

9 December 2016

The Manager
Market Announcements Office
ASX Limited
Level 4
North Tower, Rialto
525 Collins Street
Melbourne VIC 3000

Dear Sir / Madam

Bendigo and Adelaide Bank Limited (BEN) – issue of AUD125,000,000 Subordinated Floating Rate Notes (*Subordinated Notes*)

Notice under section 708A(12H)(e) of the *Corporations Act 2001* (Cth) as inserted by ASIC Corporations (*Regulatory Capital Securities*) Instrument 2016/71

This notice is given by BEN (ACN 068 049 178) (ASX Code: BEN) under section 708A(12H)(e) of the *Corporations Act 2001* (Cth) (the **Act**) as modified by ASIC Corporations (*Regulatory Capital Securities*) Instrument 2016/71 (the **Instrument**).

BEN will issue the Subordinated Notes due 9 December 2026 today. The Subordinated Notes will be issued under BEN's AUD7,500,000,000 Debt Instrument Programme. Offers of the Subordinated Notes have been made to sophisticated and professional investors only and do not require disclosure to investors under Part 6D.2 of the Act.

This notice includes:

- the terms and conditions of the Subordinated Notes as set out on pages 17 to 66 of the Information Memorandum relating to BEN's AUD7,500,000,000 Debt Instrument Programme (as amended and restated on 25 November 2016) (***Terms and Conditions***) in Schedule 2;
- the Pricing Supplement for the Subordinated Notes dated 1 December 2016 (***Pricing Supplement***), which supplements and amends the Terms and Conditions of the Notes, in Schedule 3; and
- the Subordinated Note Conversion mechanics in Schedule 4.

Terms used but not defined in this announcement are defined in the Terms and Conditions or the Pricing Supplement.

The Subordinated Notes will be treated as Tier 2 Capital under the Australian Prudential Regulation Authority (**APRA**) Basel III capital adequacy framework.

The Subordinated Notes may be converted into fully paid ordinary shares in BEN or written-off if a Non-Viability Trigger Event occurs.

This notice is a cleansing notice given by BEN to enable ordinary shares in BEN issued on conversion of the Subordinated Notes to be sold without disclosure to investors under Chapter 6D of the Act, in reliance on section 708A(12H)(e) of the Act (as inserted by the Instrument). The attached schedules are included in, and form part of, this notice.

BEN confirms that:

- (a) this notice (including the schedules) complies with section 708A of the Act, as modified by the Instrument; and
- (b) this notice complies with the content requirements of section 708A(12I) of the Act as inserted by the Instrument.

Yours faithfully

A handwritten signature in black ink, appearing to read "Will Conlan".

Will Conlan
Company Secretary
Bendigo and Adelaide Bank Limited

Important Information: This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the US or to a US person (or to anyone acting for the account or benefit of a US person). This notice is not to be distributed or released in the US.

Schedule 1

1 Effect on BEN of the offer of Subordinated Notes and the issue of the Ordinary Shares if the Subordinated Notes are converted

The issue of the Subordinated Notes raises Tier 2 Capital to satisfy BEN's regulatory requirements and to maintain the diversity of BEN's types of capital funding.

BEN expects that the proceeds of the issue will increase BEN's total capital adequacy ratio on a L2 basis by approximately 0.32% as at 31 December 2016.

The issue of the Subordinated Notes by BEN will not have a material impact on BEN's financial position. If a Non-Viability Trigger Event occurs and BEN converts the Subordinated Notes and issues Ordinary Shares to Subordinated Noteholders, the effect of Conversion on BEN would be to reduce loan capital by the principal amount, less any unamortised costs of the issue, of the Subordinated Notes being converted and increase BEN's shareholders' equity (ordinary share capital) by a corresponding amount. APRA has not provided any guidance on how or when it would determine whether a Non-Viability Trigger Event has occurred. If the subordinated debt is converted into ordinary shares of BEN, the holdings of current shareholders in BEN would be diluted.

The number of Ordinary Shares received on Conversion will be fixed by reference to a formula based on a nominal amount (equal to the face value of the Subordinated Notes – \$10,000) divided by 99% of the daily volume weighted average sale prices of Ordinary Shares sold on ASX during the five Business Days on which trading in Ordinary Shares took place immediately preceding the Conversion Date. The number of Ordinary Shares issued on Conversion is limited to the Maximum Conversion Number. The Maximum Conversion Number is 4,212 Ordinary Shares per Subordinated Note (with a nominal value of \$10,000), based on the Issue Date VWAP of \$11.87 per Ordinary Share.

2 Rights and liabilities attaching to the Subordinated Notes

The rights and liabilities attaching to the Subordinated Notes are set out in the Terms and Conditions and the Pricing Supplement, set out in Schedules 2 and 3.

3 Rights and liabilities attaching to the Ordinary Shares

Ordinary Shares may be issued to Subordinated Noteholders by way of Conversion. Ordinary Shares may also be issued to a nominee to hold for sale for the benefit of a Subordinated Noteholder if Conversion occurs and the Subordinated Noteholder has notified BEN that they do not wish to receive Ordinary Shares, the Subordinated Noteholder is an Ineligible Subordinated Holder, or if for any reason BEN has not received any information required by it in accordance with the terms of issue so as to impede it from issuing the Ordinary Shares to a Noteholder on the Conversion Date.

The rights and liabilities attaching to the Ordinary Shares are set out in the constitution of BEN (as amended from time to time) (**Constitution**) and are also regulated by the Corporations Act, Listing Rules and the general law. Ordinary Shares are admitted to trading on ASX. Investors who wish to inspect the Constitution may do so at the registered office of BEN during normal office hours, or may obtain a copy as provided under section 4 below or by visiting the BEN website at

http://www.bendigoadelaide.com.au/public/corporate_governance/other_documents.asp

This section 3 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.

3.1 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 BEN. 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.

3.2 General meetings

Subject to the Corporations Act and Listing Rules, each holder of Ordinary Shares is entitled to receive notice of general meetings of BEN and to receive all notices, accounts and other documents required to be sent to Ordinary Shareholders under BEN's Constitution, the Corporations Act or Listing Rules. BEN 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.

3.3 Dividend entitlement

Subject to the Corporations Act, the Constitution and the terms of issue of Ordinary Shares, the directors of BEN, acting as a board (**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). 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 BEN or any other corporation.

3.4 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 BEN.

3.5 Rights of Ordinary Shareholders on a winding up of BEN

If BEN 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 BEN, and may vest any part of the assets of BEN 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.

3.6 Transfer of Ordinary Shares

BEN 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 BEN;

- a proper ASX Settlement Pty Ltd (ABN 49 008 504 532) transfer, which is to be in the form required or permitted by the Corporations Act or the settlement rules of ASX Settlement Pty Ltd; or
- any other electronic system established or recognised by the Listing Rules in which BEN 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 BEN if the registration would infringe an applicable law or Listing Rule, or if the transfer concerns securities over which BEN has a lien or which are subject to forfeiture, or if it is permitted to do so under the Listing Rules.

3.7 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 BEN.

3.8 Variation of rights

BEN 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 BEN.

3.9 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.

4 Additional Information

BEN is a disclosing entity for the purposes of the Act and, as a result, is subject to regulatory reporting and disclosing obligations under the Act and the ASX Listing Rules. In addition, BEN must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about BEN that a reasonable person would expect to have a material effect on the price or value of Ordinary Shares.

Copies of documents lodged with ASIC in relation to BEN can be obtained from, or inspected at, an ASIC office and BEN's ASX announcements may be viewed on www.asx.com.au

The principal risks affecting BEN's business are set out in its most recent annual financial report (for the year ended 30 June 2016).

BEN will provide a copy of any of the following documents free of charge to any person who requests a copy before the Subordinated Notes are issued:

- BEN's annual financial report for the year ended 30 June 2016;
- any continuous disclosure notices given by BEN in the period after the lodgement of BEN's annual financial report for the year ended 30 June 2016 and before the date of this notice; and
- BEN's constitution.



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

Company Secretary
Bendigo and Adelaide Bank Limited
The Bendigo Centre
PO Box 480
Bendigo VIC 3552

Schedule 2

Terms and Conditions

The Terms and Conditions (which are set out on pages 17 to 66 of the Information Memorandum) are attached.

Terms and Conditions of Notes

The following are the Terms and Conditions of the Notes which, as supplemented, modified or replaced in relation to any Notes by the relevant Pricing Supplement, will be applicable to each Series of Notes.

Each Tranche will be the subject of a Pricing Supplement. References in the Terms and Conditions to a Pricing Supplement are references to the Pricing Supplement applicable to the relevant Tranche of Notes.

Each Noteholder and any person claiming through or under a Noteholder is deemed to have notice of and is bound by these Terms and Conditions, the Note Deed Poll, the Information Memorandum, and the relevant Pricing Supplement. Copies of each of these documents (to the extent they relate to a Tranche of Notes) are available for inspection by the holder of any Note of such Tranche at the offices of the Issuer, at its address specified in the Information Memorandum.

1. Interpretation

Definitions

- 1.1 The following words have these meanings in these terms and conditions unless the contrary intention appears:

Additional Tier 1 Capital means a share, note or other security or instrument constituting Additional Tier 1 Capital (as defined by APRA from time to time).

ADI means an authorised deposit-taking institution, meaning a body corporate authorised under section 9 of the Banking Act 1959, to carry on banking business in Australia.

Administrative Action means any judicial decision, official administrative pronouncement or action, published or private ruling, interpretative decision, regulatory procedure or policy, application or a regulatory procedure or policy and any notice or announcement (including any notice or announcement of intent to adopt or make any of those things).

Alternate Currency means a currency (other than Australian Dollars) which is specified in the Pricing Supplement.

Amortised Face Amount means in relation to a Note, an amount equal to the sum of:

- (a) the Purchase Price specified in the Pricing Supplement; and
- (b) the product of the Amortisation Yield specified in the Pricing Supplement (compounded annually) being applied to the Purchase Price (as specified in the Pricing Supplement) from (and including) the Issue Date specified in the Pricing Supplement to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction specified in the Pricing Supplement.

Applicable Business Day Convention means the Business Day Convention specified in the Pricing Supplement as applicable to any date in respect of the Note or, if none is specified, the Applicable Business Day Convention for such purpose is the Following Business Day Convention. Different Business Day Conventions may apply, or be specified in relation to, the Interest Payment Dates and any other date or dates in respect of any Notes.

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

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires, or any successor. If the principal securities exchange on which Ordinary Shares are listed becomes 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).

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.

Austraclear means Austraclear Limited (ABN 94 002 060 773).

Austraclear Regulations means the regulations known as the "Regulations and Operating Manual", established by Austraclear to govern the use of the Austraclear System and as amended from time to time.

Austraclear System means the system operated by Austraclear for holding securities and electronic recording and settling of transactions in those securities between members of that system.

Australian Dollars and **A\$** means the lawful currency of Australia.

Australian Dollar Equivalent means for an amount denominated in an Alternate Currency, the Australian Dollar Equivalent of that amount determined on the basis of the spot rate of exchange for the sale of Australian Dollars against the purchase of the

relevant Alternate Currency in the Sydney foreign exchange market quoted by any leading bank selected by the Issuer on the relevant calculation date. The calculation date is, at the discretion of the Issuer, either the date of the relevant Pricing Supplement for such Notes or the preceding day on which commercial banks and foreign exchange markets are open for business in Sydney.

Business Day means:

- (a) a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general banking business in the place specified in the Pricing Supplement, or, if no such place is specified, Melbourne, Sydney and Adelaide; and
- (b) if a Note is to be issued or paid on such Business Day, a day on which commercial banks settle payments in the relevant currency in Melbourne, Sydney and Adelaide and a day on which the Austraclear System is operating.

Business Day Convention means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Pricing Supplement in relation to any date applicable to any Note, have the following meanings:

- (a) Floating Rate Convention means that the date is postponed to the next following day which is a Business Day unless that day falls in the next calendar month, in which event:
 - (i) such date is brought forward to the first preceding day that is a Business Day; and
 - (ii) each subsequent Interest Payment Date is the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding applicable Interest Payment Date occurred;
- (b) Following Business Day Convention means that the date is postponed to the first following day that is a Business Day;
- (c) Modified Following Business Day Convention or Modified Business Day Convention means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is the first preceding day that is a Business Day; and
- (d) Preceding Business Day Convention means that the date is brought forward to the first preceding day that is a Business Day.

Calculation Agent means, in respect of a Tranche, the person (if any) specified as such in the relevant Pricing Supplement. The Calculation Agent must be the same for all Notes

in a Series.

CHESS means the Clearing House Electronic Subregister System operated by ASX or its affiliates.

Common Equity Tier 1 Capital means a share, note or other security or instrument constituting Common Equity Tier 1 Capital (as defined by APRA from time to time).

Condition means the correspondingly numbered condition in these Terms and Conditions.

Conversion has the meaning given to it in Condition 8.2(c), and "**Convert**" and "**Converted**" have their corresponding grammatical meanings.

Conversion Date has the meaning given to it in Condition 8.2(b).

Corporations Act means the Corporations Act 2001 of Australia.

Costs includes costs, charges and expenses, including those incurred in connection with advisers.

Day Count Fraction means, in respect of the calculation of an amount for any period of time (Calculation Period), the day count fraction specified in the Pricing Supplement and:

- (a) if **Actual/365** or **Actual/Actual** is so specified, means the actual number of days in the Calculation Period divided by 365 or, if any portion of the Calculation Period falls in a leap year, the sum of:
 - (i) the actual number of days in the portion of the Calculation Period falling in a leap year divided by 366; and
 - (ii) the actual number of days in the portion of the Calculation Period falling in a non-leap year divided by 365;
- (b) if **Actual/365 (fixed)** is so specified, the actual number of days in the Calculation Period divided by 365;
- (c) if **Actual/360** is specified, means the actual number of days in the Calculation Period divided by 360;
- (d) if **30E/360** or **Eurobond Basis** is specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be

considered to be lengthened to a 30-day month); and

- (e) if Australian Bond Basis is specified, one divided by the number of Interest Payment Dates in a year.

Denomination means the notional face value of a Note as specified in the relevant Pricing Supplement, provided that in the case of Subordinated Notes the notional face value of a Note will be A\$10,000.

Directors means the board of directors of the Issuer or any committee authorised by the board.

Early Redemption Date means the date specified for early redemption in accordance with Condition 6.3, 6.4, 6.5 or 6.7 (as applicable).

Early Termination Amount means in relation to a Note, the Outstanding Principal Amount or, if the Note is non interest bearing, the Amortised Face Amount or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement.

Equal Ranking Instruments means instruments which satisfy the requirements set out in one of the following paragraphs:

- (a) any instruments, present and future, issued by the Issuer after 1 January 2013 which:
 - (i) by their terms are, or are expressed to be, subordinated in a Winding Up to the claims of Senior Creditors;
 - (ii) qualify as Tier 2 Capital of the Issuer; and
 - (iii) in a Winding Up rank or are expressed to rank prior to, and senior in right of payment to, instruments which constitute Additional Tier 1 Capital or Common Equity Tier 1 Capital of the Issuer (or, in the case of any instruments issued prior to 1 January 2013, were treated as constituting Tier 1 Capital in accordance with the prudential standards and guidelines of APRA which applied to the Issuer prior to 1 January 2013 irrespective of whether or not such instruments are treated as constituting Tier 1 Capital in accordance with any transitional arrangements approved by APRA);
- (b) the floating rate capital notes issued by the Issuer under a prospectus dated 13 July 1998; or
- (c) any other instruments, present and future, issued by the Issuer where the right to repayment ranks, or is expressed to rank, in a Winding Up equally with the claims of Subordinated Noteholders (irrespective of whether or not such instruments qualify as Tier 2 Capital of the Issuer).

Event of Default in relation to:

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- (a) a Senior Note has the meaning given to it in Condition 7.1; and
 - (b) a Subordinated Note has the meaning given to it in Condition 7.4.

External Administrator means, in respect of a person:

- (a) a liquidator, provisional liquidator, an administrator or a statutory manager of that person; or
- (b) a receiver, or a receiver and manager.

Extraordinary Resolution has the same meaning as in the Meetings Provisions.

FATCA means the Foreign Account Tax Compliance Act provisions, sections 1471 to 1474 of the United States Internal Revenue Code (including any regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions).

Final Broken Amount has the meaning given to it in the Pricing Supplement.

Financial Arrangement includes a currency swap, an interest rate swap, a forward exchange rate agreement, a forward interest rate agreement or a futures contract or futures option (each within the meaning of section 9 of the Corporations Act) or any other option agreement or combination of the above or any similar arrangement.

Financial Indebtedness means, in respect of any person, any indebtedness, present or future, actual or contingent of that person in respect of moneys borrowed or raised or any financial accommodation or Financial Arrangement whatsoever including (without limitation):

- (a) under or in respect of any Guarantee, bill, acceptance or endorsement or any discounting arrangement;
- (b) in respect of any obligation to pay par value, premium and dividend (whether or not declared, and whether or not there are sufficient profits or other moneys for payment) of any redeemable share or stock issued by that person or to purchase any share or stock issued by that person which is the subject of a put option against that person;
- (c) in respect of any Lease which under current accounting practice would be required to be capitalised on the balance sheet of the lessee;
- (d) the deferred purchase price (for more than 90 days) of any asset or service and any related obligation; and
- (e) in respect of any obligation to deliver goods or services which are paid for in advance by a financier or which are paid for in advance in relation to any financing transaction.

Foreign Holder has the meaning given to it in Condition 8.2(i)(ii).

Government Agency means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity.

Guarantee means any guarantee, indemnity, letter of credit, suretyship or any other obligation (whatever called and of whatever nature):

- (a) to pay or to purchase; or
- (b) to provide funds (whether by the advance of money, the purchase of or subscription for shares or other securities, the purchase of assets, rights or services, or otherwise) for the payment or discharge of; or
- (c) to indemnify against the consequences of default in the payment of; or
- (d) otherwise to be responsible for,

any obligation or indebtedness, any dividend, capital or premium on shares or stock or the insolvency or the financial condition of any other person.

Inability Event has the meaning given to it in Condition 8.2(e).

Information Memorandum means at any time the Information Memorandum (and any supplement to it) (whether in printed or electronic form) prepared on behalf of, and approved in writing by, the Issuer in connection with the issue of Notes and TDs, all documents incorporated by reference in it and such other information (including in the case of a Tranche of Notes or TDs, as the case may be, a Pricing Supplement) approved in writing by the Issuer from time to time.

Initial Broken Amount has the meaning given to it in the Pricing Supplement.

Instrument means a TD or a Note.

Interest Accrual Period means, in respect of an Interest Period, each successive period beginning on and including an Interest Period End Date and ending on but excluding the next succeeding Interest Period End Date during that Interest Period provided that the first Interest Accrual Period commences on and includes the Interest Commencement Date

and the final Interest Accrual Period ends on but excludes the Maturity Date.

Interest Commencement Date means the Issue Date or such other date as may be specified as such in the Pricing Supplement.

Interest Payment Date means the date or dates specified as such in, or determined in accordance with the provisions of, the Pricing Supplement and adjusted, if necessary, in accordance with the Applicable Business Day Convention.

Interest Period means each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date provided that the first Interest Period commences on and includes the Interest Commencement Date and the final Interest Period ends on but excludes the Maturity Date.

Interest Period End Date means the dates specified as such in, or determined in accordance with the provisions of, the Pricing Supplement as adjusted, if necessary, in accordance with the Applicable Business Day Convention or, if no date or dates are specified in the Pricing Supplement, means the dates which correspond with the Interest Payment Dates in respect of the Notes.

Interest Rate means the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per unit of relevant currency) of interest payable in respect of the Notes specified in, or calculated or determined in accordance with the provisions of, the Pricing Supplement and in the case of Floating Rate Notes, the rate determined in accordance with Condition 5.3.

Issue Date means the day on which any Note is or is to be issued as specified in or determined in accordance with the provisions of the Pricing Supplement.

Issuer means Bendigo and Adelaide Bank Limited (ABN 11 068 049 178).

Junior Ranking Capital Instruments means instruments, present and future, issued by the Issuer which:

- (a) by their terms are, or are expressed to be, subordinated in a Winding Up to the claims of Subordinated Noteholders and Equal Ranking Instruments;
- (b) qualify as Additional Tier 1 Capital or Common Equity Tier 1 Capital of the Issuer as described in the prudential standards and guidelines of APRA or, in the case of any instruments issued prior to 1 January 2013, were treated as constituting Tier 1 Capital in accordance with the prudential standards and guidelines of APRA which applied to the Issuer prior to 1 January 2013 irrespective of whether or not such instruments are treated as constituting Tier 1 Capital in accordance with any transitional arrangements approved by APRA; and
- (c) irrespective of how such instruments are treated in accordance with any transitional arrangements approved by APRA, include the convertible preference shares issued by the Issuer on 1 November 2012.

Lease means:

- (a) any lease, charter or hiring arrangement of any property;
- (b) any other agreement under which any property is or may be used or operated by a person other than the owner; and
- (c) any agreement under which any property is or may be managed or operated for or on behalf of the owner or another person by a person other than the owner, and the operator or manager or its related body corporate (as defined in section 9 of the Corporations Act) (whether in the same or another agreement) is required to make or assure minimum, fixed and/or floating rate payments of a periodic nature,

(other than agreements under which the manager of a joint venture uses assets owned by the joint venture on behalf of the joint venture).

Margin means the margin specified in, or determined in accordance with the provisions of, the Pricing Supplement.

Maturity Date means the date for redemption of a Note or, in the case of an amortising Note, the date on which the last instalment of principal is payable, in each case, as specified in the Pricing Supplement.

Maturity Redemption Amount means in relation to a Note, the Outstanding Principal Amount or such other redemption amount as may be specified in, or calculated or determined in accordance with the provisions of, the Pricing Supplement.

Maximum Interest Rate means the Maximum Interest Rate specified in, or calculated or determined in accordance with the provisions of, the Pricing Supplement.

Meetings Provisions means the provisions for the convening of meetings of, and passing of resolutions by, Noteholders set out in schedule 2 of the Note Deed Poll.

Minimum Interest Rate means the Minimum Interest Rate specified in, or calculated or determined in accordance with the provisions of, the Pricing Supplement.

Non-Viability Amount has the meaning given to it in Condition 8.2(a).

Non-Viability Determination has the meaning given to it in Condition 8.2(a).

Non-Viability Trigger Event has the meaning given to it in Condition 8.2(a).

Non-Viability Trigger Event Conversion Notice has the meaning given to it in Condition 8.2(f).

Note means a note being a debt obligation of the Issuer constituted by, and owing under, the Note Deed Poll to a Noteholder, the details of which are recorded in, and evidenced by, inscription in the Register.

Note Deed Poll means the deed poll (including these Terms and Conditions which form schedule 1 to the deed poll) originally dated 24 November 2000 as amended and restated from time to time.

Noteholder means a Senior Noteholder and/or a Subordinated Noteholder.

Ordinary Resolution has the same meaning as in the Meetings Provisions.

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

Outstanding means, on any date, Notes which have not been redeemed or satisfied in full (and in the case of Subordinated Notes, Converted or Written-Off) by the Issuer.

Outstanding Principal Amount means in respect of a Note which is Outstanding at any time, the Denomination of the Note less the aggregate of any part of the principal amount of that Note that has been paid or otherwise satisfied by the Issuer and for such purposes:

- (a) the premium of a Note issued or to be redeemed at a premium is to be taken to be added to the principal amount;
- (b) the principal amount of a Note issued at a discount is to be taken as at any time to equal its Denomination or, if provided for in its terms and conditions, its amortised principal amount at that time; and
- (c) the principal amount of a partly paid Note is to be taken to equal its outstanding principal amount.

Notwithstanding any other Condition, paragraphs (a), (b) and (c) above shall not apply to Subordinated Notes.

Payment Date means, in respect of a Note, an Interest Payment Date, the Maturity Date or other relevant payment date (including an early payment date).

Pricing Supplement means:

- (a) in the case of Term Instruments, a pricing supplement prepared and issued in relation to Term Instruments of a relevant Tranche or Series which has been confirmed in writing by the Issuer; or
- (b) in the case of Short Term Instruments, a confirmation of acceptance of an

offer for Short Term Instruments confirmed in writing by the Issuer.

Purchase Price means:

- (a) in respect of a Subordinated Note, the Nominal Amount (as defined in schedule 3, paragraph 1(a) of the Note Deed Poll); and
- (b) in respect of any other Note, the purchase price so specified in the relevant Pricing Supplement.

Record Date means, in the case of payments of interest, 5:00pm (Sydney time) on the eighth calendar day before the relevant date for payment.

Register means a register, including any branch register, of Noteholders established and maintained by the Issuer in which is entered the names and addresses of Noteholders whose Notes are carried on that register, the amount of Notes held by each Noteholder and the Tranche, Series and date of issue and transfer of those Notes, and any other particulars which the Issuer sees fit.

Registrar means Austraclear Services Limited (ABN 28 003 284 419) or such other person appointed by the Issuer pursuant to the Registry Services Agreement to establish and maintain the Register on the Issuer's behalf from time to time.

Registry Services Agreement means the "Agency and Registry Services Agreement" dated 30 June 2009 between the Issuer and Austraclear Services Limited, or any replacement of it.

Regulatory Capital means any Tier 1 Capital Instrument or Tier 2 Capital Instrument.

Related Entity means:

- (a) any entity controlled (whether directly or indirectly) by:
 - (i) an ADI; or
 - (ii) the ultimate parent of an ADI (including the parent entity itself);
- (b) other entities (and their subsidiaries) deemed by APRA to be a 'related entity' of an ADI; or
- (c) as otherwise defined by APRA from time to time.

Relevant Capital Instruments means each of:

- (a) Relevant Tier 1 Capital Instruments; and
- (b) Relevant Tier 2 Capital Instruments.

Relevant Date means the date on which a payment in respect of the Notes just becomes due, except that if the full amount payable has not been received by the Registrar on or before the due date, it means the date on which, the full amount having been so received, notice to that effect is given to the Noteholders in accordance with Condition 12.

Relevant Subordinated Note has the meaning given to it in Schedule 3, paragraph 1 of the Note Deed Poll .

Relevant Tier 1 Capital Instrument means a Tier 1 Capital Instrument that in accordance with its terms or by operation of law is capable of being written-off or converted into Ordinary Shares when a Non-Viability Determination is made.

Relevant Tier 2 Capital Instrument means a Tier 2 Capital Instrument that in accordance with its terms or by operation of law is capable of being written-off or converted into Ordinary Shares when a Non-Viability Determination is made.

Resolution means an Extraordinary Resolution or Ordinary Resolution, as the context requires.

Security Interest includes any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind (including, without limitation, retention of title and any deposit of money by way of security), but excluding:

- (a) any charge or lien arising in favour of any Government Agency by operation of statute (provided there is no default in payment of moneys owing under such charge or lien):
- (b) a right of title retention in connection with the acquisition of goods in the ordinary course of business on the terms of sale of the supplier (provided there is no default in connection with the relevant acquisition);and
- (c) any security or preferential interest or arrangement arising under or created pursuant to any right of set-off.

Senior Creditors means, in respect of the Issuer, all its present and future creditors (including depositors) whose claims:

- (a) would be entitled to be admitted in the Winding-Up of the Issuer; and
- (b) are not made as holders of indebtedness arising under:
 - (i) an Equal Ranking Instrument; or
 - (ii) a Junior Ranking Capital Instrument.

Senior Creditors include holders of any instruments issued by the Issuer prior to

1 January 2013 which constituted Lower Tier 2 Capital (as described in the standards set by APRA as in effect prior to 1 January 2013, irrespective of whether or not such instruments are treated as constituting Tier 2 Capital in accordance with any transitional arrangements approved by APRA.

Senior Note means a Term Instrument that is an unsubordinated obligation under Condition 4.2.

Senior Noteholder means a person whose name is for the time being entered in the Register as the holder of a Senior Note or, where a Senior Note is owned jointly by two or more persons, the persons whose names appear in the Register as the joint owners of that Senior Note and (for the avoidance of doubt) when a Senior Note is entered into the Austraclear System, includes Austraclear acting on behalf of a member of the Austraclear System.

Series means an issue of Notes made up of one or more Tranches all of which have identical terms, except that the Issue Date and the amount of the first payment of interest may be different in respect of different Tranches of a Series.

Short Term Instrument means a Note (other than a Senior Note or a Subordinated Note) which has a Tenor of not less than 7 days and not more than 364 days.

Subordinated Note means a Term Instrument that is subordinated under Condition 4.

Subordinated Noteholder means a person whose name is for the time being entered in the Register as a holder of a Subordinated Note or, where a Subordinated Note is owned jointly by two or more persons, the persons whose names appear in the Register as the joint owners of that Subordinated Note and (for the avoidance of doubt) when a Subordinated Note is entered into the Austraclear System, includes Austraclear acting on behalf of a member of the Austraclear System.

Subsidiary of an entity means another entity which is a subsidiary of the first within the meaning of part 1.2 division 6 of the Corporations Act or is a subsidiary of or otherwise controlled by the first within the meaning of any applicable approved accounting standard.

Tax Act means the Income Tax Assessment Act 1936 of Australia and where applicable, the Income Tax Assessment Act 1997 of Australia.

Taxes has the meaning given to that term in Condition 9.6.

TD means each transferable deposit obligation of the Issuer owing under the TD Deed Poll to a holder of the deposit obligation.

TD Deed Poll means the deed poll (including these Terms and Conditions which form schedule 1 to the deed poll) originally dated 24 November 2000 as amended and restated from time to time.

Tenor of a Note means the number of days from and including its Issue Date to, and excluding, its Maturity Date.

Term Instrument means a Note which will have a Tenor of not less than 365 days.

Tier 1 Capital means the Tier 1 Capital of the Issuer, as defined by APRA from time to time.

Tier 2 Capital means the Tier 2 Capital of the Issuer, as defined by APRA from time to time.

Tier 1 Capital Instrument means a share, note or other security or instrument constituting Tier 1 Capital.

Tier 2 Capital Instrument means a share, note or other security or instrument constituting Tier 2 Capital.

Tranche means an issue of Notes all of which are issued on the same Issue Date and the terms of which are identical in all respects.

Winding Up means:

- (a) a court order is made for the winding-up of the Issuer which order is not successfully appealed or permanently stayed within 60 days of the making of the order; or
- (b) an effective resolution is passed by shareholders or members for the winding-up of the Issuer.

Written-Off means in respect of a Note, the nominal amount of such Note is written off and the Note (including all rights under the Notes) is immediately and irrevocably terminated, and **'Write Off'** has its corresponding grammatical meaning.

Interpretation

1.2 In these terms and conditions unless the contrary intention appears:

- (a) a reference to these terms and conditions is a reference to these terms and conditions as modified, supplemented or replaced by the Pricing Supplement;
- (b) 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;
- (c) a reference to a document (including these Conditions) includes any variation or replacement of it;
- (d) the singular includes the plural and vice versa;
- (e) the word person includes a firm, body corporate, an unincorporated association or an authority;
- (f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (g) a reference to any thing (including, without limitation, any amount) is a reference to the whole and each part of it and a reference to a group of persons is a reference to all of them collectively and to each of them individually;
- (h) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (i) the meaning of terms is not limited by specific examples introduced by including, or for example, or similar expressions; and
- (j) a listing rule, business rule or market integrity rule of a financial market (as defined in the Corporations Act) will be regarded as a law.

Headings

1.3 Headings are inserted for convenience and do not affect the interpretation of these terms and conditions.

2. Form, denomination and title

Constitution under Note Deed Poll

2.1 The Notes are registered debt obligations of the Issuer constituted by, and owing under, the Note Deed Poll and take the form of entries in the Register. Each entry in the Register constitutes a separate and individual acknowledgment to the relevant Noteholder of the indebtedness of the Issuer to the relevant Noteholder.

Independent obligations

- 2.2 The obligations of the Issuer in respect of each Note constitute separate and independent obligations which the Noteholder to whom those obligations are owed is entitled to enforce without having to join any other Noteholder or any predecessor in title of a Noteholder.

Currency

- 2.3 Notes may be denominated in Australian Dollars or an Alternate Currency specified in the Pricing Supplement. Subordinated Notes may not be denominated in an Alternate Currency.

Denomination

- 2.4 Notes are issued in Denominations of A\$10,000 unless, in the case of Senior Notes, otherwise specified in the Pricing Supplement.

Register conclusive

- 2.5 Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the registered owner of the Note subject to rectification for fraud or error. No Note will be registered in the name of more than 4 persons. A Note registered in the name of more than one person is held by those persons as joint tenants. Notes will be registered by name only without reference to any trusteeship. The person registered in the Register as a Noteholder of a Note will be treated by the Issuer and the Registrar as absolute owner of that Note and neither the Issuer nor the Registrar is, except as ordered by a court or as required by statute, obliged to take notice of any other claim to a Note.

Holder absolutely entitled

- 2.6 Upon a person acquiring title to any Note by virtue of becoming registered as the owner of that Note, all rights and entitlements arising by virtue of the Note Deed Poll in respect of that Note vest absolutely in the registered owner of the Note, such that no person who has previously been registered as the owner of the Note has or is entitled to assert against the Issuer or the Registrar or the registered owner of the Note for the time being and from time to time any rights, benefits or entitlements in respect of the Note.

Location of Register

- 2.7 The Register will be established and maintained in New South Wales unless otherwise agreed by the Issuer and the Registrar.

Certificates

- 2.8 The Notes are issued in registered form. No certificate or other evidence of title will be issued by or on behalf of the Issuer to evidence title to a Note unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

Acknowledgment

- 2.9 Where the Austraclear System is recorded in the Register as the Noteholder, each person in whose account that Note is recorded is deemed to acknowledge in favour of the Registrar and Austraclear that:
- (a) the Registrar's decision to act as the Registrar of the Note does not constitute a recommendation or endorsement by the Registrar or Austraclear in relation to the Note but only indicates that such Note is considered by the Registrar to be compatible with the performance by it of its obligations as Registrar under its agreement with the Issuer to act as Registrar of the Note; and
 - (b) the Noteholder does not rely on any fact, matter or circumstance contrary to Condition 2.9(a).

3. Transfers

Limit on transfer

- 3.1
- (a) Notes may only be transferred in whole.
 - (b) Unless otherwise specified in the Pricing Supplement, Notes may only be transferred if:
 - (i) the consideration payable at the time of transfer is a minimum amount of A\$500,000 (or Australian Dollar Equivalent) (disregarding any moneys lent by the transferor or its associates to the transferee) or the offer or invitation giving rise to the transfer otherwise does not require disclosure to be made to investors under Part 6D.2 and Part 7 of the Corporations Act; and
 - (ii) the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place.

Transfer procedures

- 3.2 Unless Notes are lodged in the Austraclear System, application for the transfer of Notes must be made by the lodgement of a transfer form with the Registrar. Transfer forms are available from the Registrar. Each transfer form must be duly completed, signed by both the transferor and transferee, and accompanied by such evidence (if any) as the Registrar may require to prove the title of the transferor or the transferor's right to transfer the Note.

Notes entered in the Austraclear System will be transferable only in accordance with the Austraclear Regulations.

Registration of transfer

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- 3.4 The transferor of a Note is deemed to remain the holder of that Note until the name of the transferee is entered in the Register in respect of that Note. Transfers will not be registered later than eight calendar days prior to the Maturity Date.

No charge on transfer

- 3.5 Transfers will be registered without charge provided taxes, duties or other governmental charges (if any) imposed in relation to the transfer have been paid.

Estates

- 3.6 A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

Unincorporated associations

- 3.7 A transfer to an unincorporated association is not permitted.

Transfer of unidentified Notes

- 3.8 Where the transferor executes a transfer of less than all Notes of the relevant Tranche or Series registered in its name, and the specific Notes to be transferred are not identified, the Registrar may (subject to the limit on minimum holdings) register the transfer in respect of such of the Notes of the relevant Tranche or Series registered in the name of the transferor as the Registrar thinks fit, provided the aggregate principal amount of the Notes registered as having been transferred equals the aggregate principal amount of the Notes expressed to be transferred in the transfer.

ASX

- 3.9 Notes which are listed on the ASX will not be transferred through, or registered on, CHESS and are not “Approved Financial Products” (as defined for the purposes of that system).

4. Status

Nature of obligations

- 4.1 The Notes (other than Short Term Instruments) may be issued as unsubordinated or subordinated debt obligations of the Issuer, as specified in the relevant Pricing Supplement. Short Term Instruments will be unsubordinated debt obligations of the Issuer.

Status – Senior Notes

- 4.2 The Notes (other than Subordinated Notes) are direct, unsubordinated and

unsecured obligations of the Issuer and rank equally among themselves and at least equally with all other unsecured and unsubordinated obligations of the Issuer except liabilities mandatorily preferred by law.

The Notes (other than Subordinated Notes) rank senior to the Issuer's subordinated obligations, including all Subordinated Notes.

The Issuer does not make any representation as to whether the Instruments constitute deposit liabilities in Australia or protected accounts for the purpose of, or otherwise benefit from a priority under the Banking Act 1959 or the Reserve Bank Act 1959.

Status - Subordinated Notes

4.3 The Subordinated Notes constitute direct, unsecured, subordinated obligations of the Issuer, and unless otherwise specified in the Pricing Supplement, rank:

- (a) equally among themselves;
- (b) behind all claims of Senior Creditors;
- (c) equally with creditors whose claims against the Issuer rank or are expressed to rank equally with the Subordinated Noteholders' claims for amounts owing by the Issuer in connection with the Subordinated Notes; and
- (d) ahead of all claims expressed to rank behind the Subordinated Noteholders' claims for amounts owing by the Issuer in connection with the Subordinated Notes.

The Instruments do not constitute deposit liabilities in Australia or protected accounts for the purpose of, or otherwise benefit from a priority under the Banking Act 1959 or the Reserve Bank Act 1959.

Subordinated Notes

4.4 Each Subordinated Noteholder by its purchase of a Subordinated Note, is taken to acknowledge that the Issuer's obligations in respect of that Subordinated Note are subordinated to Senior Creditors, in the manner provided in this Condition 4.

Terms of subordination

4.5 Unless otherwise specified in the Pricing Supplement, the following provisions apply to Subordinated Notes:

- (a) in a Winding-Up of the Issuer:
 - (i) Subordinated Noteholders shall have no right or claim against

the Issuer in respect of any principal, interest or Additional Amounts (as defined in Condition 9.6) in respect of a Subordinated Note to the extent that such Subordinated Note has been redeemed,
Converted or Written-Off; and

(ii) the rights and claims of Subordinated Noteholders for an amount owing by the Issuer in connection with a Subordinated Note that has not been redeemed, Converted or Written-Off:

- (A) are subordinated to, and rank junior in right of payment to, the claims of Senior Creditors and all claims of all Senior Creditors must be paid in full before the Subordinated Noteholder's claim is paid;
- (B) shall rank equally with the obligations of the Issuer to holders of other Subordinated Notes that have not been redeemed, Converted or Written-Off, and the obligations of the Issuer to holders of Equal Ranking Instruments; and
- (C) shall rank prior to, and senior in right of payment to, the obligations of the Issuer to the holders of Ordinary Shares and other Junior Ranking Capital Instruments,

provided that until the Senior Creditors have been paid in full, the Subordinated Noteholder must not claim in the Winding Up in competition with the Senior Creditors so as to diminish any distribution, dividend or payment which, but for that claim, the Senior Creditors would have been entitled to receive.

In a Winding-Up of the Issuer, the Subordinated Noteholders shall only be entitled to prove for any sums payable in respect of their Subordinated Notes as a debt which is subject to prior payment in full of Senior Creditors. Subordinated Noteholders waive, to the fullest extent

permitted by law, any right to prove in any such Winding-Up as a creditor ranking for payment in any other manner;

(b) prior to the commencement of the Winding Up of the Issuer (other than under or in connection with a scheme of amalgamation or reconstruction not involving bankruptcy or insolvency):

- (i) the obligations of the Issuer to make payments of interest and any other payments including additional amounts in respect of the Subordinated Notes will be conditional on the Issuer being Solvent at the time of the payment; and

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- (ii) no payment of interest or any other payment including additional amounts in respect of the Subordinated Notes shall be made unless the Issuer is Solvent immediately after making the payment,

and if as a result the Issuer fails to make any payment of interest or any other payment of any other amount on any Subordinated Note when due, such failure will not constitute an Event of Default for the purposes of Condition 7.4.

For the avoidance of doubt, any amount not paid due to Condition 4.5(b) accumulates and remains a debt owing to the Subordinated Noteholder by the Issuer until paid. Any interest that is payable on any principal amount not paid due to Condition 4.5(b) will accrue at the interest rate payable on the Subordinated Note that is specified in the applicable Pricing Supplement. Any interest not paid due to Condition 4.5(b) accumulates and remains a debt owing to the Subordinated Noteholder by the Issuer until paid.

A certificate signed by the Issuer, two authorised signatories or an auditor of the Issuer or, if the Issuer is being wound up, its liquidator as to whether the Issuer is Solvent at any time is (in the absence of wilful default, bad faith or manifest error) conclusive evidence of the information contained in the certificate and will be binding on the Subordinated Noteholders. In the absence of any such certificate, the Subordinated Noteholders are entitled to assume (unless the contrary is proved) that the Issuer is Solvent at the time of and will be Solvent immediately after, any payment.

Solvent means that each of the following is the case:

- (i) the Issuer is able to pay its debts as they fall due; and
- (ii) its Assets (as that term is defined in Condition 7.5) exceed its Liabilities (as that term is defined in Condition 7.5);
- (c) there is no limit on the amount of debt or other obligations which rank equally or ahead of the Subordinated Notes that may be incurred or assumed by the Issuer;
- (d) (i) a Subordinated Noteholder does not have any right to set-off any amounts owing to it by the Issuer in respect of a Subordinated Note against any amount owing by that Subordinated Note holder to the Issuer on any account; and

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- (ii) the Issuer does not have any right to set-off any amounts owing to it by a Subordinated Noteholder on any account against any amount owing by the Issuer to that Subordinated Noteholder in respect of a Subordinated Note;
 - (e) Condition 6 (Redemption and purchase) is applicable to Subordinated Notes subject to:
 - (i) this Condition 4;
 - (ii) where required, the Pricing Supplement specifying that the relevant provisions are applicable; and
 - (iii) the Issuer obtaining the prior written approval of APRA to the proposed purchase or redemption;
 - (f) each Subordinated Noteholder must not exercise its voting rights as an unsecured creditor in the Winding Up or administration of the Issuer to defeat the subordination in this Condition 4; and
 - (g) each Noteholder agrees that this Condition 4 is a debt subordination for the purposes of section 563C of the Corporations Act.

5. Interest

General

- 5.1 Notes may be either interest-bearing or (other than a Subordinated Note) non interest-bearing, as specified in the relevant Pricing Supplement. Interest-bearing Notes may bear interest at either a fixed rate or a floating rate. In relation to any Tranche of Notes, the relevant Pricing Supplement may specify actual amounts of interest payable (Interest Amounts) rather than, or in addition to, a rate or rates at which interest accrues.

The Pricing Supplement in relation to each Tranche of interest-bearing Notes will specify which of Conditions 5.2, 5.3 and 5.4 will be applicable to the Notes.

Condition 5.5 will be applicable to each Tranche of interest-bearing Notes save to the extent of any inconsistency with the relevant Pricing Supplement.

Interest - fixed rate

- 5.2 Each Note in relation to which this Condition 5.2 is specified in the relevant Pricing Supplement as being applicable (Fixed Rate Notes) will bear interest on its Outstanding Principal Amount at the fixed coupon rate or the fixed rate or rates per annum specified in the relevant Pricing Supplement from the Issue Date of the Notes. Interest will be payable in arrear on the Interest Payment Dates specified in the relevant Pricing Supplement.

Interest which is required to be calculated for a period of other than a full year will be calculated on such basis as is specified as the Day Count Fraction in the relevant Pricing Supplement.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date and, if the first anniversary of the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount (as defined in the Pricing Supplement).

If the Maturity Date is not an Interest Payment Date, interest from (and including) the preceding Interest Payment Date (or the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount (as defined in the Pricing Supplement).

5.3 *Interest - floating rate*

(a) Accrual of interest

Notes in relation to which this Condition 5.3 is specified in the relevant Pricing Supplement as being applicable (**Floating Rate Notes**) will bear interest in respect of each Interest Period at the rate or rates per annum determined in accordance with this Condition 5.3.

Each Floating Rate Note will bear interest on its Outstanding Principal Amount at the Interest Rate (as defined below) from the Interest Commencement Date.

Interest will be payable in arrear on each Interest Payment Date. If any Interest Payment Date in respect of a Floating Rate Note would otherwise fall on a day which is not a Business Day, such Interest Payment Date shall be determined in accordance with the Business Day Convention specified in the Pricing Supplement.

(b) Interest Rate

The Interest Rate payable in respect of Floating Rate Notes shall be determined by the Calculation Agent as specified in the relevant Pricing Supplement. Unless otherwise specified in the relevant Pricing Supplement, if in respect of an Interest Period, the Calculation Agent is unable to determine a rate in accordance with this Condition, the Interest Rate applicable in respect of the Floating Rate Notes

during that Interest Period will be the Interest Rate applicable to the Floating Rate Notes during the immediately preceding Interest Period.

(c) Calculation of interest amount payable

The Calculation Agent will, as soon as practicable on or after determining the Interest Rate in relation to each Interest Period, calculate the amount of interest payable for the relevant Interest Period in respect of the Outstanding

Principal Amount of each Note. The amount of interest payable will be calculated by multiplying the product of the Interest Rate for such Interest Period and the Outstanding Principal Amount by the applicable Day Count Fraction and rounding the resultant figure to the nearest cent (with halves being rounded upwards).

Interest - other rates

- 5.4 Notes in relation to which this Condition 5.4 is specified in the relevant Pricing Supplement as being applicable will bear interest at the rate or rates calculated on the basis specified in, and be payable in the amounts and in the manner determined in accordance with, the relevant Pricing Supplement.

5.5 *Interest - supplemental provisions*

(a) *Interest Payment Dates*

Interest on each Note will be payable in arrear at such intervals and on such Interest Payment Dates as are specified in the relevant Pricing Supplement and on the Maturity Date.

(b) *Notification of Interest Rate, interest payable and other items*

The Calculation Agent will cause each Interest Rate, the amount of interest payable and each other amount, item or date, as the case may be, determined or calculated by it to be notified to the Issuer, the Registrar and to be notified to Noteholders in accordance with Condition 12 as soon as practicable after such determination or calculation but in any event not later than the fourth Business Day thereafter. The Calculation Agent will be entitled to amend any such amount, item or date (or to make appropriate alternative arrangements by way of adjustment) without prior notice in the event of the extension or abbreviation of any relevant Interest Period or calculation period and such amendment will be notified in accordance with the previous sentence.

(c) *Determination final*

The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it pursuant to these Conditions (including, without limitation, the Interest Rate for any Interest Period and the amount of interest payable for any Interest Period in respect of any Note) is, in the absence of manifest error, final and binding on the Issuer, each Noteholder, the Registrar, and the Calculation Agent.

(d) *Accrual of interest*

Interest accrues on the Outstanding Principal Amount of each Note or as otherwise indicated in the relevant Pricing Supplement. Interest ceases to

accrue as from the due date for redemption of a Note unless the relevant payment is not made in which case interest will continue to accrue thereon (as well after as before any demand or judgement) at the rate then applicable to the Outstanding Principal Amount of the Note or such other default rate (if any) as may be specified in the relevant Pricing Supplement until the date on which the relevant payment is made or, if earlier, the seventh day after the date on which the Registrar receives the funds required to make such payment (provided that notice of such circumstance is given to the Noteholders in accordance with Condition 12) except to the extent that there is failure in the subsequent payment thereof to the relevant Noteholders.

Zero Coupon Notes

- 5.6 If the amount due and payable in respect of a non-interest bearing Note (“**Zero Coupon Note**”) on the redemption date is not paid when due, the Interest Rate for any such overdue principal is a rate per annum (expressed as a percentage) equal to the Amortisation Yield specified in the relevant Pricing Supplement.

This Condition 5.6 does not apply to Subordinated Notes, and Subordinated Notes will not be Zero Coupon Notes.

Calculations and adjustments

- 5.7 The amount of interest payable in respect of any Note for any period of less than one year is calculated by multiplying the product of the Interest Rate and the Outstanding Principal Amount by the Day Count Fraction, save that if the Pricing Supplement specifies an amount in respect of such period, the amount of interest payable in respect of such Note for such period is equal to such specified amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period is the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

If any Maximum Interest Rate or Minimum Interest Rate is specified in the Pricing Supplement, then the Interest Rate will not in any event exceed the maximum or be less than the minimum so specified. A Maximum Interest Rate or Minimum Interest Rate may not be specified in the Pricing Supplement as being applicable to Subordinated Notes.

For the purposes of any calculations referred to in these terms and conditions and unless otherwise specified in these terms and conditions or the Pricing Supplement:

- (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest fifth decimal place (with 0.000005% being rounded to 0.00001%); and

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- (b) all Australian dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up).

Calculation Agent

5.8 As soon as practicable after the relevant time on such date as these terms and conditions or the Pricing Supplement may require:

- (a) any Amortised Face Amount, Early Termination Amount, Maturity Redemption Amount or any other amount to be calculated; or
- (b) any quote to be obtained or any determination or calculation to be made by the Calculation Agent,

the Calculation Agent will be required to:

- (c) determine the Interest Rate in respect of each Series of the Notes for the relevant Interest Accrual Period, Interest Period or Interest Payment Date;
- (d) calculate the Amortised Face Amount, Early Termination Amount, Maturity Redemption Amount or other amount; or
- (e) obtain such quote or make such determination or calculation,

and cause the Interest Rate for each Interest Accrual Period, Interest Period or Interest Payment Date and, if required to be calculated, any Amortised Face Amount, Early Termination Amount, Maturity Redemption Amount or other amount, to be notified to the Registrar and the Issuer as soon as possible after their determination but in no event later than 5.00pm on the Business Day on which such calculation is made.

The Calculation Agent must obtain relevant quotes from appropriate banks or reference agents or obtain information from such other sources as are specified in these terms and conditions or the Pricing Supplement or, failing which, as the Calculation Agent deems appropriate.

The calculations and determinations made by the Calculation Agent shall, in the absence of manifest error, be final and binding on the parties.

6. Redemption and purchase

Redemption on maturity

6.1 Unless previously redeemed, or purchased and cancelled (or, in the case of a Subordinated Note, Converted or Written-Off) or unless such Note is

stated in the Pricing Supplement as having no fixed maturity date, each Note shall be redeemed on maturity at its Maturity Redemption Amount.

Purchase of Notes

- 6.2 The Issuer, any of its Subsidiaries or any Related Entity may at any time purchase Notes in the open market or otherwise and at any price, and in respect of Subordinated Notes, subject to prior written approval having been obtained from APRA, and provided that such Subordinated Notes are not acquired by a Subsidiary of the Issuer or any Related Entity that is not a tax resident of Australia unless such Subordinated Notes are acquired by it as part of a business carried on by it through a permanent establishment located within Australia. All unmatured Notes purchased in accordance with this condition may be held, resold or cancelled at the discretion of the Issuer, subject to compliance with all legal and regulatory requirements.

Redemption for taxation reasons

- 6.3 If, in respect of the Notes of any Series, the Issuer determines (supported by an opinion as to such determination from tax advisers of recognised standing in Australia provided to the Registrar) that:
- (a) on the occasion of the next payment due in respect of the Notes, the Issuer would be required to make payment of any Additional Amount (as defined in Condition 9.6); or
 - (b) prior to the Maturity Date that interest payable on the Notes is not or may not be allowed as a deduction for the purposes of Australian income tax,

in each case, by reason of an Administrative Action (other than an Administrative Action that was expected by the Issuer as at the Issue Date) (a "**Tax Event**"), then the Issuer may give not more than 60 nor less than 30 days' notice to the Registrar and the Noteholders in accordance with Condition 12, and upon expiry of such notice shall redeem all (but not some only) of the Notes at their early redemption amount applicable for tax redemptions ("**Early Redemption Amount (Tax)**") (which is their Outstanding Principal Amount or such other Early Redemption Amount (Tax) as is specified in the Pricing Supplement) together with (unless otherwise specified in the Pricing Supplement) accrued interest (if any) thereon.

Prior to publication of any such notice of redemption, the Issuer shall deliver to the Registrar a certificate signed by an authorised person of the Issuer showing that the conditions precedent to the right of the Issuer so to redeem have occurred and an opinion of legal advisers of recognised standing to the Issuer in its jurisdiction of incorporation to the effect that the circumstances identified in conditions 6.3(a) or 6.3(b) apply or will apply following the applicable Administrative Action.

The Issuer's right to exercise the option to redeem Subordinated Notes in accordance with this Condition 6.3 is subject to:

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- (c) APRA giving its prior written approval; and
 - (d) either:
 - (i) before or concurrently with redemption, the Issuer replacing the Subordinated Notes with a capital instrument which is of the same or better quality (for the purposes of the prudential standards and guidelines published by APRA and applicable to the Issuer from time to time) than the Subordinated Notes and the replacement of the Subordinated Notes is done under conditions that are sustainable for the income capacity of the Issuer, and the Issuer and its Subsidiaries taken as a whole; or
 - (ii) the Issuer obtaining confirmation from APRA that APRA is satisfied, having regard to the capital position of the Issuer, and the Issuer and its Subsidiaries taken as a whole, that the Issuer does not have to replace the Subordinated Notes.

Early redemption at the option of the Issuer

- 6.4 If this Condition 6.4 is specified in the relevant Pricing Supplement as being applicable then the Issuer, having given at least the minimum period (if any) (but not more than the maximum period (if any)) of notice specified in the relevant Pricing Supplement to Noteholders in accordance with Condition 12 (which notice must comply with the following paragraph and shall be irrevocable) and subject to satisfaction of any relevant conditions specified in the relevant Pricing Supplement, may redeem all (but not, unless and to the extent that the relevant Pricing Supplement specifies otherwise, some only) of the Notes on any Business Day (being, in the case of interest-bearing Notes (unless otherwise specified in the relevant Pricing Supplement), an Interest Payment Date) at their early redemption amount applicable for calls by the Issuer ("**Early Redemption Amount (Call)**") (which is their Outstanding Principal Amount or such other Early Redemption Amount (Call) as is specified in, or determined in accordance with, the relevant Pricing Supplement) together with (unless otherwise specified in the Pricing Supplement) accrued interest (if any) thereon.

The Issuer's right to exercise the option to redeem the Notes referred to in this Condition 6.4 in the case of Subordinated Notes, is subject to:

- (a) the date on which the Early Redemption Amount (Call) is payable by the Issuer is at least five years after the Issue Date of the Subordinated Notes;
- (b) APRA giving its prior written approval; and
- (c) either:

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- (i) before or concurrently with redemption, the Issuer replacing the Subordinated Notes with a capital instrument which is of the same or better quality (for the purposes of the prudential standards and guidelines published by APRA and applicable to the Issuer from time to time) than the Subordinated Notes and the replacement of the Subordinated Notes is done under conditions that are sustainable for the income capacity of the Issuer, and the Issuer and its Subsidiaries taken as a whole; or
 - (ii) the Issuer obtaining confirmation from APRA that APRA is satisfied, having regard to the capital position of the Issuer, and the Issuer and its Subsidiaries taken as a whole, that the Issuer does not have to replace the Subordinated Notes.

The notice referred to above shall specify:

- (d) the Series of Notes subject to redemption;
- (e) subject to the Pricing Supplement specifying that a partial redemption is permissible, whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes of the relevant Series which are to be redeemed;
- (f) the due date for redemption;
- (g) the Early Redemption Amount (Call) at which such Notes are to be redeemed; and
- (h) whether or not accrued interest is to be paid upon redemption and, if so, the amount thereof or the basis or method of calculation thereof, all as provided in the relevant Pricing Supplement.

In the case of a partial redemption of Notes, the Notes to be redeemed will be selected by the Registrar, and notice of the Notes selected for redemption will be given in accordance with Condition 12 not less than 15 days prior to the date fixed for redemption.

Redemption at the option of Noteholders

- 6.5 If this Condition 6.5 is specified in the relevant Pricing Supplement as being applicable then, at the option of the Noteholder and provided that any conditions to the exercise of such option as are specified in the relevant Pricing Supplement have been satisfied, the Issuer will redeem the Note on any day (being, in the case of an interest-bearing Note (unless otherwise specified in the relevant Pricing Supplement) an Interest Payment Date) at its early redemption amount applicable for puts ("**Early Redemption Amount**

(**Put**)") (which is its Outstanding Principal Amount or such other Early Redemption Amount (Put) as is specified in, or determined in accordance with, the relevant Pricing Supplement) together with (unless otherwise specified in the Pricing Supplement) accrued interest (if any) thereon.

To exercise such option, the Noteholder must complete, sign and deliver to the specified office of the Registrar not less than 45 days before the redemption date (or such other period as may be specified in the relevant Pricing Supplement), a redemption notice (in the form obtainable from the Registrar) together with the relevant extract for the Notes.

This Condition 6.5 does not apply to any Subordinated Notes.

Zero Coupon Notes

- 6.6 In the case of a Zero Coupon Note (unless otherwise specified in the Pricing Supplement), the Early Termination Amount is the Amortised Face Amount or such other amount specified in the Pricing Supplement.

This Condition 6.6 does not apply to any Subordinated Notes.

Early redemption for regulatory reasons

- 6.7 In respect of any Series of Subordinated Notes, the Issuer may redeem all (but not some only) of the Subordinated Notes for their Outstanding Principal Amount, together with accrued interest (if any) on an Interest Payment Date in accordance with this Condition 6.7 and subject to Condition 4.5(b), if:

- (a) after the Issue Date, as a result of an Administrative Action or any amendment to, clarification of, or change (including any announcement of a change) in the law or an Administrative Action, in each case by a Government Agency and in each case, not expected by the Issuer as at the Issue Date:
 - (i) additional requirements would be imposed on the Issuer and its Subsidiaries taken as a whole in relation to the Subordinated Notes; or
 - (ii) there would be a negative impact on the eligibility of the Subordinated Notes as Tier 2 Capital Instruments,

which the Issuer determines, in its sole discretion, to be unacceptable; or

- (b) the Issuer determines that all, some or a proportion of all or some Subordinated Notes are not, or will not be treated as Tier 2 Capital Instruments, other than as a result of a change of treatment expected

by the Issuer as at the Issue Date,

(a ***Regulatory Event***).

If the Issuer becomes entitled to redeem the Subordinated Notes under this Condition 6.7, the Issuer may do so by giving not more than 45 Business Days' nor less than 15 Business Days' notice to the Registrar and the Subordinated Noteholders in accordance with Condition 12 and to the ASX of any early

redemption of Subordinated Notes in accordance with this Condition 6.7 and upon expiry of such notice will redeem all (but not some only) of the Subordinated Notes for their Outstanding Principal Amount together with accrued interest (if any) on the relevant Interest Payment Date.

The Issuer's right to exercise the option to redeem Subordinated Notes in accordance with this Condition 6.7 is subject to:

- (c) APRA giving its prior written approval; and
- (d) either:
 - (i) before or concurrently with redemption, the Issuer replacing the Subordinated Notes with a capital instrument which is of the same or better quality (for the purposes of the prudential standards and guidelines published by APRA and applicable to the Issuer from time to time) than the Subordinated Notes and the replacement of the Subordinated Notes is done under conditions that are sustainable for the income capacity of the Issuer, and the Issuer and its Subsidiaries taken as a whole; or
 - (ii) the Issuer obtaining confirmation from APRA that APRA is satisfied, having regard to the capital position of the Issuer, and the Issuer and its Subsidiaries taken as a whole, that the Issuer does not have to replace the Subordinated Notes.

Prior to publication of a notice of redemption described in this Condition 6.7, the Issuer must have received an opinion of legal advisers of recognised standing in Australia in relation to the Regulatory Event.

Approval at the sole discretion of APRA

- 6.8 Any reference to APRA giving its approval to a redemption, call or purchase of an instrument in Condition 6 is at the sole discretion of APRA and such approval may or may not be forthcoming.

Condition 4.5(e)

- 6.9 This Condition 6 is subject to Condition 4.5(e)

Notices of Redemption

- 6.10 Any redemption notice given under Conditions 6.3, 6.4 or 6.7 is irrevocable and obliges the Issuer to redeem the Notes at the time and in the manner specified in the notice, provided that any such notice given in respect of Subordinated Notes shall be of no effect following the occurrence of the Conversion Date with respect to any Subordinated Note which is to be Converted or Written-Off on such Conversion Date in accordance with Condition 8.

7. Events of Default

Events of Default - Senior Notes

- 7.1 An Event of Default occurs in relation to a Senior Note of any Series if:
- (a) **(payment default)** the Issuer fails to pay any principal or any interest in respect of the Senior Notes within 5 days of the relevant due date;
 - (b) **(other default)** the Issuer defaults in performance or observance of or compliance with any of its material obligations under the Senior Notes (other than an obligation for the payment of any amount due in respect of any of the Senior Notes), which default is incapable of remedy or, if capable of remedy, is not remedied within 14 days after notice requiring such default to be remedied has been given to the Issuer;
 - (c) **(unlawfulness)** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Senior Notes;
 - (d) **(insolvency)** the Issuer:
 - (i) becomes insolvent, is unable to pay its debts as they fall due or fails to comply with a statutory demand (which is still in effect) under Section 459F of the Corporations Act,
 - (ii) stops or suspends or threatens to stop or suspend payment of all or a material part of its debts, or appoints an administrator under Section 436A of the Corporations Act; or
 - (iii) begins negotiations or takes any proceeding or other step with a view to re-adjustment, rescheduling or deferral of all its indebtedness (or any part of its indebtedness which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or a moratorium is agreed or declared in respect of or affecting indebtedness of the Issuer,

except in any case referred to in (iii) above for the purposes of a solvent reconstruction or amalgamation the terms of which have previously been approved by an Extraordinary Resolution of the Senior Noteholders;

- (e) **(winding up order)**
 - (i) an order is made or an effective resolution is passed for the Winding Up of the Issuer (except in any such case for the purposes of a solvent reconstruction or amalgamation the terms of which have previously been approved by an Extraordinary Resolution of Senior Noteholders); or
 - (ii) an administrator is appointed to the Issuer by a provisional liquidator of the Issuer under Section 436B of the Corporations Act; or
 - (iii) any event which occurs under the law of any relevant jurisdiction which has an analogous or equivalent effect to any of the events referred to in paragraphs (i) or (ii);
- (f) **(enforcement against assets)** a distress, attachment, execution or other legal process is levied, enforced or sued out against or on the Issuer or against all or a material part of the assets of the Issuer in respect of any Financial Indebtedness of the Issuer and is not stayed, satisfied or discharged within 14 days or otherwise contested in bona fide proceedings;
- (g) **(enforcement of security)** any present or future Security Interest(s) on or over the assets of the Issuer becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar officer which is not vacated or discharged within 14 days or where the proceedings are being contested in good faith such longer period as may be agreed by an Extraordinary Resolution of the Senior Noteholders) is taken to enforce that Security Interest by reason of a default or event of default (howsoever described) having occurred.

Notwithstanding any provision of Condition 7.1, none of the Events of Default referred to in Condition 7.1 (other than Condition 7.1(e)) will be deemed to have occurred solely as a result of any failure by the Issuer to perform or observe any of its obligations in relation to, or the agreement or declaration of any moratorium with respect to, or the taking of any proceeding in respect of, or the occurrence of any default (however described) under or in respect of any Regulatory Capital of the Issuer.

Consequences of an Event of Default - Senior Notes

- 7.2 Subject to Condition 7.3 if any Event of Default occurs in relation to Senior

Notes of any Series or any of them, then a Senior Noteholder in that Series may by written notice to the Issuer (with a copy to the Registrar) declare the Early Termination Amount (together with all accrued interest (if any)) applicable to each Senior Note held by the Senior Noteholder to be due and payable immediately or on such other date specified in the notice.

Rectification

- 7.3 A Senior Noteholder's right under Condition 7.2 to declare Senior Notes due terminates if the situation giving cause to it has been cured before such right is exercised.

Event of Default - Subordinated Notes.

- 7.4 Subject to Condition 4.5(b), an Event of Default occurs in relation to a Subordinated Note of any Series if:
- (a) a Winding Up of the Issuer occurs and is continuing other than for the purposes of a consolidation, amalgamation, merger or reconstruction (the terms of which have been approved by the shareholders of the Issuer or by a court of competent jurisdiction) under which the continuing or resulting corporation effectively assumes the entire obligations of the Issuer under the Subordinated Notes; or
 - (b) the Issuer does not pay an amount owing in connection with a Subordinated Note within 5 days of it falling due.

Consequences of an Event of Default - Subordinated Notes

- 7.5 If any Event of Default occurs in relation to Subordinated Notes of any Series or any of them, the Subordinated Noteholder:
- (a) has no right to declare each Subordinated Note held by it to be due and payable or to take other action on account of the Issuer not paying the amount, except as provided in this Condition 7.5; and
 - (b) may take proceedings in a court of competent jurisdiction:
 - (i) to recover the amount, provided that the Issuer may only be compelled in those proceedings to pay that amount to the extent that it is, and after making the payment would be, Solvent; or
 - (ii) for the Winding Up of the Issuer.

If the Issuer is in Winding Up, a Subordinated Noteholder may by written notice to the Issuer (with a copy to the Registrar) declare each Subordinated Note held by it to be due and payable and, subject to Condition 4, may prove in the Winding Up for an amount equal to the Outstanding Principal Amount of the Subordinated Note (together with interest in accordance with the terms of the Subordinated Notes to the date on which the Winding Up is taken to have commenced).

Any amount not paid due to Condition 7.5(b)(i) remains a debt owing to the Subordinated Noteholder by the Issuer until it is paid.

In this Condition 7.5:

"Assets" means, in respect of the Issuer, its total gross (non-consolidated) assets as shown by its latest published audited financial statements but adjusted for events subsequent to the date of such financial statements in such manner and to such extent as its directors, its auditors or its liquidator may determine to be appropriate.

"Liabilities" means, in respect of the Issuer, its total gross (non-consolidated) liabilities as shown by its latest published audited financial statements but adjusted for events subsequent to the date of such financial statements in such manner and to such extent as its directors, its auditors or its liquidator may determine to be appropriate.

"Solvent" means that each of the following is the case:

- (a) the Issuer is able to pay its debts as they fall due; and
- (b) its Assets exceed its Liabilities.

Notification

- 7.6 If an Event of Default occurs, the Issuer must promptly after becoming aware of it notify the Registrar of the occurrence of the Event of Default (specifying details of it) and procure that the Registrar promptly notifies the relevant Noteholders of the occurrence of the Event of Default by registered post to the address of the Noteholder recorded in the Register.

8. Subordination and Conversion or Write-Off of Subordinated Notes

Subordination

- 8.1 In the event of the Winding Up of the Issuer constituting an Event of Default with respect to the Subordinated Notes, there shall be payable with respect to the Subordinated Notes, subject to the subordination provisions discussed above (see Condition 4.5 (Terms of Subordination)), an amount equal to the Outstanding Principal Amount of the Subordinated Notes then outstanding, together with all accrued and unpaid interest thereon to the repayment date.

As a result of the subordination provisions, until the Senior Creditors have been paid in full, the Subordinated Noteholder must not claim in the Winding Up in competition with the Senior Creditors so as to diminish any distribution, dividend or payment which, but for that claim, the Senior Creditors would have been entitled to receive. By subscription for, or

transfer of, Subordinated Notes to a Subordinated Noteholder, that Subordinated Noteholder will be taken to have agreed that no amount in respect of the Subordinated Notes will be repaid until all the claims of the Senior Creditors admitted in the winding up have been satisfied accordingly. Accordingly, if proceedings with respect to the winding up of the Issuer in Australia were to occur, the Subordinated Noteholders could recover

less relative to the holders of deposit liabilities, the holders of Notes and the holders of prior ranking subordinated liabilities of the Issuer. For the avoidance of doubt, the Subordinated Notes do not constitute deposit liabilities in Australia or protected accounts for the purpose of, or otherwise benefit from a priority under the Banking Act 1959 or the Reserve Bank Act 1959.

If in any such winding up, the amount payable with respect to the Subordinated Notes and any claims ranking equally with the Subordinated Notes cannot be paid in full, the Subordinated Notes and other claims ranking equally with the Subordinated Notes will share relatively in any distribution of the Issuer's assets

in a winding up in proportion to the respective amounts to which they are entitled.

In addition, because the Issuer is a holding company as well as an operating company, the rights of the Issuer, its creditors and of the Subordinated Noteholders to participate in the assets of any of the Issuer's subsidiaries upon the liquidation of such subsidiary will be subject to the prior claims of the subsidiary's creditors, except to the extent that the Issuer itself may be a creditor with recognised claims against that subsidiary.

Conversion or Write-Off of Subordinated Notes

- 8.2 This Condition 8.2 applies only to Subordinated Notes issued by the Issuer. Schedule 3 of the Note Deed Poll (including the defined terms therein) shall be deemed to form part of, and be incorporated in, this Condition 8.2.

(a) Non-Viability Trigger Event

A Non-Viability Trigger Event occurs when APRA has provided a written determination (**Non-Viability Determination**) to the Issuer that:

- (i) the Conversion or Write-Off of Relevant Capital Instruments of the Issuer is necessary because without the conversion or write-off APRA considers that the Issuer would become non-viable; or
- (ii) without a public sector injection of capital, or equivalent support, APRA determines that the Issuer will become non-viable.

The Non-Viability Determination may specify that all Relevant Capital Instruments then outstanding shall be Converted or Written-Off (and in the case of a Non-Viability Determination provided in accordance with Condition 8.2(a)(ii) shall specify that all Relevant Capital Instruments then outstanding shall be Converted or Written-Off), or that the Issuer must convert or write-off Relevant Capital Instruments having an aggregate face value determined by the Issuer to be at least sufficient to satisfy APRA that the Issuer would not become non-viable (the amount as so determined being the Non-Viability Amount).

(b) Relevant Tier 1 Capital Instruments to be converted or written-off first where permitted

On the date on which a Non-Viability Trigger Event occurs (the **Conversion Date**), the Issuer must convert or write-off Relevant Capital Instruments (including the Subordinated Notes in accordance with this Condition 8.2(b)), in accordance with the Non-Viability Determination.

Where the Non-Viability Amount as determined in accordance with the Non-Viability Determination is less than the aggregate nominal amount of Relevant Capital Instruments then outstanding:

- (i) before Relevant Tier 2 Capital Instruments (including the Subordinated Notes) are converted or written-off, the Issuer must convert or write-off all Relevant Tier 1 Capital Instruments;
- (ii) to the extent the Non-Viability Amount exceeds the aggregate nominal amount of Relevant Tier 1 Capital Instruments, the Issuer must convert or write-off Relevant Tier 2 Capital Instruments (including Subordinated Notes in accordance with either Condition 8.2(c) or Condition 8.2(j) (whichever is applicable)), in an aggregate nominal amount equal to the amount of that excess; and
- (iii) immediately on receipt of the Non-Viability Determination, and where required having determined the Non-Viability Amount, the Issuer must determine:
 - (A) the aggregate nominal amount of the Subordinated Notes that will be Converted or be Written-Off in accordance with either Condition 8.2(c) or Condition 8.2(j) (whichever is applicable); and
 - (B) the aggregate nominal amount of other Relevant Tier 2 Capital Instruments which will convert or be

written-off.

The Issuer must endeavour to treat Noteholders and holders of any other Relevant Tier 2 Capital Instruments on an approximately proportionate basis or such other basis as is consistent and reasonable and in each case, may discriminate to take account of the effect on marketable parcels and other logistical considerations and the need to effect the Conversion or Write-Off immediately. In determining the aggregate nominal amount of Subordinated Notes to be Converted or Written-off in accordance with Condition 8.2(b)(iii)(A) above, the Issuer must determine such an aggregate nominal amount which is a whole multiple of A\$10,000.

(c) Conversion of Subordinated Notes

Unless "Write-Off – Applicable" is specified in the applicable Pricing Supplement, this Condition 8.2(c) and Conditions 8.2(d), 8.2(e), 8.2(f), 8.2(g), 8.2(h) and 8.2(i) shall apply to the Subordinated Notes.

Notwithstanding any other provision in these Conditions, on the Conversion Date the relevant nominal amount (as determined under Condition 8.2(b)) of the Subordinated Notes will Convert immediately and irrevocably into Ordinary Shares. The conversion will occur in accordance with the terms set out in Schedule 3 of the Note Deed Poll (the "**Conversion**").

Without limiting the above, Conversion under this Condition 8.2(c) takes priority over a redemption notice issued under Conditions 6.3, 6.4 or 6.7.

(d) Noteholder acknowledgements relating to Conversion and Write-Off

Each Noteholder irrevocably:

- (i) consents to becoming a member of the Issuer upon the Conversion of Subordinated Notes as required by Condition 8.2(c) and agrees to be bound by the constitution of the Issuer, in each case in respect of the Ordinary Shares issued on Conversion;
- (ii) acknowledges and agrees that it is obliged to accept Ordinary Shares upon a Conversion notwithstanding

anything that might otherwise affect a Conversion of the Subordinated Notes including:

- (A) any change in the financial position of the Issuer since the issue of the Subordinated Notes;
 - (B) any disruption to the market or potential market for the Ordinary Shares or to capital markets generally; or
 - (C) any breach by the Issuer of any obligation in connection with the Subordinated Notes;
- (iii) acknowledges and agrees that where Condition 8.2(b) applies:
- (A) there are no other conditions to a Non-Viability Trigger Event occurring as and when provided in Condition 8.2(a);
 - (B) Conversion or Write-Off must occur immediately on the Non-Viability Trigger Event and that may result in disruption or failures in trading or dealings in the Subordinated Notes or other loss to Noteholders;
 - (C) it will not have any rights to vote in respect of any Conversion or Write-Off; and
 - (D) the Ordinary Shares issued on Conversion may not be quoted at the time of issue, or at all;
- (iv) acknowledges and agrees that where Condition 8.2(e) or Condition 8.2(j) applies, no other conditions or events will affect the operation of that Condition and the Noteholder will not have any rights to vote in respect of any Write-Off under that clause;
- (v) acknowledges and agrees that a Noteholder has no right to request a Conversion or Write-Off of any Subordinated Notes or to determine whether (or in what circumstances) the Subordinated Notes are Converted;
- (vi) acknowledges and agrees that none of the following shall prevent, impede or delay the Conversion or Write-Off of the Subordinated Notes:
- (A) any failure to or delay in the conversion or write-off of Relevant Tier 1 Capital Instruments or other Relevant Tier 2 Capital Instruments;
 - (B) any failure or delay in giving a Non-Viability Trigger Event Conversion Notice;
 - (C) any failure or delay in quotation of the Ordinary

Shares to be issued on Conversion;

- (D) any requirement to select or adjust the amount of Subordinated Notes to be Converted in accordance with Condition 8.2(b)(iii); and
- (vii) acknowledges and agrees that Conversion or Write-Off of the Subordinated Notes in accordance with Condition 8.2 is a fundamental term of the Subordinated Notes and is not subject to any other conditions other than those expressly provided for in Condition 8.2.

(e) Write-Off due to Inability Event

If a nominal amount of Subordinated Notes held by a Noteholder is required to Convert under Condition 8.2(c) and, on the Conversion Date, 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 that nominal amount of Subordinated Notes or for any other reason Conversion of that nominal amount of Subordinated Notes fails to occur (an ***Inability Event***) and Conversion has not been effected within five Business Days after the Conversion Date, to the extent the Inability Event prevents the Issuer from Converting the nominal amount of Subordinated Notes of the Noteholder which, but for this Condition 8.2(e), would be Converted, or for any other reason Conversion of that nominal amount of Subordinated Notes fails to occur then, notwithstanding any other provisions of these Conditions or the applicable Pricing Supplement, Conversion on account of the Non-Viability Trigger Event will not occur and the rights of the Noteholder (including to the payment of any principal or interest) in relation to such nominal amount of Subordinated Notes are Written-Off, with any such Write-Off to be taken as having effect on and from the Conversion Date.

(f) Non-Viability Trigger Event Conversion Notice

As soon as practicable after the occurrence of a Non-Viability Trigger Event, the Issuer must give notice of the Non-Viability Trigger Event (a Non-Viability Trigger Event Conversion Notice) to the Noteholders which states the Conversion Date, the aggregate nominal amount of Subordinated Notes Converted or Written-Off and the aggregate nominal amount of Relevant Tier 2 Capital Instruments converted or written-off.

That Non-Viability Trigger Event Conversion Notice and all calculations and determinations made by the Issuer in connection thereto are final and binding.

(g) Provision of information

- (i) Where a nominal amount of Subordinated Notes held by a Noteholder is required to be Converted under Condition 8.2(c), a Noteholder wishing to receive Ordinary Shares must, no later than the Conversion Date, have provided to the Issuer:
 - (A) its name and address (or the name and address of any person in whose name it directs the Ordinary Shares to be issued) for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares;
 - (B) the Noteholder's security account details in CHESSE or such other account to which the Ordinary Shares may be credited; and
 - (C) such other information as is reasonably requested by the Issuer for the purposes of enabling it to issue the Conversion Number of Ordinary Shares to the Noteholder.
- (ii) If for any reason (whether or not due to the fault of a Noteholder) the Issuer has not received any information required to be provided by the Noteholder under this Condition 8.2(g) by the time such information is required in order for Ordinary Shares to be issued on the Conversion Date, the Issuer will issue the Ordinary Shares in respect of that Noteholder to a nominee in accordance with Condition 8.2(i) and the provisions of Condition 8.2(i) shall apply, mutatis mutandis, to such Ordinary Shares.

(h) Failure to Convert

Subject to Conditions 8.2(e), 8.2(i) and 8.2(g)(ii), if, in respect of a Conversion of a Subordinated Note, the Issuer fails to issue the Conversion Number of Ordinary Shares in respect of the nominal amount of such Subordinated Note to, or in accordance with the instructions of, the relevant Noteholder on the Conversion Date or a nominee where Condition 8.2(i) applies, the nominal amount of that Subordinated Note which would otherwise be subject to Conversion remains, for the purposes of these Conditions, on issue until the earlier of the date on which:

- (i) the Ordinary Shares are issued to, or in accordance with the instructions of, the Noteholder; or
- (ii) the Subordinated Note is Written-Off as set out in Condition 8.2(e),

provided, however, that the sole right of the Noteholder in respect of such Subordinated Note is its right to be issued the Ordinary Shares (subject to its compliance with Condition 8.2(g)) and the remedy of a Noteholder in respect of the Issuer's failure to issue the Ordinary Shares is limited to seeking an order for specific performance of the Issuer's obligation to issue the Ordinary Shares.

(i) Issue to nominee

If any Subordinated Notes are required to be Converted under Condition 8.2(c) and:

- (i) the Noteholder has notified the Issuer that it does not wish to receive Ordinary Shares as a result of the Conversion (whether entirely or to the extent specified in the notice), which notice may be given at any time on or after the date on which the relevant Subordinated Note was issued and no less than 15 Business Days prior to the Conversion Date;
- (ii) the Subordinated Notes are held by a person the Issuer believes in good faith may not be a resident of Australia (a Foreign Holder); or
- (iii) if for any reason (whether or not due to the fault of a Noteholder) the Issuer has not received any information required by it in accordance with these Conditions in accordance with Condition 8.2(g) so as to impede the Issuer issuing the Ordinary Shares to a Noteholder on the Conversion Date;

then, on the Conversion Date:

- (iv) where subparagraph (i) or (ii) applies, the Issuer is obliged to issue the Ordinary Shares to the Noteholder only to the extent (if at all) that:
 - (A) where subparagraph (i) applies, the Noteholder wishes to receive them;
 - (B) where subparagraph (ii) applies, the Issuer is satisfied that the laws of both Australia and the Foreign Holder's country of residence permit the issue of the Ordinary Shares to the Foreign 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;

and to the extent the Issuer is not obliged to issue Ordinary Shares to the Noteholder, the Issuer will issue the balance of the

Ordinary Shares to the nominee appointed by the Issuer in accordance with subparagraph (v) of this Condition 8.2(i);

- (v) otherwise, subject to applicable law, the Issuer will for no additional consideration issue the balance of Ordinary Shares in respect of that Noteholder to a nominee appointed by the Issuer (which nominee may not be the Issuer or a Related Entity of the Issuer) and who, subject to applicable law, will sell the Ordinary Shares it receives and pay a cash amount equal to the net proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges (including the nominee's reasonable out of pocket costs, expenses and charges, in each case properly incurred in connection with such sale from the sale price of the Ordinary Shares) to the Noteholder. The issue of Ordinary Shares to such nominee will satisfy all obligations of the Issuer in connection with the Conversion, the Subordinated Notes will be deemed Converted and on and from the issue of Ordinary Shares the rights of a Noteholder the subject of this Condition 8.2(i) are limited to its rights in respect of the Ordinary Shares or their net cash proceeds as provided in this Condition 8.2(i); and
- (vi) nothing in this Condition 8.2(i) shall affect the Conversion of the Subordinated Notes of a Noteholder which is not a person to which any of subparagraphs (i) to (iii) (inclusive) applies.

(j) Write-Off of Subordinated Notes

If “Write-Off - Applicable” is specified in the applicable Pricing Supplement, then this Condition 8.2(j) shall apply to the Subordinated Notes and, for the avoidance of doubt, Condition 8.2(c) and Conditions 8.2(d)(i), 8.2(d)(ii), 8.2(d)(iii)(D), 8.2(e), 8.2(g), 8.2(h) and 8.2(i) shall not apply to the Subordinated Notes.

On the Conversion Date the rights of Noteholders (including to payment of any principal or interest) in relation to the nominal amount of the Subordinated Notes are Written-Off.

(k) Ordinary Shares issued upon Conversion

Each Ordinary Share issued to a relevant Noteholder upon Conversion will rank equally with all other fully paid Ordinary Shares from the date of such issue.

(l) No duty on sale

For the purposes of Conditions 8.2(g) and 8.2(i), the Issuer does not owe any obligations or duties to the Noteholders in relation to the price at which Ordinary Shares are sold and has no liability for any loss suffered by a Noteholder as a result of the sale of Ordinary Shares.

9. Payments

Payments of interest and principal

- 9.1 Payments of interest to Noteholders will be made according to the particulars recorded in the Register on the relevant Record Date. Payments of principal to Noteholders will be made according to the particulars recorded in the Register at 10:00am on the Payment Date.

Joint holders

- 9.2 When a Note is held jointly, payment will be made to the holders in their joint names unless requested otherwise.

Method of payments

- 9.3 Payments in respect of each Note will be made in Australian dollars and:
- (a) if the Notes are in the Austraclear System, by crediting on the relevant Payment Date the amount then due to the account of the Noteholder in accordance with the Austraclear Regulations; or
 - (b) if the Notes are not in the Austraclear System, by crediting on the Payment Date the amount then due to an account previously notified by the registered owner of the Note to the Issuer and the Registrar. If the registered owner of the Note has not notified the Issuer and the Registrar of such an account by close of business on the relevant Record Date or upon application by the registered owner of the Note to the Issuer and the Registrar no later than close of business on the relevant Record Date, payments in respect of the relevant Note will be made by cheque, mailed on the Business Day immediately preceding the relevant Interest Payment Date in the case of payments of interest or on the due date for redemption or repayment, in the case of payments of principal, at the Noteholder's risk to the registered owner (or to the first named of joint registered owners) of such Note at the address appearing in the Register as at the Record Date. Cheques to be despatched to the nominated address of a Noteholder will in such cases be deemed to have been received by the Noteholder on the relevant Payment Date and no further amount will be payable by the Issuer in respect of the relevant Note as a result of payment not being received by the Noteholder on the due date.

Business Days

- 9.4 All payments must be made in accordance with the Applicable Business Day Convention, provided that this clause shall not apply with respect to any payment provided for under Schedule 3 of the Note Deed Poll with respect to a Conversion of Subordinated Notes into Ordinary Shares.

Payment subject to fiscal laws

- 9.5 Payments (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Notes are subject in all cases to applicable provisions of fiscal and other laws, regulations and directives.

Taxation

- 9.6 Unless this Condition 9.6 is specified in the Pricing Supplement as not being applicable or a withholding deduction is required by law or is permitted by Condition 9.6A, all payments (whether in respect of principal redemption amount, interest or otherwise) in respect of the Notes will be made without set-off or counterclaim and free and clear of, and without deduction of or on account of any taxes, levies, duties, charges, deductions or withholding of any nature (together, “**Taxes**”) now or hereafter imposed, levied, collected, withheld or assessed by the Commonwealth of Australia or any political subdivision therein or thereof unless such withholding or deduction is required by law.

In that event the Issuer will pay such additional amounts (“**Additional Amounts**”) as may be necessary in order that the net amount received by the Noteholders after such withholding or deduction equals the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction, except that no Additional Amounts are payable in relation to any payments in respect of any Note:

- (a) to, or to a third party on behalf of, a Noteholder who is liable to such Taxes in respect of such Note by reason of the Noteholders having some connection with the Commonwealth of Australia (or any political subdivision therein or thereof) other than the mere holding of such Note or receipt of payment (whether in respect of principal, redemption amount, interest or otherwise) in respect of it;
- (b) to, or to a third party on behalf of, a Noteholder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non- residence or similar cause for exemption to any tax authority in the place where payment under the Note is made;

-
- (c) to, or to a third party on behalf of, a Noteholder who is liable to the Taxes in respect of the Note by reason of the Noteholder being an associate of the Issuer within the meaning of section 128F(9) of the Tax Act;
 - (d) to, or on behalf of, a Noteholder where the withholding or deduction is required by reason of the Australian Commissioner of Taxation giving a notice under section 255 of the Tax Act or section 260-5 of Schedule One to the Taxation Administration Act 1953 of Australia;
 - (e) to, or to a third party on behalf of an Australian resident Noteholder or a non-resident Noteholder carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if that person has not supplied an Australian business number, a tax file number or exemption details as may be necessary to enable the payment to be made without such withholding or deduction; or
 - (f) in such other circumstances as may be specified in the Pricing Supplement.

9.6 A *FATCA*

- (a) The Issuer may withhold or make deductions from payments or from the issue of Ordinary Shares to a Noteholder where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Noteholder or a beneficial owner of Notes may be subject to FATCA, and may deal with such payment, and any Ordinary Shares in accordance with FATCA.
- (b) If any withholding or deduction arises under or in connection with FATCA, the Issuer will not be required to pay any further amounts or issue any further Ordinary Shares on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Noteholder or a beneficial owner of Notes for, or in respect of, any such withholding or deduction.
- (c) A dealing with such payment and any Ordinary Shares in accordance with FATCA satisfies the Issuer's obligations to that Noteholder to the extent of the amount of that payment or issue of Ordinary Shares.

Currency indemnity

9.7 The Issuer waives any right it has in any jurisdiction to pay an amount other than in the currency in which it is due. However, if a Noteholder receives an amount in a currency other than that in which it is due:

- (a) it may convert the amount received into the due currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably considers appropriate. It may deduct its usual Costs in connection with the conversion; and

-
- (b) the Issuer satisfies its obligation to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after deducting the Costs of the conversion.

10. Further issues

- (a) The Issuer may from time to time, without the consent of any Noteholder, issue further Notes having the same terms and conditions as the Notes of any Series in all respects (or in all respects except for the first payment of interest, if any, on them and/or their denomination) so as to form a single Series with the Notes of that Series. References in these Terms and Conditions to the Notes include (unless the context requires otherwise) any other Notes issued under this Condition and forming a single Series with the Notes.
- (b) Each issue of Subordinated Notes must comply with standards set by the APRA as in force at the time of issue. If there is a change in those standards between the time of issue of a Series of Subordinated Notes and the time of issue of further Subordinated Notes, those further Subordinated Notes may not form a single Series.
- (c) Without limiting Condition 10(b), the Issuer may make a further issue of Subordinated Notes in accordance with this Condition 10 so as to form a single Series with Subordinated Notes of that Series, provided that as at the Issue Date of such further Subordinated Notes the Maturity Date of those Subordinated Notes must be at least 5 years after the Issue Date.

11. Time limit for claims

A claim against the Issuer for a payment under a Note is void unless such claim is made within 5 years from the Relevant Date of payment.

12. Notices

To the Issuer, and the Registrar

- 12.1 A notice or other communication in connection with a Note to the Issuer, or the Registrar must be in writing and may be given by prepaid post or delivery to the address of the addressee or by facsimile to the facsimile number of the addressee specified:
 - (a) in the Information Memorandum; or
 - (b) as otherwise agreed between those parties from time to time and notified to the Noteholders.

To Noteholders

- 12.2 A notice or other communication in connection with a Note to the Noteholder must be in writing and may be given by:

-
- (a) an advertisement published in The Australian Financial Review or any other newspaper or newspapers circulating in Australia generally; or
 - (b) if an additional or alternate newspaper is specified in the Pricing Supplement, that newspaper; or
 - (c) prepaid post (airmail if posted to or from a place outside Australia) or delivery to the address of each Noteholder or any relevant Noteholder as shown in the Register at the close of business 3 Business Days prior to the dispatch of the relevant notice or communication.

Effective on receipt

- 12.3 Unless a later time is specified in it a notice, approval, consent or other communication takes effect from the time it is received, except that if it is received after 5.00pm in the place of receipt or on a non-business day in that place, it is to be taken to be received at 9.00am on the next succeeding Business Day in that place.

Proof of receipt

- 12.4 Subject to Condition 12.3, proof of posting of a letter or of publication of a notice is proof of receipt:
- (a) in the case of a letter, on the third (seventh, if outside Australia) day after posting; and
 - (b) in the case of publication, on the date of such publication.

13. Meetings of Noteholders

Meetings of Noteholders may be convened in accordance with the Meeting Provisions. Any such meeting may consider any matters affecting the interests of Noteholders, including, without limitation, the variation of the terms of the Notes by the Issuer and the granting of approvals, consents and waivers, and the declaration of an Event of Default.

14. Amendments

To cure ambiguities

- 14.1 The Terms and Conditions and the applicable Pricing Supplement may be amended by the Issuer without the consent of any Noteholder for the purposes of curing any ambiguity, or correcting or supplementing any defective or inconsistent provisions therein and such amendment does not adversely affect the interests of the Noteholders, provided that in the case of Subordinated Notes, to the extent such amendments may affect the eligibility of the Subordinated Notes as Tier 2 Capital Instruments, the Issuer has obtained the prior written approval of the APRA.

Approval by Noteholders

- 14.2 The Terms and Conditions and the applicable Pricing Supplement may otherwise be amended by the Issuer with the approval of the Noteholders by Extraordinary Resolution, provided that, in the case of Subordinated Notes, to the extent such amendments may affect the eligibility of the Subordinated Notes as Tier 2 Capital Instruments, the Issuer has obtained the prior written approval of the APRA. No other amendment to the Terms and Conditions has effect in relation to the Noteholders who hold Notes at the date of any amending deed, unless they otherwise agree in writing. An amendment variation will take effect in relation to all subsequent Noteholders. An amendment variation which affects only a particular Series or Tranche of Notes may be approved solely by the Noteholders of such Series or Tranche (provided that in the case of Subordinated Notes to the extent such amendments may affect the eligibility of the Subordinated Notes as Tier 2 Capital Instruments, the Issuer has obtained the prior written approval of the APRA).

15. Registrar

Role of the Registrar

- 15.1 In acting under the Registry Services Agreement in connection with the Notes, the Registrar acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders save insofar as that any funds received by the Registrar in accordance with the Registry Services Agreement shall, pending their application in accordance with the Registry Services Agreement, be held by it in a segregated account for the persons entitled thereto.

Change of Registrar

- 15.2 The Issuer reserves the right at any time to terminate the appointment of the Registrar in accordance with the Registry Services Agreement and to appoint a successor or additional registrars, provided, however, that the Issuer must at all times maintain the appointment of a registrar. Notice of any such termination of appointment will be given to the Noteholders in accordance with Condition 12.

Appointment of replacement Registrar

- 15.3 If the then current Registrar ceases to be Registrar (whether as a result of termination under Condition 15.2, resignation as a result of the Notes ceasing to be lodged in the Austraclear System or otherwise), the Issuer must ensure that a replacement Registrar is appointed with effect from the relevant date.

16. Calculation Agent

The Calculation Agent and its initial specified officers are as set out in the relevant Pricing Supplement for the Notes issued by the Issuer. The Issuer reserves the right at

any time to terminate the appointment of the Calculation Agent or to appoint additional or other Calculation Agents, provided that it will ensure that at all times for so long as any Notes are outstanding the Calculation Agent acts in respect of Notes for which these Conditions require a Calculation Agent to make calculations.

17. Governing law and jurisdiction

Governing law

- 17.1 The Notes are governed by the law in force in Victoria.

Jurisdiction

- 17.2 The Issuer irrevocably and unconditionally submits, and each Noteholder is taken to have submitted, to the non-exclusive jurisdiction of the courts of Victoria and courts of appeal from them. The Issuer waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

Serving documents

- 17.3 Without preventing any other method of service, any document in any action may be served on the Issuer by being delivered or left at its registered office or principal place of business.

18. Power of Attorney

- (a) Each Noteholder appoints each of the Issuer, its officers and any External Administrator of the Issuer (each an Attorney) severally to be the attorney of the Noteholder with power in the name and on behalf of the Noteholder to sign all documents and transfers and do any other thing as may be in the Attorney's opinion to be necessary or desirable to be done in order for the Noteholder to observe or perform the Noteholder's obligations under these Conditions, including effecting any Conversion or Write-Off of Subordinated Notes, making any entry in the Register or the register of any Ordinary Shares or exercising any voting power in relation to any consent or approval required for Conversion or Write- Off.
- (b) The power of attorney given in this Condition is given for valuable consideration and to secure the performance by the Noteholder of the Noteholder's obligations under these Conditions and is irrevocable.

Schedule 3

Pricing Supplement

Series No.: BE4009

Tranche No.: 1

Bendigo and Adelaide Bank Limited

(ABN 11 068 049 178)

A\$7,500,000,000

Debt Instrument Programme

Issue of

A\$125,000,000

Subordinated Floating Rate Notes (“Instruments”)

The date of this Pricing Supplement is 1 December 2016

This Pricing Supplement (as referred to in the Information Memorandum dated 25 November 2016 in relation to the above Programme) relates to the Tranche of Term Instruments referred to above. It is supplementary to, and should be read in conjunction with the Note Deed Poll (and the Conditions contained in Schedule 1 thereof) originally dated 24 November 2000 as amended and restated on 25 November 2016 made by the Issuer (the *Note Deed Poll*).

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Term Instruments or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

The particulars to be specified in relation to the Tranche of Term Instruments referred to above are as follows:

- | | | | |
|----------|------------------------------------|----------|---|
| 1 | Issuer | : | Bendigo and Adelaide Bank Limited |
| 2 | Type of Term Instrument | : | Subordinated Notes which are Floating Rate Notes |
| 3 | Type of Issue | : | Non-Private Placement |
| 4 | Public Offer Test Compliant | : | It is the Issuer’s intention that this issue of Instruments will be issued in a manner which will seek to satisfy the Public Offer Test under section 128F of the Income Tax Assessment Act 1936 (Cth). |
| 5 | IWT Notice | : | The Tax gross-up in respect of the Commonwealth of Australia specified in Condition 9.6 of the Notes of the Instruments is applicable to this Tranche with effect from the Issue Date. |

- 6 Relevant Dealer(s)** : National Australia Bank Limited (ABN 12 004 044 937)
- 7 Lead Manager(s)** : National Australia Bank Limited (ABN 12 004 044 937)
- 8 Registrar** : Austraclear Services Ltd
ABN 28 003 284 419
Level 2
30 Grosvenor Street
Sydney NSW 2000
- 9 Calculation Agent** : Bendigo and Adelaide Bank Limited
Level 8
80 Grenfell Street
Adelaide SA 5000
- 10 If to form a single Series with an existing Series, specify date on which all Term Instruments of the Series become fungible, if not the Issue Date** : Not Applicable
- 11 Aggregate Principal Amount of Tranche** : A\$125,000,000
- 12 If interchangeable with existing Series** : Not Applicable
- 13 Issue Date** : 9 December 2016
- 14 Purchase Price** : 100% of Aggregate Principal Amount (Fully Paid)
- 15 Denomination(s)** : A\$10,000
- 16 Interest Type** : Floating Rate Notes
- 17 If interest-bearing, specify which of Conditions 5.2 (fixed rate), 5.3 (floating rate) or 5.4 (other rates) is applicable, and then specify the matters required for the relevant Condition, namely** : Condition 5.3 (floating rate)
- 18 Condition 5.2 for Fixed Rate Instruments** : Not Applicable
- 19 Condition 5.3 for Floating Rate Instruments:** Applicable
- (a) **Interest Commencement Date, if not Issue Date** : Issue Date
- (b) **Interest Rate** : The aggregate of the BBSW Rate and the Margin, where:

BBSW Rate means, for any Interest Period, the stated average (expressed as

Margin means for the period from (and including) the Issue Date to (but excluding) to the earlier of the Maturity Date and the Early Redemption Date (if any), 2.80%.

- | | | | |
|-----------|--------------------------------------|---|---|
| | (c) Interest Payment Dates | : | Each 9 December, March, June and September commencing on 9 March 2017 and ending on (and including) the earlier of the Maturity Date and the Early Redemption Date (if any) |
| | (d) Business Day Convention | : | Modified Following Business Day Convention |
| | (e) Day Count Fraction | : | Actual/365 (fixed) |
| 20 | Condition 5.4 for other rates | : | Not Applicable |
| 21 | Accrual of interest | : | No change to Condition 5.5(d) regarding accrual of interest |

22	Amortisation Yield	:	Not Applicable
23	Maturity Date	:	9 December 2026
24	Maturity Redemption Amount	:	Outstanding Principal Amount
25	Early Redemption for tax reasons	:	Condition 6.3 is applicable.
	(a) If Early Redemption Amount (Tax) is not the outstanding principal amount together with accrued interest (if any) thereon of the Term Instruments, insert amount or full calculation provisions	:	Outstanding Principal Amount plus accrued interest (if any)
	(b) Specify if Term Instrument holders are not to receive accrued interest on early redemption for tax reasons	:	Not Applicable
	(c) Specify any relevant conditions to exercise of option	:	The Issuer may, by giving notice to Noteholders in accordance with Condition 12.2, elect to redeem all but not some of the Notes provided that: <ul style="list-style-type: none"> (i) prior written approval from APRA is received; and (ii) a Tax Event (as defined in Condition 6.3) occurs.
26	Early Redemption Amount (Call)	:	Condition 6.4 is applicable
	(a) Specify minimum notice period for the exercise of the call option	:	30 Business Days
	(b) Specify maximum notice period for the exercise of the call option	:	60 Business Days
	(c) Specify any relevant conditions to exercise of option	:	The Issuer may, by giving notice to Noteholders in accordance with Condition 12.2, elect to redeem all but not some only of the Notes provided that: <ul style="list-style-type: none"> (i) the notice is given specifying an Early Redemption Date that is on or after 9 December 2021; and (ii) prior written approval from APRA is received.

- (d) **Specify whether redemption at Issuer's option is permitted in respect of some only of the Term Instruments and, if so, any minimum aggregate principal amount and the means by which Term Instruments will be selected for redemption** : Not applicable. Redemption at the Issuer's option under Condition 6.4 is not permitted in respect of some only of the Term Instruments
- (e) **Specify if Term Instrument holders are not to receive accrued interest on early redemption at their option** : Not Applicable
- 26A Early Redemption for regulatory reasons** : Condition 6.7 is applicable
- Specify any relevant conditions to exercise of option** : The Issuer may, by giving notice to Noteholders in accordance with Condition 12.2, elect to redeem all but not some only of the Notes provided that:
- (i) prior written approval from APRA is received; and
 - (ii) a Regulatory Event (as defined in Condition 6.7) occurs.
- 27 Early Redemption Amount (Put)** : Condition 6.5 is not applicable.
- 28 Early Redemption Amount (Event of Default)** :
- (a) **If upon the occurrence of an Event of Default the amount that a Noteholder may recover is not the outstanding principal amount of the Term Instruments, insert amount or full calculation provisions** : Condition 7.5 is applicable.
- (b) **Specify if Term Instrument holders are not to receive accrued interest on early redemption on default** : Condition 7.5 is applicable
- 29 Redemption of Zero Coupon Instruments** : Not Applicable
- 30 Taxation** : Condition 9.6 is applicable.
- 31 Other relevant terms and conditions** : No.

32	Other selling restrictions	:	No variation to the selling restrictions
33	Listing	:	Not applicable
34	Events of Default	:	No additional (or modifications to) Events of Default
35	Additional or alternate newspapers	:	No additional or alternate newspapers for the purposes of Condition 12.2(b)
36	Status - Subordinated Notes	:	The Notes are Subordinated Notes and are to be issued on terms contained in Condition 4.
37	ISIN Code	:	AU3FN0033668
38	Clearing System	:	Austraclear System

On admission to the Austraclear System, interests in the Instruments may be held through Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) or Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). In these circumstances, entitlements in respect of holdings of interests in the Instruments in Euroclear would be held in the Austraclear System by Westpac Custodian Nominees Limited as a nominee of Euroclear while entitlements in respect of holdings of interests in the Instruments in Clearstream, Luxembourg would be held in the Austraclear System by ANZ Nominees Limited as nominee of Clearstream, Luxembourg.

The rights of a holder of interests in Instruments held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System (provided that, to the maximum extent permitted by law, if such rules and regulations or terms and conditions (as the

case may be) affect the eligibility of the Instruments as Regulatory Capital, then the terms and conditions of this Pricing Supplement (and the Note Deed Poll where applicable) shall prevail to extent of any inconsistency.)

39 Provisions relating to Subordinated Notes

- | | |
|--|------------------|
| (a) Subordinated Notes: | Applicable |
| (b) Write-Off: | Not applicable |
| (c) Conversion: | Applicable |
| (i) CD: | 0.01 |
| (ii) VWAP Period: | 5 Business Days |
| (iii) VWAP Period for calculation
of the Issue Date VWAP: | 20 Business Days |

Note: In accordance with Condition 8.2(e), if within 5 Business Days of the Conversion Date Conversion has not occurred, the relevant Subordinated Notes will be Written Off, with any such Write-Off to be taken as having effect on and from the Conversion Date

CONFIRMED

For and on behalf of
Bendigo and Adelaide Bank Limited

By: Mark McKay

Date: 1 DECEMBER 2016

Mark McKay

Authorised Officer

Schedule 4

Subordinated Note Conversion Mechanics

The Subordinated Note Conversion Mechanics are set out Schedule 3 to the Note Deed Poll dated 24 November 2000, as amended and restated from time to time, most recently on 25 November 2016 (a copy of which is attached).

Schedule 3

Subordinated Note Conversion Mechanics

1 Conversion

If the Issuer must Convert a nominal amount of Subordinated Notes in accordance with Condition 8.2(c) (each a **Relevant Subordinated Note**), then the following provisions shall apply:

- (a) on the Conversion Date, subject to Conditions 8.2(e), 8.2(i) and 8.2(j) the Issuer will, for each Relevant Subordinated Note held by the Noteholder, allot and issue that number of Ordinary Shares which is the lesser of:
 - (i) the Maximum Conversion Number; and
 - (ii) the number calculated according to the following formula:

$$\frac{\text{Nominal Amount}}{(1 - CD) \times \text{VWAP during the VWAP Period}}$$

(the **Conversion Number**),

where:

Nominal Amount means A\$10,000;

CD means 0.01;

Issue Date VWAP means the VWAP during the relevant VWAP Period, as adjusted in accordance with paragraphs 4 to 7 (inclusive) of this Schedule;

Issue Date VWAP Date means the first date on which Notes of the Tranches of which the Relevant Subordinated Notes forms part were issued;

Maximum Conversion Number means in respect of the Nominal Amount of a Relevant Subordinated Note the number calculated according to the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Nominal Amount}}{\text{Issue Date VWAP} \times \text{Relevant Fraction}}$$

VWAP means, subject to any adjustments under paragraph 2 or 3 of this Schedule, the average of the daily volume weighted average sale prices (such average being rounded to the nearest full cent) of Ordinary Shares sold on the ASX during the relevant VWAP Period (subject to any adjustments made under this Schedule) 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) when used in connection with the determination of the Issue Date VWAP – the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date VWAP Date; and

- (B) when used otherwise – the latest period of five Business Days (or such other period specified in the applicable Pricing Supplement) on which trading in Ordinary Shares took place immediately preceding (but not including) the Conversion Date; and

Relevant Fraction means 0.2;

- (b) if the total number of additional Ordinary Shares to be allotted to a Noteholder in respect of the aggregate nominal amount of its holding of Relevant Subordinated Notes upon Conversion includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded;
- (c) on the Conversion Date the Issuer will:
- (i) redeem the Nominal Amount of each Relevant Subordinated Note held by the Noteholder and the Noteholder's rights (including to payment of interest) in relation to each Relevant Subordinated Note will thereby be immediately and irrevocably satisfied and terminated;
 - (ii) apply the proceeds of the redemption of the Nominal Amount of each Relevant Subordinated Note on behalf of the Noteholder in subscription for the Conversion Number of Ordinary Shares; and
 - (iii) issue to the relevant Noteholder, in respect of the Nominal Amount of each Relevant Subordinated Note held by that Noteholder, a number of Ordinary Shares that is equal to the Conversion Number.

The Noteholder irrevocably directs the Issuer to take all such action in accordance with the above provisions as is necessary to immediately effect Conversion accordingly and the Issuer will take all steps, including updating any register, required to record the Conversion.

Nothing in this paragraph creates any obligation to pay or right to receive any amount in respect of the redemption of the Nominal Amount of any Relevant Subordinated Note except by way of paying the subscription price for the Conversion Number of Ordinary Shares.

2 Adjustments to VWAP

For the purposes of calculating the VWAP in this Schedule:

- (a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on the ASX as cum dividend or cum any other distribution or entitlement and a nominal amount of Relevant Subordinated Notes will Convert into Ordinary Shares after that date and 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 (the **Cum Value**) equal to:
- (i) in the 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 Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth);
 - (ii) in the case of any other entitlement that is not a dividend or other distribution under paragraph (a)(i) which is traded on the ASX on any of those Business Days, the volume weighted average sale price of all such entitlements sold on the

- ASX during the VWAP Period on the Business Days on which those entitlements were traded; or
- (iii) in the case of any other entitlement which is not traded on the 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 the ASX as ex dividend or ex any other distribution or entitlement, and a nominal amount of Relevant Subordinated Notes will Convert into Ordinary Shares in respect of which the relevant dividend or other distribution or entitlement would be payable, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement will be increased by the Cum Value.

3 Adjustments to VWAP for Reorganisations

Where during the relevant VWAP Period there is a change in the number of Ordinary Shares on issue as a result of a subdivision, consolidation or reclassification of the Issuer's share capital not involving any cash payment or other distribution to or by the holders of Ordinary Shares (**Reorganisation**), in calculating the VWAP for that VWAP Period the VWAP on each Business 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 multiplying it by the following fraction:

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

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.

4 Adjustments to Issue Date VWAP

For the purposes of determining the Issue Date VWAP in respect of a Relevant Subordinated Note, adjustments to the VWAP will be made in accordance with paragraphs 2 and 3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date VWAP Date, adjustments to the Issue Date VWAP:

- (a) may be made in accordance with paragraphs 5 to 7 (inclusive); and
- (b) if so made, will cause an adjustment to the Maximum Conversion Number by operation of the formula in paragraph 1(a).

5 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to paragraph 5(b), if after the Issue Date VWAP Date in respect of a Relevant Subordinated Note, the Issuer makes a pro rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally, the Issue Date VWAP in respect of the Relevant Subordinated Notes 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 applicable to the Relevant Subordinated Notes immediately after the application of this formula;

V₀ means the Issue Date VWAP applicable to the Relevant Subordinated Notes immediately prior to the application of this formula;

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

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

- (b) Paragraph 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 paragraph 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 paragraph 5 for any offer of Ordinary Shares not covered by paragraph 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 paragraph 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 Noteholders or otherwise requiring any consent or concurrence.

6 Adjustment to Issue Date VWAP for Reorganisations

- (a) If at any time after the Issue Date VWAP Date in respect of the Relevant Subordinated Notes 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 applicable to the Relevant Subordinated Notes by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reorganisation by the following formula:

- (b)

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

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.

- (c) Each Noteholder 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 Noteholders or otherwise requiring any consent or concurrence.

7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of paragraphs 5 and 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 Effect and announcement of adjustments

Any adjustment made by the Issuer to the VWAP or the Issue Date VWAP under this Schedule is effective and binding on the Noteholders and these Conditions will be construed accordingly. The Issuer will notify the Noteholders of any adjustment to the VWAP or the Issue Date VWAP under this Schedule within 10 Business Days of the Issuer determining the adjustment.

9 Listing Ordinary Shares issued on Conversion

The Issuer shall use all reasonable endeavours to procure a quotation of the Ordinary Shares issued upon Conversion of a nominal amount of Relevant Subordinated Notes on the ASX.