

ASX Announcement



NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

BEN launches \$300 million capital raising

17 February 2020

Bendigo and Adelaide Bank Limited (**ASX:BEN**) has today launched a capital raising, comprising:

- » A fully underwritten \$250 million institutional share placement ("**Placement**"); and
- » A non-underwritten share purchase plan ("**SPP**") under which BEN is targeting to raise approximately \$50 million¹,
(together, the "**Offer**").

BEN's shares have been placed in a trading halt to enable the Placement to be completed, with trading expected to recommence on 18 February 2020.

BEN is seeking to raise \$300 million to support the growth it is experiencing in its residential mortgage business, further strengthen its balance sheet and provide an increased buffer above APRA's "unquestionably strong" CET1 capital ratio requirements which gives additional capacity to respond to industry wide APRA capital changes. The capital raised will also provide flexibility for BEN to invest in technology and regulatory related change initiatives.

The Offer is expected to add approximately 67 to 81 basis points² to BEN's Level 2 Common Equity Tier 1 ("**CET1**") capital ratio.

Details of the Placement

The fully underwritten Placement of new fully paid ordinary shares ("**New Shares**") to sophisticated and institutional investors in Australia and in certain overseas jurisdictions will raise \$250 million.

The Placement will be undertaken at a fixed price of \$9.34 per New Share ("**Placement Price**"), representing a 9% discount to the adjusted³ last close price on ASX of \$10.26 on 14 February 2020.

The Placement will result in approximately 26.8 million New Shares being issued, representing approximately 5.4% of BEN's existing issued capital⁴.

New Shares issued under the Placement will rank equally with existing BEN shares from their date of issue, except that they will not be entitled to receive the interim dividend payable to eligible BEN shareholders on 31 March 2020.

New Shares under the Placement are expected to settle on 20 February 2020, with New Shares to be issued, and commence trading on the ASX on the following business day, 21 February 2020.

¹ BEN may scale back SPP applications above that target or issue a higher amount above that target, at its absolute discretion.

² Based on BEN's last reported risk-weighted assets as at 31 December 2019. The 67 basis point increase reflects the impact of the \$250m Placement only, while the 81 basis point increase reflects the impact of both the Placement and the SPP, assuming the SPP raises \$50m (the basis point impacts are pre- issue costs).

³ Adjusted to take into account that the New Shares will not receive the interim dividend of 31 cents per share.

⁴ The Placement does not require shareholder approval.

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New Shares issued under the Placement will trade under a separate ASX code ("BENN") up to and including 5 March 2020, being the day prior to the ex-dividend date for the interim dividend. New Shares issued under the Placement will then trade under the code "BEN" from 6 March 2020.

Details of the SPP

Under the SPP, each eligible BEN shareholder in Australia and New Zealand at the Record Date (7.00pm (Melbourne time) on 14 February 2020) ("**Eligible Shareholder**") will have the opportunity to apply for up to \$15,000 of new fully paid ordinary shares ("**SPP Shares**"). No brokerage or transaction costs are payable by Eligible Shareholders in relation to the application for, and the issue of, SPP Shares.

BEN is targeting to raise approximately \$50 million under the SPP, with the ability to scale back applications at its absolute discretion, should it receive demand above that target or issue a higher amount above that target, (and, if a higher amount is issued, either accept applications in full or scale back applications in its absolute discretion).

The issue price per SPP Share will be the lesser of:

- the Placement Price; and
- the price that is a 2.0% discount to the volume weighted average price of the BEN shares traded on the ASX for the 5 trading days ending on (and including) the closing date of the SPP offer, expected to be 13 March 2020.

SPP Shares will rank equally with existing BEN shares from their date of issue. The SPP Shares will not be entitled to receive the interim dividend payable to eligible BEN shareholders on 31 March 2020, as the SPP Shares will be issued after the record date (9 March 2020) for the interim dividend.

SPP offer materials with further details on the SPP are expected to be sent to Eligible Shareholders, in accordance with their communications election, on or around 24 February 2020.

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Key dates⁵

Event	Date
Record Date for the SPP	7.00pm (Melbourne time), 14 February 2020
Trading Halt, Announcement of interim Results and the Placement and SPP	17 February 2020
Placement Bookbuild	17 February 2020
Placement Completion Announcement	18 February 2020
Trading Halt Lifted	18 February 2020
Settlement of New Shares to be Issued Under the Placement	20 February 2020
Issue Date for New Shares Under the Placement and commencement of trading under ASX code BENN ⁶	21 February 2020
SPP Offer Opening Date and Dispatch of SPP Booklet	24 February 2020
SPP Offer Closing Date	5.00pm (Melbourne time), 13 March 2020
Issue Date for SPP Shares	23 March 2020
Holding Statements for SPP Shares Dispatched to Shareholders and Commencement of Trading on ASX	24 March 2020

Important information

Refer to the attached investor presentation regarding the Offer for important information, including further details about the Offer and a description of the key risks.

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This announcement is not financial product advice and has not taken into account your objectives, financial situation or needs. This announcement has been prepared for release in Australia. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to persons acting for the account or benefit of persons in the United States, or in any jurisdiction in which such an offer would be illegal. Neither the New Shares nor the SPP Shares will be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, to persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The SPP Shares may not be offered and sold, directly or indirectly, to any person in the United States or any person acting for the account or benefit of a person in the United States.

⁵ The above timetable is indicative only and subject to change. The commencement of trading and quotation of New Shares issued under the Placement and of SPP Shares is subject to confirmation from the ASX. Subject to the requirements of the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable rules, BEN, with the consent of the underwriter, reserves the rights to amend this timetable at any time, including extending the period for the SPP or accepting late applications, either generally or in particular cases, without notice.

⁶ New Shares issued under the Placement will trade under a separate code ("BENN") up to and including 05 March 2020 being the date prior to the ex-dividend date for the interim dividend. New Shares will then trade on the ASX under the code "BEN" from 06 March 2020.

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Approved for release by: Travis Crouch (Chief Financial Officer, Bendigo and Adelaide Bank)

Media enquiries

Simon Fitzgerald, Head of Public Relations
P: 08 8300 6019 M: 0427 460 046
E: simon.fitzgerald@bendigoadelaide.com.au

Analyst enquiries

Karen McRae, Head of Investor Relations
P: 03 8414 7060 M: 0417 186 500
E: karen.mcrae@bendigoadelaide.com.au

About Bendigo and Adelaide Bank Limited

Bendigo and Adelaide Bank is Australia's fifth largest retail bank, with more than 7,200 staff helping our 1.8 million customers to achieve their financial goals. Bendigo and Adelaide Bank's vision is to be Australia's bank of choice, by feeding into the prosperity of customers and their communities.

Bendigo and Adelaide Bank Limited
ABN 11 068 049 178 AFSL 237879

The Bendigo Centre
PO Box 480
Bendigo Victoria 3552

Telephone 1300 361 911
Facsimile +61 3 5485 7000
www.bendigoadelaide.com.au

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Bendigo and Adelaide Bank

Capital Raising

Investor Presentation



**Bendigo and
Adelaide Bank**

Today's rates

HOME LOAN	CREDIT CARD	PERSONAL LOAN
3.89% <small>Fixed rate loan</small>	11.99% <small>Fixed rate</small>	7.79% <small>Fixed rate loan</small>
4.18% <small>Variable rate loan</small>		8.64% <small>Variable rate loan</small>

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Important notices and disclaimer

This presentation has been prepared and authorised by Bendigo and Adelaide Bank Limited (ABN 11 068 049 178) ("**BEN**") in connection with a proposed capital raising by BEN by way of an institutional placement of new fully paid ordinary shares in BEN ("**New Shares**") to certain eligible investors (the "**Placement**") and a share purchase plan pursuant to which new fully paid ordinary shares in BEN ("**SPP Shares**") will be issued to eligible shareholders in Australia and New Zealand (the "**Share Purchase Plan**").

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This presentation is not a prospectus, product disclosure statement or other disclosure document under Australian law (and will not be lodged with the Australian Securities and Investments Commission ("**ASIC**") or any other law. This presentation is for information purposes only and is not an offer or an invitation to acquire the New Shares or any other financial products in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or invitation. This presentation does not constitute investment or financial advice (nor tax, accounting or legal advice) or any recommendation to acquire New Shares and does not and will not form any part of any contract for the acquisition of New Shares.

This presentation may not be distributed or released in the United States. This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The New Shares to be offered and sold under the Placement and Share Purchase Plan have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares in the Placement may not be offered or sold, directly or indirectly, to any person in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws. SPP Shares issued under the Share Purchase Plan described in this presentation may not be offered or sold, directly or indirectly, to any person in the United States or any person that is acting for the account or benefit of a person in the United States.

By accepting this presentation you represent and warrant that you are entitled to receive such presentation in accordance with the above restrictions and agree to be bound by the limitations contained herein.

The distribution of this presentation may be restricted by law in certain other countries. You should read the important information set out in the 'Foreign Selling Restrictions' section of this presentation. Failure to comply with these restrictions may constitute a violation of applicable securities laws.

Each recipient of this presentation should make their own enquiries and investigations regarding all information included in this presentation including the assumptions, uncertainties and contingencies which may affect BEN's future operations and the values and the impact that future outcomes may have on the BEN Group.

NOT FINANCIAL PRODUCT ADVICE

This presentation is for information purposes only and is not financial product advice or investment advice, nor a recommendation to acquire New Shares, will not form part of any contract for the acquisition of New Shares and has been prepared without taking into account the objectives, financial situation and needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction. Cooling off rights do not apply to an investment in the New Shares.

Important notices and disclaimer (cont'd)

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Past performance and pro forma historical financial information in this presentation is given for illustrative purposes only and should not be relied upon and is not an indication of future performance, including future share price information. Historical information in this presentation relating to the BEN Group is information that has previously been released to the market. For further details on that historical information, please see past announcements released to the Australian Securities Exchange.

KEY RISKS

An investment in BEN is subject to investment risks including possible loss of income and principal invested. BEN does not guarantee any particular rate of return or the performance of BEN. Recipients should read the 'Risks' section of this presentation for a non-exhaustive summary of the key risks that may affect BEN and its financial and operating performance.

FORWARD LOOKING STATEMENTS

The information in this presentation is subject to change without notice and BEN is not obliged to update or correct it. This presentation contains certain "forward-looking statements" about BEN. The forward-looking statements include statements regarding BEN's intent, belief or current expectations with respect to its business and operations, market conditions, results of operations and financial condition, including, without limitation, future loan loss provisions, lending growth, interest margins, operating income, expenses, productivity gains and other measures of BEN's performance, indicative drivers, forecasted economic indicators and the outcome of the Placement and the Share Purchase Plan and the use of proceeds. Words such as "will", "may", "expect", "indicative", "intent", "seek", "would", "should", "could", "continue", "plan", "probability", "risk", "forecast", "likely", "estimate", "anticipate", "believe", "aim" or similar words are used to identify forward-looking statements. These forward-looking statements reflect BEN's current views with respect to future events, are subject to change without notice and are vulnerable to certain risks, uncertainties and assumptions which are, in many instances, beyond the control of BEN, its officers, employees, agents and advisers and have been based upon management's expectations and beliefs concerning future developments and their potential effect upon BEN.

Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material. Investors should not place undue reliance on forward-looking statements. To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise is disclaimed. BEN disclaims any responsibility to update or revise any forward-looking statement to reflect any change in BEN's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law.

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- make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this presentation and take no responsibility for any part of this presentation.

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INFORMATION AND LIABILITY (CONTINUED)

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The New Shares are not deposit liabilities of BEN, nor protected accounts for the purposes of the Banking Act or the Financial Claims Scheme and are not guaranteed or insured by any government agency, by any member of the BEN Group or any other person.

UNDERWRITER DISCLOSURES

In connection with the Placement, one or more investors may elect to acquire an economic interest in the New Shares ("Economic Interest"), instead of subscribing for or acquiring the legal or beneficial interest in those shares. The Underwriter (or its affiliates) may, for its own account, write derivative transactions with those investors relating to the New Shares to provide the Economic Interest, or otherwise acquire shares in BEN in connection with the writing of such derivative transactions in the Placement and/or the secondary market. As a result of such transactions, the Underwriter (or its affiliates) may be allocated, subscribe for or acquire New Shares or shares of BEN in the Placement and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in such shares. These transactions may, together with other shares in BEN acquired by the Underwriter or its affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in the Underwriter or its affiliates disclosing a substantial holding and earning fees.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include trading, financing, corporate advisory, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates have provided, and may in the future provide, financial advisory, financing services and other services to BEN and/or the BEN group and to persons and entities with relationships with BEN and/or the BEN group, for which they received or will receive customary fees and expenses. In the ordinary course of its various business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of BEN and/or the BEN group, and/or persons and entities with relationships with BEN and/or the BEN group. The Underwriter and its affiliates may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

FINANCIAL INFORMATION AND REFERENCES TO BEN

In this presentation, unless otherwise stated or the context requires otherwise, references to 'dollar amounts', '\$', 'AUD' or 'A\$' are to Australian dollars. Statutory net profit has been prepared in accordance with BEN's accounting policies, which are available in BEN's 2019 Full Year Financial Results available at https://www.bendigoadelaide.com.au/shareholders/annual_reports.asp. Certain financial information in this presentation is presented on a cash earnings basis. Cash earnings is a non-IFRS measure.

Investors should note that certain financial measures included in this presentation are "non-IFRS financial measures" under ASIC Regulatory Guide 230: "Disclosing non-IFRS financial information" published by ASIC and/or "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934. These measures may include "cash earnings", "cash earnings per share" and "cash return on equity". The disclosure of non-IFRS and/or non-GAAP financial measures in the manner included in the presentation may not be permissible in a registration statement under the U.S. Securities Act. Non IFRS/non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards or International Financial Reporting Standards ("**IFRS**") and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards or IFRS. Although BEN believes that non-IFRS/non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS/non-GAAP financial measures included in the presentation.

In this presentation references to "BEN", "BEN Group", "the Group", "we", "us" and "our" are to Bendigo and Adelaide Bank Limited and its controlled subsidiaries.

1H20 financial result

	1H20	1H20 v 2H19	1H20 v 1H19
Statutory net profit (\$m)	145.8	(16.0%)	(28.2%)
Cash earnings (\$m)	215.4	10.0%	(2.0%)
Total income (\$m)	814.7	2.3%	1.4%
Cost to income (%)	59.3	(2.8%)	3.5%
Return on tangible equity (cash, %)	10.96	+81bps	(36bps)
CET1 (%) ¹	9.00	+8bps	+24bps
Net interest margin (%)	2.37	-	+2bps
Cash earnings per share (cash, ¢)	43.7	9.3%	(3.1%)
Dividend per share (¢)	31.0c	(4.0c)	(4.0c)

Includes software
Impairment of **\$87.1m²**

Advanced Accreditation
\$57.8m
New Payments Platform
\$11.1m
Other
\$18.2m

& accelerated
amortisation of **\$19.0m²**

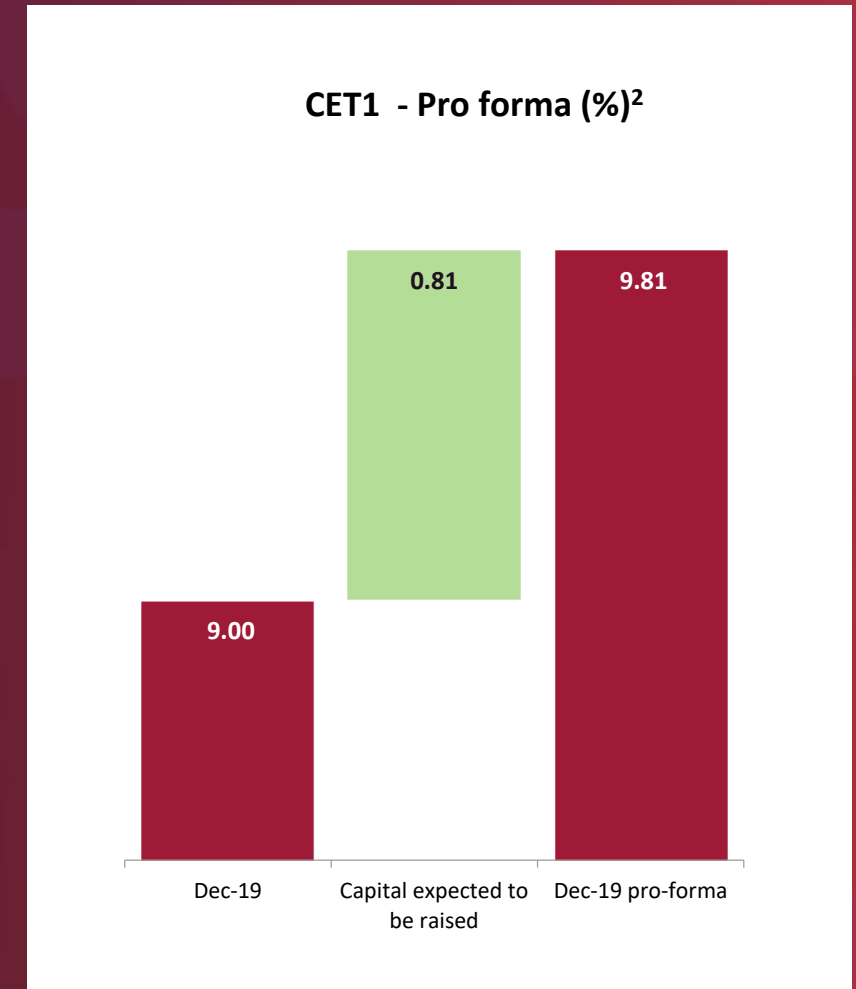
Capitalisation threshold
increased from
\$0.5m to \$2.0m

¹ As at 31 Dec

² Pre-tax

Strength in balance sheet for continued growth

- CET1 ratio increased 8bps over 1H20 to 9.00%
- Expected to raise \$300m capital¹ via an underwritten institutional placement and non-underwritten share purchase plan (SPP)
- Maintain strength in balance sheet to:
 - Support continued growth in residential mortgages
 - Provide an increased buffer above APRA's "unquestionably strong" CET1 capital ratio requirements which gives additional capacity to respond to industry wide APRA capital changes
 - Provide flexibility to continue to invest in technology and regulatory related change initiatives



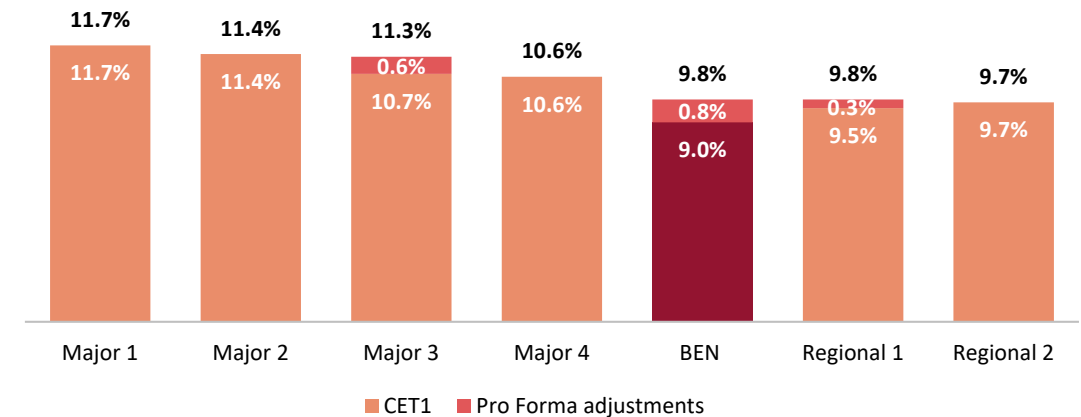
¹ Assumes \$50m to be raised under the SPP – the actual amount raised could be more or less

² Based on RWA as at 31-Dec-2019

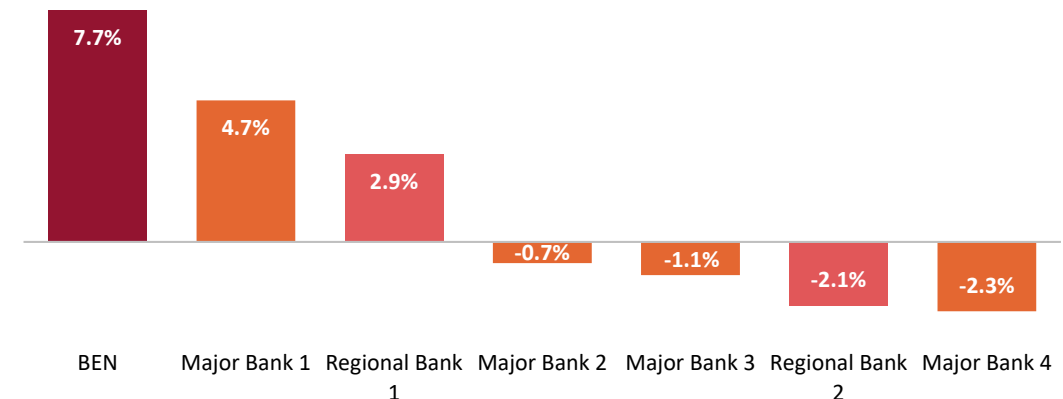
Capital

- Balance Sheet Strength
 - 8bps increase in CET1 over 1H20 to 9.0% at December 2019 during a period of strong growth which reflects the stability in the balance sheet
 - Target CET1 range of 9.0% – 9.5% and will review the range after APRA finalises its review of the capital adequacy framework
- Supporting residential mortgage growth above system is a key priority
- Continued investment across the business in partnerships, simplification, automation technology, risk and compliance
- Dividend Policy maintained
 - Target dividend payout ratio maintained at 60% – 80% of cash earnings, with cash dividend reset to a more sustainable level for the current environment

CET1 peer comparison¹



Residential housing lending growth²



¹ CET1 is based on the most recent CET1 disclosures adjusted for equity raisings

² Source: APRA Monthly Banking Statistics December 2019. Data is an annualised growth rate based on a 6 month period (30/06/19 – 31/12/19)

Focusing our investment

Driving simplification of processes and building new capability and capacity for growth



New and enhanced third party partnerships



Processing capacity to support strong growth



Distribution capability to provide greater flexibility for our customers



Continued modernisation of branch network – concept branches and network tiering



Further development of our digital offerings and capabilities



Simplifying our processes



Building open banking platform



Continued uplift in risk capabilities

Accelerating investment in five key areas

To support growth, increase operation leverage and maintain a leading customer experience



Customer experience

Designing and delivering customer centric experiences
Leveraging AI and machine learning capability to enhance customer experience



Digital

Rationalising and hollowing out core banking systems
Leveraging data capabilities to focus on needs of target customer segments
Digitising key processes for joining the bank



Simplification

Simplifying and reducing business processes to improve efficiency and experience
Reducing number of supporting technology applications to improve efficiency
Simplifying our business model to focus on core strengths



Automation

Leveraging cloud technologies to increase speed to market
Leveraging AI and machine learning capability to drive automation
Investing in capability required to create a responsive and adaptive organisation



Regulatory change

Continuing to enhance data capabilities to mitigate risk
Delivering on requirements for Open Banking and Comprehensive Credit Reporting

Financial considerations for 2H20

Strong growth with NIM and expense headwinds

- Mortgage lending growth rates expected to exceed system growth
- Business lending growth to revert towards system growth through 2H20
- Agri lending growth to be underpinned by seasonal drawdowns for crop planting in Q4, and continued growth in core markets
- Impact of drought and bushfires expected to increase BDD, but within 11bps long term average
- CTI ratio expected to increase marginally in 2H20 with key drivers:
 - NIM expected to decline from 1H20 margin of 2.37%
 - Operating expenses, including accelerated investment in technology, to increase 2-3% from 1H20

Summary

Delivering sustainable growth, a seamless customer experience and reduced cost base

- Strong residential mortgage lending
- Accelerated investment across the business in revenue opportunities, partnerships, simplification, automation technology, risk and compliance
- Net operating expense impact from accelerated investment spend expected to peak at \$80m in year three and then decline materially as acceleration phase of investment spend tapers off and as cost efficiencies increase
- CTI expected to increase moderately in the short term, then return to 1H20 ratio in year three, before declining towards our target of 50% thereafter
- CTI outcome will be driven by revenue growth, cost efficiencies, completion of accelerated phase of investment spend and operating environment
- Strong balance sheet position will enable investment to support key growth areas and flexibility to drive technology and regulatory change initiatives



Offer Details

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Offer Structure

- » Fully underwritten \$250 million institutional share placement ("**Placement**"), and a non-underwritten share purchase plan ("**SPP**") under which BEN is targeting to raise approximately \$50 million¹ (together, the "**Offer**")

Use of Proceeds

- » The proceeds of the capital raising will be used to support the growth BEN is experiencing in its residential mortgage business, further strengthen BEN's balance sheet and provide an increased buffer above APRA's "unquestionably strong" CET1 capital ratio requirements which gives additional capacity to respond to industry wide APRA capital changes
- » The capital raised will also provide flexibility for BEN to invest in technology and regulatory related change initiatives

Placement Size

- » \$250 million fully underwritten Placement
- » Will result in approximately 26.8 million New Shares being issued, representing approximately 5.4% of BEN's existing issued capital²

Placement Price

- The Placement will be undertaken at a fixed price of \$9.34 per New Share ("**Placement Price**"), representing a:
- » 9% discount to the adjusted³ last close price on ASX of \$10.26 on 14 February 2020

New Shares Ranking and Dividend

- » New Shares issued under the Placement will rank equally with existing BEN shares from their date of issue except that they will not be entitled to receive the interim dividend
- » New shares under the Placement will trade under a separate ASX code ("BENN") up to and including 5 March 2020 being the date prior to the ex-dividend date for the 2020 interim dividend. New shares will trade on the ASX under the code "BEN" from 6 March 2020

¹ BEN may scale back applications above that target or issue a higher amount above that target, at its absolute discretion.

² The Placement does not require shareholder approval.

³ Adjusted to take into account that the new shares will not receive the 2020 interim dividend of 31 cents per share.

Share Purchase Plan Details

SPP Overview

- » BEN will also offer Eligible Shareholders¹ the opportunity to participate in a non-underwritten SPP
- » BEN is targeting to raise approximately \$50 million under the SPP, with the ability to scale back applications should it receive demand above that target or issue a higher amount above that target, at its absolute discretion (and, if a higher amount is issued, either accept applications in full or scale back applications at its absolute discretion)
- » Maximum application size of \$15,000 per Eligible Shareholder across all of their holdings

SPP Pricing

- » The issue price per SPP Share will be the lesser of:
 - » the Placement Price; and
 - » the price that is a 2% discount to the volume weighted average price of the Shares traded on the ASX for the 5 trading days ending on (and including) the closing date of the SPP offer, expected to be 13 March 2020, rounded to the nearest cent

SPP Shares Ranking and Dividend

- » SPP Shares will rank equally with existing BEN shares from their date of issue
- » The SPP Shares will not be entitled to receive the interim dividend, as the SPP Shares will be issued after the record date for the interim dividend

SPP Further Information

- » No brokerage or transaction costs are payable by Eligible Shareholders in relation to the application for, and the issue of, SPP Shares
- » An SPP booklet with further details on the SPP is expected to be sent to Eligible Shareholders, in accordance with their communications election, on or around 24 February 2020

¹ An eligible shareholder is a registered holder of BEN shares on the Record Date (being 7.00pm (Melbourne time) on 14 February 2020) and shown on the Register to have an address in Australia or New Zealand ("Eligible Shareholders"), provided such shareholder is not in the United States and is not acting for the account or benefit of a person in the United States.

Key Offer Dates¹

Event	Date
Record Date for the SPP	7.00pm (Melbourne time), 14 February 2020
Trading Halt, Announcement of 1H20 Results and the Placement and SPP	17 February 2020
Placement Bookbuild	17 February 2020
Placement Completion Announcement	18 February 2020
Trading Halt Lifted	18 February 2020
Settlement of New Shares to be Issued Under the Placement	20 February 2020
Issue Date for New Shares Under the Placement and commencement of trading under ASX code BENN ²	21 February 2020
SPP Offer Opening Date and Dispatch of SPP Booklet	24 February 2020
SPP Offer Closing Date	5.00pm (Melbourne time), 13 March 2020
Issue Date for SPP Shares	23 March 2020
Holding Statements for SPP Shares Dispatched to Shareholders and Commencement of Trading on ASX	24 March 2020

¹The above timetable is indicative only and subject to change. The commencement of trading and quotation of New Shares issued under the Placement and of SPP Shares is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules, BEN reserves the right to amend this timetable at any time, including extending the period for the SPP or accepting late applications, either generally or in particular cases, without notice.

²New shares issued under the placement will trade under a separate code ("BENN") up to and including 5 March 2020 being the date prior to the ex dividend date for the 2020 interim dividend. New shares will then trade on the ASX under the code "BEN" from 6 March 2020.

Risks

1. KEY RISKS ASSOCIATED WITH PARTICIPATING IN THE OFFER

1.1 Risks associated with the Placement

Underwriting risk

BEN has entered into an agreement with the Underwriter ("**Underwriting Agreement**"), under which the Underwriter will subscribe for all New Shares offered if they are not bought by investors. If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the Underwriting Agreement. The events which may trigger termination of the Underwriting Agreement include (but are not limited to) where:

- i. the credit rating assigned to BEN by Standard & Poor's or Moody's is downgraded or withdrawn or that credit rating is placed on credit watch negative;
- ii. ASIC, APRA or AUSTRAC holds or gives notice of an intention to hold, a hearing, inquiry or investigation in relation to the Placement (or any part of it) or commences or gives notice of an intention to commence proceedings against BEN or any of its directors, officers, employees or agents;
- iii. BEN ceases to be admitted to the official list of ASX or ordinary shares are suspended from trading or quotation;
- iv. BEN withdraws the Placement;
- v. there are certain delays in the timetable for the Placement without the Underwriter's consent;
- vi. any of the information documents (including any ASX announcements) or any aspect of the Placement or SPP does not comply with the Corporations Act, the ASX Listing Rules or any other applicable law or regulation (including where a statement contained therein is misleading or deceptive);
- vii. BEN is prevented from performing any of its obligations under the Underwriting Agreement or prevented from issuing New Shares as a result of any action taken by any governmental authority;
- viii. any licence, permit, authorisation or consent which is material or necessary to conduct the business of BEN or any member of the BEN Group is repealed, revoked, terminated or expires in a manner unacceptable to the Underwriter;
- ix. BEN alters its issued capital or constitution without the Underwriter's written consent;
- x. the Underwriter is prevented from performing its obligations under the Underwriting Agreement or its obligations to market, promote or settle the Placement in accordance with the Underwriting Agreement, by applicable law;

Risks

- xi. BEN contravenes its constitution, the Corporations Act, the ASX Listing Rules, any legally binding requirement of ASIC, APRA, ASX, AUSTRAC or any other applicable law or regulation;
- xii. certain events or disruptions, such as hostilities, and acts of terrorism, occur in certain jurisdictions;
- xiii. there is any adverse change or disruption of the financial conditions in certain jurisdictions;
- xiv. there is introduced, or a public announcement of a proposal to introduce, a new law or policy by any government authority which does or is likely to prohibit or adversely affect the Placement, the SPP, capital issues or stock markets;
- xv. BEN's directors commit certain offences; or
- xvi. there is an adverse change in the assets, liabilities, financial position, profits, losses or prospects of BEN or the BEN Group.

The ability of the Underwriter to terminate the Underwriting Agreement in respect of some events will depend on whether the event has or is likely to have a materially adverse effect on the outcome of the Placement, settlement of the Placement, or whether the event leads or is likely to lead to the Underwriter being involved in a contravention of, or incurring a liability under, the Corporations Act or any other applicable law.

If the Underwriting Agreement is terminated for any reason, then BEN may not receive the full amount of the Placement, its financial position may change, and it may need to take other steps to raise capital.

1.2 Risks associated with ordinary shares specifically

Market price of ordinary shares will fluctuate

Ordinary shares trade on ASX. The market price of ordinary shares on ASX may fluctuate due to various factors, including:

- i. Australian and international general economic conditions (including inflation rates, the level of economic activity, interest rates and currency exchange rates), changes in government policy, changes in regulatory policy, the expressed views of regulators, investor sentiment and general market movements, which may or may not have an impact on BEN's actual operating performance;
- ii. operating results that vary from expectations of securities analysts and investors;
- iii. changes in expectations as to BEN's future financial performance, including financial estimates by securities analysts and investors;

Risks

- iv. changes in market valuations of other financial services institutions;
- v. changes in dividends paid to shareholders, BEN's dividend payout policy or BEN's ability to frank dividends;
- vi. announcement of acquisitions, strategic partnerships, joint ventures or capital commitments by BEN or its competitors;
- vii. changes in the market price of ordinary shares and / or other capital securities or other equity securities issued by BEN or by other issuers, or changes in the supply of equity securities or capital securities issued by BEN or by other issuers;
- viii. changes in laws, regulations and regulatory policy;
- ix. BEN's failure to comply with law, regulations or regulatory policy, which may result in regulatory investigations, inquiries, litigation, fines, penalties, infringement notices, revocation, suspension or variation of conditions of relevant regulatory licences or other enforcement or administrative action or agreements (such as enforceable undertakings);
- x. other major Australian and international events such as hostilities and tensions, and acts of terrorism; and
- xi. other events set out in Section 2 "Key risks and uncertainties associated with BEN and BEN's business".

It is possible that the price of ordinary shares will trade at a market price below the Placement Price as a result of these and other factors.

Liquidity risk

Shareholders who wish to sell their ordinary shares may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for ordinary shares. As New Shares issued under the Placement will not be entitled to the 2020 interim dividend, New Shares under the Placement will trade under a separate ASX code ("BENN") up to and including 5 March 2020, being the day prior to the ex-dividend date for the 2020 interim dividend. New Shares will then trade under the ASX code ("BEN") from 6 March 2020. As such, between the issue date of the New Shares under the Placement until the ex-dividend date for the 2020 interim dividend, there may be insufficient liquidity for those New Shares trading under the temporary ASX code ("BENN").

BEN does not guarantee the market price or liquidity of ordinary shares and there is a risk that you may lose some of the money you invested.

Dividends may fluctuate or may not be paid

Dividends are discretionary and do not accrue. The rate of dividends may fluctuate or BEN may not pay dividends at all. There is a risk that dividends may become less attractive compared to returns on comparable securities or investments.

Risks

None of BEN, BEN's directors or any other person guarantees any particular rate of return on ordinary shares.

Restrictions on the amount of earnings that can be distributed through dividends, Additional Tier 1 Capital distributions and discretionary staff bonuses apply if BEN's Common Equity Tier 1 Capital ratio falls below the prudential capital requirements set by APRA (which may be above the minimum capital ratios in APRA's prudential standards) plus the capital buffer ("**Distribution Restriction Trigger**"). The Distribution Restriction Trigger is currently 7% for standardised banks, but it may be higher for individual Authorised Deposit-taking Institutions ("**ADI**") (including BEN).

Taxation

Any change to the current rate of company income tax in jurisdictions where BEN operates may impact on shareholder returns. Any changes to the current rates of income tax applying to shareholders, whether they are individuals, trusts or companies may similarly impact on shareholder returns.

Shareholders are subordinated and unsecured investors

In a winding up of BEN, shareholders' claims will rank after the claims of creditors preferred by law, secured creditors and general creditors.

Shareholders' claims will rank equally with claims of holders of all other ordinary shares.

If BEN were to be wound up and, after the claims of creditors preferred by law, secured creditors, general creditors and holders of subordinated instruments (including holders of hybrid securities) are satisfied, there are insufficient assets remaining, you may lose some or all of the money you invested in ordinary shares.

Investments in ordinary shares are not deposit liabilities or protected accounts under the Banking Act

Investments in ordinary shares are an investment in BEN and will be affected by the ongoing performance, financial position and solvency of BEN. They are not deposit liabilities or protected accounts under the Banking Act. Therefore, ordinary shares are not guaranteed or insured by any Australian Government, government agency or compensation scheme of Australia or any other jurisdiction.

¹APRA does not allow the prudential capital requirements for individual ADIs to be disclosed.

Risks

Foreign Account Tax Compliance Act ("FATCA") withholding and reporting

In order to comply with FATCA, BEN (or, if BEN shares are held through another financial institution, such other financial institution) may be required (pursuant to an agreement with the United States or under applicable law including pursuant to the terms of an applicable intergovernmental agreement entered into between the United States and any other jurisdiction) (i) to request certain information from holders or beneficial owners of BEN shares, which information may be provided to the US Internal Revenue Service ("**IRS**"), and (ii) to withhold tax on any portion of payments with respect to BEN shares treated as a 'foreign passthru payment' made two years after the date on which the final regulation that defines 'foreign passthru payment' is published, if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the United States (and are not otherwise required to comply with the FATCA regime under applicable law including pursuant to the terms of an applicable intergovernmental agreement entered into between the United States and any other jurisdiction).

If BEN or any other person is required to withhold amounts under or in connection with FATCA from any payments made with respect to BEN shares, holders and beneficial owners of BEN shares will not be entitled to receive any gross up or additional amounts to compensate them for such withholdings. FATCA is complex and its application to BEN shares remains uncertain. Shareholders are advised to consult their own tax advisers about the application of FATCA to BEN shares. This information is based on guidance issued by the IRS or other relevant tax authority as at the date of this document. Future guidance may affect the application of FATCA to BEN, shareholders or beneficial owners of BEN shares.

Powers of a Banking Act statutory manager

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

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

Risks

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

Future issues of debt or other securities by BEN

BEN and members of the BEN Group may, at their absolute discretion, issue additional securities in the future that may rank ahead of, equally with or behind ordinary shares, whether or not secured. Additionally, certain convertible securities currently on issue or which may be issued by BEN and members of the BEN Group in the future may be converted from debt to equity securities. Any issue or conversion of other securities may dilute the relative value of existing ordinary shares and affect your ability to recover any value in a winding up.

There are no restrictions on BEN raising more debt or issuing other securities (subject to restrictions imposed under the ASX Listing Rules), requiring BEN to refrain from certain business changes, or requiring BEN to operate within certain ratio limits.

An investment in ordinary shares carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by any member of the BEN Group, other than future pro rata issues if the shareholder is eligible to participate in the pro rata issue under relevant laws.

No prediction can be made as to the effect, if any, such future issues of debt or other issues of securities by an entity in the BEN Group may have on the market price or liquidity of ordinary shares.

Other external events

Acts of terrorism, an outbreak of international hostilities, labour strikes, civil wars or fires, floods, earthquakes, cyclones and other natural disasters (including where the frequency and severity of such events increase as a result of the effects of climate change) may cause an adverse change in investor sentiment with respect to BEN specifically or the share market more generally, which could have a negative impact on the value of an investment in ordinary shares.

Risks

2. KEY RISKS AND UNCERTAINTIES ASSOCIATED WITH BEN AND BEN'S BUSINESS

BEN's business is subject to risks that can adversely impact BEN's financial performance, financial condition and future performance. If any of the following risks occur, BEN's business, prospects, reputation, financial performance or financial condition could be materially adversely affected, with the result that the trading price of BEN securities could decline and BEN security holders could lose all, or part, of their investment. Potential investors should carefully consider the risks described and the other information in this presentation before investing in BEN securities. The risks and uncertainties described below are not the only ones BEN faces. Additional risks and uncertainties that BEN is unaware of, or that BEN currently deems to be immaterial, may also become important factors that affect the BEN Group.

Business and strategic risks

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

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

Dependence on the Australian economy and global financial markets

BEN's revenues and earnings are dependent on economic activity and the level of financial services its customers require. In particular, lending is dependent on customer and investor confidence, the state of the economy, the residential lending market and prevailing market interest rates in Australia. These factors are, in turn, impacted by both domestic and international economic and political events, natural disasters and the general state of the global economy. A future downturn in the Australian economy could adversely impact BEN's results of operations, liquidity, capital resources and financial condition.

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

Natural disasters such as (but not restricted to) cyclones, floods, bushfires, drought, earthquakes, and pandemic disease outbreaks and the economic and financial market implications of such disasters on domestic and global conditions can adversely affect BEN's business, operations and financial condition.

A significant reduction in Australian asset valuations could negatively impact BEN's home lending activities and reduce BEN's security in the event of defaults causing an increase in credit losses and a potential reduction in demand for loans if borrower confidence is impacted.

Risks

BEN is exposed to credit risk, which may adversely affect its business, operations and financial condition

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

BEN is predominantly exposed to credit risk as a result of its lending activities as well as counterparty exposures arising from the funding activities of Group Treasury and the use of derivative contracts. As with any financial services organisation, BEN assumes counterparty risk in connection with its lending, trading, derivatives and other activities where it relies on the ability of a third party to satisfy its financial obligations to BEN on a timely basis. BEN is also subject to the risk that its rights against third parties may not be enforceable in certain circumstances.

Credit losses can and have resulted in financial services organisations realising significant losses and in some cases failing altogether. Should material unexpected credit losses occur to BEN's credit exposures, it could have an adverse effect on BEN's business, operations and financial condition.

Competition may adversely affect BEN's business, operations and financial condition

The financial services industry is highly competitive. The markets in which BEN operates are highly competitive and could become even more so as digital disruption evolves (including the arrival and growth of neobanks), particularly in those segments that are considered to provide higher growth prospects or are in greatest demand (for example, customer deposits). Competitors may not be subject to the same capital and / or regulatory requirements and therefore may be able to operate more efficiently.

If BEN is unable to compete effectively in its various businesses and markets, its market share may decline. Increased competition may also adversely affect BEN by diverting business to its competitors or creating pressure to lower margins. This could adversely affect BEN's business, prospects, financial performance and financial condition.

Increased competition for deposits could also increase BEN's cost of funding and lead BEN to access other types of funding. BEN relies on retail deposits to fund a significant portion of its balance sheet and deposits have been a relatively stable source of funding. BEN competes with banks and other financial services firms for such deposits. To the extent that it is not able to successfully compete for deposits, BEN would be forced to rely more heavily on more expensive or less stable forms of funding, or reduce its lending activities.

Changes in monetary policies may adversely affect BEN's business, operations and financial condition

The Reserve Bank of Australia ("RBA") sets official interest rates so as to affect the demand for money and credit in Australia. The cash rate influences other interest rates in the economy which then affects the level of economic activity. Movements in the cash rate impact BEN's cost of funds for lending and investing and the return earned on these loans and investments which can impact BEN's net interest margin.

Changes in monetary policy can also affect the behaviour of borrowers and depositors, such as potentially increasing the risk that borrowers may fail to repay their loans, or repay their loans in advance, and in the case of depositors, potentially increasing the risk that they may seek returns in other asset classes.

Risks

Sovereign risk may destabilise financial markets adversely

Sovereign risk is the risk that governments will default on their debt obligations, will be unable to refinance their debts as they fall due or will nationalise parts of their economy including assets of financial institutions such as BEN. Sovereign defaults could negatively impact the value of BEN's holdings of high quality liquid assets. There may also be a cascading effect to other markets and countries, the consequences of which, while difficult to predict, may be similar to or worse than those experienced during the Global Financial Crisis. Such an event could destabilise global financial markets, adversely affecting BEN's liquidity, financial performance or financial condition.

A systemic shock in relation to the Australian or other financial systems could have adverse consequences for BEN or its customers or counterparties that would be difficult to predict and respond to

There is a risk that a major systemic shock could occur that causes an adverse impact on the Australian or other financial systems.

During the past decade the financial services industry and capital markets have been, and may continue to be, adversely affected by market volatility, global economic conditions, geopolitical instability (such as threats of or actual conflict occurring around the world) and political developments. In particular, there are significant and ongoing global political developments that have the potential to impact major global economies, including Brexit and the introduction of tariffs and other protectionist measures by various countries, such as the US and China. A shock to one of the major global economies could again result in currency and interest rate fluctuations and operational disruptions that negatively impact the BEN Group.

Any such market and economic disruptions could adversely affect financial institutions such as BEN because consumer and business spending may decrease, unemployment may rise and demand for the products and services BEN provides may decline, thereby reducing BEN's earnings. These conditions may also affect the ability of BEN's borrowers to repay their loans or BEN's counterparties to meet their obligations, causing BEN to incur higher credit losses and affect investors' willingness to invest in BEN. These events could also result in the undermining of confidence in the financial system, reducing liquidity, impairing BEN's access to funding and impairing BEN's customers and counterparties and their businesses. If this were to occur, BEN's business, prospects, financial performance or financial condition could be adversely affected.

The nature and consequences of any such event are difficult to predict and there can be no certainty that BEN could respond effectively to any such event.

BEN is exposed to liquidity and funding risk, which may adversely affect its business, operations and financial condition

Liquidity risk is defined as the risk that BEN is unable to meet its payment obligations as they fall due. The principal objectives are to ensure that all cash flow commitments are met in a timely manner and prudential requirements are satisfied. Liquidity risk is inherent in all banking operations due to the timing mismatch between cash inflows and cash outflows.

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

As at January 2015, BEN commenced measurement and reporting of liquidity under the revised APRA Prudential Standard APS 210, using the scenario based Liquidity Coverage Ratio ("LCR"). This regime requires BEN to maintain a ratio of High Quality Liquid Assets ("HQLA") to cover defined projected cash outflows over a 30 day period.

BEN continues to manage its liquidity holdings in line with the Board approved funding strategy and funding plan, ensuring adequate levels of HQLA, other liquid assets and diversified sources of funding. In meeting its liquidity requirement, BEN makes use of the RBA provided Committed Liquidity Facility.

Risks

BEN also maintains a significant amount of contingent liquidity in the form of self securitisations whereby the collateral can be presented to the RBA for cash in extraordinary circumstances such as systemic liquidity issues. Liquidity risk is managed in line with a Board approved framework, which incorporates limits, monitoring and escalation processes to ensure sufficient liquidity is maintained.

In times of systemic liquidity stress, in the event of damage to market confidence in BEN or in the event that funding outside of Australia is not available or constrained, BEN's ability to access sources of funding and liquidity may be constrained and it will be exposed to liquidity risk.

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

BEN's credit ratings have a significant impact on both its access to, and cost of, capital and wholesale funding. Credit ratings are not a recommendation by the relevant rating agency to invest in securities offered by BEN. Credit ratings may be withdrawn, made subject to qualifiers, revised, or suspended by the relevant credit rating agency at any time and the methodologies by which they are determined may be revised.

The credit ratings assigned to BEN are based on an evaluation of a range of factors, including BEN's financial strength and structural considerations regarding the Australian financial system and economy. A downgrade or potential downgrade to BEN's credit rating may reduce access to capital and wholesale debt markets, potentially leading to an increase in funding costs, as well as affecting the willingness of counterparties to transact with it. In addition, the ratings of individual securities (including, but not limited to, Tier 1 Capital and Tier 2 Capital securities) issued by BEN (and banks globally) could be impacted from time to time by changes in the ratings methodologies used by rating agencies. Ratings agencies may revise their methodologies in response to legal or regulatory changes or other market developments. These revisions could occur at any time before or after the New Shares have been issued.

BEN may experience challenges in managing its capital base, which could give rise to greater volatility in capital ratios

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

Under current regulatory requirements, as a counterparty's risk grade worsens, BEN's risk-weighted assets and loan provisions increase. Additional regulatory capital requirements arising as a consequence of increased loan provisioning may be exacerbated during times of financial stress, particularly if there are lower profit levels. As a result, greater volatility in capital ratios may arise and may require BEN to raise additional capital. There can be no certainty that any additional capital required would be available or could be raised on reasonable terms.

BEN's capital ratios may be impacted by a number of factors including lower profitability, higher asset growth and changes in business strategy (including acquisitions or an increase in capital intensive businesses).

APRA's revised Prudential Standards implementing Basel III are now in effect and seek to strengthen, among other things, the liquidity and capital requirements of banks and other financial institutions although there can be no assurance that these revised regulations will have their intended effect. On 19 July 2017, APRA published an information paper announcing its assessment on the additional capital required for the Australian banking sector to have capital ratios that are 'unquestionably strong' ("**UQS**"). Please see below for more details on APRA's approach in relation to calibrating prudential limits across the industry and potential impacts on BEN.

BEN seeks to maintain a conservative and prudent capital base that adequately supports the risks being taken through the normal operation of the business. This includes providing for effective and efficient capital buffers to protect depositors and investors, and allowing the business to grow. The capital management strategy also plans and manages for changes in business conditions, through normal business cycles, regulatory and legislative change and through mergers and acquisitions. The capital management strategy is designed to ensure that minimum capital standards are met, and that management is afforded the greatest flexibility in pursuing its business objectives. However BEN may sometimes experience challenges in managing its capital base, which could give rise to greater volatility in capital ratios.

Risks

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

Residential, commercial and rural property lending, together with property finance, including real estate development and investment property finance, constitute important businesses to BEN.

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

BEN is exposed to market risk, which may adversely affect its business, operations and financial condition

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

BEN is exposed to operational risk, which may adversely affect its business, operations and financial condition

As a financial services organisation, BEN is exposed to a variety of operational risks, including those resulting from inadequate or failed internal processes, activities and systems or from external events. Operational risk can directly impact the BEN Group's reputation and result in financial losses which could adversely affect BEN's financial performance and / or financial condition.

BEN could suffer losses due to failures in risk management strategies

BEN has implemented risk management strategies and internal controls involving processes and procedures intended to identify, monitor and mitigate the risks to which it is subject, including liquidity risk, credit risk, market risk (including interest rate and foreign exchange risk), operational risk and compliance risk.

However, there are inherent limitations with any risk management framework as there may exist, or develop in the future, risks that BEN has not anticipated or identified or controls that may not operate effectively. If any of BEN's risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, BEN could suffer unexpected losses and reputational damage which could adversely affect BEN's businesses, prospects financial performance, capital resources and financial condition.

BEN could suffer losses due to environmental factors

BEN and its customers operate businesses and hold assets in a diverse range of geographical locations. Any significant environmental change or external event (including fire, storm, drought, flood, earthquake or pandemic) in any of these locations has the potential to disrupt business activities, impact on BEN's operations, damage property and otherwise affect the value of assets held in the affected locations and BEN's ability to recover amounts owing to it. For example, through BEN's agribusiness division, BEN has a large exposure to the domestic rural sector. The performance of this sector is impacted by national weather patterns which in turn may impact BEN's overall earnings performance. In addition, a significant environmental change or external event could have an adverse impact on economic activity, consumer and investor confidence, or the levels of volatility in financial markets, which could adversely affect BEN's businesses, financial performance, capital resources and financial condition.

Risks

BEN could suffer losses due to security breaches or technology failures

The reliability and security of BEN's information and technology infrastructure is crucial in maintaining banking applications and processes. There is a risk that BEN's information and technology systems might fail to operate properly or become disabled as a result of events that are wholly or partially beyond BEN's control.

The proliferation of new technologies, the increasing use of the internet and telecommunications to conduct financial transactions and the growing sophistication and activities of organised crime have resulted in increased information security risks for major financial institutions such as BEN. BEN has systems in place to detect and respond to cyber attacks. Although BEN maintains cyber insurance coverage, there can be no assurance that BEN will not suffer losses from cyber attacks or other information security breaches in the future or that its insurance will be sufficient to compensate any losses that may result from such attacks or breaches.

BEN's operations rely on the secure processing, storage and transmission of information on its computer systems and networks, and the systems and networks of external suppliers. Although BEN implements significant measures to protect the security and confidentiality of its information, there is a risk that the computer systems, software (including mobile applications) and networks on which it relies may be subject to security breaches, unauthorised access, malicious software, external attacks or internal breaches that could have an adverse impact on BEN's confidential information or that of its customers and counterparts. Any such security breach could result in regulatory enforcement actions, reputational damage and reduced operational effectiveness. Such events could subsequently adversely affect BEN's business, prospects, financial performance or financial condition.

BEN's risk and exposure to such threats remains heightened because of the evolving nature of technology, BEN's prominence within the financial services industry and its plans to continue to improve and expand its internet and mobile banking infrastructure.

BEN continues to seek to strengthen and enhance its cybersecurity systems and investigate or remediate any information security vulnerabilities, investing additional resources as required to counter new and emerging threats as they continue to evolve.

BEN is exposed to reputation risk and loss of revenue in the event of failure of Community Bank franchises

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

Risks

BEN is exposed to risks associated with information security, which may adversely impact its business, operations and financial condition

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

The BEN Group employs a team of information security experts who are responsible for the development and implementation of the BEN Group's information security policies. The BEN Group is conscious that threats to information security are continuously evolving and as such conducts regular internal and external reviews to ensure new threats are identified, evolving risks are mitigated, policies and procedures are updated and good practice is maintained.

However, there is a risk that information may be inadvertently or inappropriately accessed or distributed or illegally accessed or stolen. Any unauthorised use of confidential information could potentially result in breaches of privacy laws, regulatory sanctions, legal action and claims of compensation or erosion to the BEN Group's competitive market position, which could adversely affect its financial position and reputation.

BEN is exposed to reputation risk, which may adversely impact its business, operations and financial condition

Reputation risk may arise as a result of an external event or BEN's own actions, and adversely affect perceptions about BEN held by the public (including BEN's customers), shareholders, investors, regulators or rating agencies.

In particular, BEN may suffer reputational damage where its conduct, practices, behaviours or business activities do not align with the evolving standards and expectations of the community, regulators and other key stakeholders or result in negative outcomes for customers or a class of customers. The BEN Group's reputation may also be damaged where there are adverse findings from regulatory reviews, environmental, social and ethical issues, failure of information security systems, technology failures, security breaches and inadequate record keeping.

The impact of a risk event on BEN's reputation may exceed any direct cost of the risk event itself and may adversely impact BEN's earnings, capital adequacy or value. Accordingly, damage to BEN's reputation may have wide-ranging impacts, including adverse effects on BEN's profitability, capacity and cost of funding, its ability to attract and retain customers and availability of new business opportunities.

Changes to accounting policies may adversely affect BEN's business, operations and financial condition

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

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

BEN businesses are highly regulated and it could be adversely affected by failing to comply with existing laws, regulations or regulatory policy

As a financial institution, BEN is subject to laws, regulations, policies and codes of practice in countries in which it has operations, trades or raises funds or in respect of which it has some other connection. In particular, BEN's banking and funds management activities are subject to extensive regulation, mainly relating to its operational practices, liquidity levels, capital, solvency, provisioning and licensing conditions.

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

Risks

The BEN Group is currently operating in an environment where there is increased scrutiny of the financial services sector and specifically, increased scrutiny of financial services providers by regulators. The Australian government and its agencies, including APRA, the RBA and other financial industry regulating bodies including ASIC, have supervisory oversight of BEN. To the extent that BEN has operations, trades or raises funds in, or has some other connection with, countries other than Australia, then such activities may be subject to the laws of, and regulation by agencies in, those countries. In this environment, the BEN Group faces increasing supervision and regulation in the jurisdictions in which it operates or obtains funding. This environment has also served to increase the pace and scope of regulatory change.

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

The current political and regulatory environment that the BEN Group is operating in has also seen (and may in the future see) BEN's regulators receive new powers. Recently, legislation was passed by the Australian Parliament that provided ASIC with a product intervention power, which enables ASIC to make orders that prevent issuers of financial products from engaging in certain conduct. In addition, recent legislative changes have materially increased the penalties that can be imposed for corporate and financial sector misconduct. In particular, ASIC can commence civil penalty proceedings and seek significant civil penalties against an Australian Financial Services licensee (such as BEN) for failing to do all things necessary to ensure that financial services provided under the licence are provided efficiently, honestly and fairly. The BEN Group may also face significant penalties for failing to comply with other obligations, such as those provided for under the recently legislated Consumer Data Right. This trend towards increasingly severe penalties for failing to meet compliance obligations could continue in the future and be expanded into other areas of regulation that the BEN Group is subject to.

Further, APRA has publicly committed to a revised approach to enforcement as well. APRA has indicated that it will use enforcement where appropriate to prevent and address serious prudential risks and hold entities and individuals to account.

The provision of new powers to regulators, coupled with the increasingly active supervisory and enforcement approaches adopted by them, increases the prospect of adverse regulatory action being brought against the BEN Group. Further, the severity and consequences of that action are now greater, given the expansion of penalties for corporate and financial sector misconduct.

BEN businesses are highly regulated and it could be adversely affected by changes in laws, regulations or regulatory policy

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

Recently, policy makers and regulators have developed and implemented a range of regulations that affect how BEN provides products and services to its customers. New laws have been introduced that further regulate its ability to provide products and services to certain customers and that require BEN to alter its product and service offerings. BEN's ability to set prices for certain products and services may also be impacted by future regulation. The competitive landscape may also be altered by new laws affecting banks and financial services companies, or BEN's agents, authorised representatives and external service providers. The phasing in of Open Banking is one example of new laws that are likely to affect competition amongst banks and other financial services providers in Australia.

Risks

There are numerous sources of regulatory change that could affect BEN's business. In some cases, changes to regulation are driven by international bodies, such as the Basel Committee on Banking Supervision ("**BCBS**"). Regulatory change may also flow from reviews and inquiries commissioned by Governments or regulators. These reviews and commissions of inquiry may lead to substantial regulatory change or investigations.

Any such changes may adversely affect BEN's business, operations and financial condition. The changes may lead BEN to, among other things, change its business mix, incur additional costs as a result of increased management attention, raise additional amounts of higher quality capital (such as Ordinary Shares) and hold significant levels of additional liquid assets and change its funding profile.

Significant Australian and international regulatory developments that will or may impact on BEN's business, operations and financial position and performance are described below.

- *Banking Executive Accountability Regime*

The *Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Act 2018* (Cth) ("**BEAR legislation**") established accountability obligations for ADIs and their senior executives and directors. The BEAR legislation applied to BEN from 1 July 2019.

On 28 June 2019, APRA released a consultation letter outlining its proposed approach to implementing end-to-end product accountability under the BEAR. APRA's proposal aims to enhance customer experience and outcomes by addressing recommendation 1.17 of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. The consultation closed on 23 August 2019 and is currently with APRA for review.

Primary risks to the BEN Group emerging from the changes in legislation relate to the substantial penalties for breaching the BEAR legislation, and the ability to attract and retain high quality executives. The BEAR legislation currently only apply to ADIs and ADI subsidiaries (including BEN and its subsidiaries) – but may ultimately be extended to other parts of the financial services industry, impacting the BEN Group more broadly.

- *Consumer Data Right Bill and Open Banking*

From 2017 to 2018, the Government consulted on exposure draft legislation to implement the Consumer Data Right ("**CDR**"). The CDR will provide individuals and businesses with a right to efficiently and conveniently access specified data in relation to them held by business; and authorise secure access to this data by trusted and accredited third parties. The CDR will also require businesses (like BEN) to provide public access to information on specified products they have on offer.

CDR is designed to give customers more control over their information, leading to more choice in where they take their business, or more convenience in managing their money. The Government has committed to applying the CDR in the banking, energy and telecommunications sector. For the banking sector, this is referred to as "Open Banking" and will be the first sector to apply the CDR.

The CDR is intended to reduce the barriers that currently prevent customers from switching between banks. Banks will be required to provide open access to data on product terms and conditions, transaction use, and will have the ability to direct that their data be shared with other service providers (banks and non-banks).

Risks

On 9 May 2018, the Government agreed to the recommendations of the Review into Open Banking, both for the framework of the overarching CDR and for the application of the right to Open Banking. The CDR bill passed Parliament on 1 August 2019. The CDR rules for banking (or Open Banking) were published by the ACCC on 2 September 2019, providing increased detail on the rules for Open Banking and a refined approach to phasing. The first important compliance milestone for major banks was 1 February 2020, where they will need to be able to share consumer data with accredited persons on transactional accounts, with loan account data required by 1 July 2020. All remaining banks (including BEN) will be required to comply with CDR rules with a 12-month delay from when the major banks must comply.

- Australian Government's Major Bank Levy for large ADIs

The Major Bank Levy Act 2017 (Cth) and the Treasury Laws Amendment ("**Major Bank Levy**") Act 2017 (Cth) were enacted on 23 June 2017. The Acts impose a levy on ADIs with liabilities of at least A\$100 billion, with effect from 1 July 2017. The levy is set at 0.06% per annum of certain ADI liabilities and will be payable on a quarterly basis, with the first payment to be made in relation to the September 2017 quarter. There is no end date provided for the levy.

Based on BEN's balance sheet as at 31 December 2019, the BEN Group is not currently subject to the levy nor does it expect to be subject to the levy in the near term. There is some risk that Australian State or Territory Governments may introduce similar levies.

- The Royal Commission may have an adverse effect on BEN's business and prospects

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry ("**Royal Commission**") was established on 14 December 2017 and conducted through 2018 and 2019. The Commissioner, the Honourable Kenneth Madison Hayne AC QC, submitted an Interim Report to the Governor-General on 28 September 2018 which was tabled in Parliament on 28 September 2018. The final report was submitted to the Governor-General on 1 February 2019 and it tabled in Parliament on 4 February 2019.

The government and regulators have accepted the majority of the recommendations from the Royal Commission and are in the process of implementation. The Royal Commission has led to, and may continue to lead to, regulatory enforcement activity, litigation and changes in laws, regulations or regulatory policy and has resulted in, and may continue to result in, ongoing reputational damage to the banking industry, all of which has had, and may continue to have, an adverse effect on the banking industry's business and prospects, which could in turn adversely affect BEN's business, prospects, financial performance or financial condition.

The nature, timing and impact of future regulatory reforms or changes are not predictable and are beyond the BEN Group's control. Regulatory compliance and the management of regulatory change is an increasingly important part of the BEN Group's strategic planning. Regulatory change may also impact the BEN Group's operations by requiring it to have higher levels, and better quality of capital as well as place restrictions on the businesses the BEN Group operates or require the BEN Group to alter its product or service offerings. If regulatory change has any such effect, it could adversely affect one or more of the BEN Group's businesses, restrict its flexibility, require it to incur substantial costs and impact the profitability of one or more of the BEN Group's businesses. Any such costs or restrictions could adversely affect BEN's business, prospects, financial performance or financial condition.

Risks

- Australian Financial Complaints Authority

On 1 May 2018, the Australian Government announced the authorisation of Australian Financial Complaints Limited to operate the Australian Financial Complaints Authority ("**AFCA**"). AFCA will be the one-stop shop external dispute resolution ("**EDR**") body for disputes arising in the financial sector. The objective of AFCA is to provide free, fast and binding dispute resolution for consumers and small businesses and to increase transparency of dispute resolution practices by enabling ASIC to publish banks' internal dispute resolution data.

AFCA commenced accepting complaints from 1 November 2018.

- Australian Banking Association Banking Reform Program and industry initiatives

On 21 April 2016, the Australian Banking Association ("**ABA**") announced an action plan to protect consumer interests, increase transparency and accountability and improve consumer trust and confidence in the banking sector. The reform program includes a number of industry-led initiatives such as a commitment by member banks to remove variable sales incentives that are directly linked to product sales and a complete re-write of the industry's Code of Banking Practice 2013 to provide greater protections to customers.

On 17 April 2018, the independent governance expert overseeing the ABA action plan, Mr Ian McPhee, released his eighth and final report titled "Australian banking industry: Package of initiatives". The report noted that banks have made good progress in delivering the initiatives, with most initiatives now implemented.

On 31 July 2018, ASIC approved the new Banking Code of Practice and the new code was implemented in 2019. Further amendments to the Banking Code of Practice were proposed in July 2019 relating to recommendations from the Royal Commission, particularly in relation to vulnerable customer groups. These further amendments must be implemented by 1 March 2020.

- International regulation

There continues to be proposals and changes by global regulatory advisory and standard-setting bodies, such as the International Association of Insurance Supervisors, the BCBS and the Financial Stability Board, which, if adopted or followed by domestic regulators, may increase operational and capital costs or requirements (see "Basel III" below for further information).

The BEN Group's businesses may also be affected by changes to the regulatory framework in other jurisdictions, including the cost of complying with regulation that has extra-territorial application such as the Bribery Act 2010 (UK), Foreign Account Tax Compliance Act of 2010, Dodd-Frank Wall Street Reform and Consumer Protection Act 2010 (US) and other reforms.

There has also been increased regulator expectation and focus in relation to a number of other areas such as data quality and controls, governance and culture and conduct.

- Basel III

Basel III is a comprehensive set of reform measures, developed by the BCBS, to strengthen the regulation, supervision and risk management of the banking sector globally.

From 1 January 2016, APRA requires ADIs to maintain a capital conservation buffer in the form of Common Equity Tier 1 capital ("**CET1**") (of 2.5 per cent of risk weighted assets unless otherwise determined by APRA) above Basel III minimum requirements and APRA also has the discretion to apply an additional countercyclical buffer in the form of CET1 of up to 2.5 per cent of risk-weighted assets. On 17 December 2015, APRA announced that the countercyclical buffer applying from 1 January 2016 to the Australian exposures of all ADIs will be set at zero.

Risks

On 1 January 2015, APRA also implemented the Basel III Liquidity Coverage Ratio ("**LCR**"), which requires ADIs to hold high quality liquidity assets ("**HQLA**") to meet its net cash outflows under a severe stress scenario lasting 30 days.

On 1 January 2018, APRA implemented the Basel III net stable funding ratio ("**NSFR**"), which is a 12 month structural funding metric, requiring that 'available stable funding' is sufficient to cover 'required stable funding', where 'stable' funding has an actual or assumed maturity of greater than 12 months.

The APRA UQS discussion paper released on 19 July 2017 outlines APRA's key considerations for calibrating prudential limits across the industry, including the requirements for:

- Standardised banks to hold an extra 50 basis points on their Prudential Capital Requirement ("**PCR**") + Capital Conservation Buffer ("**CCB**") limits; and
- Advanced banks to hold an additional 100bps of capital more than standardised banks and those that are also domestic systemically important banks ("**DSIBs**"), a further 100bp (total of 200bps higher). The market expectation is that the major banks will target a 10.5 per cent CET1 ratio.

This announced change for UQS effectively increases BEN's CET1 minimum by 50 basis points, before applying an operating buffer. APRA expected that ADIs will have met UQS requirements by 1 January 2020. BEN is adopting a management target range for CET1 between 9.00% and 9.50% until the final impacts of APRA's risk-weighted assets ("**RWAs**") and capital calibration are understood.

Discussions held with APRA subsequent to the release of the UQS paper have indicated that for standardised ADIs, it is likely that the 50 basis point increase in requirements will be as a result of changes to risk weights under the revisions to prudential standards, rather than just being added on as an increase to PCR or the CCB. The 50 basis points presented in their paper was intended to provide a benchmark to assist in capital planning ahead of the implementation of APRA framework changes in 2022, with the actual change based on each individual ADI's exposures.

- Revisions to the Capital Framework (Basel III)

Whilst the International Standards for Basel III have been finalised, certainty around BEN's capital requirements will not be known until APRA outlines its jurisdictional approach to their implementation in Australia. A significant recalibration of RWAs was initially expected under the requirements of the APRA discussion paper "Revisions to the capital framework for authorised deposit-taking institutions" issued 14 February 2018. APRA released its "Response to Submissions – Revisions to the Capital Framework of Authorised Deposit Taking Institutions" on 12 June 2019.

APRA released a further discussion paper "Improving the transparency, comparability and flexibility of the ADI capital framework" on 14 August 2018 which focussed on the presentation of capital ratios that could mean increased capital requirements through means other than increased risk weights.

APRA has undertaken a quantitative impact study to calibrate the proposals detailed in the 12 June 2019 paper and is proposing to implement the revised capital requirements from 1 January 2022.

Additionally, APRA released a discussion paper "Increasing the loss-absorbing capacity of ADIs to support orderly resolution" on 8 November 2018. This outlined a new requirement for ADIs to maintain additional loss absorbency for resolution purposes. The requirement would be implemented by adjusting the amount of total capital that ADIs must maintain, therefore using existing capital instruments rather than introducing new forms of loss-absorbing instruments.

For other ADIs such as BEN, the need for additional loss absorbency would be considered as part of resolution planning. For most other ADIs it is likely that an orderly resolution could occur without the need for additional loss absorbency. However, for a small number, due to their complexity or the nature of their functions, additional loss absorbency may be required.

Risks

- Net Stable Funding Ratio

On 20 December 2016, APRA released the final revised Prudential Standard APS 210 Liquidity (“**APS 210**”) and Prudential Practice Guide APG 210 Liquidity (“**APG 210**”) which incorporates, among other things, the NSFR requirements for some ADIs.

APRA’s objective in implementing the NSFR in Australia for ADIs that are subject to the LCR, implemented in 2015, is to strengthen the funding and liquidity resilience of these ADIs.

The NSFR encourages ADIs to fund their activities with more stable sources of funding on an ongoing basis, and thereby promotes greater balance sheet resilience. In particular, the NSFR should lead to reduced reliance on less-stable sources of funding, such as short-term wholesale funding, that proved problematic during the global financial crisis. The new APS 210 commenced on 1 January 2018.

- APRA’s removal of investor lending benchmark and movement to better practices

On 26 April 2018, APRA announced plans to remove the investor loan growth benchmark and replace it with more permanent measures to strengthen lending standards. The 10 per cent benchmark on investor loan growth was a temporary measure, introduced in 2014 as part of a range of actions to reduce higher risk lending and improve practices. APRA noted that in recent years, ADIs have taken steps to improve the quality of lending, raise standards and increase capital resilience. APRA wrote to ADIs to advise that it was prepared to remove the investor growth benchmark, where the board of an ADI is able to provide assurance on the strength of their lending standards. In summary, for the 10 per cent benchmark to no longer apply, Boards will be expected to confirm that:

- lending has been below the investor loan growth benchmark for at least the past six months;
- lending policies meet APRA’s guidance on serviceability; and
- lending practices will be strengthened where necessary.

For ADIs that do not provide the required commitments to APRA, the investor loan growth benchmark will continue to apply.

As part of these measures, APRA stated that it also expects ADIs to develop internal portfolio limits on the proportion of new lending at very high debt-to-income levels, and policy limits on maximum debt-to-income levels for individual borrowers.

The failure to comply with financial crime obligations could have an adverse effect on BEN’s business and reputation

The BEN Group is subject to a wide range of financial crimes regulations, such as anti-money laundering and counter-terrorism financing (“AML/CTF”) laws, anti-bribery and corruption laws, and sanctions laws.

While the BEN Group has policies, systems and controls in place that are designed to manage its financial crime obligations (including its reporting obligations in respect of matters such as International Funds Transfer Instructions, Threshold Transaction Reports and Suspicious Matter Reports), these have not always been, and may not in the future always be, effective.

The BEN Group is subject to regulatory investigations, reviews and other compliance queries from regulators such as AUSTRAC from time to time, and the BEN Group has made breach reports to AUSTRAC in respect of incidents of non-compliance with AML/CTF requirements from time to time. There are a number of these matters (relating to transaction monitoring, threshold transaction reporting and sanctions screening) which have been raised with AUSTRAC – some of which have been remediated, some of which remain subject to ongoing remediation and some in respect of which no conclusion has been reached. There is also a possibility that reviews by AUSTRAC or further self-reporting by BEN could give rise to future AML/CTF issues.

Risks

To the extent that BEN is found to have failed, or in the future fails, to comply with its obligations under these laws, BEN may face regulatory enforcement action or other sanctions including litigation, fines, civil and criminal penalties, customer compensation obligations and enforceable undertakings. Remediation programs may be required, including directions from regulators for the BEN Group to enhance its control and governance framework. Non-compliance with these obligations could also lead to litigation commenced by third parties (including class action proceedings) and adverse media coverage. In addition, due to the large volume of transactions that the BEN Group processes, an undetected failure or the ineffective implementation, monitoring or remediation of a policy, system or control has the potential to result in multiple breaches of BEN's obligations under these laws which, in turn, could give rise to significant monetary penalties for the BEN Group. These actions and events could, either individually or in aggregate, adversely affect the BEN Group's business, prospects, reputation, financial performance or financial condition. For further information regarding reputation risks see the discussion below under the heading "BEN is exposed to reputation risk, which may adversely impact its business, operations and financial condition".

BEN is exposed to counterparty risk through provision of life and general insurance and through lenders mortgage insurance

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

BEN could face reputation damage (as mentioned previously) should a customer not receive payment for a claim made under their life insurance or general insurance policies purchased as a result of their relationship with BEN.

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

BEN is exposed to trustee risk, which may adversely affect BEN's business, operations and financial condition

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

Litigation and contingent liabilities may adversely affect BEN's business, operations and financial condition

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

The BEN Group may be exposed to risks relating to the provision of advice, recommendations or guidance about financial products and services, or behaviours which do not appropriately consider the interests of consumers, the integrity of the financial markets and the expectations of the community, in the course of its business activities.

In recent years there have been significant increases in the nature and scale of regulatory investigations and reviews, enforcement actions (whether by court action or otherwise) and the quantum of fines issued by regulators, particularly against financial institutions both in Australia and globally. The nature of those investigations, reviews and enforcement actions can be wide ranging and, for example, currently include a range of matters including responsible lending practices, product suitability, wealth advice and conduct in financial markets and capital markets transactions.

Regulatory investigations, fines, other penalties or regulator imposed conditions could adversely affect the BEN Group's business, reputation, prospects, financial performance or financial or capital condition.

Risks

On 3 September 2019, ASIC filed proceedings against BEN in the Federal Court of Australia alleging that some terms contained in small business standard terms used by the Delphi Bank and Rural Bank divisions of BEN are unfair within the meaning of section 12BG of the *Australian Securities and Investments Commission Act 2001* (Cth).

ASIC is seeking declarations that the relevant terms are unfair and void, and injunctions restraining BEN from relying on or enforcing any of those terms.

The relevant terms were used by Delphi Bank and Rural Bank in new small business agreements from late 2016. BEN commenced using new standard small business terms in July 2019 in response to guidance provided by ASIC in REP 565 Unfair contract terms and small business loans (released March 2018) and the new Banking Code of Practice (released July 2019).

An Agreed Statement of Facts has been filed at Court jointly by the parties with the hearing of the matter scheduled for 30 March 2020. BEN has stated that it is cooperating with ASIC in relation to the court proceedings with a view to reaching a mutually agreed outcome.

There is a risk that the liabilities and contingent liabilities from the litigations and regulatory actions may be larger than anticipated or that additional litigation or other contingent liabilities may arise.

BEN is exposed to joint venture risk, which may adversely affect BEN's business, operations and financial condition

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

BEN is exposed to changes in exchange rates, which may adversely affect BEN's business, operations and financial conditions

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

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

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

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

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

Risks

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

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

BEN may experience reductions in the valuation of some of its assets, resulting in fair value adjustments that may have a material adverse effect on its earnings

Under Australian Accounting Standards, BEN recognises at fair value:

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

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

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

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

In certain circumstances the BEN Group may be exposed to a reduction in the value of intangible assets. Refer to the Software impairment that occurred on 31 December 2019 as reported in BEN's Appendix 4D. As at 31 December 2019, the BEN Group carried goodwill principally related to its investments in Australia, intangible assets principally relating to assets recognised on acquisition of subsidiaries, and capitalised software balances.

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

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

Risks

BEN is exposed to strategic and acquisition risk, which may adversely affect BEN's business, operations and financial condition

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

The BEN Group's failure to recruit and retain key executives, employees and Directors may have adverse effects on BEN's business

Key executives, employees and Directors play an integral role in the operation of BEN's business and its pursuit of its strategic objectives. The unexpected departure of an individual in a key role, or the BEN Group's failure to recruit and retain appropriately skilled and qualified persons into these roles, could each have an adverse effect on BEN's business, prospects, reputation, financial performance or financial condition.

Climate change may have adverse effects on BEN's business

BEN, its customers and external suppliers, may be adversely affected by the physical risks of climate change, including increases in temperatures, sea levels, and the frequency and severity of adverse climatic events including fires, storms, floods and droughts. These effects, whether acute or chronic in nature, may directly impact BEN and its customers through reputational damage, environmental factors, insurance risk and business disruption and may have an adverse impact on financial performance (including through an increase in defaults in credit exposures).

Initiatives to mitigate or respond to adverse impacts of climate change may impact market and asset prices, economic activity, and customer behaviour, particularly in geographic locations and industry sectors adversely affected by these changes. Failure to effectively manage these transition risks could adversely affect BEN's business, prospects, reputation, financial performance or financial condition.

BEN is exposed to vendor failure and non-performance risk

BEN sources a number of key services from external suppliers and service providers. The failure of a service provider, or the inability of a key service provider to meet their contractual obligations, including key service standards, could disrupt BEN's operations and its ability to comply with regulatory requirements. This risk is managed by the relevant business divisions who are responsible for the service provider relationship.

BEN is exposed to fraud risk

BEN is exposed to the risk of fraud, both internal and external. Financial crime is an inherent risk within financial services, given the ability for employees and external parties to obtain advantage for themselves or others. An inherent risk also exists due to systems and internal controls failing to prevent or detect all instances of fraud. BEN has established robust techniques and capabilities to detect and prevent fraud. All actual or alleged fraud is investigated under the authority of BEN's financial crimes unit.

BEN is exposed to conduct risk

BEN is exposed to risks relating to product flaws, processing and collections errors and mis-selling. These risks can arise from product design or disclosure flaws or errors in transaction processing. It can also include mis-selling of products to BEN's customers in a manner that is not aligned to the customer's risk appetite, needs or objectives. Where issues have been identified, BEN has developed a process for customer review and remediation, some of which is ongoing, with compensation amounts for affected customers to be determined. Provisions have been raised for the estimated compensation due to customers, but this is judgmental and the actual compensation could vary significantly from the amounts provided for.

Risks

BEN is exposed to contagion risk

BEN includes a number of subsidiaries that are trading entities and holders of Australian Financial Services Licences and / or Australian Credit Licences. Dealings and exposures between BEN and its subsidiaries principally arise from the provision of administrative, corporate, distribution and general banking services. The majority of subsidiary resourcing and infrastructure is provided by BEN's centralised back office functions. Other dealings arise from the provision of funding and equity contributions. BEN is exposed to risks through such dealings.

BEN is exposed to partner risk

BEN has **Community Bank** branches operating in all States and Territories, along with its Alliance Bank network as well as dealings with intermediaries through its Partner Connection model. The branches are operated by companies that have entered into franchise and management agreements with BEN to manage and operate a **Community Bank** or Alliance Bank branch. Intermediary agreements are also entered into for all Partner Connection intermediaries. BEN carefully assesses and monitors the progress of the franchisees and intermediaries although there can be no guarantee of their success. Whilst this branch network matures, and BEN's dealings with intermediaries through its Partner Connection model continue, there are risks that may develop over time which may adversely impact BEN's financial results.

Foreign Selling Restrictions

This document does not constitute an offer of New Shares of BEN in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "**Provinces**") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

Foreign Selling Restrictions

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "**Prospectus Regulation**").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Foreign Selling Restrictions

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "**SFO**"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Japan

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "**FIEL**") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Foreign Selling Restrictions

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Foreign Selling Restrictions

United Arab Emirates

Neither this document nor the New Shares have been approved or passed on in any way by the Emirates Securities and Commodities Authority ("**ESCA**") or any other governmental authority in the United Arab Emirates. The Company has not received authorisation from the ESCA or any other governmental authority to market or sell the New Shares within the United Arab Emirates. This document does not constitute, and may not be used for the purpose of, an offer of securities in the United Arab Emirates. No services relating to the New Shares, including the receipt of applications, may be rendered within the United Arab Emirates.

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("**FPO**"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "**relevant persons**"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which, or to any person to whom, such an offer would be illegal. The New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered or sold, directly or indirectly, to any person in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws.

