for the merits of the investment to which this Prospectus relates.

This Prospectus expires on the date which is 13 months after the date of the Original Prospectus (“**Expiry Date**”) and no CPS will be issued on the basis of this Prospectus after the Expiry Date.

CPS are not deposit liabilities of Bendigo and Adelaide Bank

CPS are not deposit liabilities of Bendigo and Adelaide Bank and are not protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Banking Act 1959 (Cth) (“**Banking Act**”) or of the Financial Claims Scheme established under Division 2AA of Part II of the Banking Act and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. CPS are issued by Bendigo and Adelaide Bank under the CPS Terms and Holders have no claim on Bendigo and Adelaide Bank except as provided in the CPS Terms. The investment performance of CPS is not guaranteed by Bendigo and Adelaide Bank. There are risks associated with investing in CPS – see Section 4.

Defined words and expressions

Some capitalised words and expressions used in this Prospectus have defined meanings. The Glossary in Appendix B defines these words and expressions.

Definitions specific to CPS are in clause 19 of the CPS Terms in Appendix A. If there is any inconsistency in definitions between the Prospectus and the CPS Terms, the definitions in clause 19 of the CPS Terms prevail.

In this prospectus, the singular includes the plural and vice versa.

A reference to time in this Prospectus is to Melbourne time unless otherwise stated.

A reference to \$, A\$, dollars and cents is to Australian currency unless otherwise stated. Unless otherwise stated, all figures have been rounded to two decimal places.

Governing law

This Prospectus and the contracts which arise on acceptance of the Application Forms are governed by the law applicable in Victoria, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

How to obtain a Prospectus and Application Form

During the Offer Period, an electronic version of this Prospectus with an Application Form will be available at www.BendigoCPSoffer.com.au. If you access an electronic copy of this Prospectus, then you should read “**Electronic access to Prospectus**” below.

During the Offer Period, you can also request a free paper copy of this Prospectus and Application Form either online at

www.BendigoCPSoffer.com.au or by calling the CPS Information Line on 1300 318 082 (within Australia) or +61 3 9415 4866 (International).

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to or accompanied by a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Electronic access to Prospectus

The following conditions apply if this Prospectus is accessed electronically at www.BendigoCPSoffer.com.au:

- you must download the entire Prospectus;
- your Application will only be considered where you have applied on an Application Form that was attached to or accompanied by a copy of the Prospectus; and
- the Prospectus is available electronically to you only if you are accessing and downloading or printing the electronic copy of the Prospectus in Australia.

Applications for CPS

Applications for CPS under this Prospectus may only be made during the Offer Period (although Bendigo and Adelaide Bank reserves the right to accept late Applications either generally or in particular cases), and pursuant to an Application Form attached to or accompanying this Prospectus.

For information on who is eligible to apply for CPS under the Offer and how to make an Application see Section 4.

ASX quotation and Issue Date

Bendigo and Adelaide Bank has applied for CPS to be quoted on ASX. If ASX does not grant permission for CPS to be quoted within three months after the date of the Prospectus (or any longer period permitted by law), CPS will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

If CPS are accepted for quotation on ASX, Bendigo and Adelaide Bank expects to issue CPS on or about 1 November 2012, with trading on ASX expected to commence on 1 November 2012 on a deferred settlement basis, and normal settlement basis trading on ASX expected to commence on 8 November 2012.

It is not intended to list the CPS on any exchange other than ASX.

Providing personal information

You will be asked to provide personal information to Bendigo and Adelaide Bank (directly or via its agents) if you apply for CPS. See Section 4 and Section 8.10 for information on how Bendigo and Adelaide Bank (and its agents) collect, hold and use this personal information.

Restrictions in foreign jurisdictions

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

As at the date of this Prospectus, no action has been taken to register or qualify CPS or the Offer or to otherwise permit a public offering of CPS outside Australia.

This Prospectus (including an electronic copy) may not be distributed or released, in whole or in part, in the United States. Neither the CPS nor the Ordinary Shares have been or will be registered under the US Securities Act or the securities laws of any state of the United States, and they may not be offered or sold in the United States. The CPS are being offered and sold in the Offer solely outside the United States pursuant to Regulation S under the US Securities Act. See Section 8.9 for further information.

No representations other than in this Prospectus

You should rely only on information in this Prospectus. No person is authorised to provide any information or to make any representation in connection with the Offer that is not contained in this Prospectus.

Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by Bendigo and Adelaide Bank in connection with the Offer.

The pro-forma financial information provided in this Prospectus is for information purposes only and is not a forecast of operating results to be expected in future periods.

This Prospectus contains forward looking statements which are identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends” and other similar words that involve risks and uncertainties. Any forward looking statements are subject to various risk factors that could cause actual circumstances or outcomes to differ materially from the circumstances or outcomes expressed, implied or anticipated in these statements. Forward looking statements should be read in conjunction with the risk factors set out in Section 6 and other information contained in this Prospectus.

This Prospectus does not provide financial product or investment advice – you should seek your own professional investment advice

The Offer, and the information in this Prospectus, does not take into account your investment objectives, financial situation and particular needs (including financial and tax issues) as an investor. It is important that you read the entire Prospectus before deciding whether to apply for CPS.

In particular, in considering whether to apply for CPS, it is important that you:

- consider the risk factors, including those that could affect CPS or the financial performance and position of Bendigo and Adelaide Bank – see Section 6;
- carefully consider these risk factors and other information in the Prospectus in light of your particular investment objectives, financial situation and particular needs (including financial and tax issues); and
- seek professional investment advice from your financial adviser or other professional adviser.

Except for any liability which cannot be excluded by law, each JLM, its respective directors, officers, employees and advisers expressly disclaims and does not accept any responsibility or liability for the contents of the Prospectus, the CPS or the Offer.

Diagrams

The diagrams used in this Prospectus are illustrative only. They may not necessarily be shown to scale. The diagrams are based on information which is current as at the date of this Prospectus.

Enquiries

If you have any questions in relation to the Offer, please call the CPS Information Line on 1300 318 082 (within Australia) or +61 3 9415 4866 (International) (Monday to Friday – 9:00am to 5:00pm Melbourne time) or contact your Syndicate Broker or other professional adviser.

Summary of Key Dates

KEY DATES FOR THE OFFER	DATE
Date for determining Eligible Securityholders	Friday 21 September 2012
Lodgement of the Original Prospectus with ASIC	Monday 24 September 2012
Bookbuild to determine the Margin	Friday 28 September 2012
Announcement of the Margin	Friday 28 September 2012
Lodgement of this Prospectus with ASIC	Tuesday 2 October 2012
Opening Date	Tuesday 2 October 2012
Closing Date for Securityholder Offer, Community Bank [®] and Customer Offer and General Offer	5:00pm, Thursday 25 October 2012
Closing Date for Broker Firm Offer (excluding applications in respect of Reinvested RPS)	10:00am, Wednesday 31 October 2012
Issue Date	Thursday 1 November 2012
CPS commence trading on ASX (deferred settlement basis)	Thursday 1 November 2012
Holding Statements despatched by	Wednesday 7 November 2012
CPS commence trading on ASX (normal settlement basis)	Thursday 8 November 2012
KEY DATES FOR CPS	
First Dividend Payment Date ¹	Thursday 13 December 2012
Optional Exchange Date	Wednesday 13 December 2017
Mandatory Conversion Date ²	Friday 13 December 2019

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.

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KEY DATES FOR RPS HOLDERS	
Record date for determining Eligible RPS Holders for Reinvestment Offer	Friday 21 September 2012
Record date for RPS Dividend	Wednesday 17 October 2012
Last day of trading for RPS on ASX	Monday 22 October 2012
Closing Date for the Reinvestment Offer	5:00pm, Thursday 25 October 2012
Closing Date for the Broker Firm Offer (applications in respect of Reinvested RPS)	5:00pm, Thursday 25 October 2012
Redemption Date for RPS and payment date for RPS Dividend	Thursday 1 November 2012

Dates may change

The key dates above are indicative only and may change without notice. All references to time are to Melbourne time.

Bendigo and Adelaide Bank and the Joint Lead Managers may agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice, accepting late Applications either generally or in particular cases or withdrawing the Offer at any time before CPS are issued. If the Offer is withdrawn before the issue of CPS, all Application Payments received by Bendigo and Adelaide Bank will be refunded (without interest) to Applicants as soon as possible after the withdrawal.

If you wish to apply for CPS, you are encouraged to do so as soon as possible after the Opening Date.

Quotation of CPS on ASX

Bendigo and Adelaide Bank has applied to ASX for CPS to be quoted on ASX. Quotation of CPS is not guaranteed. If ASX does not grant permission for CPS to be quoted within three months of the date of the Prospectus (or any longer period permitted by law), then CPS will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

Some capitalised words and expressions used in this Prospectus have defined meanings. The Glossary in Appendix B defines these words and expressions. Definitions specific to CPS are in clause 19 of the CPS Terms in Appendix A. If there is any inconsistency in definitions between the Prospectus and the CPS Terms, the definitions in clause 19 of the CPS Terms prevail. In this Prospectus, the singular includes the plural and vice versa.

Chairman's Letter

2 October 2012

Dear Investors,

On behalf of the Directors, I am pleased to offer you the opportunity to invest in Bendigo and Adelaide Bank through a new security called Bendigo and Adelaide Bank Convertible Preference Shares ("CPS").



CPS will be issued to support Bendigo and Adelaide Bank's balance sheet growth and to ensure Bendigo and Adelaide Bank continues to have strong regulatory capital levels. The existence of a strong pool of capital has been one of the cornerstones of Bendigo and Adelaide Bank's prosperity throughout its 153-year history. These new securities will further strengthen that base of capital.

If you are a holder of Bendigo and Adelaide Bank's reset preference shares (ASX ticker code: BENPA) ("RPS"), you have an opportunity to participate in the offer of CPS by way of a Reinvestment Offer.

Eligible RPS holders can elect to have their RPS redemption proceeds

of \$100 per PRS reinvested in CPS on the Issue Date. Eligible RPS holders will be guaranteed an allocation of one CPS for every RPS held.

CPS are also being offered under a Securityholder Offer, a Community Bank® and Customer Offer, a General Offer, a Broker Firm Offer and an Institutional Offer.

CPS are fully paid convertible preference shares issued by Bendigo and Adelaide Bank.

CPS provide investors with floating rate, semi-annual, discretionary, non-cumulative dividends which are expected to be fully franked. The margin on CPS is 5.00% per annum. CPS are expected to be quoted on ASX.

If certain conditions are met Bendigo and Adelaide Bank may elect to Redeem or Convert CPS into ordinary shares of Bendigo and Adelaide Bank on 13 December 2017. Otherwise CPS will mandatorily convert into Ordinary Shares on 13 December 2019 (unless Exchanged earlier and subject to certain conditions being satisfied).

Bendigo and Adelaide Bank intends to raise approximately \$210 million through the offer of CPS with the ability to raise more or less.

The terms of the CPS are more complex than a simple debt or ordinary equity security. Trading volumes in hybrid instruments such as CPS are typically lower than in Bendigo and Adelaide Bank's ordinary shares.

Details of this investment opportunity are in this Prospectus. The Directors encourage you to read the Prospectus carefully, in particular the investment risks described in Section 6, before deciding whether to subscribe. If you are uncertain whether CPS are a suitable investment for you, we encourage you to consult your financial adviser or other professional adviser.

If you have any questions, 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.

We aim to be Australia's leading customer-connected bank. Our strength comes from working collaboratively with our customers, staff, partners and communities to provide a long-term and sustainable business. We invite you to be a part of this collaboration, and consider this opportunity to invest in CPS.

Yours sincerely

A handwritten signature in black ink that reads "Robert Johanson". The signature is written in a cursive, slightly stylized font.

Robert Johanson
Chairman

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1. Investment Overview

This Section provides a summary of information that is key to a decision whether to invest in CPS.

Some capitalised words and expressions used in this Prospectus have defined meanings. The Glossary in Appendix B defines these words and expressions. Definitions specific to the CPS are in clause 19 of the CPS Terms in Appendix A. If there is any inconsistency in definitions between the Prospectus and the CPS Terms, the definitions in clause 19 of the CPS Terms prevail.

Topic	Summary	Further information
1.1 Key features of the Offer		
Who is the Issuer?	<ul style="list-style-type: none"> The Issuer is Bendigo and Adelaide Bank Limited. Bendigo and Adelaide Bank is a leading Australian regional bank and is a top 100 company listed on ASX by market capitalisation. 	Section 5
What are the key Offer details?	<ul style="list-style-type: none"> The Offer size is \$210 million (including the Reinvestment Offer) with the ability to raise more or less. The Issue Price is \$100 per CPS. 	Section 2.1
What are CPS?	<ul style="list-style-type: none"> CPS are fully paid convertible preference shares issued by Bendigo and Adelaide Bank. 	Section 2
Quotation	<ul style="list-style-type: none"> Bendigo and Adelaide Bank has applied for CPS to be quoted on ASX. CPS are expected to trade under ASX code "BENPD". 	Section 4.6.1
No guarantee or security	<ul style="list-style-type: none"> CPS are not deposit liabilities of Bendigo and Adelaide Bank and are not protected accounts for the purposes of the depositor protection provisions of the Banking Act. CPS are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. 	Sections 2.1.8 and 6.1.14
Regulatory capital	<ul style="list-style-type: none"> The terms of CPS are complex and structured to meet requirements under prudential standards. Bendigo and Adelaide Bank's ability to pay Dividends, or to optionally Convert or Redeem CPS, are dependent on APRA either not objecting or giving prior approval. APRA has confirmed that CPS will be eligible Residual Tier 1 Capital under its current prudential standards. APRA has further confirmed that CPS will be eligible for inclusion as Additional Tier 1 Capital after the introduction of new prudential standards implementing Basel III in Australia on 1 January 2013 until at least 13 December 2017. Tier 1 Capital is a type of capital that ADIs are required to hold under APRA's prudential standards. See Section 2.2.2 for further detail. 	Sections 2.2 and 5.4

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Topic	Summary	Further information
1.2 Key CPS terms		
Dividends	<ul style="list-style-type: none"> • Dividends on CPS are: <ul style="list-style-type: none"> – preferred; – discretionary; – non-cumulative; – based on a floating rate; – paid semi-annually in arrears on 13 June and 13 December each year, commencing on 13 December 2012; – subject to the satisfaction of the Payment Tests; and – expected to be fully franked. • The Payment Tests include: <ul style="list-style-type: none"> – the Directors of Bendigo and Adelaide Bank at their absolute discretion resolving to pay a Dividend; and – no APRA Condition existing at the time of payment, including APRA not objecting to the payment and the payment not resulting in a breach of APRA's regulatory capital requirements as they apply to Bendigo and Adelaide Bank. 	Sections 2.3.1 and 2.3.7
Dividend Rate	<ul style="list-style-type: none"> • The Dividend Rate will be determined semi-annually. • The Dividend Rate will be the floating Bank Bill Rate plus the fixed Margin, adjusted for franking credits. • The Margin is 5.00%. • Based on the Margin and assuming the Bank Bill Rate is 3.32%¹, the cash Dividend received by a Holder in respect of the following semi-annual period would be 5.8240% per annum (assuming the Dividend is paid and fully franked). A fully franked dividend rate of 5.8240%² per annum would be equivalent to an unfranked dividend rate of 8.32% per annum, if the potential value of franking credits is taken into account in full. • However, Holders should be aware that the ability of a Holder to use franking credits will depend on their individual tax position and the potential value of franking credits does not accrue at the same time the cash Dividend is received. <p style="font-size: small; margin-top: 10px;">1. The 180 day Bank Bill Rate on 28 September 2012 was 3.32% per annum. 2. The Dividend Rate shown is for illustrative purposes only and does not indicate the actual Dividend Rate.</p>	Sections 2.3.2 to 2.3.4
Dividend Restriction	<ul style="list-style-type: none"> • If for any reason a Dividend has not been paid on a Dividend Payment Date, Bendigo and Adelaide Bank is not under an obligation to pay that unpaid Dividend at a later date. • However, unless the Dividend is paid in full within three Business Days of the Dividend Payment Date, Bendigo and Adelaide Bank is restricted from paying any dividend or return of capital on Ordinary Shares (subject to certain exceptions) until and including the next Dividend Payment Date. • Any non-payment of a Dividend by Bendigo and Adelaide Bank is not an event of default. Holders will not have any right to compensation if Bendigo and Adelaide Bank does not pay a Dividend. 	Section 2.3.8
Term	<ul style="list-style-type: none"> • CPS are perpetual and do not have a fixed maturity date. • CPS do not include any events of default or other provisions entitling Holders to require redemption of CPS. 	Section 2.1.5

Topic	Summary	Further information
Exchange on the Optional Exchange Date	<ul style="list-style-type: none"> • Bendigo and Adelaide Bank may elect to Exchange all or some CPS on 13 December 2017. • Exchange means: <ul style="list-style-type: none"> – Conversion into Ordinary Shares; – Redemption for \$100 per CPS; or – a combination of Conversion and Redemption. • Conversion is into approximately \$102.56 worth of Ordinary Shares per CPS (based on the \$100 CPS Issue Price and the volume weighted average price (subject to certain adjustments and calculated in accordance with the Terms) (“VWAP”) of Ordinary Shares sold on ASX during the 20 Business Days before the Optional Exchange Date with the benefit of a 2.5% discount). • 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 that anticipated when they are issued on Conversion or thereafter. • Bendigo and Adelaide Bank’s ability to elect to Exchange and the manner of Exchange is subject to a number of conditions, including APRA approval but is otherwise at the discretion of the Directors of Bendigo and Adelaide Bank. • If an Approved NOHC Event has occurred, Conversion will be into Approved NOHC Ordinary Shares. 	Sections 2.4, 2.10.4 and 2.10.5
Mandatory Conversion	<ul style="list-style-type: none"> • Unless Exchanged earlier, on 13 December 2019 CPS will Mandatorily Convert into Ordinary Shares, subject to the Mandatory Conversion Conditions being satisfied. • Conversion is into approximately \$102.56 worth of Ordinary Shares per CPS (based on the \$100 Issue Price and the VWAP of Ordinary Shares sold on ASX during the 20 Business Days before the Mandatory Conversion Date with the benefit of a 2.5% discount), subject to the Mandatory Conversion Conditions being satisfied. • If any of the Mandatory Conversion Conditions are not satisfied on 13 December 2019, then the Mandatory Conversion Date will be deferred until the next Dividend Payment Date in respect of which all of the Mandatory Conversion Conditions are satisfied. 	Section 2.5
Maximum Conversion Number and Mandatory Conversion Conditions	<ul style="list-style-type: none"> • CPS include a restriction on the number of Ordinary Shares that may be issued upon Conversion. Generally this restriction means that the maximum number of Ordinary Shares issued on Conversion cannot exceed the number that would be issued if the CPS were Converted at a conversion price (the “Conversion Floor Price”) equal to: <ul style="list-style-type: none"> – 50% of the Issue Date VWAP if Conversion is occurring on a Mandatory Conversion Date; or – 20% of the Issue Date VWAP if Conversion is otherwise occurring after 1 January 2013¹. • The Mandatory Conversion Conditions are intended to prevent Conversion occurring in circumstances where Holders would receive Ordinary Shares worth less than approximately \$102.56. • The Mandatory Conversion Conditions are also intended to prevent Conversion occurring in circumstances where the Ordinary Shares have been delisted and so protect Holders against receiving Ordinary Shares that cannot be traded on ASX. • The Mandatory Conversion Conditions do not apply where Conversion is required due to a Capital Trigger Event (see below). <p>1. If Conversion were to occur prior to 1 January 2013, the Conversion Floor Price would be 50% of the Issue Date VWAP.</p>	Sections 2.5 and 2.5.3

Topic	Summary	Further information
<p>Conversion due to a Capital Trigger Event</p>	<ul style="list-style-type: none"> • CPS must Convert if at any time: <ul style="list-style-type: none"> – the Common Equity Tier 1 Ratio of Bendigo and Adelaide Bank Level 1 or Level 2 Group is determined by APRA or Bendigo and Adelaide Bank to be at or below 5.125% (“Common Equity Trigger Event”); or – APRA notifies the Issuer in writing that: <ul style="list-style-type: none"> • conversion or write-off of Additional Capital Instruments is necessary because, without it, APRA considers that Bendigo and Adelaide Bank would become non-viable; or • it has determined that Bendigo and Adelaide Bank would become non-viable without a public sector injection of capital or equivalent support (collectively “Non-Viability Trigger Event”). • Any such Conversion would not be subject to the Mandatory Conversion Conditions being satisfied and the number of Ordinary Shares a Holder will receive is capped at the Maximum Conversion Number. As a result, Holders may receive a number of Ordinary Shares worth less than approximately \$102.56, for each CPS that they held, and the Ordinary Shares could be unlisted. • If Bendigo and Adelaide Bank is prevented by applicable law following a Capital Trigger Event, or order of any court or action of any government authority or any other reason from Converting CPS, the rights of CPS will be automatically varied. As a result of the variation, a Holder’s sole rights in respect of the CPS will be to receive dividends and capital return in a winding-up broadly equivalent to the rights of a person holding the number of Ordinary Shares the Holder would have received if Conversion had occurred. • Conversion or a variation of rights will take place even if an order is made by a court or an effective resolution is passed for the winding-up of Bendigo and Adelaide Bank. 	<p>Section 2.6</p>
<p>Early Exchange</p>	<ul style="list-style-type: none"> • Bendigo and Adelaide Bank may also elect at its option to Exchange all or some CPS after a Tax Event or a Regulatory Event, and may elect at its option to Convert all CPS following the occurrence of an Acquisition Event. • Bendigo and Adelaide Bank must Convert all CPS after a Change of Control Event. 	<p>Section 2.7</p>
<p>Restrictions on Exchange</p>	<ul style="list-style-type: none"> • Bendigo and Adelaide Bank’s rights to Redeem CPS and rights and obligations to Convert CPS prior to a Mandatory Conversion Date are subject to certain restrictions, including APRA’s prior written approval. • Holders should not expect that APRA will give its approval to any Exchange. 	<p>Sections 2.8 and 2.9 and Clauses 6 and 7 of the CPS Terms</p>
<p>Ranking and voting rights</p>	<ul style="list-style-type: none"> • CPS rank for payment (both in respect of Dividends and return of capital) in a winding-up of Bendigo and Adelaide Bank ahead of Ordinary Shares and equally with Equal Ranking Instruments (which currently include Bendigo and Adelaide Bank BPS, RPS and SPS), but are subordinated to claims of depositors and other creditors. • However any return in a winding up may be adversely affected if Conversion is required on account of a Capital Trigger Event. • CPS do not carry voting rights, except in limited circumstances. • There are no rights of set-off (that is, rights to offset one obligation against another) in respect of CPS for Holders or Bendigo and Adelaide Bank. This means that Holders may not reduce any amount they owe to Bendigo and Adelaide Bank by the amount of the CPS and Bendigo and Adelaide Bank may not reduce the amount payable on the CPS by any amount payable by the Holder to Bendigo and Adelaide Bank. 	<p>Clauses 10.1, 10.2 and 11.2 of the CPS Terms</p>

Topic	Summary	Further information																
Ranking and voting rights <i>(continued)</i>	<ul style="list-style-type: none"> In the event of a winding-up of Bendigo and Adelaide Bank, and assuming CPS have not been Exchanged and are not required to be Converted due to a Capital Trigger Event, Holders will be entitled to claim for the Liquidation Sum for each CPS. This is an amount for each CPS up to \$100 in respect of its Issue Price and any Dividend resolved by the Directors to be paid but which is unpaid at the commencement of the winding-up of Bendigo and Adelaide Bank. <div style="margin-top: 10px;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%; text-align: left;">Ranking</th> <th colspan="2" style="text-align: left;">Illustrative examples</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Higher</td> <td style="background-color: #d3d3d3;">Senior obligations</td> <td>Preferred and secured debt</td> </tr> <tr> <td rowspan="3" style="text-align: center; vertical-align: middle;"> </td> <td style="background-color: #d3d3d3;"></td> <td>Unsubordinated and unsecured debt</td> </tr> <tr> <td style="background-color: #d3d3d3;"></td> <td>Subordinated and unsecured debt (unless expressed to rank equally with preference shares)</td> </tr> <tr> <td style="background-color: #d3d3d3;">Equal ranking obligations</td> <td>Preference shares and equal ranking securities</td> </tr> <tr> <td style="text-align: center;">Lower</td> <td style="background-color: #d3d3d3;">Junior obligations</td> <td>Ordinary shares</td> </tr> </tbody> </table> </div>	Ranking	Illustrative examples		Higher	Senior obligations	Preferred and secured debt			Unsubordinated and unsecured debt		Subordinated and unsecured debt (unless expressed to rank equally with preference shares)	Equal ranking obligations	Preference shares and equal ranking securities	Lower	Junior obligations	Ordinary shares	
Ranking	Illustrative examples																	
Higher	Senior obligations	Preferred and secured debt																
		Unsubordinated and unsecured debt																
		Subordinated and unsecured debt (unless expressed to rank equally with preference shares)																
	Equal ranking obligations	Preference shares and equal ranking securities																
Lower	Junior obligations	Ordinary shares																
No early Conversion or Redemption rights for Holders	<ul style="list-style-type: none"> Holders have no right to request Conversion or Redemption of their CPS. To realise their investment, Holders can sell CPS on ASX at the prevailing market price. 																	
1.3 Overview of Bendigo and Adelaide Bank																		
Bendigo and Adelaide Bank	<ul style="list-style-type: none"> Bendigo Bank and Adelaide Bank's current business was formed through the merger of Bendigo Bank and Adelaide Bank in November 2007. The holding company is Bendigo and Adelaide Bank (ABN 11068 049 178), which is owned by more than 82,000 shareholders. Bendigo and Adelaide Bank has over 4,000 staff and is listed on ASX, with a market capitalisation of \$3.1 billion as at 17 September 2012. Bendigo and Adelaide Bank's activities are conducted through three main business segments, namely Retail Banking, Wealth and Third Party Banking. Bendigo and Adelaide Bank's retail arm provides banking and wealth management services to individuals and small to medium sized businesses. Bendigo and Adelaide Bank's wealth business includes its funds management business, Sandhurst Trustees and its margin lending business, Leveraged Equities. Bendigo and Adelaide Bank operates a substantial third-party banking business, providing mortgages to a large number of Australians via a network of brokers and mortgage managers. Bendigo and Adelaide Bank: <ul style="list-style-type: none"> – Had statutory earnings of \$195.0 million and cash earnings of \$323.0 million for the 12 months ended 30 June 2012 – Had net assets of \$4.22 billion at 30 June 2012 – Had a Common Equity Tier 1 Ratio of 7.67% and a Tier 1 Ratio of 8.39% at 30 June 2012 	Section 5.1																

Topic	Summary	Further information
1.4 Key risks		
<p>Before applying for CPS, you should consider whether CPS are a suitable investment for you. There are risks associated with an investment in CPS and in Bendigo and Adelaide Bank, many of which are outside the control of Bendigo and Adelaide Bank and its Directors. Some key risks include those in this Section 1.4. These and other risks are addressed in more detail in Section 6 and elsewhere in this Prospectus and should be considered by prospective investors.</p>		
Key risks associated with investing in CPS		
Market price of CPS	<ul style="list-style-type: none"> The price at which Holders are able to sell CPS on ASX is uncertain. Circumstances in which the price of CPS may decline include general financial market conditions, the availability of better rates of return on other securities and investor perception of Bendigo and Adelaide Bank's financial performance or position. Unlike Ordinary Shares, CPS do not provide a material exposure to growth in Bendigo and Adelaide Bank's business. 	Section 6.1.1
Liquidity	<ul style="list-style-type: none"> There may be no liquid market for CPS. Holders who wish to sell their CPS may be unable to do so at a price acceptable to them, or at all. 	Section 6.1.1
Fluctuation in Ordinary Share price	<ul style="list-style-type: none"> 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 Bendigo and Adelaide Bank's financial performance and position. As a result, the value of Ordinary Shares received by Holders upon Conversion may be greater than or less than anticipated when they are issued or thereafter. 	Section 6.1.8
Dividends may not be paid	<ul style="list-style-type: none"> There is a risk that Dividends will not be paid, including where the Directors determine not to pay a Dividend or where APRA's requirement in relation to payment of the Dividend are not met. Dividends are non-cumulative. Accordingly, in the event that Bendigo and Adelaide Bank does not pay a scheduled Dividend, a Holder has no entitlement to such Dividend. 	Section 6.1.4
Changes in Dividend Rate	<ul style="list-style-type: none"> The Dividend Rate will fluctuate (both increasing and decreasing) over time as a result of movements in the Bank Bill Rate. There is a risk that the Dividend Rate may become less attractive when compared to the rates of return available on comparable securities. 	Section 6.1.3

Topic	Summary	Further information
<p>It is not certain whether and when CPS may be Converted or Redeemed</p>	<ul style="list-style-type: none"> • There are a number of scenarios in which CPS may be Converted or Redeemed. It is uncertain whether and when Conversion or Redemption may occur. The timing of any Conversion or Redemption may not suit Holders. • Conversion on the Mandatory Conversion Date and otherwise is subject to a number of conditions. It is possible that these conditions will never be satisfied and if this occurs, there will be no obligation on Bendigo and Adelaide Bank to convert CPS except as a result of a Capital Trigger Event. • Redemption is at Bendigo and Adelaide Bank's option and is subject to a number of conditions. • CPS are a perpetual instrument and do not contain events of default or other provisions entitling Holders to require Redemption or (subject to Bendigo and Adelaide Bank's obligation to Convert on a Mandatory Conversion Date or following a Change of Control Event where all applicable conditions are satisfied) Conversion. If the Ordinary Share price deteriorates significantly and never recovers, it is possible that the Mandatory Conversion Conditions will never be satisfied and, if this occurs, CPS will never Convert except as a result of a Capital Trigger Event. • Holders should not expect that APRA will give its approval to any Redemption or Conversion. 	<p>Section 6.1.9 to 6.1.12</p>
<p>Conversion on account of a Capital Trigger Event</p>	<ul style="list-style-type: none"> • Due to the Maximum Conversion Number and the non-application of the Mandatory Conversion Conditions, if Conversion occurs following a Capital Trigger Event, you may receive significantly less than \$102.56 worth of Ordinary Shares per CPS and may receive unlisted Ordinary Shares. In cases where Bendigo and Adelaide Bank is prevented by applicable law or order of any court or action of any government authority or any other reason from Converting CPS after a Capital Trigger Event, the rights attached to your CPS in respect of dividends and return of capital will be varied to be similar to those applying to the Ordinary Shares that would have been received on Conversion. 	<p>Sections 2.6.8 and 6.1.10</p>
<p>Early Exchange in other circumstances</p>	<ul style="list-style-type: none"> • CPS (subject to certain conditions) may be Converted or Redeemed early due to a Regulatory Event or a Tax Event or Converted early due to an Acquisition Event. CPS must (subject to certain conditions) be Converted after a Change of Control Event. • The timing of early Exchange may not suit individual Holder preferences or circumstances. • Early Exchange is subject to APRA approval. 	<p>Section 6.1.11 and 6.1.12</p>
<p>Restrictions on rights and ranking in a winding-up of Bendigo and Adelaide Bank</p>	<ul style="list-style-type: none"> • In a winding-up of Bendigo and Adelaide Bank, CPS rank ahead of Ordinary Shares, equally with Equal Ranking Instruments (which currently include Bendigo and Adelaide Bank BPS, RPS and SPS), but behind all depositors and other creditors of Bendigo and Adelaide Bank. • If there is a shortfall of funds on a winding-up of Bendigo and Adelaide Bank to pay all amounts ranking senior to and equally with CPS, Holders will lose all or some of their investment. • Conversion may be required due to a Capital Trigger Event even if winding up has commenced, in which case Holders' return will reflect the returns (if any) on Ordinary Shares. 	<p>Sections 1.2 and 6.1.14</p>

Topic	Summary	Further information
Key risks and uncertainties associated with Bendigo and Adelaide Bank		
Exposure to credit and counterparty risk	<ul style="list-style-type: none"> • Bendigo and Adelaide Bank is exposed to the risks associated with extending credit to other parties and the potential for financial loss due to the unwillingness or inability of counterparties to fully meet their contractual debts and obligations. • Credit losses can and have resulted in financial services organisations realising significant losses and in some cases failing altogether. Should material unexpected credit losses occur to Bendigo and Adelaide Bank’s credit exposures, it could have an adverse effect on Bendigo and Adelaide Bank’s business, operations and financial conditions. 	Sections 6.2.3, 6.2.18 and 6.2.24
Competition may adversely affect Bendigo and Adelaide Bank’s business, operations and financial condition	<ul style="list-style-type: none"> • The markets in which Bendigo and Adelaide Bank operates are highly competitive and could become even more so, particularly in those segments that are considered to provide higher growth prospects or are in greatest demand (for example, customer deposits). • The effect of competitive market conditions, especially in Bendigo and Adelaide Bank’s main markets, may lead to erosion in its market share or margins, and adversely affect Bendigo and Adelaide Bank’s business, operations, and financial condition. 	Section 6.2.4
Bendigo and Adelaide Bank is exposed to liquidity and funding risk	<ul style="list-style-type: none"> • Liquidity risk is the risk that Bendigo and Adelaide Bank is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt. Liquidity risk is inherent in all banking operations due to the timing mismatch between cash inflows and cash outflows. • Reduced liquidity could lead to an increase in the cost of Bendigo and Adelaide Bank’s borrowings and possibly constrain the volume of new lending, which could adversely affect Bendigo and Adelaide Bank’s profitability. • In times of systemic liquidity stress, in the event of damage to market confidence in Bendigo and Adelaide Bank or in the event that funding is not available or is constrained, Bendigo and Adelaide Bank’s ability to access sources of funding and liquidity may be constrained and it will be exposed to liquidity risk. In extreme circumstances this could lead to Bendigo and Adelaide Bank becoming non-viable and thus triggering a Capital Trigger Event. • Bendigo and Adelaide Bank seeks to manage its liquidity risk by raising funding from a variety of sources including customer deposits and wholesale funding. 	Sections 6.2.2, 6.2.7 and 6.2.8
Bendigo and Adelaide Bank is exposed to the global market and economic environment	<ul style="list-style-type: none"> • The financial performance of Bendigo and Adelaide Bank is significantly affected by changes in investment markets and economic conditions both globally and in Australia, being the primary place in which Bendigo and Adelaide Bank conducts business. These changes may influence the performance of Bendigo and Adelaide Bank’s business, including its profitability and the demand for Bendigo and Adelaide Bank’s financial products and services. • Further, changes in investment markets, including changes in interest rates, foreign currency exchange rates and returns from equity, property and other investments, will affect the financial performance of Bendigo and Adelaide Bank through its operations and investments held in financial services and associated businesses. Losses arising from these risks may have an adverse impact on Bendigo and Adelaide Bank’s earnings. 	Sections 6.2.2, 6.2.6 and 6.2.11

Topic	Summary	Further information
Bendigo and Adelaide Bank is exposed to changes in government policy, regulation and legislation	<ul style="list-style-type: none"> The banking and wealth management industry is subject to extensive legislation, regulation and supervision by federal and state regulatory organisations, including APRA and the RBA. A failure to comply with any standards, laws, regulations or policies in any of those jurisdictions could result in sanctions by these or other regulatory agencies. 	Sections 6.2.5, 6.2.16, 6.2.17 and 6.2.26
Bendigo and Adelaide Bank is exposed to operational risk	<ul style="list-style-type: none"> As a financial services organisation, Bendigo and Adelaide Bank is exposed to a variety of operational risks, including those resulting from process error, fraud, information technology instability and failure, system failure and matters relating to security and physical protection, customer services, staff skills and performance, and product development and maintenance. Operational risk can directly impact Bendigo and Adelaide Bank's reputation and result in financial losses which could adversely affect its financial performance or financial condition. 	Sections 6.2.12, 6.2.14 and 6.2.25
Litigation risk	<ul style="list-style-type: none"> Bendigo and Adelaide Bank may be subject to material litigation, regulatory actions, legal or arbitration proceedings and other contingent liabilities which, if they crystallise, may adversely impact Bendigo and Adelaide Bank's results. A specific litigation risk exists in relation to Bendigo and Adelaide Bank's Great Southern loan portfolio. Bendigo and Adelaide Bank is involved in a number of group legal proceedings commenced on behalf of investors in relation to managed investment schemes managed by Great Southern Managers Australia Ltd (which is now in liquidation). If those proceedings are successful in having some or all of the loans provided or acquired by Bendigo and Adelaide Bank deemed void or unenforceable, there is a risk that there may be a significant negative impact on Bendigo and Adelaide Bank'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. Bendigo and Adelaide Bank is vigorously defending the group proceedings. 	Section 6.2.21
Bendigo and Adelaide Bank is exposed to strategic and acquisition risk	<ul style="list-style-type: none"> Bendigo and Adelaide Bank regularly examines a range of corporate opportunities, including material acquisitions and disposals. There are risks associated with strategic and business decisions made in the ordinary course of business which could, for a variety of reasons, have a material adverse effect on Bendigo and Adelaide Bank's current and future financial position or performance. 	Section 6.2.29
1.5 The Offer		
When is the Offer Period?	<ul style="list-style-type: none"> The Offer opens on 2 October 2012. The Reinvestment Offer, Securityholder Offer, Community Bank[®] and Customer Offer and General Offer close on 25 October 2012. The Broker Firm Offer closes on 31 October 2012 (except for applications in respect of Reinvested RPS which close on 25 October 2012). The Institutional Offer was conducted under the Bookbuild which occurred on 28 September 2012. 	Section 4.3.1

Topic	Summary	Further information
Is there a minimum amount to be raised?	<ul style="list-style-type: none"> No. The Offer is for the issue of CPS to raise \$210 million with the ability to raise more or less. 	Section 2.1.2
Is the Offer underwritten?	<ul style="list-style-type: none"> No. 	Section 8.6.
What is the purpose of the Offer and how will the expenses of the Offer be paid?	<ul style="list-style-type: none"> The Offer is being made as part of Bendigo and Adelaide Bank's ongoing capital management strategy, with CPS being eligible Tier 1 Capital on issue. The CPS proceeds will be used to fund the redemption of RPS and for Bendigo and Adelaide Bank's general corporate purposes. The total expenses of the Offer will be paid out of the proceeds of the Offer. 	Sections 2.1.4, 5.3.2 and 9.3
What is the impact of the Offer on Bendigo and Adelaide Bank?	<ul style="list-style-type: none"> See Section 5.3.2 for pro-forma information on the impact of the Offer on Bendigo and Adelaide Bank. 	Section 5.3.2
What is the structure of the Offer?	<p>The Offer consists of:</p> <ul style="list-style-type: none"> A Reinvestment Offer to Eligible RPS Holders – being registered holders of RPS with a registered address in Australia at 7:00pm Melbourne time on 21 September 2012; a Securityholder Offer to Eligible Securityholders – being registered holders of Ordinary Shares, BPS, SPS, Capital Notes or Retail Bonds with a registered address in Australia at 7:00pm Melbourne time on 21 September 2012; a Community Bank® and Customer Offer to Eligible Community Bank® Directors or Shareholders and Eligible Customers – being Australian residents who are existing directors or shareholders of a Community Bank® company or existing Bendigo and Adelaide Bank retail customers; a Broker Firm Offer to Broker Firm Applicants including Eligible RPS Holders – Australian resident retail clients of a Syndicate Broker; an Institutional Offer to Institutional Investors – certain Institutional Investors invited by the Joint Lead Managers to participate in the Offer; and a General Offer to members of the general public who are Australian residents. 	Section 4.3.1
When to apply	<ul style="list-style-type: none"> The key dates for the Offer are summarised on pages 2 and 3. Applications will only be accepted during the Offer Period. It is possible that the Offer will close early, so if you wish to apply for CPS you are encouraged to lodge your Application promptly after the Opening Date. 	Section 4.3.1

Topic	Summary	Further information
How can I apply?	<ul style="list-style-type: none"> • Broker Firm Applicants should contact their Syndicate Broker. • General Applicants and Community Bank® and Customer Offer Applicants should complete an electronic or paper copy of the Application Form and pay the Application Payment either electronically or (if they have completed the paper Application Form) by cheque or money order only. • Securityholder Applicants or RPS Holder Applicants should complete an electronic (if available) or paper copy of their personalised Application Form and pay the Application Payment (if applicable) either electronically or by cheque or money order. • The allocation policy is described in Section 4.5. 	Section 4.3.1
Is there a minimum Application size?	<ul style="list-style-type: none"> • Applications must be: <ul style="list-style-type: none"> – For a minimum of 50 CPS (\$5,000); and – Be in incremental multiples of 10 CPS (incremental multiples of \$1,000) if your Application is for more than 50 CPS. • However, these requirements may not apply to Eligible RPS Holders in certain circumstances. See Section 4 for further details. 	Sections 3.5.1 and 4.3.1
Is brokerage, commission or stamp duty payable?	<ul style="list-style-type: none"> • No brokerage, commission or stamp duty is payable by you on your Application. You may be required to pay brokerage if you sell your CPS on ASX after CPS have been quoted on ASX. 	Section 4.3.3
What are the tax implications of investing in CPS?	<ul style="list-style-type: none"> • A general description of the Australian taxation consequences of investing in CPS (including through the Reinvestment Offer) is set out in Section 7. 	Section 7
When will I receive confirmation that my Application has been successful?	<ul style="list-style-type: none"> • If you are an Applicant in the Reinvestment Offer, Broker Firm Offer, Securityholder Offer, Community Bank® and Customer Offer or General Offer, you will be able to call the CPS Information Line on 1300 318 082 (within Australia) or +61 3 9415 4866 (international) (Monday to Friday – 9:00am to 5:00pm Melbourne time) from 1 November 2012 to confirm your allocation. • Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Syndicate Broker from whom they received their allocation. 	
1.6 Information for RPS holders		
This Section 1.6 sets out information for current holders of RPS, who may be eligible to apply under the Reinvestment Offer to reinvest their RPS in CPS.		
What are RPS?	<ul style="list-style-type: none"> • RPS are reset preference shares issued by Adelaide Bank in 2002. • In November 2007, upon the merger of Bendigo Bank and Adelaide Bank, RPS became instruments of the merged entity. 	Section 3.1.1

Topic	Summary	Further information
<p>What is happening to RPS?</p>	<ul style="list-style-type: none"> • Under the RPS terms, on the upcoming Reset Date for RPS (being 1 November 2012), Bendigo and Adelaide Bank has the option to either convert RPS into Ordinary Shares or to buy back, cancel or redeem RPS for their face value of \$100. • On 22 August 2012, Bendigo and Adelaide Bank announced that it does not intend to reset the terms under the RPS and that a number of amendments have been made to the RPS terms accordingly. • Bendigo and Adelaide Bank will give RPS holders an RPS Exchange Notice to redeem RPS for their face value (\$100) on 1 November 2012. 	<p>Section 3.1.2</p>
<p>What is the Reinvestment Offer?</p>	<ul style="list-style-type: none"> • Under the Reinvestment Offer, Eligible RPS Holders may elect for some or all of their RPS redemption proceeds (i.e. \$100 per RPS) to be applied to the Application Payment for CPS. • Eligible RPS Holders do not need to submit a cash Application Payment to reinvest their RPS. • Eligible RPS Holders who participate in the Reinvestment Offer (including through the Broker Firm Offer) are guaranteed an Allocation of one CPS for every RPS they reinvest. • Eligible RPS Holders will also have the opportunity to apply for additional CPS. 	<p>Section 3.1.3 and 3.1.7</p>
<p>What is the purpose of the Reinvestment Offer?</p>	<ul style="list-style-type: none"> • The Reinvestment Offer will provide Eligible RPS Holders the opportunity to reinvest their RPS in CPS and maintain an ongoing investment in Bendigo and Adelaide Bank. 	
<p>Who is eligible to participate in the Reinvestment Offer?</p>	<ul style="list-style-type: none"> • The Reinvestment Offer is open to Eligible RPS Holders, namely persons who are: <ul style="list-style-type: none"> – a registered holder of RPS on 21 September 2012; – shown on the RPS register as having an address in Australia; and – not in the United States nor are acting as a nominee for a person in the United States, or any such other RPS holders as Bendigo and Adelaide Bank may determine in their discretion to be eligible. • If you are an Eligible RPS Holder and elect for any RPS to be reinvested in CPS (“Reinvested RPS”), you are prohibited from dealing with those Reinvested RPS and must hold the number of Reinvested RPS until the Redemption Date of 1 November 2012. 	<p>Sections 3.1.3 and 3.1.4</p>
<p>What are the options available to RPS holders?</p>	<ul style="list-style-type: none"> • If you are an Eligible RPS Holder, in addition to reinvesting your RPS in CPS, you have a number of other options which are set out in Section 3.3. • If you are an Eligible RPS Holder you may wish to: <ul style="list-style-type: none"> – reinvest all of your RPS in CPS; – reinvest some, but not all, of your RPS in CPS; – apply for additional CPS; – take no action. If you choose this option Bendigo and Adelaide Bank will redeem your RPS for their face value (\$100) on 1 November 2012; or – sell RPS on-market through your broker. • Ineligible RPS holders are limited to the choices set out in Section 3.3.2. 	<p>Section 3.3</p>

Topic	Summary	Further information
<p>If I elect to participate in the Reinvestment Offer, what dividends will I receive on RPS?</p>	<ul style="list-style-type: none"> • 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 (being the dividend accrued at 6.16% per annum between 1 May 2012 and 1 November 2012 calculated in accordance with the RPS terms). The RPS Dividend is expected to be fully franked. • The RPS Dividend cannot be reinvested in CPS. 	<p>Sections 3.1.5 and 3.1.6</p>
<p>What are the risks associated with participating in the Reinvestment Offer?</p>	<ul style="list-style-type: none"> • If you are an Eligible RPS Holder and you apply under the Reinvestment Offer, you may receive an allocation of CPS and as such, you will be subject to the risks associated with an investment in CPS and in Bendigo and Adelaide Bank, many of which are outside the control of Bendigo and Adelaide Bank and its Directors. • These risks should be considered before you apply under the Reinvestment Offer. 	<p>Sections 1.3, 3.4, 3.5 and 6</p>
<p>Is there a minimum Application size under the Reinvestment Offer?</p>	<ul style="list-style-type: none"> • If you are an Eligible RPS Holder and own 50 RPS or less, you must apply to reinvest all your RPS in CPS if you wish to participate in the Reinvestment Offer. • If you are an Eligible RPS Holder and own more than 50 RPS, you must apply for a minimum number of 50 CPS (\$5,000). • In any event, you are entitled to apply for the same number of CPS as the number of RPS you hold. • You may wish to apply for additional CPS other than through Reinvested RPS – but you would have to make an Application Payment for those additional CPS. • If you wish to apply for additional CPS, you must apply for a minimum of 50 CPS (\$5,000), inclusive of any Reinvested RPS. Applications for additional CPS must result in your total application, inclusive of any Reinvested RPS, to be in multiples of 10 CPS (\$1,000). 	<p>Section 3.5.1</p>
<p>What happens to my RPS if I do not participate in the Reinvestment Offer?</p>	<ul style="list-style-type: none"> • Bendigo and Adelaide Bank will give RPS holders an RPS Exchange Notice to redeem RPS for their face value (\$100) on 1 November 2012. • Once the RPS Exchange Notice is given: <ul style="list-style-type: none"> – RPS will cease trading on ASX on 23 October 2012; – you will receive the face value for each RPS you hold on 1 November 2012; and – you will receive a final RPS Dividend on 1 November 2012 (subject to holding the RPS on 17 October 2012, being the record date for the RPS Dividend). 	<p>Section 3.3.1</p>
<p>What are the tax implications of having my RPS redeemed?</p>	<ul style="list-style-type: none"> • You should obtain your own tax advice regarding the implications of the redemption of your RPS, having regard to your individual circumstances. • A general description of the Australian taxation consequences for RPS holders upon the redemption of their RPS is set out in Section 7. 	<p>Section 7</p>
<p>Where can I find more information about the Reinvestment Offer?</p>	<ul style="list-style-type: none"> • If you have any questions in relation to the Reinvestment Offer, please call the CPS Information Line on 1300 318 082 (within Australia) or +61 3 9415 4866 (international) (Monday to Friday – 9:00am to 5:00pm Melbourne time) or visit www.BendigoCPSoffer.com.au. 	<p>Section 3</p>

Topic	Summary	Further information
1.7 What you need to do		
Read this Prospectus in full	<ul style="list-style-type: none"> • Read this Prospectus in full, paying particular attention to the: <ul style="list-style-type: none"> – important notices on the inside front cover; – key features of CPS in Section 1; – further information about CPS in Section 2; – information about Bendigo and Adelaide Bank in Section 5; – investment risks in Section 6; and – CPS Terms in Appendix A. 	
Consider and consult	<ul style="list-style-type: none"> • Consider all risks and other information about CPS in light of your particular investment objectives and circumstances. • Consult your financial adviser or other professional adviser if you are uncertain as to whether you should apply for CPS. 	
Complete and submit your Application Form	<ul style="list-style-type: none"> • If you have decided to apply for CPS, you need to apply pursuant to an Application Form attached to or accompanying this Prospectus, including any online Application Form. • The Prospectus and Application Forms will be available during the Offer Period. The Application process varies depending on whether you are an Applicant under the Reinvestment Offer, Securityholder Offer, Community Bank[®] and Customer Offer, General Offer, Broker Firm Offer or Institutional Offer – see Section 4 for full details. 	
1.8 More information		
More information	<p>If, after you have read this Prospectus, you have any questions regarding the Offer, please contact your financial adviser or other professional adviser.</p> <p>If you are an Eligible RPS Holder, Eligible Securityholder, Eligible Community Bank[®] Director or Shareholder, Eligible Customer or General Applicant and have any questions on how to apply for CPS, please call the CPS Information Line on 1300 318 082 (within Australia) or +61 3 9415 4866 (international) (Monday to Friday – 9:00am to 5:00pm Melbourne time) or visit www.BendigoCPSoffer.com.au.</p> <p>If you are a Broker Firm Applicant and have any questions on how to apply for CPS, you should contact your Syndicate Broker.</p>	

2. About CPS

This Section is designed to provide information about CPS.

Where indicated, more detailed information is provided in other sections.


Topic	Summary	Where to find more information
2.1 General		
2.1.1 – What are CPS?	<ul style="list-style-type: none"> CPS are fully paid convertible preference shares issued by Bendigo and Adelaide Bank. 	Clause 1.1 of the CPS Terms
2.1.2 – What is the size of the Offer?	<ul style="list-style-type: none"> The Offer is for the issue of CPS to raise \$210 million with the ability to raise more or less. 	
2.1.3 – What am I required to pay?	<ul style="list-style-type: none"> \$100 per CPS. Applications must be for a minimum of 50 CPS (\$5,000). If your Application is for more than 50 CPS, then you must apply in incremental multiples of 10 CPS – that is, for incremental multiples of \$1,000. These restrictions do not apply to Eligible RPS Holders in certain circumstances. 	Clause 1.2 of the CPS Terms and Section 4.3.1
2.1.4 – What is the purpose of the Offer?	<ul style="list-style-type: none"> The Offer is being made as part of Bendigo and Adelaide Bank's ongoing capital management strategy, with CPS being eligible Tier 1 Capital on issue. The CPS proceeds will be used to fund the redemption of RPS and for Bendigo and Adelaide Bank's general corporate purposes. 	
2.1.5 – What is the term of CPS?	<ul style="list-style-type: none"> CPS are perpetual and do not have a fixed maturity date. CPS do not contain events of default or other provisions entitling Holders to require Redemption. Subject to APRA's prior written approval (which may or may not be obtained), Bendigo and Adelaide Bank may elect to Exchange some or all CPS on 13 December 2017. On 13 December 2019, Holders will receive Ordinary Shares on Mandatory Conversion of the CPS (subject to the Mandatory Conversion Conditions being satisfied and unless CPS are otherwise Exchanged earlier). If any of the Mandatory Conversion Conditions are not satisfied on 13 December 2019, then the Mandatory Conversion Date will be deferred until the next Dividend Payment Date in respect of which all of the Mandatory Conversion Conditions are satisfied. Bendigo and Adelaide Bank must also Convert CPS if a Capital Trigger Event occurs. Such Conversion is not subject to the Mandatory Conversion Conditions and can occur at any time (see Section 2.6.8 for what happens if Conversion cannot occur following a Capital Trigger Event). There are other limited circumstances where CPS may or must be Exchanged, including by way of Conversion following a Capital Trigger Event. 	Clauses 1.1, 4, 5, 6 and 7 of the CPS Terms

Topic	Summary	Where to find more information	
2.1.6 – Will CPS be quoted on the ASX?	<ul style="list-style-type: none"> Bendigo and Adelaide Bank has applied for CPS to be quoted on ASX and CPS are expected to trade under ASX code “BENPD”. 	Section 4.6.1	
2.1.7 – Will CPS be rated?	<ul style="list-style-type: none"> Bendigo and Adelaide Bank has not sought a credit rating for CPS. 		
2.1.8 – Are CPS guaranteed by the Australian Government?	<ul style="list-style-type: none"> No. CPS are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. CPS do not represent deposits of Bendigo and Adelaide Bank and are not protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Banking Act or of the Financial Claims Scheme established under Division 2AA of Part II of the Banking Act. 	Clause 1.1 of the CPS Terms	
2.1.9 – Are CPS secured?	<ul style="list-style-type: none"> CPS are not secured. 	Clause 10.6 of the CPS Terms	
2.1.10 – Comparison of CPS with certain other Bendigo and Adelaide Bank hybrid Tier 1 capital securities.			

Topic	Summary				Where to find more information
2.1.10 – Comparison of CPS with certain other Bendigo and Adelaide Bank hybrid Tier 1 capital securities. (continued)		BEN CPS	BEN RPS	BEN SPS	BEN BPS
	Scheduled Mandatory Conversion Date	13 December 2019	N/A	N/A	N/A
	Conversion discount	2.5%	2.5%	2.5%	2.5%
	Reset/Step-up Date	N/A	1 November 2012	10 October 2014	15 June 2015
	Capital Trigger Event	Yes – CPS must Convert if a Capital Trigger Event occurs	None	None	None
	Early Exchange	By Bendigo and Adelaide Bank, all or some CPS on 13 December 2017 or after the occurrence of certain events. No early exchange rights for Holders but Bendigo and Adelaide Bank must (subject to certain conditions) Convert on a Mandatory Conversion Date or following a Change of Control Event	By Bendigo and Adelaide Bank, all or some RPS on a reset date or after the occurrence of certain events. Holders have the right to request exchange on a reset date by notice prior to the reset date	By Bendigo and Adelaide Bank, all or some SPS on a step-up date, or all SPS after the occurrence of certain events. No exchange rights for holders	By Bendigo and Adelaide Bank, all or some BPS on a reset date, or all BPS after the occurrence of certain events. No exchange rights for holders
	Exchange method	Conversion, redemption or a combination of conversion and redemption			
	Rights in a winding-up	<ul style="list-style-type: none"> Ahead of Ordinary Shares Equally amongst CPS, RPS, SPS and BPS and other equal ranking securities Behind all creditors and depositors of Bendigo and Adelaide Bank CPS Holders' rights are subject to any requirement for Conversion due to a Capital Trigger Event 			
	Voting rights	No right to vote at general meetings of holders of Ordinary Shares, except in limited circumstances			
	Capital classification on issue	Residual Tier 1 Capital on issue and Additional Tier 1 Capital under Basel III	Residual Tier 1 Capital	Residual Tier 1 Capital	Residual Tier 1 Capital
Issue Date	1 November 2012	Issued by Adelaide Bank on 28 November 2002 and became the instruments of the merged Bendigo and Adelaide Bank entity on 21 November 2007	Issued by Adelaide Bank on 30 September 2004 and became the instruments of the merged Bendigo and Adelaide Bank entity on 21 November 2007	6 May 2005	
2.2 Regulatory treatment of CPS					
2.2.1 – Who is APRA?	<ul style="list-style-type: none"> The Australian Prudential Regulation Authority (“APRA”) is the prudential regulator of the Australian financial services industry. APRA oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance companies, friendly societies, and most members of the superannuation industry. 				

Topic	Summary	Where to find more information
<p>2.2.2 – What is regulatory capital?</p>	<ul style="list-style-type: none"> • Any business requires capital to support its income generating activities in its chosen industry. • APRA's regulatory capital prudential standards aim to ensure that authorised deposit-taking institutions (“ADIs”), like Bendigo and Adelaide Bank, maintain adequate capital to support the risks associated with their activities. APRA has detailed guidelines and restrictions on the types of capital instruments that are permitted to form the capital base. The types of capital deemed eligible for inclusion in the capital base are referred to as regulatory capital. • APRA classifies an ADI's regulatory capital into two tiers for its supervisory purposes – referred to as Tier 1 Capital and Tier 2 Capital. Tier 1 Capital is generally considered a higher quality capital than Tier 2 Capital for prudential purposes. For these purposes the quality of capital is assessed by reference to features such as longevity and availability to absorb losses incurred by the ADI and so reflects a greater level of risk from an investor perspective. 	
<p>2.2.3 – What is Tier 1 Capital?</p>	<ul style="list-style-type: none"> • In December 2010, the Basel Committee on Banking Supervision released a package of reforms to raise the level and quality of regulatory capital in the global banking system (“Basel III”). • APRA is proposing to implement these Basel III capital reforms in Australia for ADIs such as Bendigo and Adelaide Bank. • In March 2012, APRA released Draft Prudential Standards with proposed capital requirements. Under these requirements, Tier 1 Capital is comprised of: <ul style="list-style-type: none"> – Common Equity Tier 1 Capital; and – Additional Tier 1 Capital. • Common Equity Tier 1 Capital is recognised as the highest quality component of capital. Common Equity Tier 1 Capital for ADIs will comprise paid-up ordinary shares, retained earnings, other disclosed reserves permitted for inclusion by APRA and certain other items permitted by APRA less regulatory adjustments applied in the calculation of Common Equity Tier 1 Capital. • The non-common equity components of Tier 1 Capital which do not satisfy all of the criteria for inclusion in Common Equity Tier 1 Capital are referred to as Additional Tier 1 Capital. These instruments must be able to absorb losses on a going-concern basis, and can be classified as either equity or liability instruments for accounting purposes. 	
<p>2.2.4 – What is the regulatory treatment of CPS?</p>	<ul style="list-style-type: none"> • APRA has confirmed that CPS will be eligible for inclusion as Additional Tier 1 Capital after the introduction of Basel III in Australia on 1 January 2013 until at least 13 December 2017. • If CPS do not comply with the final prudential standards as released by APRA, CPS will no longer be included as Additional Tier 1 Capital from 13 December 2017. 	<p>Section 5.4.3</p>

Topic	Summary	Where to find more information														
2.3 Dividends																
2.3.1 – What are Dividends?	<ul style="list-style-type: none"> Dividends on CPS are preferred, discretionary, non-cumulative payments based on a floating rate. Dividends are scheduled to be paid semi-annually in arrears, subject to the Payment Tests – see Section 2.3.7. Dividends on CPS are expected to be fully franked – see Section 2.3.5. If a Dividend or part of a Dividend is not paid on a Dividend Payment Date, Holders have no claim or entitlement in respect of non-payment nor any right to receive that Dividend at any later time (however, the Dividend Restriction may apply in this scenario – see Section 2.3.8). 	Clause 3 of CPS Terms														
2.3.2 – How will the Dividend Rate be calculated?	<ul style="list-style-type: none"> The Dividend Rate for each Dividend Period will be set on the first Business Day of each Dividend Period and will be calculated using the following formula: Dividend Rate = (Bank Bill Rate + Margin) × (1 – Tax Rate) where: Bank Bill Rate means the Bank Bill Rate on the first Business Day of the Dividend Period – see Section 2.3.3; Margin is 5.00%; and Tax Rate is the Australian corporate tax rate applicable to the relevant franking account of Bendigo and Adelaide Bank. As at the date of this Prospectus, the relevant rate is 30%. As an example, assuming the Bank Bill Rate on the first Business Day of the Dividend Period is 3.32% per annum, then the Dividend Rate for that Dividend Period would be calculated as follows: <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Bank Bill Rate</td> <td style="text-align: right;">3.32% per annum</td> </tr> <tr> <td>Plus the Margin</td> <td style="text-align: right;">+ 5.00% per annum</td> </tr> <tr> <td colspan="2" style="border-top: 1px solid black;"></td> </tr> <tr> <td>Equivalent unfranked dividend rate</td> <td style="text-align: right;">8.32% per annum</td> </tr> <tr> <td>Multiplied by (1 – Tax Rate)</td> <td style="text-align: right;">× 0.70</td> </tr> <tr> <td colspan="2" style="border-top: 1px solid black;"></td> </tr> <tr> <td>Indicative fully franked Dividend Rate</td> <td style="text-align: right;">5.8240% per annum</td> </tr> </table> 	Bank Bill Rate	3.32% per annum	Plus the Margin	+ 5.00% per annum			Equivalent unfranked dividend rate	8.32% per annum	Multiplied by (1 – Tax Rate)	× 0.70			Indicative fully franked Dividend Rate	5.8240% per annum	Clause 3.1 of the CPS Terms
Bank Bill Rate	3.32% per annum															
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Multiplied by (1 – Tax Rate)	× 0.70															
Indicative fully franked Dividend Rate	5.8240% per annum															
2.3.3 – What is the Bank Bill Rate?	<ul style="list-style-type: none"> The Bank Bill Rate is a benchmark interest rate for the Australian money market, commonly used by major Australian financial institutions to lend short-term cash to each other over a 180 day period. This rate changes to reflect the supply and demand within the cash market. The graph below illustrates the movement in the Bank Bill Rate over the last 10 years. The rate on 28 September 2012 was 3.32% per annum. 	Clause 3.1 of the CPS Terms														

Topic	Summary	Where to find more information												
<p>2.3.3 – What is the Bank Bill Rate? <i>(continued)</i></p>	 <p>Source: IRESS (28 September 2012)</p> <ul style="list-style-type: none"> The above graph is for illustrative purposes only and does not indicate, guarantee or forecast the actual Bank Bill Rate. The actual Bank Bill Rate for the first and subsequent Dividend Periods may be higher or lower than the rates in the above graph. 	<p>Clause 3.1 of the CPS Terms</p>												
<p>2.3.4 – How will the Dividend be calculated for each Dividend Period?</p>	<ul style="list-style-type: none"> Dividends scheduled to be paid on each Dividend Payment Date will be calculated using the following formula: $\text{Dividend} = \frac{\$100 \times \text{Dividend Rate} \times N}{365}$ <p>where:</p> <p>Dividend Rate means the rate (expressed as a percentage per annum) calculated as set out in Section 2.3.2; and</p> <p>N means the number of days in the Dividend Period calculated as set out in the CPS Terms.</p> <p>As an example, if the fully franked Dividend Rate was 5.8240% per annum, then the Dividend on each CPS for the first Dividend Period (if the Dividend Period was 182 days) would be calculated as follows:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Indicative fully franked Dividend Rate</td> <td style="text-align: right;">5.8240% per annum</td> </tr> <tr> <td>Multiplied by the Issue Price</td> <td style="text-align: right;">× \$100.00</td> </tr> <tr> <td>Multiplied by the number of days in the Dividend Period¹</td> <td style="text-align: right;">× 182</td> </tr> <tr> <td>Divided by 365</td> <td style="text-align: right;">÷ 365</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Indicative fully franked Dividend payment for the first Dividend Period per CPS</td> <td style="text-align: right;">\$2.9040</td> </tr> </table> <p>The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Dividend payable for the first or any subsequent Dividend Period. Actual Dividends may be higher or lower than this example.</p> <p>The Dividend Rate for the first Dividend Period will be set on the Issue Date.</p> <p>Bendigo and Adelaide Bank’s current policy is that Dividends will be paid in Australian dollars by cheque, unless the Holder nominates direct credit into nominated Australian financial institution accounts (excluding credit card accounts), for Holders with a registered address in Australia. For all other Holders, Bendigo and Adelaide Bank’s current policy is that Dividends will be paid by Australian dollar cheque.</p> <p><small>1. Dividend Periods will generally contain 181 to 184 days with the exception of the first Dividend Period which is expected to contain 42 days</small></p>	Indicative fully franked Dividend Rate	5.8240% per annum	Multiplied by the Issue Price	× \$100.00	Multiplied by the number of days in the Dividend Period ¹	× 182	Divided by 365	÷ 365	<hr/>		Indicative fully franked Dividend payment for the first Dividend Period per CPS	\$2.9040	<p>Clause 3.1 of the CPS Terms</p>
Indicative fully franked Dividend Rate	5.8240% per annum													
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<hr/>														
Indicative fully franked Dividend payment for the first Dividend Period per CPS	\$2.9040													

Topic	Summary	Where to find more information
<p>2.3.5 – What is the impact of franking credits?</p>	<ul style="list-style-type: none"> • Dividends are expected to be fully franked and accordingly, Holders are expected to receive a combination of cash Dividends and franking credits. The franking credits represent the Holder’s share of tax paid by Bendigo and Adelaide Bank on the profits from which the cash Dividend is paid. • If the potential value of the franking credits is taken into account in full, the indicative fully franked Dividend Rate of 5.8240% per annum in the example on Section 2.3.2 would be equivalent to an unfranked dividend rate of approximately 8.32% per annum. However, Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Dividend. Holders should also be aware that the ability to use the franking credits, either as an offset to a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each Holder. • If any Dividend payment is not fully franked, then Holders will be entitled to an additional cash payment to compensate for the unfranked amount. This payment will also be subject to the Payment Tests. • Holders should refer to the Taxation Summary in Section 7 and seek professional advice in relation to their tax position. 	<p>Section 7 and Clause 3.2 of the CPS Terms</p>
<p>2.3.6 – When are the Dividend Payment Dates?</p>	<ul style="list-style-type: none"> • Subject to the Payment Tests, Dividends are payable semi-annually in arrears on the Dividend Payment Dates. • The first Dividend Payment Date is 13 December 2012. • Subsequent Dividend Payment Dates occur on 13 June and 13 December each year. • If any of these dates is not a Business Day, then the Dividend Payment Date will occur on the next Business Day. 	<p>Clause 3.5 of the CPS Terms</p>
<p>2.3.7 – Will Dividends always be paid?</p>	<ul style="list-style-type: none"> • Dividends may not always be paid. The payment of each Dividend is subject to the Payment Tests being satisfied. The Payment Tests in general are that: <ul style="list-style-type: none"> – the Directors of Bendigo and Adelaide Bank, at their absolute discretion, resolving to pay a Dividend; – the Dividend payment would not result in the Prudential Capital Requirement, the Tier 1 Capital Ratio, the Common Equity Tier 1 Capital Ratio or the Total Capital Ratio of Bendigo and Adelaide Bank (on a Level 1 basis) or of the Issuer Group (on a Level 2 basis or, if applicable, Level 3 basis) not complying with APRA’s then current capital requirements as they are applied to Bendigo and Adelaide Bank or the Issuer Group (as the case may be) at the time; – Unless APRA otherwise approves in writing, making the Dividend payment would not result in Bendigo and Adelaide Bank or the Bank Group exceeding any limit on distributions of earnings applicable under (and calculated in accordance with) APRA’s then current capital conservation requirements; – the Dividend payment would not result in Bendigo and Adelaide Bank becoming, or being likely to become, insolvent for the purposes of the Corporations Act; and – APRA does not otherwise object to the payment of the Dividend. 	<p>Clauses 3.3 and 19.2 of the CPS Terms</p>

Topic	Summary	Where to find more information
2.3.8 – What is the Dividend Restriction and when will it apply?	<ul style="list-style-type: none"> • If for any reason a scheduled Dividend has not been paid in full on a Dividend Payment Date, Bendigo and Adelaide Bank must not, subject to certain exceptions, without approval of a Special Resolution, until and including the next Dividend Payment Date: <ul style="list-style-type: none"> a) declare or pay a dividend or make any distribution on Ordinary Shares; or b) buy back or reduce capital on Ordinary Shares, unless the Dividend is paid in full within 3 Business Days of the Dividend Payment Date or all CPS have been Exchanged. <p>Note the Dividend Restriction is less restrictive on Bendigo and Adelaide Bank than the corresponding restrictions in Bendigo and Adelaide Bank’s BPS, RPS and SPS. In particular, it does not prevent Bendigo and Adelaide Bank continuing to make payment on other hybrid capital instruments or resuming payment of dividends on Ordinary Shares immediately upon payment of a dividend on CPS. The Dividend Restriction reflects APRA’s current requirements for an instrument to qualify as Additional Tier 1 Capital.</p> <ul style="list-style-type: none"> • Any non-payment of a Dividend by Bendigo and Adelaide Bank is not an event of default. 	Clauses 3.8 and 3.9 of the CPS Terms
2.4 Exchange on the Optional Exchange Date		
2.4.1 – When is the Optional Exchange Date?	<ul style="list-style-type: none"> • The Optional Exchange Date is 13 December 2017. 	Clauses 6.1 and 19.2 of the CPS Terms
2.4.2 – Can Bendigo and Adelaide Bank Exchange CPS on the Optional Exchange Date?	<ul style="list-style-type: none"> • Bendigo and Adelaide Bank may choose to Exchange all or some CPS on the Optional Exchange Date, where Exchange means: <ul style="list-style-type: none"> – Conversion into Ordinary Shares; – Redemption for \$100 per CPS; or – a combination of Conversion and Redemption. • Conversion is into approximately \$102.56 worth of Ordinary Shares per CPS (based on the \$100 CPS Issue Price and the VWAP of Ordinary Shares sold on ASX during the 20 Business Days before the Optional Exchange Date with the benefit of a 2.5% discount). Refer to Section 2.5.5 for further details on the number of Ordinary Shares Holders will receive upon Conversion. • 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 that anticipated when they are issued on Conversion or thereafter. • Bendigo and Adelaide Bank’s right to elect to Redeem or Convert is subject to APRA’s prior written approval and is restricted in circumstances described further in Section 2.8. • Holders should not expect that APRA will give its approval to any Redemption or any Conversion. 	Clause 6 of the CPS Terms

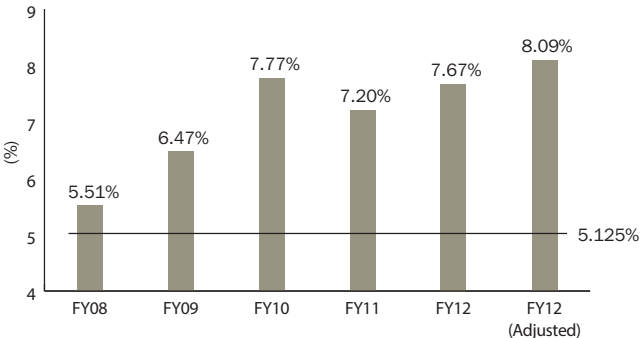
Topic	Summary	Where to find more information
2.5 Mandatory Conversion on the Mandatory Conversion Date		
2.5.1 – What is Mandatory Conversion?	<ul style="list-style-type: none"> • Unless Exchanged earlier, holders will receive Ordinary Shares on Conversion of the CPS on the Scheduled Mandatory Conversion Date unless the Mandatory Conversion Conditions are not satisfied. • Upon Conversion on a Mandatory Conversion Date, Holders will receive a variable number of Ordinary Shares with a value of \$102.56 per CPS (based on the \$100 Issue Price and the VWAP of Ordinary Shares sold on ASX during the 20 Business Days before the Mandatory Conversion Date, with the benefit of a 2.5% Discount). Refer to Section 2.5.5 for further details on the number of Ordinary Shares Holders will receive upon Conversion.¹ • As a result of any Conversion of CPS to Ordinary Shares, Holders will become holders of Ordinary Shares in the capital of Bendigo and Adelaide Bank, which will rank equally with existing Ordinary Shares from the date of issue. <p>1. The VWAP during the 20 Business Days before the Mandatory Conversion Date that is used to calculate the number of Ordinary Shares that Holders receive 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 on Conversion or thereafter.</p>	Clauses 4, 6, 7, 8 and 9 of the CPS Terms
2.5.2 – When is the Scheduled Mandatory Conversion Date?	<ul style="list-style-type: none"> • The Scheduled Mandatory Conversion Date is 13 December 2019. • If any of the Mandatory Conversion Conditions are not satisfied on this date, then the Mandatory Conversion Date will be deferred until the next Dividend Payment Date in respect of which all of the Mandatory Conversion Conditions are satisfied. 	Clause 4.2 of the CPS Terms and Section 2.5.3
2.5.3 – What are the Mandatory Conversion Conditions on the Mandatory Conversion Date?	<ul style="list-style-type: none"> • The Mandatory Conversion Conditions on the Mandatory Conversion Date are as follows: <ul style="list-style-type: none"> – First Mandatory Conversion Condition: the VWAP of Ordinary Shares on the 25th Business Day before (but not including) a proposed Mandatory Conversion Date (or, if no ASX trading in Ordinary Shares took place on that 25th Business Day, the first Business Day on which ASX trading in Ordinary Shares took place before that date) is greater than 115% of the Conversion Floor Price (which on a Mandatory Conversion Date equates to 57.50% of the Issue Date VWAP). – Second Mandatory Conversion Condition: the VWAP during the period of 20 Business Days before (but not including) a proposed Mandatory Conversion Date is greater than 102.56% of the Conversion Floor Price (which on a Mandatory Conversion Date equates to 51.28% of the Issue Date VWAP). – Third Mandatory Conversion Condition: no Delisting Event applies to Ordinary Shares in respect of a proposed Mandatory Conversion Date (broadly, a Delisting Event occurs when Bendigo and Adelaide Bank is delisted or its Ordinary Shares have been suspended from ASX trading for a certain period). • Conversion on the Mandatory Conversion Date cannot occur unless all three Mandatory Conversion Conditions are satisfied. • The “Issue Date VWAP” means, broadly, the VWAP of Ordinary Shares during the period of 20 Business Days on which trading in Ordinary Shares took place immediately prior to the Issue Date. 	Clauses 4.2, 4.3, 8.1 and 19.2 of the CPS Terms and Section 2.5.4

Topic	Summary	Where to find more information										
<p>2.5.3 – What are the Mandatory Conversion Conditions on the Mandatory Conversion Date? <i>(continued)</i></p>	<ul style="list-style-type: none"> The VWAP tests above are set by reference to the limit on the number of shares Holders can receive on the Mandatory Conversion Date, allowing for the 2.5% discount on Conversion (see Section 2.5.5). The First Mandatory Conversion Condition and the Second Mandatory Conversion Condition are intended to provide protection to Holders against receiving less than \$102.56 worth of Ordinary Shares per CPS on Conversion (based on the VWAP during the 20 Business Days before the proposed Mandatory Conversion Date). The Third Mandatory Conversion Condition is intended to provide protection for Holders by making Conversion conditional on Holders receiving Ordinary Shares which are capable of being sold on ASX. <table border="1" data-bbox="491 730 1147 987"> <tr> <td>8 November 2019 First Mandatory Conversion Condition: 25th Business Day before Scheduled Mandatory Conversion Date</td> <td>15 November 2019 20th Business Day before Scheduled Mandatory Conversion Date</td> <td>12 December 2019 Second Mandatory Conversion Condition: Last Business Day of VWAP Period (Business Day before Scheduled Mandatory Conversion Date)</td> <td>13 December 2019 Scheduled Mandatory Conversion Date (subject to satisfaction of the Mandatory Conversion Conditions)</td> </tr> </table> <p style="text-align: center;">↓</p> <table border="1" data-bbox="491 987 1147 1352"> <tr> <td colspan="3" style="text-align: center;">20 Business Day VWAP Period</td> </tr> <tr> <td>First Mandatory Conversion Condition The VWAP of Ordinary Shares on the 25th Business Day before a possible Mandatory Conversion Date is greater than 57.50% of the Issue Date VWAP</td> <td>Second Mandatory Conversion Condition The VWAP of Ordinary Shares during the period of 20 Business Days on which trading in Ordinary Share took place immediately preceding (but not including) a possible Mandatory Conversion Date is greater than 51.28% of the Issue Date VWAP</td> <td>Third Mandatory Conversion Condition No Delisting Event applies to Ordinary Shares in respect of a possible Mandatory Conversion Date</td> </tr> </table>	8 November 2019 First Mandatory Conversion Condition: 25th Business Day before Scheduled Mandatory Conversion Date	15 November 2019 20th Business Day before Scheduled Mandatory Conversion Date	12 December 2019 Second Mandatory Conversion Condition: Last Business Day of VWAP Period (Business Day before Scheduled Mandatory Conversion Date)	13 December 2019 Scheduled Mandatory Conversion Date (subject to satisfaction of the Mandatory Conversion Conditions)	20 Business Day VWAP Period			First Mandatory Conversion Condition The VWAP of Ordinary Shares on the 25th Business Day before a possible Mandatory Conversion Date is greater than 57.50% of the Issue Date VWAP	Second Mandatory Conversion Condition The VWAP of Ordinary Shares during the period of 20 Business Days on which trading in Ordinary Share took place immediately preceding (but not including) a possible Mandatory Conversion Date is greater than 51.28% of the Issue Date VWAP	Third Mandatory Conversion Condition No Delisting Event applies to Ordinary Shares in respect of a possible Mandatory Conversion Date	<p>Clauses 4.2, 4.3, 8.1 and 19.2 of the CPS Terms</p>
8 November 2019 First Mandatory Conversion Condition: 25th Business Day before Scheduled Mandatory Conversion Date	15 November 2019 20th Business Day before Scheduled Mandatory Conversion Date	12 December 2019 Second Mandatory Conversion Condition: Last Business Day of VWAP Period (Business Day before Scheduled Mandatory Conversion Date)	13 December 2019 Scheduled Mandatory Conversion Date (subject to satisfaction of the Mandatory Conversion Conditions)									
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<p>2.5.4 – What is the Maximum Conversion Number?</p>	<ul style="list-style-type: none"> The number of Ordinary Shares that Holders receive per CPS on Conversion may not be greater than the Maximum Conversion Number. This requirement ensures the maximum dilution effect of Conversion can be readily quantified at the time of issue of the CPS. <p>The Maximum Conversion Number is calculated by the following formula:</p> $\frac{\text{Issue Price}}{\text{Conversion Floor Price}}$ <p>and where the Conversion Floor Price means:</p> <ul style="list-style-type: none"> 50% of the Issue Date VWAP if Conversion is occurring on a Mandatory Conversion Date; or 20% of the Issue Date VWAP if Conversion is otherwise occurring after 1 January 2013¹. <p><small>1. If Conversion were to occur prior to 1 January 2013, the Conversion Floor Price would be 50% of the Issue Date VWAP.</small></p>	<p>Clause 8.1 of the CPS Terms</p>										

Topic	Summary	Where to find more information
<p>2.5.5 – How many Ordinary Shares will a Holder receive on the Mandatory Conversion Date?</p>	<ul style="list-style-type: none"> A Holder will receive on the Mandatory Conversion Date a number of Ordinary Shares per CPS (“Conversion Number”) calculated in accordance with the following formula: $\text{Conversion Number} = \frac{\text{Issue Price}}{97.5\% \times \text{VWAP}}$ subject to the Conversion Number being no greater than the Maximum Conversion Number, where: <ul style="list-style-type: none"> VWAP is the volume weighted average price (subject to certain adjustments and calculated in accordance with the CPS Terms) of Ordinary Shares during the VWAP Period (being the period of 20 Business Days before the Mandatory Conversion Date); and the Maximum Conversion Number is calculated by the following formula: $\frac{\text{Issue Price}}{\text{Conversion Floor Price (i.e. } 50\% \times \text{ Issue Date VWAP)}}$ <p>Illustrative example of Conversion</p> <p>As an example, in the case of the Scheduled Mandatory Conversion on 13 December 2019 and assuming the Issue Date VWAP was \$7.50, whether the Mandatory Conversion Conditions are satisfied and what is the number of shares received on Conversion would be determined as follows:</p> <p>Step 1 – Passing the Mandatory Conversion Conditions – worked example</p> <p><i>The First Mandatory Conversion Condition</i></p> <ul style="list-style-type: none"> This condition requires that the VWAP on the 25th Business Day immediately preceding (but not including) 13 December 2019 (assuming there is ASX trading in Ordinary Shares on that day) is greater than 57.50% of the Issue Date VWAP, which would be \$4.31 (being 57.50% of \$7.50). Assume the VWAP on 8 November 2019 (being the 25th Business Day immediately preceding, but not including, 13 December 2019) is \$7.25. Since the VWAP on 8 November 2019 (\$7.25) is greater than \$4.31, the First Mandatory Conversion Condition is satisfied. <p><i>The Second Mandatory Conversion Condition</i></p> <ul style="list-style-type: none"> This condition requires that the VWAP during the period of 20 Business Days in which ASX trading in Ordinary Shares took place immediately preceding 13 December 2019 is greater than 51.28% of the Issue Date VWAP, which would be \$3.85 (being 51.28% of \$7.50). Assume the VWAP during the period from 15 November 2019 to 12 December 2019 (being the 20 Business Days in which ASX trading in Ordinary Shares took place immediately preceding 13 December 2019) is \$7.00. Since the VWAP from 15 November 2019 to 12 December 2019 (\$7.00) is greater than \$3.85, the Second Mandatory Conversion Condition is satisfied. <p><i>The Third Mandatory Conversion Condition</i></p> <p>This condition requires that no Delisting Event applies on 13 December 2019:</p> <ul style="list-style-type: none"> Assume on 13 December 2019, Bendigo and Adelaide Bank is listed on ASX, and ASX trading in its Ordinary Shares has not been suspended during the five preceding Business Days and on that date. In these circumstances, the Third Mandatory Conversion Condition is satisfied. 	<p>Clauses 4 and 8 of the CPS Terms</p>

Topic	Summary	Where to find more information
<p>2.5.5 – How many Ordinary Shares will a Holder receive on the Mandatory Conversion Date? <i>(continued)</i></p>	<p>Step 2 – Calculating the number of shares received on Conversion</p> <p>On 13 December 2019, Holders would be entitled to receive in respect of CPS the Conversion Number of Ordinary Shares determined as follows:</p> $\text{Conversion Number} = \frac{\text{Issue Price}}{97.5\% \times \text{VWAP}}$ <ul style="list-style-type: none"> Assume the VWAP from 15 November 2019 to 12 December 2019 (being the 20 Business Days on which ASX trading in Ordinary Shares took place immediately preceding 13 December 2019) is \$7.00. The Issue Price is \$100. The Conversion Number would be 14.6520 (being \$100 divided by (97.5% × \$7.00)). Assuming a Holder has 100 CPS, the total number of Ordinary Shares to which they would be entitled would be 1,465 (i.e. 100 × 14.6520, which number is rounded down to disregard the fraction of the Ordinary Share). <p>In this example, the Conversion Number will not be impacted by the Maximum Conversion Number.</p> <ul style="list-style-type: none"> If the Issue Date VWAP is \$7.50, the Maximum Conversion Number on the Mandatory Conversion Date will be 26.6667 (being \$100 divided by 50% × \$7.50). As the Conversion Number is less than the Maximum Conversion Number, there will be no restriction on the number of Ordinary Shares a Holder receives. <p>This example is for illustrative purposes only. The figures in it are not forward-looking statements and do not indicate or guarantee the Issue Date VWAP or future VWAP or other price of Ordinary Shares.</p>	<p>Clauses 4 and 8 of the CPS Terms</p>
<p>2.5.6 – What can happen if the Mandatory Conversion Conditions are not satisfied?</p>	<ul style="list-style-type: none"> If any of the Mandatory Conversion Conditions are not satisfied, CPS continue to be on issue and Conversion is deferred until the next Dividend Payment Date on which all of the Mandatory Conversion Conditions are satisfied. 	<p>Clause 4.2 of the CPS Terms</p>
<p>2.5.7 – What adjustments to the Issue Date VWAP are made to account for changes to Bendigo and Adelaide Bank’s capital?</p>	<ul style="list-style-type: none"> The Issue Date VWAP, and consequently the Maximum Conversion Number, may be adjusted to reflect a consolidation, division or reclassification of Ordinary Shares and pro rata bonus issues of Ordinary Shares as set out in the CPS Terms (but not other transactions, including rights issues, which may affect the capital of Bendigo and Adelaide Bank). However, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than 1.00% per cent of the Issue Date VWAP then in effect. 	<p>Clauses 8.2 to 8.7 of the CPS Terms</p>
<p>2.6 Conversion on the occurrence of a Capital Trigger Event</p>		
<p>2.6.1 – Why do CPS include a Capital Trigger Event?</p>	<ul style="list-style-type: none"> A Capital Trigger Event is an APRA regulatory requirement for CPS to be characterised as Additional Tier 1 Capital under the Draft Prudential Standards to implement Basel III. 	

Topic	Summary	Where to find more information
<p>2.6.2 – What is a Capital Trigger Event?</p>	<ul style="list-style-type: none"> • A Capital Trigger Event occurs if: <ul style="list-style-type: none"> – the Common Equity Tier 1 Ratio of Bendigo and Adelaide Bank Level 1 or Level 2 Group as determined by Bendigo and Adelaide Bank or APRA at any time is equal to or less than 5.125% (a “Common Equity Trigger Event”); or – APRA notifies Bendigo and Adelaide Bank in writing that: <ul style="list-style-type: none"> • conversion or write-off of Additional Capital Instruments is necessary because, without it, APRA considers that Bendigo and Adelaide Bank would become non-viable; or • it has determined that Bendigo and Adelaide Bank would become non-viable without a public sector injection of capital or equivalent support (collectively a “Non-Viability Trigger Event”). • If a Capital Trigger Event occurs, Bendigo and Adelaide Bank must immediately Convert CPS into the Conversion Number of Ordinary Shares. The Conversion Floor Price used to calculate the Maximum Conversion Number following a Capital Trigger Event will be based on 20% of the Issue Date VWAP after 1 January 2013¹ (see Section 2.6.8). • Conversion on the occurrence of a Capital Trigger Event is not subject to the Mandatory Conversion Conditions being satisfied. <p><small>1. If a Capital Trigger Event occurs prior to 1 January 2013, the Maximum Conversion Number will be based on 50% of the Issue Date VWAP.</small></p>	<p>Clauses 5.1 to 5.3 of the CPS Terms</p>
<p>2.6.3 – What is the Common Equity Tier 1 Ratio?</p>	<ul style="list-style-type: none"> • The Common Equity Tier 1 Ratio is the ratio of Common Equity Tier 1 Capital to the risk weighted assets of Bendigo and Adelaide Bank Level 1 or Level 2 Group (as applicable), as prescribed by APRA. • The calculation of the Common Equity Tier 1 Ratio will change when APRA adopts Basel III. This is expected to be from 1 January 2013. Whilst APRA has released its Draft Prudential Standards on its calculation methodology of the Common Equity Tier 1 Ratio under Basel III, the framework is yet to be finalised. 	<p>Sections 5.4.2 and 5.4.3 Clause 19.2 of the CPS Terms</p>
<p>2.6.4 – What is Bendigo and Adelaide Bank’s target Common Equity Tier 1 Ratio?</p>	<ul style="list-style-type: none"> • Bendigo and Adelaide Bank will target a Common Equity Tier 1 Ratio in excess of 7.0% under the Basel III regulatory regime. • Under APRA’s proposals for the implementation of Basel III, the capital conservation measures implemented from 1 January 2016 include restrictions on payments of dividends and discretionary 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). • Bendigo and Adelaide Bank gives no assurance as to what its Common Equity Tier 1 Ratio will be at any time as it may be significantly impacted by unexpected events affecting its business, operations and financial condition. 	<p>Section 5.4.2</p>

Topic	Summary	Where to find more information														
<p>2.6.5 – What is Bendigo and Adelaide Bank’s Common Equity Tier 1 Ratio?</p>	<ul style="list-style-type: none"> Based on the APRA Draft Prudential Standards concerning upcoming Basel III calculations, Bendigo and Adelaide Bank estimates that its Common Equity Tier 1 Ratio at 30 June 2012 was 7.67% on a Basel III basis. In addition, since 30 June 2012 Bendigo and Adelaide Bank has undertaken capital initiatives that provide additional core capital, resulting in an adjusted Common Equity Tier 1 Ratio of 8.09% as at 30 June 2012. The adjusted Common Equity Tier 1 Ratio of 8.09% implies \$839 million of Common Equity above the required Common Equity Trigger Event ratio level of 5.125%. The graph below illustrates Bendigo and Adelaide Bank’s historical Common Equity Tier 1 Ratio under APRA’s draft prudential standards for Basel III. <p>Bendigo and Adelaide Bank’s Level 2 Common Equity Tier 1 Ratio¹</p>  <table border="1" data-bbox="491 779 1134 1115"> <caption>Bendigo and Adelaide Bank’s Level 2 Common Equity Tier 1 Ratio¹</caption> <thead> <tr> <th>Year</th> <th>Ratio (%)</th> </tr> </thead> <tbody> <tr> <td>FY08</td> <td>5.51%</td> </tr> <tr> <td>FY09</td> <td>6.47%</td> </tr> <tr> <td>FY10</td> <td>7.77%</td> </tr> <tr> <td>FY11</td> <td>7.20%</td> </tr> <tr> <td>FY12</td> <td>7.67%</td> </tr> <tr> <td>FY12 (Adjusted)</td> <td>8.09%</td> </tr> </tbody> </table> <p>1. Bendigo and Adelaide Bank’s financial year denoted “FY” above, finishes on 30 June of each calendar year. The Common Equity Tier 1 Ratio is based on APRA’s draft prudential standards for Basel III.</p> <ul style="list-style-type: none"> The adjusted FY12 Common Equity Tier 1 Ratio reflects an increase in capital from the sale of Bendigo and Adelaide Bank’s shareholding in IOOF and holding of subordinated notes in the Torrens RMBS programme since 30 June 2012. The increase in the Common Equity Tier 1 Ratio from FY11 to FY12 is primarily due to the ~\$195 million of equity raised in conjunction with the acquisition of Bank of Cyprus Australia. The reduction in the Common Equity Tier 1 Ratio between FY10 and FY11 is primarily due to the acquisition of the remaining 40% stake in Rural Bank from Elders that Bendigo and Adelaide Bank did not previously own in December 2010 and changes to APRA’s interpretation of the prudential standards relating to securitisation exposures (APS 120). The above graph is for illustrative purposes only and does not indicate, guarantee or forecast Bendigo and Adelaide Bank’s Common Equity Tier 1 Ratio. The ratio may be higher or lower and may be impacted by unexpected events affecting Bendigo and Adelaide Bank’s business, operations and financial condition. 	Year	Ratio (%)	FY08	5.51%	FY09	6.47%	FY10	7.77%	FY11	7.20%	FY12	7.67%	FY12 (Adjusted)	8.09%	<p>Section 5.4.2</p>
Year	Ratio (%)															
FY08	5.51%															
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FY11	7.20%															
FY12	7.67%															
FY12 (Adjusted)	8.09%															
<p>2.6.6 – What does non-viable mean?</p>	<ul style="list-style-type: none"> APRA has not provided guidance as to how it would determine non-viability. Non-viability would be expected to include serious impairment of Bendigo and Adelaide Bank’s financial position and insolvency. However it is possible that APRA’s definition of non-viable may not necessarily be constrained to solvency measures or capital ratios and may also include liquidity. APRA may publish further guidance on the parameters used to determine non-viability, however it is possible that it will not provide any further guidance and Bendigo and Adelaide Bank has no control over whether it will do so. 															

Topic	Summary	Where to find more information
<p>2.6.7 – When does Conversion on account of a Capital Trigger Event occur?</p>	<ul style="list-style-type: none"> • A Capital Trigger Event may require the Conversion of all CPS or (unless a public sector injection of capital or equivalent support is required) a lesser number of CPS that is sufficient to remedy the relevant trigger event. • Conversion on the occurrence of a Capital Trigger Event is not subject to the Mandatory Conversion Conditions being satisfied. If a Capital Trigger Event occurs, Bendigo and Adelaide Bank must immediately Convert the relevant CPS and notify Holders of the Capital Trigger Event occurring. That notice must state a date on which the CPS will Convert (“Capital Event Conversion Date”), which is the same date as the date on which the Capital Trigger Event occurs. Bendigo and Adelaide Bank must also provide the Capital Trigger Event Conversion Notice to APRA. • Any ASX trades in CPS that have not settled on the date a Capital Trigger Event occurs will continue to settle in accordance with the normal ASX T+3 settlement, although the seller will be treated as having delivered, and the buyer will be treated as having acquired, the number of Ordinary Shares into which CPS have been Converted as a result of the occurrence of the Capital Trigger Event. 	<p>Clause 5.2 and 5.3 of the CPS Terms</p>
<p>2.6.8 – How many Ordinary Shares will Holders receive on the Capital Event Conversion Date?</p>	<ul style="list-style-type: none"> • The number of Ordinary Shares a Holder will receive per CPS on account of a Capital Trigger Event Conversion is the Conversion Number (calculated as described below) but cannot be more than the Maximum Conversion Number. Since there are no conditions to a Capital Trigger Event Conversion, the number of Ordinary Shares a Holder may receive on a Capital Trigger Event Conversion may be worth significantly less than \$102.56 and a Holder may suffer a loss as a consequence. <p>The Conversion Number in the event of a Capital Trigger Event Conversion is calculated in accordance with the following formula, subject to the Conversion Number being no greater than the Maximum Conversion Number:</p> $\text{Conversion Number} = \frac{\$100}{97.5\% \times \text{VWAP}}$ <p>Where:</p> <ul style="list-style-type: none"> • VWAP for Conversion on a Capital Event Conversion Date is the VWAP during the last 5 Business Days on which ASX trading of Ordinary Shares took place immediately preceding but not including the date on which the Capital Trigger Event occurs; and • the Maximum Conversion Number is calculated by the following formula: $\frac{\text{Issue Price}}{\text{Conversion Floor Price}}$ <p>As an example, assuming the Issue Date VWAP was \$7.50 and the Capital Trigger Event Conversion Date was after 1 January 2013:</p> <ul style="list-style-type: none"> • The Conversion Floor Price would be \$1.50, being the Issue Date VWAP of \$7.50 multiplied by 20%; and • The Maximum Conversion Number would be 66.6667, being the \$100 Issue Price divided by the \$1.50 Conversion Floor Price. 	<p>Clauses 5.3, 5.4, 8 and 19.2 of the CPS Terms</p>

Topic	Summary	Where to find more information
<p>2.6.8 – How many Ordinary Shares will Holders receive on the Capital Event Conversion Date? <i>(continued)</i></p>	<p>In the above example, the number of Ordinary Shares a Holder receives following a Capital Trigger Event would be limited by the Maximum Conversion Number. This means that even if the Conversion Number is greater than 66.6667, Holders would still only receive 66.6667 Ordinary Shares per CPS (with the total being rounded down to the nearest whole number of Ordinary Shares) on Conversion.</p> <p>Additionally, if on the occurrence of a Capital Trigger Event only some CPS are required to be Converted, Bendigo and Adelaide Bank must endeavour to treat Holders on an approximately proportionate basis, but may discriminate to take account of the effect on non-marketable parcels of CPS and other relevant considerations.</p> <p>If on a Capital Event Conversion Date, Bendigo and Adelaide Bank is prevented by applicable law or order of any court or action of any government authority or any other reason from Converting any CPS which would otherwise be Converted (an “Inability Event”), the relevant CPS will not be Converted but the rights attached to the CPS on and from the intended Capital Event Conversion Date will be automatically varied. As a result of the variation a Holder’s sole rights in respect of the CPS will be to receive dividends and capital return as follows:</p> <ul style="list-style-type: none"> • if a winding-up occurs in respect of Bendigo and Adelaide Bank, instead of a claim for payment out of the surplus available to shareholders in a winding-up of \$100 (plus the amount of any Dividend resolved to be paid but unpaid), the holder’s claim in respect of a CPS is for the sum which would have been paid in respect of the CPS out of the surplus available to shareholders in a winding-up as if the CPS were the Conversion Number of Ordinary Shares; and • instead of the Dividends as described in Section 2.3, if a dividend is paid on Ordinary Shares, a non-cumulative dividend is payable in respect of the CPS in an amount determined as if the CPS were a number of Ordinary Shares equal to the Conversion Number, <p>in each case with that Conversion Number being finally determined as if the CPS had Converted on the Capital Event Conversion Date (and in any case not exceeding the Maximum Conversion Number) (the “Fixed Conversion Number”). This variation is referred to as CPS being “Written Down”.</p> <p>The laws under which an Inability Event may arise include laws relating to foreign investment, ownership of shares in a financial services company and the insolvency, winding-up or other external administration of Bendigo and Adelaide Bank and (for foreign holders) foreign securities laws. Those laws and the grounds on which a court or government authority may make orders preventing the Conversion of CPS, or other reasons which prevent Conversion, may change.</p>	<p>Clauses 5.3, 5.4, 8 and 19.2 of the CPS Terms</p>
<p>2.7 Optional Exchange on a Tax Event, Regulatory Event or Acquisition Event</p>		
<p>2.7.1 – What can Bendigo and Adelaide Bank do after a Tax Event, a Regulatory Event or an Acquisition Event?</p>	<ul style="list-style-type: none"> • Bendigo and Adelaide Bank may choose to Exchange all or some CPS after a Tax Event or a Regulatory Event. • Exchange means: <ul style="list-style-type: none"> – Conversion into Ordinary Shares; – Redemption for \$100 per CPS; or – a combination of Conversion and Redemption. • Bendigo and Adelaide Bank may choose to Convert all CPS after an Acquisition Event. 	<p>Clause 6 of the CPS Terms</p>

Topic	Summary	Where to find more information
<p>2.7.1 – What can Bendigo and Adelaide Bank do after a Tax Event, a Regulatory Event or an Acquisition Event? <i>(continued)</i></p>	<ul style="list-style-type: none"> • Conversion is into approximately \$102.56 worth of Ordinary Shares per CPS (based on the \$100 CPS Issue Price and VWAP of Ordinary Shares sold on ASX during the 20 Business Days (or in the case of an Acquisition Event, the lesser of 20 Business Days and the number of days on which Ordinary Shares remain quoted on ASX) before the Exchange Date with the benefit of a 2.5% discount). Refer to Section 2.5.5 for further details on the number of Ordinary Shares Holders will receive upon Conversion. • This VWAP may differ from the Ordinary Share price on or after the Exchange Date. This means that the value of Ordinary Shares received may be more or less than that anticipated when they are issued or thereafter. • Bendigo and Adelaide Bank’s right to elect to Redeem for a Tax Event or Regulatory Event is subject to APRA’s prior written approval. • Bendigo and Adelaide Bank’s right to Convert is subject to APRA’s prior written approval, the Optional Conversion Restrictions, the Second Mandatory Conversion Condition and the Third Mandatory Conversion Condition, described further in Section 2.8. • Holders should not expect that APRA will give its approval to any Redemption or any Conversion. 	<p>Clause 6 of the CPS Terms</p>
<p>2.7.2 – What is a Tax Event?</p>	<ul style="list-style-type: none"> • A Tax Event means broadly that the Directors receive advice that as a result of a change in law or regulation in Australia or Administrative Action after the Issue Date (which was not expected by the Issuer prior to the Issue Date), there is more than an insubstantial risk that: <ul style="list-style-type: none"> – Bendigo and Adelaide Bank will be exposed to a more than insignificant increase in Bendigo and Adelaide Bank’s costs in relation to CPS; – a Dividend would not be a frankable dividend or distribution for tax purposes; or – (if a NOHC Event has occurred) CPS would not be disregarded or would cease to be disregarded in accordance with Section 703-37 of the Tax Act (meaning that a Tax Event would occur if Bendigo and Adelaide Bank were not a member of a tax consolidated group of which an Approved NOHC becomes the head company). 	<p>Clause 19.2 of the CPS Terms</p>
<p>2.7.3 – What is a Regulatory Event?</p>	<ul style="list-style-type: none"> • A Regulatory Event will broadly occur if: <ul style="list-style-type: none"> – Bendigo and Adelaide Bank receives legal advice that, as a result of a change of law or regulation on or after the Issue Date, additional requirements (not expected by the Issuer prior to the Issue Date) would be imposed on Bendigo and Adelaide Bank in relation to CPS which the Directors determine to be unacceptable; or – the Directors determine that Bendigo and Adelaide Bank is not or will not be entitled to treat the full face amount of all CPS as Additional Tier 1 Capital other than where: <ul style="list-style-type: none"> • the reason for that is that Bendigo and Adelaide Bank has exceeded a limit on the recognition of Additional Tier 1 Capital which was in effect on the Issue Date (including a limit arising on a given date under the Basel III Consultation Papers known as at the Issue Date); or • the Issuer otherwise expected as at the Issue Date to not be entitled to treat the full face amount of all CPS as Additional Tier 1 Capital at the relevant time. 	<p>Clause 19.2 of the CPS Terms</p>

Topic	Summary	Where to find more information
<p>2.7.4 – What is an Acquisition Event?</p>	<ul style="list-style-type: none"> • An Acquisition Event will broadly occur if: <ul style="list-style-type: none"> – a takeover bid is made to acquire Bendigo and Adelaide Bank’s Ordinary Shares and the offer is, or becomes, unconditional and the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue or a majority of Directors recommend acceptance of the offer; or – a court orders the holding of meetings to approve a scheme of arrangement with respect to Bendigo and Adelaide Bank which would result in a person having a relevant interest in more than 50% of the Ordinary Shares on issue after the scheme is implemented and certain resolutions of members are passed and an independent expert issues a report that the proposals in connection with the scheme are in the best interests of the holders of Ordinary Shares, <p>except where the above occur in connection with an Approved NOHC Event.</p>	<p>Clause 19.2 of the CPS Terms</p>
<p>2.8 Requirements for electing Conversion or Redemption</p>		
<p>2.8.1 – What are the requirements for Conversion to be elected as the Exchange Method?</p>	<ul style="list-style-type: none"> • Bendigo and Adelaide Bank may not elect to Convert CPS under an Optional Exchange if an Optional Conversion Restriction applies (see Section 2.8.2), on the second Business Day before the date on which Bendigo and Adelaide Bank intends to send a notice advising Holders that it wishes to Convert CPS (or, if ASX trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which ASX trading in Ordinary Shares occurred) (“Non-Conversion Test Date”). • An Exchange Notice may not be given in the period of 21 Business Days preceding (and not including) the Mandatory Conversion Date where the First Mandatory Conversion Condition has been met in respect of that Mandatory Conversion Date. • Further, if Bendigo and Adelaide Bank has chosen to Convert CPS, Bendigo and Adelaide Bank may not proceed to Convert CPS if, on the Exchange Date, certain further Conversion restrictions apply (see Section 2.8.3). 	<p>Clauses 6.1, 6.3, 6.4 and 6.5 of the CPS Terms</p>
<p>2.8.2 – What are the Optional Conversion Restrictions?</p>	<ul style="list-style-type: none"> • The “Optional Conversion Restrictions” are: <ul style="list-style-type: none"> – “First Optional Conversion Restriction”: the VWAP on the Non-Conversion Test Date (see Section 2.8.1 above) is less than 115% of the Conversion Floor Price; and – “Second Optional Conversion Restriction”: a Delisting Event applies in respect of the Non-Conversion Test Date. 	<p>Clause 6.4 of the CPS Terms</p>
<p>2.8.3 – What are the further requirements to Conversion occurring on the Exchange Date? What happens if further Conversion restrictions apply?</p>	<ul style="list-style-type: none"> • The further Conversion requirements on the Exchange Date are that the Second Mandatory Conversion Condition and the Third Mandatory Conversion Condition would be satisfied in respect of the Exchange Date if the Exchange Date were a proposed Mandatory Conversion Date. • On the Exchange Date the Second Mandatory Conversion Condition will be tested by reference to a Conversion Floor Price equal to 20% of the Issue Date VWAP on or after 1 January 2013¹. <p><small>1. If Conversion were to occur prior to 1 January 2013, the Conversion Floor Price will be equal to 50% of the Issue Date VWAP.</small></p>	<p>Clause 6.5 of the CPS Terms</p>

Topic	Summary	Where to find more information
<p>2.8.3 – What are the further requirements to Conversion occurring on the Exchange Date? What happens if further Conversion restrictions apply? <i>(continued)</i></p>	<ul style="list-style-type: none"> • If the further Conversion requirements on the Exchange Date are not satisfied, Bendigo and Adelaide Bank will notify Holders and the Conversion will be deferred until the next Dividend Payment Date on which the Second and Third Mandatory Conversion Conditions would be satisfied if that Dividend Payment Date were a proposed Mandatory Conversion Date unless otherwise Exchanged in accordance with the CPS Terms before that time. • Holders should not expect that APRA will give its approval to any Conversion. 	
<p>2.8.4 – What are the requirements for Redemption to be elected as the Exchange Method?</p>	<ul style="list-style-type: none"> • Bendigo and Adelaide Bank is not permitted to Redeem any CPS at any time unless APRA has approved the Redemption and: <ul style="list-style-type: none"> – 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 Bendigo and Adelaide Bank is satisfied are sustainable for the income capacity of Bendigo and Adelaide Bank, or – APRA is satisfied that Bendigo and Adelaide Bank’s capital position will remain adequate for its future needs after Bendigo and Adelaide Bank elects to Redeem CPS. • Holders should not expect that APRA will give its approval to any Redemption. • Bendigo and Adelaide Bank may not Redeem CPS as the Exchange Method where an Acquisition Event occurs. 	<p>Clause 6.2 (c) of the CPS Terms</p>
<p>2.8.5 – Can Holders request Conversion or Redemption?</p>	<ul style="list-style-type: none"> • Holders do not have a right to request Conversion or Redemption. 	<p>Clause 10.10 (g) of the CPS Terms</p>
<p>2.9 Conversion on a Change of Control Event</p>		
<p>2.9.1 – What must Bendigo and Adelaide Bank do on a Change of Control Event?</p>	<ul style="list-style-type: none"> • Subject to APRA’s prior written approval and certain other conditions, Bendigo and Adelaide Bank must Convert all CPS on issue if a Change of Control Event occurs. 	<p>Clause 7 of the CPS Terms</p>
<p>2.9.2 – What is a Change of Control Event?</p>	<ul style="list-style-type: none"> • A Change of Control Event means broadly where both an Acquisition Event and one of the following has occurred: <ul style="list-style-type: none"> – in the case of an Acquisition Event occurring because of a takeover bid, all regulatory approvals necessary for the acquisition to occur have been obtained; and – in the case of an Acquisition Event occurring because of a scheme of arrangement, all conditions to the implementation of the scheme, including any necessary regulatory or shareholder approvals including approval of the scheme by the court, have been satisfied or waived. 	<p>Clause 19.2 of the CPS Terms</p>

Topic	Summary	Where to find more information
<p>2.9.3 – What occurs upon Conversion following a Change of Control Event?</p>	<ul style="list-style-type: none"> • If a Change of Control Event occurs, Bendigo and Adelaide Bank must, subject to APRA’s prior written approval and certain further restrictions, Convert each CPS into a variable number of Ordinary Shares with a value of \$102.56 (based on the \$100 CPS Issue Price and the VWAP during a period, being the lesser of (i) 20 Business Days before the Change of Control Conversion Date and (ii) the number of Business Days that the Ordinary Shares remain quoted for trading on ASX after the Change of Control Event and before the Change of Control Conversion Date, in each case with the benefit of a 2.5% discount), provided certain conditions are satisfied. • If any conditions preventing Conversion apply, Bendigo and Adelaide Bank will not be required to give a Change of Control Conversion Notice to Holders. Accordingly, Bendigo and Adelaide Bank will not be required to elect to Convert CPS at that time. • However, Bendigo and Adelaide Bank must give notice to Convert if the conditions to Conversion are satisfied for a subsequent Dividend Payment Date. 	<p>Clause 7 of the CPS Terms and Section 2.9.4 to 2.9.6</p>
<p>2.9.4 – What are the conditions to a Change of Control Conversion Notice being issued?</p>	<ul style="list-style-type: none"> • The restrictions described in Section 2.8.2 in relation to the election of Conversion as the method of Optional Exchange also apply to Bendigo and Adelaide Bank giving notice of Conversion following a Change of Control Event. 	<p>Section 2.8.2 Clause 6.4 and 7.4 of the CPS Terms</p>
<p>2.9.5 – What are the further Conversion conditions on the Change of Control Conversion Date?</p>	<ul style="list-style-type: none"> • If Bendigo and Adelaide Bank has given a Change of Control Conversion Notice to Holders, Bendigo and Adelaide Bank may not proceed to Convert CPS if, on the date on which Conversion is proposed to occur (the “Change of Control Conversion Date”), certain further conditions apply. • Conversion will be restricted if the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of the Change of Control Conversion Date as if the Change of Control Conversion Date were a proposed Mandatory Conversion Date. • On the Change of Control Conversion Date the Second Mandatory Conversion Condition will be tested by reference to a Conversion Floor Price equal to 20% of the Issue Date VWAP on or after 1 January 2013¹. <p><small>1. If Conversion were to occur prior to 1 January 2013, the Conversion Floor Price will be equal to 50% of the Issue Date VWAP.</small></p>	<p>Clause 7.5 of the CPS Terms</p>
<p>2.9.6 – What happens if Conversion does not occur?</p>	<ul style="list-style-type: none"> • If Bendigo and Adelaide Bank is not required to give a Change of Control Conversion Notice or the conditions prevent Conversion, Bendigo and Adelaide Bank will give a new Change of Control Conversion Notice for the next Dividend Payment Date unless APRA does not approve or the conditions preventing the Issuer from electing Conversion apply. • Where a new Change of Control Conversion Notice is given, Conversion will not occur if the Conversion restrictions described in Section 2.8.3 apply on that date (being the Second Mandatory Conversion Condition and the Third Mandatory Conversion Condition). This process will be repeated until Conversion occurs. 	<p>Clauses 7.4 and 7.5 of the CPS Terms</p>

Topic	Summary	Where to find more information
2.9.7 – What other obligations does Bendigo and Adelaide Bank have in connection with a takeover or scheme of arrangement?	<ul style="list-style-type: none"> On the occurrence of a recommended takeover or scheme of arrangement which would result in an Acquisition Event, if the Directors consider that Bendigo and Adelaide Bank will not be permitted to give notice to Convert CPS or the Second Mandatory Conversion Condition or Third Mandatory Conversion Condition will not be satisfied, the Directors will use all reasonable endeavours to procure that equivalent takeover offers are made to Holders or that Holders are entitled to participate in the scheme of arrangement or a similar transaction. 	Clause 12 of the CPS Terms
2.10 Other		
2.10.1 – Can Bendigo and Adelaide Bank issue further CPS, preference shares or other instruments?	<ul style="list-style-type: none"> Bendigo and Adelaide Bank reserves the right to issue further preference shares (including further CPS) or other instruments, or permit the conversion of shares to preference shares or other instruments, which rank behind, equal with or (to the maximum extent permitted by the Constitution) ahead of CPS, whether in respect of dividends, return of capital on a winding-up of Bendigo and Adelaide Bank or otherwise. CPS do not confer on Holders any right to subscribe for new securities in Bendigo and Adelaide Bank, to participate in any bonus issues of shares in Bendigo and Adelaide Bank's capital or to participate in Bendigo and Adelaide Bank's dividend reinvestment or bonus option plans. 	Clauses 10.3 and 10.12 of the CPS Terms
2.10.2 – What voting rights do CPS carry?	<ul style="list-style-type: none"> Holders generally do not have voting rights, except in the limited circumstances described in the CPS Terms including, but not limited to: <ul style="list-style-type: none"> on any matter during a period in which a Dividend remains unpaid; on any proposal: <ul style="list-style-type: none"> to reduce Bendigo and Adelaide Bank's share capital, other than a resolution to approve a Redemption of CPS; that affects the rights attached to the CPS; to wind up Bendigo and Adelaide Bank; and for the disposal of the whole of Bendigo and Adelaide Bank's property, business and undertaking; on a resolution to approve the terms of a buy back agreement, other than a resolution to approve a Redemption of CPS; and during a winding-up of Bendigo and Adelaide Bank. 	Clause 11.2 of the CPS Terms
2.10.3 – Can Bendigo and Adelaide Bank amend the CPS Terms?	<ul style="list-style-type: none"> Subject to complying with all applicable laws, and with APRA's prior written approval where required, Bendigo and Adelaide Bank may amend the CPS Terms without the consent of Holders in certain circumstances. Bendigo and Adelaide Bank may also, with APRA's prior written approval where required, amend the CPS Terms if the amendment has been approved by a Special Resolution. 	Clause 16 of the CPS Terms

Topic	Summary	Where to find more information
2.10.4 – What is an Approved NOHC Event?	<ul style="list-style-type: none"> • An Approved NOHC Event is broadly an event initiated by the Directors which would result in Bendigo and Adelaide Bank having an ultimate holding company which is a “non-operating holding company” within the meaning of the Banking Act (“NOHC”) and where following the occurrence of that event: <ul style="list-style-type: none"> – the ordinary shares of the NOHC are listed on ASX; – the NOHC assumes all of Bendigo and Adelaide Bank’s obligations to Convert the CPS into ordinary shares in the NOHC; and – the NOHC agrees to comply with the Dividend Restriction (with appropriate modifications). 	Clauses 13 and 16 of the CPS Terms
2.10.5 – What happens when an Approved NOHC Event occurs?	<ul style="list-style-type: none"> • If an Approved NOHC Event occurs, the CPS Terms may be amended to enable the substitution of the Approved NOHC as the issuer of ordinary shares on Conversion (including on the Mandatory Conversion Date). The Approved NOHC will use all reasonable endeavours to procure quotation on ASX of all these shares at the time of Conversion. • The occurrence of an Approved NOHC Event does not allow Bendigo and Adelaide Bank to elect to Exchange CPS nor does it entitle Holders to Exchange their CPS. • Holders may not have any right to vote on an Approved NOHC Event. Where an Approved NOHC Event is accompanied by a transfer of assets from Bendigo and Adelaide Bank to the Approved NOHC or another subsidiary of the Approved NOHC, Bendigo and Adelaide Bank may as a result have reduced assets to meet the claims of its creditors and shareholders (including Holders). • After substituting an Approved NOHC as issuer of the Ordinary Shares on Conversion, but before Conversion, Holders continue to hold a preference share in Bendigo and Adelaide Bank which ranks for payment of dividends and in a winding-up of Bendigo and Adelaide Bank (as described in Section 1.2) and which is convertible into ordinary shares in the Approved NOHC in the same circumstances in which it would have otherwise been converted into Ordinary Shares in Bendigo and Adelaide Bank. 	Clauses 13 and 16 of the CPS Terms
2.10.6 – What are the taxation implications of investing in CPS?	<ul style="list-style-type: none"> • The taxation implications of investing in CPS will depend on an investor’s individual circumstances. Prospective investors should obtain their own taxation advice. 	Section 7
2.10.7 – Is brokerage, commission or stamp duty payable?	<ul style="list-style-type: none"> • No brokerage, commission or stamp duty is payable on Applications for CPS. Holders may have to pay brokerage on any subsequent transfer of CPS on ASX after quotation. 	Section 4.3.3

Where can I get more information?

If you have any questions about the Offer or how to apply for CPS under the Reinvestment Offer, Community Bank® and Customer Offer, Securityholder Offer or General Offer, please call Bendigo and Adelaide Bank Information Line on 1300 318 082 (within Australia) or +61 3 9415 4866 (International) (Monday to Friday – 9:00am to 5:00pm Melbourne time) or contact your broker or other professional adviser.

If you have any questions in relation to the Broker Firm Offer, please call your Syndicate Broker.

3. Details of the Reinvestment Offer

This Section provides information on Bendigo and Adelaide Bank's invitation to Eligible RPS Holders to reinvest their RPS in CPS and the options available to RPS holders.

3.1 Overview

3.1.1 What are RPS?

RPS are reset preference shares issued by Adelaide Bank in 2002. In November 2007, upon the merger of Bendigo Bank and Adelaide Bank, RPS became instruments of the merged entity. RPS trade on the ASX under the code "BENPA".

3.1.2 What is happening to RPS?

Under the RPS Terms, on the upcoming Reset Date for RPS (being 1 November 2012), Bendigo and Adelaide Bank has the option to either convert RPS into Ordinary Shares or to buy back, cancel or redeem RPS for their face value of \$100.

On 22 August 2012, Bendigo and Adelaide Bank announced that it does not intend to reset the terms under the RPS and that accordingly a number of amendments have been made to the terms of issue of the RPS.

Bendigo and Adelaide Bank will give RPS holders an RPS Exchange Notice to redeem RPS for their face value of \$100 each on 1 November 2012. As such, Bendigo and Adelaide Bank will redeem RPS using the proceeds raised from the CPS Offer.

3.1.3 What is the Reinvestment Offer?

Eligible RPS Holders have the opportunity to reinvest their RPS in CPS.

Under the Reinvestment Offer, Eligible RPS Holders may elect for some or all of their RPS redemption proceeds (i.e. \$100 per RPS) to be applied to the Application Payment for CPS.

Eligible RPS Holders will not be required to make a separate Application Payment to the extent that RPS will be reinvested directly in CPS. However, if additional CPS are applied for other than through Reinvested RPS, then an Application Payment in respect of the additional CPS applied for will be necessary. Eligible RPS Holders are guaranteed an Allocation of one CPS for every RPS they reinvest when they apply through the Reinvestment Offer (including through the Broker Firm Offer). In applying for CPS under the Reinvestment Offer, you irrevocably authorise Bendigo and Adelaide Bank to apply the proceeds of your RPS in paying the Application Payment for the CPS into which the RPS are being reinvested. You will not be entitled to receive payment on your Reinvested RPS except in this way, and so will not receive any cash payment in respect of the redemption of those RPS.

If you sell part of your RPS holding prior to the Redemption Date, your application to reinvest your RPS will be adjusted down accordingly. Once you have submitted an application to reinvest your RPS, you will be taken to have agreed to a holding lock being placed on those RPS and accordingly will not be able to successfully deal with those RPS until those RPS are released from the holding lock which is placed on them. The holding lock will be released from any RPS not successfully reinvested into CPS as soon as practicable after the Issue Date of the Offer.

Eligible RPS Holders will receive a copy of this Prospectus with a personalised Reinvestment Application Form. Eligible RPS Holders have a number of other options, in addition to reinvesting RPS in CPS, which are set out in further detail in Section 3.3.1.

3.1.4 Am I eligible to participate in the Reinvestment Offer?

The Reinvestment Offer is open to Eligible RPS Holders, namely persons who are:

- registered holders of RPS on 21 September 2012;
 - shown as having an address in Australia;
 - not in the United States nor are acting as a nominee for a person in the United States,
- or any such other RPS holders as Bendigo and Adelaide Bank may determine in its discretion to be eligible.

3.1.5 If I elect to participate in the Reinvestment Offer, what dividends will I receive on RPS?

Holders of RPS as at the RPS Dividend record date of 17 October 2012 (including RPS holders who elect to participate in the Reinvestment Offer) will receive a final RPS Dividend of \$3.0968 per RPS on 1 November 2012.

The RPS Dividend will be paid on the Redemption Date, being 1 November 2012, for the period from (and including) 1 May 2012 to (but excluding) the Redemption Date. The RPS Dividend is \$3.0968 per Reinvested RPS and is expected to be fully franked.

3.1.6 Can I elect to reinvest the RPS Dividend in CPS?

No. The RPS Dividend will be paid to RPS holders as at the RPS Dividend record date of 17 October 2012 via direct credit or cheque on the Redemption Date, in accordance with your existing RPS payment instructions.

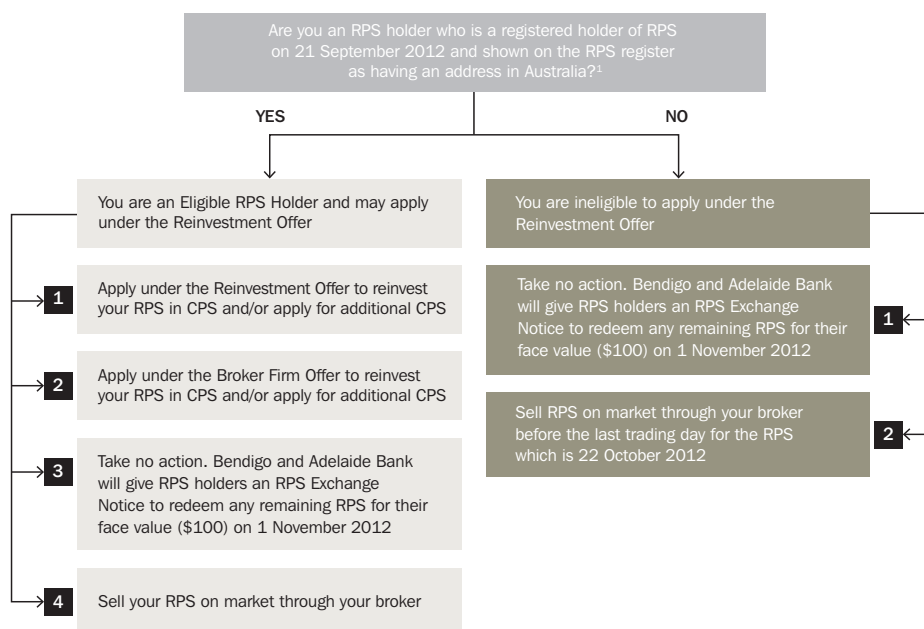
3.1.7 Will I receive a priority allocation of CPS?

If you are an Eligible RPS Holder you will be guaranteed an Allocation of one CPS for every RPS you reinvest when you apply under the Reinvestment Offer (including through the Broker Firm Offer).

3.2 What is the difference between RPS and CPS?

For a comparison of RPS and CPS, please refer to the table in Section 2.1.10.

3.3 What are the options available to RPS holders?



If you are an Eligible RPS Holder and elect option 1 or 2 you must continue to hold the number of RPS you wish to reinvest on the Redemption Date. See Sections 1 and 2 for further information.

1. RPS holders must also not be in the United States or acting as a nominee for a person in the United States to be eligible to apply under the Reinvestment Offer.

3.3.1 What are the options available to Eligible RPS Holders?

Option	What should Eligible RPS Holders do?
Option 1 – apply under the Reinvestment Offer for your RPS to be reinvested in CPS and/or apply for additional CPS	<ul style="list-style-type: none"> Under the Reinvestment Offer, Eligible RPS Holders will be guaranteed an Allocation of one CPS for every RPS reinvested. Unless Eligible RPS Holders apply for more CPS than the number of their RPS, Eligible RPS Holders will not be required to make a separate Application Payment as the RPS redemption proceeds will be applied to the CPS Application Payment (see Section 3.1.3). Once you have submitted an application to reinvest your RPS, you will not be able to successfully deal with those RPS until those RPS are released from the holding lock which is placed on them. The holding lock will be released from any RPS not successfully reinvested into CPS as soon as practicable after the Issue Date for the Offer. For instructions on how to apply, refer to Section 4.3.1.

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Option	What should Eligible RPS Holders do?
<p>Option 1 – apply under the Reinvestment Offer for your RPS to be reinvested in CPS and/ or apply for additional CPS <i>(continued)</i></p>	<p>Option A. Full reinvestment</p> <ul style="list-style-type: none"> • Eligible RPS Holders may apply to reinvest all of their RPS in CPS. • To choose this option, Eligible RPS Holders must indicate “full reinvestment” on the personalised Application Form. • If an Eligible RPS Holder holds a greater or lesser number of RPS than shown on the personalised Application Form, and the Eligible RPS Holder selects the full reinvestment option, you will be taken to have applied for reinvestment of the lower of the number of RPS specified on the personalised Application Form and the number of RPS registered in their name. <p>Option B. Partial reinvestment</p> <ul style="list-style-type: none"> • Eligible RPS Holders may apply to have only some of their RPS reinvested in CPS provided that they own more than 50 RPS. • To choose this option, Eligible RPS Holders must specify the number of their RPS to be reinvested on the personalised Application Form. See Section 3.5.1 for further details on the minimum number that can be specified. • If an Eligible RPS Holder holds a lesser number of RPS than they elect to reinvest on their personalised Application Form, the Eligible RPS Holder will be taken to have applied for reinvestment of the lower of the number of RPS specified on the personalised Application Form and the number of RPS registered in their name. <p>Option C. Apply for additional CPS</p> <ul style="list-style-type: none"> • Eligible RPS Holders may also apply for CPS other than through Reinvested RPS. • To choose this option, Eligible RPS Holders must specify the number of additional CPS they wish to apply for on the personalised Application Form. Eligible RPS Holders will receive a priority allocation of CPS applied for, over Eligible Securityholders, Eligible Community Bank® Directors or Shareholders, Eligible Customers and General Applicants. However, an Eligible RPS Holder’s Application for additional CPS may be scaled back if there is excess demand. • Eligible RPS Holders are required to enclose an Application Payment for the additional CPS applied for. • See Section 4.2 for further details on the minimum application size, how to make an Application Payment and other details on how to apply.
<p>Option 2 – apply under the Broker Firm Offer to reinvest your RPS in CPS and/ or apply for additional CPS</p>	<ul style="list-style-type: none"> • If you are an Eligible RPS Holder and are an Australian resident retail client of a Syndicate Broker, you may apply to reinvest your RPS in CPS under the Broker Firm Offer. • Under the Broker Firm Offer, Eligible RPS Holders will be guaranteed an Allocation of one CPS for every RPS held. • You may apply to reinvest all or some of your RPS in CPS. You may also choose to apply for additional CPS. • Eligible RPS Holders will not be required to make a separate Application Payment unless additional CPS are applied for. • Eligible RPS Holders should contact your Syndicate Broker for instructions on how to submit an Application Form and, if applicable, an Application Payment.
<p>Option 3 – take no action – your RPS will be redeemed for \$100 per RPS on 1 November 2012</p>	<ul style="list-style-type: none"> • Eligible RPS Holders are not required to participate in the Reinvestment Offer and as such are not required to take any action. • If you choose to take no action, Bendigo and Adelaide Bank will give RPS holders an RPS Exchange Notice such that the outstanding RPS will be redeemed by Bendigo and Adelaide Bank for \$100 per RPS on 1 November 2012 and you will receive the face value (\$100) for each RPS that you hold at that date plus any RPS Dividend, subject to the RPS Terms. • Payments of the face value and any RPS Dividend will be made on the Redemption Date for RPS (being 1 November 2012).

Option	What should Eligible RPS Holders do?
Option 4 – sell your RPS on market through your broker	<ul style="list-style-type: none"> You may choose to sell your RPS on ASX through your broker at the prevailing market price. To choose this option, you should contact your broker before the last ASX trading day for RPS. The last ASX trading day for the RPS is 22 October 2012. Under this option, you may have to pay brokerage and may receive a price greater or less than the face value of \$100 per RPS. If you choose this option, you may not be entitled to receive the RPS Dividend on the RPS you sell.

3.3.2 What are the options available to ineligible RPS holders?

RPS holders who have a registered address outside Australia or who are otherwise not an Eligible RPS Holder are ineligible to participate in the Reinvestment Offer.¹ In these circumstances, ineligible RPS holders are limited to the following options:

- sell RPS on market through your broker before the last ASX trading day for the RPS, which is 22 October 2012; or
- take no action. Bendigo and Adelaide Bank will give RPS holders an RPS Exchange Notice such that the RPS will be redeemed by Bendigo and Adelaide Bank for \$100 per RPS on 1 November 2012 (subject to the Offer proceeding). In this case, RPS holders will also receive any RPS Dividend paid on the RPS. The face value (\$100) and any RPS Dividend will be paid via direct credit or cheque, in accordance with your existing RPS payment instructions on the Redemption Date for RPS.

1. RPS holders who are in the United States or acting as a nominee for a person in the United States are also ineligible and cannot participate in the Reinvestment Offer.

3.4 What are the risks associated with participating in the Reinvestment Offer?

If you are an Eligible RPS Holder and you apply under the Reinvestment Offer (including through the Broker Firm Offer), you may receive an allocation of CPS. As such, you will be subject to the risks associated with an investment in CPS and in Bendigo and Adelaide Bank, many of which are outside the control of Bendigo and Adelaide Bank and its Directors. These risks are outlined in Section 1.4 and Section 6 and should be considered before you apply under the Reinvestment Offer.

3.5 Further information about RPS and participating in the Reinvestment Offer

3.5.1 Do you need to apply for a minimum number of CPS?

There is no minimum number of RPS that you must hold to be able to participate in the Reinvestment Offer.

If you are an Eligible RPS Holder and own 50 RPS or less, you must apply to reinvest all your RPS in CPS if you wish to participate in the Reinvestment Offer. However, if you are an Eligible RPS Holder and own more than 50 RPS, you must apply for a minimum number of 50 CPS (\$5,000). In any event, you are entitled to apply for the same number of CPS as the number of RPS you hold.

If you wish to apply for additional CPS, you must apply for a minimum of 50 CPS (\$5,000), inclusive of any Reinvested RPS. Applications for additional CPS must result in your total application, inclusive of any Reinvested RPS, to be in multiples of 10 CPS (\$1,000).

3.5.2 When will the remaining RPS be redeemed?

Bendigo and Adelaide Bank will issue an RPS Exchange Notice whereby RPS will be redeemed for their face value (\$100) plus any RPS Dividend, subject to the RPS Terms, on the Redemption Date for RPS (being 1 November 2012). Payments of the face value and any RPS Dividend will be made on 1 November 2012, in accordance with your existing RPS payment instructions.

3.5.3 What do you do if you have sold some of your RPS but wish to apply for CPS?

If you hold fewer RPS than set out on your personalised Application Form, you may still reinvest your RPS in CPS. If you wish to apply for more CPS than the number of RPS you hold, you will need to make a separate Application Payment.

You may also apply for partial reinvestment in the manner outlined in Section 3.3.1.

3.5.4 Can you sell your RPS after you have completed and returned your Application Form?

If you apply to have your RPS reinvested in CPS, it is your responsibility to ensure that you do not sell or dispose of any of those RPS that you have applied to reinvest, other than as part of the Reinvestment Offer. Holders are taken to agree to a holding lock being placed on those RPS, pending completion of the Reinvestment Offer – but it is your obligation to ensure that you do not transfer those RPS. If you do, the number of CPS you may be allocated will be reduced to the extent the required number of RPS are not available on 1 November 2012. Once you have submitted an Application Form to reinvest your RPS, you will not be able to successfully deal with those RPS until those RPS are released from the holding lock which is placed on them. The holding lock will be released from any RPS not successfully reinvested into CPS as soon as practicable after the Issue Date of the Offer.

3.5.5 What are the tax implications of having your RPS redeemed?

A general outline of the taxation implications for certain investors who are Australian residents for tax purposes of investing in the Offer can be found in Section 7.

3.5.6 Can you continue to hold your RPS after the Reset Date for RPS?

Bendigo and Adelaide Bank will give RPS holders an RPS Exchange Notice to redeem RPS on the Reset Date for RPS (being 1 November 2012). After the Reset Date for RPS, RPS will no longer be on issue and you cannot continue to hold RPS.

3.5.7 Can you change your RPS payment instructions?

If you elect to reinvest some or all of your RPS in CPS and you wish to change your RPS payment instructions for the payment of the RPS Dividend on your Reinvested RPS you must provide updated instructions to the Registry by 25 October 2012.

3.5.8 Is brokerage or stamp duty payable?

No brokerage or stamp duty is payable on the redemption of your RPS or your Application for CPS. RPS holders who choose to sell their RPS on market through their broker may be required to pay applicable brokerage.

3.5.9 What happens if the CPS offer does not proceed?

If you have elected to reinvest some or all of your RPS in CPS and the Offer does not proceed, your RPS will not be reinvested into CPS and will be dealt with in accordance with the RPS Terms. Any Application Payment in respect of additional CPS will be refunded to you. No interest will be payable on any additional Application Payment. If the CPS offer does not proceed, Bendigo and Adelaide Bank will separately notify RPS holders of their options on the Reset Date for RPS including whether Bendigo and Adelaide Bank will redeem or convert RPS.

4. Details of the Offer

This Section sets out what you must do if you wish to apply for CPS, including:

- who may apply;
- when to apply;
- how to apply;
- how to pay;
- completing Application Forms and obtaining a Prospectus; and
- where to send your completed Application Form and Application Payment.

4.1 The Offer

The Offer is for the issue of CPS at an Issue Price of \$100 each to raise approximately \$210 million, with the ability to raise more or less. The Offer comprises:

- a Reinvestment Offer – made to Eligible RPS Holders;
- a Securityholder Offer – made to Eligible Securityholders;
- a Community Bank® and Customer Offer – made to Eligible Community Bank® Directors or Shareholders and Eligible Customers;
- a Broker Firm Offer – made to Broker Firm Applicants;
- an Institutional Offer – made to certain Institutional Investors who are invited by the Joint Lead Managers to bid for CPS under the Bookbuild; and
- a General Offer – made to members of the general public who are Australian residents, including anyone who is not an Eligible Community Bank® Director or Shareholder, Eligible Securityholder, Eligible Customer or a Broker Firm Applicant (“**General Applicants**”).

This Prospectus (including an electronic copy) does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. As at the date of this Prospectus, no action has been taken to register or qualify CPS or the Offer or to otherwise permit a public offering of CPS outside Australia. This Prospectus does not constitute an offer of securities in the United States or to any US Persons, or to any person acting for the account or benefit of a US Person. CPS may be offered in a jurisdiction outside Australia under the Institutional Offer where such offer is made in accordance with the laws of that jurisdiction – see Section 8.9.

For details of how to apply for CPS under the Offer – see Section 4.3.1.

For further details of the Reinvestment Offer – see Section 3.

4.2 Obtaining a Prospectus and Application Form

An electronic copy of this Prospectus will be available online at www.BendigoCPSoffer.com.au. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus, with specific reference to the paragraphs below and the “Electronic access to Prospectus” paragraph in the “Important Notices” Section at the start of this Prospectus.

During the Offer Period, you may also request a free paper copy of this Prospectus either online by following the instructions at www.BendigoCPSoffer.com.au or by contacting the CPS Information Line on 1300 318 082 (within Australia) or +61 3 9415 4866 (International) Monday to Friday 9:00am to 5:00pm Melbourne time. Application Forms (both electronic and paper) will only be available with the Prospectus during the Offer Period.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Your Application will only be considered where you have applied pursuant to an Application Form (either electronic or paper) that will be attached to or accompany a copy of this Prospectus, and have made your Application Payment.

4.3 Applying for CPS

4.3.1 How to Apply

WHO CAN APPLY FOR CPS?	HOW MANY CPS CAN YOU APPLY FOR?	WHEN TO APPLY
<p>Reinvestment Offer</p> <p>If you were a registered holder of RPS as at 7:00pm Melbourne time on 21 September 2012 and were shown as having an address in Australia and are not in the United States or acting as a nominee for a person in the United States, or you are an RPS holder that Bendigo and Adelaide Bank otherwise determines to be eligible, you are an Eligible RPS Holder and may apply under the Reinvestment Offer.</p>	<p>You can elect how many of your RPS to reinvest in CPS.</p> <p>If you hold 50 RPS or less and wish to participate in the Reinvestment Offer, you must apply to reinvest all of your RPS in CPS.</p> <p>If you are an Eligible RPS Holder and own more than 50 RPS, you must apply for a minimum number of 50 CPS (\$5,000). In any event, you are entitled to apply for the same number of CPS as the number of RPS you hold.</p> <p>You can also apply for additional CPS. If you wish to apply for additional CPS, you must apply for a minimum of 50 CPS, which is a minimum investment of \$5,000, inclusive of any Reinvested RPS.</p> <p>Applications for greater than 50 CPS (\$5,000) (including any Reinvested RPS) must be in multiples of 10 CPS (\$1,000), unless the Application is to reinvest all of your RPS.</p>	<p>For the Reinvestment Offer, applications will only be accepted during the Offer Period, which opens on 2 October 2012.</p> <p>The Closing Date for the Reinvestment Offer is 5:00pm Melbourne time on 25 October 2012.</p> <p>Your completed personalised yellow paper Reinvestment Application Form or online Application Form and Application Payment (if applicable) must be received by the Closing Date.</p> <p>The options available to Eligible RPS Holders are outlined in Section 3.3.1.</p>
<p>Securityholder Offer</p> <p>If you were an Ordinary Shareholder, or holder of BPS, SPS, Capital Notes or Retail Bonds with a registered address in Australia at 7:00pm Melbourne time on 21 September 2012, you are an Eligible Securityholder and may apply under the Securityholder Offer.</p>	<p>You must apply for a minimum of 50 CPS, which is a minimum investment of \$5,000.</p> <p>Applications for greater than 50 CPS (\$5,000) must be in multiples of 10 CPS (\$1,000).</p> <p>Bendigo and Adelaide Bank, in consultation with the Joint Lead Managers, reserves the right to reject any Application, or to Allocate a lesser number of CPS than applied for, including less than the minimum Application of 50 CPS (\$5,000).</p>	<p>Applications will only be accepted during the Offer Period, which opens on 2 October 2012.</p> <p>The Closing Date for the Securityholder Offer is 5:00pm Melbourne time on 25 October 2012.</p> <p>Your completed personalised pink paper Securityholder Application Form or online Application Form and Application Payment must be received by the Registry by the Closing Date.</p> <p>If you do not use your personalised pink paper Securityholder Application Form or online Application Form, you will be treated as a General Applicant.</p>

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WHO CAN APPLY FOR CPS?	HOW MANY CPS CAN YOU APPLY FOR?	WHEN TO APPLY
<p>Community Bank® and Customer Offer</p> <p>If you are an Australian resident who is an existing director or shareholder of a Community Bank® company or existing Bendigo and Adelaide Bank retail customer, you are an Eligible Community Bank® Director or Shareholder or an Eligible Customer (as applicable) and may apply under the Community Bank® and Customer Offer.</p>	<p>You must apply for a minimum of 50 CPS, which is a minimum investment of \$5,000.</p> <p>Applications for greater than 50 CPS (\$5,000) must be in multiples of 10 CPS (\$1,000).</p> <p>Bendigo and Adelaide Bank, in consultation with the Joint Lead Managers, reserves the right to reject any Application, or to Allocate a lesser number of CPS than applied for, including less than the minimum Application of 50 CPS (\$5,000).</p>	<p>Applications will only be accepted during the Offer Period, which opens on 2 October 2012.</p> <p>The Closing Date for the Community Bank® and Customer Offer is 5:00pm Melbourne time on 25 October 2012.</p> <p>Your completed blue paper Community Bank® and Customer Application Form or online Application Form and Application Payment must be received by the Registry by the Closing Date.</p>
<p>General Offer</p> <p>Members of the general public who are Australian residents may apply through the General Offer. An Eligible Securityholder who does not use their personalised pink paper Securityholder Application Form or online Application Form or an Eligible Community Bank® Director or Shareholder or an Eligible Customer who does not use the blue paper Community Bank® and Customer Application Form or online Application Form will be treated as a General Applicant.</p>	<p>You must apply for a minimum of 50 CPS, which is a minimum investment of \$5,000.</p> <p>Applications for greater than 50 CPS (\$5,000) must be in multiples of 10 CPS (\$1,000).</p> <p>Bendigo and Adelaide Bank, in consultation with the Joint Lead Managers, reserves the right to reject any Application, or to Allocate a lesser number of CPS than applied for, including less than the minimum Application of 50 CPS (\$5,000).</p>	<p>Applications will only be accepted during the Offer Period, which opens on 2 October 2012.</p> <p>The Closing Date for the General Offer is 5:00pm Melbourne time on 25 October 2012.</p> <p>Your completed white paper Broker Firm and General Offer Application Form or online Application Form and Application Payment must be received by the Registry by the Closing Date.</p>

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WHO CAN APPLY FOR CPS?	HOW MANY CPS CAN YOU APPLY FOR?	WHEN TO APPLY
<p>Broker Firm Offer</p> <p>If you are an Australian resident retail client of a Joint Lead Manager, Co-Manager or other broker participating in the Offer (“Syndicate Broker”) you may apply to your Syndicate Broker to receive a Broker Firm Allocation.</p>	<p>For Eligible RPS Holders who wish to apply under the Broker Firm Offer</p> <p>If you hold 50 RPS or less, you must apply to reinvest all of your RPS in CPS.</p> <p>If you are an Eligible RPS Holder and own more than 50 RPS, you must apply for a minimum number of 50 CPS (\$5,000). In any event, you are entitled to apply for the same number of CPS as the number of RPS you hold.</p> <p>You can also apply for additional CPS. If you wish to apply for additional CPS, you must apply for a minimum of 50 CPS, which is a minimum investment of \$5,000, inclusive of any Reinvested RPS.</p> <p>Applications for greater than 50 CPS (\$5,000) (including any Reinvested RPS) must be in multiples of 10 CPS (\$1,000), unless the Application is to reinvest all of the RPS registered in your name on 21 September 2012</p> <p>For all other Broker Firm Applications</p> <p>You must apply for a minimum of 50 CPS, which is a minimum investment of \$5,000.</p> <p>Applications for greater than 50 CPS (\$5,000) must be in multiples of 10 CPS (\$1,000).</p> <p>Your Syndicate Broker will inform you of your Allocation.</p>	<p>Applications will only be accepted during the Offer Period, which opens on 2 October 2012.</p> <p>The Closing Date for Applications in respect of Reinvested RPS under Broker Firm Offer is 5:00pm Melbourne time on 25 October 2012.</p> <p>The Closing Date for the Broker Firm Offer (excluding applications in respect of Reinvested RPS) is 10:00am Melbourne time on 31 October 2012.</p> <p>Your completed white paper Broker Firm and General Offer Application Form or personalised yellow paper Reinvestment Application Form and your Application Payment (if applicable) must be received by your Syndicate Broker in accordance with arrangements made between you and your Syndicate Broker.</p> <p>You must NOT return your white paper Broker Firm and General Offer Application Form or personalised yellow paper Reinvestment Application Form to the Registry.</p> <p>Your Syndicate Broker:</p> <ul style="list-style-type: none"> • must have received your completed white paper Broker Firm and General Offer Application Form or personalised yellow paper Reinvestment Application Form and Application Payment in time to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer; and • will act as your agent in processing your white paper Broker Firm and General Offer Application Form or personalised yellow paper Reinvestment Application Form and providing your Application details and Application Payment to Bendigo and Adelaide Bank.
<p>Institutional Offer</p> <p>The Institutional Offer was available to certain Institutional Investors who were invited by a Joint Lead Manager to bid for CPS under the Bookbuild provided that investor was not in the United States.</p>	<p>Applications by Institutional Investors were subject to the terms and conditions of the Bookbuild and this Prospectus.</p>	<p>The Bookbuild was conducted on 28 September 2012.</p>

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	HOW DO I APPLY ONLINE?	HOW DO I APPLY USING A PAPER APPLICATION FORM?
Reinvestment Offer	<p>You can apply online at www.BendigoCPSoffer.com.au. Instructions on how to complete your Application are provided online.</p> <p>You will be required to provide your SRN or HIN.</p> <p>Application Payment is not required for an online application to reinvest some or all RPS you hold in CPS. However, you will be required to pay for any additional CPS using BPAY® – see Section 4.3.2.</p> <p>CHESSE sponsored holders should seek instructions from your broker or controlling participant as to how to reinvest your RPS, however, you can apply online for additional CPS.</p>	<p>You will receive a personalised yellow Reinvestment Application Form accompanying this Prospectus.</p> <p>Instructions on how to complete the yellow Reinvestment Application Form are set out on the form.</p> <p>When applying via a paper Application Form you may pay for any additional CPS using cheque(s) and/or money order(s) – see Section 4.3.2.</p> <p>If you dispose of RPS which you have applied to reinvest, the number of CPS you may be allocated will be reduced to the extent the required number of RPS are not available on 1 November 2012. Otherwise, a separate Application Payment is not necessary as the RPS redemption proceeds will be applied to the CPS Application Payment.</p> <p>If you apply using a paper Application Form, you cannot pay for CPS by BPAY®.</p> <p>Your completed Reinvestment Application Form and Application Payment (if any) must be received by the Registry by the Closing Date for the Reinvestment Offer which is 5:00pm Melbourne time on 25 October 2012.</p> <p>If you are an Eligible RPS Holder and wish to apply through the Broker Firm Offer, refer to the Broker Firm Offer Section for further instructions.</p>

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	HOW DO I APPLY ONLINE?	HOW DO I APPLY USING A PAPER APPLICATION FORM?
Securityholder Offer	<p>You can apply online at www.BendigoCPSoffer.com.au. Instructions on how to complete your Application are provided online.</p> <p>You will be required to provide your SRN or HIN.</p> <p>When applying online, you will be required to pay for CPS using BPAY® – see Section 4.3.2.</p> <p>If you are applying online and paying by BPAY®, you do not need to return a paper Application Form to the Registry.</p>	<p>Eligible holders of Ordinary Shares, BPS, SPS, Capital Notes and Retail Bonds will have received a postcard providing details relating to the Securityholder Offer.</p> <p>Should you wish to apply for CPS under the Securityholder Offer or receive additional information, you can request a free paper copy of this Prospectus and a personalised pink paper Securityholder Application Form either online by following the instructions at www.BendigoCPSoffer.com.au or by contacting the CPS Information Line on 1300 318 082 (within Australia) or +61 3 9415 4866 (International) Monday to Friday 9:00am to 5:00pm Melbourne time.</p> <p>Should you wish to apply under the Securityholder Offer, you will be required to provide your SRN or HIN.</p> <p>Instructions on how to complete the Application Form are set out on the form.</p> <p>When applying via a paper Application Form you may pay for CPS using cheque(s) and/or money order(s) – see Section 4.3.2.</p> <p>If you apply using a paper Application Form, you cannot pay for CPS by BPAY®.</p> <p>Your completed personalised pink paper Securityholder Application Form and Application Payment must be received by the Registry by the Closing Date for the Securityholder Offer which is 5:00pm Melbourne time on 25 October 2012.</p>

	HOW DO I APPLY ONLINE?	HOW DO I APPLY USING A PAPER APPLICATION FORM?
Community Bank® and Customer Offer	<p>You can apply online at www.BendigoCPSoffer.com.au. Instructions on how to complete your Application are provided online.</p> <p>To be eligible for the Community Bank® and Customer Offer you will either be required to provide the name of your Community Bank® branch (if you are an Eligible Community Bank® Director or Shareholder) or customer number (if you are an Eligible Customer).</p> <p>When applying online, you will be required to pay for CPS using BPAY® – see Section 4.3.2.</p> <p>If you are applying online and paying by BPAY®, you do not need to return a paper Application Form to the Registry.</p>	<p>You should complete the blue Community Bank® and Customer Application Form at the back of this Prospectus.</p> <p>Instructions on how to complete the Application Form are set out on the form.</p> <p>To be eligible for the Community Bank® and Customer Offer you will either be required to provide the name of your Community Bank® branch (if you are an Eligible Community Bank® Director or Shareholder) or customer number (if you are an Eligible Customer in the space provided).</p> <p>When applying via a paper Application Form you may pay for CPS using cheque(s) and/or money order(s) – see Section 4.3.2.</p> <p>If you apply using a paper Application Form, you cannot pay for CPS by BPAY®.</p> <p>Your completed blue Community Bank® and Customer Application Form and Application Payment must be received by the Registry by the Closing Date for the Community Bank® and Customer Offer which is 5:00pm Melbourne time on 25 October 2012.</p>
General Offer	<p>You can apply online at www.BendigoCPSoffer.com.au. Instructions on how to complete your Application are provided online.</p> <p>When applying online, you will be required to pay for CPS using BPAY® – see Section 4.3.2.</p> <p>If you are applying online and paying by BPAY®, you do not need to return a paper Application Form to the Registry.</p>	<p>You should complete the white Broker Firm and General Offer Application Form at the back of this Prospectus.</p> <p>Instructions on how to complete the Application Form are set out on the form.</p> <p>When applying via a paper Application Form you may pay for CPS using cheque(s) and/or money order(s) – see Section 4.3.2.</p> <p>If you apply using a paper Application Form, you cannot pay for CPS by BPAY®.</p> <p>Your completed white Broker Firm and General Offer Application Form and Application Payment must be received by the Registry by the Closing Date for the General Offer which is 5:00pm Melbourne time on 25 October 2012.</p>

HOW DO I APPLY USING A PAPER APPLICATION FORM?	
Broker Firm Offer	<p>Broker Firm Applicants who are not Eligible RPS Holders: If you are a client of a Syndicate Broker, you should complete the white Broker Firm and General Offer Application Form and you should contact the Syndicate Broker who has offered you the Broker Firm Allocation for instructions on when and how to submit your Application Form and Application Payment.</p> <p>If you are a Broker Firm Applicant, you can NOT apply online.</p> <p>The Closing Date for the Broker Firm Offer is 10:00am Melbourne time on 31 October 2012 (excluding applications in respect of Reinvested RPS).</p> <p>Broker Firm Applicants who are Eligible RPS Holders: If you are a client of a Syndicate Broker and wish to reinvest your RPS into CPS through your Syndicate Broker, you should complete your personalised yellow paper Reinvestment Application Form and you should contact your Syndicate Broker for instructions on when and how to submit your Application Form (and Application Payment to the extent you have applied for additional CPS).</p> <p>If you are a Broker Firm Applicant, you can NOT apply online.</p> <p>The Closing Date for the Broker Firm Offer for applications in respect of Reinvested RPS is 5:00pm Melbourne time on 25 October 2012.</p> <p>You should submit your Application Form and Application Payment to your Syndicate Broker directly (NOT to the Registry).</p> <p>Your Syndicate Broker:</p> <ul style="list-style-type: none"> • must have received your completed paper Application Form and Application Payment (if applicable) in time to arrange settlement on your behalf by the relevant Closing Date for the Broker Firm Offer; and • will act as your agent in processing your paper Application Form and providing your Application details and Application Payment to Bendigo and Adelaide Bank.
Institutional Offer	<p>Application and settlement procedures for Institutional Investors will be as advised by the Joint Lead Managers.</p>

4.3.2 How to Pay

Applying online	<p>If you apply online, you will be required to make your Application Payment (if applicable) for CPS using BPAY®. Paper Application Forms will not be accepted with a BPAY® payment.</p> <p>BPAY® is an electronic payment service that enables you to pay for your CPS directly from your cheque or savings account online through participating Australian banks, credit unions or building societies. Please note that your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY® and payment cut-off times may vary between different financial institutions. For more information, please see www.bpay.com.au or your own financial institution.</p> <p>To pay for your CPS by BPAY® you should complete the online Application Form by visiting www.BendigoCPSoffer.com.au and following the instructions.</p> <p>You will need to access your financial institution online and you will be required to quote the Biller Code and your unique Customer Reference Number (“CRN”) which will be provided to you upon completion of your online Application Form. It is very important that you enter these correctly. If you are applying online and you do not make your Application Payment by BPAY®, your Application will not be accepted and you will not be issued any CPS.</p> <p>BPAY® payments must be made from an Australian dollar account of an Australian financial institution.</p> <p>Your completed online Application Form and Application Payment must be received by the Registry by the Closing Date.</p>
Applying via a paper Application Form	<p>To apply using the yellow Reinvestment Application Form, pink Securityholder Application Form, blue Community Bank® and Customer Application Form, or white Broker Firm and General Offer Application Form, Application Payments must be in the form of cheque(s) and/or money order(s) drawn on an Australian dollar account of an Australian financial institution. Cash will not be accepted.</p> <p>Your completed Application Form and Application Payment should be sent by mail to the Registry at the address below:</p> <p>Bendigo and Adelaide Bank CPS Offer Computershare Investor Services Pty Limited GPO Box 52 Melbourne VIC 3001</p> <p>such that they are received by the Registry no later than 5:00pm Melbourne time on 25 October 2012.</p> <p>Applications will not be accepted at any Bendigo and Adelaide Bank offices or branches or any other address, or by any other means.</p>

If you are applying as a Broker Firm Applicant you should contact your Syndicate Broker for instructions on how to submit your Application Form and Application Payment.

4.3.3 Brokerage and stamp duty

You do not have to pay brokerage or stamp duty on your Application for CPS. You may have to pay brokerage, but will not have to pay any stamp duty, on any later sale of your CPS on ASX after CPS have been quoted on ASX.

4.3.4 Application Payments held on trust

Until CPS are issued, Bendigo and Adelaide Bank will hold the Application Payments in a trust account. The account will be established and kept solely for the purpose of depositing Application Payments and dealing with those funds in accordance with the Corporations Act. Any interest that accrues in that account will be retained by Bendigo and Adelaide Bank. After CPS are issued to successful Applicants, the Application Payments held on trust will be payable to Bendigo and Adelaide Bank.

4.3.5 Refunds

In the following cases, you will be sent a refund cheque for any Application Payments received as soon as practicable after the Closing Date:

- you are Allocated fewer than the number of CPS you applied for;
- your Application is rejected; or
- the Offer does not proceed for any reason.

No interest will be payable to Applicants on Application Payments and any interest will be retained by Bendigo and Adelaide Bank.

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4.3.6 Role of Syndicate Brokers in the Broker Firm Offer

If you wish to apply under the Broker Firm Offer, your Syndicate Broker will act as your agent in relation to the Offer. Bendigo and Adelaide Bank will not be responsible for any conduct of your Syndicate Broker in connection with the Offer, your Application or your Application Payment.

4.4 Provision of personal information

The information about you included on an Application Form is used for the purposes of processing the Application and, if the Application is successful, to administer your CPS. For information about the acknowledgements and privacy statement in relation to personal information that you provide to Bendigo and Adelaide Bank by completing an Application Form – see Section 8.10.

4.5 Allocation policy and Allotment

4.5.1 Allocation policy

The Allocation policy for Institutional Investors and Syndicate Brokers will be determined after the close of the Bookbuild – see Section 4.5.2.

The Allocation policy for Eligible RPS Holders, Eligible Securityholders, Eligible Community Bank[®] Directors or Shareholders, Eligible Customers and General Applicants will be determined in consultation with the Joint Lead Managers after the Reinvestment Offer, Securityholder Offer, Community Bank[®] and Customer Offer and General Offer Closing Dates when all Applications have been received.

Reinvestment Offer, Securityholder Offer, Community Bank[®] and Customer Offer and General Offer	<p>With the exception of the guaranteed Allocation of one CPS for every RPS reinvested by Eligible RPS Holders under the Reinvestment Offer and the Broker Firm Offer, Bendigo and Adelaide Bank reserves the right in the event of excess demand to Allocate fewer CPS than Eligible RPS Holders, Eligible Securityholders, Eligible Community Bank[®] Directors or Shareholders, Eligible Customers and General Applicants have applied for – and possibly fewer than the minimum Application of 50 CPS or even no CPS.</p> <p>No assurance is given that any Applicant under the Securityholder Offer, Community Bank[®] and Customer Offer or the General Offer will receive an Allocation.</p> <p>If there is excess demand and scaling of Applications occurs, Eligible RPS Holder Applicants under the Reinvestment Offer and the Broker Firm Offer will receive preferential Allocations over Applicants under the Securityholder Offer and Community Bank[®] and Customer Offer, who in turn will receive preferential Allocations over Applicants under the General Offer.</p> <p>In order to be eligible for such preferential Allocations:</p> <ul style="list-style-type: none">• Eligible RPS Holders: you may apply online or complete a personalised yellow Reinvestment Application Form that will accompany the Prospectus;• Eligible Securityholders: you may apply online or complete either a personalised pink paper Securityholder Application Form; and• Eligible Community Bank[®] Directors or Shareholders and Eligible Customers: you may apply online or complete a blue Community Bank[®] and Customer Application Form found at the back of this Prospectus and either provide the name of your Community Bank[®] branch (if you are an Eligible Community Bank[®] Director or Shareholder) or customer number (if you are an Eligible Customer) in the space provided. <p>Bendigo and Adelaide Bank, after consultation with the Joint Lead Managers, has absolute discretion to determine the method and extent of any priority Allocation.</p>
Institutional Offer	Allocations to Institutional Investors will be agreed by the Joint Lead Managers and Bendigo and Adelaide Bank.
Broker Firm Offer	Allocations to Syndicate Brokers will be agreed by the Joint Lead Managers and Bendigo and Adelaide Bank. Allocations to Broker Firm Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker.

4.5.2 Bookbuild

The Bookbuild is a process that was conducted by the Joint Lead Managers in consultation with Bendigo and Adelaide Bank before the Opening Date to determine the Margin and firm Allocations of CPS to Bookbuild participants. In this process, the Bookbuild participants were invited to submit bids for a number of CPS within an indicative Margin range of 5.00% to 5.50%. On the basis of those bids, the Joint Lead Managers and Bendigo and Adelaide Bank determined the Margin as well as the firm Allocations to Syndicate Brokers and Institutional Investors.

The Bookbuild was conducted in the manner contemplated in this Prospectus and otherwise on the terms and conditions agreed to by Bendigo and Adelaide Bank and the Joint Lead Managers in the Offer Management Agreement – see Section 8.6.

4.5.3 Settlement support

The Joint Lead Managers have agreed with Bendigo and Adelaide Bank to provide settlement support for the number of CPS Allocated to Institutional Investors and Syndicate Brokers under the Bookbuild. Settlement support means that if any of the Institutional Investors or Syndicate Brokers fail to pay the aggregate Issue Price to Bendigo and Adelaide Bank by the settlement date for the Institutional Offer and the Broker Firm Offer (which is the Business Day prior to the Issue Date), the Joint Lead Managers will be issued with and must pay for those CPS.

Under the Offer Management Agreement, as part of this settlement support, the Joint Lead Managers will pay to Bendigo and Adelaide Bank, or procure payment to Bendigo and Adelaide Bank, the aggregate proceeds raised from Institutional Investors and Syndicate Brokers under the Bookbuild (taking into account the application of RPS Redemption proceeds under the Reinvestment Offer) by the Settlement Date, which is the Business Day prior to the Issue Date.

The Offer Management Agreement may be terminated by the Joint Lead Managers in certain circumstances – see Section 8.6. If the Offer Management Agreement is terminated by all of the Joint Lead Managers, Syndicate Brokers and Institutional Investors who participate in the Bookbuild can withdraw their firm Allocations. For details of the fees payable under the Offer Management Agreement see Section 9.2.

4.5.4 Allotment

Bendigo and Adelaide Bank intends to issue 2.1 million CPS at an Issue Price of \$100 each, to raise \$210 million, with the ability to raise more or less.

Bendigo and Adelaide Bank will not issue any CPS until it has been granted approval for CPS to be quoted on ASX and all proceeds from accepted Applications have been received by Bendigo and Adelaide Bank. CPS will be issued on the Issue Date which is 1 November 2012. Bendigo and Adelaide Bank may agree with the Joint Lead Managers to change the Closing Dates for the Offer and the Issue Date or may withdraw the Offer at any time before Allotment.

4.6 Quotation, Holding Statements and Other Information

4.6.1 ASX Quotation

Bendigo and Adelaide Bank has applied to ASX for CPS to be quoted on ASX. If ASX does not grant permission for CPS to be quoted within three months after the date of this Prospectus (or any longer period permitted by law), CPS will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

It is expected that CPS will be quoted under ASX code “BENPD”.

4.6.2 Commencement of trading of CPS on ASX

It is expected that CPS will begin trading on ASX on a deferred settlement basis on 1 November 2012 until despatch of Holding Statements is completed, which is expected to occur by 7 November 2012. Trading of CPS is expected to commence on a normal settlement basis on 8 November 2012. Deferred settlement will occur as a consequence of trading which takes place before Holding Statements are despatched to successful Applicants.

You are responsible for confirming your holding before trading in CPS. If you are a successful Applicant and sell your CPS before receiving your Holding Statement, you do so at your own risk.

To assist you in determining your Allocation prior to receipt of your Holding Statement, Bendigo and Adelaide Bank will announce the basis of Allocation by placing advertisements in major national and metropolitan newspapers in Australia on or before 1 November 2012. After the basis of Allocation has been determined, you may also 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 to seek information regarding your Allocation or alternatively you may contact your Syndicate Broker after the Issue Date.

4.6.3 Holding statements

Bendigo and Adelaide Bank has applied for CPS to participate in CHESS. No certificates will be issued for CPS. Following the Allotment of CPS to successful Applicants, Holders will be sent a Holding Statement that sets out the number of CPS they have been allocated in the Offer.

Bendigo and Adelaide Bank expects that Holding Statements for issuer sponsored holders and confirmations for CHESS holders will be despatched to successful Applicants by 7 November 2012.

4.6.4 Provision of bank account details for Dividends

Bendigo and Adelaide Bank's current policy is that Dividends will be paid in Australian dollars by cheque, unless the Holder nominates direct credit into nominated Australian financial institution accounts (excluding credit card accounts), for Holders with a registered address in Australia.

For all other Holders, Bendigo and Adelaide Bank's current policy is that Dividends will be paid by Australian dollar cheque.

4.6.5 Tax File Number and/or Australian Business Number

Investors who have not already provided their Tax File Number ("TFN") or Australian Business Number ("ABN") to Bendigo and Adelaide Bank will be given an opportunity to do so after CPS are Allotted.

You do not have to provide your TFN or ABN. However, Bendigo and Adelaide Bank may be required to withhold Australian tax at the maximum marginal tax rate (currently 46.5% including the Medicare levy) on the amount of any Dividends in respect of your CPS, and will not provide you with any additional payments in respect of that withholding, if you do not provide any one of your:

- TFN;
- TFN exemption details (if applicable); or
- ABN (if CPS are held in the course of an enterprise carried on by a Holder).

Successful Applicants who do not have an address in Australia registered with the Registry, or who direct the payment of any Dividend to an address outside of Australia, may have an amount deducted for Australian withholding tax from any Dividend paid, to the extent that the Dividend is not fully franked.

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5. About Bendigo and Adelaide Bank

5.1 Bendigo and Adelaide Bank

Bendigo and Adelaide Bank is a public company listed on ASX and registered in Victoria under the Corporations Act. Bendigo and Adelaide Bank converted from a building society to a bank on 1 July 1995. At the time of conversion, Bendigo and Adelaide Bank was Victoria's largest building society and Australia's oldest, having operated as a building society for 137 years. Over the last 20 years Bendigo and Adelaide Bank has grown considerably, both organically and as a result of strategic acquisitions, most notably its merger with Adelaide Bank Limited in 2007. Bendigo and Adelaide Bank has headquarters in Bendigo, Victoria and Adelaide, South Australia with the registered office based in Bendigo.

Bendigo and Adelaide Bank provides banking and financial services primarily to retail customers and small to medium sized businesses. The principal activities of Bendigo and Adelaide Bank and its controlled entities are the provision of a range of banking and other financial services, including retail banking, mortgages distributed through third-parties, business lending, margin lending, business banking and commercial finance, invoice discounting, funds management, treasury and foreign exchange services (including trade finance), superannuation, financial advisory and trustee services. Bendigo and Adelaide Bank is regulated by APRA.

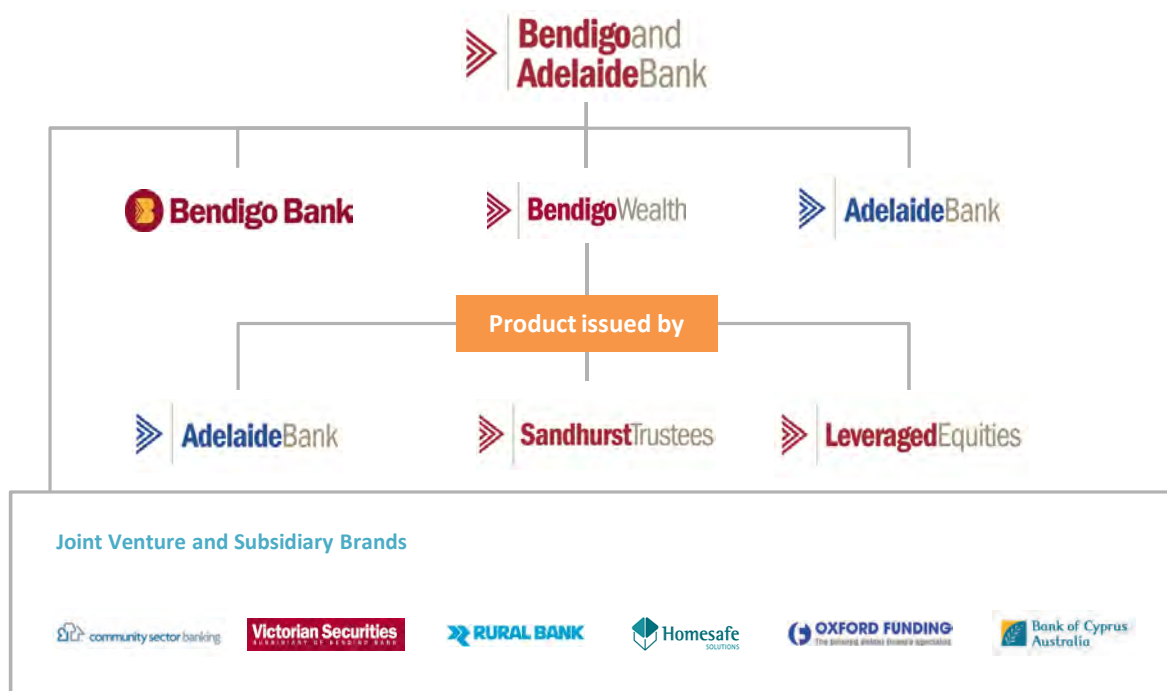
Bendigo and Adelaide Bank has more than 485 branches, including approximately 295 **Community Bank**[®] branches. For the 2012 financial year, retail deposits increased 10.8% and comprised approximately 80% of Bendigo and Adelaide Bank's total funding. Bendigo and Adelaide Bank will continue to leverage its retail distribution network as existing branches mature and as more branches are opened.

As at 30 June 2012, Bendigo and Adelaide Bank had an asset base of \$57.2 billion and for the 12 months ending 30 June 2012 Bendigo and Adelaide Bank's net profit attributable to equity holders decreased 43.0% (compared with the previous 12 months) to \$195.0 million.

Bendigo and Adelaide Bank's activities are conducted under a multi-brand strategy (see Section 5.1.1) however they can be divided into three main business segments: Retail Banking, Wealth and Third Party Banking.

5.1.1 Bendigo and Adelaide Bank's multi-brand strategy

Our multi-brand strategy



5.1.2 Retail Banking

Bendigo and Adelaide Bank's retail arm provides banking, wealth and risk management services to households and small to medium sized businesses. It is represented in all states and territories with almost 900 outlets, including more than 190 company-owned branches, approximately 295 locally-owned **Community Bank**[®] branches, 100 agencies and 2160 ATMs.

The **Community Bank**[®] branches engage and involve communities in securing access to branch banking services. Essentially, a local publicly owned company invests in the right to operate a Bendigo and Adelaide Bank branch. Bendigo and Adelaide Bank supplies all banking and back office services while the community company operates the retail outlet. Revenue is shared, enabling communities to profit from their own banking and channel those profits back into community enterprise and development.

Bendigo and Adelaide Bank continues its tradition of adding value for customers through quality personal service and a philosophy of giving back to those communities in which it operates.

5.1.3 Third-Party Banking

Bendigo and Adelaide Bank operates a substantial third-party banking business on a partner-centric business model, leveraging key strategic alliances and partnerships with mortgage brokers, mortgage managers, stockbrokers, financial planners and other third parties throughout Australia.

The third-party banking business has established itself as a product innovator specialising in loan product development, processing and wholesaling.

5.1.4 Wealth

The wealth business includes Bendigo and Adelaide Bank's funds management business, Sandhurst Trustees and its margin lending business, Leveraged Equities.

Sandhurst Trustees provide wealth management products and services, including managed funds, common funds, cash management accounts, superannuation and wills and estate management.

Sandhurst Trustees products are distributed to customers by third party financial advisers, with selected products available to customers through Bendigo and Adelaide Bank's retail arm.

Leveraged Equities is one of Australia's oldest and longest continuously operating margin lending firms. Founded in 1991, Leveraged Equities has built a foundation of private banking style account management service, combined with innovative and responsive product offerings, including margin loans and investment loans.

5.1.5 Operating subsidiaries

In addition to the above, Bendigo and Adelaide Bank has a number of operating subsidiaries that contribute to Bendigo and Adelaide Bank's overall profit performance. The largest of these is Rural Bank, which provides specialist banking services to the farming sector, with products available through more than 240 Elders branches Australia-wide.

Bendigo and Adelaide Bank also acquired the Bank of Cyprus Australia operations in February 2012. Bank of Cyprus Australia is a bank focussed on Greek and Cypriot communities through a network of 14 branches located in New South Wales, Victoria and South Australia, with an asset base of \$1.4 billion. The assets of Bank of Cyprus Australia were transferred to Bendigo and Adelaide Bank in August 2012. Bendigo and Adelaide Bank intends to maintain Bank of Cyprus Australia as a separate business.

5.1.6 Joint venture businesses

Bendigo and Adelaide Bank's joint venture businesses include Community Sector Banking (banking to Australia's not for profit sector), Homesafe Solutions (promoter and distributor of equity release products), Community Telco Australia (Telecommunications) and Strategic Payment Services (electronic payment services).

5.2 Bendigo and Adelaide's business strategy

Bendigo and Adelaide Bank is a retail-focussed domestic Australian bank with a low risk appetite and conservative lending profile.

Our vision is to be Australia's leading customer connected bank. We aim to achieve this vision of providing a banking alternative by focusing upon a number of key principles:

- Our strength comes from our focus on the success of our customers, people, partners and communities;
- We take a 100-year view of the business;
- We listen;
- We respect every customer's choice, needs and objectives; and
- We partner for sustainable long-term outcomes.

Between 1993 and 2000, more than 2050 bank branches closed across Australia. These closures represented a 29% reduction in branch numbers in just seven years and many communities were left without branch banking facilities. Bendigo Bank identified this trend and recognised the impact the reduction in branch numbers was having on communities, and so in consultation with communities, the Community Bank[®] branch model was established.

The Community Bank[®] model is a reverse-enquiry franchise with the community owning the rights to operate a Bendigo Bank branch. The first Community Bank[®] branch was established in 1998.

Community Bank[®] branches provide communities with the certainty of banking services and enables communities to bank the way they want. The community raises funds as capital for the new branch, with community members sitting on the board of their respective branch and largely volunteer their time. Bendigo and Adelaide Bank provides all the banking infrastructure, support and staff training to the Community Bank[®] branches, and the Community Bank[®] branch and Bendigo and Adelaide Bank share all branch revenue. Through the potential to share in branch revenues, communities have the opportunity to generate profits which can be returned to support and develop the community via dividends to shareholders and grants to community projects.

Over the past 14 years the network has grown to 295 branches, with demand for up to 40 new branches at any time.

With Bendigo and Adelaide Bank's strength in its retail banking channel, it has a strong network of Bendigo Bank branded Community Banks[®] and company owned branches throughout Australia. With industry leading customer satisfaction and brand advocacy, Bendigo and Adelaide Bank is able to leverage this to achieve above system growth in both deposits and housing lending throughout the retail network.

Products and services are also distributed under the Adelaide Bank brand, with mortgages and wealth products distributed via third party channels such as mortgage managers, mortgage brokers and financial planners.

Bendigo Wealth is the wealth management division of Bendigo and Adelaide Bank. Products such as managed funds, cash management, superannuation and margin lending are distributed through subsidiaries Sandhurst Trustees, Leveraged Equities and the Adelaide Bank brand.

Bendigo and Adelaide Bank's rural products are originated through its Rural Bank brand, which provides specialised banking services to primary producers and agribusiness participants, with products distributed through Elders Rural Services branches, Ray White Rural, Australia Post and Bendigo Bank branches.

Bank of Cyprus Australia was recently acquired in February 2012, with a focus on Greek and Cypriot communities across New South Wales, Victoria and South Australia. Bank of Cyprus Australia is the largest Hellenic bank in Australia with a strong track record of growth driven by successful community engagement and customer satisfaction.

5.3 Financial results

The summary financial information presented in this Section has been extracted from Bendigo and Adelaide Bank's audited financial statements for the year ended 30 June 2011 and the year ended 30 June 2012.

The financial information presented in this Section has been presented in abbreviated form and does not contain all of the disclosures usually provided in an annual report prepared in accordance with the Corporations Act.

Bendigo and Adelaide Bank is a disclosing entity for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These include continuous disclosure obligations.

Bendigo and Adelaide Bank's most recent audited financial report was the annual financial report for the year ended 30 June 2012, a copy of which can be obtained from www.bendigoadelaide.com.au and www.asx.com.au.

It is recommended that the annual financial report be read in conjunction with any announcements made by Bendigo and Adelaide Bank and its controlled entities since 30 June 2012 in accordance with Bendigo and Adelaide Bank's continuous disclosure obligations.

5.3.1 Consolidated Income Statement for year end 30 June 2012

The following table sets out Bendigo and Adelaide Bank's audited consolidated income statements for the years ended 30 June 2011 and 30 June 2012.

The notes to the audited consolidated income statements are set out in the annual financial report for the year ended 30 June 2011 and the annual financial report for the year ended 30 June 2012.

	Consolidated	
	2012 \$m	2011 \$m
Income		
Net Interest income		
Interest income	3,434.8	3,385.8
Interest expense	2,490.7	2,450.6
Total Net interest income	944.1	935.2
Other revenue		
Dividends	7.8	7.2
Fees	177.2	174.7
Commissions	43.6	38.8
Other revenue	52.1	74.3
Total other revenue	280.7	295.0
Other income		
Ineffectiveness in cash flow hedges	(13.0)	2.6
Other	0.4	(0.2)
Total other income	(12.6)	2.4
Share of joint ventures net profit/(losses)	0.7	3.4
Total income after interest expense	1,212.9	1,236.0

	Consolidated	
	2012 \$m	2011 \$m
Expenses		
Bad and doubtful debts on loans and receivables		
Bad and doubtful debts	36.8	48.5
Bad and doubtful debts recovered	(4.4)	(4.3)
Total bad and doubtful debts on loans and receivables	32.4	44.2
Other expenses		
Staff and related costs	387.8	375.0
Occupancy costs	65.6	62.3
Amortisation of intangibles	44.0	41.7
Property, plant & equipment costs	11.4	11.5
Fees and commissions	30.4	26.7
Impairment loss on goodwill	95.1	–
Impairment loss on held for sale assets	3.8	–
Accounting loss on disposal of securitisation notes	–	14.7
Write-down of impaired intangible software	–	26.6
Recovery of GST payments	–	(15.3)
Integration costs	2.7	7.2
Employee shares gain/(loss)	1.1	(1.4)
Other	212.5	218.3
Total other expenses	854.4	767.3
Profit before income tax expense	326.1	424.5
Income tax expense	(131.1)	(77.9)
Net profit for the period	195.0	346.6
Net (profit) attributable to non-controlling interest	–	(4.5)
Net profit attributable to owners of the parent	195.0	342.1
Earnings per share for profit attributable to the ordinary equity holders of the parent:		
Basic earnings per ordinary share (cents per share)	48.6	91.5
Diluted earnings per ordinary share (cents per share)	47.7	86.4
Franked dividends per ordinary share (cents per share)	60.0	60.0

5.3.2 Pro-forma consolidated Balance Sheet as at 30 June 2012

The following table sets out the consolidated balance sheet of Bendigo and Adelaide Bank as at 30 June 2012 (in the column headed 'Reported full year June 2012'), and the consolidated pro-forma balance sheet (in the column headed 'Pro-forma full year June 2012'). The notes to the consolidated balance sheet are set out in Bendigo and Adelaide Bank's annual financial report for the year ended 30 June 2012. The pro-forma consolidated balance sheet is unaudited and has been prepared using the relevant accounting policies as disclosed in the 30 June 2012 annual financial report and based on the following assumptions:

- Pro-forma adjustments prior to the Offer:
 - payment of \$118.1 million of final dividend on Ordinary Shares on 28 September 2012;
 - issuance of \$26.8 million of Ordinary Shares on 28 September 2012 pursuant to Bendigo and Adelaide Bank's dividend reinvestment plan, employee share grant and bonus share scheme; and
 - a decrease of \$1.1 million in the value of Bendigo and Adelaide Bank's employee share ownership plan ("ESOP") reflecting the value of dividends.
- Pro-forma adjustments related to the Offer and RPS:
 - \$210 million raised through the Offer less net issue costs of \$8 million.
 - the redemption of \$89.5 million of RPS.

\$ million	Reported full year June 2012	Pro-forma adjustments prior to the Offer	Pro-forma adjustments related to the Offer	Pro-forma full year June 2012	Note
Assets					
Cash and cash equivalents	288.8	(92.8)	112.5	308.5	1,2
Due from other financial institutions	272.2			272.2	
Financial assets held for trading	4,366.1			4,366.1	
Financial assets available for sale – debt securities	444.8			444.8	
Financial assets held to maturity	388.4			388.4	
Other assets	509.7			509.7	
Financial assets available for sale – equity investments	124.7			124.7	
Derivatives	48.5			48.5	
Loans and other receivables – investment	453.0			453.0	
Net loans and other receivables	48,217.0			48,217.0	
Investments in joint ventures accounted for using the equity method	12.9			12.9	
Property, plant & equipment	69.0			69.0	
Deferred tax assets	170.2			170.2	
Investment property	298.9			298.9	
Assets held for sale	25.4			25.4	
Intangible assets and goodwill	1,548.2			1,548.2	
Total Assets	57,237.8	(92.8)	112.5	57,257.5	

\$ million	Reported full year June 2012	Pro-forma adjustments prior to the Offer	Pro-forma adjustments related to the Offer	Pro-forma full year June 2012	Note
Liabilities					
Due to other financial institutions	327.2			327.2	
Deposits	44,572.7			44,572.7	
Notes payable	6,411.0			6,411.0	
Derivatives	179.0			179.0	
Other payables	731.8			731.8	
Income tax payable	86.8			86.8	
Provisions	80.7			80.7	
Deferred tax liabilities	104.5			104.5	
Reset preference shares	89.5		(89.5)	–	2
Convertible preference shares	–		202.0	202.0	2
Subordinated debt – at amortised cost	436.9			436.9	
Total Liabilities	53,020.1	–	112.5	53,132.6	
Net Assets	4,217.7	(92.8)	–	4,124.9	
Equity					
<i>Equity attributable to equity holders of the parent</i>					
Issued capital – ordinary	3,681.8	26.8		3,708.6	3
Perpetual non-cumulative redeemable convertible preference shares	88.5			88.5	
Step up preference shares	100.0			100.0	
Employee Share Ownership Plan (ESOP) shares	(21.3)	1.1		(20.2)	4
Reserves	72.2			72.2	
Retained earnings	296.5	(120.7)		175.8	5
Total Equity	4,217.7	(92.8)	–	4,124.9	

1. Decrease in cash and cash equivalents relates to the payment of the final dividend on Ordinary Shares to be paid on 28 September 2012.
2. Assumes the issue of \$210 million of CPS with net issue costs of \$8 million, adjusted for the redemption of \$89.5 million of RPS.
3. The increase in share capital relates to the issue of \$26.8 million of Ordinary Shares on 28 September 2012 pursuant to Bendigo and Adelaide Bank's dividend reinvestment plan, employee share grant and bonus share scheme.
4. The decrease in the value of ESOP shares reflects the value of dividends reducing the outstanding value of staff loans over these shares.
5. The decrease in retained profits relates to the \$118.1 million final dividend on Ordinary Shares to be paid on 28 September 2012 and issuance of shares under the bonus share scheme.

5.4 Capital adequacy

5.4.1 Prudential requirements

APRA is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance companies, friendly societies and most members of the superannuation industry. APRA's website at www.apra.gov.au includes further details of its functions and Prudential Standards.

Bendigo and Adelaide Bank is regulated by APRA because of its status as an Authorised Deposit-taking Institution ("ADI"). APRA's Prudential Standards aim to ensure that ADIs (including Bendigo and Adelaide Bank) remain adequately capitalised to support the risks associated with their activities and to generally protect Australian depositors.

Bendigo and Adelaide Bank must currently comply with Basel II which is the common name for a framework issued by the Bank of International Settlements' Basel Committee on Banking Supervision ("Basel Committee") for the calculation of capital adequacy for banks worldwide. The objective of the Basel II framework is to develop capital requirements that are more accurately aligned with the individual risk profile of banks. The Basel II framework is based on three "pillars":

- Pillar one covers the capital requirements for banks;
- Pillar two covers the supervisory review process; and
- Pillar three relates to market disclosure.

Bendigo and Adelaide Bank remains on the Standardised approach for credit and operational risk under Basel II. Bendigo and Adelaide Bank has, however, initiated a project to explore the possibility of progressing to the Advanced approach under Basel II. Whether this project will proceed, and whether approval would be granted from APRA to adopt the Advanced approach, has not yet been determined.

The Basel Committee has released a series of consultation papers which propose changes to the Basel II framework ("**Basel III**") – details are set out below in Section 5.4.2.

The effect of the Offer on Bendigo and Adelaide Bank's capital adequacy ratio is set out in Section 5.4.5.

5.4.2 Details of proposed regulatory changes (Basel III)

The Basel Committee has released the Basel III proposals with the aim of strengthening the global capital and liquidity framework to improve the banking sector's ability to absorb shocks arising from financial and economic stress.

The consultation papers aim to increase the quality, quantity, consistency and transparency of banks' capital bases, while strengthening the risk coverage of the capital framework. In March 2012, APRA released five draft prudential standards regarding the implementation of Basel III for public consultation.

The key changes proposed include:

- increasing the minimum level of capital, with new minimum capital targets for Common Equity Tier 1 (4.5%), Tier 1 Capital (6.0%) and Total Capital (8.0%) which under APRA's guidelines will be effective in Australia from 1 January 2013;
- increasing the capital buffers that banks are required to hold for stress scenarios and to dampen the impact of pro cyclical elements of the current prudential regulations. A capital conservation buffer of 2.5% and a counter cyclical buffer of between 0.0% and 2.5% will be introduced from 1 January 2016 in Australia. Failure to maintain the full capital buffers will result in limitations on the amount of current year earnings that can be paid as discretionary bonuses and to holders of Tier 1 and Tier 2 Capital instruments as coupons and capital returns;
- increasing Common Equity Tier 1 deductions, although a number of the proposals are consistent with the current APRA Prudential Standards and in some cases are less onerous than APRA's current Prudential Standards;
- increasing the focus on Common Equity Tier 1 Capital and tightening the regulations for Additional Tier 1 and Tier 2 Capital instruments, including that at the time of 'non viability' of a bank, these instruments will be written off or converted into ordinary shares. Existing Residual Tier 1 Capital and Tier 2 Capital instruments that do not have these requirements will be phased out between 2013 and 2022;
- supplementing the risk adjusted capital ratio targets with the introduction of a minimum leverage ratio (Tier 1 Capital divided by adjusted total assets including off balance sheet exposures) of 3.0% to be disclosed from 1 January 2015 and a pillar one requirement from 1 January 2018;
- introducing measures to address the impact of systemic risk and inter-connectedness risk;
- improving transparency of reporting capital ratio calculations in the financial statements; and
- increasing the capital requirements for traded market risk, credit risk and securitisation transactions (although in some cases these are less onerous than APRA's current Prudential Standards).

In addition, in November 2011, APRA published discussion paper and draft prudential standards relating to the implementation of the Basel III funding and liquidity reforms in Australia. It is expected that APRA will publish a final set of prudential standards by the end of 2012.

5.4.3 Prudential capital classification

APRA currently classifies an ADI's regulatory capital into two tiers for its supervisory purposes – referred to as Tier 1 Capital and Tier 2 Capital.

Tier 1 Capital consists of Fundamental Tier 1 Capital and Residual Tier 1 Capital less Tier 1 Capital Deductions. Fundamental Tier 1 Capital includes paid up ordinary shares, general reserves and retained earnings, together with minority interests, but excludes retained earnings and reserves of subsidiaries and associates that are not consolidated for capital adequacy purposes, and expected dividend payments (net of expected dividend reinvestment) that have yet to be accrued in the financial statements.

On 30 March 2012, APRA released a letter entitled "Interim Arrangements for Additional Tier 1 Capital Instruments" ("**Interim Arrangements**") which provided certainty for ADI's wishing to issue capital instruments before the final prudential standards come into effect on 1 January 2013. Subject to APRA's approval, an Additional Tier 1 capital instrument in compliance with the draft prudential standards released on 30 March 2012 may be fully recognised as Additional Tier 1 capital until its first call date. If APRA determines that the instrument complies with the final APRA prudential standards, it will continue to be recognised as Additional Tier 1 capital.

APRA has provided confirmation that CPS will, once issued, be eligible for inclusion in Bendigo and Adelaide Bank's Residual Tier 1 Capital base under the Basel II regulations and pursuant to APRA's Interim Arrangements, CPS will be treated as Additional Tier 1 Capital post APRA's implementation of the Basel III reforms on 1 January 2013. If CPS is assessed as not complying with the final prudential standards, it must be derecognised as Additional Tier 1 capital from its first call date, being 13 December 2017.

5.4.4 Capital management strategy

Bendigo and Adelaide Bank seeks to maintain a conservative and prudent capital base that adequately supports the risks being taken through the normal operation of the business. This includes providing for effective and efficient capital buffers to protect depositors and investors, and allowing the business to grow. The capital management strategy also plans and manages for changes in business conditions – through normal business cycles, regulatory and legislative change and through mergers and/or acquisitions. The capital management strategy is designed to ensure that minimum capital standards are met, and that management is afforded the greatest flexibility in pursuing its business objectives.

5.4.5 Pro-forma Level 2 capital adequacy position as at 30 June 2012

The following table sets out the Level 2 pro-forma capital adequacy position based on the consolidated balance sheet of Bendigo and Adelaide Bank as at 30 June 2012, under the current prudential standards, and based on the assumptions noted in the pro-forma balance sheet in Section 5.3.2.

\$ million	Reported full year June 2012	Pro-forma adjustments prior to the Offer	Pro-forma adjustments related to the Offer	Pro-forma full year June 2012	Note
Tier 1					
Contributed capital	3,681.8	26.8		3,708.6	1
Retained profits & reserves	101.3	(26.8)		74.5	1
Innovative Tier 1 capital	277.9		(89.5)	188.4	2
Non-innovative Tier 1 capital	–		202.0	202.0	2
Less					
Intangible assets, cash flow hedges and capitalised expenses	1,583.9			1,583.9	
Net deferred tax assets	–			–	
50/50 deductions	8.5			8.5	
Other adjustments – APS 120 securitisation	92.4			92.4	
Total Tier 1 capital	2,376.2	–	112.5	2,488.7	
Tier 2					
General reserve for credit losses/collective provision (net of tax effect)	144.4			144.4	
Subordinated debt	434.6			434.6	
Asset revaluation reserves	1.9			1.9	
Less					
50/50 deductions	8.5			8.5	
Total Tier 2 capital	572.4	–	–	572.4	
Total qualifying capital	2,948.6	–	112.5	3,061.1	
Total risk weighted assets	28,310.1			28,310.1	
Risk weighted capital ratios					
Tier 1	8.39%			8.79%	
Tier 2	2.02%			2.02%	
Total capital ratio	10.41%			10.81%	

1. The increase in share capital relates to the issue of \$26.8 million of Ordinary Shares on 28 September 2012 pursuant to the dividend reinvestment plan, employee share grant and bonus share scheme.

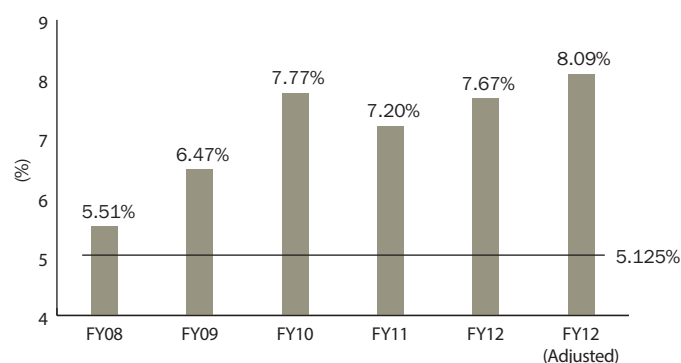
2. Assumes the issue of \$210 million of CPS with net issue costs of \$8 million, adjusted for the redemption of \$89.5 million of RPS.

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5.4.6 Bendigo and Adelaide Bank's Level 2 Common Equity Tier 1 Ratio

- Based on the APRA Draft Prudential Standards concerning upcoming Basel III calculations, Bendigo and Adelaide Bank estimates that its Common Equity Tier 1 Ratio as at 30 June 2012 on a Basel III basis was 7.67%.
- In addition, since 30 June 2012 Bendigo and Adelaide Bank has undertaken capital initiatives that provide additional core capital, resulting in an adjusted Common Equity Tier 1 Ratio of 8.09% as at 30 June 2012.
- The adjusted Common Equity Tier 1 Ratio of 8.09% implies \$839 million of Common Equity above the required Common Equity Trigger Event Tier 1 Ratio level of 5.125%.
- The graph below illustrates Bendigo and Adelaide Bank's historical Common Equity Tier 1 Ratio under APRA's draft prudential standards from Basel III.

Bendigo and Adelaide Bank's Level 2 Common Equity Tier 1 Ratio¹



1. Bendigo and Adelaide Bank's financial year denoted "FY" above, finishes on 30 June of each calendar year. The Common Equity Tier 1 Ratio is based on APRA's draft prudential standards from Basel III.

- The adjusted FY12 Common Equity Tier 1 Ratio in the above diagram reflects an increase in capital from the sale of Bendigo and Adelaide Bank's shareholding in IOOF and sale of its holding of subordinated notes in the Torrens RMBS programme since 30 June 2012. These adjustments have not been included in the pro-forma consolidated Balance Sheet in Section 5.3.2 and the pro-forma consolidated capital adequacy position in Section 5.4.5. No other pro-forma adjustments are reflected in the above diagram.
- The increase in the Common Equity Tier 1 Ratio from FY11 to FY12 is primarily due to the ~\$195 million of equity raised in conjunction with the acquisition of Bank of Cyprus Australia.
- The reduction in the Common Equity Tier 1 Ratio between FY10 and FY11 is primarily due to the acquisition of the remaining 40% stake in Rural Bank from Elders that Bendigo and Adelaide Bank did not previously own in December 2010 and changes to APRA's interpretation of the prudential standards relating to securitisation exposures (APS 120).
- The above graph is for illustrative purposes only and does not indicate, guarantee or forecast Bendigo and Adelaide Bank's Common Equity Tier 1 Ratio. The ratio may be higher or lower and may be impacted by unexpected events affecting Bendigo and Adelaide Bank's business, operations and financial condition.

5.5 Funding and liquidity approach

Liquidity risk is the risk that Bendigo and Adelaide Bank will be unable to meet its payment obligations when they fall due under normal and stressed circumstances.

Group Treasury is responsible for implementing liquidity risk management strategies in accordance with approved policies and adherence is monitored by the Asset and Liability Management Committee (ALMAC) and the Board Risk Committee. This includes maintaining prudent levels of liquid reserves and a diverse range of funding options to meet daily, short-term and long-term liquidity requirements.

Liquidity scenarios are calculated under stressed and normal operating conditions to assist in anticipating cash flow needs and providing adequate reserves.

Bendigo and Adelaide Bank maintains a portfolio of high quality assets that can be liquidated and readily converted to cash in the event of an unforeseen interruption of cash flow. Bendigo and Adelaide Bank also maintains a significant amount of contingent liquidity in the form of internal securitisation whereby the collateral can be presented to the RBA for cash in extraordinary circumstances such as systemic liquidity issues. The liquidity position is assessed and managed under a stressed name specific scenario as well as under going concern conditions. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities, set to reflect market conditions. Net liquid assets consist of cash, short term bank deposits and liquid debt securities available for immediate sale, less deposits and other issued securities and borrowings due to mature within the next month.

6. Investment Risks

This Section describes some of the potential risks associated with an investment in CPS and in Bendigo and Adelaide Bank.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. There is no guarantee or assurance that the importance of different risks will not change or other risks emerge. Before applying for CPS, you should consider whether CPS are a suitable investment for you. There are risks associated with an investment in CPS and in Bendigo and Adelaide Bank, many of which are outside the control of Bendigo and Adelaide Bank and its Directors. These risks include those in this Section and other matters referred to in this Prospectus.

6.1 Risks associated with investing in CPS

6.1.1 Market price and liquidity

Bendigo and Adelaide Bank has applied for quotation of CPS on ASX, but Bendigo and Adelaide Bank is unable to forecast the market price and liquidity of the market for CPS. The market price for CPS may fluctuate due to various factors, including general movements in:

- Australian and/or international economic conditions;
- interest rates, credit margins and equity markets;
- investor perceptions;
- the market price of Ordinary Shares; and
- factors which may affect Bendigo and Adelaide Bank's financial performance and position.

Volatility risk is the potential for fluctuations in the market price of CPS (and securities more generally), sometimes markedly and over a short period. Investing in volatile conditions implies a greater level of volatility risk for investors than an investment in a more stable market.

It is possible that CPS may trade at a market price below the Issue Price.

There may be no liquid market for CPS. The market for CPS may be less liquid than the market for Ordinary Shares or comparable securities issued by Bendigo and Adelaide Bank or other entities. Holders who wish to sell their CPS may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for CPS.

CPS are expected to Convert into Ordinary Shares on 13 December 2019 (subject to certain conditions being satisfied) unless CPS are otherwise Exchanged on or before that date. Where CPS are Converted, there may be no liquid market for Ordinary Shares at the time of Conversion or the market for Ordinary Shares may be less liquid than that for comparable securities issued by other entities at the time of Conversion.

6.1.2 Exposure to Bendigo and Adelaide Bank's financial performance and position

If Bendigo and Adelaide Bank's financial performance or position declines, or if market participants anticipate that it may decline, an investment in CPS could decline in value even if CPS have not been Converted.

Accordingly, when you evaluate whether to invest in CPS you should carefully evaluate the investment risks associated with an investment in Bendigo and Adelaide Bank – see Sections 5 and 6.2.

6.1.3 Changes in Dividend Rate

The Dividend Rate is calculated for each Dividend Period by reference to the Bank Bill Rate, which is influenced by a number of factors and varies over time. The Dividend Rate will fluctuate (both increasing and decreasing) over time as a result of movements in the Bank Bill Rate – see Sections 2.3.2 and 2.3.3.

As the Dividend Rate fluctuates, there is a risk that it may become less attractive when compared to the rates of return available on comparable securities issued by Bendigo and Adelaide Bank or other entities.

Bendigo and Adelaide Bank does not guarantee any particular rate of return on CPS.

6.1.4 Dividends may not be paid

There is a risk that Dividends will not be paid. CPS do not oblige Bendigo and Adelaide Bank to pay Dividends.

The payment of Dividends is subject to the Payment Tests – see Section 2.3.7. The Payment Tests require, among other things, that the Directors, at their absolute discretion, resolve to pay a Dividend. There is

a risk that one or more elements of the Payment Tests will not be satisfied, and there is therefore a risk that a Dividend may not be paid in full or at all.

Further, the payment of Dividends is subject to Bendigo and Adelaide Bank's capital ratios being above those required from time to time by APRA after the payment.

The CPS Terms contain no events of default and, accordingly, failure to pay a Dividend when scheduled will not constitute an event of default. Further, in the event that Bendigo and Adelaide Bank does not pay a Dividend when scheduled, a Holder has no right to apply for Bendigo and Adelaide Bank to be wound up, or placed in administration, or to cause a receiver or a receiver and manager to be appointed merely on the grounds that Bendigo and Adelaide Bank does not pay a Dividend when scheduled.

There are no rights of set-off (that is, rights to offset one obligation against another) under CPS for Holders or Bendigo and Adelaide Bank.

The CPS rank in respect of payment of dividends:

- senior to Ordinary Shares and other instruments or securities of Bendigo and Adelaide Bank that rank or are expressed to rank junior to the CPS in respect of payment of dividends;
- equally among themselves and with all Equal Ranking Instruments in respect of payment of dividends; and
- junior to any securities or instruments that rank senior to the CPS and to all of Bendigo and Adelaide Bank's debts and liabilities to its depositors and all other creditors, both unsubordinated and subordinated, other than indebtedness that by its terms ranks equally with or junior to the CPS in respect of payment of dividends.

Dividends are non-cumulative and therefore if a Dividend is not paid Holders will have no recourse whatsoever to payment from Bendigo and Adelaide Bank and will not receive payment of that Dividend. However, if Bendigo and Adelaide Bank does not pay a Dividend in full on a Dividend Payment Date, then the Dividend Restriction applies to Bendigo and Adelaide Bank unless the Dividend is paid in full within 3 Business Days of that date – see Section 2.3.8.

In addition, Bendigo and Adelaide Bank may be prevented from paying a Dividend by the requirements of the Corporations Act. Non-payment of Dividends on CPS will not restrict Bendigo and Adelaide Bank's ability to pay dividends or distributions on other securities, other than Ordinary Shares.

Changes in regulations applicable to Bendigo and Adelaide Bank (including Basel III) may impose additional requirements which may prevent Bendigo and Adelaide Bank from paying a Dividend in additional circumstances, including the capital conservation buffer (expected from 1 January 2016), which restricts the payment of dividends when Bendigo and Adelaide Bank's regulatory capital levels fall below a certain level.

In the event of a winding-up, any Dividend which the Directors have resolved to pay but which remains unpaid will form part of the Liquidation Sum and be payable on a subordinated basis as described in Section 6.1.14.

6.1.5 Dividends may not be fully franked

Bendigo and Adelaide Bank expects Dividends to be fully franked. However, there is no guarantee that Bendigo and Adelaide Bank will have sufficient franking credits in the future to fully frank Dividends.

If a Dividend is unfranked or partially franked, any Dividend paid on the Dividend Payment Date for that Dividend will be increased to compensate for the unfranked component, subject to the Payment Tests – see Section 2.3.7.

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. Holders should refer to the Tax Summary in Section 7 and seek professional advice in relation to their tax position.

6.1.6 Distributions on CPS may be restricted by the terms of other similar securities

The terms of Bendigo and Adelaide Bank's other outstanding and future securities could limit its ability to make payments on CPS. If Bendigo and Adelaide Bank does not make payments on other securities, payments may not be permitted to be made in respect of CPS.

The dividend payment dates on Bendigo and Adelaide Bank's other securities may differ from the Dividend Payment Dates for CPS. Further, the payment tests applying to other securities (whether currently outstanding or issued in the future) may be different to the Payment Tests. Accordingly, Bendigo and Adelaide Bank may not be permitted to make a payment on another security in circumstances where it would otherwise be permitted to make a payment on CPS. In these circumstances, the dividend restrictions on the other securities may then apply, preventing Bendigo and Adelaide Bank from making a payment on CPS. Similarly, Bendigo and Adelaide Bank may not be permitted to make a payment on CPS in circumstances where the payment tests on other securities have been passed.

If dividend restrictions for another security apply to payments on CPS, Bendigo and Adelaide Bank may not be able to pay Dividends when scheduled to do so under the CPS Terms and may not be able to Redeem CPS. Bendigo and Adelaide Bank is not restricted from issuing other securities of this kind or agreeing in the terms of issue of other securities additional or different payment tests or dividend restrictions.

6.1.7 The Dividend Restriction in CPS is less restrictive than the restriction in Bendigo and Adelaide Bank's other securities

The Dividend Restriction is less extensive than the corresponding dividend restriction in Bendigo and Adelaide Bank's other securities. It applies only to restrict distributions in respect of Ordinary Shares and not to distributions in respect of securities ranking equally with or junior to CPS (other than Ordinary Shares). Accordingly, a failure to make a scheduled payment on CPS may not restrict the making of payments in respect of instruments ranking equally with CPS. Further the restriction in CPS only applies until the next Dividend Payment Date. The dates for distribution with respect to Ordinary Shares are determined by Bendigo and Adelaide Bank in its discretion and do not bear a fixed relationship to the Dividend Payment Dates for CPS. Accordingly, as soon as the Dividend Restriction ceases to apply (as will be the case if the next scheduled Dividend on CPS is paid or all CPS have been Exchanged) Bendigo and Adelaide Bank will not be restricted from making a distribution on its Ordinary Shares.

6.1.8 Fluctuation in Ordinary Share price

Upon Conversion (other than Conversion resulting from a Capital Trigger Event – see Section 6.1.10), Holders will receive a number of Ordinary Shares worth approximately \$102.56 per CPS (based on the VWAP during the 20 Business Days before the Mandatory Conversion Date or a specified period prior to such other date on which CPS are Converted).

The market price of Ordinary Shares will fluctuate due to various factors, including investor perceptions, domestic and worldwide economic conditions and Bendigo and Adelaide Bank's financial performance and position – see Section 6.1.2. As a result, the value of Ordinary Shares received upon Conversion may be greater than or less than \$102.56 per CPS when they are issued or thereafter, and could be less than the Issue Price of CPS. In relation to Conversion on account of a Capital Trigger Event, see further Section 6.1.10.

The VWAP during the relevant period before the date of Conversion that is used to calculate the number of Ordinary Shares that Holders receive may differ from the Ordinary Share price on or after the date of Conversion. This means that the value of Ordinary Shares received may be more or less than anticipated when they are issued or thereafter.

Bendigo and Adelaide Bank Share Price from January 2002 – September 2012



Source: IRESS (28 September 2012)

The above graph is for illustrative purposes only and does not indicate, guarantee or forecast Bendigo and Adelaide Bank's Ordinary Share Price.

6.1.9 CPS are perpetual and Mandatory Conversion may not occur on the scheduled Mandatory Conversion Date or at all

CPS are scheduled to Convert into Ordinary Shares on 13 December 2019 (subject to certain conditions being satisfied or unless Exchanged earlier). However, there is a risk that Conversion will not occur because the Mandatory Conversion Conditions are not satisfied due to a large fall in the Ordinary Share price relative to the Issue Date VWAP, or if Ordinary Shares cease to be quoted on ASX, or have been suspended from ASX trading for at least five consecutive Business Days prior to, and remain suspended on, the Mandatory Conversion Date.

The Ordinary Share price may be affected by transactions affecting the share capital of Bendigo and Adelaide Bank. However, the Issue Date VWAP is adjusted only for transactions by way of the reconstruction, consolidation, division or reclassification of Ordinary Shares and pro rata bonus issues of Ordinary Shares as described in clauses 8.4 to 8.6 of the CPS Terms and not for other transactions, including rights issues, placements, returns of capital, buybacks or special dividends.

The CPS Terms do not limit the transactions which Bendigo and Adelaide Bank may undertake with respect to its share capital and any such action may affect whether Conversion will occur and may adversely affect the position of Holders.

If Mandatory Conversion does not occur on the scheduled Mandatory Conversion Date, Mandatory Conversion would then occur on the next Dividend Payment Date on which all of the Mandatory Conversion Conditions are satisfied unless CPS are otherwise Exchanged on or before that date. If Mandatory Conversion does not occur on a proposed Mandatory Conversion Date and CPS are not otherwise Exchanged, Dividends may continue to be paid on CPS, subject to the Payment Tests.

CPS are a perpetual instrument. If the Ordinary Share price deteriorates significantly and never recovers, it is possible that the Mandatory Conversion Conditions will never be satisfied and, if this occurs, CPS will never Convert except as a result of a Capital Trigger Event.

6.1.10 Conversion on account of a Capital Trigger Event

6.1.10.1 Capital Trigger Event

There is a risk that Bendigo and Adelaide Bank must Convert CPS into Ordinary Shares if a Capital Trigger Event occurs. This could be at any time. Accordingly, any such Conversion on account of a Capital Trigger Event may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing.

A Capital Trigger Event occurs if:

- the Common Equity Tier 1 Ratio of Bendigo and Adelaide Bank (on a Level 1 basis) or Bendigo and Adelaide Bank Group (on a Level 2 basis) is equal to or less than 5.125% (a “**Common Equity Trigger Event**”); or
- APRA notifies Bendigo and Adelaide Bank in writing that:
 - conversion or write-off of Additional Capital Instruments is necessary because, without it, APRA considers that Bendigo and Adelaide Bank would become non-viable; or
 - it has determined that Bendigo and Adelaide Bank would become non-viable without a public sector injection of capital or equivalent support (collectively a “**Non-Viability Trigger Event**”).

A Capital Trigger Event may require Conversion of all CPS or (unless a public sector injection of capital or equivalent support is required) such lesser number as is needed to remedy that event.

If only some CPS are required to be Converted, Bendigo and Adelaide Bank must endeavour to treat Holders on an approximately proportionate basis, but may discriminate to take account of the effect on non-marketable parcels of CPS and other relevant considerations. Accordingly, should a Capital Trigger Event occur, not all Holders may have their CPS Converted to Ordinary Shares.

Other existing equally ranking Bendigo and Adelaide Bank securities do not have similar conversion features. As a result, if a Capital Trigger Event occurs, this may result in the CPS investment effectively ranking lower in Bendigo and Adelaide Bank’s capital structure, and incurring proportionately greater losses, than other previously equal ranking securities.

6.1.10.2 Common Equity Trigger Event

The Common Equity Tier 1 Ratio may be significantly impacted by a number of factors, including factors which affect the business, operation and financial condition of Bendigo and Adelaide Bank. Accordingly, there is a risk that Bendigo and Adelaide Bank’s Common Equity Tier 1 Ratio falls to 5.125% or below and that as a result, CPS Convert into Ordinary Shares before the Mandatory Conversion Date. Upon APRA adopting Basel III, Bendigo and Adelaide Bank’s Common Equity Tier 1 Ratio may be higher or lower compared to APRA’s current prescribed definition, which may either increase or decrease the likelihood of Bendigo and Adelaide Bank’s Common Equity Tier 1 Ratio falling to 5.125% or below.

6.1.10.3 Non-viability Trigger Event

APRA has not provided guidance as to how it would determine non-viability. Non-viability could be expected to include serious impairment of Bendigo and Adelaide Bank’s financial position and insolvency; however, it is possible that APRA’s definition of non-viable may not necessarily be constrained to solvency or capital measures (and may include liquidity measures) and APRA’s position on these matters may change over time. As the occurrence of a Non-Viability Trigger Event is at the discretion of APRA, there can be no assurance given as to the factors and circumstances that might give rise to this event.

Non-viability may be significantly impacted by a number of factors, including factors which affect the business, operation and financial condition of Bendigo and Adelaide Bank. For instance, systemic and non-systemic macro-economic, environmental and operational factors, globally and in Australia may affect the viability of Bendigo and Adelaide Bank.

6.1.10.4 Value of shares received upon Conversion

Conversion resulting from the occurrence of a Capital Trigger Event is not subject to the Mandatory Conversion Conditions. This may mean that Holders receive significantly less than \$102.56 worth of Ordinary Shares per CPS (and suffer loss as a consequence) because:

- the number of Ordinary Shares issued per CPS is limited to the Maximum Conversion Number and this number of Ordinary Shares may have a value of less than \$102.56;
- whether or not the number of shares to be issued calculated based on VWAP is less than the Maximum Conversion Number, the VWAP may differ from the Ordinary Share price on or after the Capital Event Conversion Date. In particular, if Ordinary Shares are suspended from ASX trading at the Capital Event Conversion Date the VWAP may be based wholly or partly on trading days which occurred a significant period of time prior to the date of the occurrence of a Capital Trigger Event;
- the Ordinary Shares received on Conversion, as well as Bendigo and Adelaide Bank's Ordinary Shares generally, may not be listed and so may not be able to be sold at prices reflecting their value (calculated based on VWAP) or at all; and/or
- as noted in Section 2.5.7, the Maximum Conversion Number may be adjusted to reflect a consolidation, division or reclassification of Ordinary Shares and pro rata bonus issues as set out in the CPS Terms. However, no adjustment will be made to it on account of other transactions which may affect the price of Ordinary Shares, including for example rights issues, returns of capital, buy-backs or special dividends. The CPS Terms do not limit the transactions that Bendigo and Adelaide Bank may undertake with respect to its share capital and any such action may increase the risk that Holders receive only the Maximum Conversion Number and so may adversely affect the position of Holders.

6.1.10.5 Inability Event

If on a Capital Event Conversion Date, Bendigo and Adelaide Bank is prevented by applicable law or order of any court or action of any government authority or any other reason from Converting CPS which would otherwise be Converted (an "Inability Event"), CPS will be Written Down on the Capital Event Conversion Date. This means that the rights of a Holder in respect of dividends and return of capital in any subsequent winding-up of Bendigo and Adelaide Bank are varied to be broadly equivalent to the rights in respect of dividends and return of capital of the holder of the number of Ordinary Shares the Holder would have held if the Conversion had occurred. However the CPS in these circumstances are not identical to Ordinary Shares, do not have the voting rights of Ordinary Shares and may not be able to be sold at the same price as the equivalent number of Ordinary Shares or at all. The value of these rights may be adversely affected by corporate transactions entered into by Bendigo and Adelaide Bank (such as share splits or bonus issues).

The laws under which an Inability Event may arise include laws relating to the insolvency, winding-up or other external administration of Bendigo and Adelaide Bank and laws restricting the acquisition or holding of Ordinary Shares by individual persons and (for foreign holders) foreign securities laws. Those laws and the grounds on which a court or government authority may make orders preventing the Conversion of CPS may change and the change may be adverse to the interests of Holders.

6.1.11 Exchange and Exchange method are at Bendigo and Adelaide Bank's option and are subject to certain conditions

Bendigo and Adelaide Bank may (subject to certain conditions, including APRA's prior written approval) elect to Exchange some or all CPS on the Optional Exchange Date or on the occurrence of a Tax Event or a Regulatory Event in accordance with the CPS Terms. In addition, Bendigo and Adelaide Bank may (subject to certain conditions, including APRA approval) Convert all CPS on the occurrence of an Acquisition Event. Holders have no right to request or require an Exchange.

Any such Exchange at Bendigo and Adelaide Bank's option may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing. This also means that the period for which Holders will be entitled to the benefit of the rights attaching to CPS (such as Dividends) is unknown.

Subject to certain conditions, Bendigo and Adelaide Bank also has in many cases discretion to elect which Exchange Method or combination of Exchange Methods will apply to an Exchange and where a combination of Exchange Methods is selected, to which CPS and Holders the Exchange Method will apply. The method chosen by Bendigo and Adelaide Bank may be disadvantageous to Holders and may not coincide with their individual preference in terms of whether they receive Ordinary Shares or cash on the relevant date.

For example, if APRA approves an election by Bendigo and Adelaide Bank to Redeem the CPS, Holders will receive cash equal to \$100 per CPS rather than Ordinary Shares and accordingly, they will not benefit from any subsequent increases in the Ordinary Share price after the Exchange occurs. In addition, where Holders receive cash on Redemption, the rate of return at which they could reinvest their funds may be lower than the Dividend Rate at the time. Where Holders receive Ordinary Shares on Conversion, they will have the same rights as other Ordinary Shareholders, which are different to the rights attaching to CPS.

Further, where Bendigo and Adelaide Bank requires APRA's prior written approval for Exchange, Holders should not expect that APRA will give its approval to any Exchange.

6.1.12 Conversion on Change of Control Event

The CPS are issued by Bendigo and Adelaide Bank, which, as an ASX-listed company, may be affected by merger and acquisition activity, including the possibility of being acquired by, or merged with, another company or group of companies, potentially resulting in a change of control.

If a Change of Control Event occurs, Bendigo and Adelaide Bank is required to Convert all CPS subject to the CPS Terms (see clause 7.2 of the CPS Terms). Bendigo and Adelaide Bank must, subject to clauses 7.2, 7.3 and 7.4 of the CPS Terms, give a Change of Control Conversion Notice in which it elects to Convert CPS subject to APRA approval. APRA is not obliged to give this approval and, depending on the facts and circumstances existing at the time of any Change of Control Event, may not do so.

If the Directors consider that APRA will not approve the Conversion or the Optional Conversion Restrictions, Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition (as applicable) will not be satisfied or Bendigo and Adelaide Bank will not be permitted to give notice to Convert the CPS, the Directors are required to use all reasonable endeavours to procure that equivalent takeover offers are made to Holders or that they are entitled to participate in the scheme of arrangement or a similar transaction (see clause 12 of the CPS Terms). However, any acquirer of Bendigo and Adelaide Bank may not agree to do so.

Further, Bendigo and Adelaide Bank is not permitted to Convert CPS if the restrictions on Conversion described in Sections 2.8.2 and 2.9.5 apply.

Conversion may therefore occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or the circumstances of individual Holders. This means that the period for which Holders will be entitled to the benefit of the rights attaching to CPS is unknown.

6.1.13 Ranking

The Ordinary Shares held as a result of any Conversion of CPS will, following Conversion, rank equally with existing Ordinary Shares. Accordingly, the ongoing value of any Ordinary Shares received upon Conversion will depend upon the market price of Ordinary Shares after the Mandatory Conversion Date or other date on which CPS are Converted. That market is also subject to the factors outlined above and may also be volatile.

6.1.14 Restrictions on rights and ranking in a winding-up of Bendigo and Adelaide Bank

CPS are not deposit liabilities of Bendigo and Adelaide Bank and the payment of Dividends and payment on Redemption is not guaranteed by Bendigo and Adelaide Bank. CPS are not protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Banking Act or the Financial Claims Scheme established under Division 2AA of Part II of the Banking Act. CPS are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. CPS are issued by Bendigo and Adelaide Bank under the CPS Terms. A Holder has no claim on Bendigo and Adelaide Bank in respect of CPS except as provided in the CPS Terms. CPS are unsecured.

In the event of a winding-up of Bendigo and Adelaide Bank, and assuming CPS have not been Exchanged and are not required to be Converted due to a Capital Trigger Event, Holders will be entitled to claim for the Liquidation Sum for each CPS. This is an amount for each CPS up to \$100 in respect of its Issue Price and any Dividend resolved by the Directors to be paid but which is unpaid at the commencement of the winding-up of Bendigo and Adelaide Bank.

The claim for the Liquidation Sum ranks ahead of Ordinary Shares, equally with Equal Ranking Instruments, but behind all senior ranking securities and instruments and all depositors and other creditors. Claims in respect of CPS are subordinated, in and notwithstanding a winding-up of Bendigo and Adelaide Bank, so as to rank as preference shares as set out in the CPS Terms. There are no rights of set-off (that is, rights to offset one obligation against another) under the CPS for Holders or Bendigo and Adelaide Bank.

Where CPS are required to be Converted on account of a Capital Trigger Event and Bendigo and Adelaide Bank is prevented by applicable law or order of any court or the action of any government authority or any other reason from Converting CPS and, accordingly, CPS have been Written Down (as described in Section 2.6.8 and clause 5.4 of the CPS Terms), the Liquidation Sum will be equal to the amount which would have been paid in respect of the CPS out of the surplus available to shareholders in a winding-up as if the CPS were the Conversion Number of Ordinary Shares, that Conversion Number (the “**Fixed Conversion Number**”) being finally determined as if the CPS had Converted on the Capital Trigger Conversion Date (and in any case not exceeding the Maximum Conversion Number).

If there is a shortfall of funds on a winding-up of Bendigo and Adelaide Bank to pay all amounts ranking senior to and equally with CPS, there is a significant risk that Holders will not receive a full (or any part of the) Liquidation Sum in a winding-up of Bendigo and Adelaide Bank. Although the CPS may pay a higher rate of dividend than comparable instruments which are not subordinated, there is a significant risk that a Holder will lose all or some of their investment should Bendigo and Adelaide Bank become insolvent.

6.1.15 Regulatory classification

CPS are eligible Residual Tier 1 Capital which qualify as regulatory capital of Bendigo and Adelaide Bank for APRA purposes.

Whilst APRA has not yet determined the final form of prudential rules applied to entities regulated by APRA resulting from the Basel III Consultation Papers, CPS are in compliance with the Draft Prudential Standards released on 30 March 2012 and as such, will be eligible as Additional Tier 1 capital until the Optional Exchange Date at a minimum, or if in compliance with APRA's final prudential regulations, until CPS are Exchanged.

However, where the Directors determine that the full face value of all of the CPS are not or will not qualify as Additional Tier 1 Capital as is anticipated (other than where the reason for that is that Bendigo and Adelaide Bank has exceeded a limit on the recognition of Additional Tier 1 Capital which was in effect on the Issue Date or where the Issuer otherwise expected as at the Issue Date to not be entitled to treat the full face amount of all CPS as Additional Tier 1 Capital at the relevant time) or additional requirements would be imposed on Bendigo and Adelaide Bank in relation to CPS which the Directors determine to be unacceptable, Bendigo and Adelaide Bank may decide that a Regulatory Event has occurred. This will allow Exchange of all or some CPS on issue at the option of Bendigo and Adelaide Bank (subject to APRA's prior written approval of any Exchange by way of Conversion or Redemption). For the risks attaching to Bendigo and Adelaide Bank's discretion to Exchange in certain specified circumstances – see Section 6.1.9.

Any such Exchange at Bendigo and Adelaide Bank's option may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing. This also means that the period for which Holders will be entitled to the benefit of the rights attaching to CPS (such as Dividends) is unknown.

The Exchange Method chosen by Bendigo and Adelaide Bank may also be disadvantageous to Holders and may not coincide with their individual preference in terms of whether they receive Ordinary Shares or cash on the relevant date.

6.1.16 Australian tax consequences

A general outline of the tax consequences of investing in CPS for certain potential investors who are Australian residents for tax purposes is set out in the Taxation Summary in Section 7. This discussion is in general terms and is not intended to provide specific advice addressing the circumstances of any particular potential investor. Accordingly, potential investors should seek independent advice concerning their own individual tax position.

If a change is made to the Australian tax laws which was not expected by Bendigo and Adelaide Bank prior to the Issue Date and that change leads to a more than insubstantial risk of:

- a more than insignificant increase in Bendigo and Adelaide Bank's costs in relation to CPS being on issue;
- a dividend on CPS not being frankable; or
- where there is a NOHC Event, Bendigo and Adelaide Bank not being a member of a tax consolidated group of which a NOHC becomes the head company, then

Bendigo and Adelaide Bank is entitled to Exchange all or some CPS (subject to APRA's prior written approval) – see Section 2.7.

If the corporate tax rate were to change, the relative components of Dividends, which are in the form of cash and franking credits, will change.

Bendigo and Adelaide Bank has applied for a class ruling from the Australian Taxation Office for confirmation of certain Australian tax consequences for Holders as discussed in the Taxation Summary in Section 7. The issue of any class ruling is expected by 1 November 2012.

6.1.17 Accounting standards

A change in accounting standards by either the International Accounting Standards Board or Australian Accounting Standards Board may affect the reported earnings and financial position of Bendigo and Adelaide Bank in future financial periods. This may adversely affect the ability of Bendigo and Adelaide Bank to pay Dividends.

6.1.18 Future issues or redemptions of securities by Bendigo and Adelaide Bank

CPS do not in any way restrict Bendigo and Adelaide Bank from issuing further securities or from incurring further indebtedness. Bendigo and Adelaide Bank's obligations under CPS rank subordinate and junior in right of payment and in a winding-up to Bendigo and Adelaide Bank's obligations to holders of senior ranking securities and instruments, and its depositors and other creditors, including subordinated creditors (other than creditors whose claims are subordinated to rank equally with or behind CPS). Accordingly, Bendigo and Adelaide Bank's obligations under CPS will not be satisfied unless it can satisfy in full all of its other obligations ranking senior to CPS.

Bendigo and Adelaide Bank may in the future issue securities that:

- rank for dividends or payments of capital (including on the winding up of Bendigo and Adelaide Bank) equal with, behind or ahead of CPS;
- have the same or different dividend, interest or distribution rates as those for CPS;
- have payment tests and dividend restrictions or other covenants which affect CPS (including by restricting circumstances in which Dividends can be paid or CPS can be Redeemed); or
- have the same or different terms and conditions as CPS.

Bendigo and Adelaide Bank may incur further indebtedness and may issue further securities including further Tier 1 Capital securities before, during or after the issue of CPS. For example, as part of its ongoing capital management program, Bendigo and Adelaide Bank continually considers the issuance of Tier 1 Capital securities in domestic and offshore markets.

An investment in CPS carries no right to participate in any future issue of securities (whether equity, Residual Tier 1 Capital, Additional Tier 1 Capital, subordinated or senior debt or otherwise) by Bendigo and Adelaide Bank.

No prediction can be made as to the effect, if any, which the future issue of securities by Bendigo and Adelaide Bank may have on the market price or liquidity of CPS or of the likelihood of Bendigo and Adelaide Bank making payments on CPS.

Similarly, CPS do not restrict Bendigo and Adelaide Bank from redeeming or otherwise repaying its other existing securities, including other existing securities which rank equally with or junior to CPS (other than to the extent the Dividend Restrictions apply or insofar as Holders have a right to vote in respect of a buy-back or reduction of capital on a security in the form of a share).

Bendigo and Adelaide Bank may redeem or otherwise repay existing securities including existing equal or junior ranking Tier 1 Capital securities before, during or after the issue of CPS. An investment in CPS carries no right to be redeemed or otherwise repaid at the same time as Bendigo and Adelaide Bank redeems or otherwise repays other securities (whether equity, Residual Tier 1 Capital, subordinated or senior debt or otherwise).

No prediction can be made as to the effect, if any, which the future redemption or repayment by Bendigo and Adelaide Bank of existing securities may have on the market price or liquidity of CPS or on Bendigo and Adelaide Bank's financial position or performance.

6.1.19 Approved NOHC Event

Certain events which would otherwise constitute Acquisition Events are categorised under the CPS Terms as Approved NOHC Events. Where an Approved NOHC Event occurs and certain other conditions are satisfied, the Approved NOHC Event will not trigger an Exchange of CPS but will instead allow Bendigo and Adelaide Bank to make amendments to substitute the Approved NOHC as the issuer of the ordinary shares issued on Conversion and will permit Bendigo and Adelaide Bank to make certain other amendments to the CPS Terms. Accordingly, potential investors should be aware that, if an Approved NOHC Event occurs and a substitution of the issuer of the ordinary shares on Conversion is affected under the CPS Terms, Holders will be obliged to accept the Approved NOHC ordinary shares and will not receive Ordinary Shares on Conversion.

Potential investors should also be aware that Holders may not have a right to vote on any proposal to approve, implement or give effect to a NOHC Event.

Bendigo and Adelaide Bank has made no formal decision to implement a NOHC.

Following an Approved NOHC Event, Bendigo and Adelaide Bank would continue to be regulated by APRA. However, depending on the structure of the acquirer following an Approved NOHC Event and the capital framework which APRA determines to apply to it, the composition of Bendigo and Adelaide Bank's capital measurement levels may be affected, which in turn may affect the likelihood of Bendigo and Adelaide Bank having sufficient available funds to enable Dividends to be paid on CPS.

After an Approved NOHC Event Holders will remain preference shareholders in Bendigo and Adelaide Bank with the same rights to dividends and to payment in a winding-up of Bendigo and Adelaide Bank as before the Approved NOHC Event, but on Conversion Holders will receive ordinary shares in the Approved NOHC and not Ordinary Shares in Bendigo and Adelaide Bank. CPS will remain quoted on ASX, but Bendigo and Adelaide Bank's Ordinary Shares will cease to be quoted.

Where an Approved NOHC Event is accompanied by a transfer of assets from Bendigo and Adelaide Bank or a subsidiary to the Approved NOHC or another subsidiary of the Approved NOHC, Bendigo and Adelaide Bank may as a result have reduced assets which may affect its credit rating and the likelihood Holders will receive their claims in full if Bendigo and Adelaide Bank is wound up. Holders do not have any claim on the assets of the Approved NOHC or any other subsidiary of the Approved NOHC other than following Conversion as a holder of ordinary shares in the Approved NOHC.

6.1.20 Powers of an ADI statutory manager

In certain circumstances APRA may appoint a statutory manager to take control of the business of an ADI, such as Bendigo and Adelaide Bank. Those circumstances are defined in the Banking Act to include:

- where the ADI informs APRA that it is likely to become unable to meet its obligations, or is about to suspend payment;
- where APRA considers that, in the absence of external support:
 - the ADI may become unable to meet its obligations;
 - the ADI may suspend payment;
 - it is likely that the ADI will be unable to carry on banking business in Australia consistently with the interests of its depositors; or
 - it is likely that the ADI will be unable to carry on banking business in Australia consistently with the stability of the financial system in Australia;
- the ADI becomes unable to meet its obligations or suspends payment; or
- where, in certain circumstances, the ADI is in default of compliance with a direction by APRA to comply with the Banking Act or regulations made under it and the Federal Court authorises APRA to assume control of the ADI's business.

The powers of an ADI statutory manager include the power to alter an ADI's constitution, to issue, cancel or sell shares (or rights to acquire shares) in the ADI and to vary or cancel rights or restrictions attached to shares in a class of shares in the ADI. The ADI statutory manager is authorised to do so despite the Corporations Act, the ADI's constitution, any contract or arrangement to which the ADI is party or the Listing Rules. In the event that a statutory manager is appointed to Bendigo and Adelaide Bank in the future, these broad powers of an ADI statutory manager may be exercised in a way which adversely affects the rights attaching to the CPS and the position of Holders.

6.1.21 Amendment of CPS terms

Bendigo and Adelaide Bank may, with APRA's prior written approval where required under the CPS terms, in certain circumstances amend the CPS Terms without the consent of Holders. Bendigo and Adelaide Bank may also, with APRA's prior written approval where required, amend the CPS Terms if the amendment has been approved by a Special Resolution of Holders. Amendments under these powers are binding on all Holders despite the fact that a Holder may not agree with the amendment. APRA's approval is only required when the change to the CPS Terms impact the treatment of CPS as Additional Tier 1 Capital.

6.1.22 Shareholding limits

The Financial Sector (Shareholdings) Act 1998 (Cth) restricts ownership by people (together with their associates) of an Australian Bank, such as Bendigo and Adelaide Bank, to a 15% stake. A shareholder may apply to the Australian Treasurer to extend their ownership beyond 15%, but approval will not be granted unless the Treasurer is satisfied that a holding by that person greater than 15% is in the national interest.

Mergers, acquisitions and divestments of Australian public companies listed on ASX (such as Bendigo and Adelaide Bank) are regulated by detailed and comprehensive legislation and the rules and regulations of ASX. These provisions include restrictions on the acquisition and sale of relevant interests in certain shares in an Australian listed company under the Corporations Act and a requirement that acquisitions of certain interests in Australian listed companies by foreign interests are subject to review and approval by the Treasurer. In addition, Australian law also regulates acquisitions which would have the effect, or be likely to have the effect, of substantially lessening competition in a market.

These limits may prevent the CPS of a holder being Converted and therefore cause them to be Written Down in the event of a Capital Trigger Event.

Holders should therefore take care to ensure that by acquiring any CPS (taking into account any Ordinary Shares into which they may Convert), Holders do not and would not breach any applicable restrictions on ownership.

6.2 Principal risks and uncertainties associated with Bendigo and Adelaide Bank

6.2.1 Business and strategic risks

The financial prospects of any company are sensitive to the underlying characteristics of its business and the nature and extent of the commercial risks to which the company is exposed. There are a number of risks faced by Bendigo and Adelaide Bank, including those which encompass a broad range of economic and commercial risks. However, the most common risks that Bendigo and Adelaide Bank actively manages are credit risk, interest rate risk, liquidity risk and operational risk (including fraud, theft and property damage).

The Directors have adopted policies and procedures to control exposures to, and limit the extent of, these risks. In addition, Bendigo and Adelaide Bank has an independent internal audit function that oversees all functions across Bendigo and Adelaide Bank. Whilst there are inherent limitations in any risk management control system and control breakdowns and system failures can occur, the development and maintenance of effective control systems should provide a solid foundation for risk management.

6.2.2 Dependence on the Australian economy

Bendigo and Adelaide Bank's revenues and earnings are dependent on economic activity and the level of financial services its customers require. In particular, lending is dependent on customer and investor confidence, the state of the economy, the residential lending market and prevailing market interest rates in Australia. These factors are, in turn, impacted by both domestic and international economic and political events, natural disasters and the general state of the global economy. The ongoing global uncertainty due to increased sovereign risk (see Section 6.2.6), slowing global demand and the threat of a return to global recession, has impacted global economic activity. This disruption has led to high levels of uncertainty and volatility, negatively impacting economic growth, credit growth and consumer and business confidence. A future downturn in the Australian economy could adversely impact Bendigo and Adelaide Bank's results of operations, liquidity, capital resources and financial condition.

Geopolitical instability, such as threats of, potential for, or actual conflict, occurring around the world may also adversely affect global financial markets, general economic and business conditions and, in turn, Bendigo and Adelaide Bank's business, operations and financial condition.

Natural disasters such as (but not restricted to) cyclones, floods and earthquakes, and the economic and financial market implications of such disasters on domestic and global conditions can adversely affect Bendigo and Adelaide Bank's business, operations and financial condition.

6.2.3 Bendigo and Adelaide Bank is exposed to credit risk, which may adversely affect its business, operations and financial condition

As a financial institution, Bendigo and Adelaide Bank is exposed to the risks associated with extending credit to other parties. Credit risk is the risk of financial loss due to the unwillingness or inability of a counterparty to fully meet their contractual debts and obligations. Less favourable business or economic conditions, whether generally or in a specific industry sector or geographic region, could cause customers to experience an adverse financial situation, thereby exposing Bendigo and Adelaide Bank to the increased risk that those customers will fail to meet their obligations in accordance with agreed terms. Credit risk is primarily monitored by the Board Credit Committee and the Management Credit Committee and the framework, policies, analysis and reporting are managed by Bendigo and Adelaide Bank's Risk business unit.

Bendigo and Adelaide Bank is exposed to the potential risk of credit-related losses that can occur as a result of a counterparty being unable or unwilling to honour its contractual obligations. As with any financial services organisation, Bendigo and Adelaide Bank assumes counterparty risk in connection with its lending, trading, derivatives and other businesses where it relies on the ability of a third party to satisfy its financial obligations to Bendigo and Adelaide Bank on a timely basis. Bendigo and Adelaide Bank is also subject to the risk that its rights against third parties may not be enforceable in certain circumstances.

Credit exposure may also be increased by a number of factors including deterioration in the financial condition of the counterparty, the value of assets Bendigo and Adelaide Bank holds as collateral and the market value of the counterparty instruments and obligations it holds. Credit losses can and have resulted in financial services organisations realising significant losses and in some cases failing altogether. Should material unexpected credit losses occur to Bendigo and Adelaide Bank's credit exposures, it could have an adverse effect on Bendigo and Adelaide Bank's business, operations and financial conditions.

6.2.4 Competition may adversely affect Bendigo and Adelaide Bank's business, operations and financial condition

The markets in which Bendigo and Adelaide Bank operates are highly competitive and could become even more so, particularly in those segments that are considered to provide higher growth prospects or are in greatest demand (for example, customer deposits). Factors that contribute to competition risk include industry regulation, mergers and acquisitions, changes in customers' needs and preferences, entry of new participants, development of new distribution and service methods, increased diversification of products by competitors, and regulatory changes in the rules governing the operations of banks and non-bank competitors. For example, changes in the financial services sector in Australia have made it possible for non-banks to offer products and services traditionally provided by banks, such as automatic payment systems, mortgages, and credit cards. In addition, banks organised in jurisdictions outside Australia are subject to different levels of regulation and consequently some may have lower cost structures. Increasing competition for customers could also potentially lead to a compression in Bendigo and Adelaide Bank's net interest margins, or increased advertising and related expenses to attract and retain customers.

Additionally, the Australian Government announced in late 2010 a set of measures with the stated purpose of promoting a competitive and sustainable banking system in Australia. Any regulatory or behavioural change that occurs in response to this policy shift could have the effect of limiting or reducing Bendigo and Adelaide Bank's revenue earned from its banking products or operations. These regulatory changes could also result in higher operating costs. A reduction or limitation in revenue or an increase in operating costs could adversely affect Bendigo and Adelaide Bank's profitability.

The effect of competitive market conditions, especially in Bendigo and Adelaide Bank's main markets, may lead to erosion in Bendigo and Adelaide Bank's market share or margins, and adversely affect Bendigo and Adelaide Bank's business, operations, and financial condition.

6.2.5 Changes in monetary policy may adversely affect Bendigo and Adelaide Bank's business, operations and financial condition

The Reserve Bank of Australia ("RBA") is responsible for Australia's monetary policy. Monetary policy involves setting the interest rate on overnight loans in the money market (the 'cash rate'). The cash rate influences other interest rates in the economy, affecting the behaviour of borrowers and lenders, economic activity and ultimately the rate of inflation. Their policies significantly affect Bendigo and Adelaide Bank's cost of funds for lending and investing and the return that Bendigo and Adelaide Bank can earn on those loans and investments. Both these factors impact Bendigo and Adelaide Bank's net interest margin. Changes in the RBA's monetary policy setting can affect the value of financial instruments Bendigo and Adelaide Bank is exposed to, such as debt securities and hedging instruments. The policies of the RBA can also affect Bendigo and Adelaide Bank's borrowers and depositors: in the case of borrowers, potentially increasing the risk that they may fail to repay loans, and in the case of depositors, potentially increasing the risk that they may seek returns in other asset classes.

6.2.6 Sovereign risk may destabilise global financial markets, adversely affecting all participants including Bendigo and Adelaide Bank

Sovereign risk, which includes but is not limited to, the risk that foreign governments will default on their debt obligations, become unable to increase borrowings as and when required, or be unable to refinance their debts as they fall due, has emerged as a risk to the recovery prospects of global economies. While this risk is currently particularly relevant to a number of European countries it is not limited to these places. Further, should one sovereign default, regardless of where it is, there could be a cascading effect to other markets and countries, the consequences of which, while difficult to predict, may be similar to or worse than that currently being experienced or which were experienced during the GFC. Such an event could destabilise global financial markets and adversely affect all market participants, including Bendigo and Adelaide Bank.

6.2.7 Bendigo and Adelaide Bank is exposed to liquidity and funding risk, which may adversely affect its business, operations and financial condition

Liquidity risk is the risk that Bendigo and Adelaide Bank is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt, or that Bendigo and Adelaide Bank has insufficient capacity to fund increases in assets. Liquidity risk is inherent in all banking operations due to the timing mismatch between cash inflows and cash outflows.

Reduced liquidity could lead to an increase in the cost of Bendigo and Adelaide Bank's borrowings and possibly constrain the volume of new lending, which could adversely affect Bendigo and Adelaide Bank's profitability. A significant deterioration in investor confidence in Bendigo and Adelaide Bank could materially impact Bendigo and Adelaide Bank's cost of borrowings, and Bendigo and Adelaide Bank's ongoing operations and funding.

Bendigo and Adelaide Bank raises funding from a variety of sources including customer deposits and wholesale funding in Australia and offshore markets to ensure that it continues to meet its funding obligations and to maintain or grow its business generally. In times of systemic liquidity stress, in the event of damage to market confidence in Bendigo and Adelaide Bank or in the event that funding outside of Australia is not available or constrained, Bendigo and Adelaide Bank's ability to access sources of funding and liquidity may be constrained and it will be exposed to liquidity risk.

6.2.8 Bendigo and Adelaide Bank is exposed to the risk that its credit ratings could change, which could adversely affect its ability to raise capital and wholesale funding

Bendigo and Adelaide Bank's credit ratings have a significant impact on both its access to, and cost of, capital and wholesale funding. Credit ratings are not a recommendation by the relevant rating agency to invest in securities offered by Bendigo and Adelaide Bank. Credit ratings may be withdrawn, made subject to qualifiers, revised, or suspended by the relevant credit rating agency at any time and the methodologies by which they are determined may be revised. A downgrade or potential downgrade to Bendigo and Adelaide Bank's credit rating may reduce access to capital and wholesale debt markets, potentially leading to an increase in funding costs, as well as affecting the willingness of counterparties to transact with it. In addition, the ratings of individual securities (including, but not limited to, Tier 1 Capital and Tier 2 Capital securities) issued by Bendigo and Adelaide Bank (and banks globally) could be impacted from time to time by changes in the ratings methodologies used by rating agencies. Ratings agencies may revise their methodologies in response to legal or regulatory changes or other market developments.

6.2.9 Bendigo and Adelaide Bank may experience challenges in managing its capital base, which could give rise to greater volatility in capital ratios

Bendigo and Adelaide Bank's capital base is critical to the management of its businesses and access to funding. Bendigo and Adelaide Bank is required by APRA to maintain adequate regulatory capital.

Under current regulatory requirements, risk-weighted assets and expected loan losses increase as a counterparty's risk grade worsens. These additional regulatory capital requirements compound any reduction in capital resulting from increased provisions for loan losses and lower profits in times of stress. As a result, greater volatility in capital ratios may arise and may require Bendigo and Adelaide Bank to raise additional capital. There can be no certainty that any additional capital required would be available or could be raised on reasonable terms.

Global and domestic regulators have released proposals, including the Basel III proposals, to strengthen, among other things, the liquidity and capital requirements of banks, funds management entities, and insurance entities.

Further details about the capital management regime affecting Bendigo and Adelaide Bank are contained in Section 5.4 "Capital adequacy".

6.2.10 A weakening of the real estate market in Australia may adversely affect Bendigo and Adelaide Bank's business, operations and financial condition

Residential, commercial and rural property lending, together with property finance, including real estate development and investment property finance, constitute important businesses to Bendigo and Adelaide Bank. Overall, the performance of the property market has been variable and in some locations there have been substantially reduced asset values.

A decrease in property valuations in Australia or other markets where it does business could decrease the amount of new lending Bendigo and Adelaide Bank is able to write and/or increase the losses that Bendigo and Adelaide Bank may experience from existing loans, which, in either case, could materially and adversely impact Bendigo and Adelaide Bank's financial condition and results of operations. A significant slowdown in the Australian housing market could adversely affect Bendigo and Adelaide Bank's business, operations and financial conditions.

6.2.11 Bendigo and Adelaide Bank is exposed to market risk, which may adversely affect its business, operations and financial condition

Market risk is the risk of loss arising from changes and fluctuations in interest rates, foreign currency exchange rates, equity prices and indices, commodity prices, debt securities prices, credit spreads and other market rates and prices. Changes in investment markets, including changes in interest rates, foreign currency exchange rates and returns from equity, property and other investments, will affect the financial performance of Bendigo and Adelaide Bank through its operations and investments held in financial services and associated businesses. Losses arising from these risks may have an adverse impact on Bendigo and Adelaide Bank's earnings. Market risk is primarily monitored through the Board Risk Committee and managed through the Asset and Liability Management Committee.

6.2.12 Bendigo and Adelaide Bank is exposed to operational risk, which may adversely affect its business, operations and financial condition

As a financial services organisation, Bendigo and Adelaide Bank is exposed to a variety of risks, including those resulting from process error, fraud, information technology instability and failure, system failure and matters relating to security and physical protection, customer services, staff skills and performance, and product development and maintenance.

Most of Bendigo and Adelaide Bank's daily operations are computer-based and information technology systems are essential to maintaining effective communications with customers. The exposure to systems risks includes the complete or partial failure of information technology systems or data centre infrastructure, the inadequacy of internal and third-party information technology systems due to, among other things, failure to keep pace with industry developments and the capacity of the existing systems to effectively accommodate growth and integrate existing and future acquisitions and alliances.

Bendigo and Adelaide Bank's ability to attract and retain suitably qualified and skilled employees is an important factor in achieving its strategic objectives. There are certain individuals and key executives whose skills and reputation are critical to setting the strategic direction, successful management and growth of Bendigo and Adelaide Bank, and whose unexpected loss due to resignation, retirement, death or illness may adversely affect its operations and financial condition. In addition, Bendigo and Adelaide Bank may in the future have difficulty attracting highly qualified people to fill important roles, which could adversely affect its business, operations and financial condition.

Operational risk can directly impact Bendigo and Adelaide Bank's reputation and result in financial losses which could adversely affect its financial performance or financial condition.

6.2.13 Community Bank® franchises

Under its **Community Bank®** model, **Community Bank®** branches of Bendigo and Adelaide Bank operate in all States and Territories. The branches are operated by companies that have entered into franchise and management agreements with Bendigo and Adelaide Bank to manage and operate a **Community Bank®** branch of Bendigo and Adelaide Bank. Under a standard franchise agreement, Bendigo and Adelaide Bank derives revenue through the **Community Bank®** model from the payment by franchisees of franchise fees and other fees, as well as through revenue sharing arrangements. The staff of each franchisee are trained by Bendigo and Adelaide Bank and, in some cases, are seconded from Bendigo and Adelaide Bank. While Bendigo and Adelaide Bank considers carefully the suitability of potential franchisees and the community undertakes extensive community campaigning and business planning processes, there can be no guarantee of the success of a **Community Bank®** branch. In particular, the **Community Bank®** model has only been in operation since 1998, and many **Community Bank®** branches have only been operating for a few years. As a growing network, a material portion of the network is relatively new and there are risks that may develop over time. For example, it is possible that one or more branches may not be able to sustain the level of revenue or profitability that they currently achieve (or that it is forecasted that they will achieve). Further, under the standard franchise agreement each franchise is subject to periodic renewal, subject to the franchisee satisfying certain conditions, at the option of the franchisee. Thus it is possible that a franchisee will not want to (or be able to) renew its franchise. This may impact on the number of **Community Bank®** branches in operation. Poor performance by one or more franchisees, or the termination of one or more franchise agreements, may cause a loss in revenue and cause harm to the brand names Bendigo and Adelaide Bank relies on and to Bendigo and Adelaide Bank.

6.2.14 Bendigo and Adelaide Bank is exposed to risks associated with information security, which may adversely impact its business, operations and financial condition

Information security means protecting information and information systems from unauthorised access, use, disclosure, disruption, modification, perusal, inspection, recording or destruction. By its nature, Bendigo and Adelaide Bank handles a considerable amount of personal and confidential information about its customers and its own internal operations.

Bendigo and Adelaide Bank employs a team of information security experts who are responsible for the development and implementation of Bendigo and Adelaide Bank's information security policies. Bendigo and Adelaide Bank is conscious that threats to information security are continuously evolving and as such Bendigo and Adelaide Bank conducts regular internal and external reviews to ensure new threats are identified, evolving risks are mitigated, policies and procedures are updated and good practice is maintained. However, there is a risk that information may be inadvertently or inappropriately accessed or distributed or illegally accessed or stolen. Any unauthorised use of confidential information could potentially result in breaches of privacy laws, regulatory sanctions, legal action and claims of compensation or erosion to Bendigo and Adelaide Bank's competitive market position, which could adversely affect Bendigo and Adelaide Bank's financial position and reputation.

6.2.15 Bendigo and Adelaide Bank is exposed to reputation risk, which may adversely impact its business, operations and financial condition

Reputation risk may arise as a result of an external event or Bendigo and Adelaide Bank's own actions, and adversely affect perceptions about Bendigo and Adelaide Bank held by the public (including Bendigo and Adelaide Bank's customers), shareholders, investors, regulators or rating agencies. The impact of a risk event on Bendigo and Adelaide Bank's reputation may exceed any direct cost of the risk event itself and may adversely impact Bendigo and Adelaide Bank's earnings, capital adequacy or value. Accordingly, damage to Bendigo and Adelaide Bank's reputation may have wide-ranging impacts, including adverse effects on Bendigo and Adelaide Bank's profitability, capacity and cost of sourcing funding, and availability of new business opportunities.

6.2.16 Changes to accounting policies may adversely affect Bendigo and Adelaide Bank's business, operations and financial condition

The accounting policies and methods that Bendigo and Adelaide Bank applies are fundamental to how it records and reports its financial position and results of operations. Management must exercise judgment in selecting and applying many of these accounting policies and methods so that they not only comply with generally accepted accounting principles but they also reflect the most appropriate manner in which to record and report on the financial position and results of operations. However, these accounting policies may be applied inaccurately, resulting in a misstatement of financial position and results of operations.

In some cases, management must select an accounting policy or method from two or more alternatives, any of which might comply with generally accepted accounting principles and is reasonable under the circumstances, yet might result in reporting materially different outcomes than would have been reported under another alternative.

6.2.17 Regulatory changes or a failure to comply with regulatory standards, law or policies may adversely affect Bendigo and Adelaide Bank's business, operations and financial condition

Bendigo and Adelaide Bank is subject to laws, regulations, policies and codes of practice in countries in which it has operations, trades or raises funds or in respect of which it has some other connection. In particular, Bendigo and Adelaide Bank's banking, funds, management and insurance activities are subject to extensive regulation, mainly relating to its liquidity levels, capital, solvency, provisioning and insurance policy terms and conditions.

Regulations vary from country to country but generally are designed to protect depositors, insured parties, customers with other banking products and the banking and insurance system as a whole.

The Australian Government and its agencies, including APRA, the RBA and other financial industry regulating bodies including ASIC, have supervisory oversight of Bendigo and Adelaide Bank. To the extent that Bendigo and Adelaide Bank has operations, trades or raises funds in, or has some other connection with, countries other than Australia, then such activities may be subject to the laws of, and regulation by agencies in, those countries.

A failure to comply with any standards, laws, regulation or policies in any other of those jurisdictions could result in sanctions by these or other regulatory agencies, the exercise of any discretionary powers that the regulators hold or compensatory action by affected persons, which may in turn cause substantial damage to Bendigo and Adelaide Bank's reputation. To the extent that these regulatory requirements limited Bendigo and Adelaide Bank's operations or flexibility, they could adversely impact Bendigo and Adelaide Bank's profitability and prospects.

These regulatory and other governmental agencies (including revenue and tax authorities) frequently review banking and tax laws, regulations, codes of practice and policies. Changes to laws, regulations, codes of practice or policies, including changes in interpretation or implementation of laws, regulations, codes of practices or policies, could affect Bendigo and Adelaide Bank in substantial and unpredictable ways. These may include increasing required levels of bank liquidity and capital adequacy, limiting the types of financial services and products Bendigo and Adelaide Bank can offer and / or increasing the ability of non-banks to offer competing financial services or products, as well as changes to accounting standards, taxation laws and prudential requirements.

Any such changes may adversely affect Bendigo and Adelaide Bank's business, operations and financial condition. The changes may lead Bendigo and Adelaide Bank to, among other things, change its business mix, incur additional costs as a result of increased management attention, raise additional amounts of higher quality capital (such as ordinary shares) and hold significant levels of additional liquid assets and undertake additional long-term wholesale funding to replace short-term wholesale funding to more closely match Bendigo and Adelaide Bank's asset maturity profile.

6.2.18 Bendigo and Adelaide Bank is exposed to counterparty risk through provision of life, general and lenders mortgage insurance

Whilst Bendigo and Adelaide Bank is not an underwriter of life insurance or general insurance, it distributes insurance products to some of its customers and as such is still exposed to the negative implications of the underwriter being unable to meet their insurance obligations.

Bendigo and Adelaide Bank could face reputation damage (see Section 6.2.15) should a customer not receive payment for a claim made under their life insurance or general insurance policies purchased as a result of their relationship with Bendigo and Adelaide Bank.

With respect to Lenders Mortgage Insurance ("LMI"), if Bendigo and Adelaide Bank's insurance provider should fail it increases the risk that Bendigo and Adelaide Bank will be uninsured in the event of mortgage default, having potentially negative effects on the operations and performance of Bendigo and Adelaide Bank.

6.2.19 Absence of government-sponsored financial stabilisation

In response to the GFC, a number of government-sponsored financial stabilisation packages (including guarantees of certain bank obligations) were introduced around the world, including in Australia. International capital markets and liquidity conditions improved following the GFC and banks were able to raise non-government guaranteed funds. Many such government-sponsored financial stabilisation packages were withdrawn or phased out, including in relation to wholesale funding. There is no certainty that financial conditions will improve or remain stable, nor that government sponsored financial stabilisation packages would be re-introduced if conditions deteriorated.

The absence of government-sponsored financial stabilisation schemes may result in stress on the global financial system or regional financial systems, which could adversely impact Bendigo and Adelaide Bank and its customers and counterparties. Specifically, it could adversely affect Bendigo and Adelaide Bank's ability to access sources of funding and lead to a decrease in Bendigo and Adelaide Bank's liquidity position and an increase in its funding costs, negatively affecting Bendigo and Adelaide Bank's business, operations and financial condition.

Furthermore, the recent reduction in the Government Guarantee on Deposits from \$1.0 million to \$250,000 may have a negative impact on Bendigo and Adelaide Bank as some customers may perceive their deposits as having lower security.

6.2.20 Bendigo and Adelaide Bank is exposed to trustee risk, which may adversely affect Bendigo and Adelaide Bank's business, operations and financial condition

Part of the business of Sandhurst Trustees, a wholly-owned subsidiary of Bendigo and Adelaide Bank, is its trustee and custodian business. This includes custodial services, acting as trustee for deposit notes, acting as trustee or responsible entity of unit trusts and managed investment schemes and acting as a trustee for retail superannuation funds. There are particular risks that apply to such a business. In particular, as a trustee or custodian, Sandhurst Trustees may generally be liable in its personal capacity (i.e. without a right of indemnity from the assets of the trust for which it is the trustee) for losses or damages caused as a result of negligence, fraud or breach of duty of Sandhurst Trustees or its officers. Further, as a trustee or custodian, the reputation of Sandhurst Trustees may be impacted adversely by the actions of its clients, notwithstanding it has acted in good faith.

6.2.21 Litigation and contingent liabilities may adversely affect Bendigo and Adelaide Bank's business, operations and financial condition

From time to time, Bendigo and Adelaide Bank may be subject to material litigation, regulatory actions, legal or arbitration proceedings and other contingent liabilities which, if they crystallise, may adversely affect Bendigo and Adelaide Bank's results.

There is a risk that these contingent liabilities may be larger than anticipated or that additional litigation or other contingent liabilities may arise.

6.2.21.1 Litigation risks in relation to the Great Southern loan portfolio

A specific litigation risk exists in relation to Bendigo and Adelaide Bank's Great Southern loan portfolio. A law firm commenced a number of group legal proceedings involving Bendigo and Adelaide Bank and other parties on behalf of investors in relation to managed investment schemes managed by Great Southern Managers Australia Ltd ("Group Proceedings"). The Great Southern Group of companies is now in liquidation.

Bendigo and Adelaide Bank either acquired or advanced loans to investors in the managed investment schemes. Not all borrowers are members of the Group Proceedings as the Group Proceedings relate to specific schemes and categories of borrowers. Interest bearing loans with initial principal amounts totalling around \$649 million, and non-interest bearing loans with initial principal amounts totalling a further \$142 million, that were advanced or acquired between 2005 and 2008 are covered by Group Proceedings.

While no wrongdoing is alleged against Bendigo and Adelaide Bank, the law firm is seeking to have the loan deeds of those borrowers who are members of the Group Proceedings deemed void or unenforceable and for all money paid under those loans (including principal, interest and fees) to be repaid to borrowers.

Bendigo and Adelaide Bank is vigorously defending the Group Proceedings.

Bendigo and Adelaide Bank has raised provisions and in some cases made write-offs in relation to the Great Southern loan portfolio, having regard to the performance of the portfolio and other relevant factors. However, the provisions and write-offs are small in the context of the potential loss should borrowers succeed with their claims under the Group Proceedings.

If the Group Proceedings are successful in having some or all of the loan deeds deemed void or unenforceable, Bendigo and Adelaide Bank will be unable to recover the relevant outstanding loans and/or be required to repay the principal, interest and fees already paid by the relevant borrowers who are members of the Group Proceedings (plus any court-ordered interest on the amounts required to be repaid). Further, if the Group Proceedings ultimately fail, but are successful at first instance, pending appeal Bendigo and Adelaide Bank may need to significantly increase the amount of provisions in relation to the Great Southern portfolio. Either of these events could have a significant effect on Bendigo and Adelaide Bank's Common Equity Tier 1 Ratio, potentially leading to a Capital Trigger Event occurring. A Capital Trigger Event would result in CPS mandatorily converting into Ordinary Shares. For details on the risks involved with a Capital Trigger Event refer to Section 6.1.10.

Further, if the outcome of the Group Proceedings were to have a significant effect on Bendigo and Adelaide Bank's Common Equity Tier 1 Ratio, Bendigo and Adelaide Bank may be required by APRA, or may otherwise determine, to raise further equity to address its capital position, by way of a rights issue or otherwise. Any such equity raising may impact the market price of Bendigo and Adelaide Bank's Ordinary Shares – see Section 6.1.8. As noted in Section 2.5.7, the Issue Date VWAP and consequently the Maximum Conversion Number is not adjusted to reflect a rights issue or other similar transaction. Accordingly, any such capital raising may increase the risk that the number of Ordinary Shares received following a Capital Trigger Event could be limited to the Maximum Conversion Number and this number of Ordinary Shares may have a value of less than \$102.56 (see Section 6.1.10.4 for further detail). In addition, any such capital raising could increase the risk that Conversion on the Scheduled Mandatory Conversion Date is deferred due to the Mandatory Conversion Conditions not being met (see Section 6.1.9 for further detail).

Parties to the Group Proceedings, including Bendigo and Adelaide Bank, may be required to participate in a court ordered mediation process prior to commencement of the trial, if such mediation is scheduled to occur before that time. The trial of common issues under the Group Proceedings is set to commence in the Victorian Supreme Court on 29 October 2012. Bendigo and Adelaide Bank considers it unlikely that judgement will be handed down on these matters prior to the second quarter of 2013. Any judgement may then be subject to appeal and the application of the Group Proceedings judgement to individual borrowers will need to be determined in subsequent proceedings. Accordingly the final outcome may not be known for a significant period of time.

6.2.22 Bendigo and Adelaide Bank is exposed to joint venture risk, which may adversely affect Bendigo and Adelaide Bank's business, operations and financial condition

Some of Bendigo and Adelaide Bank's activities are conducted through joint ventures. These joint ventures are not controlled or managed by Bendigo and Adelaide Bank. The nature and obligations of the joint venture arrangements may impact Bendigo and Adelaide Bank's financial position and financial performance.

6.2.23 Bendigo and Adelaide Bank is exposed to changes in exchange rates, which may adversely affect Bendigo and Adelaide Bank's business, operations and financial conditions

An appreciation in the Australian dollar relative to other currencies could adversely affect the Australian economy, including agricultural exports, international tourism, manufacturers, and import-competing producers whereas depreciation would increase debt service obligations in Australia dollar terms of unhedged exposures.

6.2.24 Bendigo and Adelaide Bank is exposed to an increase in the failure of third parties to honour their commitments in connection with Bendigo and Adelaide Bank's trading, lending, derivatives and other activities may adversely affect its business, operations and financial condition

Bendigo and Adelaide Bank is exposed to the potential risk of credit-related losses that can occur as a result of a counterparty being unable or unwilling to honour its contractual obligations. As with any financial services organisation, Bendigo and Adelaide Bank assumes counterparty risk in connection with its lending, trading, derivatives and other businesses where it relies on the ability of a third party to satisfy its financial obligations to Bendigo and Adelaide Bank on a timely basis. Bendigo and Adelaide Bank is also subject to the risk that its rights against third parties may not be enforceable in certain circumstances. Credit exposure may also be increased by a number of factors including deterioration in the financial condition of the counterparty, the value of assets Bendigo and Adelaide Bank holds as collateral, and the market value of the counterparty instruments and obligations it holds. Credit losses can and have resulted in financial services organisations realising significant losses and in some cases failing altogether. Should material unexpected credit losses occur to Bendigo and Adelaide Bank's credit exposures, it could have an adverse effect on Bendigo and Adelaide Bank's business, operations and financial condition.

6.2.25 Disruption of information technology systems or failure to successfully implement new technology systems could significantly interrupt Bendigo and Adelaide Bank's business which may adversely affect its operations and financial condition

Bendigo and Adelaide Bank is highly dependent on information systems and technology and there is a risk that these, or the services Bendigo and Adelaide Bank uses or is dependent upon, might fail.

Most of Bendigo and Adelaide Bank's daily operations are computer-based and information technology systems are essential to maintaining effective communications with customers. The exposure to systems risks includes the complete or partial failure of information technology systems or data centre infrastructure, the inadequacy of internal and third-party information technology systems due to, among other things, failure to keep pace with industry developments and the capacity of the existing systems to effectively accommodate growth and integrate existing and future acquisitions and alliances.

To manage these risks, Bendigo and Adelaide Bank has disaster recovery and information technology governance in place. However, any failure of these systems could result in business interruption, loss of customers, financial compensation, damage to reputation and/or a weakening of Bendigo and Adelaide Bank's competitive position, which could adversely impact Bendigo and Adelaide Bank's business and have a material adverse effect on Bendigo and Adelaide Bank's financial condition and operations. In addition, Bendigo and Adelaide Bank must update and implement new information technology systems, in part to assist it to satisfy regulatory demands, ensure information security, enhance computer-based banking services for Bendigo and Adelaide Bank's customers and integrate the various segments of its business. Bendigo and Adelaide Bank may not implement these projects effectively or execute them efficiently, which could lead to increased project costs, delays in the ability to comply with regulatory requirements, failure of Bendigo and Adelaide Bank's information security controls or a decrease in Bendigo and Adelaide Bank's ability to service its customers.

6.2.26 Unexpected changes to Bendigo and Adelaide Bank's license to operate in any jurisdiction may adversely affect its business, operations and financial condition

Bendigo and Adelaide Bank is licensed to operate in the various states and territories in which it operates. Unexpected changes in the conditions of the licenses to operate by governments, administrations or regulatory agencies which prohibit or restrict Bendigo and Adelaide Bank from trading in a manner that was previously permitted may adversely impact Bendigo and Adelaide Bank's financial results.

6.2.27 Bendigo and Adelaide Bank may experience reductions in the valuation of some of its assets, resulting in fair value adjustments that may have a material adverse effect on its earnings

Under Australian Accounting Standards, Bendigo and Adelaide Bank recognises at fair value:

- financial instruments classified as "held-for-trading" or "designated as at fair value through profit or loss";
- financial assets classified as "available-for-sale";
- derivatives; and
- financial assets backing insurance and investment liabilities.

Generally, in order to establish the fair value of these instruments, Bendigo and Adelaide Bank relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, fair values are based on present value estimates or other accepted valuation techniques. In certain circumstances, the data for individual financial instruments or classes of financial instruments used by such estimates or techniques may not be available or may become unavailable due to changes in market conditions. In these circumstances, the fair value is determined using data derived and extrapolated from market data, and tested against historic transactions and observed market trends.

The valuation models incorporate the impact of factors that would influence the fair value determined by a market participant. Principal inputs used in the determination of the fair value of financial instruments based on valuation techniques include data inputs such as statistical data on delinquency rates, foreclosure rates, actual losses, counterparty credit spreads, recovery rates, implied default probabilities, credit index tranche prices and correlation curves. These assumptions, judgments and estimates need to be updated to reflect changing trends and market conditions. The resulting change in the fair values of the financial instruments could have a material adverse effect on Bendigo and Adelaide Bank's earnings.

6.2.28 Bendigo and Adelaide Bank may be exposed to the risk of impairment to capitalised software, goodwill and other intangible assets that may adversely affect its business, operations and financial condition

In certain circumstances the Group may be exposed to a reduction in the value of intangible assets. As at 30 June 2012, the Group carried goodwill principally related to its investments in Australia, intangible assets principally relating to assets recognised on acquisition of subsidiaries, and capitalised software balances.

Bendigo and Adelaide Bank is required to assess the recoverability of the goodwill balance on at least an annual basis. For this purpose Bendigo and Adelaide Bank uses either a discounted cash flow or a multiple of earnings calculation. Changes in the assumptions upon which the calculation is based, together with expected changes in future cash flows, could materially impact this assessment, resulting in the potential write-off of a part or all of the goodwill balance.

The recoverability of capitalised software and other intangible assets is assessed at least annually. In the event that an asset is no longer in use, or that the cash flows generated by the asset do not support the carrying value, an impairment may be recorded, adversely impacting Bendigo and Adelaide Bank's financial condition.

6.2.29 Bendigo and Adelaide Bank is exposed to strategic and acquisition risk, which may adversely affect Bendigo and Adelaide Bank's business, operations and financial condition

Bendigo and Adelaide Bank regularly examines a range of corporate opportunities, including material acquisitions and disposals with a view to determining whether those opportunities will enhance Bendigo and Adelaide Bank's financial performance and position. There are risks associated with strategic and business decisions made by Bendigo and Adelaide Bank in the ordinary course of business which could, for a variety of reasons, have a material adverse effect on Bendigo and Adelaide Bank's current and future financial position or performance.

7. Tax Summary



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The Directors
Bendigo and Adelaide Bank Limited
The Bendigo Centre
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Dear Directors

Bendigo and Adelaide Bank Limited Convertible Preference Shares (CPS) Australian Tax Letter

This letter summarises our opinion, for the purpose of inclusion in the Prospectus dated 2 October 2012, regarding the Australian income tax and goods and services tax (GST) consequences for certain investors who hold CPS (**Holder**s).

We have based our opinion on information set out elsewhere in the Prospectus, including the terms of issue of CPS which are attached as Appendix A of the Prospectus, plus certain other information provided to us by Bendigo and Adelaide Bank Limited (**the Bank**).

1 Scope of opinion

This opinion is only intended for Holders who:

- acquire CPS by initial subscription; or
- acquire CPS by electing to have their reset preference shares (RPS which trade on the Australian Securities Exchange under the code "BENPA") redeemed, and the RPS Redemption Proceeds reinvested in CPS, where the RPS have been held for long-term, capital appreciation in value; and
- intend to hold CPS for long-term, capital appreciation in value (that is, on capital account for tax purposes).

This opinion provides a general overview of the Australian tax consequences arising for Holders. All Holders should seek independent tax advice to address their own specific circumstances.

In particular, this opinion does not cover all the tax consequences which may arise for Holders trading in shares or otherwise holding shares on revenue account. It also does not apply to non-resident Holders who hold CPS through a "permanent establishment" in Australia.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

2 Anticipated Class Ruling

The Bank has lodged an application for a class ruling with the Commissioner of Taxation (**the Commissioner**) regarding certain income tax consequences. These matters are noted throughout this opinion (where relevant). We expect the opinions in the Class Ruling will align with those in this opinion.

Class Rulings are public rulings that enable the Commissioner to provide binding confirmation about the application of tax law to a specific class of persons, in relation to a particular scheme. The purpose of a Class Ruling is to provide certainty to participants, and minimise the need for individual participants to seek private rulings.

We expect that the Class Ruling will only apply to Holders:

- who are Australian tax residents;
- who hold CPS on capital account; and
- for whom gains and losses from CPS are not subject to the Taxation of Financial Arrangements (**TOFA**) regime.

There are also likely to be some additional qualifications and limitations specified in the Class Ruling.

The Class Ruling, when published, will be available for downloading from the Bank's website (www.bendigoadelaide.com.au) and should also be available at www.ato.gov.au.

3 Tax consequences for Holders who are Australian tax residents

3.1 Dividends on CPS

- Holders must include dividends they receive in respect of their CPS in their assessable income in the year in which the Bank pays dividends unless they are a tax-exempt entity. The assessable amount includes any franking credits attached to dividends unless the Holder is not a "qualified person" (discussed below). We expect this to be confirmed in the Class Ruling.
- Holders are entitled to obtain a tax offset for the amount of franking credits attached to dividends subject to them being a "qualified person" in respect of their CPS. We expect this to be confirmed in the Class Ruling. A "qualified person" must satisfy both the "holding period" and "related payment" rules. Broadly:
 - Under the holding period rule, Holders need to hold their CPS "at risk" for a continuous period of not less than 90 days (excluding the acquisition and disposal day) in a period starting on the day after the shares are acquired and ending on the day after CPS become ex-dividend;

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- Under the related payments rule, Holders who make “related payments” in respect of their dividends must hold their CPS “at risk” for a continuous period of not less than 90 days (excluding the acquisition and disposal day) in a period starting 90 days before, and ending 90 days after the CPS become ex-dividend. Broadly, “related payments” arise where a Holder pays or passes on the benefit of the dividends to another person;
- A Holder will be “at risk” where positions (e.g. derivatives) taken by the taxpayer do not materially diminish the risks or opportunities in respect of holding CPS; and
- Holders who have total franking tax offsets below \$5,000 in a year (including from sources other than CPS) will automatically be qualified persons in respect of the CPS unless they are subject to the related payments rule.
- Individuals and complying superannuation fund Holders (including beneficiaries of trust Holders) may be entitled to a refund of franking tax offsets in excess of their tax payable. Company Holders are generally not entitled to a refund of excess franking tax offsets. However, there are special company tax rules which may have the effect of converting excess franking tax offsets into tax losses.
- Generally, an entity will only be entitled to a refund of franking tax offsets where the amount of the franking credit is included in assessable income. However, there are special rules which allow certain charitable tax-exempt entities to obtain a refund of franking tax offsets.
- There are a range of anti-avoidance provisions under the income tax law to prevent franking tax offsets from being available to Holders in a manner that is contrary to the policy intentions of the imputation system. However, we do not anticipate that the Commissioner of Taxation will deny any franking tax offsets for Holders under those rules. We expect this to be confirmed in the Class Ruling.
- Holders may notify the Bank of their Tax File Number (TFN), Australian Business Number (ABN) or any dividend withholding tax exemption that applies to their circumstances. If a Holder does not notify the Bank, withholding tax will be withheld at the highest marginal tax rate (including Medicare Levy) from the cash amount of the unfranked amount of dividends paid on CPS. The withholding tax rate is currently 46.5%. Holders may be eligible to claim a tax credit in their income tax return for such tax withheld.

3.2 Acquisition date and cost base for Capital Gains Tax (CGT) purposes

- Holders will acquire the CPS for CGT purposes on the date the Bank issues the CPS. This date is relevant for determining the 12 month holding period for the CGT discount for certain Holders who are eligible (discussed further below). We expect this to be confirmed in the Class Ruling.
- The cost base (or reduced cost base) includes the \$100 cost per share paid for each CPS. We expect this to be confirmed in the Class Ruling.

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- The cost base may also include other elements, such as remuneration paid for the services of an accountant, broker, agent, consultant or legal adviser. Holders should seek independent tax advice to identify if these other costs may be included in the cost base (or reduced cost base).
- The cost base (or reduced cost base) is relevant for determining the amount of any capital gain (or capital loss) made at a later point in time in respect of CPS. This includes, but is not limited to, the future sale of CPS.

3.3 Sale of CPS by Holders

- Holders selling their CPS on the Australian Securities Exchange may, depending on the sale proceeds, make a capital gain or a capital loss. A capital gain (net of capital losses) will be included in the Holder's assessable income. A capital loss may be applied against the Holder's other capital gains or potentially carried forward to future years.
- If the Holder is an individual, trustee of a trust, or a complying superannuation fund, and holds CPS for longer than 12 months, they may be eligible to apply a CGT discount (50% for individuals and trusts, 1/3 for superannuation funds) to reduce the amount of the taxable capital gain. Companies are generally not entitled to the CGT discount.

3.4 Redemption of CPS

- The Bank may, in some circumstances, redeem CPS. In these circumstances, the CPS Holder will receive an amount equal to the redemption price for each CPS it redeems.
- Any potential redemption of CPS is likely to be treated the same as a sale of CPS as described above. The redemption price is treated the same as the sale proceeds.
- The Bank is likely to carry out any redemption event in a manner that will not cause any of portion of the redemption price to be treated as a dividend for tax purposes. However, it is possible that a redemption may include a dividend component. Holders should be notified of this at the time of any redemption.

3.5 Conversion of CPS into Ordinary Shares

- CPS may convert into Ordinary Shares in the Bank in circumstances outlined in the Prospectus.
- The conversion of CPS into Ordinary Shares will not result in a capital gain or loss for Holders at the time of conversion. The conversion will not otherwise be included in the assessable income of Holders.
- Holders will apportion the original cost base of CPS across the Ordinary Shares they receive as a result of the conversion event. This will become the cost base of the Ordinary Shares

issued on conversion. This is relevant for determining any capital gain (or capital loss) made on those Ordinary Shares in the future.

- Holders will be deemed for CGT purposes to have acquired any Ordinary Shares received as a result of a conversion event on the date the Bank issues the CPS.

We expect the above matters to be confirmed in the Class Ruling.

3.6 Conversion of CPS into Ordinary Shares in an Approved Non-Operating Holding Company (NOHC)

- The Bank may amend the terms of the CPS, in the circumstances outlined in the Prospectus, to enable it to issue Ordinary Shares in an Approved NOHC on conversion, rather than in the Bank.
- Holders will not make a capital gain provided they do not receive any proceeds (and do not incur any costs) in respect of this amendment of the terms of the CPS (which we understand should not be the case).
- There are special rules within the CGT provisions of the tax law that allow Holders to disregard any capital gain or loss that they would otherwise make from converting CPS into Ordinary Shares in an Approved NOHC.
- Holders will be deemed for CGT purposes to have acquired any Ordinary Shares received as a result of a conversion event at the time of the conversion of the CPS (i.e., not on the date the Bank issues the CPS).

We expect the above matters to be confirmed in the Class Ruling.

3.7 Taxation of Financial Arrangements (TOFA) regime

- The TOFA regime, which may impact the character and timing for recognition of gains or losses in respect of CPS, should generally not apply to Holders in respect of their CPS unless they are eligible to make, and have actually made, certain TOFA elections.
- Holders should seek specific tax advice relating to their own individual circumstances when considering the impact of TOFA on their investment in CPS.

4 Tax consequences for Holders who are not Australian tax residents (Non-resident Holders)

- Non-resident Holders who receive fully franked dividends will not be subject to Australian dividend withholding tax. They will also not be entitled to claim a credit or refund in Australia for any franking credits.

- In the event there is an unfranked component of a dividend, this will be paid net of dividend withholding tax at the rate of 30%. The withholding tax may be reduced depending on any double taxation agreement entered into between Australia and the Holder's country of residence.
- Any capital gain or loss arising on disposal of CPS will generally be disregarded provided that each Non-resident Holder has less than 10% of shares in the Bank, and does not hold the shares through a permanent establishment in Australia.

5 Goods and Services Tax (GST)

- Holders should not be liable for GST at the time of acquiring, redeeming, converting, or otherwise disposing of their CPS.
- Resident Holders who are registered for GST are unlikely to be entitled to an input tax credit in respect of costs associated with the acquisition of CPS.

6. Redemption of the RPS

6.1 Tax consequences for Holders who are Australian tax residents

- The redemption of the RPS will give rise to a capital gain to Redeeming RPS Holders where the RPS Redemption Proceeds are greater than the Redeeming RPS Holder's cost base of their RPS. A capital loss will arise if the RPS Redemption Proceeds are less than reduced cost base.
- The cost base (or reduced cost base) of the RPS will include the original cost per share paid for each RPS, and may also include other elements, such as remuneration paid for the services of an accountant, broker, agent, consultant or legal adviser.

6.2 Tax consequences for Holders who are not Australian tax residents (Non-resident Holders)

- Any capital gain or loss arising on redemption of RPS will generally be disregarded provided that each Non-resident Holder has less than 10% of shares in the Bank, and does not hold the shares through a permanent establishment in Australia.

6.3 Goods and Services Tax (GST)

- Redeeming RPS Holders should not be liable for GST at the time of their RPS being redeemed.
- Resident Redeeming RPS Holders who are registered for GST are unlikely to be entitled to an input tax credit in respect of costs associated with the acquisition of CPS.

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Our tax advice is based on current taxation law as at the date our advice is provided. You will appreciate that the tax law is frequently being changed, both prospectively and retrospectively. A number of key tax reform measures have been implemented, a number of other key reforms have been deferred and the status of some key reforms remains unclear at this stage.

Unless special arrangements are made, this advice will not be updated to take account of subsequent changes to the tax legislation, case law, rulings and determinations issued by the Australian Commissioner of Taxation or other practices of taxation authorities. It is your responsibility to take further advice, if you are to rely on our advice at a later date.

We are, of course, unable to give any guarantee that our interpretation will ultimately be sustained in the event of challenge by the Australian Commissioner of Taxation.

KPMG's Tax practice is not licensed to provide financial product advice under the Corporations Act and taxation is only one of the matters that must be considered when making a decision on a financial product. Holders should consider taking advice from an Australian Financial Services Licence holder before making any decision on a financial product.

Yours faithfully



KPMG

8. Additional Information

8.1 Reporting and disclosure obligations

Bendigo and Adelaide Bank is admitted to the official list of ASX and is a disclosing entity for the purposes of the Corporations Act. As a disclosing entity, it is subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules. Broadly, these obligations require that Bendigo and Adelaide Bank prepare both yearly and half yearly financial statements, a report on the operations of Bendigo and Adelaide Bank during the relevant accounting period, together with an audit or review report by its auditor.

Copies of all documents lodged by Bendigo and Adelaide Bank with ASIC may be obtained from or inspected at an ASIC office.

Bendigo and Adelaide Bank must ensure that ASX is continuously notified of information about specific events and matters as they arise for the purpose of ASX making the information publicly available.

Bendigo and Adelaide Bank has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information concerning it of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of its quoted securities.

8.2 Availability of documents

Bendigo and Adelaide Bank will provide a copy of any of the following documents free of charge to any person who requests a copy during the Offer Period:

- the annual financial report for the year ended 30 June 2012 lodged with ASX by Bendigo and Adelaide Bank (being the most recent audited annual financial statements lodged with ASX before lodgement of this Prospectus with ASIC);
- any other continuous disclosure notices given by Bendigo and Adelaide Bank in the period after the lodgement of the annual financial report of Bendigo and Adelaide Bank for the year ended 30 June 2012 and before lodgement of this Prospectus with ASIC; and
- the Constitution.

The annual financial report for the year ended 30 June 2012, together with copies of continuous disclosure notices lodged with ASX, are available at www.asx.com.au or at www.bendigoadelaide.com.au. The Constitution is available at www.bendigoadelaide.com.au/public/corporate_governance/pdf/Constitution.pdf

All requests for copies of the above documents should be addressed to:

Share Registry
Bendigo and Adelaide Bank Limited
PO Box 480
Bendigo Vic 3552

8.3 Rights and liabilities attaching to CPS

The rights and liabilities attaching to CPS are contained in the CPS Terms set out in Appendix A. Rights and liabilities attaching to CPS may also arise under the Corporations Act, Listing Rules, Bendigo and Adelaide Bank's Constitution and other laws.

8.4 Rights and liabilities attaching to Ordinary Shares

Holders may receive Ordinary Shares on Conversion. The rights and liabilities attaching to the Ordinary Shares are set out in the Constitution and are also regulated by the Corporations Act, Listing Rules and the general law. This Section briefly summarises the key rights attaching to the Ordinary Shares. It is not intended to be an exhaustive summary of the rights and obligations of Ordinary Shareholders. Investors who wish to inspect the Constitution may do so at the registered office of Bendigo and Adelaide Bank during normal office hours or may obtain a copy as provided under Section 8.2.

8.4.1 Voting rights

Subject to any rights or restrictions attached to any shares or class of shares, each Ordinary Shareholder is entitled to attend and vote at a general meeting of Bendigo and Adelaide Bank. Any resolution being considered at a general meeting is to be decided on a show of hands unless a poll is demanded. On a show of hands, each Ordinary Shareholder present has one vote. On a poll, each Ordinary Shareholder has one vote for each fully paid Ordinary Share held. Partly paid shares confer that fraction of a vote which is equal to the proportion which the amount paid bears to the total issue price of the share.

In the case of an equality of votes, the Chairman has, both on a show of hands and at a poll, a casting vote in addition to the vote or votes to which the Chairman may be entitled as an Ordinary Shareholder or as a proxy, attorney or duly appointed representative of an Ordinary Shareholder.

8.4.2 General meetings

Subject to the Corporations Act and Listing Rules, each holder of Ordinary Shares is entitled to receive notice of general meetings of Bendigo and Adelaide Bank and to receive all notices, accounts and other documents required to be sent to Ordinary Shareholders under Bendigo and Adelaide Bank's Constitution, the Corporations Act or Listing Rules. Bendigo and Adelaide Bank may give notice to any Ordinary Shareholder personally by leaving it at the Ordinary Shareholder's registered address or by sending it by prepaid post, facsimile transmission or electronically to the Ordinary Shareholder's registered address, fax number or electronic mail address.

8.4.3 Dividend entitlement

Subject to the Corporations Act, the Constitution and the terms of issue of Ordinary Shares, the Board may resolve to pay dividends on Ordinary Shares which are considered by the Board to be appropriate, in proportion to the capital paid up on the Ordinary Shares held by each Ordinary Shareholder (subject to the rights of holders of shares carrying preferred rights including CPS). When declaring a dividend the Board may determine that payment of the dividend be effected wholly or in part by the distribution of specific assets or documents of title and in particular by the issue or transfer of paid up shares, debentures, debenture stock or grant of options of Bendigo and Adelaide Bank or any other corporation.

8.4.4 Dividend reinvestment plan

The Board may establish and maintain one or more dividend plans under which Ordinary Shareholders may, among other alternatives, elect with respect to some or all of their Ordinary Shares to reinvest the dividend by subscribing for new Ordinary Shares in Bendigo and Adelaide Bank.

8.4.5 Rights of Ordinary Shareholders on a winding up of Bendigo and Adelaide Bank

If Bendigo and Adelaide Bank is wound up, the liquidator may divide among all or any of the contributories as the liquidator thinks fit, in specie or in kind, any part of the assets of Bendigo and Adelaide Bank, and may vest any part of the assets of Bendigo and Adelaide Bank in trustees on any trusts for the benefit of all or any of the contributories as the liquidator thinks fit. Depositors and other creditors will be paid out in priority to holders of Ordinary Shares. Any surplus available will be distributed among Ordinary Shareholders in accordance with the Corporations Act.

8.4.6 Transfer of Ordinary Shares

Bendigo and Adelaide Bank Ordinary Shares, when quoted on ASX, are transferable by:

- a written transfer in the usual or common form or in any form the Board may prescribe or in a particular case accept, duly stamped (if necessary) being delivered to Bendigo and Adelaide Bank;
- a proper ASTC transfer, which is to be in the form required or permitted by the Corporations Act or the operating rules of ASX Settlement Pty Ltd; or
- any other electronic system established or recognised by the Listing Rules in which Bendigo and Adelaide Bank participates in accordance with the rules of that system.

The Board may, subject to the requirements of the Corporations Act and Listing Rules, refuse to register any transfer of shares in Bendigo and Adelaide Bank if the registration would infringe an applicable law or ASX Listing Rule, or if the transfer concerns securities over which Bendigo and Adelaide Bank has a lien or which are subject to forfeiture, or if it is permitted to do so under the Listing Rules.

8.4.7 Issues of further shares

Subject to the Constitution, the Corporations Act and the Listing Rules, the Board may issue, or grant options in respect of, shares on such terms as the Board decides. In particular, the Board may issue preference shares, including redeemable preference shares, with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on a winding up of Bendigo and Adelaide Bank.

8.4.8 Variation of rights

Bendigo and Adelaide Bank may only modify or vary the rights attaching to any class of shares with the prior approval, by a special resolution, of the holders of shares in that class at a meeting of those holders, or with the written consent of the holders of at least 75% of the issued shares of that class. Subject to the terms of issue, the rights attached to a class of shares are not treated as varied by the issue of further shares which rank equally with that existing class for participation in profits and assets of Bendigo and Adelaide Bank.

8.4.9 Variation of the Constitution

The Constitution can only be modified by a special resolution in accordance with the Corporations Act. Under the Corporations Act, for a resolution to be passed as a special resolution it must be passed by at least 75% of the votes cast by members entitled to vote on the resolution.

8.5 Rights and liabilities attaching to NOHC ordinary shares

If a NOHC Event occurs and the CPS Terms are amended to enable substitution of the NOHC as the issuer of ordinary shares on Conversion (including Mandatory Conversion), the rights and liabilities of the NOHC ordinary shares are not expected to be materially different to the rights and liabilities of Ordinary Shares in Bendigo and Adelaide Bank. The Approved NOHC will be obliged to use all reasonable endeavours to obtain quotation of the Approved NOHC Ordinary Shares issued on Conversion – see 13.1 of the CPS Terms.

8.6 Summary of the Offer Management Agreement

Bendigo and Adelaide Bank has entered into an Offer Management Agreement (“OMA”) with the Joint Lead Managers. Under the OMA, the Joint Lead Managers have agreed to manage the Offer, including the Bookbuild, and to provide settlement support for the settlement obligations of Syndicate Brokers and Institutional Investors under the Bookbuild.

The following is the summary of the principal provisions of the OMA.

8.6.1 Fees

The fees payable to the Joint Lead Managers are set out in Section 9.2.2. The actual amount payable will not be known until the allotment of CPS under the Offer.

Bendigo and Adelaide Bank must also pay or reimburse each Joint Lead Manager for reasonable costs of and incidental to the Offer (including reasonable legal and travel costs), subject to certain limits.

8.6.2 Representations, warranties and undertakings

Bendigo and Adelaide Bank gives various representations, warranties and undertakings to the Joint Lead Managers, including that this Prospectus and certain other documents issued by Bendigo and Adelaide Bank in respect of the Offer (“Offer Documents”) and the conduct of all parts of the Offer comply with all applicable laws, including the Corporations Act, the Listing Rules and any legally binding requirements of APRA.

With the exception of the Offer and certain other corporate actions (including the conversion of any relevant convertible securities which are on issue as of the date of the OMA), Bendigo and Adelaide Bank has also agreed that it will not, and will procure that neither it nor any of its controlled entities, allot, agree to allot, announce any issue of, indicate in any way that it may or will allot, or otherwise authorise the issue, of any hybrid or preference securities in Australia with either Tier 1 or Tier 2 Capital status before the date which is 90 days after the Issue Date without the Joint Lead Managers’ prior written consent.

8.6.3 Indemnity

Bendigo and Adelaide Bank has agreed to indemnify the Joint Lead Managers and certain affiliated parties against all claims, demands, damages, losses, costs, expenses, imposts and liabilities suffered by them arising directly or indirectly from the Offer or the OMA. This indemnity is subject to limited exclusions, including exclusions for losses that have resulted from the fraud, recklessness, wilful misconduct or negligence of an indemnified party.

8.6.4 Termination Events

Each Joint Lead Manager may terminate its obligations under the OMA by notice to Bendigo and Adelaide Bank and the other Joint Lead Managers if it becomes aware of the happening of any one or more of the following events:

- (a) the credit rating assigned to Bendigo and Adelaide Bank at 24 September 2012 by Standard & Poor’s or Moody’s Investor Services is downgraded or withdrawn or that credit rating is placed on credit watch negative; or
- (b) a material contravention by Bendigo and Adelaide Bank or any of its controlled entities of the Corporations Act, or any legally binding requirement of ASIC, APRA or ASX, its constitution or any of the Listing Rules or other applicable law or regulation; or

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- (c) any of the Offer documents, or any aspect of the Offer does, not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation; or
 - (d) Bendigo and Adelaide Bank issues without the prior written consent of the Joint Lead Managers, or in the reasonable opinion of that Joint Lead Manager becomes required to issue, a supplementary prospectus pursuant to Section 719 (other than a replacement prospectus to be issued with the inclusion of the Margin) of the Corporations Act; or
 - (e) Bendigo and Adelaide Bank fails to deliver a certificate in accordance with the OMA; or
 - (f) approval is refused or not granted, other than subject to customary conditions, to the official quotation of all the CPS on ASX on or before the Issue Date, or if granted, the approval is subsequently withdrawn, qualified or withheld; or
 - (g) any of the following notifications are made:
 - 1) ASIC gives notice of an intention to hold a hearing, issues an order or issues an interim order under Section 739 of the Corporations Act;
 - 2) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or the Offer documents or ASIC commences any investigation or hearing under Part 3 of the Australian Securities & Investments Commission Act 2001 (Cth) in relation to the Offer or the Offer documents, and such application, investigation or hearing (as applicable) whether or not withdrawn becomes publicly known, or has not been withdrawn within 2 business days after it is made or prior to the Issue Date, whichever is earlier; or
 - 3) any person (other than the Joint Lead Manager seeking to terminate) who has previously consented to the inclusion of its name in this Prospectus (or any supplementary prospectus) or to be named in this Prospectus withdraws that consent; or
 - (h) Bendigo and Adelaide Bank withdraws, or publicly indicates that it does not intend to proceed with, the Prospectus or the Offer other than in accordance with the OMA; or
 - (i) the S&P/ASX All Ordinaries Index, the S&P/ASX 200 or the Dow Jones Industrial Average:
 - A. falls to a level that is 85% or less than its prescribed starting level at any time up to the Issue Date; or
 - B. is below 90% of its prescribed starting level at the close of trading for any 3 consecutive business days or on any day within the 3 business days prior to the Issue Date; or
 - (j) Bendigo and Adelaide Bank or any of its directors or officers (as that term is defined in the Corporations Act), engage in any fraudulent conduct or activity whether or not in connection with the Offer; or
 - (k) any licence, permit, authorisation or consent which is material to anything referred to in the Offer documents or necessary to conduct the business of Bendigo and Adelaide Bank or a controlled entity of Bendigo and Adelaide Bank is repealed, revoked, terminated or expires in a manner unacceptable to the Joint Lead Managers acting reasonably; or
 - (l) Bendigo and Adelaide Bank is insolvent (as set out in the OMA) or there is an act or omission made which may result in Bendigo and Adelaide Bank becoming insolvent; or
 - (m) a director of Bendigo and Adelaide Bank is charged with an indictable offence relating to any financial or corporate matter or fraudulent or misleading or deceptive conduct, or any government agency commences any public action against any of Bendigo and Adelaide Bank's Directors in their capacity as a director of Bendigo and Adelaide Bank, or a Director of Bendigo and Adelaide Bank is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
 - (n) Bendigo and Adelaide Bank is prevented from allotting and issuing the CPS within the time required by the timetable under the OMA, the Corporations Act, Listing Rules, applicable laws, an order of a court of competent jurisdiction or a Government Agency; or
 - (o) the occurrence of:
 - 1) a suspension or limitation (in each case persisting for at least one business day) in trading in securities generally on ASX, the New York Stock Exchange and/or the London Stock Exchange;
 - 2) a suspension or limitation (in each case persisting for at least one business day) in trading in Bendigo and Adelaide Bank's securities on ASX (other than a trading halt in connection with the Offer);
 - 3) a general moratorium on commercial banking activities in Australia, New Zealand, the United States or the United Kingdom is declared by the relevant authorities, or there is a material disruption in commercial banking or securities settlement or clearance services in the those places; or
 - 4) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls in Australia, New Zealand, Singapore, Hong Kong or the United States, the United Kingdom or elsewhere; or

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- (p) there is a tax event (within the meaning of the CPS Terms); or
 - (q) any government agency commences any public action against Bendigo and Adelaide Bank (including a prosecution of or a hearing or investigation into, Bendigo and Adelaide Bank), or announces that it intends to take such action; or
 - (r) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, the United Kingdom, Indonesia, Japan, Russia or the People's Republic of China, Iraq, North or South Korea, or any member state of the European Union or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries or elsewhere in the world; or
 - (s) a change in the Board of Directors of Bendigo and Adelaide Bank occurs or there is a change to the Chief Executive Officer or Chief Financial Officer of Bendigo and Adelaide Bank;
 - (t) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia or the Parliament of New Zealand, a new law, or the Reserve Bank of Australia, or any Commonwealth or State or New Zealand authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before 24 September 2012), any of which does or is likely to prohibit or adversely affect the Offer, capital issues or stock markets; or
 - (u) a default by Bendigo and Adelaide Bank in the performance or observance of any of its obligations under the OMA occurs; or
 - (v) a representation or warranty made or given, or deemed to have been made or given by Bendigo and Adelaide Bank under the OMA proves to be, or to have been, or becomes not true or not correct; or
 - (w) a certificate under the OMA is not true or correct; or
 - (x) the due diligence report of the due diligence committee established in connection with the Offer or any other information supplied by or on behalf of Bendigo and Adelaide Bank to a Joint Lead Manager in relation to Bendigo and Adelaide Bank and its controlled entities or the Offer is misleading or deceptive (including by omission); or
 - (y) any aspect of the Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation; or
 - (z) any event specified in the timetable in the OMA is delayed for more than 3 business days without the prior written approval of the Joint Lead Managers (such approval not to be unreasonably withheld); or
 - (aa) Bendigo and Adelaide Bank alters its share capital (other than in a way contemplated in this Prospectus or by the OMA) or its constitution (other than as notified in writing to the Joint Lead Managers prior to 24 September 2012) in any material respect without first obtaining the written consent of the Joint Lead Managers (which will not be unreasonably withheld or delayed);
 - (bb) a member of the Bank Group (other than Bendigo and Adelaide Bank) is insolvent (as set out in the OMA) or there is an act or omission made which may result in a member of the Bank Group (other than Bendigo and Adelaide Bank) becoming insolvent; or
 - (cc) any adverse change occurs (or becomes known), after lodgement of this Prospectus with ASIC in the assets, liabilities, financial position or performance, profits, losses or prospects of Bendigo and Adelaide Bank, or Bendigo and Adelaide Bank and its controlled entities (taken as a whole), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of Bendigo and Adelaide Bank, or Bendigo and Adelaide Bank and its controlled entities (taken as a whole), from those respectively disclosed in:
 - 1) this Prospectus; or
 - 2) any publicity, media statements, announcements, advertisements, presentations or other materials produced, used or made by or on behalf of Bendigo and Adelaide Bank with Bendigo and Adelaide Bank's prior approval in connection with the Offer; or
 - 3) public announcements and other media statements made by or on behalf of Bendigo and Adelaide Bank with Bendigo and Adelaide Bank's prior approval in relation to the affairs of Bendigo and Adelaide Bank or its controlled entities, in the period from the lodgement date of this Prospectus until the time when all of the CPS have been issued in accordance with the Offer (taken together and having regard to the extent to which later statements may supersede earlier statements); or

(dd) there occurs a new circumstance that has arisen since this Prospectus was lodged with ASIC that would have been required to be included in this Prospectus if it had arisen before this Prospectus was lodged in relation to Bendigo and Adelaide Bank or any of its controlled entities (other than the replacement prospectus to be issued with the inclusion of the Margin).

If an event referred to in any of paragraphs (o) to (dd) occurs, a Joint Lead Manager may not terminate its obligations under the OMA unless, in the actual and reasonable opinion of that Joint Lead Manager, the event has or is likely to have a materially adverse effect on the outcome of the Offer or on settlement of the Offer, or leads or is likely to lead to a Joint Lead Manager (i) being involved in a contravention of the Corporations Act or any other applicable law, or (ii) incurring a liability under the Corporations Act or any applicable law, regulation, treaty, or administrative action.

8.6.5 Consents

Each Director has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn their consent to the lodgement of this Prospectus with ASIC.

Each of the parties (referred to as “**Consenting Parties**”) who are named below:

- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, other than, in the case of KPMG, its Australian Tax Letter in Section 7;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements or omissions from this Prospectus, other than the reference to its name and, in the case of KPMG, its Australian Tax Letter in Section 7;
- has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named; and
- in the case of KPMG, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the Australian Tax Letter in the form and context in which it appears in Section 7.

Role	Consenting parties
Joint Lead Managers	Evans & Partners J.P. Morgan Macquarie Morgan Stanley
Co-Managers	Bell Potter
Auditor	Ernst & Young
Legal adviser	Freehills
Tax adviser	KPMG
Registry	Computershare Investor Services Pty Limited

8.7 ASX relief

The Offer

ASX has confirmed that CPS will be classified as “equity securities” for the purposes of the Listing Rules and has confirmed that:

- the CPS Terms are appropriate and equitable for the purpose of Listing Rule 6.1;
- Listing Rule 6.3 has been waived to the extent necessary to permit CPS to carry the voting rights as set out in the CPS Terms;
- the terms of the CPS meet the requirements of Listing Rule 6.5;
- the terms of the APRA constraints on the payment on Dividends (including the Payment Tests) do not amount to a removal of a right to a dividend for the purposes of Listing Rule 6.10;
- Conversion or Redemption by Bendigo and Adelaide Bank as provided in the CPS Terms is appropriate and equitable for the purposes of Listing Rule 6.12;
- for the purposes of Listing Rule 7.1, it is acceptable that the maximum number of Ordinary Shares into which CPS can be Converted in accordance with Listing Rules 7.1 and 7.1.4 will be calculated based on the market price of the Ordinary Shares immediately prior to the announcement of the Offer;

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- Listing Rule 10.11 has been waived to permit Directors (and their associates) to participate in the Offer, without shareholder approval, on the following conditions:
 - the Directors (and their associates) are collectively restricted to applying for no more than 0.2% of the total number of CPS issued under the Offer; and
 - the participation of the Directors (and their associates) is on the same terms and conditions as other applicants for CPS;
 - Bendigo and Adelaide Bank releases the terms of the waiver to the market; and
 - when CPS are issued, Bendigo and Adelaide Bank announces to the market the total number of CPS issued to the Directors of Bendigo and Adelaide Bank (and their associates) in aggregate.

ASX has also agreed to allow CPS to trade on a deferred settlement basis for a short time following the issue of CPS.

8.8 ASIC relief

ASIC relief has been obtained in respect of the operation of Section 713 of the Corporations Act to allow Bendigo and Adelaide Bank to issue a “transaction-specific” prospectus in relation to the Offer of CPS converting into Ordinary Shares (being continuously quoted) or ordinary shares issued by the NOHC in certain circumstances.

8.9 Foreign selling restrictions

As at the date of this Prospectus, no action has been taken to register or qualify CPS or the Offer or to otherwise permit a public offering of CPS outside Australia.

The distribution of this Prospectus (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Prospectus outside Australia, then you should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may violate securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

In particular, this Prospectus (including an electronic copy) may not be distributed or released, in whole or in part, in the United States or to a US Person. It does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to a US Person (or to any person acting for the account or benefit of a US Person). Neither the CPS nor the Ordinary Shares into which the CPS are convertible have been or will be registered under the US Securities Act or the securities laws of any state of the United States, and they may not be offered or sold in the United States or to, or for the account or benefit of, a US Person. The CPS are being offered and sold in the Offer solely outside the United States to persons that are not US Persons and are not acting for the account or benefit of US Persons, in each case pursuant to Regulation S under the US Securities Act.

Any offer, sale or resale of CPS in the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act. CPS may be offered in a jurisdiction outside Australia under the Institutional Offer where such offer is made in accordance with the laws of that jurisdiction.

Each person submitting an Application Form will be deemed to have acknowledged that it is aware of the restrictions referred to in this Section 8.9 and to have represented and warranted that it is able to apply for and acquire CPS in compliance with those restrictions.

8.10 Privacy statement

If you apply for CPS, you will provide personal information to Bendigo and Adelaide Bank or its agents. Bendigo and Adelaide Bank and its agents collect, hold and use your personal information in order to assess and process your Application, service your needs as a Holder, provide facilities and services that you request, provide you with information about products and services and carry out appropriate administration of your investment.

Some of the information which will be collected is required pursuant to tax and company law. If you do not provide the information requested, your CPS application may not be able to be processed efficiently, or at all.

To do these things, Bendigo and Adelaide Bank may disclose your personal information for purposes related to your investment to ASX and to related bodies corporate, agents and organisations that carry out functions on the Bank Group's behalf such as mailing houses and information technology service providers. Confidentiality agreements with these entities ensure this information is only used to carry out functions on the Bank Group's behalf.

If you become a Holder, your information may be used for purposes related to your investment (including as noted above) and may also be shared with the Bank Group and its joint ventures so that you can be told about products and services offered or distributed by the Bank Group or its joint ventures or other matters concerning the Bank Group generally that Bendigo and Adelaide Bank thinks may be of interest to you.

You agree that the contact details you provide to Bendigo and Adelaide Bank can be used by any member of the Bank Group or any of the Bank Group's joint ventures indefinitely for these purposes. If you do not want your personal information to be used for these purposes, you should contact Bendigo and Adelaide Bank on the contact details below. It is important that you contact Bendigo and Adelaide Bank if you do not consent to this use because, by investing in CPS, you will be taken to have consented.

Some uses and disclosures may occur outside of Australia.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) Bendigo and Adelaide Bank. You can request access to your personal information held by Bendigo and Adelaide Bank by contacting Bendigo and Adelaide Bank as follows:

Share Registry
Bendigo and Adelaide Bank Limited
PO Box 480
Bendigo Vic 3552
Telephone: 1800 646 042

A copy of the privacy policy of Bendigo and Adelaide Bank is available at www.bendigoadelaide.com.au.

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9. Key People, Interests and Benefits

This Section provides information about the Board of Directors of Bendigo and Adelaide Bank, the interests of people involved in the Offer and any benefits they may receive.

9.1 Key Bendigo and Adelaide Bank personnel

9.1.1 Board

Director/Position	Experience, qualifications and expertise
<p>Robert Johanson Chair, Independent</p>	<p>Term of office: Mr Johanson has been a Company director for 25 years. He was appointed Deputy Chair in 2001 and Chair in 2006.</p> <p>Skills, experience and expertise: Mr Johanson has experience in banking and financial services and expertise in corporate strategy, capital management, risk management and mergers and acquisitions. He has over 25 years experience in providing corporate advice on capital market transactions to a wide range of public and private companies.</p> <p>Board committees: Governance & HR, Change Framework & Technology Governance.</p> <p>Group and joint venture directorships: Rural Bank Ltd, Homesafe Solutions Pty Ltd (Chair).</p> <p>Other director and memberships (current and within last 3 years):</p> <ul style="list-style-type: none"> • Member, Takeovers Panel. • Deputy Chancellor, University of Melbourne and Chairman, Australia India Institute. • Director, Robert Salzer Foundation Ltd. • Director, Grant Samuel Group Pty Ltd (and subsidiaries).
<p>Mike Hirst Managing Director, not independent</p>	<p>Term of office: Mr Hirst was appointed as managing director and chief executive officer of the Company in 2009.</p> <p>Skills, experience and expertise: Mr Hirst joined Bendigo and Adelaide Bank when he was appointed as a director of Sandhurst Trustees Limited (a wealth management subsidiary of the Company) in 2001 and he became an employee of the Company later in 2001. Mr Hirst has extensive experience in banking, treasury, funds management and financial markets, including from previous senior executive and management positions with Colonial Ltd, Chase AMP Bank and Westpac.</p> <p>Board committees: Standing invitation to attend all meetings of the risk, credit, governance and HR and change framework and technology governance committees. He is not a member of these committees.</p> <p>Group and joint venture directorships: Rural Bank Limited.</p> <p>Other director and memberships (current and within last 3 years):</p> <ul style="list-style-type: none"> • Director, Treasury Corporation of Victoria. • Member, Financial Sector Advisory Council and Business Council of Australia. • Councillor, Australian Bankers' Association. • Director, Barwon Health (ended 2009).

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Director/Position	Experience, qualifications and expertise
<p>Jenny Dawson Director, Independent</p>	<p>Term of office: Ms Dawson joined the board in 1999.</p> <p>Skills, experience and expertise: Ms Dawson has experience in financial reporting and audit, IT internal control reviews, internal audit and risk management. Ms Dawson worked with Arthur Andersen for ten years in the audit and IT controls division, and also worked for the Company (her employment ended in 1999).</p> <p>Board committees: Audit (Chair), Credit.</p> <p>Group and joint venture directorships: Sandhurst Trustees Limited (Chair), Community Sector Banking Pty Ltd, Community Sector Enterprises Pty Ltd.</p> <p>Other director and memberships (current and within last 3 years):</p> <ul style="list-style-type: none"> • Member, Victorian Regional Policy Advisory committee. • Chair, Regional Development Australia committee for the Loddon Mallee Region. • Director, Goulburn-Murray Water. • Former director, Coliban Region Water Corporation (ended 2010).
<p>Jim Hazel Director, Independent</p>	<p>Term of office: Mr Hazel joined the board in 2010.</p> <p>Skills, experience and expertise: Mr Hazel is a professional public company director who has had an extensive career in banking and finance. This includes knowledge of the regional banking industry. He was Chief General Manager of Adelaide Bank (his employment ended in 1999).</p> <p>Board committees: Risk (Chair), Credit, Governance & HR.</p> <p>Group and joint venture directorships: Director, Rural Bank Limited.</p> <p>Other director and memberships (current and within last 3 years):</p> <ul style="list-style-type: none"> • Chair, Ingenia Communities Group Ltd. • Director, Centrex Metals Limited (listed, period of directorship: 2010 to present), Impedimed Limited (listed, period of directorship: 2007 to present), Motor Accident Commission and Coopers Brewery Limited. • Former director, Becton Property Group (2006 – 2010).
<p>Jacqueline Hey Director, Independent</p>	<p>Term of office: Ms Hey joined the board in July 2011.</p> <p>Skills, experience and expertise: Ms Hey has experience in the areas of telecommunications, marketing and sales, including as CEO of Ericsson in the UK and in Australia. She worked with Ericsson for more than 20 years in finance, marketing and sales and in leadership roles in Australia, Sweden, the UK and the Middle East.</p> <p>Board committees: Audit, Risk, Change Framework & Technology (Chair).</p> <p>Group and joint venture directorships: Nil.</p> <p>Other director and memberships (current and within last 3 years):</p> <ul style="list-style-type: none"> • Director, Special Broadcasting Service (SBS) and Honorary Consul of Sweden for Victoria. • Former director of Victorian Branch of Australian Industry Group (AIG) (ended 2010), Australian Mobile Telecommunications Association (ended 2010) and Ericsson Group Companies (Australia & New Zealand) (ended 2010).

Director/Position	Experience, qualifications and expertise
<p>David Matthews Director, Independent</p>	<p>Term of office: Mr Matthews joined the board in 2010.</p> <p>Skills, experience and expertise: Mr Matthews has experience in small business and agri-business. He has involvement in a number of agricultural industry bodies including as a director of Pulse Australia and Australian Field Crops Association. Mr Matthews has a strong connection to regional communities and is an advocate and supporter of the Community Bank® model. He chaired the first Community Bank® company in Rupanyup and Minyip in 1998.</p> <p>Board committees: Credit, Audit.</p> <p>Group and joint venture directorships: Co-chair of the Community Bank® Strategic Advisory board. The board was established in 2008 and comprises representatives from the Company and from Community Bank® company franchisees. Its purpose is to provide a forum for discussion between the Company and Community Bank® franchisees on strategic issues and opportunities that enhance the prospects of the Community Bank® model.</p> <p>Other director and memberships (current and within last 3 years):</p> <ul style="list-style-type: none"> • Director, Pulse Australia, Australian Field Crops Association, Rupanyup/Minyip Finance Group Ltd
<p>Deborah Radford Director, Independent</p>	<p>Term of office: Ms Radford joined the board in 2006.</p> <p>Skills, experience and expertise: Ms Radford has over 20 years experience in the banking industry with both international and local banks. Following seven years with the Victorian State Treasury, she ran her own consulting business between 2001 and 2007 advising the government on commercial transactions.</p> <p>Board committees: Credit (Chair), Change Framework & Technology Governance, Governance & HR.</p> <p>Group and joint venture directorships: Nil.</p> <p>Other director and memberships (current and within last 3 years):</p> <ul style="list-style-type: none"> • Director, Forestry Tasmania and City West Water.
<p>Tony Robinson Director, Independent</p>	<p>Term of office: Mr Robinson joined the board in 2006.</p> <p>Skills, experience and expertise: Mr Robinson is the managing director of Centrepoint Alliance Limited and has experience in the financial services sector including wealth management and insurance. His previous management roles include chief executive officer and executive director of IOOF Holdings Ltd, managing director and chief executive officer of OAMPS Limited, joint managing director of Falkiners Stockbroking, managing director of WealthPoint, chief financial officer of Link Telecommunications and general manager corporate services at Mayne Nickless.</p> <p>Board committees: Risk, Governance & HR (Chair).</p> <p>Group and joint venture directorships: Nil.</p> <p>Other director and memberships (current and within last 3 years):</p> <ul style="list-style-type: none"> • Director, Centrepoint Alliance Limited (listed, period of directorship: 2009 to present). • Former director, IOOF Holdings Limited (listed, period of directorship: 2007-2009).

9.1.2 Executives

Director/Position	Experience, qualifications and expertise
<p>Russell Jenkins Customer and Community</p>	<ul style="list-style-type: none"> • Russell Jenkins started at the then Bendigo Building Society in 1992 as Assistant General Manager Corporate Services. In 1994, he was appointed Chief Manager in charge of Group Planning and Development. • In 1998, Russell headed the introduction and subsequent roll-out of the Community Bank® concept, with branch numbers growing to more than 230 under his guidance. • Russell has worked in a variety of roles including Chief General Manager of Retail and Distribution and now heads up Bendigo and Adelaide Bank's Customer and Community arm.
<p>Marnie Baker Banking and Wealth</p>	<ul style="list-style-type: none"> • Marnie Baker joined the then Bendigo Building Society in 1989 and was elevated to the executive in 2000. • During this time Marnie has held a number of senior positions within Treasury, Structured Finance, Capital Planning and Balance Sheet Management. • Marnie has been Chief General Manager Solutions and was also the Chief Executive Officer and Executive Director of Sandhurst Trustees Ltd, Executive Director of Bendigo Financial Planning Ltd, Victorian Securities Corporation Ltd and Oxford Funding Pty Ltd and is a Director of Australian Friendly Society Ltd.
<p>Dennis Bice Retail</p>	<ul style="list-style-type: none"> • Dennis Bice joined the former Eaglehawk Star Building Society in 1975 and has spent more than 35 years focussing on retail banking. • He has a keen understanding of our customers and their needs and has been involved with some of Bendigo and Adelaide Bank's key mergers and acquisitions, including IOOF, First Australian Building Society and Adelaide Bank. • Dennis' most recent role as Chief Manager Retail and Distribution saw him oversee Bendigo and Adelaide Bank's retail strategy and his new role leading Retail sees him focus on the national retail network, specialised lending and agencies.
<p>John Billington Bendigo Wealth</p>	<ul style="list-style-type: none"> • John Billington joined Bendigo and Adelaide Bank in 2010 and has more than 20 years experience in the banking and finance sector. • Prior to joining Bendigo and Adelaide Bank, John was General Manager of IOOF Portfolio Solutions and a Principal Consultant at Phoenix Consulting.
<p>Stella Thredgold Corporate Resources</p>	<ul style="list-style-type: none"> • Stella Thredgold joined the Cooperative Building Society in 1987. Holding a Bachelor of Business in Accountancy, she held various senior positions in finance and accounting until 1999. • Since then she has held a number of senior roles in Bendigo and Adelaide Bank including Access and Payment Systems, Strategic Sourcing and Properties.
<p>Andrew Watts Change</p>	<ul style="list-style-type: none"> • Andrew Watts joined Bendigo Building Society in 1994, just prior to bank conversion in 1995. Andrew holds a Bachelor of Engineering and Graduate Diploma of Business Administration. • He has held a number of management roles within Bendigo and Adelaide Bank's Marketing, Retail and IT business units. Some of his roles have included Senior Manager of Direct Banking and Remote Banking, Chief Manager Network Development and planning, Chief Manager – Northern Australia and Strategic Partnership Research and Analysis.

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Director/Position	Experience, qualifications and expertise
<p>Tim Piper Risk</p>	<ul style="list-style-type: none"> • Tim Piper joined Adelaide Bank in 2005 as the General Manager of Credit Risk. He spent a short time leading the Shared Services division and was responsible for wholesale mortgages as Chief General Manager, Wholesale Mortgages. • Tim's career in finance spans nearly 30 years during which time he has had direct experience with most facets of banking, from personal finance, through to middle and large commercial lending and credit risk.
<p>Richard Fennell Finance and Treasury</p>	<ul style="list-style-type: none"> • Richard Fennell joined Adelaide Bank in 2007 after an 18 year career in finance and consulting, including roles as partner with PricewaterhouseCoopers in Australia and Hong Kong and as an executive with IBM's Business Consulting Services. • Richard has led the strategy function at Bendigo and Adelaide Bank with responsibility for mergers and acquisitions, strategic projects, the program management office and the integration of Bendigo and Adelaide Bank business.

9.2 Interests and benefits

9.2.1 Directors

Under the Constitution each Director is required to hold, or be the beneficial owner of, both at the time of their appointment and during their period of office as a Director, 500 fully paid Ordinary Shares in Bendigo and Adelaide Bank.

The relevant interest of each director (in accordance with Section 205G of the Corporations Act) in Ordinary Shares of Bendigo and Adelaide Bank or a related body corporate at the date of this Prospectus is as follows:

Director	Ordinary Shares	Preference Shares	Performance Rights and Options
Robert Johanson	214,784	500	–
Mike Hirst	441,698	–	417,109
Jim Hazel	12,462	–	–
David Matthews	7,295	–	–
Jenny Dawson	24,954	100	–
Jacqueline Hey	3,114	–	–
Deborah Radford	1,900	–	–
Tony Robinson	6,921	–	–

Directors may if they choose apply for CPS under the Prospectus, subject to the terms of ASX Listing Rule 10.11 waiver referred to in Section 8.7.

The Directors (and their related parties) may acquire CPS offered under this Prospectus subject to the Listing Rules (including any waivers as described in Section 8.7).

Other than as set out in this Prospectus, no Director or proposed Director holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Bendigo and Adelaide Bank;
- the Offer; or
- any property acquired or proposed to be acquired by Bendigo and Adelaide Bank in connection with the formation or promotion of Bendigo and Adelaide Bank or the Offer.

Other than as set out in this Prospectus, at the time of lodgement of this Prospectus with ASIC no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or proposed Director:

- to induce that person to become, or qualify as, a Director; or
- for services provided by that person in connection with the formation or promotion of Bendigo and Adelaide Bank or the Offer.

Bendigo and Adelaide Bank's Constitution contains provisions as to remuneration of the Directors. As remuneration for services as a director, each non-executive Director is paid an amount determined by the Board, subject to a maximum annual aggregate amount determined by Ordinary Shareholders in a general meeting. The maximum annual aggregate amount has been set at \$2.5 million (excluding retirement benefits).

Each non-executive Director may also be paid additional remuneration for performance of additional services and is entitled to reimbursement of reasonable out-of-pocket expenses. The remuneration of the Managing Director may be fixed by the Board.

Bendigo and Adelaide Bank has entered into a director's access insurance and indemnity deed with each Director. Under that deed, a Director is entitled (among other things) to be indemnified against liabilities incurred as a Director to the extent permitted by law. They are also permitted to be indemnified under the Constitution and Bendigo and Adelaide Bank may enter and pay premiums on directors and officers insurance policies for their benefit.

9.2.2 Professionals

Macquarie, Evans & Partners, J.P. Morgan and Morgan Stanley have acted as Joint Lead Managers to the Offer, in respect of which they will receive fees from Bendigo and Adelaide Bank. The estimated aggregate fees payable by Bendigo and Adelaide Bank to the Joint Lead Managers are approximately \$7 million (exclusive of GST), making certain assumptions as to the allocation of CPS between the Broker Firm Offer, Institutional Offer, Reinvestment Offer, Community Bank[®] and Customer Offer and General Offer. The aggregate fees include an arranging fee to be paid to Macquarie, a joint lead manager fee split equally amongst the Joint Lead Managers, and broker firm selling fees payable to Syndicate Brokers.

Ernst & Young has performed due diligence required on accounting matters, the content of this Prospectus relating to accounting matters and the proposed accounting treatment of CPS from the perspective of Bendigo and Adelaide Bank. In respect of this work, Bendigo and Adelaide Bank estimates that it will pay approximately \$115,000 (excluding disbursements and GST) to Ernst & Young for work up to the date of this Prospectus. Further amounts may be paid to Ernst & Young under its normal time-based charges.

Freehills has acted as Australian legal adviser to Bendigo and Adelaide Bank in relation to the Offer and have performed work in relation to drafting the CPS Terms, advised on the due diligence and verification program and performing due diligence required on legal matters. In respect of this work, Bendigo and Adelaide Bank estimates that it will pay approximately \$450,000 (excluding disbursements and GST) to Freehills for work up to the date of this Prospectus. Further amounts may be paid to Freehills under their normal time-based charges.

KPMG has acted as tax adviser to Bendigo and Adelaide Bank in relation to the Offer and has prepared the Tax Letter contained in Section 7. In respect of this work, Bendigo and Adelaide Bank estimates that it will pay approximately \$40,000 (excluding disbursements and GST) to KPMG for work up to the date of this Prospectus. Further amounts may be paid to KPMG under its normal time-based charges.

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, a promoter of Bendigo and Adelaide Bank or Joint Lead Manager to the Offer:

- holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:
 - the formation or promotion of Bendigo and Adelaide Bank;
 - the Offer; or
 - any property acquired or proposed to be acquired by Bendigo and Adelaide Bank in connection with the formation or promotion of Bendigo and Adelaide Bank or the Offer; or
- has paid or agreed to pay any amount, and no one has given or agreed to give any benefit for services provided by that person in connection with the formation or promotion of Bendigo and Adelaide Bank or the Offer.

9.3 Expenses of the Offer

The total expenses of the Offer will be paid out of the proceeds of the Offer. Assuming the Offer raises \$210 million, then the net proceeds of the Offer are expected to be \$202 million and the total expenses of the Offer (including fees payable to the Joint Lead Managers, legal, accounting, tax, marketing, administrative fees, as well as printing, advertising and other expenses related to this Prospectus and the Offer) are expected to be \$8 million. All of these expenses have been, or will be, borne by Bendigo and Adelaide Bank.

Appendix A – CPS Terms

1 Issue

1.1 Bendigo and Adelaide Bank Limited Convertible Preference Shares

Bendigo and Adelaide Bank Limited Convertible Preference Shares are fully paid mandatorily convertible preference shares in the capital of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178) (the **Issuer**) (**CPS**). They are issued, and may be Redeemed or Converted, according to these CPS Terms. The CPS are designated the “CPS” for identification purposes.

CPS are not deposit liabilities of the Issuer, are not protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Banking Act or of the Financial Claims Scheme established under Division 2AA of Part II of the Banking Act and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. Subject to the provisions of these CPS Terms dealing with conversion and redemption of the CPS, the CPS are perpetual instruments and do not have a fixed maturity date.

1.2 Issue Price

The issue price of each CPS (**Issue Price**) is \$100.

2 Title and transfer

2.1 Title

Title to a CPS passes when details of the transfer are entered in the Register.

2.2 Register conclusive as to ownership

Entries in the Register in relation to a CPS constitute conclusive evidence that the person so entered is the absolute owner of the CPS subject to correction for fraud or error.

2.3 Non-recognition of interests

Except as required by law and as provided in this clause 2.3, the Issuer must treat the person whose name is entered in the Register as the CPS Holder in respect of a CPS as the absolute owner of that CPS.

No notice of any trust, Encumbrance or other interest in, or claim to, any CPS will be entered in the Register. Neither the Issuer nor the Registrar need take notice of any trust, Encumbrance or other interest in, or claim to, any CPS, except as ordered by a court of competent jurisdiction or required by law, and no trust, Encumbrance or other interest in, or claim to, any CPS will in any way affect any provision of these CPS Terms.

This clause 2.3 applies whether or not a payment has been made when scheduled on a CPS and despite any notice of ownership, trust or interest in the CPS.

2.4 Dealings in whole

At all times, the CPS may be held or transferred only in whole CPS.

2.5 Transfer in accordance with Constitution

The Constitution contains provisions relating to the transfer of shares and the relevant provisions apply with all necessary modifications to a transfer of CPS.

2.6 Refusal to register

The Constitution contains provisions allowing the Directors to refuse to register transfers and the relevant provisions apply with all necessary modifications to refusals to register transfers of CPS in those circumstances.

2.7 Transferor to remain holder until registration

The Constitution contains provisions relating to the effect of registration on a transfer and the relevant provisions apply with all necessary modifications to a transfer of CPS.

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2.8 Transmission of CPS

The Constitution contains provisions relating to the transmission of shares in certain circumstances (including without limitation on the death of a holder) and the relevant provisions apply with all necessary modifications to the transmission of CPS in those circumstances.

3 Dividends

3.1 Dividends

Subject to these CPS Terms, each CPS entitles the CPS Holder on a Record Date to receive on the relevant Dividend Payment Date a dividend (**Dividend**) calculated according to the following formula:

$$\text{Dividend} = \frac{(\text{Issue Price} \times \text{Dividend Rate} \times N)}{365}$$

where:

Dividend Rate (expressed as a percentage per annum) is calculated according to the following formula:

$$\text{Dividend Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

Bank Bill Rate (expressed as a percentage per annum) means, for a Dividend Period, the average mid-rate for bills of a term of 180 days which is displayed on Reuters page BBSW (or any page which replaces that page) on the first Business Day of the Dividend Period or if there is a manifest error in the calculation of that average mid-rate or that average mid-rate is not displayed by 10.30am (Melbourne time) on that date, the rate specified in good faith by the Issuer at or around that time on that date having regard, to the extent possible, to:

- the rates otherwise bid and offered for bills of a term of 180 days or for funds of that tenor displayed on Reuters page BBSW (or any page which replaces that page) at that time on that date; or
- if bid and offer rates for bills of a term of 180 days are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date;

Margin (expressed as a percentage per annum) means the margin determined by the Bookbuild;

Tax Rate (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of the Issuer as at the relevant Dividend Payment Date; and

N means in respect of:

- the first Dividend Payment Date, the number of days from (and including) the Issue Date until (but not including) the first Dividend Payment Date; and
- each subsequent Dividend Payment Date, the number of days from (and including) the preceding Dividend Payment Date until (but not including) the relevant Dividend Payment Date.

3.2 Franking adjustments

If any Dividend is not franked to 100% under Part 3-6 of the Tax Act (or any provisions that revise or replace that Part), the Dividend will be calculated according to the following formula:

$$\text{Dividend} = \frac{D}{(1 - (\text{Tax Rate} \times (1 - F)))}$$

where:

D means the Dividend calculated under clause 3.1;

Tax Rate has the meaning given in clause 3.1; and

F means the applicable Franking Rate.

3.3 Payment of a Dividend

Each Dividend is subject to:

- the Directors, at their absolute discretion, resolving to pay that Dividend on the relevant Dividend Payment Date; and
- no APRA Condition existing in respect of the relevant Dividend Payment Date.

3.4 Dividends are non-cumulative

Dividends are non-cumulative. If all or any part of a Dividend is not paid because of clause 3.3 or because of any applicable law, the Issuer has no liability to pay the unpaid amount of the Dividend and CPS Holders have no claim or entitlement in respect of such non-payment and such non-payment does not constitute an event of default. No interest accrues on any unpaid Dividends and the CPS Holders have no claim or entitlement in respect of interest on any unpaid Dividends.

3.5 Dividend Payment Dates

Subject to this clause 3, Dividends in respect of a CPS will be payable in arrears on the following dates (each a **Dividend Payment Date**):

- (a) each 13 December and 13 June commencing on 13 December 2012 until (but not including) the date on which a Redemption or Conversion of that CPS occurs in accordance with these CPS Terms; and
- (b) each date on which:
 - (1) a Conversion of that CPS occurs; and
 - (2) subject to clause 9.3(a)(3), a Redemption of that CPS occurs,

in each case in accordance with these CPS Terms.

If a Dividend Payment Date is a day which is not a Business Day, then the Dividend Payment Date will be the next day which is a Business Day.

3.6 Record Dates

A Dividend is only payable on a Dividend Payment Date to those persons registered as CPS Holders on the Record Date for that Dividend.

3.7 Deductions

- (a) The Issuer may deduct from any Dividend payable the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by the Issuer to the relevant revenue authority and the balance of the Dividend payable has been paid to the relevant CPS Holder, then the full amount payable to such CPS Holder shall be deemed to have been duly paid and satisfied by the Issuer.
- (b) The Issuer shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring any penalty under the applicable law and shall, if required by any CPS Holder, deliver to that CPS Holder a copy of any relevant receipt issued by the revenue authority (to the extent issued) without delay after it is received by the Issuer.

3.8 Restrictions in the case of non-payment

If for any reason a Dividend has not been paid in full on a Dividend Payment Date (the **Relevant Dividend Payment Date**), the Issuer must not, without approval of a Special Resolution, until and including the next Dividend Payment Date:

- (a) declare or pay a dividend or make any distribution on any Ordinary Shares; or
- (b) buy back or reduce capital on any Ordinary Shares;

unless the Dividend is paid in full within 3 Business Days of the Relevant Dividend Payment Date.

3.9 Exclusions from restrictions in case of non-payment

The restrictions in clause 3.8 do not apply to:

- (a) repurchases (including buy-backs), or other acquisitions of Ordinary Shares in connection with:
 - (1) any employment contract, employee share scheme, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants of the Issuer or any Controlled Entity;
 - (2) a dividend reinvestment or bonus option plan or shareholder share purchase plan; or
 - (3) the issuance of Ordinary Shares, or securities convertible into or exercisable for such shares, as consideration in an acquisition transaction entered into prior to non-payment of the Dividend;
- (b) any payment, distribution or declaration of a dividend in connection with any shareholder's rights plan, or the issuance of rights, shares or other property under any shareholder's rights plan, or the redemption or repurchase of rights pursuant to the plan;
- (c) any dividend in the form of, or which is required to be reinvested in, Ordinary Shares or warrants, options or other rights in respect of Ordinary Shares; or
- (d) a capital raising by way of a rights or entitlement issue made to holders of Ordinary Shares.

Nothing in these CPS Terms prohibits the Issuer or a Controlled Entity from purchasing the Issuer Shares (or an interest therein) in connection with transactions for the account of customers of the Issuer or customers of entities that the Issuer Controls or in connection with the distribution or trading of the Issuer Shares in the ordinary course of business. This includes (for the avoidance of doubt and without affecting the foregoing) any acquisition resulting from:

- (1) taking security over the Issuer Shares in the ordinary course of business; and
- (2) acting as trustee for another person where neither the Issuer nor any entity it Controls has a beneficial interest in the trust (other than a beneficial interest that arises from a security given for the purposes of a transaction entered into in the ordinary course of business).

Such purchases or other transactions may require the prior written approval of APRA.

4 Mandatory Conversion

4.1 Mandatory Conversion

Subject to clause 5.1, on the Mandatory Conversion Date the Issuer must Convert all (but not some) CPS on issue at that date into Ordinary Shares in accordance with clause 8 and this clause 4.

4.2 Mandatory Conversion Date

The Mandatory Conversion Date will be the first of the following dates (each a **Relevant Date**):

- (a) 13 December 2019 (the **Scheduled Mandatory Conversion Date**); and
- (b) each Dividend Payment Date after the Scheduled Mandatory Conversion Date, on which the Mandatory Conversion Conditions are satisfied.

4.3 Mandatory Conversion Conditions

The Mandatory Conversion Conditions for each Relevant Date are:

- (a) the VWAP on the 25th Business Day immediately preceding (but not including) the Relevant Date (the **First Test Date**, provided that if no trading in Ordinary Shares took place on that date, the First Test Date is the first Business Day before the 25th Business Day immediately preceding (but not including) the Relevant Date on which trading in Ordinary Shares took place) is greater than 115.00% of the Conversion Floor Price (the **First Mandatory Conversion Condition**);
- (b) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Relevant Date (the **Second Test Period**) is greater than 102.56% of the Conversion Floor Price (the **Second Mandatory Conversion Condition**); and
- (c) no Delisting Event applies in respect of the Relevant Date (the **Third Mandatory Conversion Condition** and, together with the First Mandatory Conversion Condition and the Second Mandatory Conversion Condition, the **Mandatory Conversion Conditions**).

4.4 Non-Conversion Notices

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, the Issuer will notify CPS Holders between the 25th and the 21st Business Day before the Relevant Date; or
- (b) the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, the Issuer will notify CPS Holders on or as soon as practicable after the Relevant Date,

in either case that Mandatory Conversion will not (or, as the case may be, did not) occur on the Relevant Date (a **Non-Conversion Notice**).

5 Conversion or write-down on Capital Trigger Event

5.1 Capital Trigger Event

A Capital Trigger Event occurs if:

- (a) the Common Equity Tier 1 Ratio of the Issuer Level 1 Group (on a Level 1 basis) or the Issuer Level 2 Group (on a Level 2 basis) as determined by the Issuer or APRA at any time is equal to or less than 5.125%;

- (b) APRA notifies the Issuer in writing that conversion or write-off of Additional Capital Instruments is necessary because, without it, APRA considers that the Issuer would become non-viable; or
- (c) APRA notifies the Issuer in writing that it has determined that the Issuer would become non-viable without a public sector injection of capital or equivalent support.

If the Issuer makes a determination under clause 5.1(a), the Issuer must immediately notify APRA.

5.2 Capital Trigger Event Notice

If a Capital Trigger Event occurs:

- (a) the Issuer must immediately give notice of that event (a **Capital Trigger Event Notice**) to CPS Holders and APRA;
- (b) the Issuer must state in that notice:
- (1) whether all or only some of the CPS will be required to be Converted and, if only some of the CPS are to be Converted, the number of CPS to be Converted; and
 - (2) a date on which the CPS, or the relevant number of CPS, will Convert or be treated as having been Converted (the **Capital Event Conversion Date**), which must be the same date as the date on which the Capital Trigger Event occurs; and
- (c) subject to clause 5.4:
- (1) on the Capital Event Conversion Date the CPS, or the relevant number of CPS, will Convert, or be treated as having been Converted; and
 - (2) the entry of the corresponding CPS, or relevant number of CPS, in each CPS Holder's holding in the Register will constitute a record of the holding of that CPS Holder to the Conversion Number of Ordinary Shares (and, if applicable, also to any remaining balance of CPS), and the Issuer will recognise the CPS Holder as having been issued the relevant Ordinary Shares for all purposes, in each case without the need for any further act or step by the Issuer or the CPS Holder or any other person,

and the Issuer will, as soon as possible thereafter and without delay on the part of the Issuer, take any appropriate procedural steps to record such Conversion, including updating the Register and the Ordinary Share register.

To avoid doubt, Conversion of the CPS under this clause 5 will not be subject to the Mandatory Conversion Conditions having been satisfied or to the Issuer's compliance with clause 5.2(a) or (b).

5.3 Number of CPS to be Converted on Capital Trigger Event

- (a) If a Capital Trigger Event occurs, the number of CPS that are required to be Converted is the number that:
- (1) in the case of a Capital Trigger Event occurring pursuant to clause 5.1(a), will immediately return the Common Equity Tier 1 Ratio of the Issuer Level 1 Group (on a Level 1 basis) or the Issuer Level 2 Group (on a Level 2 basis) to an amount which is equal to or greater than 5.125%; or
 - (2) in any other case, will enable APRA to conclude that the Issuer is viable without further conversion or write-off of Additional Capital Instruments,

in each case as determined by applying the following principles:

- (3) Conversion of the CPS is to occur on a pro rata basis with the conversion or write-off in accordance with their terms of all other Additional Capital Instruments of the Issuer or (to the extent that the Issuer or APRA is satisfied that the Capital Trigger Event may be remedied by conversion or write-off of Additional Capital Instruments of a subsidiary of the Issuer) the Issuer Group that comprise Tier 1 Capital of the Issuer or Issuer Group (as applicable) and the terms of which permit such conversion or write-off; and
 - (4) the CPS are to be Converted in full prior to conversion or write-off of any other Additional Capital Instruments other than those referred to in clause 5.3(a)(3).
- (b) If only some of the CPS are to be Converted, the Issuer may select which CPS are to be Converted. In making that selection, the Issuer must endeavour to treat CPS Holders on an approximately proportionate basis, but may discriminate to take account of the effect on holdings which would be Non-marketable Parcels and other relevant considerations. If the Issuer is not able to select those CPS that are to be Converted within the time required to permit Conversion as required clause 5.2, the Issuer must Convert the holdings of all CPS Holders on a pro rata basis (with any resulting fractions of a CPS to be Converted being rounded up).

5.4 Write Down due to Inability Event

If on the Capital Event Conversion Date an Inability Event subsists which prevents the Issuer Converting CPS which would otherwise be required to be Converted, those CPS will be Written Down on the Capital Event Conversion Date. In this clause 5.4 'Written Down' means that, in respect of a CPS and a Capital Event Conversion Date:

- (a) the CPS will not be Converted on that date and will not be Converted or Redeemed under these CPS Terms on any subsequent date;
- (b) the rights attached to the CPS are on and from the Capital Event Conversion Date automatically varied without the need for CPS Holder or Ordinary Shareholder approval or any other action such that:
 - (1) in a winding-up of the Issuer, the Liquidation Sum for the purpose of clause 10.2 will be the sum which would have been paid in respect of the CPS out of the surplus available to shareholders in the winding-up if the CPS were the Conversion Number of Ordinary Shares (and such sum will be treated as the amount paid up on the CPS); and
 - (2) subject to clauses 3.3, 3.4 and 3.7, a non-cumulative dividend is payable in respect of the CPS if and when a dividend is paid on Ordinary Shares, in an amount determined as if the CPS were a number of Ordinary Shares equal to the Conversion Number, in each case with the Conversion Number (the **Fixed Conversion Number**) being finally determined as if the CPS had Converted on the Capital Event Conversion Date (and subject always to such number not exceeding the Maximum Conversion Number); and
 - (3) clauses 3.1, 3.2, 3.5, 3.8, 3.9, 4, 5 (other than this clause 5.4), 6, 7, 8 (other than any provisions in clause 8 required to give effect to this clause 5.4), 9, 13 and 16.2 will no longer apply.

6 Optional Exchange by the Issuer

6.1 Optional Exchange by the Issuer

The Issuer may by notice to CPS Holders (an **Exchange Notice**) elect to Exchange:

- (a) all or some CPS on an Exchange Date following the occurrence of a Tax Event or a Regulatory Event;
- (b) all (but not some only) CPS on an Exchange Date following the occurrence of an Acquisition Event; or
- (c) all or some CPS on the Optional Exchange Date.

An Exchange Notice:

- (1) cannot be given in the period of 21 Business Days preceding (and not including) the Mandatory Conversion Date where the First Mandatory Conversion Condition has been met in respect of that Mandatory Conversion Date; and
- (2) once given is irrevocable.

CPS Holders should not expect that the Issuer will exercise its right to give an Exchange Notice except as specifically required under the CPS Terms.

6.2 Contents of Exchange Notice

An Exchange Notice must specify:

- (a) the details of the Acquisition Event, Tax Event or Regulatory Event (if any) to which the Exchange Notice relates;
- (b) the date on which Exchange is to occur (the **Exchange Date**), which:
 - (1) in the case of an Acquisition Event, is the Business Day prior to the date reasonably determined by the Issuer to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such other earlier date as the Issuer may reasonably determine having regard to the timing for implementation of the bid or scheme concerned;
 - (2) in the case of a Tax Event or a Regulatory Event, will be the last Business Day of the month following the month in which the Exchange Notice was given by the Issuer unless the Issuer determines an earlier Exchange Date, having regard to the best interests of CPS Holders as a whole and the relevant event; or
 - (3) in the case of the Optional Exchange Date, is the Optional Exchange Date (which must fall no earlier than 25 Business Days after the date on which the Exchange Notice is given);
- (c) the Exchange Method, which may not be Redemption unless the Exchange is for a Regulatory Event or Tax Event or on the Optional Exchange Date and:
 - (1) the CPS the subject of the Exchange are replaced concurrently or beforehand with Tier 1 Capital of the same or better quality and the replacement of the CPS is done under conditions that the Issuer is satisfied are sustainable for the income capacity of the Issuer; or
 - (2) APRA is satisfied that the Issuer's capital position will remain adequate for its future needs after the Issuer elects to Redeem the CPS;

- (d) if less than all outstanding CPS are subject to Exchange, which CPS are subject to Exchange;
- (e) if the Exchange Notice provides that CPS are to be Redeemed, whether the Redemption Price is payable by way of redemption, buy-back or reduction of capital (or a combination of these methods); and
- (f) whether any Dividend or any amount under clause 9.3(a)(3) will be paid on the Exchange Date.

6.3 Exchange Method

If the Issuer elects to Exchange CPS in accordance with this clause 6, it must, subject to clauses 6.2(c) and 6.4, elect which of the following (or which combination of the following) it intends to do in respect of CPS (the **Exchange Method**):

- (a) subject to APRA's prior written approval, Convert CPS into Ordinary Shares in accordance with clause 8; or
- (b) subject to APRA's prior written approval, Redeem CPS in accordance with clause 9.

If the Issuer issues an Exchange Notice to Exchange only some CPS, the Issuer must endeavour to treat CPS Holders on an approximately proportionate basis, but may discriminate to take account of the effect on holdings which would be Non-marketable Parcels and other relevant considerations.

6.4 Restrictions on election by the Issuer of Conversion as Exchange Method and giving of Change of Control Conversion Notice

The Issuer may not elect Conversion as the Exchange Method in respect of an Exchange under this clause 6 or give a Change of Control Conversion Notice under clause 7 if:

- (a) on the second Business Day before the date on which an Exchange Notice or a Change of Control Conversion Notice is to be sent by the Issuer (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) (the **Non-Conversion Test Date**) the VWAP on that date is less than or equal to 115.00% of the Conversion Floor Price (the **First Optional Conversion Restriction**); or
- (b) a Delisting Event applies in respect of the Non-Conversion Test Date (the **Second Optional Conversion Restriction** and, together with the First Optional Conversion Restriction, the **Optional Conversion Restrictions**).

6.5 Conditions to Conversion occurring once elected by the Issuer

If the Issuer has given an Exchange Notice in which it has elected Conversion as the Exchange Method but, if the Exchange Date were a Relevant Date for the purposes of clause 4, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these CPS Terms:

- (a) the Exchange Date will be deferred until the first Dividend Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Dividend Payment Date were a Relevant Date for the purposes of clause 4 (the **Deferred Conversion Date**);
- (b) the Issuer must Convert the CPS on the Deferred Conversion Date (unless the CPS are earlier Exchanged in accordance with these CPS Terms); and
- (c) until the Deferred Conversion Date, all rights attaching to the CPS will continue as if the Exchange Notice had not been given.

The Issuer will notify CPS Holders on or as soon as practicable after an Exchange Date in respect of which this clause 6.5 applies that Conversion did not occur on that Exchange Date (a **Deferred Conversion Notice**).

7 Early Conversion on Change of Control Event

7.1 Notice of Change of Control Event

The Issuer must notify CPS Holders of the occurrence of a Change of Control Event as soon as practicable after becoming aware of that event (a **Change of Control Event Notice**).

7.2 Conversion on occurrence of Change of Control Event

If a Change of Control Event occurs, the Issuer must, subject to obtaining the prior written approval of APRA, Convert all (but not some only) CPS on the Change of Control Conversion Date by notice to CPS Holders (a **Change of Control Conversion Notice**) in accordance with this clause 7 and clause 8.

7.3 Contents of Change of Control Conversion Notice

A Change of Control Conversion Notice must specify:

- (a) the details of the Change of Control Event to which the Change of Control Conversion Notice relates;
- (b) the date on which Conversion is to occur (the **Change of Control Conversion Date**), which must be the Business Day prior to the date reasonably determined by the Issuer to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such other earlier date as the Issuer may reasonably determine, having regard to the timing for implementation of the bid or scheme concerned; and
- (c) whether any Dividend will be paid on the Change of Control Conversion Date.

7.4 Where Change of Control Conversion Notice not required

Notwithstanding any other provision of clauses 7.2 or 7.3, if the Issuer is prevented from giving a Change of Control Conversion Notice by clause 6.4, the Issuer is not required to give a Change of Control Conversion Notice and the provisions of clause 7.5 will apply.

7.5 Deferred Conversion on Change of Control Event

If clause 7.4 applies or the Issuer has given a Change of Control Conversion Notice but, if the Change of Control Conversion Date were a Relevant Date for the purposes of clause 4, the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these CPS Terms (but without limitation to the operation of clause 5):

- (a) the Change of Control Conversion Notice, if given, is taken to be revoked and Conversion will not occur on the Change of Control Conversion Date specified in the Change of Control Conversion Notice;
- (b) the Issuer will notify CPS Holders as soon as practicable that Conversion will not (or, as the case may be, did not) occur (a **Deferred Change of Control Conversion Notice**); and
- (c) the Issuer must, unless clause 7.4 then applies, give a Change of Control Conversion Notice (or, as the case may be, a new Change of Control Conversion Notice) on or before the 25th Business Day prior to the immediately succeeding Dividend Payment Date which is at least 25 Business Days after the date on which the Deferred Change of Control Conversion Notice was given.

The Change of Control Conversion Notice given in accordance with paragraph 7.5(c) above must comply with clause 7.3.

If this clause 7.5 applies but:

- (d) clause 7.4 applies in respect of the Dividend Payment Date such that no Change of Control Conversion Notice (or, as the case may be, no new Change of Control Conversion Notice) is given under this clause 7.5; or
- (e) a Change of Control Conversion Notice (or, as the case may be, a new Change of Control Conversion Notice) is given under this clause 7.5 but, if the Change of Control Conversion Date specified in the Change of Control Conversion Notice were a Relevant Date for the purpose of clause 4, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date,

then this clause 7.5 will be reapplied in respect of each subsequent Dividend Payment Date until a Conversion occurs.

8 Conversion mechanics

8.1 Conversion

If the Issuer elects to Convert CPS or must Convert CPS in accordance with these CPS Terms, then, subject to this clause 8 and clause 13, the following provisions apply:

- (a) each CPS that is being Converted will Convert into one Ordinary Share on the Mandatory Conversion Date, the Capital Event Conversion Date, the Exchange Date or the Change of Control Conversion Date (as the case may be);
- (b) each CPS Holder will be allotted, for no consideration, an additional number of Ordinary Shares for each CPS that is being Converted on the Mandatory Conversion Date, the Capital Event Conversion Date, the Exchange Date or the Change of Control Conversion Date (as the case may be) equal to one less than the Conversion Number,

where the **Conversion Number** (but subject to the Conversion Number being no more than the Maximum Conversion Number) is a number calculated according to the following formula:

$$\text{Conversion Number} = \frac{\text{Issue Price}}{(97.5\% \times \text{VWAP})}$$

where:

VWAP (expressed in dollars and cents) means the VWAP during the VWAP Period;

and where the **Maximum Conversion Number** means a number calculated according to the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Issue Price}}{\text{Conversion Floor Price}}$$

and where the **Conversion Floor Price** means:

- (1) if Conversion is occurring prior to 1 January 2013 or on a Mandatory Conversion Date, 50% of the Issue Date VWAP; and
 - (2) if Conversion is occurring at any other time, 20% of the Issue Date VWAP
- (c) if the total number of additional Ordinary Shares to be allotted to a CPS Holder in respect of their aggregate holding of CPS upon Conversion includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded; and
- (d) a CPS, upon Conversion, confers all of the rights attaching to one Ordinary Share but these rights do not take effect until 5:00pm (Melbourne time) on the Mandatory Conversion Date, the Capital Event Conversion Date, the Exchange Date or the Change of Control Conversion Date (as the case may be). At that time:
- (1) all other rights conferred or restrictions imposed on that CPS under these CPS Terms will no longer have effect (except for rights relating to a Dividend which has been determined to be payable but has not been paid on or before the Mandatory Conversion Date, the Capital Event Conversion Date, the Exchange Date or the Change of Control Conversion Date (as the case may be) which will continue); and
 - (2) the Ordinary Share resulting from a Conversion will rank equally with all other Ordinary Shares.

Conversion does not constitute a redemption, buy-back, cancellation or termination of CPS or an issue, allotment or creation of a new Ordinary Share (other than the additional Ordinary Shares allotted under clause 8.1(b)).

8.2 Adjustments to VWAP

For the purposes of calculating VWAP in these CPS Terms:

- (a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and CPS will Convert into Ordinary Shares after the date those Ordinary Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement shall be reduced by an amount (**Cum Value**) equal to:
- (1) (in case of a dividend or other distribution) the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Tax Act;
 - (2) (in the case of any other entitlement that is not a dividend or other distribution under clause 8.2(a)(1) which is traded on ASX on any of those Business Days) the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded; or
 - (3) (in the case of any other entitlement which is not traded on ASX during the VWAP Period) the value of the entitlement as reasonably determined by the Directors; and
- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement and CPS will Convert into Ordinary Shares which would be entitled to receive the relevant dividend or other distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

8.3 Adjustments to VWAP for divisions and similar transactions

- (a) Where during the relevant VWAP Period there is a change in the number of the Ordinary Shares on issue as a result of a division, consolidation or reclassification of the Issuer's share capital (not involving any cash payment or other distribution to or by Ordinary Shareholders) (a **Reorganisation**), in calculating the VWAP for that VWAP Period the daily VWAP applicable on each day in the relevant VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reorganisation basis shall be adjusted by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares immediately before the Reorganisation; and

B means the aggregate number of Ordinary Shares immediately after the Reorganisation.

- (b) Any adjustment made by the Issuer in accordance with clause 8.3(a) will be effective and binding on CPS Holders under these CPS Terms and these CPS Terms will be construed accordingly. Any such adjustment must be promptly notified to all CPS Holders.

8.4 Adjustments to Issue Date VWAP

For the purposes of determining the Issue Date VWAP, adjustments to VWAP will be made in accordance with clauses 8.2 and 8.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made in accordance with clauses 8.5 to 8.7 (inclusive); and
- (b) if so made, will correspondingly affect the application of the Mandatory Conversion Conditions and the Optional Conversion Restrictions, and cause an adjustment to the Maximum Conversion Number.

8.5 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to clause 8.5(b) below, if the Issuer makes a pro rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_0 \times \frac{RD}{RD + RN}$$

where:

V means the Issue Date VWAP applying immediately after the application of this formula;

V₀ means the Issue Date VWAP applying immediately prior to the application of this formula;

RN means the number of Ordinary Shares issued pursuant to the bonus issue; and

RD means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue.

- (b) Clause 8.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purpose of clause 8.5(a), an issue will be regarded as a pro rata bonus issue notwithstanding that the Issuer does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing the Issuer is not in contravention of the ASX Listing Rules.
- (d) No adjustments to the Issue Date VWAP will be made under this clause 8.5 for any offer of Ordinary Shares not covered by clause 8.5(a), including a rights issue or other essentially pro rata issue.
- (e) The fact that no adjustment is made for an issue of Ordinary Shares except as covered by clause 8.5(a) shall not in any way restrict the Issuer from issuing Ordinary Shares at any time on such terms as it sees fit nor be taken to constitute a modification or variation of rights or privileges of CPS Holders or otherwise requiring any consent or concurrence.

8.6 Adjustment to Issue Date VWAP for divisions and similar transactions

- (a) If at any time after the Issue Date there is a change in the number of Ordinary Shares on issue as a result of a Reorganisation, the Issuer shall adjust the Issue Date VWAP by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reorganisation by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares immediately before the Reorganisation; and

B means the aggregate number of Ordinary Shares immediately after the Reorganisation.

- (b) Any adjustment made by the Issuer in accordance with clause 8.6(a) will be effective and binding on CPS Holders under these CPS Terms and these CPS Terms will be construed accordingly.
- (c) Any such adjustment must be promptly notified to all CPS Holders.
- (d) Each CPS Holder acknowledges that the Issuer may consolidate, divide or reclassify securities so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action constituting a modification or variation of rights or privileges of CPS Holders or otherwise requiring any consent or concurrence.

8.7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 8.5 and 8.6, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than one per cent of the Issue Date VWAP then in effect.

8.8 Announcement of adjustment to Issue Date VWAP

The Issuer will notify CPS Holders (an **Adjustment Notice**) of any adjustment to the Issue Date VWAP under this clause 8 within 10 Business Days of the Issuer determining the adjustment and the adjustment set out in the announcement will be final and binding.

8.9 Ordinary Shares

Each Ordinary Share issued or arising upon Conversion ranks pari passu with all other fully paid Ordinary Shares.

8.10 Foreign CPS Holders

Where CPS held by a Foreign CPS Holder are to be Converted, unless the Issuer is satisfied that the laws of the Foreign CPS Holder's country of residence permit the issue of Ordinary Shares to the Foreign CPS Holder (but as to which the Issuer is not bound to enquire), either unconditionally or after compliance with conditions which the Issuer in its absolute discretion regards as acceptable and not unduly onerous, the Ordinary Shares which the Foreign CPS Holder is obliged to accept will be issued to a nominee who will sell those Ordinary Shares and pay a cash amount equal to the net proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to the Foreign CPS Holder accordingly. The nominee will not be the Issuer or a related party of the Issuer.

8.11 Listing Ordinary Shares issued on Conversion

The Issuer shall use all reasonable endeavours to list the Ordinary Shares issued upon conversion of the CPS on ASX.

8.12 Winding up prior to Conversion

If before Conversion an order is made by a court, or an effective resolution is passed, for the winding-up of the Issuer, then the CPS will not be Converted and clause 10.2 will apply, except where Conversion is required on account of a Capital Trigger Event (in which case Conversion will proceed in accordance with clause 5, subject to clause 5.4).

9 Redemption mechanics

9.1 Redemption mechanics to apply to Redemption

If, subject to APRA's prior written approval and compliance with the conditions in clause 6.2(c), the Issuer elects to Redeem CPS in accordance with these CPS Terms, the provisions of this clause 9 apply to that Redemption.

CPS Holders should not expect that APRA's approval will be given for any Exchange of CPS under the CPS Terms.

9.2 Redemption

CPS will be Redeemed by payment on the Exchange Date of the Issue Price plus any amount payable under clause 9.3(a)(3) (together, the **Redemption Price**) by way of redemption, buy-back, reduction of capital or any combination thereof to the CPS Holder.

9.3 Effect of Redemption on CPS Holders

On the Exchange Date the only right CPS Holders will have in respect of CPS will be to obtain the Redemption Price payable in accordance with these CPS Terms and, upon payment of the Redemption Price, all other rights conferred, or restrictions imposed, by CPS will no longer have effect.

For the purposes of this clause 9:

- (a) where the Redemption involves a buy-back of CPS:
 - (1) the Exchange Notice constitutes a buy-back offer for the Redemption Price payable on the relevant Exchange Date;
 - (2) the CPS Holder must accept the buy-back offer for their CPS and will be deemed to have accepted that buy-back offer for CPS held by that CPS Holder to which the Exchange Notice relates on the date the Exchange Notice is given and will be deemed to have sold those CPS to the Issuer free of all Encumbrances on the Exchange Date;
 - (3) no Dividend is payable on CPS on the Exchange Date, but the Directors may, in their absolute discretion, determine that the consideration payable for each CPS that is bought back will include an amount (in addition to the Issue Price) equal to a Dividend calculated in accordance with clause 3 for the Dividend Period ending on (but not including) the Exchange Date;
 - (4) the buy-back agreement will be taken to include the Issuer's undertaking in clause 3.8 (as qualified by clause 3.9); and
 - (5) for the purposes of calculating the Redemption Price, any suspension of the right to receive a Dividend arising from the buy-back agreement under applicable law shall be disregarded; and
- (b) if the Redemption involves either or both a reduction of capital with respect to CPS and a cancellation of CPS and under applicable law CPS Holders are entitled to vote on a resolution to approve that reduction of capital or that cancellation, each CPS Holder agrees to vote in favour of that or those resolutions.

10 CPS general rights

10.1 Ranking with respect to dividends

The CPS rank in respect of payment of dividends:

- (a) senior to Ordinary Shares and other instruments or securities of the Issuer that rank or are expressed to rank junior to the CPS in respect of payment of dividends;
- (b) equally among themselves and with all Equal Ranking Instruments in respect of payment of dividends; and
- (c) junior to any securities or instruments that rank senior to the CPS and to all the Issuer's debts and liabilities to its depositors and all other creditors, both unsubordinated and subordinated, other than indebtedness that by its terms ranks equally with or junior to the CPS in respect of payment of dividends.

10.2 Ranking in a winding-up

- (a) In a winding-up of the Issuer, a CPS confers upon the CPS Holder the right to payment in cash of the Liquidation Sum out of the surplus (if any) available for distribution to shareholders, but no further or other right to participate in the assets of the Issuer on a return of capital in the winding-up.
- (b) CPS Holders will rank for payment of the Liquidation Sum in a winding-up of the Issuer:
 - (1) in priority to Ordinary Shares;
 - (2) equally among themselves and with all Equal Ranking Instruments in respect of payments in a winding-up; and
 - (3) junior to any securities or instruments other than Ordinary Shares and Equal Ranking Instruments in respect of payments in a winding-up and to all the Issuer's debts and liabilities to its depositors and all other creditors, both unsubordinated and subordinated, other than indebtedness that by its terms ranks equally with or junior to the CPS in respect of payments in a winding-up.
- (c) The **Liquidation Sum** is an amount out of surplus assets equal to \$100 plus the amount of any Dividend determined to be paid but unpaid or such other amount as determined under clause 5.4.

10.3 Further issues not to vary class rights

The allotment or issue of preference shares (including further CPS), or the conversion of existing shares into preference shares, ranking junior to, equally with or, (to the maximum extent permitted by the Constitution) senior to the CPS then on issue for participation in profits or assets of the Issuer, and whether entitled to cumulative or noncumulative dividends, or a redemption, buy-back or return or distribution of capital in respect of any share capital other than a CPS, whether ranking junior to, equally with, or senior to, the CPS, is expressly permitted and authorised by these CPS Terms and does not constitute a modification or variation of the rights or privileges to the CPS then on issue.

10.4 Calculations and rounding of payments

Unless otherwise specified in these CPS Terms:

- (a) all calculations of amounts payable in respect of a CPS will be rounded to four decimal places; and
- (b) for the purposes of making payment to a CPS Holder in respect of the CPS Holder's aggregate holding of CPS, any fraction of a cent will be disregarded.

10.5 No set-off or offsetting rights

A CPS Holder:

- (a) may not exercise any right of set-off against the Issuer in respect of any claim by the Issuer against that CPS Holder; and
- (b) will have no offsetting rights or claims on the Issuer if the Issuer does not pay a Dividend when scheduled under CPS.

The Issuer may not exercise any right of set-off against a CPS Holder in respect of any claim by that CPS Holder against the Issuer.

10.6 No security

CPS are unsecured.

10.7 Shortfall on winding-up

If, upon a return of capital on a winding-up of the Issuer, there are insufficient funds to pay in full the Liquidation Sum and the amounts payable in respect of any other instruments in the Issuer ranking equally with CPS on a winding-up of the Issuer, CPS Holders and the holders of any such other instruments will share in any distribution of assets of the Issuer in proportion to the amounts to which they are entitled respectively.

10.8 No participation in surplus assets

CPS do not confer on the CPS Holders any further right to participate in the surplus assets of the Issuer on a winding-up beyond payment of the Liquidation Sum.

10.9 Power of attorney

- (a) Each CPS Holder appoints each of the Issuer, its officers and any External Administrator of the Issuer (each an **Attorney**) severally to be the attorney of the CPS Holder with power in the name and on behalf of the CPS Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the CPS Holder to observe or perform the CPS Holder's obligations under these CPS Terms including, but not limited to, accepting any buy-back offer, effecting any transfers of CPS, making any entry in the Register or exercising any voting power in relation to any consent or approval required for Conversion or Redemption or in respect of an Approved NOHC Event or the transfer of CPS to an Approved NOHC (or other member of the Issuer Group) as contemplated by clause 16.2.
- (b) The power of attorney given in this clause 10.9 is given for valuable consideration and to secure the performance by the CPS Holder of the CPS Holder's obligations under these CPS Terms and is irrevocable.

10.10 CPS Holder acknowledgments

Each CPS Holder irrevocably:

- (a) upon Conversion of a CPS in accordance with clause 8, consents to becoming a member of the Issuer and agrees to be bound by the Constitution, in each case in respect of the Ordinary Shares issued on Conversion (or, where an Approved NOHC Substitution Notice has been given, consents to becoming a member of that Approved NOHC and agrees to be bound by its constitution);
- (b) acknowledges and agrees that an Approved NOHC may be substituted for the Issuer as provider of ordinary shares on Conversion and that if such a substitution is effected on the terms provided by the amendment in accordance with clause 16.2, the CPS Holder is obliged to accept ordinary shares in that Approved NOHC on a Conversion, and will not receive Ordinary Shares;
- (c) acknowledges and agrees that any amendment made in accordance with clause 16.2 to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion will not constitute a variation of any class rights attaching to CPS;
- (d) acknowledges and agrees that it is obliged to accept ordinary shares upon a Conversion notwithstanding anything that might otherwise affect a Conversion of CPS including:

- (1) any change in the financial position of the Issuer or any Approved NOHC since the Issue Date;
- (2) any disruption to the market or potential market for the ordinary shares or to capital markets generally; or
- (3) any breach by the Issuer or any Approved NOHC of any obligation in connection with CPS;
- (e) acknowledges and agrees that:
- (1) where clause 5.2 applies, there are no other conditions to a Capital Event Conversion occurring as and when provided in clause 5;
- (2) the only conditions to a Mandatory Conversion are the Mandatory Conversion Conditions; and
- (3) the only conditions to a Conversion on account of an Exchange under clause 6 or clause 7 are the conditions expressly applicable to such Conversion as provided in clauses 6 and 7 of these CPS Terms and no other conditions or events will affect Conversion;
- (f) agrees to provide to the Issuer any information necessary to give effect to a Conversion and, if applicable, to surrender any certificate relating to the CPS on the occurrence of the Conversion; and
- (g) acknowledges and agrees that a CPS Holder has no right to request an Exchange.

10.11 On-market buy-backs

Subject to APRA's prior written approval, the Issuer may buy back CPS at any time and at any price by an on-market buy-back.

10.12 No other rights

- (a) The CPS do not confer on CPS Holders any right to participate in profits or property of the Issuer except as set out in these CPS Terms.
- (b) The CPS do not confer on CPS Holders any right to subscribe for new securities in the Issuer or to participate in any bonus issues of securities of the Issuer.

11 Voting and other rights

11.1 Meetings

In accordance with the Constitution, a CPS Holder will have the same rights as the holders of Ordinary Shares with respect to receiving notices of general meetings and financial reports and attending the Issuer's general meetings.

11.2 Voting rights

A CPS Holder will not be entitled to vote at any general meeting of the Issuer except that they may vote:

- (a) on any matter during a period in which a Dividend remains unpaid;
- (b) on any proposal:
- (1) to reduce the Issuer's share capital, other than a resolution to approve a Redemption of CPS;
- (2) that affects the rights attached to the CPS;
- (3) to wind up the Issuer; or
- (4) for the disposal of the whole of the Issuer's property, business and undertaking;
- (c) on a resolution to approve the terms of a buy-back agreement, other than a resolution to approve a Redemption of CPS; and
- (d) during a winding-up of the Issuer,

in which case a CPS Holder will have the same rights as to manner of attendance and to voting as a holder of Ordinary Shares with one vote per CPS.

11.3 Not a "voting share"

Each CPS Holder acknowledges and agrees that a CPS will not constitute a "voting share" for the purposes of the Corporations Act.

11.4 No right to apply for the winding-up of the Issuer

Each CPS Holder acknowledges and agrees that a CPS Holder has no right to apply for the Issuer to be wound up, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of the Issuer merely on the grounds that the Issuer does not pay a Dividend when scheduled in respect of CPS.

11.5 No events of default

Each CPS Holder acknowledges and agrees that these CPS Terms contain no events of default. Accordingly (but without limitation) failure to pay in full, for any reason, a Dividend on the scheduled Dividend Payment Date will not constitute an event of default.

12 Takeovers and schemes of arrangement

If:

- (a) a takeover bid is made for Ordinary Shares, acceptance of which is recommended by the Directors; or
- (b) the Directors recommend a scheme of arrangement in respect of the Ordinary Shares of the Issuer which will result in a person other than the Issuer having a relevant interest in more than 50% of the Ordinary Shares,

in each case which would result in an Acquisition Event then, if the Directors consider that the Issuer will not be permitted to elect or give notice to Convert the CPS in accordance with clause 6 or clause 7 or the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition will not be satisfied in respect of the Change of Control Conversion Date in accordance with clause 7, the Directors will use all reasonable endeavours to procure that equivalent takeover offers are made to CPS Holders or that they are entitled to participate in the scheme of arrangement or a similar transaction.

13 Approved NOHC Events

13.1 The Issuer may give an Approved NOHC Substitution Notice

If:

- (a) an Approved NOHC Event is proposed to occur; and
- (b) the Approved NOHC agrees for the benefit of CPS Holders:
 - (1) to deliver Approved NOHC Ordinary Shares under all circumstances when the Issuer would have otherwise been obliged to deliver Ordinary Shares on a Conversion, subject to the same terms and conditions as set out in these CPS Terms as amended by this clause 13;
 - (2) to comply with the restrictions in clause 3.8 (with all appropriate modifications) of these CPS Terms; and
 - (3) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of all Approved NOHC Ordinary Shares issued under these CPS Terms (with all necessary modifications) on the securities exchanges on which the other Approved NOHC Ordinary Shares are quoted at the time of a Conversion,

the Issuer may give a notice (an **Approved NOHC Substitution Notice**) to CPS Holders (which, if given, must be given as soon as practicable before the Approved NOHC Event and in any event no later than 10 Business Days before the Approved NOHC Event occurs) specifying the amendments to these CPS Terms which will be made in accordance with clause 16.2 to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion (the **Approved NOHC Substitution Terms**).

An Approved NOHC Substitution Notice, once given, is irrevocable.

13.2 Consequences of an Approved NOHC Substitution Notice

If the Issuer gives an Approved NOHC Substitution Notice to CPS Holders in accordance with clause 13.1, the Approved NOHC Substitution Terms will have effect on and from the date specified in the Approved NOHC Substitution Notice.

14 Notices

14.1 Notices to CPS Holders

Except where otherwise provided in these CPS Terms, a notice may be given by the Issuer to a CPS Holder in any manner prescribed by the Constitution for giving notices to members of the Issuer and the relevant provisions apply with all necessary modifications to notices to CPS Holders.

14.2 Delivery of certain notices

A Non-Conversion Notice, a Deferred Conversion Notice, a Deferred Change of Control Conversion Notice, an Exchange Notice, a Change of Control Event Notice, a Change of Control Conversion Notice, a Capital Trigger Event Notice, an Adjustment Notice, an Approved NOHC Substitution Notice and an Issuer Details Notice may each be given to CPS Holders by the Issuer publishing the notice on its website and announcing the publication of the notice to ASX.

14.3 Non-receipt of notices by CPS Holders

The non-receipt of a notice by a CPS Holder or an accidental omission to give notice to a CPS Holder will not invalidate the giving of that notice either in respect of that CPS Holder or generally.

14.4 Notices to the Issuer

All notices or other communications to the Issuer in respect of these CPS Terms must be:

- (a) in legible writing or typing and in English;
- (b) addressed as shown below:

Attention: Share Registry Manager
Address: Bendigo and Adelaide Bank Share Registry, PO BOX 480, BENDIGO VIC 3552
Fax No: +61 3 5485 7655,

or to such other address or fax number as the Issuer notifies to CPS Holders as its address or fax number (as the case may be) for notices or other communications in respect of these CPS Terms from time to time (an **Issuer Details Notice**);

- (c) signed by the person making the communication or by a person duly authorised by that person; and
- (d) delivered or posted by prepaid post to the address, or sent by fax to the fax number, of the Issuer in accordance with this clause 14.4.

A notice to the Issuer will be taken to be received:

- (e) if sent by fax, when actually received in its entirety in legible form, unless that day is not a Business Day, or is after 5:00pm (Melbourne time) on a Business Day, in which case that communication will be regarded as received at 9:00am (Melbourne time) on the next Business Day; and
- (f) in any other case, on delivery at the address of the Issuer as provided in clause 14.4, unless that delivery is not made on a Business Day, or is after 5:00pm (Melbourne time) on a Business Day, in which case that communication will be regarded as received at 9:00am (Melbourne time) on the next Business Day.

14.5 Notices and reports

Each CPS Holder is entitled to receive notice of any general meeting of the Issuer and a copy of every circular and like document sent out by the Issuer to Ordinary Shareholders and to attend general meetings of the Issuer.

15 Payments

15.1 Manner of payment to CPS Holders

The Constitution contains provisions relating to payments in respect of shares and the relevant provisions apply (with all necessary modifications) in respect of each payment on the CPS.

15.2 Payment to joint CPS Holders

A payment to any one of joint CPS Holders will discharge the Issuer's liability in respect of the payment.

16 Amendment of these CPS Terms

16.1 Amendment without consent

Subject to complying with all applicable laws and with APRA's prior written approval where required under clause 16.4, the Issuer may amend these CPS Terms without the authority, assent or approval of CPS Holders where the amendment in the reasonable opinion of the Issuer:

- (a) is made to correct a manifest error;
- (b) is of a formal, minor or technical nature;
- (c) is necessary to comply with any law, the provisions of any statute or the requirements of any statutory authority;
- (d) is made in accordance with the Issuer's adjustment rights in clause 8 or as required by APRA in accordance with that clause;
- (e) is expedient for the purpose of enabling CPS to be listed or to remain listed on a securities exchange (including, without limitation, in connection with any change in the principal securities exchange on which Ordinary Shares are listed) or lodged in a clearing system or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place;

- (f) amends any date or time period stated, required or permitted in connection with any Mandatory Conversion or Exchange in a manner necessary to facilitate the Mandatory Conversion or Exchange; or
- (g) in any other case, will not materially adversely affect the rights of CPS Holders as a whole.

16.2 Amendment without consent for substitution of an Approved NOHC

Subject to complying with all applicable laws and with APRA's prior written approval where required under clause 16.4, if the circumstances described in clauses 13.1(a) and 13.1(b) apply, without the authority, assent or approval of CPS Holders, the Issuer may give an Approved NOHC Substitution Notice which:

- (a) amends the definition of "Conversion" in clause 8 such that, unless APRA otherwise agrees, on the date CPS are to be Converted:
- (1) each CPS that is being Converted will be automatically transferred by each CPS Holder free from Encumbrance to the Approved NOHC (or another member of the Issuer Group) (the **Transferee**) on the date the Conversion is to occur;
 - (2) each CPS Holder will be issued a number of Approved NOHC Ordinary Shares equal to the Conversion Number; and
 - (3) as between the Issuer and the Transferee:
 - each CPS held by the Transferee as a result of the transfer will be automatically Converted into an Ordinary Share; and
 - an additional number of Ordinary Shares will be issued to the Transferee, such that the total number of Ordinary Shares held by the Transferee by reason of the sub-paragraphs of this clause 16.2(a)(3) increases by the number which equals the number of Approved NOHC Ordinary Shares issued by the Approved NOHC to CPS Holders on Conversion; and
- (b) makes such other amendments as in the Issuer's reasonable opinion are necessary and appropriate to effect the substitution of an Approved NOHC as the provider of the ordinary shares on Conversion in the manner contemplated by these CPS Terms, including without limitation:
- (1) amendments and additions to the definition of "Acquisition Event", "the Issuer Group", "Franking Rate", "Ordinary Shares", "Regulatory Event" and "Tax Event";
 - (2) amendments to the mechanics for adjusting the Conversion Number; and
 - (3) any term defining the rights of CPS Holders if the Conversion is not effected which is appropriate for the CPS to remain as Tier 1 Capital.

16.3 Amendment with consent

Without limiting clause 16.1 or clause 16.2, the Issuer may, with APRA's prior written approval where required under clause 16.4, amend these CPS Terms if the amendment has been approved by a Special Resolution.

16.4 Amendment with approval of APRA

Notwithstanding anything in this clause 16, the Issuer must seek and obtain APRA's written approval before making any amendment to the CPS Terms under this clause 16 that may affect the eligibility of the CPS to continue qualifying as Additional Tier 1 Capital.

16.5 Meanings

In this clause 16, "amend" includes modify, cancel, alter or add to and "amendment" has a corresponding meaning.

17 Quotation on ASX

The Issuer must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure, at its own expense, quotation of CPS on ASX.

18 Governing law

The CPS and these CPS Terms are governed by and shall be construed in accordance with the laws of the State of Victoria, Australia.

19 Interpretation and definitions

19.1 Interpretation

- (a) Unless the context otherwise requires, if there is any inconsistency between the provisions of these CPS Terms and the Constitution, then, to the maximum extent permitted by law, the provisions of these CPS Terms will prevail.

- (b) Unless otherwise specified, the Directors may exercise all powers of the Issuer under these CPS Terms as are not, by the Corporations Act or by the Constitution, required to be exercised by the Issuer in general meeting.
- (c) Unless otherwise specified, a reference to a clause is a reference to a clause of these CPS Terms.
- (d) If a calculation is required under these CPS Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (e) Subject to clause 19.1(a), definitions and interpretation under the Constitution will also apply to these CPS Terms unless the contrary intention is expressed.
- (f) Any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to the Issuer only if the Issuer is an entity, or the holding company of an entity, or is a direct or indirect Subsidiary of a NOHC, subject to regulation and supervision by APRA at the relevant time.
- (g) Any provisions which require APRA's consent or approval will apply only if APRA requires that such consent or approval be given at the relevant time.
- (h) Any provisions in these CPS Terms requiring the prior approval of APRA for a particular course of action to be taken by the Issuer do not imply that APRA has given its consent or approval to the particular action as of the Issue Date.
- (i) A reference to any term defined by APRA (including, without limitation, "Fundamental Tier 1 Capital", "Level 1", "Level 2" and "Level 3", "Prudential Capital Requirement", "Tier 1 Capital", "Tier 1 Capital Ratio", "Tier 2 Capital", "Additional Tier 1 Capital", "Common Equity Tier 1" and "Common Equity Tier 1 Ratio") shall, if that term is replaced or superseded in any of APRA's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term.
- (j) The terms "takeover bid", "relevant interest", "scheme of arrangement", "buy-back" and "on-market buy-back" when used in these CPS Terms have the meaning given in the Corporations Act.
- (k) Headings and boldings are for convenience only and do not affect the interpretation of these CPS Terms.
- (l) The singular includes the plural and vice versa.
- (m) The word "law" includes common law, principles of equity and any statute, ordinance, code or other law made by any parliament, whether inside or outside Australia, and will be taken to include a reference to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (or any consolidation, amendments, re-enactment or replacement of those sections and including any current or future regulations or official interpretations issued, agreements entered into or non-US laws enacted in relation to those sections).
- (n) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (o) If an event under these CPS Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.
- (p) A reference to dollars, A\$, \$ or cents is a reference to the lawful currency of Australia.
- (q) A reference to a term defined by the ASX Listing Rules or the ASX Operating Rules shall, if that term is replaced in those rules, be taken to be a reference to the replacement term.
- (r) If the principal securities exchange on which Ordinary Shares are listed becomes an exchange other than ASX, unless the context otherwise requires, a reference to ASX shall be read as a reference to that principal securities exchange and a reference to the ASX Listing Rules, ASX Operating Rules or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined terms in such rules (as the case may be).
- (s) Calculations, elections and determinations made by the Issuer under these CPS Terms are binding on CPS Holders in the absence of manifest error.

19.2 Definitions

Acquisition Event means:

- (a) a takeover bid (as defined in the Corporations Act) is made to acquire all or some of the Ordinary Shares and such offer is, or becomes, unconditional and either:
- (1) the bidder has at any time during the offer period, a relevant interest in more than 50% of the Ordinary Shares on issue; or
 - (2) the directors of the Issuer, acting as a board, issue a statement that at least a majority of its directors who are eligible to do so have recommended acceptance of such offer (in the absence of a higher offer); or
- (b) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act, which scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented and:

- (1) all classes of members of the Issuer pass all resolutions required to approve the scheme by the majorities required under the Corporations Act to approve the scheme; and
- (2) an independent expert issues a report that the proposals in connection with the scheme are in the best interests of the holders of Ordinary Shares.

Notwithstanding the foregoing, none of the events described in paragraphs (a) and (b) above will constitute an Acquisition Event if the event would be a NOHC Event and:

- (1) the acquirer (or its ultimate holding company) assumes all of the Issuer's obligations to convert the CPS into Ordinary Shares by undertaking to convert such CPS into ordinary shares of the acquirer (or its ultimate holding company) on any Mandatory Conversion Date, or earlier upon the occurrence of a Change of Control Event or Capital Trigger Event in respect of the acquirer (or its ultimate holding company) (for which purposes all references in this clause to the Issuer will be read as a reference to the acquirer (or its ultimate holding company));
- (2) the acquirer (or its ultimate holding company) agrees to comply with the restrictions in clause 3.8 (with all appropriate modifications) of these CPS Terms; and
- (3) the ordinary shares of the acquirer (or its ultimate holding company) are listed on ASX.

Additional Capital Instrument means the CPS and all other securities or other instruments treated as Additional Tier 1 Capital or Tier 2 Capital of the Issuer (on a Level 1 basis) or the Issuer Group (on a Level 2 basis or, if applicable, a Level 3 basis) as defined by APRA from time to time.

Additional Tier 1 Capital means Tier 1 Capital of the Issuer (on a Level 1 basis) or the Issuer Group (on a Level 2 basis) other than Common Equity Tier 1.

Adjustment Notice has the meaning given in clause 8.8.

Approved NOHC means a NOHC arising as a result of an Approved NOHC Event.

Approved NOHC Event means a NOHC Event in respect of which the proviso to the definition of "Acquisition Event" is satisfied.

Approved NOHC Ordinary Share means a fully paid ordinary share in the capital of the Approved NOHC.

Approved NOHC Substitution Notice has the meaning given in clause 13.1.

Approved NOHC Substitution Terms has the meaning given in clause 13.1.

APRA means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of the Issuer, the Issuer Group or any NOHC.

APRA Condition means, with respect to a Dividend payment on the CPS on a Dividend Payment Date:

- (a) making the Dividend payment on the CPS on the payment date would result in the Prudential Capital Requirement, the Tier 1 Capital Ratio, the Common Equity Tier 1 Capital Ratio or the Total Capital Ratio of the Issuer (on a Level 1 basis) or of the Issuer Group (on a Level 2 basis or, if applicable, Level 3 basis) not complying with APRA's then current capital requirements as they are applied to the Issuer or the Issuer Group (as the case may be) at the time;
- (b) unless APRA otherwise approves in writing, making the Dividend would result in the Issuer or the Issuer Group exceeding any limit on distributions of earnings applicable under (and calculated in accordance with) APRA's then current capital conservation requirements as they are applied to the Issuer or the Issuer Group (as the case may be) at the time;
- (c) making the Dividend payment would result in the Issuer becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or
- (d) APRA objecting to the Dividend payment on the CPS on the payment date.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires, or any successor.

ASX Listing Rules means the listing rules of ASX as amended, varied or waived (whether in respect of the Issuer or generally) from time to time.

ASX Operating Rules means the market operating rules of ASX as amended, varied or waived (whether in respect of the Issuer or generally) from time to time.

Attorney has the meaning given in clause 10.9.

Bank Bill Rate has the meaning given in clause 3.1.

Banking Act means the Banking Act 1959 (Cth).

Basel III Consultation Paper means:

- (a) the consultative document titled "Strengthening the resilience of the banking sector" which was released by the Basel Committee on Banking Supervision on 17 December 2009 and any related releases, papers, proposals (including, without limitation, the releases of 13 January 2011, June 2011 and December 2011); and

- (b) any related prudential standards, guidelines or consultation papers of the Basel Committee on Banking Supervision or APRA (including, without limitation, the discussion paper issued by APRA on 6 September 2011, the letter and responses paper issued by APRA on 30 March 2012 and the draft prudential standards released in March 2012).

Basel III Implementation Date means the date (expected to be 1 January 2013) from which the Issuer becomes subject to the revised prudential standards adopted by APRA following the consultation process the subject of the Basel III Consultation Papers.

Bookbuild means the process conducted prior to the opening of the Offer whereby certain investors lodge bids for CPS and, on the basis of those bids, the Issuer and the joint lead managers to the Offer determine the Margin.

Business Day means a day which is a business day within the meaning of the ASX Listing Rules.

Capital Event Conversion means the mandatory conversion of CPS to Ordinary Shares on the Capital Event Conversion Date in accordance with clause 5.2.

Capital Event Conversion Date has the meaning given in clause 5.2.

Capital Trigger Event has the meaning given in clause 5.1.

Capital Trigger Event Notice has the meaning given in clause 5.2.

Change of Control Event means where both an Acquisition Event and one of the following has occurred:

- (a) in the case of an Acquisition Event occurring because of a takeover bid, all regulatory approvals necessary for the acquisition to occur have been obtained; and
- (b) in the case of an Acquisition Event occurring because of a scheme of arrangement, all conditions to the implementation of the scheme, including any necessary regulatory or shareholder approvals (including approval of the scheme by the court) have been satisfied or waived.

For the avoidance of doubt, a Change of Control Event will not occur where the proviso to the definition of Acquisition Event applies.

Change of Control Event Notice has the meaning given in clause 7.1.

Change of Control Conversion Date has the meaning given in clause 7.3.

Change of Control Conversion Notice has the meaning given in clause 7.2.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

Common Equity Tier 1:

- (a) prior to the Basel III Implementation Date, means the Fundamental Tier 1 Capital net of Tier 1 deductions (as defined by APRA) of the Issuer Level 1 Group or the Issuer Level 2 Group (as applicable); and
- (b) on or after the Basel III Implementation Date, has the meaning determined by APRA from time to time.

Common Equity Tier 1 Ratio means the ratio of Common Equity Tier 1 to risk weighted assets of the Issuer Level 1 Group or the Issuer Level 2 Group (as applicable) as prescribed by APRA from time to time.

Constitution means the constitution of the Issuer as amended from time to time.

Control has the meaning given in the Corporations Act.

Controlled Entity means, in respect of the Issuer, an entity the Issuer Controls.

Conversion means, in relation to a CPS, subject to amendment in accordance with clause 16.1(d), the taking effect of the rights specified in clause 8 in relation to that CPS and “Convert” and “Converted” have corresponding meanings.

Conversion Floor Price has the meaning given in clause 8.1(b).

Conversion Number has the meaning given in clause 8.1(b).

Corporations Act means the Corporations Act 2001 (Cth).

CPS has the meaning given in clause 1.1.

CPS Holder means a person whose name is registered in the Register as the holder of a CPS.

CPS Terms means these terms of issue of CPS.

Cum Value has the meaning given in clause 8.2.

Deferred Change of Control Conversion Notice has the meaning given in clause 7.5.

Deferred Conversion Date has the meaning given in clause 6.5.

Deferred Conversion Notice has the meaning given in clause 6.5.

Delisting Event means, in respect of a date, that:

- (a) Ordinary Shares ceased to be listed or admitted to trading on ASX on or before that date (and where the cessation occurred before that date, Ordinary Shares continue not to be listed or admitted to trading on that date); or
- (b) trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes:
 - (1) at least five consecutive Business Days prior to that date; and
 - (2) that date.

Directors means some or all of the directors of the Issuer acting as a board.

Dividend has the meaning given in clause 3.1.

Dividend Payment Date has the meaning given in clause 3.5 whether or not a Dividend is, or is able to be, paid on that date.

Dividend Period means in respect of:

- (a) the first Dividend Period, the period from (and including) the Issue Date until (but not including) the first Dividend Payment Date following the Issue Date; and
- (b) each subsequent Dividend Period, the period from (and including) the preceding Dividend Payment Date until (but not including) the next Dividend Payment Date.

Dividend Rate has the meaning given in clause 3.1.

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the Personal Property Securities Act 2009 (Cth)) and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.

Equal Ranking Instruments means, in respect of the payment of dividends or payment in a winding-up, any securities or other instruments that rank or are expressed to rank in respect of dividends or for payment in a winding-up (as the case may be) equally with the CPS including:

- (a) the existing preference shares issued under Rule 3 of the Constitution which are quoted on ASX under the codes BENPA, BENPB and BENPC respectively; and
- (b) each other preference share that the Issuer may issue that ranks or is expressed to rank equally with the foregoing and the CPS in respect of dividend or for payment in a winding-up of the Issuer (as the case may be).

Exchange means Conversion in accordance with and subject to clause 8 or Redemption in accordance with and subject to clause 9 and "Exchanged" has a corresponding meaning.

Exchange Date has the meaning given in clause 6.2(b).

Exchange Method has the meaning given in clause 6.3.

Exchange Notice has the meaning given in clause 6.1.

External Administrator means, in respect of a person:

- (a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or
- (b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertaking of that person,

or in either case any similar official.

First Mandatory Conversion Condition has the meaning given in clause 4.3.

First Optional Conversion Restriction has the meaning given in clause 6.4.

First Test Date has the meaning given in clause 4.3.

Foreign CPS Holder means a CPS Holder whose address in the Register is a place outside Australia or who the Issuer otherwise believes may not be a resident of Australia.

Franking Rate (expressed as a decimal) means the franking percentage (within the meaning of Part 3-6 of the Tax Act or any provisions that revise or replace that Part) applicable to the franking account of the Issuer as at the relevant Dividend Payment Date.

Fundamental Tier 1 Capital means the fundamental tier 1 capital of the Issuer on a Level 1 basis or the Issuer Group on a Level 2, or if applicable, Level 3 basis as defined by APRA from time to time.

Inability Event means the Issuer is prevented by applicable law or order of any court or action of any government authority (including, regarding the insolvency, winding-up or other external administration of the Issuer) or any other reason from Converting the CPS.

Issue Date means the date on which CPS are issued.

Issue Date VWAP means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the first date on which any CPS were issued, as adjusted in accordance with clauses 8.5 to 8.7 (inclusive).

Issue Price has the meaning given in clause 1.2.

Issuer means Bendigo and Adelaide Bank Limited (ABN 11 068 049 178).

Issuer Details Notice has the meaning given in clause 14.4.

Issuer Group means the Issuer and its controlled entities.

Issuer Level 1 Group means the Issuer and those of its controlled entities included by APRA from time to time in the calculation of the Issuer's Prudential Capital Requirement and Tier 1 Capital Ratio on a Level 1 basis.

Issuer Level 2 Group means the Issuer together with each related entity included by APRA from time to time in the calculation of the Issuer's Prudential Capital Requirement and Tier 1 Capital Ratio on a Level 2 basis.

Issuer Shares means Ordinary Shares or any other shares in the capital of the Issuer.

Level 1, Level 2 and Level 3 means those terms as defined by APRA from time to time.

Liquidation Sum has the meaning given in clause 10.2(c).

Mandatory Conversion means the mandatory conversion under clause 4 of CPS to Ordinary Shares on the Mandatory Conversion Date.

Mandatory Conversion Condition has the meaning given in clause 4.3.

Mandatory Conversion Date has the meaning given in clause 4.2.

Margin has the meaning given in clause 3.1.

Maximum Conversion Number has the meaning given in clause 8.1(b).

NOHC means the ultimate holding company of the Issuer after a NOHC Event which must be a "non-operating holding company" within the meaning of the Banking Act.

NOHC Event means an event which:

- (a) is initiated by the Directors, acting as a board; and
- (b) would otherwise be an Acquisition Event,

but the result of which would be that the person who would be the ultimate holding company of the Issuer would be a NOHC.

Non-Conversion Notice has the meaning given in clause 4.4.

Non-Conversion Test Date has the meaning given in clause 6.4.

Non-marketable Parcel has the meaning given in the Constitution.

Offer means the invitation under the Prospectus made by the Issuer for persons to subscribe for CPS.

Optional Conversion Restrictions has the meaning given in clause 6.4.

Optional Exchange Date means the Dividend Payment Date falling on 13 December 2017.

Ordinary Share means a fully paid ordinary share in the capital of the Issuer.

Ordinary Shareholder means a person whose name is registered as the holder of an Ordinary Share.

Prospectus means the prospectus for the Offer including these CPS Terms.

Prudential Capital Requirement means that ratio as defined by APRA from time to time.

Record Date means for payment of a Dividend:

- (a) the date which is 11 Business Days before the Dividend Payment Date for that Dividend; or
- (b) such other date as is determined by the Directors in their absolute discretion and communicated to ASX not less than seven Business Days before the specified Record Date,

or in either case such other date as may be required by ASX.

Redeem means, in relation to a CPS, redeem, buy back (other than an on-market buy-back within the meaning of the Corporations Act) or reduce capital, or any combination of such activities, in connection with that CPS in accordance with clause 9, and "Redeemed", "Redeemable" and "Redemption" have corresponding meanings.

Redemption Price has the meaning given in clause 9.2.

Register means the register of CPS maintained by or on behalf of the Issuer and including any subregister established and maintained in CHESSE.

Registrar means the Issuer or any other registrar that maintains the Register.

Regulatory Event means:

- (a) the receipt by the Directors of an opinion from a reputable legal counsel that, as a result of any amendment to, clarification of or change (including any announcement of a prospective change) in, any law or regulation or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations (including, without limitation, any such action arising as a result of the Basel III Consultation Papers which apply to the Issuer or any other member of the Issuer Group) which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date, additional requirements would be imposed on the Issuer in relation to or in connection with CPS (which were not expected by the Issuer prior to the Issue Date) which the Directors (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) determine, at their absolute discretion, to be unacceptable; or
- (b) the determination by the Directors (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) that the Issuer is not or will not be entitled to treat the full face amount of all CPS as Additional Tier 1 Capital (including, without limitation, as a result of the Basel III Consultation Papers which applies to the Issuer or any other member of the Issuer Group or as a result of any change in tax law), except where:
 - (1) the reason the Issuer is not entitled to treat the full face amount of all CPS as Additional Tier 1 Capital is because the Issuer has exceeded a limit on the recognition of Additional Tier 1 Capital which was in effect on the Issue Date (including, without limitation, a limit arising on or from a given date under the Basel III Consultation Papers which is known as at the Issue Date); or
 - (2) the Issuer otherwise expected as at the Issue Date to not be entitled to treat the full face amount of all CPS as Additional Tier 1 Capital at the relevant time.

Relevant Date has the meaning given in clause 4.2.

Relevant Dividend Payment Date has the meaning given in clause 3.8.

Reorganisation has the meaning given in clause 8.3(a).

Scheduled Mandatory Conversion Date has the meaning given in clause 4.2.

Second Mandatory Conversion Condition has the meaning given in clause 4.3.

Second Optional Conversion Restriction has the meaning given in clause 6.4.

Second Test Period has the meaning given in clause 4.3.

Special Resolution means a resolution passed at a meeting of CPS Holders by a majority of at least 75% of the votes validly cast by CPS Holders in person or by proxy and entitled to vote on the resolution.

Subsidiary has the meaning given in the Corporations Act.

Tax Act means:

- (a) the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as the case may be and a reference to any Section of the Income Tax Assessment Act 1936 (Cth) includes a reference to that Section as rewritten in the Income Tax Assessment Act 1997 (Cth); and
- (b) any other Act setting the rate of income tax payable and any regulation promulgated under it.

Tax Event means the receipt by the Directors of an opinion from a reputable legal counsel or other tax adviser in Australia, experienced in such matters, to the effect that, as a result of:

- (a) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties or any regulations of Australia or any political subdivision or taxing authority of Australia affecting taxation;
- (b) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (**Administrative Action**); or
- (c) any amendment to, clarification of, or change in, an Administrative Action that provides for a position that differs from the current generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known,

which amendment, clarification, change or Administrative Action is effective, or which pronouncement or decision is announced, on or after the Issue Date (and was not expected by the Issuer prior to the Issue Date), there is more than an insubstantial risk which the Directors determine at their absolute discretion (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) to be unacceptable that:

- (d) the Issuer would be exposed to more than a de minimis increase in its costs (including without limitation through the imposition of any taxes, duties, assessments or other charges) in relation to a CPS;
- (e) any Dividend would not be a frankable dividend or distribution within the meaning of Division 202 of the Tax Act; or
- (f) (if a NOHC Event has occurred) the CPS would not be disregarded, or would cease to be disregarded, in accordance with Section 703-37 of the Tax Act.

Tax Rate has the meaning given in clause 3.1.

Third Mandatory Conversion Condition has the meaning given in clause 4.3.

Tier 1 Capital means the tier 1 capital of the Issuer (on a Level 1 basis) or the Issuer Group (on a Level 2 basis or, if applicable, a Level 3 basis) as defined by APRA from time to time.

Tier 2 Capital means the tier 2 capital of the Issuer (on a Level 1 basis) or the Issuer Group (on a Level 2 basis or, if applicable, a Level 3 basis) as defined by APRA from time to time.

Tier 1 Capital Ratio means that ratio as defined by APRA from time to time.

Transferee has the meaning given in clause 16.2.

VWAP means, subject to any adjustments under clause 8, the average of the daily volume weighted average sale prices (such average being rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

VWAP Period means:

- (a) in the case of a Conversion resulting from an Acquisition Event or a Change of Control Event, the lesser of 20 Business Days and the number of Business Days that the Ordinary Shares are quoted for trading on ASX after the occurrence of the Acquisition Event or the Change of Control Event (as the case may be) prior to the date on which Conversion is to occur in accordance with these CPS Terms;
- (b) in the case of a Conversion resulting from a Capital Trigger Event, the period of 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date on which the Capital Trigger Event occurs;
- (c) in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date on which Conversion is to occur in accordance with these CPS Terms; or
- (d) otherwise, the period for which VWAP is to be calculated in accordance with these CPS Terms.

Written Down has the meaning given in clause 5.4 and "Write Down" has a corresponding meaning.

Appendix B – Glossary

For personal use only

ABN	Australian Business Number.
Acquisition Event	broadly, occurs when certain takeover bids or schemes of arrangement occur in relation to Bendigo and Adelaide Bank. For the full definition – see clause 19.2 of the CPS Terms.
Additional Capital Instruments	means the CPS and all other securities or other instruments treated as Additional Tier 1 Capital or Tier 2 Capital of Bendigo and Adelaide Bank (on a Level 1 basis) or Bendigo and Adelaide Group (on a Level 2 basis or, if applicable, a Level 3 basis) as defined by APRA from time to time.
Additional Tier 1 Capital	means Additional Tier 1 Capital of ADI's (including Bendigo and Adelaide Bank) under Basel III as described in the Basel III Consultation Papers.
ADI	Authorised Deposit-taking Institution, as defined in the Banking Act.
Administrative Action	means any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations).
AFSL	Australian Financial Services Licence.
Allocation	means the number of CPS allocated under this Prospectus to: <ul style="list-style-type: none"> • RPS Holder Applicants Securityholder Applicants, Community Bank[®] and Customer Applicants and General Applicants at the end of the Offer Period; and • Syndicate Brokers and Institutional Investors under the Bookbuild.
Allotment	means the allotment of CPS to successful Applicants.
Annual General Meeting	means the Annual General Meeting of Bendigo and Adelaide Bank.
Applicant	means a person who submits an Application.
Application	means a valid application for a specified number of CPS made pursuant to either: <ul style="list-style-type: none"> • the applicable Application Form; or • in respect of the Institutional Offer, a duly completed confirmation letter.
Application Form	means each of the application forms attached to, or accompanying, this Prospectus upon which an Application may be made, being: <ul style="list-style-type: none"> • the yellow paper personalised Reinvestment Application Form; • the pink paper personalised Securityholder Application Form; • the electronic Application Form provided for online Applications under the Reinvestment Offer, Securityholder Offer, Community Bank[®] and Customer Offer and General Offer; • the blue paper Application Form in the back of this Prospectus to be used by Community Bank[®] and Customer Applicants; or • the white paper Application Form in the back of this Prospectus to be used by Broker Firm Applicants and General Applicants.
Application Payment	means the monies payable on each Application, calculated as the number of CPS applied for multiplied by the Issue Price.
Approved NOHC	means a NOHC arising as a result of an Approved NOHC Event.
Approved NOHC Event	means a NOHC Event in respect of which the proviso to the definition "Acquisition Event" is satisfied.

Approved NOHC Ordinary Share	means a fully paid ordinary share in the capital of the Approved NOHC.
APRA	Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of Bendigo and Adelaide Bank or any NOHC.
APRA Condition	has the meaning given in clause 19.2 of the CPS Terms (see Section 2.3.7).
ASIC	Australian Securities and Investments Commission.
ASTC	ASX Settlement and Transfer Corporations Pty Ltd.
Arranger	Macquarie.
Asset and Liability Management Committee	means Bendigo and Adelaide Bank's Asset and Liability Management Committee is responsible for effectively managing Bendigo and Adelaide Group's balance sheet to maximise earnings potential within a Board approved risk framework. In doing this the committee considers the capital, interest rate, liquidity and funding risks inherent in the prevailing balance sheet structure.
ASX	means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.
ASX Settlement	ASX Settlement Pty Ltd (ABN 49 008 504 532).
Australian Tax Letter or Tax Letter	means the summary of the Australian tax consequences for persons who may become Holders based on Australian income tax law as at the date of the Prospectus contained in Section 7.
Bank Bill Rate	means (expressed as a percentage per annum), for a Dividend Period, the average mid-rate for bills of a term of 180 days which is displayed on Reuters page BBSW (or any page that replaces that page) on the first Business Day of the Dividend Period, subject to certain alternative methods of calculation if there is a manifest error in the calculation of the rate or if the rate is not displayed. For the full definition – see the description of 'Bank Bill Rate' in clause 3.1 of the CPS Terms.
Banking Act	Banking Act 1959 (Cth).
Basel Committee	the Bank of International Settlements' Basel Committee on Banking Supervision.
Basel II	means the revised framework issued in 2004 by the Basel Committee for the calculation of capital adequacy for banks.
Basel III	means the proposed revised framework being developed by the Basel Committee for the calculation of capital adequacy for banks.
Basel III Consultation Papers	means: <ul style="list-style-type: none"> the consultative document titled "Strengthening the resilience of the banking sector" which was released by the Basel Committee on Banking Supervision on 17 December 2009 and any related releases, papers, proposals (including, without limitation, the releases of 13 January 2011, June 2011 and December 2011); and any related prudential standards, guidelines or consultation papers of the Basel Committee on Banking Supervision of APRA (including, without limitation, the discussion paper issued by APRA on 6 September 2011, the letter and responses paper issued by APRA on 30 March 2012 and the draft prudential standards released in March 2012).
Basel III Implementation Date	means the date (expected to be 1 January 2013) from which Bendigo and Adelaide Bank becomes subject to the revised prudential standards adopted by APRA following the consultation process the subject of the Basel III Consultation Papers.
Bell Potter	Bell Potter Securities Limited (ABN 25 006 390 772, AFSL 243480).

Bendigo and Adelaide Bank or the Bank	Bendigo and Adelaide Bank Limited (ABN 11 068 049 178) or Bendigo and Adelaide Bank and its controlled entities, as the case may be. When applicable, references to Bendigo and Adelaide Bank incorporate its predecessors.
Bendigo and Adelaide Bank Group or the Bank Group	means Bendigo and Adelaide Bank and each entity it controls (as defined in the Corporations Act).
Bendigo and Adelaide Bank Level 1 Group	means Bendigo and Adelaide Bank and those of its controlled entities included by APRA from time to time in the calculation of Bendigo and Adelaide Bank's Prudential Capital Requirement and Tier 1 Capital Ratio on a Level 1 basis.
Bendigo and Adelaide Bank Level 2 Group	means Bendigo and Adelaide Bank together with each related entity included by APRA from time to time in the calculation of Bendigo and Adelaide Bank's Prudential Capital Requirement and Tier 1 Capital Ratio on a Level 2 basis.
Board, Directors or Board of Directors	means some or all of the directors of Bendigo and Adelaide Bank, acting as a board.
Board Credit Committee	means a committee of Bendigo and Adelaide Bank Board. Its purpose is to assist the Board in relation to the oversight of the establishment, implementation, review and monitoring of credit risk management systems and policies, taking into account the risk appetite of the Bank Group, the overall business strategy and management expertise.
Board Risk Committee	<p>means a committee of Bendigo and Adelaide Bank Board. Its purpose is to assist the Board in relation to the oversight of risk and includes the establishment, implementation, review and monitoring of risk management systems and policies for the following:</p> <ul style="list-style-type: none"> • balance sheet and off-balance sheet risk; and • operational risk (including regulatory compliance, financial crimes, anti-money laundering and counter-terrorism financing and business continuity). <p>The Board Risk Committee does not have any responsibilities in relation to credit risk or remuneration risk (other than in relation to service providers).</p>
Bookbuild	means the process described in Section 4.5.2 that determined the Margin.
BPS	Bendigo and Adelaide Bank Preference Shares, the existing preference shares issued under Rule 3 of the Constitution which are quoted on ASX under the code BENPB.
Broker Firm Applicant	means an Australian resident retail client of a Syndicate Broker who applies for a broker firm allocation from a Syndicate Broker under the Broker Firm Offer. Also includes Eligible RPS Holders who apply under the Broker Firm Offer.
Broker Firm Offer	means the invitation made to clients of Syndicate Brokers to apply for an allocation of CPS from Syndicate Brokers under this Prospectus.
Business Day	a business day as defined in the Listing Rules.
Capital Event Conversion Date	<p>means a date on which the CPS, or the relevant number of CPS will Convert, or be treated as having been Converted.</p> <p>Must be the same date as the date on which the Capital Trigger Event occurs.</p>
Capital Notes	means Bendigo and Adelaide Bank Unsecured Perpetual Floating Rate Subordinated Notes issued under a prospectus dated 13 July 1998, which are quoted on ASX under the code BENHB.
Capital Trigger Event	means a Common Equity Trigger Event or a Non-Viability Trigger Event.
CGT	capital gains tax.
Chairman	being the chairman of the Board.

Change of Control Event	broadly, occurs when an Acquisition Event occurs and certain further approvals or conditions needed for the acquisition to occur or be implemented have been obtained or satisfied or waived. For the full definition – see clause 19.2 of the CPS Terms.
Change of Control Conversion Date	means the date on which Conversion as a result of a Change of Control Event is to occur, as discussed in Section 2.9. For the full definition – see clause 7.3 of the CPS Terms.
Change of Control Conversion Notice	has the meaning given in clause 7.2 of the CPS Terms.
CHESS	means Clearing House Electronic Subregister System operated by ASX Settlement.
Closing Date	means the last day on which Applications will be accepted, which is: <ul style="list-style-type: none"> • 5:00pm Melbourne time on 25 October 2012 for the Reinvestment Offer, the Securityholder Offer, the Community Bank[®] and Customer Offer and the General Offer by cheque and BPAY[®]; or • 10:00am Melbourne time on 31 October 2012 for the Broker Firm Offer (excluding applications in respect of Reinvested RPS); • 5:00pm Melbourne time on 25 October 2012 for the Broker Firm Offer (applications in respect of Reinvested RPS).
Co-Managers	Bell Potter.
Common Equity Tier 1	means: <ul style="list-style-type: none"> • prior to the Basel III Implementation Date, means the Fundamental Tier 1 Capital net of Tier 1 deductions (as defined by APRA) of Bendigo and Adelaide Bank Level 1 Group or Bendigo and Adelaide Bank Level 2 Group (as applicable); and • on or after the Basel III Implementation Date, has the meaning determined by APRA from time to time.
Common Equity Tier 1 Ratio	means the ratio of Common Equity Tier 1 to risk weighted assets of Bendigo and Adelaide Bank Level 1 Group or Bendigo and Adelaide Bank Level 2 Group (as applicable) as prescribed by APRA from time to time.
Common Equity Trigger Event	Occurs when Bendigo and Adelaide Bank's Common Equity Tier 1 Ratio as determined by Bendigo and Adelaide Bank or APRA at anytime is equal to or less than 5.125%.
Community Bank[®]	Community Bank [®] branches engage and involve communities in securing access to branch banking services. Essentially, a local publicly owned company invests in the right to operate a Bendigo and Adelaide Bank branch. Bendigo and Adelaide Bank supplies all banking and back office services while the community company operates the retail outlet. Revenue is shared, enabling communities to profit from their own banking and channel those profits back into community enterprise and development.
Community Bank[®] and Customer Applicant	means an Applicant under the Community Bank [®] and Customer Offer.
Community Bank[®] and Customer Offer	means the invitation made to Eligible Community Bank [®] Directors or Shareholders and Eligible Customers for an allocation of CPS under this Prospectus.
Consenting Party	each of the consenting parties named in Section 8.6.5.
Constitution	the constitution of Bendigo and Adelaide Bank, as amended from time to time.
Conversion	means, in relation to a CPS, the conversion of that CPS into a variable number of Ordinary Shares, or ordinary shares of an Approved NOHC following an Approved NOHC Event, under the CPS Terms. Convert and Converted have corresponding meanings. For a full description of the Conversion mechanics – see clause 8 of the CPS Terms.

Conversion Floor Price	means: <ul style="list-style-type: none"> • 50% of the Issue Date VWAP if Conversion is occurring prior to 1 January 2013 or on a Mandatory Conversion Date; or • 20% of the Issue Date VWAP at any other time.
Conversion Number	has the meaning given in clause 8.1(b) of the CPS Terms.
Corporations Act	Corporations Act 2001 (Cth).
CPS	Convertible Preference Shares, being the preference shares outlined in clause 1.1 of the CPS Terms.
CPS Terms	means the full terms of issue of CPS, as set out in Appendix A.
CRN	Customer Reference Number.
Delisting Event	means in respect of a date, that: <ul style="list-style-type: none"> • Ordinary Shares have ceased to be listed or admitted to trading on ASX on or before that date and the cessation is continuing on that date; or • trading of Ordinary Shares on ASX has been suspended for at least five consecutive Business Days before that date, and the suspension is continuing on that date. <p>For the full definition – see clause 19.2 of the CPS Terms.</p>
Directors	means some or all of the directors of Bendigo and Adelaide Bank.
Dividend	a dividend on CPS. For the full definition – see clause 3.1 of the CPS Terms.
Dividend Payment Date	means, in respect of a CPS, 13 December 2012, and after that each 13 June and 13 December until the date on which CPS are Redeemed or Converted. For the full definition – see clause 3.5 of the CPS Terms.
Dividend Period	means in respect of: <ul style="list-style-type: none"> • the first Dividend Period, the period from (and including) the Issue Date until (but not including) the first Dividend Payment Date following the Issue Date; and • each subsequent Dividend Period, the period from (and including) the preceding Dividend Payment Date until (but not including) the next Dividend Payment Date.
Dividend Rate	means the dividend rate on CPS calculated using the formula described in Section 2.3. For the full definition – see clause 3.1 of the CPS Terms.
Dividend Restriction	means the restriction which applies to Bendigo and Adelaide Bank if for any reason a scheduled Dividend has not been paid in full on a Dividend Payment Date. Bendigo and Adelaide Bank must not, subject to certain exceptions, without approval of a Special Resolution, until and including the next Dividend Payment Date: <ul style="list-style-type: none"> • declare or pay a dividend or make any distribution on Ordinary Shares; or • buy back or reduce capital on Ordinary Shares, <p>unless the Dividend is paid in full within 3 Business Days of the Relevant Dividend Payment Date.</p>
Draft Prudential Standards	Refers to the draft APRA prudential standards released 30 March 2012.
Elders	Elders Limited, ABN 34 004 336 636.
Eligible Community Bank® Director or Shareholder	means an Australian resident who is an existing director or shareholder of a Community Bank® company
Eligible Customer	means an Australian resident who is an existing retail customer of Bendigo and Adelaide Bank.

Eligible RPS Holder	means a registered holder of a Bendigo and Adelaide Bank RPS on the register at 7:00pm Melbourne time on 21 September 2012 shown on the RPS register as having an address in Australia and not in the United States or acting as a nominee for a person in the United States or any such other RPS Holder as Bendigo and Adelaide Bank may determine in its discretion.
Eligible Securityholder	means a holder of an Ordinary Share, Bendigo and Adelaide Bank BPS, Bendigo and Adelaide Bank SPS, Bendigo and Adelaide Bank RPS, Bendigo and Adelaide Bank Capital Note or Retail Bond on the relevant register at 7:00pm Melbourne time on 21 September 2012 with a registered address in Australia.
Equal Ranking Instruments	means, in respect of the payment of dividends or payment in a winding-up, any securities or other instruments that rank or are expressed to rank in respect of dividends or for payment in a winding-up (as the case may be) equally with the CPS including: <ul style="list-style-type: none"> • the existing preference shares issued under Rule 3 of the Constitution which are quoted on ASX under the codes BENPA, BENPB and BENPC respectively; and • each other preference share that Bendigo and Adelaide Bank may issue that ranks or is expressed to rank equally with the foregoing and the CPS in respect of dividends or for payment in a winding-up of Bendigo and Adelaide Bank (as the case may be).
Evans & Partners	Evans and Partners Pty Limited (ABN 85 125 338 785, AFSL 318 075).
Exchange	means either of the following: <ul style="list-style-type: none"> • Conversion in accordance with and subject to clause 8 of the CPS Terms; or • Redemption in accordance with and subject to clause 9 of the CPS Terms; or • A combination of Conversion and Redemption. Exchanged has a corresponding meaning.
Exchange Date	means the date on which Exchange is to occur. For the full definition – see clause 6.2(b) of the CPS Terms.
Exchange Method	means the means by which Exchange is effected. For the full definition – see clause 6.3 of the CPS Terms.
Exchange Notice	means a notice issued by Bendigo and Adelaide Bank to a Holder under clause 6.1 of the CPS Terms.
Executive Credit Committee	means The Executive Credit Committee of Bendigo and Adelaide Bank.
Expiry Date	means the date which is 13 months after the date of the Original Prospectus.
Financial Claims Scheme	means the scheme established under Division 2AA of Part II of the Banking Act.
First Mandatory Conversion Condition	has the meaning given in Section 2.5.3 of the Prospectus or clause 4.3 of the CPS Terms.
First Optional Conversion Restriction	has the meaning given in Section 2.8.2 of the Prospectus or clause 6.4 of the CPS Terms.
Fundamental Tier 1 Capital	means fundamental Tier 1 capital of ADIs (including Bendigo and Adelaide Bank) as described by APRA from time to time.
General Applicant	means a member of the general public who is an Australian resident and who applies under the General Offer.
General Offer	means the invitation to the general public to apply for CPS under this Prospectus.
GFC	global financial crisis.

GST	goods and services tax.
HIN	Holder Identification Number for Ordinary Shares or CPS (when issued) held on the CHESS subregister.
Holders	means a person registered in the Register as a holder of CPS.
Holding Statement	means a statement issued to Holders by the Registry which sets out details of CPS allotted to them under the Offer.
Institutional Investor	means a sophisticated or professional investor (whether an Australian resident or not) to whom CPS are able to be offered under applicable laws without the need for any prospectus, registration or other formality (other than a registration or formality which Bendigo and Adelaide Bank is willing to comply with) including, in Australia, persons to whom offers of securities can be made without the need for a lodged prospectus, who have been invited by the Joint Lead Managers to bid for CPS in the Bookbuild and who are not Securityholder Applicants, Community Bank® and Customer Applicants, General Applicants or Broker Firm Applicants, provided that such investor may not be in the United States.
Institutional Offer	means the invitation by the Joint Lead Managers to certain Institutional Investors to bid for CPS in the Bookbuild.
Issue Date	means the date CPS are issued to Holders under this Prospectus, which is 1 November 2012.
Issue Date VWAP	means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the first date on which any CPS were issued, as adjusted in accordance with clauses 8.5 to 8.7 of the CPS Terms.
Issue Price	the issue price for CPS, being \$100 per CPS.
Issuer	Bendigo and Adelaide Bank Limited (ABN 11 068 049 178).
J.P. Morgan	J.P. Morgan Australia Limited (ABN 52 002 888 011, AFSL 238 188).
Joint Lead Managers	Evans & Partners, J.P. Morgan, Macquarie, Morgan Stanley.
Level 1, Level 2 and Level 3	means those terms as described by APRA from time to time.
Leveraged Equities	Leveraged Equities Limited, a wholly owned subsidiary of Bendigo and Adelaide Bank.
Liquidation Sum	means an amount of surplus assets equal to \$100 plus the amount of any Dividend determined to be paid but unpaid or such other amount as determined under clause 5.4 of the CPS Terms.
Listing Rules	means the listing rules of ASX, with any modification or waivers which ASX may grant to Bendigo and Adelaide Bank or generally from time to time.
Macquarie	Macquarie Capital (Australia) Limited (ABN 79 123 199 548, AFSL 314416).
Mandatory Conversion	has the meaning given in clause 4 of the CPS Terms. Mandatorily Convert has a corresponding meaning.
Mandatory Conversion Conditions	has the meaning given in clause 4.3 of the CPS Terms.
Mandatory Conversion Date	means the first of the following dates: <ul style="list-style-type: none"> • 13 December 2019; and • Each Dividend Payment Date after the Scheduled Mandatory Conversion Date, on which the Mandatory Conversion Conditions are satisfied.
Margin	means the margin payable on CPS being 5.00% per annum.
Maximum Conversion Number	has the meaning given in clause 8.1(b) of the CPS Terms.

Morgan Stanley	Morgan Stanley Australia Securities Limited (ABN 55 078 652 276, AFSL 233741)
NOHC	means the ultimate holding company of Bendigo and Adelaide Bank after any NOHC Event which must be a “non-operating holding company” within the meaning of the Banking Act.
NOHC Event	means an event which: <ul style="list-style-type: none"> • is initiated by the Directors, acting as a Board; and • would otherwise be an Acquisition Event, but the result of which would be that the person who would be the ultimate holding company of Bendigo and Adelaide Bank would be a NOHC. For the full definition – see clause 19.2 of the CPS Terms.
Non-Conversion Test Date	means the second Business Day before the date on which an Exchange Notice or a Change of Control Conversion Notice is to be sent by Bendigo and Adelaide Bank (or, if ASX trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which the trading in Ordinary Shares occurred).
Non-Viability Trigger Event	Occurs when APRA notifies Bendigo and Adelaide Bank in writing that: <ul style="list-style-type: none"> • conversion or write-off of Additional Capital Instruments is necessary because, without it, APRA considers that Bendigo and Adelaide Bank would become non-viable; or • it has determined that Bendigo and Adelaide Bank would become non-viable without a public sector injection of capital or equivalent support.
Offer	means the offer by Bendigo and Adelaide Bank of CPS under this Prospectus to raise \$210 million with the ability to raise more or less and incorporates the Reinvestment Offer, Securityholder Offer, Institutional Offer, Community Bank® and Customer Offer, Broker Firm Offer and General Offer.
Offer Management Agreement or OMA	means the offer management agreement entered into between Bendigo and Adelaide Bank and the Joint Lead Managers as summarised in Section 8.6.
Offer Period	means the period from the Opening Date to the Closing Date.
Opening Date	means the day the Offer opens, which is 2 October 2012.
Optional Conversion Restriction	has the meaning given in clause 6.4 of the CPS Terms.
Optional Exchange	refers to the Exchange of CPS at the option of Bendigo and Adelaide Bank. For full description – see clause 6 of the CPS Terms.
Optional Exchange Date	means the Dividend Payment Date falling on 13 December 2017.
Ordinary Share	means a fully paid ordinary share in the capital of Bendigo and Adelaide Bank.
Original Prospectus	means the Prospectus dated 24 September 2012 and lodged with ASIC on that date, which was replaced with this Prospectus.
Participating Broker	means any participating organisation of ASX selected by the Joint Lead Managers to participate in the Bookbuild.
Payment Tests	means the tests which need to be satisfied before Bendigo and Adelaide Bank will pay a Dividend, summarised as follows: <ul style="list-style-type: none"> • the Directors, at their absolute discretion, determining to pay that Dividend on the relevant Dividend Payment Date; and • no APRA Condition existing in respect of the relevant Dividend Payment Date. For a description of the tests – see Section 2.3.7 and clause 3.3 of the CPS Terms.
Privacy Act	Privacy Act 1988 (Cth).
Prospectus	this document (including the electronic form of this Prospectus), and any supplementary or replacement prospectus in relation to this document.

Protected Account	means such accounts as are identified as such from time to time under the Australian Government's Financial Claims Scheme (see http://www.guaranteescheme.gov.au/qa/deposits.html#3).
Prudential Capital Requirement	means such ratio or ratios as defined by APRA from time to time.
Prudential Standards	means the ADI prudential standards issued by APRA, which define and document APRA's framework for assessing, among other things, the capital adequacy of an ADI.
RBA	Reserve Bank of Australia.
Record Date	7:00pm Melbourne time on 21 September 2012.
Redeem	means, in relation to a CPS, to redeem, buy back (other than by an on-market buy-back within the meaning of the Corporations Act) or reduce capital, or any combination of such activities, in connection with that CPS in accordance with clause 9 of the CPS Terms. Redeemed and Redemption have corresponding meanings.
Redemption Date	1 November 2012.
Register	means the official register of Ordinary Shares and/or CPS (if issued) as the context requires, each being maintained by the Registry on Bendigo and Adelaide Bank's behalf and including any subregister established and maintained in CHESS.
Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other registry that Bendigo and Adelaide Bank appoints to maintain the Register.
Regulatory Event	will broadly occur if Bendigo and Adelaide Bank receives legal advice that, as a result of a change of law or regulation on or after the Issue Date; <ul style="list-style-type: none"> • additional requirements (not expected by the Issuer prior to the Issue Date) would be imposed on Bendigo and Adelaide Bank in relation to CPS which the Directors determine to be unacceptable; or • the Directors determine that Bendigo and Adelaide Bank is not or will not be entitled to treat the full face amount of all CPS as Additional Tier 1 Capital except due to a change which was expected by the Issuer prior to the Issue Date, or where: <ul style="list-style-type: none"> – the reason for that is that Bendigo and Adelaide Bank has exceeded a limit on the recognition of Additional Tier 1 Capital which was in effect on the Issue Date, including a limit arising on a given date under the Basel III Consultation Papers known as at the Issue Date; or – the Issuer otherwise expected as at the Issue Date to not be entitled to treat the full face amount of all CPS as Additional Tier 1 Capital at the relevant time.
Reinvested RPS	means those RPS that an Eligible RPS Holder elects to be reinvested in CPS, under the terms of the Reinvestment Offer.
Reinvestment Offer	means the invitation to Eligible RPS Holders to reinvest their RPS in CPS or to apply for additional CPS under this Prospectus.
Relevant Dividend Payment Date	means the Dividend Payment Date on which a Dividend has not been paid in full.
Reset Date	the first reset date for RPS, being 1 November 2012.
Residual Tier 1 Capital	means residual Tier 1 capital of ADIs (including Bendigo and Adelaide Bank) as described by APRA from time to time.
Retail Bond	means Bendigo and Adelaide Bank Retail Bonds (Series 1) which are quoted on ASX under the code BENHA.
RPS	means Bendigo and Adelaide Bank Reset Preference Shares, the existing preference shares issued under Rule 3 of the Constitution and which are quoted on ASX under the code BENPA.

RPS Dividend	means the dividend accrued over the period from (and including) 1 May 2012 to (but excluding) the Redemption Date, in respect of each RPS, to be paid on the Redemption Date, being 1 November 2012.
RPS Exchange Notice	means a notice provided in accordance with the RPS Terms under which Bendigo and Adelaide Bank can elect to convert or redeem the RPS.
RPS Holder Applicant	means an Eligible RPS Holder who applies under the Reinvestment Offer.
RPS Terms	means the full terms of issue of the RPS, as amended from time to time.
Rural Bank	means a wholly owned subsidiary of Bendigo and Adelaide Bank. Formerly Elders Rural Bank and formed in 1999, it was initially a joint venture between Bendigo Bank and Elders Limited.
Sandhurst Trustees	means Sandhurst Trustees Limited, a wholly owned subsidiary of Bendigo and Adelaide Bank.
Scheduled Mandatory Conversion Date	13 December 2019.
Second Mandatory Conversion Condition	has the meaning given in Section 2.5.3 of the Prospectus or clause 4.3 of the CPS Terms.
Second Optional Conversion Restriction	has the meaning given in Section 2.8.2 of the Prospectus or clause 6.4 of the CPS Terms.
Securityholder Applicant	means an Eligible Securityholder who is an Australian resident and who applies under the Securityholder Offer.
Securityholder Application Form	means the personalised pink paper application form made available to Eligible Securityholder Applicants upon request.
Securityholder Offer	means the invitation to Eligible Securityholders to apply for CPS under this Prospectus.
Shareholder	means a holder of Ordinary Shares from time to time.
Special Resolution	means a resolution passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution.
SPS	means Bendigo and Adelaide Bank Step Up Preference Shares, the existing preference shares issued under Rule 3 of the Constitution which are quoted on ASX under the code BENPC.
SRN	means Securityholder Reference Number for Ordinary Shares or CPS (when issued) held on Bendigo and Adelaide Bank sponsored subregister.
Syndicate Broker	means any of the Joint Lead Managers, Co-Managers or Participating Brokers.
Tax Act	means: <ul style="list-style-type: none"> the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as the case may be and a reference to any Section of the Income Tax Assessment Act 1936 (Cth) includes a reference to that Section as rewritten in the Income Tax Assessment Act 1997 (Cth); and any other Act setting the rate of income tax payable and any regulation promulgated under it.

Tax Event	<p>means that the Directors receive advice that as a result of a change in law or regulation in Australia or other Administrative Action after the Issue Date (which was not expected by the Issuer prior to the Issue Date), there is more than an insubstantial risk that:</p> <ul style="list-style-type: none"> • Bendigo and Adelaide Bank will be exposed to a more than insignificant increase in Bendigo and Adelaide Bank's costs in relation to CPS being on issue; • a Dividend would not be a frankable dividend or distribution for tax purposes; or • (if a NOHC Event has occurred) CPS would not be disregarded or would cease to be disregarded in accordance with Section 703-37 of the Tax Act. This means a Tax Event would occur if Bendigo and Adelaide Bank were not a member of a tax consolidated group of which an Approved NOHC becomes the head company. <p>For a full definition – see clause 19.2 of the CPS Terms.</p>
Tax Rate	<p>means the Australian corporate tax rate applicable to the franking account of Bendigo and Adelaide Bank as at the relevant Dividend Payment Date.</p> <p>As at the date of this Prospectus, the relevant rate is 30%.</p>
TFN	Tax File Number.
Third Mandatory Conversion Condition	has the meaning given in Section 2.5.3 of the Prospectus or clause 4.3 of the CPS Terms.
Tier 1 Capital	means Tier 1 capital of ADIs (including Bendigo and Adelaide Bank) as described by APRA from time to time.
Tier 1 Capital Deductions	means the deductions from Tier 1 Capital as described by APRA from time to time.
Tier 1 Capital Ratio	means the ratio as defined by APRA from time to time.
Tier 2 Capital	means tier 2 capital of ADIs (including Bendigo and Adelaide Bank) as described by APRA from time to time.
Upper Tier 2 Capital	means the upper tier 2 capital of ADIs (including Bendigo and Adelaide Bank) as described by APRA from time to time.
US Person	has the meaning given in Regulation S of the US Securities Act.
US Securities Act	means the United States Securities Act of 1933, as amended.
VWAP	means, subject to any adjustments under clause 8 of the CPS Terms, the average of the daily volume weighted average sale prices (such average being rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.
VWAP Period	<p>means:</p> <ul style="list-style-type: none"> • in the case of a Conversion resulting from an Acquisition Event or a Change of Control Event, the lesser of 20 Business Days and the number of Business Days that the Ordinary Shares are quoted for trading on ASX after the occurrence of the Acquisition Event or the Change of Control Event (as the case may be); • in the case of a Conversion resulting from a Capital Trigger Event, the period of 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date on which the Capital Trigger Event occurs; • in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date on which Conversion is to occur in accordance with these CPS Terms; or • otherwise, the period for which VWAP is to be calculated in accordance with these CPS Terms.

Corporate Directory

Issuer

Bendigo and Adelaide Bank Limited

169 Pirie Street
Adelaide SA 5000

Legal Adviser

Freehills

MLC Centre
19 Martin Place
Sydney NSW 2000

Tax Adviser

KPMG

151 Pirie Street
Adelaide SA 5000

Registry

Computershare Investor Services Pty Limited

452 Johnston Street
Abbotsford VIC 3067

Arranger and Joint Lead Manager

Macquarie Capital (Australia) Limited

Level 9
1 Martin Place
Sydney NSW 2000

Joint Lead Managers

Evans and Partners Pty Limited

32 Jolimont Terrace
East Melbourne VIC 3002

J.P. Morgan Australia Limited

Level 18, J.P. Morgan House
85 Castlereagh Street
Sydney NSW 2000

Morgan Stanley Australia Securities Limited

Level 39, Chifley Tower
Sydney NSW 2000

Co-Managers

Bell Potter Securities Limited

Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

How to contact us

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

Website

www.BendigoCPSoffer.com.au

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