CAPITAL NOTES PROSPECTUS AND CPS2 REINVESTMENT OFFER INFORMATION

28 October 2020

Prospectus for the issue of Capital Notes to raise $350 million with the ability to raise more or less

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

Arranger: Westpac Institutional Bank

Joint Lead Managers: National Australia Bank Limited, Ord Minnett Limited, UBS AG, Australia Branch and Westpac Institutional Bank

Co-Managers: Bell Potter Securities Limited, Crestone Wealth Management Limited, JBWere Limited and Shaw and Partners Limited

Bendigo and Adelaide Bank

Important Notices

About this Prospectus

This Prospectus relates to the Offer by Bendigo and Adelaide Bank Limited (ABN 11 068 049 178) ("**BEN**" or the "**Bank**") of Capital Notes ("**Capital Notes**") at an Issue Price of $100 each to raise $350 million, with the ability to raise more or less.

This Prospectus is dated 28 October 2020 and was lodged with the Australian Securities and Investments Commission ("**ASIC**") on that date. ASIC and ASX Limited ("**ASX**") take no responsibility for the contents of this Prospectus nor for the merits of the investment to which this Prospectus relates.

This Prospectus expires on the date which is 13 months after the date of the Prospectus ("**Expiry Date**") and no Capital Notes will be issued on the basis of this Prospectus after the Expiry Date.

Capital Notes are not deposit liabilities of BEN

Capital Notes are not deposit liabilities of BEN and are not protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the *Banking Act 1959* (Cth) ("**Banking Act**") or of the Financial Claims Scheme established under Division 2AA of Part II of the Banking Act and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. Capital Notes are issued by BEN under the Capital Notes Terms and Holders have no claim on BEN except as provided in the Capital Notes Terms. Capital Notes are complex and may not be suitable for all investors. The investment performance of Capital Notes is not guaranteed by BEN. The risks associated with investing in these securities could result in the loss of your investment. Information about the risks associated with investing in Capital Notes is detailed in Section 6.

Capital Notes are unsecured notes for the purposes of section 283BH of the *Corporations Act 2001* (Cth) ("**Corporations Act**").

Defined words and expressions

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

Definitions specific to Capital Notes are in clause 15 of the Capital Notes Terms in Appendix A. If there is any inconsistency in definitions between the Prospectus and the Capital Notes Terms, the definitions in clause 15 of the Capital Notes Terms prevail. In this Prospectus, the singular includes the plural and vice versa.

References to times in this Prospectus are to the time in Melbourne, Victoria, Australia unless otherwise stated. A reference to $, A$, dollars and cents is to Australian currency unless otherwise stated. Unless otherwise stated, all figures have been rounded to two decimal places (other than figures in Section 5, which have been rounded to one decimal place).

Governing law

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

Exposure Period

Under the Corporations Act, BEN is prohibited from processing Applications in the seven day period after the date on which this Prospectus is lodged with ASIC. This period is referred to as the Exposure Period and ASIC may extend this period by up to a further seven days (that is, up to a total of 14 days). The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants before the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

How to obtain a Prospectus and Application Form

This Prospectus can be obtained electronically from www.BendigoCNoffer.com.au. If you access an electronic copy of this Prospectus, the following conditions apply:

- this Prospectus is only available to residents of Australia accessing and downloading, or printing, the electronic Prospectus in Australia;
- you must access and download the electronic Prospectus in full; and
- your Application will only be valid where you have completed an online Application Form available at www.BendigoCNoffer.com.au during the Offer Period. By lodging an Application, you declare that you were given access to the electronic Prospectus together with the Application Form.

Online Application Forms will not be made available until after the Exposure Period.

For Applications for Capital Notes pursuant to the Securityholder Offer, Application Payments can only be made by BPAY®. You must contact your Syndicate Broker for information on how to apply through the Broker Firm Offer.

Applications for Capital Notes

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

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

ASX quotation

BEN will apply for Capital Notes to be quoted on ASX. Capital Notes are expected to trade under ASX code "BENPH".

Providing personal information

You will be asked to provide personal information to BEN (directly or via its agents) if you apply for Capital Notes. See Section 4.4 and Section 8.11 for information on how BEN (and its agents) collect, hold and use this personal information.

Restrictions on distribution

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. As at the date of this Prospectus, no action has been taken to register or qualify Capital Notes or the Offer or to otherwise permit a public offering of Capital Notes outside Australia.

The distribution of this Prospectus and the Offer or sale of Capital Notes may be restricted by law in certain jurisdictions. Persons who receive this Prospectus outside Australia must inform themselves about and observe all such restrictions. Failure to comply with these restrictions may violate securities laws.

This Prospectus may not be distributed or released, in whole or in part, in the United States. Neither Capital Notes nor the Ordinary Shares have been or will be registered under the United States Securities Act of 1933, as amended ("**US Securities Act**") or the securities laws of any state of the United States, and they may not be offered or sold in the United States. Capital Notes are being offered and sold in the Offer solely outside the United States pursuant to Regulation S under the US Securities Act.

See Section 8.9 for further information.

No representations other than in this Prospectus

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

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

Financial information and forward-looking statements

Section 5 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of that information is set out in Section 5.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest million unless otherwise stated.

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains forward-looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties.

Any forward-looking statements are subject to various risk factors that could cause actual circumstances or outcomes to differ materially from the circumstances or outcomes expressed, implied or anticipated in these statements. Forward-looking statements should be read in conjunction with the risk factors as set out in Section 6 and other information in this Prospectus.

The financial information provided in this Prospectus is for information purposes only and is not a forecast of performance to be expected in future periods. Past performance and trends should not be relied upon as being indicative of future performance and trends.

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

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

This Prospectus also contains information in relation to (amongst other things) the Reinvestment Offer which involves the Nominated Purchaser. Neither BEN, the Nominated Purchaser nor any other person is providing any investment advice or making any recommendation to Eligible CPS2 Holders in respect of the Reinvestment Offer.

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

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

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

Diagrams

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

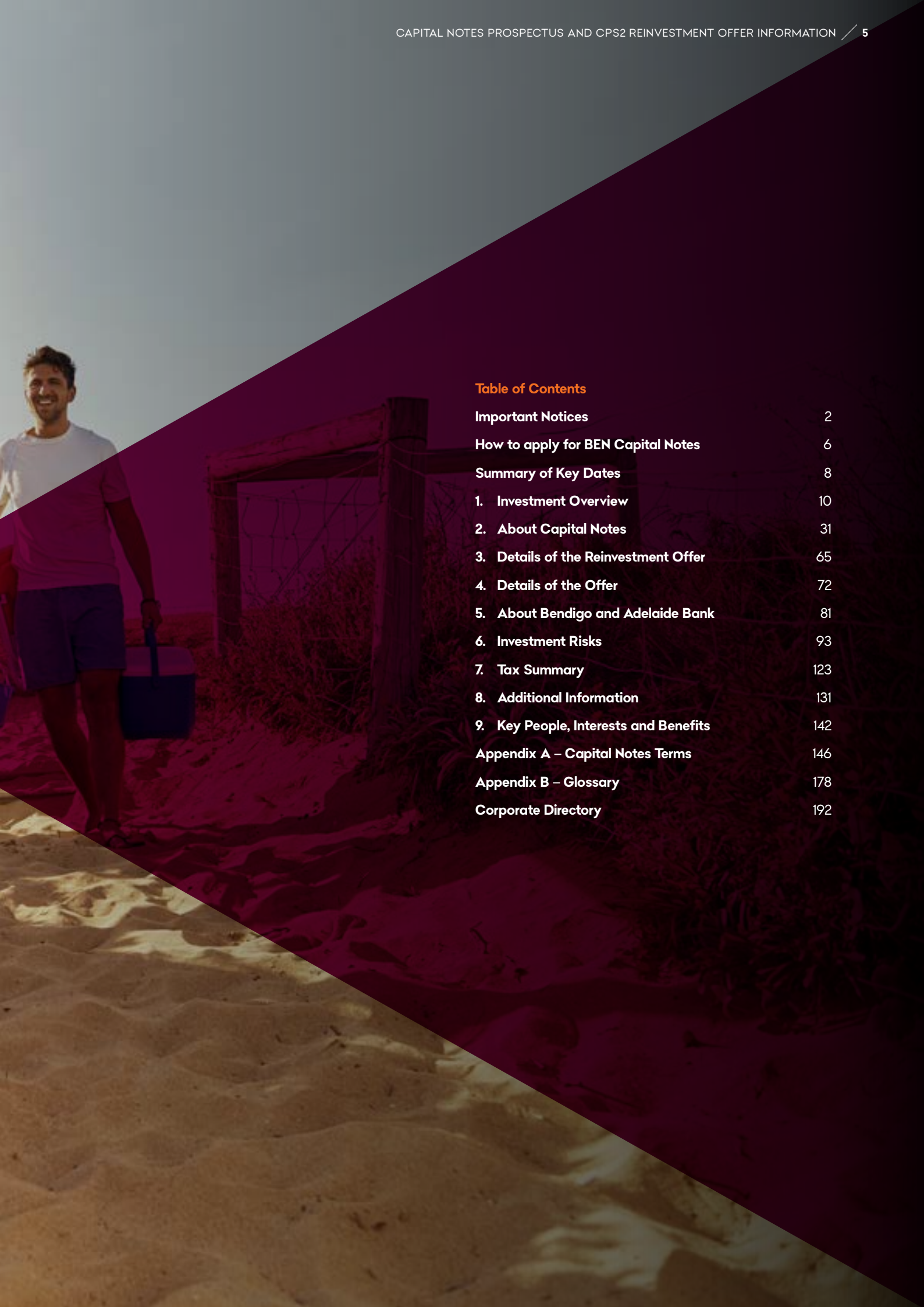
No cooling-off rights

Investors should note that no cooling-off rights (whether by law or otherwise) apply to an Application for Capital Notes. This means that, in most circumstances, you cannot withdraw your Application once it has been lodged, except as permitted under the Corporations Act.

Enquiries

If you are considering applying for Capital Notes under the Offer, this document is important and should be read in its entirety.

If you have any questions in relation to the Offer, please call the Capital Notes Information Line on 1800 646 042 (within Australia) or +61 3 5485 6393 (International) (Monday to Friday – 8:15am to 5:30pm Melbourne Time) or contact your Syndicate Broker or other professional adviser.



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How to apply for BEN Capital Notes

1 Read this Prospectus in full

It is important that you read and consider the Prospectus in full before making an Application.

You should have particular regard to the:

- "Investment Overview" in Section 1 and "About Capital Notes" in Section 2;
- "Investment Risks" in Section 6; and
- "Capital Notes Terms" in Appendix A.

You should carefully consider the risks and other information in the Prospectus in light of your investment objectives, financial situation and particular needs (including financial and taxation issues).

2 Speak to your professional adviser

If you are unsure whether to apply for Capital Notes, you should seek professional guidance from your financial adviser or other professional adviser about the Offer.

3 Consider ASIC guidance for retail investors

ASIC has warned investors to be cautious in relation to investments in hybrid securities (such as Capital Notes). ASIC has also published guidance on its MoneySmart website which may be relevant to your consideration of Capital Notes. You can find this guidance by searching "hybrid securities" at www.moneysmart.gov.au.

The guidance includes a series of questions you should ask before you invest in hybrid securities, as well as a short course and quiz to check your understanding of how hybrids work, their features and risks.

4 Obtain further information about BEN and Capital Notes

BEN is a disclosing entity for the purposes of the Corporations Act, and, as a result, is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. BEN must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about BEN that a reasonable person would expect to have a material effect on the price or value of its securities (including Capital Notes).

Copies of documents lodged with ASIC can be obtained from, or inspected at, an ASIC office and BEN's ASX announcements may be viewed on asx.com.au (ASX code 'BEN'). Further information about BEN, including BEN's half-yearly and annual financial reports, presentations and other investor information, can be obtained from https://www.bendigoadelaide.com.au/investor-centre/.

5 Enquiries

If you have any questions in relation to the Offer, please call the Capital Notes Information Line on 1800 646 042 (within Australia) or +61 3 5485 6393 (International) (Monday to Friday – 8:15am to 5:30pm Melbourne Time) or contact your Syndicate Broker or other professional adviser.

6 Complete and submit your Application Form and Application Payment

If you have decided to apply for Capital Notes, you must follow the instructions set out in the online Application Form at www.BendigoCNoffer.com.au. The application process varies depending on whether you participate in the Reinvestment Offer, Securityholder Offer, Broker Firm Offer or Institutional Offer.

Whether you are applying under the Reinvestment Offer, Securityholder Offer or Broker Firm Offer, your Application Form must be received by the Closing Date, expected to be Tuesday, 24 November 2020. All Applications in respect of Reinvested CPS2 (including those applied for under the Broker Firm Offer) must be received by the Closing Date, expected to be Tuesday, 24 November 2020.

See Section 4 for more details on how to apply.

The Offer may close early so you are encouraged to consider submitting your Application as soon as possible after the Opening Date.

Summary of Key Dates

Key Dates for the Offer	Date
Record Date for Securityholder Offer	Thursday, 22 October 2020
Lodgement of Prospectus with ASIC and ASX	Wednesday, 28 October 2020
Bookbuild to determine the Margin	Wednesday, 4 November 2020
Announcement of the Margin	Wednesday, 4 November 2020
Lodgement of Replacement Prospectus with ASIC and ASX (with final Margin)	Thursday, 5 November 2020
Opening Date for the Offer	Thursday, 5 November 2020
Closing Date for the Offer (including Reinvestment Offer and Broker Firm Offer)	5:00pm, Tuesday, 24 November 2020
Settlement Date	Friday, 27 November 2020
Issue Date	Monday, 30 November 2020
Capital Notes commence trading on ASX (normal settlement basis)	Tuesday, 1 December 2020
Holding Statements for Capital Notes despatched	Wednesday, 2 December 2020
Key Dates for Capital Notes	
First Distribution Payment Date[a]	Monday, 15 March 2021
Call Date	Tuesday, 15 June 2027
Mandatory Exchange Date[b]	Friday, 15 June 2029
Key Dates for CPS2 Holders	
Record date for determining Eligible CPS2 Holders for the Reinvestment Offer	Thursday, 22 October 2020
Last day of trading for CPS2 on ASX	Friday, 13 November 2020
Record date for CPS2 Dividend	Wednesday, 18 November 2020
Closing Date for the Offer (including Reinvestment Offer and Broker Firm Offer applications in respect of Reinvested CPS2)	5:00pm, Tuesday, 24 November 2020
Resale date for CPS2 and payment date for CPS2 Dividend	Monday, 30 November 2020

References to times in this Prospectus are to the time in Melbourne, Victoria, Australia, unless otherwise stated.

Dates may change

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

BEN and the Joint Lead Managers may agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice, accepting late Applications either generally or in particular cases or withdrawing the Offer at any time before Capital Notes are issued. If the Offer is withdrawn before the issue of Capital Notes, all Application Payments received by BEN will be refunded (without interest) to Applicants as soon as possible after the withdrawal. Furthermore, ASIC may extend the Exposure Period by up to seven days in which case the Opening Date and other dates may be varied accordingly without notice.

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

a. Distributions are scheduled to be paid at the end of each quarterly Distribution Period (on 15 March, 15 June, 15 September and 15 December). If any of these scheduled dates are not Business Days, then the Distribution Payment Date will occur on the next Business Day.

b. The Mandatory Exchange Date may be later than 15 June 2029, or may not occur at all, if the Mandatory Exchange Conditions are not satisfied – see Section 2.5.

Investment Overview

1

1. Investment Overview

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

Topic	Summary	Further information
1.1 Key features of the Offer		
Who is the Issuer?	· The Issuer is Bendigo and Adelaide Bank Limited ("**BEN**") (ABN 11 068 049 178). · BEN is a leading Australian bank and is an ASX top 200 company by market capitalisation.	Section 5
What are the key Offer details?	· The Offer size is $350 million (including the Reinvestment Offer) with the ability to raise more or less. · The Issue Price is $100 per Capital Note.	Section 2.1
What are Capital Notes?	· Capital Notes are fully paid, perpetual, subordinated, unsecured, convertible notes to be issued by BEN. · Capital Notes will be eligible Additional Tier 1 Capital for BEN.	Section 2
Quotation	· BEN will apply for Capital Notes to be quoted on ASX. · Capital Notes are expected to trade under ASX code "BENPH".	Section 4.6.1
1.2 Key Capital Notes terms		
What Distributions are payable?	· Capital Notes are scheduled to pay quarterly floating rate cash Distributions in arrears until all Capital Notes are Exchanged, Redeemed or Written Off. · Distributions on Capital Notes are discretionary, non-cumulative floating rate payments and are subject to the Distribution Payment Conditions. · A Distribution is only payable if the Directors resolve to pay it and the other conditions to payment are met. These include that: – payment of the Distribution will not result in BEN or the BEN Group not complying with APRA's then current Prudential Standards, including its capital adequacy requirements, as they apply to BEN and / or the BEN Group at the time of the payment, or with the Corporations Act; – paying the Distribution will not result in BEN becoming, or being likely to become, insolvent; and – APRA not otherwise objecting to the Distribution being paid.	Section 2.3

1. Investment Overview (continued)

Topic	Summary	Further information
What Distributions are payable? *(continued)*	• The Distribution Rate is calculated using the following formula: **Distribution Rate = (Market Rate + Margin) × (1 – Tax Rate)** where: – **Market Rate** is, broadly, the 3-month Bank Bill Swap Reference Rate (described in Section 2.3.3) on the first Business Day of the relevant Distribution Period; – **Margin** will be determined by the Bookbuild and is expected to be between 3.80% to 4.00%; and – **Tax Rate** means the Australian corporate tax rate on the relevant Distribution Payment Date. • Distributions are expected to be fully franked. However, Holders should be aware that franking is not guaranteed and a Holder's ability to use franking credits depends on their individual circumstances. • Distributions are non-cumulative, which means that unpaid Distributions do not accumulate. Holders will not have any right to compensation if BEN does not pay a scheduled Distribution and failure by BEN to pay a Distribution when scheduled will not constitute an event of default. • If a Distribution is not paid in full on a Distribution Payment Date, subject to certain exceptions, BEN is unable to undertake Restricted Actions (being actions to declare, determine to pay or pay a dividend on Ordinary Shares, or return any capital or undertake any buy-backs or repurchases in relation to Ordinary Shares), until and including the next Distribution Payment Date (unless the Distribution is paid in full within five Business Days of the Relevant Distribution Payment Date).	

1. Investment Overview (continued)

Topic	Summary	Further information
Will I get my capital back?	• Capital Notes do not have any fixed maturity date and could remain on issue indefinitely. • What will happen to Capital Notes is uncertain and depends on a number of factors including whether Mandatory Exchange occurs, whether a Capital Trigger Event, Non-Viability Trigger Event, Change of Control Event, Franking Event, Regulatory Event or Tax Event occurs, whether BEN elects to Exchange, Resell or Redeem Capital Notes on the grounds set out in the Capital Notes Terms, and whether APRA's approval is given when required under the Capital Notes Terms. Holders should not expect that APRA will give its approval for any Exchange, Redemption or Resale. • Holders do not have a right to request BEN to Exchange Capital Notes into Ordinary Shares or Redeem or Resell Capital Notes. • If a Capital Trigger Event or a Non-Viability Trigger Event occurs, Capital Notes must be Exchanged into Ordinary Shares. If Exchange is not effected within five Business Days after a Capital Trigger Event or Non-Viability Trigger Event for any reason, those Capital Notes which would have otherwise been Exchanged will be Written Off with effect on and from the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. • If Exchange or Write-Off occurs on account of a Capital Trigger Event or a Non-Viability Trigger Event, Holders may receive significantly less value than $101.01 (which in some cases might be $0) for each Capital Note that they hold. • Capital Notes are expected to be quoted on ASX so that they can be bought and sold on ASX. There may or may not be a liquid market for Capital Notes, which in turn may affect the market price of Capital Notes, and whether you will get your capital back. • If ASX does not grant permission for Capital Notes to be quoted, Capital Notes will not be issued and all Application Payments will be refunded (without interest) as soon as practicable.	Sections 2.4, 2.5 and 4.6.1

1. Investment Overview (continued)

Topic	Summary	Further information
Will Capital Notes be Redeemed or Resold?	• If certain conditions are met, BEN will have a right, but not an obligation, to Redeem or Resell Capital Notes: – on 15 June 2027; – following the occurrence of a Franking Event (for example, this may include where an unanticipated change in Australian law after the Issue Date results in Distributions not being frankable); – following the occurrence of a Tax Event (for example, this may include where an unanticipated change in Australian tax law after the Issue Date results in an increase in the costs to BEN of Capital Notes being on issue); or – following the occurrence of a Regulatory Event (for example, this may include where an unanticipated change in Australian law or regulation after the Issue Date would impose additional requirements on BEN in relation to or in connection with Capital Notes (which were not expected by BEN at the Issue Date) which the Directors determine to be unacceptable or if the Capital Notes are no longer classified as Additional Tier 1 Capital of BEN). • There are restrictions on BEN's right to Redeem Capital Notes with cash. • Most importantly, BEN can only Redeem Capital Notes if APRA is satisfied that either the Capital Notes have been replaced with regulatory capital of the same or better quality under conditions that are sustainable for the Bank's income capacity or the Capital Notes need not be replaced having regard to BEN and the BEN Group's projected capital position. This is intended to protect BEN's creditors. • Holders should not expect that APRA will give its approval for any Resale or Redemption.	Section 2.4
Will Capital Notes be Exchanged for Ordinary Shares?	• Capital Notes must be Exchanged for Ordinary Shares on a Mandatory Exchange Date (if certain conditions are satisfied) or following a Capital Trigger Event, a Non-Viability Trigger Event or a Change of Control Event. This may or may not be advantageous for Holders. • Capital Notes may be Exchanged for Ordinary Shares on the Call Date, being 15 June 2027, or on an Optional Exchange Date following a Franking Event, a Tax Event or a Regulatory Event (with APRA's written approval). • **Mandatory Exchange**: Unless Exchanged earlier, Capital Notes must be Exchanged for Ordinary Shares on the Scheduled Mandatory Exchange Date, being 15 June 2029, subject to the Mandatory Exchange Conditions being satisfied. These conditions are intended to protect Holders against receiving Ordinary Shares worth less than approximately $101.01 per Capital Note and ensure that the Ordinary Shares are capable of being sold on ASX.	Sections 2.4, 2.5, 2.6 and 2.7

1. Investment Overview (continued)

Topic	Summary	Further information
Will Capital Notes be Exchanged for Ordinary Shares? *(continued)*	If any of the Mandatory Exchange Conditions are not satisfied on the Scheduled Mandatory Exchange Date, the Mandatory Exchange Date will be deferred until the next Distribution Payment Date in respect of which all of the Mandatory Exchange Conditions are satisfied. The Capital Notes Terms include a restriction on the number of Ordinary Shares that may be issued upon Exchange (the "**Maximum Exchange Number**"). Generally, this restriction means that the maximum number of Ordinary Shares issued on Exchange cannot exceed the number that would be issued if the Capital Notes were Exchanged at a conversion price equal to: – 50% of the Issue Date VWAP if Exchange is occurring on a Mandatory Exchange Date; or – 20% of the Issue Date VWAP in the case of any other Exchange. · **Capital Trigger Event**: BEN will be required to Exchange Capital Notes into Ordinary Shares (or, where Exchange of Capital Notes has not been effected within five Business Days after a Capital Trigger Event, Write-Off Capital Notes with effect on and from the date of the occurrence of the Capital Trigger Event) if BEN determines, or APRA notifies BEN in writing that it believes, that either or both of BEN Level 1 Group Common Equity Tier 1 Capital Ratio or the BEN Level 2 Group Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%. · **Non-Viability Trigger Event**: BEN will be required to Exchange Capital Notes for Ordinary Shares (or, where Exchange of Capital Notes has not been effected within five Business Days after a Non-Viability Trigger Event, Write-Off Capital Notes with effect on and from the Non-Viability Trigger Event) if APRA determines that BEN would be non-viable (including where BEN is unable to meet its obligations to creditors). Exchange on account of a Capital Trigger Event or a Non-Viability Trigger Event is not subject to the Mandatory Exchange Conditions being satisfied and the number of Ordinary Shares a Holder will receive will be capped at the Maximum Exchange Number. If Exchange occurs in circumstances where a Capital Trigger Event or a Non-Viability Trigger Event has occurred, Holders are likely to receive Ordinary Shares that are worth significantly less than $101.01 for each Capital Note they hold.	

1. Investment Overview (continued)

Topic	Summary	Further information
Will Capital Notes be Exchanged for Ordinary Shares? *(continued)*	· **Write-Off**: If, following a Capital Trigger Event or a Non-Viability Trigger Event, Exchange of Capital Notes has not been effected within five Business Days after the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event for any reason, those Capital Notes will not be Exchanged but instead Written Off with effect on and from the Capital Trigger Event or Non-Viability Trigger Event. This means that Capital Notes will never be Exchanged and all the relevant Holders' rights (including to payment of Face Value and Distributions and the right to receive Ordinary Shares) will be immediately and irrevocably terminated with effect on and from the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event, in which case the Holder's investment will lose all of its value, they will not have the Issue Price repaid, and they will not receive any compensation. · **Change of Control Event**: BEN will be required, subject to certain conditions, to Exchange Capital Notes for Ordinary Shares following the occurrence of a Change of Control Event (for example, an unconditional takeover bid for BEN in which all regulatory approvals necessary for the acquisition to occur have been obtained). · **Optional Exchange**: BEN may also elect, subject to certain conditions, to Exchange Capital Notes for Ordinary Shares with APRA's written approval if a Franking Event, Tax Event or Regulatory Event occurs. In addition, subject to certain conditions and APRA's written approval, BEN may also Exchange Capital Notes on the Call Date, being 15 June 2027. If BEN chooses to Exchange Capital Notes in these circumstances, each Holder should receive approximately $101.01 worth of Ordinary Shares per Capital Note.[1] · **NOHC Event:** If a NOHC Event has occurred, Exchange will be for NOHC ordinary shares.	
What are the voting rights of Capital Notes Holders?	· Capital Notes do not carry voting rights, except in limited circumstances.	Section 2.9.3

1. By the time of Exchange the value of Ordinary Shares received may be worth more or less than $101.01 – see Section 6.1.10 for further information.

1. Investment Overview (continued)

Topic	Summary	Further information
How would Capital Notes rank in a winding-up of BEN?	In a winding-up of BEN, and assuming Capital Notes have not been Exchanged, Redeemed or Resold and are not required to be Exchanged or Written Off due to a Capital Trigger Event or a Non-Viability Trigger Event, Capital Notes rank ahead of Ordinary Shares, equally and without preference with other Capital Notes, equally with Equal Ranking Securities, but behind the claims of all creditors of BEN (other than creditors who are expressed to rank equally with Capital Notes in a winding-up), as shown below.	Section 2.9.1 and clause 1.5 of Capital Notes Terms

	Type	Illustrative examples
Higher ranking	Preferred and secured debt	Liabilities in Australia in relation to protected accounts (generally, savings accounts and term deposits) and other liabilities preferred by law including employee entitlements and secured creditors
	Unsubordinated and unsecured debt	Unsubordinated and unsecured bonds and notes, trade and general creditors
	Subordinated and unsecured debt (unless expressed to rank equally with preference shares)	Subordinated and unsecured debt obligations and Floating Rate Capital Notes
Equal ranking	Preference shares and Equal Ranking Securities	Capital Notes, CPS4, CPS3 and any other preference shares or securities expressed to rank equally with Capital Notes (and assuming that CPS2 have been redeemed)*
Lower ranking	Ordinary Shares	Ordinary Shares

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

1. Investment Overview (continued)

Topic	Summary	Further information
How would Capital Notes rank in a winding-up of BEN? *(continued)*	· Any return in a winding-up may be adversely affected if APRA determines that a Capital Trigger Event or a Non-Viability Trigger Event has occurred. A Capital Note required to be Exchanged on account of a Capital Trigger Event or a Non-Viability Trigger Event will be Exchanged and rank as an Ordinary Share, or if Exchange has not been effected within five Business Days after the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event, Written Off with effect on and from the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event, in which case either (a) the Holder's claim ranks in substance with the claims of Ordinary Shares, or (b) will be terminated and the Holder will have no rights against BEN in respect of the Capital Notes.	

1. Investment Overview (continued)

Topic	Summary	Further information
Summary of certain events that may affect what Holders receive and when they receive it	· The table below summarises certain events that may affect what Holders are likely to receive on Capital Notes. The events are subject to contingencies such as the solvency and / or non-viability of BEN and in some cases election by BEN. Accordingly, they may not occur.	Sections 2.4 to 2.7

Event	When?	Is APRA approval required?	Do conditions apply?	What value will a Holder receive?[2]	In what form will that value be provided to Holders?	Where to find further information?
Optional Redemption or Resale	On 15 June 2027 or following a Franking Event, Tax Event or Regulatory Event	Yes	Yes	$100	Payment in Australian dollars	Section 2.4
Optional Exchange	On 15 June 2027 or following a Franking Event, Tax Event or Regulatory Event	Yes	Yes	Approximately $101.01	Variable number of Ordinary Shares	Section 2.4
Mandatory Exchange on a Mandatory Exchange Date	On 15 June 2029 or the first Distribution Payment Date after that date on which the Mandatory Exchange Conditions are satisfied	No	Yes	Approximately $101.01	Variable number of Ordinary Shares	Section 2.5
Early Exchange upon a Change of Control Event	On the Change of Control Exchange Date	No	Yes	Approximately $101.01	Variable number of Ordinary Shares	Section 2.7
Early Exchange or Write-Off upon a Capital Trigger Event or Non-Viability Trigger Event	Immediately on the date of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event	No	No	Between $101.01 (and possibly significantly less) and $0	Variable number of Ordinary Shares or, if Exchange is not effected within five Business Days after a Capital Trigger Event or Non-Viability Trigger Event, Capital Notes will be Written Off with effect on and from the date of the Capital Trigger Event or Non-Viability Trigger Event	Section 2.6

2. The value stated is the value a Holder will receive on Exchange based on the share prices during a specified period prior to Exchange (not on the share price on Exchange itself) and since the Exchange Number may not exceed the Maximum Exchange Number the value received may be less than $101.01 and, in the case of Exchange on account of a Capital Trigger Event or a Non-Viability Trigger Event, substantially less than $101.01.

1. Investment Overview (continued)

Topic	Summary	Further information
1.3 Overview of Bendigo and Adelaide Bank		
Bendigo and Adelaide Bank	· BEN's current business was formed through the merger of Bendigo Bank and Adelaide Bank in November 2007. The holding company is Bendigo and Adelaide Bank Limited (ABN 11 068 049 178). · BEN's activities are structured and managed under the three customer-facing divisions of Consumer, Business and Agribusiness. · The Consumer division incorporates areas engaging with and servicing its consumer customers. This includes its Bendigo Bank branch network (including Community Bank), mobile relationship managers, third party banking channels, wealth services and contact centres, as well as consumer support functions, including its processing centres · The Business division incorporates the Bank's Business Banking (commercial finance and business solutions) Portfolio Funding (wholesale funding solutions for the finance sector) and Delphi Bank (consumer and commercial finance) businesses. · The Agribusiness division is a specialist rural lending provider operating primarily under the Rural Bank brand. This division provides specialist financial products and services to primary producers and agribusiness participants through a national network of distribution partners and agribusiness lending specialists mainly based in rural and regional centres. · BEN had: – statutory earnings of $192.8 million and cash earnings of $301.7 million for the year ended 30 June 2020; – net assets (including intangibles) of $5.80 billion and total assets (including intangibles) of $76.01 billion at 30 June 2020; and – a Common Equity Tier 1 Capital Ratio of 9.25% and a Tier 1 Capital Ratio of 11.59% at 30 June 2020.	Sections 5.1, 5.3 and 5.4

1. Investment Overview (continued)

Topic	Summary	Further information
1.4 Key benefits and risks		
Before applying for Capital Notes, you should consider whether Capital Notes are a suitable investment for you. There are risks associated with an investment in Capital Notes and in BEN, many of which are outside the control of BEN and its Directors. Some key risks include those in this Section 1.4. These and other risks are addressed in more detail in Section 6 and elsewhere in this Prospectus.		
1.4.1 Key benefits associated with an investment in Capital Notes		
Key benefits of Capital Notes	· Some of the benefits of an investment in Capital Notes include: – Distributions are calculated on the basis of a floating rate (being the Market Rate) plus a fixed Margin; – the Margin is expected to be between 3.80% and 4.00% and will be determined by the Bookbuild; – Distributions are expected to be paid quarterly in arrears and are expected to be fully franked; and – Capital Notes may be sold on ASX.	Sections 2.1 and 2.3
1.4.2 Key risks associated with an investment in Capital Notes		
Not deposit liabilities	· Capital Notes are not deposit liabilities of BEN or any member of the BEN Group, are not protected accounts for the purposes of the depositor protection provisions under the Banking Act and are not guaranteed or insured by any government or other person.	Section 6.1.1
Market price of Capital Notes	· The price at which Holders are able to sell Capital Notes on ASX is uncertain. · Circumstances in which the price of Capital Notes may decline include the economic impact of the global COVID-19 pandemic, general financial market conditions, the availability of better rates of return on other securities, investor perceptions and BEN's financial performance and position. · Capital Notes may trade at a market price below the Issue Price and there is no guarantee that Capital Notes will remain continuously quoted on ASX.	Section 6.1.2
Liquidity	· There may be no liquid market for Capital Notes. · Holders who wish to sell their Capital Notes may be unable to do so at a price acceptable to them, or at all.	Section 6.1.3
Exposure to BEN Group's financial performance	· If BEN Group's financial performance or position declines, or if market participants anticipate that it may decline, an investment in Capital Notes could decline in value even if Capital Notes have not been Exchanged.	Section 6.1.4
Changes in Distribution Rate	· The Distribution Rate will fluctuate (both increasing and decreasing) over time as a result of movements in the Market Rate. · There is a risk that the Distribution Rate may become less attractive when compared with the rates of return available on comparable securities.	Section 6.1.5

1. Investment Overview (continued)

Topic	Summary	Further information
Distributions may not be paid	• There is a risk that Distributions will not be paid, including where the Directors resolve not to pay a Distribution or where APRA objects to a Distribution payment. • Distributions are non-cumulative. Accordingly, in the event that BEN does not pay a scheduled Distribution, a Holder has no entitlement to that Distribution and failure to pay a Distribution when scheduled will not constitute an event of default.	Section 6.1.6
Distributions may not be fully franked, and entitlement to franking credits	• BEN expects Distributions to be fully franked. However, there is no guarantee that BEN will have sufficient franking credits in the future to fully frank Distributions. • Holders should be aware that the ability to use franking credits, either as an offset to a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each Holder. • Holders should refer to the Australian taxation summary in Section 7, and seek professional advice in relation to their tax position.	Sections 6.1.7 and 7
Fluctuation in Ordinary Share price	• The number of Ordinary Shares that Holders receive on Exchange is calculated by reference to a VWAP for Ordinary Shares during a period before Exchange. The VWAP during the relevant period before Exchange may differ from the market price for Ordinary Shares on or after the date of Exchange. This means that the value of Ordinary Shares received may be more or less than the number anticipated when they are issued or thereafter. • The market price of Ordinary Shares may fluctuate due to various factors. These include investor perceptions, Australian and worldwide economic conditions, interest rates, credit margins, equity markets, movements in foreign exchange rates, BEN's financial performance and position and other factors that may affect that performance and position. The market price may also be affected by the actual or prospective Exchange of Capital Notes. • Holders receiving Ordinary Shares on Exchange may not be able to sell those Ordinary Shares at the price on which the Exchange calculation was based, or at all.	Section 6.1.10
Capital Notes are perpetual and Mandatory Exchange may not occur on the Scheduled Mandatory Exchange Date or at all	• There is a risk that Exchange will not occur on the Scheduled Mandatory Exchange Date, or any subsequent Mandatory Exchange Date, because the Mandatory Exchange Conditions are not satisfied due to a large fall in the Ordinary Share price relative to the Issue Date VWAP, or where Ordinary Shares have been Delisted.	Section 6.1.11

1. Investment Overview (continued)

Topic	Summary	Further information
It is not certain whether and when Capital Notes may be Exchanged, Redeemed or Resold	· There are a number of scenarios in which Capital Notes may be Exchanged, Redeemed or Resold. It is uncertain whether and when Exchange, Redemption or Resale may occur. If an Exchange, Redemption or Resale does occur, the timing of the Exchange, Redemption or Resale may not suit Holders. · Capital Notes (subject to certain conditions) may be Exchanged, Redeemed or Resold on the Call Date or following the occurrence of a Franking Event, Regulatory Event or a Tax Event. · Capital Notes must (subject to certain conditions) be Exchanged after a Change of Control Event. · The timing of any Exchange, Redemption or Resale may not suit individual Holder preferences or circumstances. · Exchange, Redemption or Resale is subject to APRA approval.	Sections 6.1.12 to 6.1.14
Exchange following a Capital Trigger Event or a Non-Viability Trigger Event	· Exchange on account of a Capital Trigger Event or a Non-Viability Trigger Event may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing. · If Exchange occurs following a Capital Trigger Event or a Non-Viability Trigger Event, Holders are likely to receive Ordinary Shares that are worth significantly less than the Issue Price of Capital Notes. · In cases where Exchange of Capital Notes has not been effected within five Business Days after a Capital Trigger Event or Non-Viability Trigger Event occurs) for any reason, the Capital Notes which should have been Exchanged will be Written Off with effect on and from the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. This means those Capital Notes will not be Exchanged but instead the Holder's rights (including to payment of the Face Value and Distributions, and the right to receive Ordinary Shares) in relation to such Capital Notes (or a percentage of the Face Value of each Capital Notes) are immediately and irrevocably terminated with effect on and from the Capital Trigger Event or Non-Viability Trigger Event, in which case the Holder's investment will lose all of its value, they will not have the Issue Price repaid, and they will not receive any compensation.	Section 6.1.15
Exchange on a Change of Control Event	· Capital Notes may be affected by merger and acquisition activity, including the possibility of being acquired by, or merged with, another company or group of companies, potentially resulting in a change of control. · Where a Change of Control Event occurs, BEN is required, subject to satisfaction of certain conditions, to Exchange all Capital Notes. Exchange may therefore occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing.	Section 6.1.16

1. Investment Overview (continued)

Topic	Summary	Further information
Restrictions on rights and ranking on a winding-up of BEN	· In a winding-up of BEN, if Capital Notes have not otherwise been Exchanged or Written Off, Capital Notes rank after the claims of all holders of Senior Ranking Obligations, equally with each Holder and holders of Equal Ranking Securities and ahead of holders of Junior Ranking Securities (being holders of Ordinary Shares). · If there is a shortfall of funds on a winding-up of BEN to pay all amounts ranking higher than, and equally with, Capital Notes, Holders will lose all or some of their investment should BEN become insolvent.	Section 6.1.17
Substitution of BEN for a NOHC	· BEN may substitute for itself a NOHC as the debtor in respect of Capital Notes or as the issuer of ordinary shares on Exchange. If a NOHC is substituted as the debtor, it means that Holders would no longer have rights against BEN. If a NOHC is substituted as the issuer of ordinary shares on Exchange, it means that you will receive ordinary shares in the NOHC rather than BEN. · The implementation of a NOHC structure may involve BEN selling some but not all of its business, and other subsidiaries, to the NOHC or a subsidiary of the NOHC. As a result, the profits and net asset position of BEN and the NOHC may be different to that of BEN prior to the NOHC structure being implemented.	Sections 2.9.5, 2.9.6 and 6.1.23
Risks associated with BEN generally	· Key risks associated with an investment in BEN and the business of the BEN Group generally are set out at Section 6.2.	Section 6.2
1.5 The Offer		
When is the Offer Period?	· The Offer opens on Thursday, 5 November 2020. · The Reinvestment Offer, Securityholder Offer and Broker Firm Offer close at 5:00pm on Tuesday, 24 November 2020. · The Institutional Offer will be conducted under the Bookbuild which will occur on Wednesday, 4 November 2020.	Section 4.3.1
Is there a minimum amount to be raised?	· No. The Offer is for the issue of Capital Notes to raise $350 million with the ability to raise more or less.	Section 2.1.2
Is the Offer underwritten?	· No.	

1. Investment Overview (continued)

Topic	Summary	Further information
What is the purpose of the Offer and how will the expenses of the Offer be paid?	· The Offer is being made as part of BEN's ongoing capital management strategy, with Capital Notes being eligible Additional Tier 1 Capital. · The Capital Notes proceeds will be used to fund the redemption of CPS2 (in the hands of the CPS2 Nominated Purchaser) and for BEN's general corporate purposes. The proceeds may also be used to fund the redemption of BEN's CPS3 (which have an optional exchange date of 15 June 2021), although any such redemption would be subject to obtaining APRA's prior approval (which may or may not be given). · The total expenses of the Offer will be paid out of the proceeds of the Offer.	Sections 2.1.4, 5.3.2 and 9.3
What is the impact of the Offer on BEN?	· See Section 5.3.2 for pro forma information on the impact of the Offer on BEN.	Section 5.3.2
What is the structure of the Offer?	The Offer consists of: · a Reinvestment Offer to Eligible CPS2 Holders – being registered holders of CPS2 with a registered address in Australia at 7:00pm on Thursday, 22 October 2020; · a Securityholder Offer to Eligible Securityholders – being registered holders of Ordinary Shares, CPS3, CPS4 or Floating Rate Capital Notes with a registered address in Australia at 7:00pm on Thursday, 22 October 2020; · a Broker Firm Offer to Broker Firm Applicants including Eligible CPS2 Holders – being Australian resident retail clients of a Syndicate Broker; and · an Institutional Offer to Institutional Investors – being certain Institutional Investors invited by the Joint Lead Managers to participate in the Offer.	Section 4.1
When do I apply?	· The key dates for the Offer are summarised on page 9. · Applications will only be accepted during the Offer Period. It is possible that the Offer will close early, so if you wish to apply for Capital Notes you are encouraged to lodge your Application promptly after the Opening Date.	Section 4.3.1
How can I apply?	· Broker Firm Applicants should contact their Syndicate Broker. · Securityholder Applicants or CPS2 Holder Applicants should complete the electronic Application Form available at www.BendigoCNoffer.com.au and pay the Application Payment (if applicable) by BPAY®. · Cash payments and payments made by cheque will not be accepted for this Offer. · See Section 4 for further information on how to make an Application. · The allocation policy is described in Section 4.5.	Section 4.3.1

1. Investment Overview (continued)

Topic	Summary	Further information
Is there a minimum Application size?	· Applications must be: – for a minimum of 50 Capital Notes ($5,000); and – be in incremental multiples of 10 Capital Notes (incremental multiples of $1,000) if your Application is for more than 50 Capital Notes. · However, these requirements may not apply to Eligible CPS2 Holders in certain circumstances. See Section 4.3 for further details.	Sections 3.5.1 and 4.3.1
Is brokerage, commission or stamp duty payable?	· No brokerage, commission or stamp duty is payable by you on your Application. You may be required to pay brokerage if you sell your Capital Notes on ASX after Capital Notes have been quoted on ASX.	Section 4.3.3
What are the tax implications of investing in Capital Notes?	· A general description of the Australian taxation consequences of investing in Capital Notes is set out in Section 7.	Section 7
When will I receive confirmation that my Application has been successful?	· If you are an Applicant in the Reinvestment Offer, Broker Firm Offer or Securityholder Offer, you will be able to call the Capital Notes Information Line on 1800 646 042 (within Australia) or +61 3 5485 6393 (international) (Monday to Friday – 8:15am to 5:30pm Melbourne Time) from Monday, 30 November 2020 to confirm your allocation. · Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Syndicate Broker from whom they received their allocation.	

1.6 Information for CPS2 holders

This Section 1.6 sets out information for current holders of CPS2, who may be eligible to apply under the Reinvestment Offer to reinvest their CPS2 in Capital Notes.

What are CPS2?	· CPS2 are convertible preference shares issued by BEN in 2014.	Section 3.1.1
What is happening to CPS2?	· Under the CPS2 Terms, on the upcoming CPS2 Optional Exchange Date (being 30 November 2020), BEN has the option to either convert CPS2 into Ordinary Shares or to redeem or resell CPS2 for $100 per CPS2. · On 28 October 2020, BEN issued an exchange notice in accordance with the CPS2 Terms. That notice confirms that on 30 November 2020 all CPS2 will be mandatorily resold to the CPS2 Nominated Purchaser for $100 per CPS2.	Section 3.1.2

1. Investment Overview (continued)

Topic	Summary	Further information
What is the Reinvestment Offer?	• Under the Reinvestment Offer, Eligible CPS2 Holders may elect for some or all of their CPS2 Resale Proceeds (i.e. $100 per CPS2) to be applied to the Application Payment for Capital Notes. • Eligible CPS2 Holders do not need to submit a cash Application Payment to reinvest their CPS2 Resale Proceeds in Capital Notes. • Eligible CPS2 Holders who participate in the Reinvestment Offer will have the CPS2 Resale Proceeds (i.e. $100 per CPS2) applied to the Application Payment for Capital Notes. • Eligible CPS2 Holders who participate in the Reinvestment Offer (including through the Broker Firm Offer) are guaranteed an Allocation of one Capital Note for every CPS2 they reinvest. • Eligible CPS2 Holders will also have the opportunity to apply for additional Capital Notes.	Section 3.1.3
What is the purpose of the Reinvestment Offer?	• The Reinvestment Offer will provide Eligible CPS2 Holders the opportunity to reinvest their CPS2 in Capital Notes and maintain an ongoing investment in BEN.	
Who is eligible to participate in the Reinvestment Offer?	• The Reinvestment Offer is open to Eligible CPS2 Holders, namely persons who are: – a registered holder of CPS2 at 7:00pm on Thursday, 22 October 2020; – shown on the CPS2 register as having an address in Australia; and – not in the United States nor acting as a nominee for a person in the United States, or any such other CPS2 holders as BEN may determine in their discretion to be eligible. • If you are an Eligible CPS2 Holder and elect for any CPS2 to be reinvested in Capital Notes ("**Reinvested CPS2**"), you are prohibited from dealing with those Reinvested CPS2 and must hold the number of Reinvested CPS2 until the CPS2 Optional Exchange Date of 30 November 2020.	Section 3.1.5
What are the options available to CPS2 holders?	• If you are an Eligible CPS2 Holder, in addition to reinvesting your CPS2 in Capital Notes, you have a number of other choices which are set out in Section 3.3. • If you are an Eligible CPS2 Holder you may wish to: – reinvest all of your CPS2 in Capital Notes; – reinvest some, but not all, of your CPS2 in Capital Notes; – apply for additional Capital Notes; – take no action. If you choose this option, BEN will resell your CPS2 for $100 per CPS2 on 30 November 2020; or – sell CPS2 on market through your broker. • Ineligible CPS2 holders are limited to the choices set out in Section 3.3.2.	Section 3.3

1. Investment Overview (continued)

Topic	Summary	Further information
If I elect to participate in the Reinvestment Offer, what dividends will I receive on CPS2?	· In accordance with BEN's announcement on 2 June 2020, Holders of CPS2 as at Wednesday, 18 November 2020 (being the record date for the CPS2 Dividend) will receive, subject to certain conditions to payment under the CPS2 Terms being satisfied, a final CPS2 Dividend of $1.1728 per CPS2 on 30 November 2020 (being the dividend accrued at 2.3520% per annum between 1 June 2020 and 29 November 2020 calculated in accordance with the CPS2 Terms), irrespective of whether they have elected to participate in the Reinvestment Offer. The CPS2 Dividend will be fully franked. · The conditions to payment of the CPS2 Dividend include the Directors at their absolute discretion resolving to pay the CPS2 Dividend and no APRA Condition existing in respect of the relevant dividend payment date, in accordance with the CPS2 Terms. · The CPS2 Dividend cannot be reinvested in Capital Notes.	Section 3.1.6
What are the risks associated with participating in the Reinvestment Offer?	· If you are an Eligible CPS2 Holder and you apply under the Reinvestment Offer, you may receive an allocation of Capital Notes and as such, you will be subject to the risks associated with an investment in Capital Notes and in BEN, many of which are outside the control of BEN and its Directors. · These risks should be considered before you apply under the Reinvestment Offer. · An example of such risks are the risks that a Capital Trigger Event or a Non-Viability Trigger Event may occur in respect of Capital Notes. See Section 2.6 for further information on Exchange on account of a Capital Trigger Event or a Non-Viability Trigger Event. · CPS2 and Capital Notes have different benefits and risks, which must be evaluated separately. For a comparison of CPS2 and Capital Notes, please refer to the table in Section 2.1.10.	Sections 3.4 and 6.1
Is there a minimum Application size under the Reinvestment Offer?	· If you are an Eligible CPS2 Holder and own 50 CPS2 or less, you must apply to reinvest all your CPS2 in Capital Notes if you wish to participate in the Reinvestment Offer. · If you are an Eligible CPS2 Holder and own more than 50 CPS2, you must apply for a minimum of 50 Capital Notes ($5,000) if you wish to participate in the Reinvestment Offer. · In either case, you are entitled to apply for the same number of Capital Notes as the number of CPS2 you hold. · You may wish to apply for additional Capital Notes other than through Reinvested CPS2 – but you would have to make an Application Payment for those additional Capital Notes. · If you wish to apply for additional Capital Notes, you must apply for a minimum of 50 Capital Notes ($5,000), in addition to any Reinvested CPS2. Applications for additional Capital Notes must result in your additional Capital Notes application to be in multiples of 10 Capital Notes ($1,000).	Section 3.5.1

1. Investment Overview (continued)

Topic	Summary	Further information
What happens to my CPS2 if I do not participate in the Reinvestment Offer?	• On 28 October 2020, BEN issued an exchange notice in accordance with the CPS2 Terms. That notice confirms that on 30 November 2020 all CPS2 will be mandatorily resold to the CPS2 Nominated Purchaser for $100 per CPS2. After that date, you cannot continue to hold CPS2. • This means that: – CPS2 are expected to cease trading on ASX on Friday, 13 November 2020; – you will receive $100 for each CPS2 you hold on Wednesday, 18 November 2020; and – you will receive a final CPS2 Dividend on Monday, 30 November 2020 (subject to holding the CPS2 on Wednesday, 18 November 2020, being the record date for the CPS2 Dividend).	Section 3.3.1
What are the tax implications of having my CPS2 resold?	• You should obtain your own tax advice regarding the implications of the resale of your CPS2, having regard to your individual circumstances. • A general description of the Australian taxation consequences for CPS2 holders upon the resale of their CPS2 is set out in Section 7.	Section 7
Where can I find more information about the Reinvestment Offer?	• If you have any questions in relation to the Reinvestment Offer, please call the Capital Notes Information Line on 1800 646 042 (within Australia) or +61 3 5485 6393 (international) (Monday to Friday – 8:15am to 5:30pm Melbourne Time) or visit www.BendigoCNoffer.com.au.	
1.7 What you need to do		
Read this Prospectus in full	• Read this Prospectus in full, paying particular attention to the: – important notices on the inside front cover; – key features of Capital Notes in Section 1; – further information about Capital Notes in Section 2; – information about BEN in Section 5; – investment risks in Section 6; and – Capital Notes Terms in Appendix A.	
Consider and consult	• Consider all risks and other information about Capital Notes in light of your particular investment objectives and circumstances. • Consult your financial adviser or other professional adviser if you are uncertain as to whether you should apply for Capital Notes.	

1. Investment Overview (continued)

Topic	Summary	Further information
Complete and submit your Application Form	• If you have decided to apply for Capital Notes, you need to apply by completing the electronic Application Form available at www.BendigoCNoffer.com.au and pay the Application Payment by BPAY®. • The Prospectus and electronic Application Form will be available during the Offer Period. The Application process varies depending on whether you are an Applicant under the Reinvestment Offer, Securityholder Offer, Broker Firm Offer or Institutional Offer – see Section 4 for full details.	
1.8 More information		
More information	If, after you have read this Prospectus, you have any questions regarding the Offer, please contact your financial adviser or other professional adviser. If you are an Eligible CPS2 Holder or Eligible Securityholder and have any questions on how to apply for Capital Notes, please call the Capital Notes Information Line on 1800 646 042 (within Australia) or +61 3 5485 6393 (international) (Monday to Friday – 8:15am to 5:30pm Melbourne Time) or visit www.BendigoCNoffer.com.au. If you are a Broker Firm Applicant and have any questions on how to apply for Capital Notes, you should contact your Syndicate Broker.	

About Capital Notes

2

2. About Capital Notes

This Section is designed to provide information about Capital Notes.

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

Topic	Summary	Where to find more information
2.1 General		
2.1.1 – What are Capital Notes?	· Capital Notes are fully paid, perpetual, subordinated, unsecured, convertible notes issued by BEN (the "**Issuer**"). They are issued, and may be Exchanged, Redeemed or Resold or otherwise terminated, by the Issuer, in accordance with the Capital Notes Terms.	Clause 1.1 of the Capital Notes Terms
2.1.2 – What is the size of the Offer?	· The Offer is for the issue of Capital Notes to raise $350 million with the ability to raise more or less.	
2.1.3 – What am I required to pay?	· $100 per Capital Note. · Applications must be for a minimum of 50 Capital Notes ($5,000), unless you hold fewer than 50 CPS2 and apply to participate in the Reinvestment Offer – see Section 3 for further details. If your Application is for more than 50 Capital Notes, then you must apply in incremental multiples of 10 Capital Notes – that is, for incremental multiples of $1,000. · These restrictions do not apply to Eligible CPS2 Holders in certain circumstances.	Clause 1.2 of the Capital Notes Terms and Section 4.3.1
2.1.4 – What is the purpose of the Offer?	· The Offer is being made as part of BEN's ongoing capital management strategy, with Capital Notes being eligible Additional Tier 1 Capital. · The Capital Notes proceeds will be used to fund the redemption of CPS2 (in the hands of the CPS2 Nominated Purchaser) and for BEN's general corporate purposes. The proceeds may also be used to fund the redemption of BEN's CPS3 (which have an optional exchange date of 15 June 2021), although any such redemption would be subject to obtaining APRA's prior approval (which may or may not be given).	
2.1.5 – What is the term of Capital Notes?	· Capital Notes are perpetual and do not have a fixed maturity date. · Subject to APRA's prior written approval, BEN may elect to Exchange, Redeem or Resell some or all Capital Notes on 15 June 2027.	Clauses 1.1, 3, 4, 5, 6 and 7 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.1.5 – What is the term of Capital Notes? *(continued)*	· On the Scheduled Mandatory Exchange Date, being 15 June 2029, Holders will receive Ordinary Shares on Exchange of the Capital Notes (subject to the Mandatory Exchange Conditions being satisfied and unless Capital Notes are otherwise Exchanged, Redeemed, Resold or Written Off earlier). · BEN must also Exchange or Write-Off Capital Notes if a Capital Trigger Event or a Non-Viability Trigger Event occurs. Such Exchange is not subject to the Mandatory Exchange Conditions and can occur at any time. See Section 2.6.7 for what happens if Exchange cannot occur following a Capital Trigger Event or a Non-Viability Trigger Event. · There are other limited circumstances where Capital Notes may be Exchanged, Redeemed or Resold and all Capital Notes must be Exchanged following a Change of Control Event subject to certain conditions.	
2.1.6 – Will Capital Notes be quoted on ASX?	· BEN will apply for Capital Notes to be quoted on ASX and Capital Notes are expected to trade under ASX code "BENPH".	Section 4.6.1
2.1.7 – Will Capital Notes be rated?	· BEN has not sought a credit rating for Capital Notes.	
2.1.8 – Are Capital Notes guaranteed by the Australian Government?	· No. Capital Notes are not obligations of the Australian Government or of any other government, and in particular, are not guaranteed or insured by the Commonwealth of Australia or any government, government agency or compensation scheme in any jurisdiction, by any member of the BEN Group or by any other person. Capital Notes are not deposit liabilities or "protected accounts" of BEN for the purposes of the Banking Act.	Clause 1.7 of the Capital Notes Terms
2.1.9 – Are Capital Notes secured?	· Capital Notes are not secured against any asset of BEN.	Clause 1.1 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary				Where to find more information
2.1.10 – Comparison of Capital Notes with certain other BEN Additional Tier 1 capital securities		**Capital Notes**	**BEN CPS4**	**BEN CPS3**	**BEN CPS2**
	Legal form	Unsecured, subordinated debt	Preference share	Preference share	Preference share
	ASX code	Expected to trade under "BENPH"	BENPG	BENPF	BENPE
	Issue Price	$100 per Capital Note	$100 per CPS4	$100 per CPS3	$100 per CPS2
	Amount to be issued/currently on issue	$350 million, with the ability to raise more or less	$322 million	$282 million	$292 million
	Margin above the relevant bank bill rate	Expected to be between 3.80% and 4.00% above the 90 day bank bill rate	3.75% above the 90 day bank bill rate	4.00% above the 180 day bank bill rate	3.20% above the 180 day bank bill rate
	Nature of distributions	· Floating rate · Quarterly · Frankable · Discretionary · Non-cumulative	· Floating rate · Quarterly · Frankable · Discretionary · Non-cumulative	· Floating rate · Semi-annual · Frankable · Discretionary · Non-cumulative	· Floating rate · Semi-annual · Frankable · Discretionary · Non-cumulative
	Rights if distributions not fully franked	Gross up	Gross up	Gross up	Gross up
	Payment tests for distributions	Yes	Yes	Yes	Yes
	Dividend restriction if distributions not paid	Yes, however only applies to dividends on Ordinary Shares until and including the next Distribution Payment Date	Yes, however only applies to dividends on Ordinary Shares until and including the next dividend payment date	Yes, however only applies to dividends on Ordinary Shares until and including the next dividend payment date	Yes, however only applies to dividends on Ordinary Shares until and including the next dividend payment date

2. About Capital Notes (continued)

Topic	Summary				Where to find more information
2.1.10 – Comparison of Capital Notes with certain other BEN Additional Tier 1 capital securities *(continued)*		**Capital Notes**	**BEN CPS4**	**BEN CPS3**	**BEN CPS2**
	Scheduled Mandatory Exchange Date	15 June 2029	15 June 2026	15 June 2023	30 November 2022
	Exchange discount	1.0%	1.0%	1.0%	1.0%
	Capital Trigger Event and Non-Viability Trigger Event	Capital Notes must Exchange if a Capital Trigger Event or a Non-Viability Trigger Event occurs.	CPS4 must convert if a Capital Trigger Event or a Non-Viability Trigger Event occurs.	CPS3 must convert if a Capital Trigger Event or a Non-Viability Trigger Event occurs.	CPS2 must convert if a Capital Trigger Event or a Non-Viability Trigger Event occurs.
		If Exchange is not effected within five Business Days after a Capital Trigger Event or Non-Viability Trigger Event for any reason, the Capital Notes would be Written Off	If conversion is not effected within five Business Days after a Capital Trigger Event or Non-Viability Trigger Event for any reason, the CPS4 would be written off	If conversion is not effected within five Business Days after a Capital Trigger Event or Non-Viability Trigger Event for any reason, the CPS3 would be written off	If conversion is prevented for any reason the CPS2 would be written off
	Exchange	By BEN, all or some Capital Notes on 15 June 2027 or after the occurrence of certain events. No early Exchange rights for Holders but BEN must (subject to certain conditions). Exchange all Capital Notes on the Mandatory Exchange Date or following a Change of Control Event	By BEN, all or some CPS4 on 13 June 2024 or after the occurrence of certain events. No early exchange rights for holders but BEN must (subject to certain conditions) convert on a mandatory conversion date or following a Change of Control Event	By BEN, all or some CPS3 on 15 June 2021 or after the occurrence of certain events. No early exchange rights for holders but BEN must (subject to certain conditions) convert on a mandatory conversion date or following a Change of Control Event	By BEN, all or some CPS2 on 30 November 2020 or after the occurrence of certain events. No early exchange rights for holders but BEN must (subject to certain conditions) convert on a mandatory conversion date or following a Change of Control Event

2. About Capital Notes (continued)

Topic	Summary					Where to find more information
2.1.10 – Comparison of Capital Notes with certain other BEN Additional Tier 1 capital securities *(continued)*		**Capital Notes**	**BEN CPS4**	**BEN CPS3**	**BEN CPS2**	
	Capital Notes rights in a winding-up	· Ahead of Junior Ranking Securities · Equally amongst Capital Notes, CPS4 and CPS3 and any other Equal Ranking Securities (and assuming that CPS2 have been resold) · After the claims of all holders of Senior Ranking Obligations · Holders' rights are subject to any requirement for Exchange due to a Capital Trigger Event or a Non-Viability Trigger Event				
	Voting rights	No right to vote at general meetings of holders of Ordinary Shares	No right to vote at general meetings of holders of Ordinary Shares	No right to vote at general meetings of holders of Ordinary Shares	No right to vote at general meetings of holders of Ordinary Shares	
	Capital classification on issue	Additional Tier 1 Capital	Additional Tier 1 Capital	Additional Tier 1 Capital	Additional Tier 1 Capital	
	Issue Date	30 November 2020	13 December 2017	15 June 2015	10 October 2014	

2.2 Regulatory treatment of Capital Notes

2.2.1 – Who is APRA?	· The Australian Prudential Regulation Authority ("**APRA**") is the prudential regulator of the Australian financial services industry. APRA oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance companies, private health insurers, friendly societies, and most members of the superannuation industry.	Section 5.4.1
2.2.2 – What is regulatory capital?	· Any business requires capital to support its income generating activities in its chosen industry. · Capital is the cornerstone of an Authorised Deposit-taking Institution's ("**ADI**") financial strength. It supports an ADI's operations by providing a buffer to absorb unanticipated losses from its activities and, in the event of problems, assists the ADI to continue to operate in a sound and viable manner while problems are addressed or resolved. · APRA's Prudential Standards set out minimum capital and risk management requirements which are designed to ensure that, under all reasonable circumstances, financial promises made by the institutions it supervises (including BEN) are met within a stable, efficient and competitive financial system. APRA has detailed guidelines and restrictions on the types of capital instruments that are permitted to form the capital base. The types of capital deemed eligible for inclusion in the capital base are referred to as regulatory capital.	Section 5.4.1

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.2.2 – What is regulatory capital? *(continued)*	· APRA classifies an ADI's regulatory capital into two tiers for its supervisory purposes – referred to as Tier 1 Capital and Tier 2 Capital. Tier 1 Capital is generally considered a higher quality capital than Tier 2 Capital for prudential purposes. For these purposes the quality of capital is assessed by reference to features such as longevity and availability to absorb losses incurred by the ADI and so reflects a greater level of risk from an investor perspective.	
2.2.3 – What is Tier 1 Capital?	· Tier 1 Capital is comprised of: – Common Equity Tier 1 Capital; and – Additional Tier 1 Capital. · Common Equity Tier 1 Capital is recognised as the highest quality component of capital. Common Equity Tier 1 Capital for ADIs will comprise paid-up ordinary shares, retained earnings, other disclosed reserves permitted for inclusion by APRA and certain other items permitted by APRA less regulatory adjustments applied in the calculation of Common Equity Tier 1 Capital. · The non-common equity components of Tier 1 Capital which do not satisfy all of the criteria for inclusion in Common Equity Tier 1 Capital are referred to as Additional Tier 1 Capital. These instruments must be able to absorb losses on a going-concern basis, and can be classified as either equity or liability instruments for accounting purposes. · Additional Tier 1 Capital ranks behind the claims of depositors and other more senior creditors in a winding-up and provides fully discretionary capital distributions. · Additional Tier 1 Capital must be the most subordinated instrument issued by BEN other than Ordinary Shares.	Section 5.4.3
2.2.4 – What is the regulatory treatment of Capital Notes?	· APRA has confirmed that the Capital Notes will be eligible for inclusion as Additional Tier 1 Capital as defined by APRA from time to time.	Section 5.4.3

2.3 Distributions

Capital Notes are expected to pay quarterly Distributions, which are expected to be fully franked.

A Distribution will be paid only if the Directors resolve to pay it and if other conditions (summarised below) are met.

The Distribution Rate used to calculate Distributions payable on Capital Notes is based on a floating rate (i.e. it will fluctuate), which is equal to the sum of a market reference rate (the Market Rate), plus a margin (as determined under the Bookbuild), adjusted for BEN's tax rate.

If a Distribution is not paid, Holders have no right to receive that Distribution at any later time. However (subject to certain exceptions), BEN will not be entitled to declare, determine to pay or pay dividends on Ordinary Shares without the approval of a Special Resolution or until a Distribution is paid in full on the next Distribution Payment Date.

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.3.1 – What are Distributions?	• Distributions on Capital Notes are discretionary, non-cumulative floating rate payments and are subject to certain Distribution Payment Conditions. • Distributions in Australian Dollars are scheduled to be paid quarterly in arrears on the Distribution Payment Dates, subject to the Distribution Payment Conditions. • Holders are expected to receive Distributions which have been fully franked. The value and availability of franking credits to a Holder will depend on the Holder's particular tax circumstances. Holders will not receive the benefit of the franking credits at the time the Distribution is paid, but only as an offset to the income tax payable by the Holder for the year of income in which the Distribution is paid. • If any Distribution payment is not fully franked, the amount of it would be increased to compensate for the unfranked amount. This increased Distribution will also be subject to the Distribution Payment Conditions. • Distributions are non-cumulative. If all or any part of a Distribution is not paid on a Distribution Payment Date, Holders have no claim or entitlement in respect of non-payment and no right to receive that Distribution at any later time.	Clauses 2.1, 2.4, 2.5 and 2.6 of the Capital Notes Terms
2.3.2 – How will the Distribution Rate be calculated?	• The Distribution Rate (expressed as a percentage per annum) for each Distribution Period is the rate calculated using the following formula: **Distribution Rate = (Market Rate + Margin) x (1 – Tax Rate)** where: – the **Market Rate** is the rate calculated in accordance with the methodology set out in Section 2.3.3 below; – the **Margin** is expected to be between 3.80% and 4.00% and will be set by way of Bookbuild and announced to the market on 4 November 2020; and – the **Tax Rate** is the Australian corporate tax rate on the relevant Distribution Payment Date (expressed as a decimal). As an example, assuming the Market Rate for the relevant Distribution Period is 0.06% per annum, the Tax Rate is 30% and the Margin is 3.80%, then if the Distribution is fully franked the Distribution Rate for that Distribution Period would be calculated as follows: Market Rate: 0.06% per annum Plus Margin: 3.80% per annum Equivalent unfranked Distribution Rate: 3.8600% per annum Multiplied by (1 – Tax Rate): x 0.70 Indicative fully franked Distribution Rate = 2.7020% per annum	Clause 2.2 of the Capital Notes Terms and Sections 2.3.3 and 2.3.5

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.3.2 – How will the Distribution Rate be calculated? *(continued)*	If the potential value of the franking credits is taken into account in full, the indicative fully franked Distribution Rate of 2.7020% per annum would be equivalent to an unfranked distribution rate of approximately 3.8600% per annum. · It is possible for the Market Rate to become negative. Should this occur, the negative amount will be taken into account in calculating the Distribution Rate. For example, if the Market Rate is –1.00% per annum, the Tax Rate is 30% and the Margin is 3.80% per annum, then if the Distribution is fully franked the Distribution Rate for that Distribution Period would be calculated as follows: Market Rate: -1.00% per annum Plus Margin: 3.80% per annum Equivalent unfranked Distribution Rate: 2.80% per annum Multiplied by (1 – Tax Rate): x 0.70 Indicative fully franked Distribution Rate = 1.9600% per annum If the Distribution Rate was negative, there would be no obligation on Capital Notes Holders to pay BEN.	Clause 2.2 of the Capital Notes Terms and Sections 2.3.3 and 2.3.5
2.3.3 – What is the Market Rate?	· The "Market Rate" means, subject to the bullet point immediately below, the Bank Bill Swap Reference Rate administered by ASX Benchmarks Pty Limited (or any other person that takes on the administration of that rate) expressed as a percentage per annum for a term of 3 months as displayed on the "BBSW" page published through information vendors (or any page that replaces that page) on the first Business Day of the Distribution Period, provided that where Capital Notes are Resold, Exchanged or Redeemed on a day which is not a scheduled Distribution Payment Date, and a Distribution is payable, then the Market Rate for the Distribution Period commencing on the Resale Date, Exchange Date or Redemption Date (as applicable) in respect of such Capital Notes shall be the Market Rate for the Distribution Period preceding the relevant Resale Date, Exchange Date, or Redemption Date. BEN will announce the relevant Distribution Rate and the amount of Distribution payable for each Distribution Period. · If BEN determines that the Market Rate has been affected by a "Market Rate Disruption Event", BEN may select an Alternative Market Rate that it considers appropriate and make other related changes to the Capital Notes Terms (subject to APRA's prior written approval in certain circumstances). Approval is at the discretion of APRA and may or may not be given. Holders should note that APRA's approval may not be given for any Alternative Market Rate it considers to have the effect of increasing the Distribution Rate contrary to Prudential Standards.	Clauses 2.1, 2.2 and 2.8 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.3.3 – What is the Market Rate? *(continued)*	· Broadly, a Market Rate Disruption Event occurs where the Market Rate is not published by 10.30am (or such other time BEN considers appropriate on that day), there is an obvious error in the published rate, the rate has been discontinued or has ceased to be calculated or administer, or it is no longer generally accepted in the Australian market for securities such as Capital Notes. BEN is required to act in good faith and in a commercially reasonable manner in selecting an Alternative Market Rate, and may consult with sources that it considers appropriate, but may otherwise exercise its discretion. · The graph below illustrates the movement in the Market Rate over the last 10 years. The Market Rate on 21 October 2020 was 0.06% per annum. · The above graph is for illustrative purposes only and does not indicate, guarantee or forecast the actual Market Rate. The actual Market Rate for the first and subsequent Distribution Periods may be higher or lower than the rates in the above graph. · It is possible for the Market Rate to be negative. If this occurs, the negative amount will be taken into account in calculating the Distribution Rate (although there is no obligation on Holders to pay BEN if the Distribution Rate becomes negative). For a full description of the calculation of the Market Rate, see clause 2.2 of the Capital Notes Terms.	

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.3.4 – How will the Distribution be calculated for each Distribution Period?	Distributions scheduled to be paid on each Distribution Payment Date will be calculated using the following formula: $$\textbf{Distribution payable} = \frac{\textbf{Distribution Rate x Face Value x N}}{\textbf{365}}$$ where: – **Distribution Rate** means the rate (expressed as a percentage per annum) calculated according to the formula set out in Section 2.3.2; – **Face Value** means A$100 per Capital Note (**"Initial Face Value"**) reduced (if applicable) by the amount of Face Value per Capital Note which has previously been Exchanged or the amount of Face Value per Capital Note for which Holders' rights have been irrevocably terminated; and – **N** means, in respect of a Distribution Period, the number of days in that Distribution Period. Following the formula above, if the Distribution Rate was 2.7020% per annum, then the Distribution on each Capital Note for the relevant Distribution Period (if the Distribution Period was 90 days) would be calculated as follows: Indicative fully franked Distribution Rate 2.7020% per annum Multiplied by the Face Value (assuming the Initial Face Value applies) x $100.00 Multiplied by the number of days in the Distribution Period x 90 Divided by 365 ÷ 365 Indicative fully franked Distribution payment for the relevant Distribution Period per Capital Note $0.6662 The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Distribution payment for any Distribution Period. Actual Distribution payments may be higher or lower than this example. The Distribution Rate for the first Distribution Period will be set on the Issue Date and will include the Margin of between 3.80% and 4.00% as determined under the Bookbuild.	Clause 2.3 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.3.5 – How will Distributions be paid?	· Distributions are scheduled to be paid to Holders whose details are recorded with the Registry at 7.00pm on the Record Date of the applicable Distribution. · Distributions and any other amount payable will be paid by electronic transfer to a bank account maintained in Australia with a financial institution nominated by a Holder in writing by close of business on the relevant Record Date or in any other manner BEN decides. · BEN will not pay Distributions on Capital Notes to Australian resident investors by cheque. · If you do not provide these account details to the Registry, or if any Distribution paid to you is unsuccessful for any reason (other than an error made by or on behalf of BEN), then BEN will be treated as having paid the amount on the date on which it would otherwise have made the payment, and BEN will send you a notice advising you of the amount of the Distribution and the funds will be held in a bank account as a non-interest bearing deposit until: – you nominate an Australian dollar bank account maintained in Australia for crediting with the payment (or you nominate a new bank account as the case may be); – claims may no longer be made in respect of that amount, in which case the monies shall be paid to and be the property of BEN; or – BEN pays the amount in accordance with the law relating to unclaimed monies. · BEN reserves the right to vary the way in which any Distribution is paid in accordance with the Capital Notes Terms (provided that a Distribution must always be paid in cash).	Clauses 11.1, 11.2, 11.3, 11.4 and 11.5 of the Capital Notes Terms
2.3.6 – What is the impact of franking credits?	· Distributions are expected to be fully franked and accordingly, Holders are expected to receive a combination of cash Distributions and franking credits. The franking credits represent a Holder's share of tax paid by BEN on the profits from which the cash Distribution is paid. · If the potential value of the franking credits is taken into account in full, the indicative fully franked Distribution Rate of 2.7020% per annum in the example in Section 2.3.2 would be equivalent to an unfranked Distribution Rate of approximately 3.8600% per annum. · However, Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Distribution. · Holders should also be aware that the ability to use the franking credits, either as an offset to a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each Holder.	Clause 2.4 of the Capital Notes Terms and Section 7

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.3.6 – What is the impact of franking credits? *(continued)*	• If any Distribution payment is not fully franked, then that Distribution will be grossed up according to the formula in clause 2.4 of the Capital Notes Terms. • Holders should refer to the Australian taxation summary in Section 7 and seek professional advice in relation to their tax position.	
2.3.7 – When are the Distribution Payment Dates?	• The first Distribution Payment Date is 15 March 2021. • Subsequent Distribution Payment Dates are 15 March, 15 June, 15 September and 15 December each year. • If any of these dates is not a Business Day, then the Distribution Payment Date will be the next Business Day.	Definition of "Distribution Payment Date" in the Capital Notes Terms
2.3.8 – What are the Distribution Payment Conditions?	• Distributions may not always be paid. The payment of each Distribution on any Distribution Payment Date is subject to the following Distribution Payment Conditions being satisfied: – the Directors, in their absolute discretion, resolving to pay the Distribution to Holders; – the payment of the Distribution not resulting in a breach of BEN's capital requirements under APRA's prudential standards as they are applied to the BEN Level 1 Group or the BEN Level 2 Group or both at the same time of the payment, or of the Corporations Act; – the payment of the Distribution not resulting in BEN becoming, or being likely to become, insolvent for the purposes of the Corporations Act; and – APRA not otherwise objecting to the Distribution. • No Distribution will be paid on Exchange where Exchange occurs due to a Capital Trigger Event or a Non-Viability Trigger Event.	Clause 2.5 of the Capital Notes Terms
2.3.9 – What restrictions apply if a Distribution has not been paid?	• If, for any reason, a Distribution has not been paid in full on a Distribution Payment Date ("**Relevant Distribution Payment Date**"), BEN must not, without the approval of a Special Resolution, until and including the next Distribution Payment Date: – declare, determine to pay or pay a dividend on Ordinary Shares; or – return any capital or undertake any buy-backs or repurchases on Ordinary Shares, unless the amount of any unpaid Distribution is paid in full within five Business Days of the Relevant Distribution Payment Date. There are certain exceptions to these restricted actions. • The Capital Notes Terms contain no events of default and accordingly, failure to pay a Distribution when scheduled will not constitute an event of default.	Clauses 2.6 and 2.7 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.4 Optional Exchange, Redemption or Resale by BEN		
BEN may (subject to APRA's prior written approval) elect to Exchange, Redeem or Resell Capital Notes on 15 June 2027 or on the occurrence of certain events. For any such Exchange, Redemption or Resale to occur, certain conditions and restrictions apply (summarised below) and APRA's prior written approval is required. The conditions to Optional Exchange and the associated Exchange calculations are designed to ensure that Holders receive approximately $101.01 worth of Ordinary Shares for each Capital Note they hold, and that Holders receive Ordinary Shares that are capable of being sold on ASX. Holders should not expect that the requirements for Exchange, Redemption or Resale will be satisfied or that APRA will give its approval to any Exchange. Holders do not have a right to request Exchange, Redemption or Resale.		
2.4.1 – When may BEN choose to Exchange Capital Notes?	· BEN may choose to Exchange: – all or some Capital Notes following the occurrence of a Franking Event, Tax Event or a Regulatory Event on the Optional Exchange Date; or – all or some Capital Notes on the Call Date. · Upon Optional Exchange, Capital Notes Holders will receive approximately $101.01 worth of BEN Ordinary Shares per Capital Note based on the VWAP during the 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Call Date. · BEN's right to elect to Exchange all or some Capital Notes is subject to APRA's prior written approval and is restricted in the circumstances described further in Sections 2.4.4, 2.4.5 and 2.4.6 below. · Holders should not expect that APRA will give its approval to any Exchange.	Clauses 6.1 and 9.1 of the Capital Notes Terms
2.4.2 – When is the Call Date?	· The Call Date is 15 June 2027.	Definition of "Call Date" in the Capital Notes Terms
2.4.3 – What is a Franking Event, Tax Event or Regulatory Event?	· A summary of these events is as follows: – a Franking Event will occur if, there is a material risk that as a result of any change in, or amendment to, the laws of Australia, or their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced) that was not expected by BEN as at the Issue Date and has or is expected to become effective on or after the Issue Date, any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Act;	Clauses 5.2, 5.3 and 5.4 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information

2.4.3 – What is a Franking Event, Tax Event or Regulatory Event?
 	
(continued)
	– a Tax Event will occur if BEN receives an opinion from a reputable legal counsel or other tax adviser in Australia experienced in such matters, to the effect that there is a material risk that as a result of a change in, or amendment to, the laws of Australia, or their application or official or judicial interpretation or administration (including any announcement of a prospective change that has been or will be introduced), where such change or amendment was not expected by BEN at the Issue Date, BEN would be required to pay an increased amount under clause 11.6 of the Capital Notes Terms, or would be exposed to a more than de minimis adverse tax consequence in relation to the Capital Notes other than a tax consequence that BEN expected as at the Issue Date; and
	– a Regulatory Event will occur if, at any time after the Issue Date, BEN determines that as a result of a change in, or amendment to, the laws of Australia or APRA's prudential standards or guidelines, or in their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced):
	  – all, some or a proportion of all or some Capital Notes are not or will not be treated as Additional Tier 1 Capital of the BEN Group under APRA's prudential standards (as amended from time to time), other than as a result of a change of treatment expected by BEN as at the Issue Date;
	  – additional requirements would be imposed on BEN or the BEN Group in relation to or in connection with the Capital Notes (which were not expected by BEN at the Issue Date) which BEN determines in its absolute discretion might have a material adverse effect on BEN; or
	  – to have the Capital Notes outstanding would be unlawful or impractical or that BEN or the BEN Group would be exposed to a more than de minimis increase in its costs in connection with those Capital Notes.	

2.4.4 – What are the requirements for Exchange?	· BEN may not elect to Exchange Capital Notes if, on the second Business Day before the date on which BEN would otherwise send a notice advising Holders that it wishes to Exchange Capital Notes (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) ("**Non-Exchange Test Date**"), an Optional Exchange Restriction applies.	Clause 6.4 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.4.5 – What are the Optional Exchange Restrictions?	· The Optional Exchange Restrictions are: – First Optional Exchange Restriction: the VWAP on the Non-Exchange Test Date is less than or equal to 22% of the Issue Date VWAP; and – Second Optional Exchange Restriction: Ordinary Shares have been Delisted as at the Non-Exchange Test Date.	Clause 6.4 of the Capital Notes Terms
2.4.6 – What are the further conditions to Optional Exchange?	· The further conditions that apply in respect of an Optional Exchange are that the Second Mandatory Exchange Condition (applied as if it referred to 20.20% of the Issue Date VWAP) and the Third Mandatory Exchange Condition must both be satisfied in respect of the Optional Exchange Date as if the Optional Exchange Date were a Mandatory Exchange Date. · If the further Exchange conditions are not satisfied, the Optional Exchange Date will be deferred until the first Distribution Payment Date on which the Mandatory Exchange Conditions (applied as if the percentage of the Issue Date VWAP was 22% for the First Mandatory Exchange Condition and 20.20% for the Secondary Mandatory Exchange Condition) would be satisfied in accordance with the Capital Notes Terms.	Clause 6.5 of the Capital Notes Terms
2.4.7 – What are the requirements for Redemption or Resale?	· BEN may choose to Redeem or Resell Capital Notes: – on 15 June 2027; or – following the occurrence of a Franking Event, Tax Event or Regulatory Event, provided that APRA's prior written approval is given, and in the case of a Redemption of Capital Notes, APRA is satisfied that either: – the Capital Notes which are the subject of the Redemption are replaced concurrently or beforehand with a capital instrument of the same or better quality (for the purposes of APRA's prudential standards as they are applied to the BEN Group at the relevant time) than Capital Notes and the replacement of Capital Notes is done under conditions that are sustainable for the income capacity of BEN; or – having regard to the projected capital position of BEN and the BEN Group, BEN does not have to replace the Capital Notes, the subject of the Redemption or Resale.	Clauses 5.1 to 5.5 and 7.1 of the Capital Notes Terms
2.4.8 – What is a Redemption?	· Redemption is a process by which BEN pays the Face Value of a Capital Note to a Holder and, upon doing so, all rights conferred, or restrictions imposed, by the Capital Note will no longer have effect and the Capital Note will be cancelled.	Clause 5 of the Capital Notes Terms
2.4.9 – What will I receive if my Capital Notes are Redeemed?	· Each Holder will receive the Face Value, being $100 per Capital Note (which is equal to the Issue Price).	Clause 5.1 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.4.10 – What is a Resale?	• Resale is a process by which BEN may appoint one or more third parties ("**Nominated Purchaser(s)**") to purchase some or all Capital Notes. • If BEN appoints more than one Nominated Purchaser, some or all Capital Notes may be purchased by any one or any combination of Nominated Purchasers, as determined by BEN, for the Resale Price.	Clause 8 of the Capital Notes Terms
2.4.11 – What will I receive if my Capital Notes are Resold?	• Each Holder will receive the Resale Price, being $100 per Capital Note. The Resale Price is equal to the Issue Price.	Clauses 7.1 and 8.4 of, and the definition of "Resale Price" in, the Capital Notes Terms
2.4.12 – Are there any restrictions on the identity of the Nominated Purchaser(s) that BEN can appoint?	• BEN may appoint a Nominated Purchaser on such terms as it may agree with the Nominated Purchaser, including as to the conditions of any Resale, the procedures for settlement of such Resale, the substitution of a Nominated Purchaser (not being BEN or a Related Body Corporate of BEN) and the terms on which any Capital Notes acquired by the Nominated Purchaser may be Redeemed, Exchanged or otherwise dealt with. To the extent that such terms may affect the eligibility of Capital Notes as Additional Tier 1 Capital for BEN, such terms are subject to the prior written approval of APRA. • BEN may appoint any one or more third parties selected by BEN in its absolute discretion as the Nominated Purchaser, provided that such party cannot be BEN or any Related Body Corporate of BEN.	Clauses 8.2 of, and definition of "Nominated Purchaser" in, the Capital Notes Terms
2.4.13 – What if a Nominated Purchaser does not pay the Resale Price?	• If a Nominated Purchaser does not pay the Resale Price to Holders on the Resale Date when the Resale Price is due, the Resale to that Nominated Purchaser will not occur and Holders will continue to hold Capital Notes in accordance with the Capital Notes Terms until Capital Notes are otherwise Exchanged, Redeemed or Resold.	Clause 8.5 of the Capital Notes Terms
2.4.14 – Can Holders request Exchange, Redemption or Resale?	• Holders do not have a right to request Exchange, Redemption or Resale at any time.	Clauses 4.8, 5.7 and 7.5 of the Capital Notes Terms

2.5 Mandatory Exchange on the Mandatory Exchange Date

BEN must Exchange any Capital Notes outstanding on 15 June 2029 into Ordinary Shares, provided that certain conditions (summarised below) are met (and failing that, on the next Distribution Payment Date on which those conditions are met). Those conditions may never be satisfied and accordingly Capital Notes may never be Exchanged for Ordinary Shares, except as a result of a Capital Trigger Event or a Non-Viability Trigger Event.

The conditions to Mandatory Exchange and the associated Exchange calculations (as set out below) are designed to ensure that Holders receive approximately $101.01 worth of Ordinary Shares for each Capital Note that they hold, and that the Ordinary Shares they receive following the Exchange are capable of being sold on ASX.

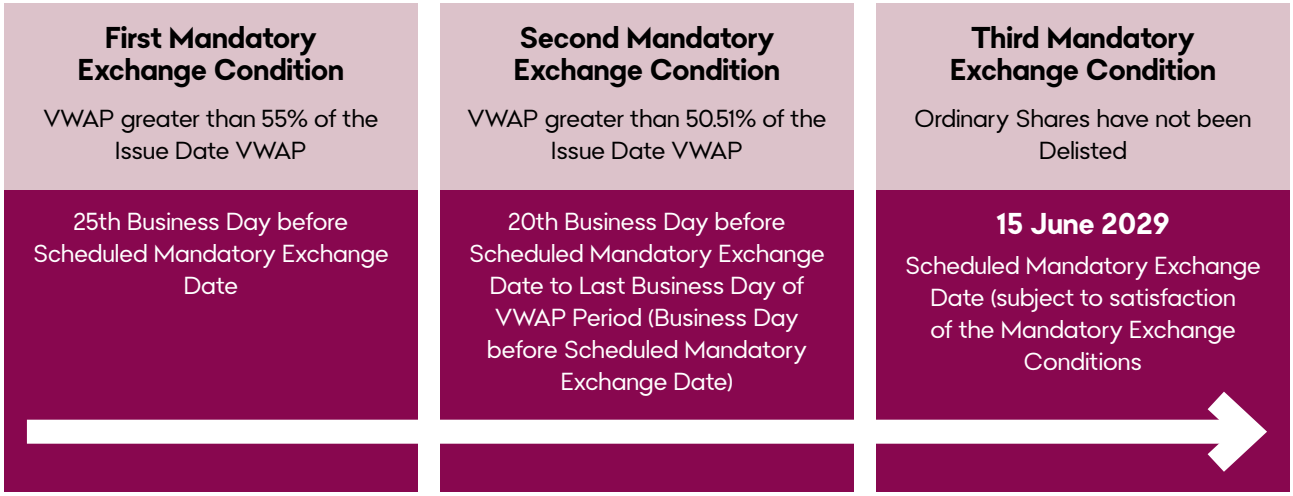
2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.5.1 – What is Mandatory Exchange?	· Holders will receive Ordinary Shares on Exchange of Capital Notes on the Mandatory Exchange Date unless the Mandatory Exchange Conditions are not satisfied or Capital Notes have otherwise been Exchanged[1], Redeemed or Resold. · Upon Exchange on a Mandatory Exchange Date, Holders will receive a variable number of Ordinary Shares with a value of approximately $101.01 per Capital Note (based on the VWAP during the period of 20 Business Days on which trading took place immediately preceding (but not including) the Mandatory Exchange Date). · The VWAP that is used to calculate the number of Ordinary Shares that Holders receive may differ from the market price of Ordinary Shares on or after the Mandatory Exchange Date. This means that the value of Ordinary Shares received may be more or less than approximately $101.01 when they are issued or at any time after that.	Clauses 3.1, 3.2 and 9.1 of the Capital Notes Terms
2.5.2 – What are the consequences of Mandatory Exchange?	· As a result of any Exchange of Capital Notes to Ordinary Shares, Holders will become holders of Ordinary Shares in the capital of BEN, which will rank equally with existing Ordinary Shares from the date of issue. The value of any holding of Ordinary Shares may fluctuate from time to time.	Clause 9.9 of the Capital Notes Terms
2.5.3 – When is the Mandatory Exchange Date?	· The Mandatory Exchange Date will be 15 June 2029, provided the Mandatory Exchange Conditions are satisfied on that date. · If any of the Mandatory Exchange Conditions are not satisfied on that date, then the Mandatory Exchange Date will be the next Distribution Payment Date on which they are satisfied.	Clauses 3.1 and 3.2 of the Capital Notes Terms
2.5.4 – What is the purpose of the Mandatory Exchange Conditions?	· The First Mandatory Exchange Condition and the Second Mandatory Exchange Condition are intended to provide protection to Holders against receiving less than approximately $101.01 worth of Ordinary Shares per Capital Note on Exchange (based on the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date). · The Third Mandatory Exchange Condition is intended to provide protection for Holders by making Exchange conditional on Holders receiving Ordinary Shares which are capable of being sold on ASX.	

1. This includes an Exchange or Write-Off required by APRA following the occurrence of a Capital Trigger Event or a Non-Viability Trigger Event.

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.5.5 – What are the Mandatory Exchange Conditions?	• The Mandatory Exchange Conditions are as follows: – **First Mandatory Exchange Condition:** the VWAP on the 25th Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) is greater than 55% of the Issue Date VWAP; – **Second Mandatory Exchange Condition:** the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date is greater than 50.51% of the Issue Date VWAP; and – **Third Mandatory Exchange Condition:** Ordinary Shares have not been Delisted as at the Mandatory Exchange Date. • Exchange on a Mandatory Exchange Date cannot occur unless all three Mandatory Exchange Conditions are satisfied. • The 'Issue Date VWAP' means, broadly, the VWAP of Ordinary Shares during the period of 20 Business Days on which trading in Ordinary Shares took place immediately prior to (but not including) the Issue Date. • The following diagram sets out the timeframes that are relevant for testing whether Exchange will occur, using the Scheduled Mandatory Exchange Date (15 June 2029).	Clauses 3.1 and 3.2 of the Capital Notes Terms



2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.5.6 – How many Ordinary Shares will a Holder receive on the Mandatory Exchange Date?	• A Holder will receive on a Mandatory Exchange Date a number of Ordinary Shares per Capital Note (**"Exchange Number"**) calculated in accordance with the following formula: $$\text{Exchange Number} = \frac{\text{Face Value}}{99\% \times \text{VWAP}}$$ subject always to the Exchange Number being no greater than the Maximum Exchange Number, where: – VWAP is, broadly, the volume weighted average price of Ordinary Shares during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) a possible Mandatory Exchange Date. **Illustrative example of Exchange** As an example, in the case of the Scheduled Mandatory Exchange on 15 June 2029 and assuming the Issue Date VWAP was $6.32, whether the Mandatory Exchange Conditions are satisfied and the number of Ordinary Shares received on Exchange would be determined as follows: **Step 1 – Passing the Mandatory Exchange Conditions** **The First Mandatory Exchange Condition** • This condition requires that the VWAP on the 25th Business Day immediately preceding, but not including, 15 June 2029 (assuming there is trading in Ordinary Shares on that day) is greater than 55% of the Issue Date VWAP, which would be $3.48 (being 55% of $6.32). • Assume the VWAP on 10 May 2029 (being the 25th Business Day immediately preceding, but not including, 15 June 2029) is $4.00. • Since the VWAP on 10 May 2029 ($4.00) is greater than $3.48, the First Mandatory Exchange Condition is satisfied. **The Second Mandatory Exchange Condition** • This condition requires that the VWAP during the period of 20 Business Days in which trading in Ordinary Shares took place immediately preceding, but not including, 15 June 2029 is greater than 50.51% of the Issue Date VWAP, which would be $3.19 (being 50.51% of $6.32). • Assume the VWAP during the period from 17 May 2029 to 14 June 2029 (being the 20 Business Days in which trading in Ordinary Shares took place immediately preceding, but not including, 15 June 2029) is $4.00. • Since the VWAP from 17 May 2029 to 14 June 2029 ($4.00) is greater than $3.19, the Second Mandatory Exchange Condition is satisfied.	Clauses 3.1, 3.2 and 9.1 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.5.6 – How many Ordinary Shares will a Holder receive on the Mandatory Exchange Date? *(continued)*	**The Third Mandatory Exchange Condition** · This condition requires that Ordinary Shares have not been Delisted. · Assume on 15 June 2029, BEN is listed and its Ordinary Shares are quoted on ASX, and trading in its Ordinary Shares has not been suspended on that Exchange Date. · In these circumstances, the Third Mandatory Exchange Condition is satisfied. **Step 2 – Calculating the number of Ordinary Shares received on Exchange** On 15 June 2029, Holders would be entitled to receive, in respect of each Capital Note, the Exchange Number of Ordinary Shares determined as follows: $$\text{Exchange Number} = \frac{\text{Face Value}}{99\% \times \text{VWAP}}$$ · Assume the VWAP from 17 May 2029 to 14 June 2029 (being the 20 Business Days on which trading in Ordinary Shares took place immediately preceding 15 June 2029) is $4.00. · The Face Value (assuming the Initial Face Value applies) is $100. · The Exchange Number would be 25.2525 (being $100 divided by (99% × $4.00)). · Assuming a Holder has 100 Capital Notes, the total number of Ordinary Shares to which they would be entitled would be 2525 (i.e. 100 × 25.2525, which number is rounded down to disregard the fraction of the Ordinary Share). In this example, the Exchange Number will not be impacted by the Maximum Exchange Number. · The Maximum Exchange Number is calculated in accordance with the following formula: $$\text{Maximum Exchange Number} = \frac{\text{Face Value}}{(\text{Relevant Percentage} \times \text{Issue Date VWAP})}$$ Where the Relevant Percentage is: – 0.50 if Exchange occurs on a Mandatory Exchange Date and; – 0.20 in any other case.	

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.5.6 – How many Ordinary Shares will a Holder receive on the Mandatory Exchange Date? *(continued)*	• If the Issue Date VWAP is $6.32, the Maximum Exchange Number on the Mandatory Exchange Date will be 31.6456 (being $100 divided by ($6.32 × 50%)). • As the Exchange Number is less than the Maximum Exchange Number, there will be no restriction on the number of Ordinary Shares a Holder receives. This example is for illustrative purposes only. The figures in it are not forward-looking statements and do not indicate, guarantee or forecast the Issue Date VWAP or future VWAP or other price of Ordinary Shares.	
2.5.7 – What adjustments to the Issue Date VWAP are made to account for changes to BEN's Ordinary Share capital?	• The Issue Date VWAP, and consequently the Maximum Exchange Number, will be adjusted to reflect a division, reconstruction, consolidation or reclassification of Ordinary Shares and pro rata bonus issues as set out in the Capital Notes Terms (but not other transactions, including rights issues, which may affect the capital of BEN). • However, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than 1% of the Issue Date VWAP then in effect.	Clauses 9.4 to 9.8 (inclusive) of the Capital Notes Terms
2.5.8 – What can happen if the Mandatory Exchange Conditions are not satisfied?	• If any of the Mandatory Exchange Conditions are not satisfied on 15 June 2029, Capital Notes will continue to be on issue and Exchange will be deferred until the first Distribution Payment Date after 15 June 2029 on which all of the Mandatory Exchange Conditions are satisfied.	Clause 3.1 of the Capital Notes Terms

2.6 Exchange on account of a Capital Trigger Event or a Non-Viability Trigger Event

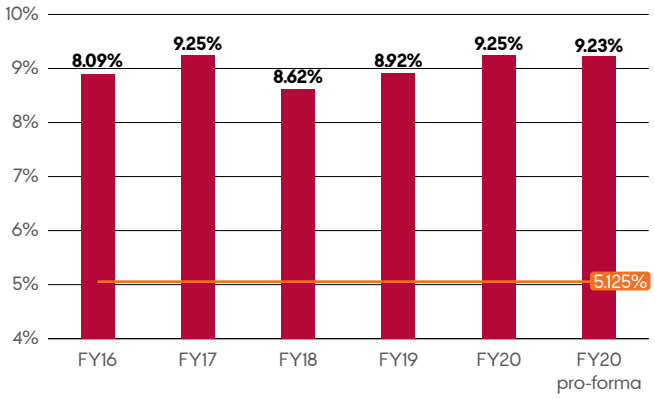
Capital Notes have certain loss absorption features, which may be triggered where the BEN Level 1 Common Equity Tier 1 Capital Ratio or the BEN Level 2 Common Equity Tier 1 Capital Ratio falls below the percentage ratios prescribed by APRA from time to time (i.e. a Capital Trigger Event) or where APRA considers that without Exchange or Write-Off, or a public sector injection of capital into (or equivalent support with respect to) BEN, BEN would become non-viable (i.e. a Non-Viability Trigger Event).

These features are required to be included in the Capital Notes Terms for prudential regulatory purposes. If a Capital Trigger Event or a Non-Viability Trigger Event occurs, all or some Capital Notes and other Relevant Securities will need to be immediately Exchanged for Ordinary Shares and if such Exchange has not been effected within five Business Days after the Capital Trigger Event or Non-Viability Trigger Event, the Capital Notes which should have been Exchanged will be Written Off with effect on and from the Capital Trigger Event or Non-Viability Trigger Event. This means that the Capital Notes will never be Exchanged and all rights (including to payment of the Face Value and Distributions, the right to receive Ordinary Shares and any amount in a winding-up of BEN) will be terminated with effect on and from the Capital Trigger Event or Non-Viability Trigger Event, in which case the Holder's investment will lose all of its value, they will not have the Face Value repaid, and they will not receive any compensation. No conditions need to be satisfied for such an Exchange or Write-Off to occur.

Depending on the market price of Ordinary Shares at the time the Capital Trigger Event or the Non-Viability Trigger Event occurs, Holders may receive less, or significantly less, than $101.01 worth of Ordinary Shares per Capital Note and a Holder may suffer loss as a consequence.

The following calculations are illustrative only and designed to demonstrate the potential number and value of Ordinary Shares that a Holder would receive on an Exchange where there is a Capital Trigger Event or a Non-Viability Trigger Event.

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.6.1 – Why do Capital Notes include a Capital Trigger Event and a Non-Viability Trigger Event?	• The inclusion of a Capital Trigger Event and a Non-Viability Trigger Event is an APRA regulatory requirement for Capital Notes to be characterised as Additional Tier 1 Capital under APRA's Basel III Prudential Standards.	
2.6.2 – What is a Capital Trigger Event?	• A Capital Trigger Event occurs when BEN determines, or APRA notifies BEN in writing that it believes, that either or both of the BEN Level 1 Common Equity Tier 1 Capital Ratio or the BEN Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%. • The Common Equity Tier 1 Capital Ratio is the ratio of Common Equity Tier 1 Capital to the risk weighted assets of BEN and the BEN Group, as prescribed by APRA. Common Equity Tier 1 Capital comprises the highest quality components of capital. • BEN's Common Equity Tier 1 Capital Ratio of 9.25% as at 30 June 2020 is well above the Capital Trigger Event level Common Equity Tier 1 Capital Ratio of 5.125% on a Level 1 and Level 2 basis. • A Common Equity Tier 1 Capital Ratio of 9.25% would imply $1,576 million of Common Equity Tier 1 Capital above the Capital Trigger Event Common Equity Tier 1 Capital Ratio level of 5.125% as at 30 June 2020. • The graph below illustrates BEN's historical Common Equity Tier 1 Capital Ratio under APRA's relevant Prudential Standards. See Section 5.4.6 for further details. **BEN's Level 2 Common Equity Tier 1 Capital Ratio**  BEN gives no assurance as to what its Common Equity Tier 1 Capital Ratio will be at any time as it may be significantly impacted by unexpected events affecting its business, operations and financial condition.	Clause 4.1 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.6.3 – What is a Non-Viability Trigger Event?	· A Non-Viability Trigger Event occurs when APRA notifies BEN in writing that it believes: – Exchange of all or some Capital Notes, or exchange, conversion or write-off of capital instruments of the BEN Group is necessary because, without it, BEN would become non-viable; or – a public sector injection of capital, or equivalent support, is necessary because, without it, BEN would become non-viable.	Clause 4.2 of the Capital Notes Terms
2.6.4 – What does non-viable mean?	· APRA has not provided specific guidance as to how it would determine non-viability. However, in the context of regulatory capital instruments issued by ADIs, APRA has indicated non-viability is likely to arise prior to the insolvency of an ADI. · Non-viability could be expected to include serious impairment of BEN's financial position or insolvency. However it is possible that APRA's definition of non-viable may not necessarily be confined to solvency or capital measures and APRA's position on these matters may change over time. · As the occurrence of a Non-Viability Trigger Event is at the discretion of APRA, there can be no assurance given as to the factors and circumstances that might give rise to this event. · APRA may publish further guidance on the parameters used to determine non-viability. However it is possible that it will not provide any further guidance and BEN has no control over whether it will do so.	Section 6.1.15.2
2.6.5 – When does Exchange on account of a Capital Trigger Event or a Non-Viability Trigger Event occur?	· If a Capital Trigger Event or a Non-Viability Trigger Event occurs, BEN must immediately Exchange: – in the case of a Non-Viability Trigger Event where APRA deems a public sector injection of funds, or equivalent support, to be necessary, all (and not only some) Capital Notes; – in the case of any other Non-Viability Trigger Event, such number of Capital Notes (or a percentage of the Face Value of each Capital Note) as specified by APRA or necessary to satisfy APRA that BEN will no longer be non-viable; or – in the case of a Capital Trigger Event, such number of Capital Notes (or, if it so determines, such percentage of the Face Value of each Capital Note) to return either or both of the BEN Level 1 Common Equity Tier 1 Capital Ratio or the BEN Level 2 Common Equity Tier 1 Capital Ratio, as the case may be, to above 5.125%.	Clauses 4.1 to 4.6 (inclusive) of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.6.5 – When does Exchange on account of a Capital Trigger Event or a Non-Viability Trigger Event occur? *(continued)*	• If a Capital Trigger Event or a Non-Viability Trigger Event occurs, BEN must immediately Exchange: – in the case of a Non-Viability Trigger Event where APRA deems a public sector injection of funds, or equivalent support, to be necessary, all (and not only some) Capital Notes; – in the case of any other Non-Viability Trigger Event, such number of Capital Notes (or a percentage of the Face Value of each Capital Note) as specified by APRA or necessary to satisfy APRA that BEN will no longer be non-viable; or – in the case of a Capital Trigger Event, such number of Capital Notes (or, if it so determines, such percentage of the Face Value of each Capital Note) to return either or both of the BEN Level 1 Common Equity Tier 1 Capital Ratio or the BEN Level 2 Common Equity Tier 1 Capital Ratio, as the case may be, to above 5.125%. • If a Capital Trigger Event or a Non-Viability Trigger Event occurs, BEN must also exchange or write-off Relevant Securities in accordance with their respective terms. • As at the date of this Prospectus, there are three capital instruments of BEN within the definition of Relevant Securities, being CPS2, CPS3 and CPS4. BEN has 2,921,188 CPS2 on issue, 2,822,108 CPS3 on issue and 3,216,145 CPS4 on issue, each at an issue price of $100 per respective security. BEN has no obligation to maintain any Relevant Securities and gives no assurance that it will do so. As part of managing its ongoing capital management initiatives, and with APRA's prior approval, BEN will resell the CPS2 on issue on 30 November 2020. • The Floating Rate Capital Notes issued by BEN are not Relevant Securities and would not be expected to be required to be exchanged, converted or written-off upon the occurrence of a Capital Trigger Event or a Non-Viability Trigger Event. • Exchange on the occurrence of a Capital Trigger Event or a Non-Viability Trigger Event is not subject to any Mandatory Exchange Condition being satisfied.	Clauses 4.1 to 4.6 (inclusive) of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.6.5 – When does Exchange on account of a Capital Trigger Event or a Non-Viability Trigger Event occur? *(continued)*	· Exchange is immediate and, from the Capital Trigger Event or the Non-Viability Trigger Event, BEN will treat Holders as having been issued the Exchange Number of Ordinary Shares. BEN expects any ASX trades in Capital Notes that have not settled on the date a Capital Trigger Event or a Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX settlement rules, although BEN expects the seller will be treated as having delivered, and the buyer will be treated as having acquired, the Exchange Number of Ordinary Shares into which Capital Notes have been Exchanged as a result of the occurrence of the Capital Trigger Event or the Non-Viability Trigger Event. · Further, BEN must make such decisions with respect to the identity of Holders whose Capital Notes will be Exchanged as at the Capital Trigger Event or the Non-Viability Trigger Event as may be necessary or desirable to ensure Exchange occurs in an orderly manner, including disregarding any transfers of Capital Notes that have not been settled or registered at that time and date, provided that any such decision does not prevent, impede or delay the immediate Exchange of the relevant number of Capital Notes. · BEN must give Holders notice as soon as practicable after a Capital Trigger Event or a Non-Viability Trigger Event has occurred, including details of the number of Capital Notes Exchanged. For the meaning of Relevant Security please see the Appendix B Glossary.	
2.6.6 – How many Ordinary Shares will Holders receive on the occurrence of a Capital Trigger Event or the Non-Viability Trigger Event?	· The number of Ordinary Shares a Holder will receive per Capital Note on account of a Capital Trigger Event or a Non-Viability Trigger Event is the Exchange Number (calculated as described below) but cannot be more than the Maximum Exchange Number. Since there are no conditions to an Exchange following the occurrence of a Capital Trigger Event or a Non-Viability Trigger Event, the number of Ordinary Shares a Holder is likely to receive on account of a Capital Trigger Event or a Non-Viability Trigger Event may be worth significantly less than approximately $101.01 and a Holder may suffer a loss as a consequence. · The Exchange Number in the event of a Capital Trigger Event or a Non-Viability Trigger Event is calculated in accordance with the following formula, subject to the Exchange Number being no greater than the Maximum Exchange Number: $$\text{Exchange Number} = \frac{\text{Face Value}}{99\% \times \text{VWAP}}$$	Clauses 4.1, 4.2, 4.3 and 9.1 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.6.6 – How many Ordinary Shares will Holders receive on the occurrence of a Capital Trigger Event or the Non-Viability Trigger Event? *(continued)*	where: – **VWAP** is, broadly, the volume weighted average price of Ordinary Shares during the period of five Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date on which the Capital Trigger Event or the Non-Viability Trigger Event (as applicable) occurred. The Maximum Exchange Number is calculated as: $$\textbf{Maximum Exchange Number} = \frac{\textbf{Face Value}}{\textbf{(Relevant Percentage x Issue Date VWAP)}}$$ where: – Relevant Percentage is 0.20 **Illustrative example of Exchange** **Step 1 – Calculating the potential number of Ordinary Shares to be received on Exchange** Assume that on 23 June 2028, a Capital Trigger Event or a Non-Viability Trigger Event occurs. Holders would be entitled to receive, in respect of each Capital Note being Exchanged, the Exchange Number of Ordinary Shares determined as follows: $$\textbf{Exchange Number} = \frac{\textbf{Face Value}}{\textbf{99\% x VWAP}}$$ · Assume the VWAP from 16 June 2028 to 22 June 2028 (being the five Business Days on which trading in Ordinary Shares took place immediately preceding 23 June 2028) is $0.50. · The Face Value (assuming the Initial Face Value applies) is $100. · The Exchange Number would be 202.0202 (being $100 divided by (99% × $0.50)). · Assuming a Holder has 100 Capital Notes, the total number of Ordinary Shares to which they would be entitled would be 20,202 (i.e. 100 × 202.0202, which is rounded down to disregard the fraction of the Ordinary Share). **Step 2 – Calculating the maximum number of Ordinary Shares to be received on Exchange** The Maximum Exchange Number is determined as: $$\textbf{Maximum Exchange Number} = \frac{\textbf{Face Value}}{\textbf{(Relevant Percentage x Issue Date VWAP)}}$$ · On the basis of the assumptions made in Step 1 above, and an Issue Date VWAP of $6.32, the Maximum Exchange Number would be 79.1139 (being $100 divided by ($6.32 × 20%)).	

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.6.6 – How many Ordinary Shares will Holders receive on the occurrence of a Capital Trigger Event or the Non-Viability Trigger Event? *(continued)*	**Step 3 – Calculate the number of Ordinary Shares to be received** Since the Exchange Number of 202.0202 is greater than the Maximum Exchange Number of 79.1139 the number of Ordinary Shares which the holder of 100 Capital Notes would receive would be 79.11. The market value of the Ordinary Shares received (based on the VWAP assumed in this example) is $3,955.50 which is considerably less than $10,000 (which is the 100 Capital Notes at the Initial Face Value of $100 each).[2] · The Maximum Exchange Number is described in Section 2.5.6 (as that number may be adjusted as described in Section 2.5.7). · Additionally, if on the occurrence of a Capital Trigger Event or a Non-Viability Trigger Event, only some (rather than all) Capital Notes and other Relevant Securities are required to be converted, BEN must endeavour to treat Holders and holders of other Relevant Securities on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels, other logistical considerations and the need to effect Exchange immediately.	
2.6.7 – What happens if Capital Notes cannot be Exchanged on a Capital Trigger Event or a Non-Viability Trigger Event?	· If, following a Capital Trigger Event or a Non-Viability Trigger Event, Exchange of Capital Notes has not been effected within five Business Days after a Capital Trigger Event or Non-Viability Trigger Event for any reason, those Capital Notes will not be Exchanged but instead the Holder's rights (including to payment of the Face Value and Distributions, and the right to receive Ordinary Shares) in relation to such Capital Notes (or a percentage of the Face Value of each Capital Note) are immediately and irrevocably terminated with effect on and from the date of the occurrence of the Capital Trigger Event or the Non-Viability Trigger Event ("**Written Off**"). · If your Capital Notes are Written Off, your investment in the relevant Capital Notes will lose all of its value and you will not receive any compensation. This could occur if BEN is prevented from issuing Ordinary Shares by circumstances outside its control, for example, if BEN is prevented by a specified law or order of any court, or action of any government authority, from issuing Ordinary Shares.	Clause 4.6 of the Capital Notes Terms

2. The price at which Ordinary Shares may be sold may differ from the VWAP. The Ordinary Shares may not be listed or may not be able to be sold at prices representing their value based on the VWAP calculation or at all.

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.7 Exchange on a Change of Control Event		
BEN is also required to Exchange all (and not only some) Capital Notes into Ordinary Shares where BEN is taken over by way of a takeover bid or scheme of arrangement that meets certain requirements (which are described below). There are conditions to Exchange in these circumstances which are designed to ensure that Holders receive no less than approximately $101.01 worth of Ordinary Shares for each Capital Note they hold, and that Holders receive Ordinary Shares that are capable of being sold on ASX. These conditions may never be satisfied and accordingly Capital Notes may never be Exchanged for Ordinary Shares.		
2.7.1 – What is a Change of Control Event?	· A Change of Control Event occurs when: – a takeover bid is made for Ordinary Shares: – acceptance of which is recommended by the Board and which is or has become unconditional; or – which is or has become unconditional and the voting power of the offeror in BEN is or has become greater than 50%; or – in respect of a scheme of arrangement under Part 5.1 of the Corporations Act which would result (if implemented) in a person having voting power in more than 50% of BEN, the earlier of: – a court approving the scheme; and – the Board determining such event should be treated as a Change of Control Event for the purposes of clause 4.7 of the Capital Notes Terms. · A Change of Control Event will not occur in connection with a scheme of arrangement which would result in a NOHC Event – see Sections 2.9.5 and 2.9.6.	Clause 4.7 of the Capital Notes Terms
2.7.2 – What must BEN do on the occurrence of a Change of Control Event?	· If a Change of Control Event occurs, BEN must Exchange each Capital Note into the number of Ordinary Shares with a value of approximately $101.01 (based on the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding the date on which Exchange is to occur (the "**Change of Control Exchange Date**"), provided certain conditions are satisfied. · If certain requirements for Exchange to occur (described in Section 2.7.3 below) have not been satisfied, BEN will notify Holders as soon as practicable after the proposed Exchange Date that Exchange did not occur and will not be required to give notice of the Change of Control Event Notice to Holders and will not be required to Exchange Capital Notes at that time. However, BEN must Exchange Capital Notes on the next Distribution Payment Date in respect of which the conditions to Exchange are satisfied.	Clause 4.7 of the Capital Notes Terms
2.7.3 – What are the Exchange restrictions on the Change of Control Exchange Date?	· On the occurrence of a Change of Control Event, BEN may not proceed to Exchange Capital Notes if, on the Change of Control Exchange Date, certain conditions are not met.	Clauses 3.2 and 4.7 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.7.3 – What are the Exchange restrictions on the Change of Control Exchange Date? *(continued)*	• These conditions are the Second Mandatory Exchange Condition (as amended such that the VWAP of Ordinary Shares during the period of 20 Business Days before (but not including) the proposed Change of Control Exchange Date is greater than 20.20% of the Issue Date VWAP) and the Third Mandatory Exchange Condition, as though the Change of Control Exchange Date were a possible Mandatory Exchange Date.	
2.7.4 – What happens if Exchange does not occur?	• If the Exchange restrictions prevent Exchange, BEN will notify holders as soon as practicable after the Change of Control Exchange Date that Exchange did not occur. • The Capital Notes must Exchange on the next Distribution Date on which the Second Mandatory Exchange Condition (as modified – see section 2.7.3 above) and the Third Mandatory Exchange Condition are satisfied.	Clause 4.7 of the Capital Notes Terms
2.8 Set-off against other amount owed		
2.8.1 – Do Holders have a right of set-off?	• BEN has no right to set-off any amounts owing by it to a Holder in respect of Capital Notes against any claims owing by the Holder to it or to any member of the BEN Group. • No Holder has any right to set-off any amounts, merge accounts or exercise any other rights the effect of which is or may be to reduce the amount payable by BEN in respect of Capital Notes to the Holder. • No Holder has any rights of set-off or claims against BEN or any member of the BEN Group if BEN does not pay a Distribution when scheduled under the Capital Notes Terms.	Clause 1.6 of the Capital Notes Terms
2.9 Other		
2.9.1 – How do Capital Notes rank in relation to other BEN instruments?	• In a winding-up of BEN, Capital Notes rank for payment of $100 (plus the amount of any Distribution resolved to be paid but unpaid) ahead of Ordinary Shares, equally and without preference with other Capital Notes, equally with Equal Ranking Securities, but behind the claims of all creditors of BEN, including depositors, other than creditors who are expressed to rank equally with Capital Notes in a winding-up. However, any return in a winding-up may be adversely affected if a Capital Trigger Event or a Non-Viability Trigger Event occurs because if that occurs all or some Capital Notes will be required to be Exchanged or Written Off (see Section 2.6 – Exchange on account of a Capital Trigger Event or a Non-Viability Trigger Event). • For the payment of Distributions, Capital Notes rank ahead of Ordinary Shares, equally and without preference among Capital Notes and equally with all Equal Ranking Securities that BEN has or may issue that by their terms rank equally with respect to priority of payment in a winding up of BEN.	Clauses 1.5 and 14.7 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.9.2 – Can BEN issue further Capital Notes, preference shares or other instruments?	· BEN reserves the right to, and nothing in the Capital Notes Terms limits the ability of BEN or any other member of the BEN Group to: – allot or issue notes, shares or other securities of any kind, whether ranking equally with, in priority to or junior to or having different rights from, the Capital Notes; – redeem, convert, buy back, return or distribute capital in respect of any share capital or any other securities of any kind, whether ranking equally with, in priority to or junior to or having different rights from, the Capital Notes; or – incur or guarantee any indebtedness upon such terms as BEN or any other member of the BEN Group thinks fit in its sole discretion.	Clause 1.9 of the Capital Notes Terms
2.9.3 – What voting rights do Capital Notes carry?	· Holders generally do not have voting rights, except in the limited circumstances described in the Capital Notes Terms, including matters affecting their interests including certain variations to the Capital Notes Terms which require the Holders' consent. · A Capital Note does not entitle its Holder to attend or vote at a general meeting of BEN. · Holders may not exercise voting rights as a creditor in respect of Capital Notes in a winding up of BEN.	Clauses 1.5, 1.8 and 14.2 of the Capital Notes Terms
2.9.4 – Can BEN amend the Capital Notes Terms?	· Subject to complying with all applicable laws, and with APRA's prior written approval where required, BEN may amend the Capital Notes Terms and the Deed Poll without the approval of Holders in certain circumstances. · This may include amendments which may affect the rights of Holders, including if the amendment is of a formal, technical or minor nature, to correct an error, to enable the listing of Capital Notes, to comply with relevant laws, to amend any date or time period in connection with any Exchange, Resale or Redemption, to enable the substitution of a NOHC providing certain substitution conditions are satisfied or if, in BEN's opinion, they are not likely to be materially prejudicial to the interests of Holders as a whole. BEN may also amend the terms in circumstances where the Market Rate ceases to be available (i.e. a Market Rate Disruption Event occurs) and replace the Market Rate with an Alternative Market Rate that BEN considers appropriate (in some cases subject to APRA's prior written approval), acting in good faith and in a commercially reasonable manner, and make certain other consequential amendments to the Capital Notes Terms. Holders should note that APRA's approval may not be given for any Alternative Market Rate it considers to have the effect of increasing the Distribution Rate contrary to Prudential Standards.	Clause 14.3 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.9.4 – Can BEN amend the Capital Notes Terms? *(continued)*	· BEN may also, with APRA's prior written approval where required, amend the Capital Notes Terms or the Deed Poll if the amendment has been approved by a Special Resolution. · APRA's prior written approval to amend the Capital Notes Terms or the Deed Poll is required only where the amendment may affect the eligibility of Capital Notes as a Relevant Security.	
2.9.5 – What is a NOHC Event?	· A NOHC Event is broadly an event initiated by the Directors which would result in BEN having an ultimate holding company which is an 'authorised NOHC' (NOHC being short for 'non-operating holding company') within the meaning of the Banking Act ("**NOHC**").	Clause 13 of the Capital Notes Terms
2.9.6 – What happens when a NOHC Event occurs?	· If a NOHC Event occurs, BEN may, without the consent of Holders but subject to APRA approval and provided that certain conditions (as set out in the Capital Notes Terms) are satisfied, by giving notice to the ASX and the Holders, substitute for itself a NOHC as the debtor in respect of the Capital Notes and as the issuer of Ordinary Shares on Exchange ("**Full Successor**"), or alternatively, BEN may substitute for itself a NOHC as the issuer of Ordinary Shares on Exchange only ("**Partial Successor**"). · Any substitution is subject to the NOHC expressly assuming the relevant obligations of BEN under the Capital Notes (including, in the case of a Full Successor, the restrictions on paying Distributions and dividends on Ordinary Shares (with appropriate modifications)) and satisfying certain other conditions, including agreeing to use all reasonable endeavours to procure the quotation of the ordinary shares of the NOHC on the relevant securities exchange. · The occurrence of a NOHC Event does not allow BEN to elect to Exchange Capital Notes nor does it entitle Holders to Exchange their Capital Notes. · After substituting NOHC as issuer of the Ordinary Shares on Exchange, but before Exchange, Holders continue to hold Capital Notes. The NOHC will be required to deliver its own ordinary shares in all circumstances when BEN would otherwise have been required to deliver Ordinary Shares (including on Exchange) and to use reasonable endeavours to procure the quotation of those ordinary shares on the relevant securities exchange.	Clause 13 of the Capital Notes Terms

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.9.7 – What if a Holder is not a resident in Australia?	· If the Holder is an Ineligible Holder and that Ineligible Holder's Capital Notes are to be Exchanged, then, on the Exchange Date, the Holder's rights (including to payment of Distributions) in relation to each such Capital Notes being Exchanged will be immediately and irrevocably terminated and BEN will issue the Exchange Number of Ordinary Shares to a Nominee for no additional consideration to hold on trust for sale for the benefit of the relevant Holder (unless, because the Holder is an Ineligible Holder, the Nominee is deemed to be an Ineligible Holder, in which case such issue shall occur as soon as practicable after the Nominee ceases to be an Ineligible Holder). · A Holder may also elect not to receive Ordinary Shares on Exchange in which case those shares will be issued to a Nominee. · At the first opportunity to sell the Ordinary Shares, the Nominee will arrange for their sale and pay the proceeds less selling costs to the relevant Holder subject to and in accordance with the provisions of the Deed Poll. · Neither BEN nor any Nominee owes any duty in relation to the price at which the Ordinary Shares are sold or has no liability for any loss suffered as a result of such sale.	Clause 9.10 of the Capital Notes Terms
2.9.8 – What is the Deed Poll?	· A trustee has not been appointed for Capital Notes. Instead, BEN has made the Deed Poll in favour of each person who is from time to time a Holder. The Deed Poll gives legal effect to BEN's obligations in the Capital Notes Terms. · Under the Deed Poll, BEN also undertakes to appoint the Registry and procure the Registry to establish and maintain a principal Register. The Deed Poll also includes provisions for meetings of Holders. · Holders will be bound by the terms of the Deed Poll, the Capital Notes Terms and this Prospectus when Capital Notes are issued or transferred to them or they purchase Capital Notes. · The Registry will hold the original executed Deed Poll on behalf of Holders. Each Holder can enforce BEN's obligations under the Deed Poll, including the Capital Notes Terms and the provisions of meetings, independently of the Registry and each other. · A copy of the Deed Poll can be obtained from www.BendigoCNoffer.com.au.	Deed Poll

2. About Capital Notes (continued)

Topic	Summary	Where to find more information
2.9.9 – What are the taxation implications of investing in Capital Notes?	· The taxation implications of investing in Capital Notes will depend on an investor's individual circumstances. Prospective investors should obtain their own taxation advice.	Section 7
2.9.10 – Is brokerage, commission or stamp duty payable?	· No brokerage, commission or stamp duty is payable on Applications for Capital Notes. Holders may have to pay brokerage on any subsequent transfer of Capital Notes on ASX after quotation.	Section 4.3.3
2.9.11 – Determination and calculation final	· BEN's determination of all dates, rates and amounts under the Capital Notes Terms is, in the absence of wilful default, bad faith or manifest error, final and binding on BEN, the Registry and each Holder.	Clause 2.9 of the Capital Notes Terms
2.9.12 – Power of Attorney	· Each Holder appoints each of BEN, its directors, officers and authorised delegates of the Board, and any External Administrator of BEN (each an Attorney) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under the Capital Notes Terms, including, but not limited to, any transfers of Capital Notes, making any entry in the Register or the register of any Ordinary Shares or exercising any voting power in relation to any consent or approval required for Exchange, Redemption or Resale.	Clause 14.9 of the Capital Notes Terms

Where can I get more information?

If you have any questions about the Offer or how to apply for Capital Notes under the Reinvestment Offer or Securityholder Offer, please call the Capital Notes Information Line on 1800 646 042 (within Australia) or +61 3 5485 6393 (International) (Monday to Friday – 8:15am to 5:30pm Melbourne Time) or contact your broker or other professional adviser.

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

Details of the Reinvestment Offer

3. Details of the Reinvestment Offer

This Section provides information on BEN's invitation to Eligible CPS2 Holders to reinvest their CPS2 in Capital Notes and the options available to CPS2 holders.

3.1 Overview

3.1.1 What are CPS2?

CPS2 are convertible preference shares issued by BEN in 2014. CPS2 trade on the ASX under the code "BENPE".

3.1.2 What is happening to CPS2?

On 28 October 2020, BEN issued an exchange notice in accordance with the CPS2 Terms. That notice confirms that on 30 November 2020, all CPS2 will be mandatorily resold to the CPS2 Nominated Purchaser for $100 per CPS2 ("**CPS2 Resale Proceeds**").

The exchange notice is irrevocable, except as provided by the CPS2 Terms. The CPS2 Resale may not occur for a number of reasons, including if a Non-Viability Trigger Event or Capital Trigger Event (as those terms are defined in the CPS2 Terms) occurs, the CPS2 Nominated Purchaser does not for any reason pay the CPS2 Resale Proceeds in full on 30 November 2020, APRA revokes its approval of the CPS2 Resale or the CPS2 cannot be transferred for any reason. If the CPS2 Resale does not occur, except where such a Non-Viability Trigger Event or Capital Trigger Event occurs in respect of CPS2, CPS2 Holders will continue to hold their CPS2.

The CPS2 Dividend is also scheduled to be paid by BEN on 30 November 2020, subject to the satisfaction of the dividend payment conditions in the CPS2 Terms. If those conditions are satisfied, CPS2 Holders on the record date for the final dividend (including eligible CPS2 Holders who participate in the Reinvestment Offer) will receive a cash payment of $1.1728 per CPS2 on 30 November 2020.

3.1.3 What is the Reinvestment Offer?

Eligible CPS2 Holders have the opportunity to reinvest their CPS2 in Capital Notes.

Under the Reinvestment Offer, Eligible CPS2 Holders may elect for some or all of their CPS2 Resale Proceeds (i.e. $100 per CPS2) to be applied as an Application Payment for Capital Notes.

Eligible CPS2 Holders will not be required to make a separate Application Payment to the extent that CPS2 will be reinvested directly in Capital Notes. However, if additional Capital Notes are applied for other than through Reinvested CPS2, then an Application Payment in respect of the additional Capital Notes applied for will be necessary. Eligible CPS2 Holders are guaranteed an Allocation of one Capital Note for every CPS2 they reinvest when they apply through the Reinvestment Offer (including through the Broker Firm Offer). In applying for Capital Notes under the Reinvestment Offer, you irrevocably direct the CPS2 Nominated Purchaser to apply your CPS2 Resale Proceeds in paying the Application Payment for the Capital Notes into which the CPS2 are being reinvested. You will not be entitled to receive payment on your Reinvested CPS2 except in this way, and so will not receive any cash payment in respect of the redemption of those Reinvested CPS2.

Once you have submitted an application to reinvest your CPS2, you will be taken to have agreed to a holding lock being placed on those CPS2 and accordingly will not be able to successfully deal with those CPS2. However it is your obligation to ensure that you do not transfer those CPS2 and if you do sell part of your CPS2 holding prior to the resale date (being 30 November 2020), your application to reinvest your CPS2 will be adjusted down accordingly.

Eligible CPS2 Holders have a number of other options, in addition to reinvesting CPS2 in Capital Notes, which are set out in further detail in Section 3.3.1.

3.1.4 Who is the CPS2 Nominated Purchaser?

UBS AG, Australia Branch (or a permitted successor).

3.1.5 Am I eligible to participate in the Reinvestment Offer?

The Reinvestment Offer is open to Eligible CPS2 Holders, namely persons who are:

- registered holders of CPS2 at 7:00pm on Thursday, 22 October 2020;
- shown as having an address in Australia; and
- not in the United States nor are acting as a nominee for a person in the United States,

or any such other CPS2 holders as BEN may determine in its discretion to be eligible.

3. Details of the Reinvestment Offer (continued)

3.1.6 If I elect to participate in the Reinvestment Offer, what dividends will I receive on CPS2?

In accordance with BEN's announcement on 2 June 2020, holders of CPS2 as at the CPS2 Dividend record date of 18 November 2020 (including CPS2 holders who elect to participate in the Reinvestment Offer) will receive the CPS2 Dividend on 30 November 2020. The payment of the CPS2 Dividend is subject to certain conditions to payment under the CPS2 Terms, including the Directors at their absolute discretion resolving to pay the CPS2 Dividend and no APRA Condition existing in respect of the relevant dividend payment date, in accordance with the CPS2 Terms.

The CPS2 Dividend will be paid on the CPS2 Optional Exchange Date, being 30 November 2020, for the period from (and including) 1 June 2020 to (but excluding) 30 November 2020. The CPS2 Dividend is $1.1728 per Reinvested CPS2 and will be fully franked.

3.1.7 Can I elect to reinvest the CPS2 Dividend in Capital Notes?

No. The CPS2 Dividend will be paid to CPS2 holders as at the CPS2 Dividend record date of 18 November 2020 via direct credit or cheque on 30 November 2020, in accordance with your existing CPS2 payment instructions.

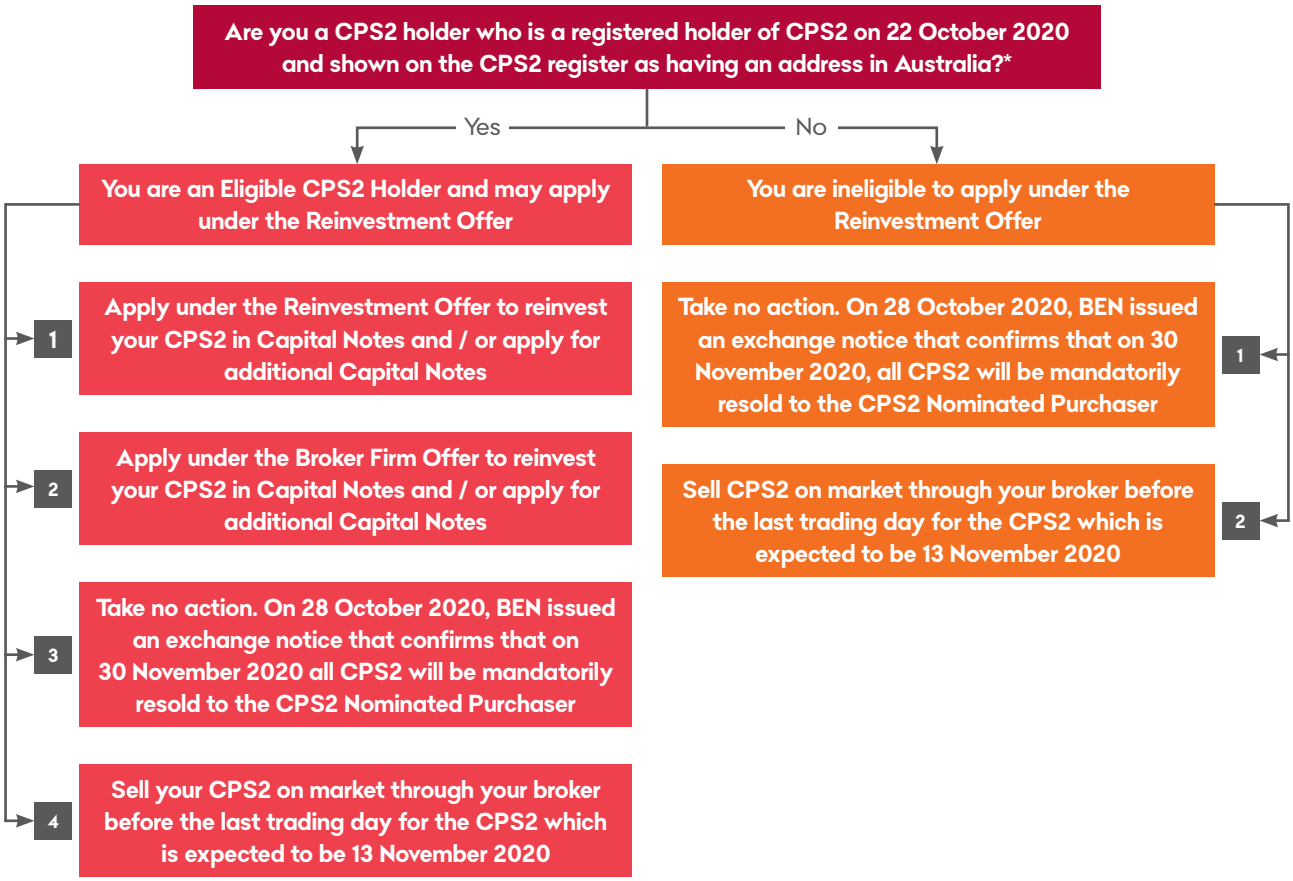
3.1.8 Will I receive a priority allocation of Capital Notes?

If you are an Eligible CPS2 Holder you will be guaranteed an Allocation of one Capital Note for every CPS2 you reinvest when you apply under the Reinvestment Offer (including through the Broker Firm Offer).

3.2 What is the difference between CPS2 and Capital Notes?

For a comparison of CPS2 and Capital Notes, please refer to the table in Section 2.1.10.

3.3 What are the options available to CPS2 holders?



If you are an Eligible CPS2 Holder and elect option 1 or 2 you must continue to hold the number of CPS2 you wish to reinvest on the CPS2 Optional Exchange Date.

* CPS2 holders must also not be in the United States or acting as a nominee for a person in the United States to be eligible to apply under the Reinvestment Offer.

3. Details of the Reinvestment Offer (continued)

3.3.1 What are the options available to Eligible CPS2 Holders?

Option	What should Eligible CPS2 Holders do?
Option 1 – Apply under the Reinvestment Offer for your CPS2 to be reinvested in Capital Notes and / or apply for additional Capital Notes	· Under the Reinvestment Offer, Eligible CPS2 Holders will be guaranteed an Allocation of one Capital Note for every CPS2 reinvested. · Unless Eligible CPS2 Holders apply for more Capital Notes than the number of their CPS2, Eligible CPS2 Holders will not be required to make a separate Application Payment as the CPS2 Resale Proceeds will be applied to the Capital Notes Application Payment (see Section 3.1.3). · Once you have submitted an application to reinvest your CPS2, you will be taken to have agreed to a holding lock being placed on those CPS2 and accordingly will not be able to successfully deal with those CPS2. · If you participate in the Reinvestment Offer, you will receive the CPS2 Dividend that is scheduled to be paid on 30 November 2020, subject to the satisfaction of the dividend payment conditions in the CPS2 Terms. That final distribution cannot be reinvested. · For instructions on how to apply, refer to Section 4.3.1. **Option A – Full reinvestment** · Eligible CPS2 Holders may apply to reinvest all of their CPS2 in Capital Notes. · To choose this option, Eligible CPS2 Holders must indicate "full reinvestment" on the online Application Form. · If you wish to participate in the Reinvestment Offer and own 50 CPS2 or fewer, you must apply to reinvest all your CPS2 in Capital Notes. **Option B – Partial reinvestment** · Eligible CPS2 Holders may apply to have only some of their CPS2 reinvested in Capital Notes provided that they own more than 50 CPS2. · To choose this option, Eligible CPS2 Holders must specify the number of their CPS2 to be reinvested on the online Application Form. See Section 3.5.1 for further details on the minimum number that can be specified. · You must apply to reinvest at least 50 CPS2 and increments of 10 CPS2 thereafter. **Option C – Apply for additional Capital Notes** · Eligible CPS2 Holders may also apply for Capital Notes other than through Reinvested CPS2. · To choose this option, Eligible CPS2 Holders must specify the number of additional Capital Notes they wish to apply for on the online Application Form. Eligible CPS2 Holders' Application for additional Capital Notes may be scaled back if there is excess demand. · Eligible CPS2 Holders are required to make an Application Payment for the additional Capital Notes applied for via BPAY®. · See Section 4.3 for further details on the minimum application size, how to make an Application Payment and other details on how to apply.

3. Details of the Reinvestment Offer (continued)

Option	What should Eligible CPS2 Holders do?
Option 2 – Apply under the Broker Firm Offer to reinvest your CPS2 in Capital Notes and / or apply for additional Capital Notes	· If you are an Eligible CPS2 Holder and are an Australian resident retail client of a Syndicate Broker, you may apply to reinvest your CPS2 in Capital Notes under the Broker Firm Offer. · Under the Broker Firm Offer, Eligible CPS2 Holders will be guaranteed an Allocation of one Capital Note for every CPS2 held. · You may apply to reinvest all or some of your CPS2 in Capital Notes. You may also choose to apply for additional Capital Notes. · Eligible CPS2 Holders will not be required to make a separate Application Payment unless additional Capital Notes are applied for. · Eligible CPS2 Holders should contact their Syndicate Broker for instructions on how to submit an Application Form and, if applicable, an Application Payment. · If you participate in the Reinvestment Offer, you will receive the CPS2 Dividend that is scheduled to be paid by BEN on 30 November 2020, subject to the satisfaction of the dividend payment conditions in the CPS2 Terms. That final distribution cannot be reinvested.
Option 3 – Take no action – your CPS2 will be redeemed for $100 per CPS2 on 30 November 2020	· Eligible CPS2 Holders are not required to participate in the Reinvestment Offer and as such are not required to take any action. · On 28 October 2020, BEN issued an exchange notice in accordance with the CPS2 Terms. That notice confirms that on 30 November 2020 all CPS2 will be mandatorily resold to the CPS2 Nominated Purchaser for $100 per CPS2, and you will receive $100 per CPS2 from the CPS2 Nominated Purchaser (unless a circumstance arises which results in the CPS2 Resale not occurring). You will also receive the CPS2 Dividend that is scheduled to be paid by BEN on that date, subject to the satisfaction of the dividend payment conditions in the CPS2 Terms. · Payments of the resale amount for CPS2 and any CPS2 Dividend will be made on the CPS2 Optional Exchange Date (being 30 November 2020).
Option 4 – Sell your CPS2 on market through your broker	· You may choose to sell your CPS2 on ASX through your broker or otherwise at the prevailing market price. To choose this option, you should contact your broker before the last ASX trading day for CPS2. The last ASX trading day for the CPS2 is expected to be 13 November 2020. · Under this option, you may have to pay brokerage and may receive a price greater or less than $100 per CPS2. · If you choose this option, you may not be entitled to receive the CPS2 Dividend on the CPS2 you sell.

3.3.2 What are the options available to ineligible CPS2 holders?

CPS2 holders who have a registered address outside Australia or who are otherwise not an Eligible CPS2 Holder are ineligible to participate in the Reinvestment Offer.[1] In these circumstances, ineligible CPS2 holders are limited to the following options:

- sell CPS2 on market through your broker before the last ASX trading day for the CPS2 which is expected to be 13 November 2020; or
- take no action. On 28 October 2020, BEN issued an exchange notice in accordance with the CPS2 Terms. That notice confirms that on 30 November 2020 all CPS2 will be mandatorily resold to the CPS2 Nominated Purchaser for $100 per CPS2. CPS2 holders will also receive any CPS2 Dividend paid on the CPS2. The CPS2 Resale Proceeds and any CPS2 Dividend will be paid in accordance with your valid direct credit payment instructions on 30 November 2020.

1. CPS2 holders who are in the United States or acting as a nominee for a person in the United States are also ineligible and cannot participate in the Reinvestment Offer.

3. Details of the Reinvestment Offer (continued)

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

If you are an Eligible CPS2 Holder and you apply under the Reinvestment Offer (including through the Broker Firm Offer), you may receive an allocation of Capital Notes. As such, you will be subject to the risks associated with an investment in Capital Notes and in BEN, many of which are outside the control of BEN and its Directors. These risks are outlined in Section 1.4 and Section 6 and should be considered before you apply under the Reinvestment Offer.

An example of such risks are the risks that a Capital Trigger Event or a Non-Viability Trigger Event may occur in respect of Capital Notes. See Section 2.6 for further information on Exchange on account of a Capital Trigger Event or a Non-Viability Trigger Event.

CPS2 and Capital Notes have different benefits and risks, which must be evaluated separately. For a comparison of CPS2 and Capital Notes, please refer to the table in Section 2.1.10.

3.5 Further information about CPS2 and participating in the Reinvestment Offer

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

There is no minimum number of CPS2 that you must hold to be able to participate in the Reinvestment Offer.

If you are an Eligible CPS2 Holder and own 50 CPS2 or less, you must apply to reinvest all your CPS2 in Capital Notes if you wish to participate in the Reinvestment Offer. If you are an Eligible CPS2 Holder and own more than 50 CPS2, you must apply for a minimum number of 50 Capital Notes ($5,000). In any event, you are entitled to apply for the same number of Capital Notes as the number of CPS2 you hold.

If you wish to apply for additional Capital Notes, you must apply for a minimum of 50 Capital Notes ($5,000), in addition to any Reinvested CPS2. Applications for additional Capital Notes must result in your additional Capital Notes application must be in multiples of 10 Capital Notes ($1,000).

3.5.2 When will the remaining CPS2 be redeemed?

On 28 October 2020, BEN issued an exchange notice in accordance with the CPS2 Terms. That notice confirms that on 30 November 2020 all CPS2 will be mandatorily resold to the CPS2 Nominated Purchaser for $100 per CPS2. The CPS2 Dividend is also scheduled to be paid by BEN on 30 November 2020, subject to the satisfaction of the dividend payment conditions in the CPS2 Terms.

Payments of the CPS2 Resale Proceeds and any CPS2 Dividend will be made on 30 November 2020, in accordance with your valid CPS2 direct credit payment instructions.

3.5.3 What do you do if you have sold some of your CPS2 but wish to apply for Capital Notes?

If you hold fewer CPS2 than set out on your online Application Form, you may still reinvest your CPS2 in Capital Notes. If you wish to apply for more Capital Notes than the number of CPS2 you hold, you will need to make a separate Application Payment.

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

3.5.4 Can you sell your CPS2 after you have completed and returned your Application Form?

If you apply to have your CPS2 reinvested in Capital Notes, it is your responsibility to ensure that you do not sell or dispose of any of those CPS2 that you have applied to reinvest, other than as part of the Reinvestment Offer. Holders are taken to agree to a holding lock being placed on those CPS2, pending completion of the Reinvestment Offer – but it is your obligation to ensure that you do not transfer those CPS2. If you do, the number of Capital Notes you may be allocated will be reduced to the extent the required number of CPS2 are not available on 30 November 2020. Once you have submitted an Application Form to reinvest your CPS2, you will be taken to have agreed to a holding lock being placed on those CPS2 and accordingly will not be able to successfully deal with those CPS2.

3.5.5 What are the tax implications of having your CPS2 redeemed?

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

3. Details of the Reinvestment Offer (continued)

3.5.6 Can you continue to hold your CPS2 after the CPS2 Optional Exchange Date?

On 28 October 2020, BEN issued an exchange notice in accordance with the CPS2 Terms. That notice confirms that on 30 November 2020 all CPS2 will be mandatorily resold to the CPS2 Nominated Purchaser for $100 per CPS2. After that date, CPS2 will no longer be on issue and you cannot continue to hold CPS2.

3.5.7 What will happen to the CPS2 once acquired by the Nominated Purchaser?

Once acquired by the CPS2 Nominated Purchaser, BEN intends to redeem the CPS2 in the hands of the CPS2 Nominated Purchaser for $100 per CPS2. That redemption will be undertaken via a combination of selective capital reduction and a redemption of the CPS2 in accordance with the CPS2 Terms. On implementation of this redemption, the CPS2 will be cancelled.

3.5.8 Can you change your CPS2 payment instructions?

If you elect to reinvest some or all of your CPS2 in Capital Notes and you wish to change your CPS2 payment instructions for the payment of the CPS2 Dividend on your Reinvested CPS2, you must provide updated instructions to the Registry by 18 November 2020.

3.5.9 Is brokerage or stamp duty payable?

No brokerage or stamp duty is payable on the resale of your CPS2 or your Application for Capital Notes. CPS2 holders who choose to sell their CPS2 on market through their broker may be required to pay applicable brokerage.

3.5.10 What happens if the Capital Notes offer does not proceed?

If you have elected to reinvest some or all of your CPS2 in Capital Notes and the Offer does not proceed, your CPS2 will not be reinvested into Capital Notes and will be dealt with in accordance with the CPS2 Terms. Any Application Payment in respect of additional Capital Notes will be refunded to you. No interest will be payable on any additional Application Payment.

Details of the Offer

4

4. Details of the Offer

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

- who may apply;
- when to apply;
- how to apply;
- how to pay; and
- how to complete Application Forms and obtain a Prospectus.

4.1 The Offer

The Offer is for the issue of Capital Notes at an Issue Price of $100 each to raise $350 million, with the ability to raise more or less. The Offer comprises:

- a Reinvestment Offer – made to Eligible CPS2 Holders;
- a Securityholder Offer – made to Eligible Securityholders;
- a Broker Firm Offer – made to Broker Firm Applicants; and
- an Institutional Offer – made to certain Institutional Investors who are invited by the Joint Lead Managers to bid for Capital Notes under the Bookbuild.

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

For details of how to apply for Capital Notes under the Offer – see Section 4.3.1. For further details of the Reinvestment Offer – see Section 3.

4.2 Obtaining a Prospectus and Application Form

No Applications can be made during the Exposure Period, and the Application Form will not be available until after the end of the Exposure Period.

During the Offer Period, an electronic version of the Prospectus with an Application Form will be available at www.BendigoCNoffer.com.au. By lodging an online Application, you declare that you were given access to the electronic Prospectus together with the online Application Form. Applications pursuant to the Broker Firm Offer must be made through your Syndicate Broker. Please contact your Syndicate Broker for information on how to apply through the Broker Firm Offer.

If you access an electronic copy of the Prospectus, the following conditions apply:

- this Prospectus is available to residents of Australia accessing and downloading, or printing, the electronic Prospectus in Australia; and
- you must access and download the electronic Prospectus in full.

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

Your Application will only be considered where you have applied pursuant to an Application Form attached to or accompanying a copy of this Prospectus, and have made your Application Payment (if applicable).

4. Details of the Offer (continued)

4.3 Applying for Capital Notes

4.3.1 How to apply

Who can apply for Capital notes?	How many Capital Notes can you apply for?	When to Apply
Reinvestment Offer If you were a registered holder of CPS2 as at 7:00pm on Thursday, 22 October 2020 and were shown as having an address in Australia and are not in the United States or acting as a nominee for a person in the United States, or you are a CPS2 holder that BEN otherwise determines to be eligible, you are an Eligible CPS2 Holder and may apply under the Reinvestment Offer.	You can elect how many of your CPS2 to reinvest in Capital Notes. If you hold 50 CPS2 or less and wish to participate in the Reinvestment Offer, you must apply to reinvest all of your CPS2 in Capital Notes. If you are an Eligible CPS2 Holder and own more than 50 CPS2, you must apply for a minimum number of 50 Capital Notes ($5,000). In any event, you are entitled to apply for the same number of Capital Notes as the number of CPS2 you hold. You can also apply for additional Capital Notes. If you wish to apply for additional Capital Notes, you must apply for a minimum of 50 Capital Notes, which is a minimum investment of $5,000, in addition to any Reinvested CPS2. Applications for additional Capital Notes must result in your additional Capital Notes application to be in multiples of 10 Capital Notes ($1,000).	For the Reinvestment Offer, Applications will only be accepted during the Offer Period, which opens on Thursday, 5 November 2020. The Closing Date for the Reinvestment Offer is 5:00pm on Tuesday, 24 November 2020. Your completed online Application Form and Application Payment (if applicable) must be received by the Closing Date for the Reinvestment Offer. The options available to Eligible CPS2 Holders are outlined in Section 3.3.1.
Securityholder Offer If you were an Ordinary Shareholder, or holder of CPS3, CPS4 or Floating Rate Capital Notes with a registered address in Australia at 7:00pm on Thursday, 22 October 2020, you are an Eligible Securityholder and may apply under the Securityholder Offer.	You must apply for a minimum of 50 Capital Notes, which is a minimum investment of $5,000. Applications for greater than 50 Capital Notes ($5,000) must be in multiples of 10 Capital Notes ($1,000). BEN, in consultation with the Joint Lead Managers, reserves the right to reject any Application, or to Allocate a lesser number of Capital Notes than applied for, including less than the minimum Application of 50 Capital Notes ($5,000).	Applications will only be accepted during the Offer Period, which opens on Thursday, 5 November 2020. The Closing Date for the Securityholder Offer is 5:00pm on Tuesday, 24 November 2020. Your completed online Application Form and Application Payment must be received by the Registry by the Closing Date for the Securityholder Offer.

4. Details of the Offer (continued)

Who can apply for Capital notes?	How many Capital Notes can you apply for?	When to Apply
Broker Firm Offer If you are an Australian resident retail client of a Joint Lead Manager, Co-Manager or other broker participating in the Offer ("**Syndicate Broker**") you may apply to your Syndicate Broker to receive a Broker Firm Allocation.	For Eligible CPS2 Holders who wish to apply under the Broker Firm Offer: · If you hold 50 CPS2 or less, you must apply to reinvest all of your CPS2 in Capital Notes. · If you are an Eligible CPS2 Holder and own more than 50 CPS2, you must apply for a minimum number of 50 Capital Notes ($5,000). In any event, you are entitled to apply for the same number of Capital Notes as the number of CPS2 you hold. · You can also apply for additional Capital Notes. If you wish to apply for additional Capital Notes, you must apply for a minimum of 50 Capital Notes, which is a minimum investment of $5,000, in addition to any Reinvested CPS2. · Applications for additional Capital Notes must result in your additional Capital Notes application to be in multiples of 10 Capital Notes ($1,000). For all other Broker Firm Applications: · You must apply for a minimum of 50 Capital Notes, which is a minimum investment of $5,000. · Applications for greater than 50 Capital Notes ($5,000) must be in multiples of 10 Capital Notes ($1,000). · Your Syndicate Broker will inform you of your Allocation.	Applications will only be accepted during the Offer Period, which opens on Thursday, 5 November 2020. The Closing Date for the Broker Firm Offer is 5:00pm on Tuesday, 24 November 2020. Contact your Syndicate Broker for instructions on how to apply.
Institutional Offer The Institutional Offer is available to certain Institutional Investors who are invited by a Joint Lead Manager to bid for Capital Notes under the Bookbuild provided that investor is not in the United States.	Applications by Institutional Investors are subject to the terms and conditions of the Bookbuild and this Prospectus.	The Bookbuild will be conducted on Wednesday, 4 November 2020.

4. Details of the Offer (continued)

How do I Apply?	
Reinvestment Offer	Complete the Application Form online at www.BendigoCNoffer.com.au. Instructions on how to complete your Application are provided online at www.BendigoCNoffer.com.au. You will be provided with a unique priority code to access your Application. Eligible CPS2 Holders who are Australian resident clients of a Syndicate Broker, and who wish to reinvest under the Broker Firm Offer, should contact their Syndicate Broker for instructions on how to apply. Application Payments are not required for an online application to reinvest some or all CPS2 you hold in Capital Notes. However, you will be required to pay for any additional Capital Notes using BPAY® – see Section 4.3.2. **CHESS sponsored holders** should seek instructions from their broker or controlling participant as to how to reinvest your CPS2 or apply for additional Capital Notes.
Securityholder Offer	Complete the Application Form online at www.BendigoCNoffer.com.au. Instructions on how to complete your Application are provided online. When applying online, you will be required to pay for Capital Notes using BPAY® – follow the instructions in Section 4.3.2 to complete your BPAY® payment.
Broker Firm Offer	Contact your Syndicate Broker for instructions. If you are applying under the Broker Firm Offer (including to reinvest your CPS2 Resale Proceeds), you should contact the Syndicate Broker who has offered you an allocation in the Broker Firm Offer for information about how and when to lodge your Application and Application Payment (if required). Generally, your Application will be lodged with the Syndicate Broker.
Institutional Offer	Application and settlement procedures for Institutional Investors will be advised by the Joint Lead Managers.

4.3.2 How to pay

Application Payments for Capital Notes can only be made using BPAY®.

BPAY® is an electronic payment service that enables you to pay for your Capital Notes directly from your cheque or savings account online through participating Australian banks, credit unions or building societies. Please note that your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY® and payment cut-off times may vary between different financial institutions. For more information, please see www.bpay.com.au or your own financial institution.

To pay for your Capital Notes by BPAY® you should complete the Application Form by visiting www.BendigoCNoffer.com.au and following the instructions.

You will need to access your financial institution online and you will be required to quote the Biller Code and your unique Customer Reference Number ("**CRN**") which will be provided to you upon completion of your Application Form. It is very important that you enter these correctly. If you do not make your Application Payment by BPAY®, your Application will not be accepted and you will not be issued any Capital Notes.

BPAY® payments must be made from an Australian dollar account of an Australian financial institution.

Your completed Application Form and Application Payment must be received by the Registry by the Closing Date.

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

4. Details of the Offer (continued)

4.3.3 Brokerage and stamp duty

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

4.3.4 Application Payments held on trust

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

4.3.5 Refunds

Applicants who are not allotted any Capital Notes, or are allotted fewer Capital Notes than the number applied and paid for as a result of a scale back, will have all or some of their Application Payments (as applicable) refunded (without interest) as soon as practicable after the Issue Date.

Any refunded Application Payments will be refunded by bank transfer to the Australian Bank Account provided in the Applicant's online Application.

4.3.6 Role of Syndicate Brokers in the Broker Firm Offer

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

4.4 Provision of personal information

The information about you included on an Application Form is used for the purposes of processing the Application and, if the Application is successful, to administer your Capital Notes. For information about the acknowledgements and privacy statement in relation to personal information that you provide to BEN by completing an Application Form – see Section 8.11.

4.5 Allocation policy and Allotment

4.5.1 Allocation policy

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

The Allocation policy for Eligible CPS2 Holders and Eligible Securityholders will be determined in consultation with the Joint Lead Managers after the Reinvestment Offer and Securityholder Offer Closing Date when all Applications have been received.

4. Details of the Offer (continued)

Reinvestment Offer and Securityholder Offer	With the exception of the guaranteed Allocation of one Capital Note for every CPS2 reinvested by Eligible CPS2 Holders under the Reinvestment Offer and the Broker Firm Offer, BEN reserves the right in the event of excess demand to Allocate fewer Capital Notes than Eligible CPS2 Holders and Eligible Securityholders have applied for – and possibly fewer than the minimum Application of 50 Capital Notes or even no Capital Notes. No assurance is given that any Applicant under the Securityholder Offer will receive an Allocation.
Institutional Offer	Allocations to Institutional Investors will be agreed by the Joint Lead Managers and BEN.
Broker Firm Offer	Allocations to Syndicate Brokers are to be agreed by the Joint Lead Managers and BEN. Allocations to Broker Firm Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker.

4.5.2 Bookbuild

The Bookbuild is a process that will be conducted by the Joint Lead Managers in consultation with BEN before the Opening Date to determine the Margin and firm Allocations of Capital Notes to Bookbuild participants. In this process, the Bookbuild participants are invited to submit bids for a number of Capital Notes within an indicative Margin range of 3.80% to 4.00%. On the basis of those bids, the Joint Lead Managers and BEN will determine the Margin as well as the firm Allocations to Syndicate Brokers and Institutional Investors.

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

4.5.3 Settlement support

The Joint Lead Managers have agreed with BEN to provide settlement support for the number of Capital Notes Allocated to Institutional Investors and Syndicate Brokers under the Bookbuild. Settlement support means that if any of the Institutional Investors or Syndicate Brokers fail to pay the aggregate Issue Price to BEN by the Settlement Date, the Joint Lead Managers will be issued with and must pay for those Capital Notes.

Under the Offer Management Agreement, as part of this settlement support, the Joint Lead Managers will pay to BEN, or procure payment to BEN, the aggregate proceeds raised from Institutional Investors and Syndicate Brokers under the Bookbuild (taking into account the application of CPS2 Resale Proceeds under the Reinvestment Offer) by the Settlement Date.

The Offer Management Agreement may be terminated by the Joint Lead Managers in certain circumstances – see Section 8.6. For details of the fees payable under the Offer Management Agreement – see Section 9.2.

4.5.4 Allotment

BEN intends to issue 3.5 million Capital Notes at an Issue Price of $100 each, to raise $350 million, with the ability to raise more or less.

BEN will not issue any Capital Notes until it has been granted approval for Capital Notes to be quoted on ASX and all proceeds from accepted Applications have been received by BEN.

Capital Notes will be issued on the Issue Date which is Monday, 30 November 2020. BEN may agree with the Joint Lead Managers to change the Closing Dates for the Offer and the Issue Date or may withdraw the Offer at any time before Allotment.

4. Details of the Offer (continued)

4.6 Quotation, Holding Statements and other information

4.6.1 ASX quotation

BEN will apply to ASX for Capital Notes to be quoted on ASX. If ASX does not grant permission for Capital Notes to be quoted within three months after the date of this Prospectus (or any longer period permitted by law), Capital Notes will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable. It is expected that Capital Notes will be quoted under ASX code "BENPH".

4.6.2 Commencement of trading of Capital Notes on ASX

It is expected that Capital Notes will begin trading on ASX on a normal settlement basis on Tuesday, 1 December 2020. Deferred settlement will not occur. Holding Statements are expected to be despatched by Wednesday, 2 December 2020.

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

You may also call the Capital Notes Information Line on 1800 646 042 (within Australia) or +61 3 5485 6393 (International) between 8:15am and 5:30pm Melbourne Time, Monday to Friday to seek information regarding your Allocation or alternatively you may contact your Syndicate Broker after the Issue Date.

4.6.3 Holding Statements

BEN will apply for Capital Notes to participate in CHESS. No certificates will be issued for Capital Notes. Following the Allotment of Capital Notes to successful Applicants, Holders will be sent a Holding Statement that sets out the number of Capital Notes they have been allocated in the Offer.

BEN expects that Holding Statements for issuer sponsored holders and confirmations for CHESS holders will be despatched to successful Applicants on or about Wednesday, 2 December 2020.

4.6.4 Provision of bank account details for Distributions

To receive payments of Distributions, Holders must notify BEN or the Registry of an Australian dollar bank account maintained in Australia with a financial institution to which payments in respect of Capital Notes may be credited. On the relevant payment date, BEN will directly credit the payment amount to the Australian financial institution account specified by the Holder.

If you do not provide these account details to the Registry, or if any Distribution paid to you is unsuccessful for any reason (other than an error made by or on behalf of BEN), then you will be sent a notice advising you of the amount of the Distribution and the funds will be held in a bank account as a non-interest bearing deposit until:

- you nominate an Australian dollar bank account maintained in Australia for crediting with the payment (or you nominate a new bank account as the case may be);
- claims may no longer be made in respect of that amount, in which case the monies shall be paid to and be the property of BEN; or
- BEN pays the amount in accordance with the law relating to unclaimed moneys.

No additional interest is payable in respect of any delay in payment. BEN will not pay Distributions on the Capital Notes by cheque.

4.6.5 Tax File Number and / or Australian Business Number

Investors who have not already provided their Tax File Number ("**TFN**") or Australian Business Number ("**ABN**") to BEN will be given an opportunity to do so after Capital Notes are Allotted.

You do not have to provide your TFN or ABN. However, BEN may be required to withhold Australian tax at the maximum marginal tax rate (currently 47.0% including the Medicare Levy) on the amount of any Distributions in respect of your Capital Notes, and will not provide you with any additional payments in respect of that withholding, if you do not provide any one of your:

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

4. Details of the Offer (continued)

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

4.6.6 FATCA and CRS (Common Reporting Standard) related information

BEN may require Applicants to provide it with certain information and / or documentation in relation to FATCA or the CRS. You agree to provide us with all information and assistance requested at any time (whether as part of the application process or otherwise) to ensure that BEN is able to comply with its obligations under FATCA and the CRS and / or its internal policies and procedures in relation to FATCA and the CRS.

We will report such information in respect of certain Applicants and their holding of Capital Notes to the Australian Taxation Office, which will share FATCA information with the United States Internal Revenue Service and CRS information with the taxation authorities of certain other jurisdictions.

About Bendigo and Adelaide Bank

5

5. About Bendigo and Adelaide Bank

5.1 Bendigo and Adelaide Bank

BEN is an Australian public company listed on the ASX, registered in Victoria under the Corporations Act, and regulated as an Australian-owned ADI by APRA. The Bank converted from a building society to a bank on 1 July 1995. At the time of conversion, the Bank was Australia's largest and oldest building society, having operated as a building society for 137 years. The Bank has experienced significant growth since conversion, both organically and as a result of strategic acquisitions, and most notably as a result of its merger with Adelaide Bank Limited in 2007. The Bank has headquarters in Bendigo, Victoria and Adelaide, South Australia with the registered office based in Bendigo.

The Bank has a well-established distribution network which provides a full range of banking services to its customers primarily via a combination of corporate owned and **Community Bank** branches. This network, complemented by various digital offerings and mobile banking capability, provides one of the Bank's core strengths, being its ability to maintain strong connections with its customers and attract customer deposits.

5.1.1 Bendigo and Adelaide Bank's business model

The Bank provides a broad range of banking and other financial services to its customer base, which is mainly comprised of retail customers, and small to medium sized businesses. The Bank also services a wide network of agribusiness customers under its specialist Rural Bank brand.

The Bank's main business activity is raising funds through customer deposits and wholesale funding markets and lending those funds to customers. The major lending activities are residential lending, commercial and business lending (including agribusiness) and consumer finance, which includes personal loans, credit cards and overdrafts.

The Bank's main revenue sources are:

- net interest income which is represented by the interest earned from its lending activities and liquidity portfolio, less interest paid on deposits and other funding sources; and
- other operating income, comprised of fee and commission revenue from the provision of banking, investment, insurance and superannuation services.

Our main business activities are structured and managed under the three customer-facing divisions of Consumer, Business and Agribusiness.

5.1.2 Consumer

The Consumer division incorporates areas engaging with and servicing its consumer customers. This includes its Bendigo Bank branch network (including **Community Bank**), mobile relationship managers, third party banking channels, wealth services and contact centres, as well as consumer support functions, including its processing centres.

Bendigo Bank is one of the leading banking brands for customer and business satisfaction and advocacy with a unique offering through its **Community Bank** model.

The Consumer division's Local Banking business unit provides deposit accounts, residential lending, personal loans and credit cards through its branch network and mobile relationship managers.

The **Community Bank** network consists of franchises within local communities that each own the rights to operate a Bendigo Bank branch. Essentially, a locally-owned public company invests in the rights to operate a bank branch. The Bank supplies all banking and back office services while the community company operates the retail outlet. Revenue is shared, enabling communities to earn revenue from their own banking and channel this revenue back into community enterprise and development.

The Third Party Banking business unit provides residential and consumer finance through intermediaries including mortgage partners, and mortgage brokers under the Adelaide Bank brand and white label arrangements.

The Wealth business unit is the provider of superannuation and investment services through the Bank's subsidiary, Sandhurst Trustees Limited. The Wealth business unit also provides margin lending through the Bank's subsidiary, Leveraged Equities Limited and deposit products under the Adelaide Bank brand, through its team of business development and relationship managers.

5. About Bendigo and Adelaide Bank (continued)

5.1.3 Business

The Business division incorporates the Bank's Business Banking (commercial finance and business solutions), Portfolio Funding (wholesale funding solutions for the finance sector) and Delphi Bank (consumer and commercial finance) businesses.

5.1.4 Agribusiness

The Agribusiness division is a specialist rural lending provider operating primarily under the Rural Bank brand. This division provides specialist financial products and services to primary producers and agribusiness participants through a national network of distribution partners and agribusiness lending specialists mainly based in rural and regional centres.

5.1.5 Joint Venture Businesses

Homesafe is the key joint venture of the Bank which offers a debt-free equity release product for older Australians to access the wealth tied up in their homes to supplement their living standards without the need to sell.

5.2 Our vision and strategy

Our vision is to be Australia's bank of choice. This is a bold ambition. We believe we're the right choice for Australians because of our capability and deep commitment to doing good. It's part of our DNA and it's what sets us apart.

With more than 162 years' experience in providing financial services, BEN has remained true to its fundamental purpose of feeding into prosperity, not off it. We believe our business will only be successful when we can share in the success created by our stakeholders.

While the fundamental purpose of our business may not have changed, the current operating and economic environment, disrupted by the COVID-19 pandemic, continues to change tremendously, especially the economic and health impacts, new technologies, and regulatory requirements.

We continue to be ambitious in growing our market share to deliver value for all stakeholders by reducing complexity, investing in capability and telling our story. The essence of what we do will not change, but the means by which we do it will continue to evolve as we strive to be Australia's bank of choice.

Vision	Australia's bank of choice		
Value Proposition	Trusted and Authentic	Relevant Solutions	Easy to do business with
Purpose	To feed into the prosperity of our customers and communities		
Imperatives	**Reduce complexity** Reduce complexity in our business to make it easier for our customers to do business with us and staff to enable this, whilst taking unnecessary cost out of the business.	**Invest in capability** Invest in the areas and capabilities that will future proof our business and make a difference to our customers' experience.	**Tell our story** Tell our story so more Australians know who we are, what we stand for and why being a customer of our Bank matters.
Outcomes	Grow customer reach and market share		
	Be market leader in customer advocacy and customer and employee experience		
	Drive our financial performance		

5. About Bendigo and Adelaide Bank (continued)

5.3 Financial information

The financial information of BEN presented in this Section (the "**Financial Information**") comprises:

- the historical consolidated income statements for the years ended 30 June 2020, 30 June 2019 and 30 June 2018 as set out in section 5.3.1; and
- the historical consolidated balance sheet as at 30 June 2020 as set out in section 5.3.2, (together, the "**Historical Financial Information**"); and
- pro-forma historical consolidated balance sheet as at 30 June 2020 as set out in section 5.3.2 (the "**Pro Forma Historical Financial Information**").

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards. The Historical Financial Information has been derived from the annual financial reports of BEN for the year ended 30 June 2020, 30 June 2019 and 30 June 2018, which was audited by Ernst & Young in accordance with Australian Auditing Standards, and on which unmodified audit opinions were issued.

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards other than it includes adjustments, as described in section 5.3.2 of the Prospectus, which have been prepared in a manner consistent with Australian Accounting Standards that reflect the impact of certain transactions as if they had occurred as at 30 June 2020.

The Financial Information is in abbreviated form and does not contain all of the disclosures usually provided in an annual financial report prepared in accordance with the Corporations Act.

Detailed information on significant accounting policies applied in preparing the historical financial information and other material information can be found in BEN's most recent audited annual financial reports.

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

BEN's most recent audited annual financial report prepared in accordance with Australian Accounting Standards was its annual financial report for the year ended 30 June 2020. A copy of this report and other historical reports including additional financial statements such as cash flow statements can be obtained from www.bendigoadelaide.com.au and www.asx.com.au.

It is recommended that the annual financial report be read in conjunction with any announcements made by BEN and its controlled entities since the release of the annual report on 7 September 2020 in accordance with its continuous disclosure obligations which can be found at www.asx.com.au.

5. About Bendigo and Adelaide Bank (continued)

5.3.1 Historical consolidated income statements

The following table is derived from BEN's audited historical consolidated income statements for the years ended 30 June 2020, 30 June 2019 and 30 June 2018.

	Consolidated		
	$m 30 June 2020 12 months	$m 30 June 2019 12 months	$m 30 June 2018 12 months
Income			
Net interest income			
Interest income	2,270.2	2,643.3	2,659.6
Interest expense	(936.4)	(1,353.7)	(1,354.4)
Total net interest income	1,333.8	1,289.6	1,305.2
Other revenue			
Fees	155.5	163.8	167.9
Commissions and management fees	56.6	73.5	71.7
Other income	88.5	40.6	98.7
Total other revenue	300.6	277.9	338.3
Total income	1,634.4	1,567.5	1,643.5
Expenses			
Credit expenses	(173.3)	(54.6)	(78.9)
Bad and doubtful debts recovered	4.8	4.3	8.3
Total credit expenses	(168.5)	(50.3)	(70.6)
Operating expenses			
Staff and related costs	(567.1)	(518.5)	(497.3)
Occupancy costs	(36.3)	(91.3)	(91.0)
Amortisation and depreciation costs	(117.7)	(48.1)	(47.7)
Fees and commissions	(20.3)	(31.1)	(35.2)
Other operating expenses	(438.4)	(276.2)	(267.2)
Total other expenses	(1,179.8)	(965.2)	(938.4)
Profit before income tax expense	286.1	552.0	634.5
Income tax expense	(93.3)	(175.2)	(200.0)
Net profit for the year	192.8	376.8	434.5
Per share information:			
Basic earnings per ordinary share (cents per share)	38.1	77.1	89.9
Diluted earnings per ordinary share (cents per share)	35.2	69.7	81.2
Cash basis earnings per ordinary share (cents per share)	**59.7**	**85.0**	**92.1**

5. About Bendigo and Adelaide Bank (continued)

5.3.2 Historical and pro forma historical consolidated balance sheet as at 30 June 2020

The following table sets out the audited historical consolidated balance sheet of BEN as at 30 June 2020 (in the column headed 'Historical consolidated balance sheet as at 30 June 2020') and the unaudited pro forma historical consolidated balance sheet based on the following pro forma adjustments related to the Offer as if these transactions had occurred as at 30 June 2020:

- $350 million raised through the Offer less net issue costs of $6.5 million; and
- the redemption of CPS2.

	$m Historical consolidated balance sheet as at 30 June 2020	$m Pro forma adjustments related to the Offer	$m Pro forma historical consolidated balance sheet as at 30 June 2020
Assets			
Cash and cash equivalents	1,189.6	51.4	1,241.0
Due from other financial institutions	137.0		137.0
Financial assets fair value through profit or loss (FVTPL)	5,411.1		5,411.1
Financial assets amortised cost	325.3		325.3
Financial assets fair value through other comprehensive income (FVOCI)	819.6		819.6
Current tax assets	17.6	0.2	17.8
Derivatives	106.4		106.4
Net loans and other receivables	64,980.4		64,980.4
Investments accounted for using the equity method	5.4		5.4
Property, plant & equipment	252.3		252.3
Deferred tax assets	88.3		88.3
Investment property	779.8		779.8
Goodwill and other intangible assets	1,564.6		1,564.6
Other assets	331.5		331.5
Total Assets	**76,008.9**	**51.6**	**76,060.5**

5. About Bendigo and Adelaide Bank (continued)

	$m Historical consolidated balance sheet as at 30 June 2020	$m Pro forma adjustments related to the Offer	$m Pro forma historical consolidated balance sheet as at 30 June 2020
Liabilities			
Due to other financial institutions	145.1		145.1
Deposits	64,182.6		64,182.6
Notes payable	3,503.5		3,503.5
Derivatives	100.2		100.2
Provisions	114.4		114.4
Other payables	603.4		603.4
Preference shares	890.2	(291.5)	598.7
Capital Notes[1]	0.0	343.5	343.5
Subordinated debt	671.3		671.3
Total Liabilities	**70,210.7**	**52.0**	**70,262.7**
Net Assets	**5,798.2**	**(0.4)**	**5,797.8**
Equity			
Share capital	4,905.0		4,905.0
Reserves	87.3		87.3
Retained earnings	805.9	(0.4)	805.5
Total Equity	**5,798.2**	**(0.4)**	**5,797.8**

Note: Assumes $350 million of Capital Notes to be issued with net issue costs of $6.5 million and the redemption of $292.1 million of CPS2 ($291.5 million net of issue costs). The $0.4 million relates to the unamortised post-tax CPS2 issue costs previously capitalised which will be written off.

5.4 Capital adequacy

5.4.1 Prudential requirements

APRA is the prudential regulator of the Australian financial services industry. It oversees credit unions, building societies, general insurance and reinsurance companies, life insurers, private health insurers, friendly societies, most members of the superannuation industry, and ADIs. BEN is regulated by APRA because of its status as an ADI.

APRA's Prudential Standards set out minimum capital and risk management requirements which are designed to ensure that, under all reasonable circumstances, financial promises made by the institutions it supervises (including BEN) are met within a stable, efficient and competitive financial system.

BEN currently utilises the standardised approach set out by APRA for the purposes of calculating its regulatory capital requirements in relation to credit risk.

1. The Capital Notes will be classified as debt within the Balance Sheet and Distributions will be treated as interest expense in the Income Statement. The Capital Notes will initially be measured at fair value and subsequently will be measured at amortised cost using the effective interest rate method. The transaction costs incurred in relation to the issuance will be capitalised and form part of the initial carrying value of the financial liability. These transaction costs will be recognised through interest expense using the effective interest method from the date of issue.

5. About Bendigo and Adelaide Bank (continued)

APRA's risk-based capital adequacy guidelines are generally consistent with the International Regulatory Framework for Banks, also known as Basel III, issued by the Basel Committee on Banking Supervision ("**BCBS**"), except where APRA has exercised certain discretions.

APRA applies a tiered approach to measuring BEN's capital adequacy by assessing financial strength at two levels:

- Level 1 includes Bendigo and Adelaide Bank Limited and certain controlled entities that meet the APRA definition of extended licensed entities; and
- Level 2 consists of the consolidated group, excluding non-controlled subsidiaries and subsidiaries involved in insurance, funds management, non-financial operations and securitisation special purpose vehicles.

The effect of the Offer on BEN's capital adequacy ratio is set out in Section 5.4.5

5.4.2 APRA's adoption of Basel III prudential capital standards and 'Unquestionably Strong'

APRA's Basel III prudential capital standards require Australian banks (including BEN) to maintain minimum ratios of capital to risk weighted assets of at least 4.5% Common Equity Tier 1 Capital, 6% Tier 1 Capital and 8% Total Capital. APRA may also require ADIs to maintain minimum prudential capital ratios above the prescribed minimum ratios which may not be disclosed.

APRA also requires Australian banks to hold capital buffers above minimum capital requirements for Common Equity Tier 1 Capital. The capital buffers include a capital conservation buffer ("**CCB**") of 2.5%, unless APRA determines otherwise, and a higher loss absorbency ("**HLA**") requirement of 1% for Domestic Systemically Important Banks ("**D-SIB**").[2] BEN is not designated as a D-SIB. Restrictions on the distribution of earnings, including payment of dividends, discretionary bonuses and Additional Tier 1 Capital distributions apply when capital ratios fall within the CCB.[3] The capital buffers also include a countercyclical buffer, which must be calculated specific to each ADI and will depend on the jurisdictions in which an ADI operates.[4] APRA determines the countercyclical buffer for the Australian jurisdiction, which from 1 January 2016 was set at (and currently remains at) 0%, although it may vary up to 2.5% depending on market conditions (for example, where APRA determines excess credit growth is associated with a build-up of system wide risk).[5] As at 30 June 2020 the countercyclical buffer applicable to BEN is 0%.

In December 2017, the BCBS finalised the Basel III capital framework. In February 2018 APRA then commenced consultation on revisions to the domestic capital framework reaffirming its intention to strengthen capital requirements, such that they are considered 'unquestionably strong'. Australian banks on the standardised approach for calculating regulatory capital requirements in relation to credit risk, such as BEN, were required to increase CET1 capital by around 50 basis points by no later than January 2020. BEN has maintained its CET1 capital level in excess of its unquestionably strong requirements since this date.

In March 2020, APRA announced it would be deferring its scheduled implementation of the Basel III capital reforms in Australia by one year to January 2023, to further support banks in dedicating time and resources to maintaining their operations and supporting customers in response to COVID-19. The Basel III capital reforms will include revised prudential standards in relation to the risk-weighting framework and other capital requirements.

Also in March 2020, APRA announced temporary changes to its expectations regarding bank capital ratios, to ensure banks are well positioned to continue to provide credit in the COVID-19 environment. More specifically, APRA advised that given the prevailing circumstances, it envisages that banks may need to utilise some of their current large 'unquestionably strong' capital buffers to facilitate ongoing lending to the economy. Provided banks are able to demonstrate they can continue to meet their various minimum capital requirements, APRA noted that they would not be concerned if banks are not meeting the additional 'unquestionably strong' benchmarks announced in 2017 during the period of disruption caused by COVID-19.

2. On 23 December 2013, APRA published an information paper on its framework for D-SIBs in Australia. In the paper APRA determined that the four major Australian banks are D-SIBs.
3. The CCB, including the D-SIB HLA requirement for D-SIB entities, is to be met wholly by Common Equity Tier 1 Capital.
4. Operating as a further extension of the CCB and met wholly by Common Equity Tier 1 Capital.
5. In December 2019, APRA published an information paper on the countercyclical capital buffer. In that paper, APRA confirmed the countercyclical capital buffer in respect of Australian exposures will remain at 0% as at the time of publication of that paper although APRA flagged the likelihood of a non-zero default level in the future. ADIs will be notified of any decision to set, or increase, the level of the countercyclical buffer up to 12 months before the date from which it applies.

5. About Bendigo and Adelaide Bank (continued)

5.4.3 Prudential capital classification

APRA measures an ADI's regulatory capital using three regulatory measures, being Common Equity Tier 1 Capital, Tier 1 Capital and Total Capital.

Common Equity Tier 1 Capital comprises the highest quality components of capital that consists of paid-up share capital, retained profits and certain reserves, less the deduction of certain intangible assets, capitalised expenses and software, and investments and retained profits in insurance and funds management subsidiaries that are not consolidated for capital adequacy purposes and certain other adjustments.

Tier 1 Capital is comprised of Common Equity Tier 1 Capital and Additional Tier 1 Capital. Additional Tier 1 Capital comprises high quality components of capital that consists of certain securities not included in Common Equity Tier 1 Capital, but which include loss absorbing characteristics.

Total Capital is comprised of Tier 1 Capital and Tier 2 Capital. Tier 2 Capital includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 Capital, but nonetheless contribute to the overall strength of an ADI and its capacity to absorb losses.

APRA has provided confirmation that Capital Notes will, once issued, be eligible for inclusion in BEN's Additional Tier 1 Capital under APRA's prudential standard APS 111.

5.4.4 Capital management strategy

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.

5.4.5 Historical and pro forma historical consolidated capital adequacy position as at 30 June 2020

The following table sets out the unaudited historical consolidated capital adequacy position as at 30 June 2020 and the unaudited pro forma historical consolidated capital adequacy position based on the audited historical consolidated balance sheet of BEN as at 30 June 2020 and Basel III prudential requirements, adjusted as if the issue of $350 million Capital Notes were completed as at that date using the same assumptions as noted in the pro forma historical consolidated balance sheet in Section 5.3.2.

	$m Historical consolidated capital adequacy position as at 30 June 2020	$m Pro forma adjustments related to the Offer	$m Pro forma historical consolidated capital adequacy position as at 30 June 2020
Regulatory capital			
Contributed capital	4,909.3		4,909.3
Retained profits & reserves	528.4	(0.4)	528.0
Accumulated other comprehensive income (and other reserves)	(3.6)		(3.6)
Intangible assets, cash flow hedges and capitalised expenses	(1,690.1)	(5.9)	(1,696.0)
Net deferred tax assets	(170.9)		(170.9)
Equity exposures	(38.1)		(38.1)
Other adjustments as per APRA advice	(0.4)		(0.4)
Total Common Equity Tier 1 Capital	**3,534.6**	**(6.3)**	**3,528.3**
Additional Tier 1 capital instruments	895.9	57.9	953.8
Total Additional Tier 1 Capital	895.9	57.9	953.8
Total Tier 1 Capital	4,430.5	51.6	4,482.1

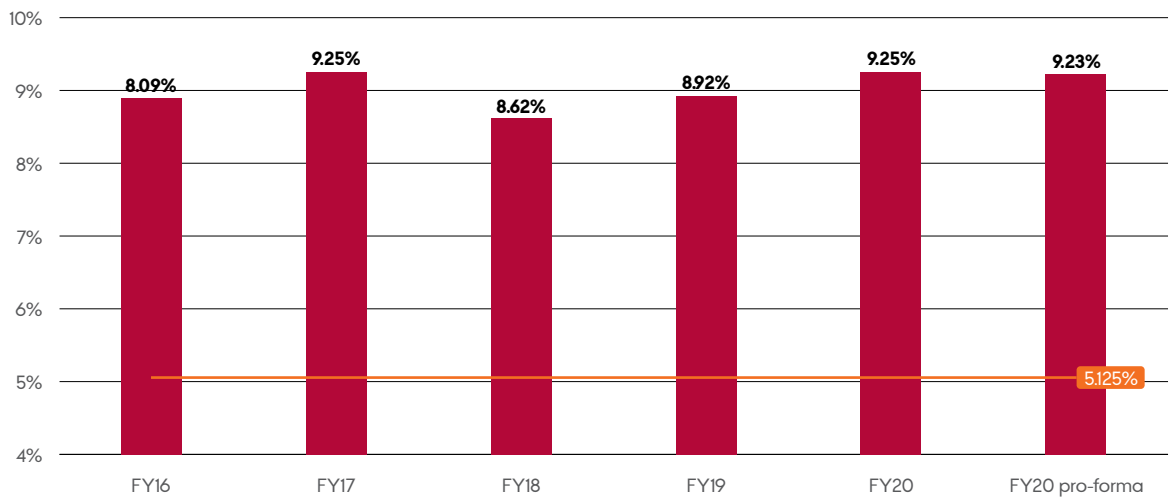
5. About Bendigo and Adelaide Bank (continued)

	$m Historical consolidated capital adequacy position as at 30 June 2020	$m Pro forma adjustments related to the Offer	$m Pro forma historical consolidated capital adequacy position as at 30 June 2020
Tier 2			
Tier 2 capital instruments	456.2		456.2
General reserve for credit losses/collective provision (net of tax effect)	315.9		315.9
Total Tier 2 capital	772.1		772.1
Total regulatory capital	5,202.6	51.6	5,254.2
Total risk weighted assets	38,215.2		38,215.2
Capital adequacy ratios			
Common Equity Tier 1	9.25%	(0.02%)	9.23%
Tier 1	11.59%	0.14%	11.73%
Tier 2	2.02%		2.02%
Total capital ratio	13.61%	0.14%	13.75%

5.4.6 BEN's Level 2 Common Equity Tier 1 Capital Ratio

- BEN's Level 2 Common Equity Tier 1 Capital Ratio as at 30 June 2020 on a Basel III basis was 9.25%.
- A Common Equity Tier 1 Capital Ratio of 9.25% implies $1,576 million of Common Equity Tier 1 Capital above the Capital Trigger Event Common Equity Tier 1 Capital Ratio level of 5.125% as at 30 June 2020.
- The graph below illustrates BEN's historical Common Equity Tier 1 Capital Ratio under APRA's relevant prudential standards.

BEN's Level 2 Common Equity Tier 1 Capital Ratio



5. About Bendigo and Adelaide Bank (continued)

5.5 Funding and liquidity approach

The Bank's principal source of funding is its stable customer deposit base, with customer deposits representing 75.2% of the Bank's total deposits as at 30 June 2020 (30 June 2019: 75.0%). The Bank's customer deposits are traditional term and savings deposits and transaction accounts, sourced predominantly through its retail network.

Wholesale funding activities support BEN's core customer deposit funding strategy and provide additional diversification and benefits from longer term borrowings. Wholesale deposits' contribution to total funding was maintained at 19.6% as at 30 June 2020 (30 June 2019: 19.6%). Securitisation funding comprised 5.2% (30 June 2019: 5.4%).

BEN's funding position continues to be a strength for the organisation. It provides flexibility to fund asset growth via its retail customer base as well as being able to access demand from wholesale markets through senior unsecured or securitisation transactions.

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

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

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

BEN maintains a diverse portfolio of marketable securities that can be easily liquidated in the event of an unforeseen interruption of cash flow. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to BEN. Liquid assets consist of cash, Australian Commonwealth government securities, State government securities, short-term bank bills and certificates of deposit, and other securities that are highly rated, liquid and are repo-eligible as collateral with the RBA.

BEN is subject to Prudential Standard APS 210 governing the regulatory requirements of prudent liquidity risk management. From 1 January 2015, APRA adopted the Basel III liquidity requirement of compliance with a liquidity coverage ratio ("**LCR**"). BEN is designated as a LCR scenario bank and as with all such regulated banks in Australia currently, can apply to APRA for use of a Committed Liquidity Facility ("**CLF**"), to ensure compliance with LCR requirements. BEN made a successful application to APRA for use of a CLF in calendar 2020. Whilst it is available, BEN expects to continue to apply to APRA for use of the CLF in future periods, though the amount applied for is likely to vary from year to year.

BEN had previously reported that its daily average LCR for FY20 was 134.1% (FY19: 128.1%). Further, BEN had previously reported that the LCR was maintained within BEN's internal targets throughout FY20 and as having always exceeded the minimum prudential requirement of 100%. The increase in LCR during FY20 was attributed to the growth in deposits as well as the Term Funding Facility introduced by the Reserve Bank of Australia as part of the COVID-19 stimulus package to promote lending to businesses.

However, on 21 October 2020 BEN announced, in response to a public announcement from APRA, that BEN had identified a historic coding error in its calculation of the LCR that impacted BEN's compliance with Prudential Standard APS210. The error relates to the incorrect system coding of three business rules used to categorise certain deposits for the purposes of the LCR calculation, resulting in an understatement of the expected net cash outflow and consequently an overstatement of the LCR since January 2015.

The identified coding issues have been rectified and, as at the date of this Prospectus, reviews are underway (including independent testing of the LCR calculation). Further internal and independent reviews will be undertaken as required.

APRA has advised BEN that an overlay of 10% will be added to its net cash outflows used for the purposes of LCR calculation from 2 November 2020. This overlay will remain in place until all required reviews are completed and all findings are addressed to APRA's satisfaction. APRA is awaiting the outcome of BEN's reviews before determining whether further action is required.

5. About Bendigo and Adelaide Bank (continued)

Having rectified the historic coding errors and revised the relevant methodology, BEN's average LCR was 160.9% over the 14 days to 19 October 2020. BEN's LCR as at 19 October 2020 was 167.7%, or 152.4% including the overlay, well above the APRA minimum requirement of 100%.

BEN maintains a strong liquidity position and the identified breaches of Prudential Standard APS210 don't impact the overall soundness of BEN's liquidity position.

BEN's Basel III Pillar 3 disclosures as at 30 September 2020 (prepared in accordance with Prudential Standard APS330) will include restatements of BEN's LCR for the prior two years and will be released by Friday, 27 November 2020.

BEN is also required to maintain a Net Stable Funding Ratio ("**NSFR**"), designed to encourage longer-term funding resilience, of at least 100% which came into effect on 1 January 2018. BEN had previously reported that its monthly average NSFR for FY20 was 114.7% (FY19: 112.4%), exceeding the regulatory minimum of 100%.

BEN's historic NSFR calculations have also been impacted by the identified coding errors referred to above, however the percentage impact of the error is smaller than the impact on LCR. An internally recalculated NSFR (following the rectification of the identified coding issues) as at 31 August 2020 reduced by less than 2 percentage points to 122.0%, noting that the independent testing of the revised NSFR calculations have not yet been completed. BEN's Basel III Pillar 3 disclosures as at 30 September 2020, to be released by Friday, 27 November 2020, will also include restatements of BEN's NSFR for the prior two years.

Investment Risks

6

6. Investment Risks

This Section describes some of the potential risks associated with an investment in Capital Notes and in BEN.

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

6.1 Risks associated with investing in Capital Notes

6.1.1 Not deposit liabilities

Capital Notes are not:

- deposit liabilities of BEN, or any other member of the BEN Group;
- protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Banking Act or of the Financial Claims Scheme established under Division 2AA of Part II of the Banking Act; or
- guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction.

The investment performance of Capital Notes is not guaranteed by BEN or any other member of the BEN Group.

6.1.2 Market price of Capital Notes

BEN will apply for quotation of Capital Notes on ASX, but BEN is unable to forecast the market price and liquidity of the market for Capital Notes.

The market price of Capital Notes may fluctuate due to various factors, including:

- the economic impact of the global COVID-19 pandemic (see Section 6.2.1 below for further details);
- investor perceptions;
- Australian and worldwide economic conditions;
- interest rates, credit margins and equity markets;
- movements in foreign exchange rates;
- movements in the market price of Ordinary Shares or senior or subordinated debt;
- geopolitical instability;
- BEN's financial performance and position; and
- other factors that may affect that performance and position.

Capital Notes may trade at a market price below the Issue Price. There is no guarantee that Capital Notes will remain continuously quoted on ASX.

In recent months (as a result of the ongoing COVID-19 pandemic), markets have been volatile. Volatility risk is the potential for fluctuations in the price of securities, sometimes markedly and over a short period. Investing in volatile conditions implies a greater level of volatility risk for investors than an investment in a more stable market.

You should carefully consider this additional volatility risk before deciding whether to make an investment in Capital Notes.

6.1.3 Liquidity

Although BEN intends to have Capital Notes quoted on ASX, there is no guarantee that a liquid market will develop for Capital Notes. The market for Capital Notes may be less liquid than the market for Ordinary Shares or comparable securities issued by BEN or other entities and may be volatile. The market price of Capital Notes is likely to fluctuate and, if Holders wish to sell or otherwise transfer their Capital Notes, they may be unable to do so at a price acceptable to them, or at all, if insufficient liquidity exists in the market for Capital Notes.

Capital Notes are expected to be Exchanged for Ordinary Shares on 15 June 2029 (subject to certain conditions being satisfied) unless Capital Notes are otherwise Exchanged, Redeemed, Resold or Written Off on or before that date. Where Capital Notes are Exchanged, there may be no liquid market for Ordinary Shares at the time of Exchange or the market for Ordinary Shares may be less liquid than that for comparable securities issued by other entities at the time of Exchange.

6. Investment Risks (continued)

In addition, there is no guarantee that the Capital Notes or Ordinary Shares will remain continuously quoted on ASX. Trading of ASX listed securities may be suspended in certain circumstances.

6.1.4 Exposure to BEN Group's financial performance and position

If the BEN Group's financial performance or position declines, or if market participants anticipate that it may decline, an investment in Capital Notes could decline in value even if Capital Notes have not been Exchanged. Accordingly, when you evaluate whether to invest in Capital Notes you should carefully evaluate the investment risks associated with an investment in BEN – see Section 6.2.

6.1.5 Changes in Distribution Rate

The Distribution Rate used to calculate the Distributions payable on Capital Notes is based on a floating rate plus a fixed Margin.

The Distribution Rate is calculated for each Distribution Period by reference to the Market Rate, which is influenced by a number of factors and varies over time. The Distribution Rate will fluctuate (both increasing and decreasing) over time as a result of movements in the Market Rate – see Sections 2.3.2 and 2.3.3. Changes in the corporate tax rate will also affect the Distribution Rate.

As the Distribution Rate fluctuates, there is a risk that it may become less attractive when compared to the rates of return available on comparable securities issued by BEN or other entities. BEN does not guarantee any particular rate of return on the Capital Notes.

6.1.6 Distributions may not be paid

There is a risk that Distributions will not be paid. The Capital Notes Terms do not oblige BEN to pay Distributions.

The payment of a Distribution is subject to:

- the Directors of BEN, in their absolute discretion, resolving to pay the Distribution to Holders;
- the payment of the Distribution not resulting in a breach of BEN's capital requirements under APRA's prudential standards as they are applied to the BEN Level 1 Group or the BEN Level 2 Group or both at the time of the payment, or of the Corporations Act;
- the payment of the Distribution not resulting in BEN becoming, or likely to become, insolvent; and
- APRA not otherwise objecting to the payment of the Distribution.

The Capital Notes Terms contain no events of default and accordingly, failure to pay a Distribution when scheduled will not constitute an event of default. Further, if BEN does not pay a Distribution when scheduled, a Holder:

- has no right to apply for BEN to be wound up or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of BEN merely on the grounds that BEN does not or may become unable to pay a Distribution when scheduled; and
- will not be entitled to set-off the amount of the unpaid Distribution against any amount of any nature owed by the Holder to BEN (including but not limited to any amount due on a winding-up of BEN).

Capital Notes rank in respect of payment of Distributions:

- senior to Ordinary Shares;
- equally and without preference among Capital Notes; and
- equally with all Equal Ranking Securities and other securities and instruments that BEN has or may issue that by their terms rank equally with respect to priority of payment in a winding up of BEN.

Distributions are non-cumulative and therefore if a Distribution is not paid Holders will have no recourse whatsoever to payment from BEN and will not receive payment of those Distributions.

However, if BEN does not pay a Distribution in full on a Distribution Payment Date, then BEN is unable to undertake Restricted Actions (being actions to declare, determine or pay a dividend, or return any capital or undertake any buy-backs or repurchases, in relation to any Ordinary Shares), subject to certain exceptions, unless the Distribution is paid in full within five Business Days of that date.

Changes in regulations applicable to BEN may impose additional requirements which prevent BEN from paying a Distribution in additional circumstances, including the capital conservation buffer, which restricts the payment of Distributions when BEN's regulatory capital levels fall below a certain level.

6. Investment Risks (continued)

6.1.7 Distributions may not be fully franked, and entitlement to franking credits

BEN expects Distributions to be fully franked. However, there is no guarantee that BEN will have sufficient franking credits in the future to fully frank Distributions.

If any Distribution payment is unfranked or not fully franked, then Holders will be entitled to an additional cash payment, reflecting the fact that the Distribution payment has been paid out of profits which have not been subject to tax. The value and availability of franking credits to a Holder will differ depending on the Holder's particular tax circumstances. Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Distribution. Holders should also be aware that the ability to use the franking credits, either as an offset to a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each Holder.

In addition, as set out in the Australian taxation summary in Section 7, there is a provision of current Australian taxation law which would operate to deny Holders the benefit of franking credits on their Distributions if those Distributions give rise to a tax deduction for BEN in a foreign jurisdiction. The Distributions paid on the Capital Note should not give rise to any such foreign income tax deductions.

Holders should also refer to the Australian taxation summary in Section 7 and seek professional advice in relation to their tax position.

6.1.8 Distribution payments on Capital Notes may be restricted by the terms of similar securities

The terms of BEN's other outstanding and future securities could limit its ability to make payments on Capital Notes. If BEN does not make payments on other securities, payments may not be permitted to be made in respect of Capital Notes. The dividend or distribution payment dates on BEN's other securities may differ from the Distribution Payment Dates for Capital Notes. Further, the payment tests applying to other securities (whether currently outstanding or issued in the future) may be different to Capital Notes. Accordingly, BEN may not be permitted to make a payment on another security in circumstances where it would otherwise be permitted to make a payment on Capital Notes. In these circumstances, the distribution restrictions on the other securities may then apply, preventing BEN from making a payment on Capital Notes. Similarly, BEN may not be permitted to make a payment on Capital Notes in circumstances where the payment tests on other securities have been passed.

If distribution restrictions for another security apply to payments on Capital Notes, BEN may not be able to pay Distributions when scheduled to do so under the Capital Notes Terms. BEN is not restricted from issuing other securities of this kind or agreeing in the terms of issue of other securities additional or different payment tests or distribution or dividend restrictions.

6.1.9 The dividend and capital restriction applies in limited circumstances

The dividend and capital restrictions that apply if BEN fails to pay a Distribution in full on a Distribution Payment Date apply only to the payment of dividends and the undertaking of certain capital activities (such as returns of capital and buy-backs) in respect of Ordinary Shares. They do not apply to restrict the payment of dividends or the undertaking of such capital activities in respect of securities ranking equally with or junior to Capital Notes (other than Ordinary Shares). Accordingly, a failure to make a scheduled payment on Capital Notes may not restrict the making of payments in respect of Equal Ranking Securities or instruments that may in the future rank equally with Capital Notes. Further, the restriction on Capital Notes only applies until, and including, the payment of a Distribution in full on the next Distribution Payment Date or if all Capital Notes have been Exchanged, Redeemed or Written Off. The dates for dividend payments with respect to Ordinary Shares are determined by BEN in its discretion and do not bear a fixed relationship to the Distribution Payment Dates for Capital Notes. Accordingly, as soon as the dividend restriction ceases to apply (as will be the case if the next scheduled Distribution on Capital Notes is paid or all Capital Notes have been Exchanged, Redeemed or Written Off) BEN will not be restricted from paying a dividend on its Ordinary Shares.

Where a Partial Successor is substituted in connection with a NOHC Event as the issuer of Ordinary Shares on Exchange, there is no restriction on the Partial Successor declaring, determining to pay or paying a dividend on, or buying back or reducing capital on, its ordinary shares if BEN does not pay a Distribution on Capital Notes. Where a Full Successor is substituted in connection with a NOHC Event, the restriction on BEN undertaking Restricted Actions will apply to the Full Successor as if it was BEN.

6. Investment Risks (continued)

6.1.10 Fluctuation in Ordinary Share price

The number of Ordinary Shares that Holders receive on Exchange is calculated by reference to a VWAP for Ordinary Shares during a period before Exchange. The VWAP during the relevant period before Exchange may differ from the market price for Ordinary Shares on or after the date of Exchange. This means that the value of Ordinary Shares received may be more or less than anticipated when they are issued or thereafter.

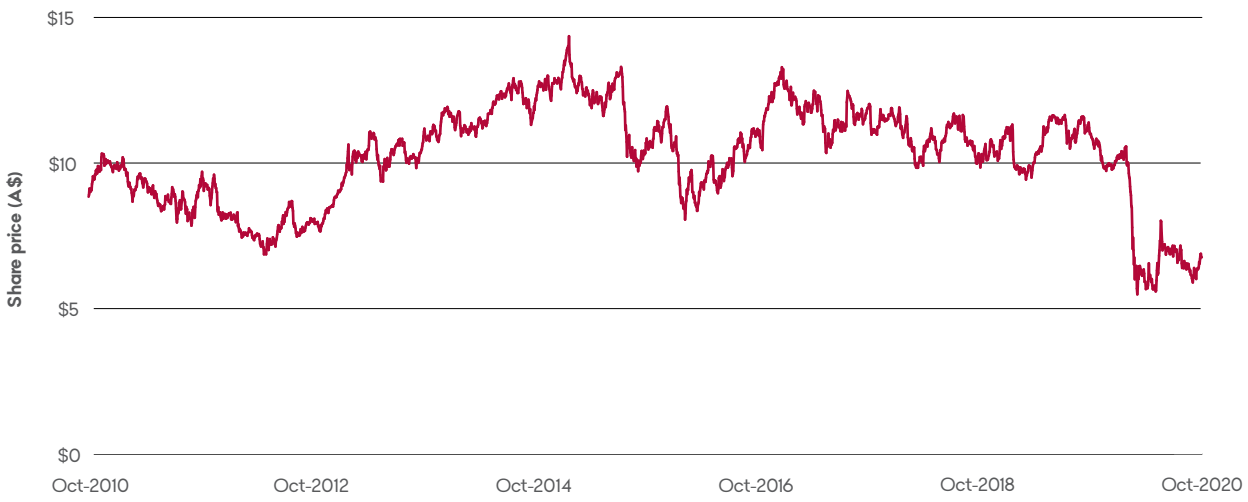
In particular, on Exchange, other than Exchange resulting from a Capital Trigger Event or a Non-Viability Trigger Event (see Section 2.6), Holders will receive approximately $101.01 worth of Ordinary Shares per Capital Note (based on the VWAP during the 20 Business Days before the relevant exchange date or a specified period prior to such other date on which Capital Notes are Exchanged, and, as regards the Maximum Exchange Number, the VWAP during the 20 Business days before the Issue Date).

The market price of Ordinary Shares may fluctuate due to various factors, including investor perceptions, Australian and worldwide economic conditions, interest rates, credit margins, equity markets, movements in foreign exchange rates, BEN's financial performance and position and other factors that may affect that performance and position, and may also be affected by the actual or prospective Exchange of Capital Notes – see Sections 2.4 to 2.7.

As a result, the value of Ordinary Shares received upon Exchange may be greater than or less than $101.01 per Capital Note when they are issued or at any time after that, and could be less than the Issue Price. Holders receiving Ordinary Shares on Exchange may not be able to sell those Ordinary Shares at the price on which the Exchange calculation was based, or at all. In relation to Exchange on account of a Capital Trigger Event or Non-Viability Trigger Event – see further detail in Section 2.6.

The Ordinary Shares held as a result of any Exchange will, following Exchange, rank equally with existing Ordinary Shares. Accordingly, the ongoing value of any Ordinary Shares received upon Exchange will depend upon the market price of Ordinary Shares after the date on which Capital Notes are Exchanged. That market price is also subject to the factors outlined above and may also be volatile depending on the conditions at that time.

BEN Ordinary Share Price from October 2010 to October 2020



6.1.11 Capital Notes are perpetual and Mandatory Exchange may not occur on the Scheduled Mandatory Exchange Date or at all

Capital Notes are scheduled to Exchange into Ordinary Shares on 15 June 2029 (subject to certain conditions being satisfied or unless Exchanged, Redeemed, Resold or Written Off earlier). However, there is a risk that Exchange will not occur because the Mandatory Exchange Conditions are not satisfied due to a large fall in the Ordinary Share price relative to the Issue Date VWAP, or where Ordinary Shares have been Delisted.

The Ordinary Share price may be affected by transactions affecting the Ordinary Share capital of BEN, such as rights issues, placements, returns of capital, certain buy-backs and other corporate actions. However, the Issue Date VWAP is adjusted only for transactions by way of pro rata bonus issues and a certain types of capital reconstructions of Ordinary Shares as described in clauses 9.5 and 9.6 of the Capital Notes Terms and not for other transactions, including rights issues, placements, returns of capital, buy-backs or special dividends.

6. Investment Risks (continued)

The Capital Notes Terms do not limit the transactions which BEN may undertake with respect to its Ordinary Share capital (other than to the extent that the Capital Note Terms restrict BEN from undertaking Restricted Actions) and any such action may affect whether Exchange will occur and the Exchange Number of Ordinary Shares and may adversely affect the position of Holders.

If Exchange does not occur on the Scheduled Mandatory Exchange Date, Exchange would then occur on the first Distribution Payment Date after the Scheduled Mandatory Exchange Date on which all of the Mandatory Exchange Conditions are satisfied unless Capital Notes are otherwise Exchanged or Redeemed on or before that date. If Exchange does not occur on a possible Mandatory Exchange Date and Capital Notes are not otherwise Exchanged or Redeemed, Distributions may continue to be paid on Capital Notes.

Capital Notes are a perpetual instrument. If the Ordinary Share price deteriorates significantly and never recovers, it is possible that the Mandatory Exchange Conditions will never be satisfied and, if this occurs, unless Capital Notes are otherwise Exchanged (see Section 6.1.12 below), Capital Notes will never Exchange except as a result of a Capital Trigger Event or a Non-Viability Trigger Event.

6.1.12 Exchange, Redemption and Resale are at BEN's option

BEN may (subject to APRA's prior written approval) elect to Exchange, Redeem or Resell some or all Capital Notes on the Call Date or following the occurrence of a Franking Event, a Tax Event or a Regulatory Event. In addition, BEN must (subject to certain conditions) Exchange all (but not some) Capital Notes on the occurrence of a Change of Control Event. Holders have no right to request an Exchange, Redemption or Resale.

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

Subject to certain conditions, BEN also has in many cases discretion to elect whether to Exchange, Resell or Redeem Capital Notes or whether a combination of methods will apply and where a combination of methods is selected, to which Capital Notes and Holders the method will apply. The method chosen by BEN may be disadvantageous to Holders and may not coincide with their individual preference in terms of whether they receive Ordinary Shares or cash on the relevant date.

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

Further, where BEN requires APRA's prior written approval for Exchange, Redemption or Resale Holders should not expect that APRA will give its approval to any Exchange, Redemption or Resale.

6.1.13 Exchange, Redemption or Resale by BEN is subject to certain events occurring

If BEN elects to Exchange, Redeem or Resell Capital Notes, APRA's prior written approval is required. Holders should not expect that APRA will give its approval to any Exchange, Redemption or Resale.

The optional Exchange of Capital Notes is subject to the level of the Ordinary Share price on the second Business Day before the date on which an Optional Exchange Notice is expected to be sent by BEN (or if trading in Ordinary Shares did not occur on that date, the Business Day prior to that date on which trading in Ordinary Shares occurred). If the VWAP on that date is less than or equal to 22% of the Issue Date VWAP, BEN is not permitted to choose to Exchange the Capital Notes. Also, if Ordinary Shares have been Delisted as at the Non-Exchange Test Date, BEN is not permitted to choose to Exchange the Capital Notes.

Once BEN has elected to Exchange the Capital Notes by giving an Optional Exchange Notice, the conditions to Exchange on the Exchange Date are that the Second Mandatory Exchange Condition (applied as if it referred to 20.20% of the Issue Date VWAP) and the Third Mandatory Exchange Condition must both be satisfied in respect of the Exchange Date as if the Exchange Date were a possible Mandatory Exchange Date.

6. Investment Risks (continued)

If the requirements for Exchange on the Exchange Date are not satisfied, BEN will notify Holders and the Exchange will be deferred until the first Distribution Payment Date on which the Mandatory Exchange Conditions (applied as if the percentage of the Issue Date VWAP was 22% for the First Mandatory Exchange Condition and 20.20% for the Second Mandatory Exchange Condition) would be satisfied if that Distribution Payment Date were a possible Mandatory Exchange Date.

The choice of Redemption as the method is subject to the condition that APRA is satisfied that either:

- the Capital Notes the subject of the Redemption are replaced concurrently or beforehand with a capital instrument of the same or better quality than Capital Notes and the replacement of Capital Notes is done under conditions that are sustainable for BEN's income capacity; or
- having regard to the projected capital position of BEN Level 1 Group and the BEN Level 2 Group, that BEN does not have to replace the Capital Notes the subject of the Redemption.

BEN is not permitted to elect to Redeem or Resell Capital Notes on account of a Change of Control Event.

6.1.14 Exchange conditions

The only conditions to Exchange are, in the case of Mandatory Exchange, the Mandatory Exchange Conditions and, in the case of Exchange following a Change of Control Event, a Franking Event, a Tax Event, a Regulatory Event or on the Call Date, the conditions expressly applicable to such Exchange under clauses 3, 4.7, 6.4, and 6.5 of the Capital Notes Terms. No other conditions will affect the Exchange except as expressly provided by Terms.

Although one condition to Exchange is that Ordinary Shares have not been Delisted, other events and conditions may affect the ability of Holders to trade or dispose of the Ordinary Shares issued on Exchange – e.g. the willingness or ability of ASX to accept the Ordinary Shares issued on Exchange for quotation or any practical issues which affect that quotation, any disruption to the market for the Ordinary Shares or to capital markets generally, the availability of purchasers for Ordinary Shares and any costs or practicalities associated with trading or disposing of Ordinary Shares at that time.

Further, as outlined in Section 2.6, Exchange following a Capital Trigger Event or a Non-Viability Trigger Event is not subject to any conditions.

6.1.15 Exchange on account of a Capital Trigger Event or a Non-Viability Trigger Event

Unless Redeemed, Written Off or Exchanged earlier, BEN must immediately Exchange Capital Notes for Ordinary Shares if at any time a Capital Trigger Event or a Non-Viability Trigger Event occurs. This could be at any time. Accordingly, any Exchange on account of a Capital Trigger Event or a Non-Viability Trigger Event may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing.

A Capital Trigger Event occurs when BEN determines, or APRA notifies BEN in writing that it believes, that either or both the BEN Level 1 Common Equity Tier 1 Capital Ratio or the BEN Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%.

A Non-Viability Trigger Event occurs when APRA notifies BEN in writing that it believes:

- Exchange of all or some Capital Notes, or exchange, conversion or write down of capital instruments of the BEN Group, is necessary because, without it, BEN would become non-viable; or
- a public sector injection of capital, or equivalent support, into BEN is necessary because, without it, BEN would become non-viable.

A Capital Trigger Event or a Non-Viability Trigger Event may require Exchange of all Capital Notes or such lesser number as is needed to remedy that event.

However, if a Non-Viability Trigger Event occurs as a result of APRA deeming that a public sector injection of capital, or equivalent support, into BEN is necessary, all (and not only some) Capital Notes must be immediately Exchanged for Ordinary Shares.

If less than all Capital Notes and other Relevant Securities are required to be exchanged, BEN must determine which Capital Notes will Exchange and in doing so must endeavour to treat Holders and holders of other Relevant Securities on a pro-rata basis or in a manner that is otherwise in the opinion of BEN, fair and reasonable, subject to such adjustments as BEN may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Capital Notes or other Relevant Securities remaining on issue. Accordingly, should a Capital Trigger Event or a Non-Viability Trigger Event occur and only some of the Capital Notes are required to be Exchanged, not all Holders may have their Capital Notes Exchanged into Ordinary Shares.

6. Investment Risks (continued)

6.1.15.1 Capital Trigger Event

The BEN Level 1 Common Equity Tier 1 Capital Ratio or the BEN Level 2 Common Equity Tier 1 Capital Ratio may be significantly impacted by a number of factors, including factors which affect the business, operation and financial performance and position of BEN. Accordingly, there is a risk that BEN's Level 1 Common Equity Tier 1 Capital Ratio or BEN's Level 2 Common Equity Tier 1 Capital Ratio will fall to 5.125% or below and that as a result, Capital Notes will Exchange into Ordinary Shares before the Scheduled Mandatory Exchange Date.

6.1.15.2 Non-Viability Trigger Event

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

BEN's viability may be significantly impacted by a number of factors, including factors which affect the business, operation and financial performance and position of BEN. For instance, systemic and non-systemic macro-economic, environmental and operational factors, globally and in Australia, may affect the viability of BEN.

6.1.15.3 Effect of a Capital Trigger Event or a Non-Viability Trigger Event

If a Capital Trigger Event or a Non-Viability Trigger Event occurs:

- BEN must immediately Exchange all (or, if less than all Capital Notes are required to be Exchanged, some) Capital Notes on issue for the Exchange Number of Ordinary Shares for each Capital Note required to be Exchanged;
- Exchange is immediate and from the date of the occurrence of the Capital Trigger Event or the Non-Viability Trigger Event (as applicable), BEN will treat Holders as having been issued the Exchange Number of Ordinary Shares. BEN expects any ASX trades in Capital Notes that have not settled on the date a Capital Trigger Event or a Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX settlement rules, although BEN expects the seller will be treated as having delivered, and the buyer will be treated as having acquired, the Exchange Number of Ordinary Shares into which Capital Notes have been Exchanged as a result of the occurrence of the Capital Trigger Event or the Non-Viability Trigger Event;
- BEN may make such decisions with respect to the identity of Holders as at the date of the occurrence of the Capital Trigger Event or the Non-Viability Trigger Event as may be necessary or desirable to ensure Exchange occurs in an orderly manner, including disregarding any transfers of Capital Notes that have not been settled or registered at that time and date, provided that any such decision does not prevent, impede or delay the immediate Exchange of the relevant number of Capital Notes;
- Exchange is not subject to the Mandatory Exchange Conditions or any other conditions being satisfied;
- Holders will not receive prior notice of Exchange on account of a Capital Trigger Event or Non-Viability Trigger Event and will not have any rights to vote in respect of any such Exchange; and
- the Ordinary Shares issued on Exchange on account of a Capital Trigger Event or Non-Viability Trigger Event may not be quoted at the time of issue, or at all.

The number of Ordinary Shares a Holder will receive on Exchange following a Capital Trigger Event or a Non-Viability Trigger Event is calculated in accordance with the Exchange Number formula which provides for a calculation based on a discounted five Business Day VWAP but cannot be more than the Maximum Exchange Number. Accordingly, this may result in a Holder receiving significantly less than $101.01 worth of Ordinary Shares per Capital Note and suffering loss as a result. This is because:

- the number of Ordinary Shares is limited to the Maximum Exchange Number and this number of Ordinary Shares may have a value of less than $101.01;
- where the number of shares to be issued is calculated by reference to the five Business Day VWAP, the VWAP during the five Business Days before the date of the Capital Trigger Event or the Non-Viability Trigger Event may differ from the Ordinary Share price on or after that date. In particular, if Ordinary Shares are suspended from ASX trading at the date on which the Capital Trigger Event or the Non-Viability Trigger Event occurs, the VWAP may be based wholly or partly on trading days which occurred a significant period of time prior to the date of the occurrence of a Capital Trigger Event or a Non-Viability Trigger Event;
- the Ordinary Shares received on Exchange, as well as BEN's Ordinary Shares generally, may not be listed or may not be able to be sold at prices representing their value based on the VWAP; and

6. Investment Risks (continued)

- as noted in Section 2.5.7, the Maximum Exchange Number may be adjusted to reflect certain types of capital reconstructions of Ordinary Shares or a pro rata bonus issue of Ordinary Shares. However, no adjustment will be made to it on account of other transactions which may affect the price of Ordinary Shares, including for example rights issues, returns of capital, buy-backs or special dividends. The Capital Notes Terms do not limit the transactions that BEN may undertake with respect to its Ordinary Share capital (other than to the extent that the Capital Note Terms restrict BEN from undertaking Restricted Actions) and any such action may increase the risk that Holders receive only the Maximum Exchange Number and so may adversely affect the position of Holders.

6.1.15.4 No further rights if Exchange cannot occur

If, following a Capital Trigger Event or a Non-Viability Trigger Event, Exchange of Capital Notes has not been effected within five Business Days after the Capital Trigger Event or Non-Viability Trigger Event (as applicable), then the relevant Holders' rights (including to payment of the Face Value and Distributions, and the right to receive Ordinary Shares) in relation to such Capital Notes or percentage of the Face Value of Capital Notes are immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. BEN must give notice as soon as practicable that such termination has occurred to the Holders and such notice must be announced on ASX, and the notice must specify the date on which the Capital Trigger Event or Non-Viability Trigger Event occurred. In this event, a Holder's investment in the relevant Capital Notes will lose all of its value – the Face Value will not be repaid and a Holder will not receive any compensation. This could occur if BEN was prevented from issuing Ordinary Shares by circumstances outside its control, for example, if BEN was prevented by a specified law or order of any court, or action of any government authority, from issuing Ordinary Shares.

6.1.16 Exchange on a Change of Control Event

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

Where this corporate activity constitutes a Change of Control Event, as defined in the Terms, BEN is required, subject to satisfaction of certain conditions, to Exchange all Capital Notes in accordance with clause 4.7 of the Capital Notes Terms. Exchange may therefore occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing. This also means that the period for which Holders will be entitled to the benefit of the rights attaching to Capital Notes (such as Distributions) is unknown.

6.1.17 Restrictions on rights and ranking in a winding-up of BEN

Capital Notes are issued by BEN under the Capital Notes Terms. A Holder has no claim on BEN in respect of Capital Notes except as provided in the Capital Notes Terms. Capital Notes are unsecured and perpetual in nature.

In the event of a winding-up of BEN, and assuming Capital Notes have not been Exchanged, Redeemed or Resold and are not required to be Exchanged or Written Off due to a Capital Trigger Event or a Non-Viability Trigger Event, then investors will be entitled to claim for the Face Value of Capital Notes they hold after payment of all claims ranking senior to the Capital Notes. Each Capital Note ranks for payment in a winding up of BEN in Australia:

- after the claims of all holders of Senior Ranking Obligations;
- equally with each Holder and holders of Equal Ranking Securities; and
- ahead of holders of Junior Ranking Securities (being holders of Ordinary Shares).

However, where Capital Notes are required to be Exchanged on account of a Capital Trigger Event or a Non-Viability Trigger Event and Exchange of Capital Notes has not been effected within five Business Days after a Capital Trigger Event or Non-Viability Trigger Event (as applicable) then the relevant Holders' rights (including to payment of the Face Value and Distributions, and the right to receive Ordinary Shares) in relation to such Capital Notes or percentage of the Face Value of Capital Notes are immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event (as described in Section 2.6.7 and clause 4.6 of the Capital Notes Terms).

If there is a shortfall of funds on a winding-up of BEN to pay all amounts ranking senior to and equally with Capital Notes, there is a significant risk that Holders will not receive all or some of the Face Value.

6. Investment Risks (continued)

Although Capital Notes may pay a higher rate of distribution than comparable securities and instruments which are not subordinated, there is a significant risk that a Holder will lose all or some of their investment should BEN become insolvent.

6.1.18 Changes to credit ratings

BEN's cost of funds, margins, access to capital markets and competitive position and other aspects of its performance may be affected by its credit ratings (including any long-term credit ratings or the ratings assigned to any class of its securities). Credit rating agencies may withdraw, revise or suspend credit ratings or change the methodology by which securities are rated. Even though Capital Notes will not be rated, such changes could adversely affect the market price, liquidity and performance of Capital Notes or Ordinary Shares received on Exchange.

6.1.19 Regulatory classification and prudential supervision

APRA has confirmed that Capital Notes will be eligible for inclusion as Additional Tier 1 Capital under APRA's Prudential Standard APS 111.

A Regulatory Event may occur if BEN determines that as a result of a change in, or amendment to, the laws of Australia or APRA's prudential standards or guidelines, or in their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced):

- any of the Capital Notes are not or will not be treated as Additional Tier 1 Capital of BEN, other than as a result of a change of treatment expected by BEN as at the Issue Date;
- additional requirements would be imposed on BEN, or the BEN Group in relation to or in connection with the Capital Notes which BEN determines in its absolute discretion might have a material adverse effect on BEN; or
- to have the Capital Notes outstanding would be unlawful or impractical or that BEN or the BEN Group would be exposed to a more than de minimis increase in its costs in connection with those Capital Notes.

If a Regulatory Event occurs, BEN may be entitled to, with the written approval of APRA, Redeem, Resell or Exchange Capital Notes.

For the risks attaching to BEN's discretion to Exchange, Resell or Redeem in certain specified circumstances – see Section 6.1.12.

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

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

6.1.20 Australian tax consequences

A general outline of the tax consequences of investing in Capital Notes for certain potential investors who are Australian residents for tax purposes is set out in the Australian taxation summary in Section 7. This discussion is in general terms and is not intended to provide specific advice addressing the circumstances of any particular potential investor.

Accordingly, potential investors should seek independent advice concerning their own individual tax position.

If there is a change in, or amendment to, the laws of Australia or their application or official or judicial interpretation or administration that was not expected by BEN at the date of the issue of the Capital Notes that: (a) leads to a material risk of any Distribution not being frankable; or (b) BEN receives an opinion from a reputable legal counsel or other tax adviser to the effect that:

- there is a material risk that BEN would be required to pay increased taxes or other costs; or
- there is a market risk that BEN would be exposed to more than de minimis adverse tax consequences in relation to Capital Notes,

then BEN is entitled to Exchange, Redeem or Resell all or some Capital Notes (subject to APRA's prior written approval where required) – see Section 2.4.

6. Investment Risks (continued)

If the corporate tax rate was to change, the cash amount of Distributions and the amount of any franking credits attached to those Distributions would change, but if the Distribution is fully franked, the sum of the cash amount of the Distribution and the franking credit attached to it should be the same as that sum would have been if the corporate tax rate had not changed.

BEN has applied for a class ruling from the Australian Taxation Office, seeking confirmation of certain Australian tax consequences for Holders as discussed in the Australian taxation summary in Section 7. The issue of any class ruling is expected by the end of December 2020.

6.1.21 Accounting standards

New accounting standards or amendments to accounting standards issued by either the International Accounting Standards Board or Australian Accounting Standards Board may affect the reported earnings and financial position of BEN in future financial periods. This may adversely affect the ability of BEN to pay Distributions.

6.1.22 Future issues or redemptions of securities by BEN

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

BEN may in the future issue securities that:

- rank equally with, in priority to or junior to or having different rights from, the Capital Notes;
- have the same or different dividend, interest or distribution rates as those for Capital Notes;
- have payment tests and dividend or distribution restrictions or other covenants which affect Capital Notes (including by restricting circumstances in which Distributions can be paid or Capital Notes can be Redeemed); or
- have the same or different terms and conditions as Capital Notes.

BEN may incur further indebtedness and may issue further securities before, during or after the issue of Capital Notes.

An investment in Capital Notes carries no right to participate in any future issue of securities (whether common equity, capital notes, subordinated or senior debt or otherwise) by BEN.

No prediction can be made as to the effect, if any, which the future issue of securities by BEN may have on the market price or liquidity of Capital Notes or of the likelihood of BEN making payments on Capital Notes.

Similarly, the Capital Notes Terms do not restrict any member of the BEN Group from redeeming, converting, buying back or returning or distributing capital in respect of any share capital or any other securities of any kind, whether ranking equally with, in priority to or junior to or having different rights from, the Capital Notes, other than to the extent BEN is restricted from undertaking Restricted Actions under the Capital Notes Terms.

BEN may redeem or otherwise repay existing securities including existing Equal Ranking Securities or junior ranking Tier 1 Capital securities before, during or after the issue of Capital Notes. An investment in Capital Notes carries no right to be redeemed or otherwise repaid at the same time as BEN redeems or otherwise repays other securities (whether common equity, preference shares, subordinated or senior debt or otherwise).

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

6.1.23 Substitution of BEN for a non-operating holding company ("NOHC")

BEN may substitute for itself a NOHC as the debtor in respect of Capital Notes or as the issuer of ordinary shares on Exchange. If a NOHC is substituted as the debtor, it means that Holders would no longer have rights against BEN. If a NOHC is substituted as the issuer of ordinary shares on Exchange, it means that you will receive ordinary shares in the NOHC rather than BEN.

6. Investment Risks (continued)

Although not currently contemplated, the implementation of a NOHC structure may involve BEN selling some but not all of its business, and other subsidiaries, to the NOHC or a subsidiary of the NOHC. As a result, the profits and net asset position of BEN and the NOHC may be different to that of BEN prior to the NOHC structure being implemented.

6.1.24 Relevant provisions of the Banking Act, powers of an ADI statutory manager and APRA secrecy rules

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:

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

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

In addition, APRA may (in certain circumstances) require BEN to transfer all or part of its business to another entity under the *Financial Sector (Transfer and Restructure) Act 1999 (Cth)* ("**FSTR Act**"). A transfer under the FSTR Act overrides anything in any contract or agreement to which BEN is a party and thus may have an adverse effect on BEN's ability to comply with its obligations under the Capital Notes and the position of Holders.

Holders should also be aware that secrecy obligations may apply to action taken by APRA. This means that information about action taken by APRA (including in exercise of its powers under the Banking Act) may not be publicly disclosed.

6.1.25 Amendment of Capital Notes Terms

BEN may, with APRA's prior written approval where required, amend the Capital Notes Terms in certain circumstances without the approval of Holders. These include if the amendment is of a formal, technical or minor nature, to correct an error, to facilitate the listing of the Capital Notes, to comply with relevant laws, to amend any date or time period in connection with any Exchange, Resale or Redemption, where there is no material prejudice to the interests of Holders as a whole, or to enable the substitution of a NOHC as the debtor of Capital Notes provided certain conditions are satisfied. BEN may also, with APRA's prior written approval where required, amend the Capital Notes Terms if the amendment has been approved by a Special Resolution of Holders. Amendments under these powers are binding on all Holders despite the fact that a Holder may not agree with the amendment.

BEN may also amend the Capital Notes Terms in circumstances where the Market Rate ceases to be available (i.e. a Market Rate Disruption Event occurs) and replace the Market Rate with an alternative rate that BEN considers appropriate (in some cases subject to APRA's prior written approval), acting in good faith and in a commercially reasonable manner, and make certain other consequential amendments to the Terms. Such amendments could adversely affect the interests of Holders.

Certain amendments require prior written approval from APRA. Approval is at the discretion of APRA and may or may not be given.

6. Investment Risks (continued)

6.1.26 Shareholding limits

The Financial Sector (Shareholdings) Act 1998 (Cth) restricts ownership by people (together with their associates) of ADIs, such as BEN, to a 20% stake. A shareholder may apply to the Australian Treasurer to extend their ownership beyond 20%, but approval will not be granted unless the Treasurer is satisfied that a holding by that person greater than 20% is in the national interest. Mergers, acquisitions and divestments of Australian public companies listed on ASX (such as BEN) are regulated by detailed and comprehensive legislation and the rules and regulations of ASX. These provisions include restrictions on the acquisition and sale of relevant interests in certain shares in an Australian listed company under the Corporations Act and a requirement that acquisitions of certain interests in Australian listed companies by foreign interests are subject to review and approval by the Treasurer. In addition, Australian law also regulates acquisitions which would have the effect, or be likely to have the effect, of substantially lessening competition in a market.

These limits may prevent the Capital Notes of a Holder being Exchanged and therefore cause them to be Written Off in the event of a Capital Trigger Event or a Non-Viability Trigger Event.

Holders should take care to ensure that by acquiring any Capital Notes (taking into account any Ordinary Shares into which they may Exchange), Holders do not breach any applicable restrictions on ownership.

6.1.27 Holders may be subject to FATCA withholding and information reporting

Legislation incorporating provisions referred to as the Foreign Account Tax Compliance Act or "**FATCA**", was passed in the United States on 18 March 2010. The paragraph below on how FATCA may affect Capital Notes is based on guidance issued to date by the US Treasury, including final regulations, as well as the FATCA Intergovernmental Agreement. Future guidance from the US Treasury may also affect the application of FATCA to Capital Notes.

It is possible that, in order to comply with FATCA, BEN (or if Capital Notes are held through another financial institution, such other financial institution) may be required (pursuant to an agreement with the US Internal Revenue Service ("**IRS**") or under applicable law, including the FATCA Intergovernmental Agreement and Subdivision 396-A of Schedule 1 to the *Taxation Administration Act 1953* (Cth)) to request certain information from Holders or beneficial owners of Capital Notes, which information may be provided to the Australian Taxation Office, and ultimately to the IRS, and to withhold US tax on some portion of payments made after a date yet to be determined with respect to Capital Notes 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 IRS (and are not otherwise required to comply with the FATCA regime under applicable laws or are otherwise exempt from complying with the requirement to enter into a FATCA agreement with the IRS). If BEN or any other person is required to withhold amounts under or in connection with FATCA from any payments made in respect of Capital Notes, Holders and beneficial owners of Capital Notes will not be entitled to receive any gross up or additional amounts to compensate them for such withholding.

6.1.28 Holders may be subject to CRS (Common Reporting Standard) information reporting

It is possible that, in order to comply with the CRS, BEN (or if Capital Notes are held through another financial institution, such other financial institution) may be required under Subdivision 396-C of Schedule 1 to the *Taxation Administration Act 1953* (Cth) to request certain information from Holders or beneficial owners of the Capital Notes, which information may be provided to the Australian Taxation Office, and ultimately to a taxation authority of a foreign jurisdiction with which that Holder or beneficial owner has a relevant connection for the purposes of the CRS. The CRS is an information collection and reporting regime only and does not require BEN, or any other person, to withhold amounts from any payments made in respect of the Capital Notes.

6.2 Principal risks and uncertainties associated with BEN

6.2.1 The economic impact of the global COVID-19 pandemic is extremely uncertain, but it may materially increase credit risk across the BEN Group's portfolio

In Australia and globally, measures have already been introduced, and may be further extended, to control the spread of the COVID-19 outbreak, including travel and trade restrictions, restrictions on public gatherings and business closures. These measures have had, and are expected to continue to have, a substantial negative impact on global economic activity. Certain sectors, including discretionary retail and tourism, are already experiencing significant financial stress. Further details in relation to the credit risk impacts of the COVID-19 pandemic are set out in this Section 6.2.1 and Section 6.2.4 below.

6. Investment Risks (continued)

There is a risk that the economic consequences of COVID-19 could become more severe and far reaching across the economy, leading to a more widespread downturn in business and economic activity. This may likely result in a significant loss of revenue for many businesses across a wide range of industry sectors, in turn potentially leading to further increased unemployment and customer defaults. The BEN Group's exposure to households would be significantly impacted in such a scenario, given the potential for higher unemployment to coincide with lower house prices, as would the BEN Group's exposure to commercial real estate portfolio.

Some of the BEN Group's assets and liabilities comprise financial instruments that are carried at fair value, with changes in fair value recognised in the BEN Group's income statement. Recent market declines and increased volatility could negatively impact the value of such financial instruments and cause the BEN Group to incur losses.

The expected duration and magnitude of the COVID-19 pandemic and its potential impacts on the economy are unclear. Should the impact of COVID-19 and the actions taken to control its spread, be prolonged or increasingly widespread and severe, it is likely that the negative impact on domestic and global growth and financial markets will be amplified. These actions may lead to a significant reduction in business and consumer demand, reduce domestic and international business and trade activity, disrupt supply chains for many industries and reduce consumer confidence. In turn, this may lead to increased unemployment and customer defaults and thereby have a material adverse effect on the BEN Group's financial performance and position.

Governments and regulatory authorities, both in Australia and globally, have announced welfare and economic support packages in response to COVID-19 with the aim of reducing the severity of social and economic impacts. The extent to which these packages mitigate and/or defer the economic impact, including any credit losses the BEN Group may incur, is uncertain. There is also a risk that these packages (or any reforms and measures introduced as the packages are unwound) will in themselves create longer term risks to the economy and an increase in credit risks facing the BEN Group. This may also negatively impact customer sentiment towards the BEN Group and banking sector generally.

Additionally, central banks, including the RBA, have rapidly eased monetary policy and provided liquidity to markets, with advanced economics essentially exhausting their conventional policy measures. Any further policy easing may involve additional asset purchases (quantitative easing) or other unconventional policy tools that may adversely affect the BEN Group's cost of funds, the value of the BEN Group's lending and investments, and margins. Policy easing would be expected to reduce short-term downside risks to growth, but risks building on existing imbalances in various asset classes and regions. Policy easing may also reduce the impetus for highly geared borrowers to deleverage, thereby increasing the credit risk posed by these highly geared customers.

6.2.2 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.

6.2.3 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 (such as the ongoing COVID-19 pandemic) 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 performance and position.

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 performance and position.

6. Investment Risks (continued)

Natural disasters such as (but not restricted to) cyclones, floods, bushfires, drought, earthquakes and pandemic disease outbreaks (such as the ongoing COVID-19 pandemic) and the economic and financial market implications of such disasters on domestic and global conditions can adversely affect BEN's business, operations and financial performance and position.

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.

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

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, (including as a result of the ongoing COVID-19 pandemic) 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 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 performance and position.

6.2.5 Competition may adversely affect BEN's business, operations and financial performance and position

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 and financial performance and position.

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.

6.2.6 Changes in monetary policies may adversely affect BEN's business, operations and financial performance and position

The 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.

6. Investment Risks (continued)

6.2.7 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 and financial performance and position.

6.2.8 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 (such as the impact of the ongoing COVID-19 pandemic), 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. Since March 2020, global financial markets have become more volatile due to the impact of the COVID-19 pandemic, the full economic impact of COVID-19 remains uncertain.

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 and financial performance and position 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.

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

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.

In January 2015, BEN commenced measurement and reporting of liquidity under APRA Prudential Standard APS 210, using the scenario based 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 and maintain an LCR above a minimum prudential requirement of 100% (see Section 5.5 for further detail).

In January 2018, BEN commenced the reporting of its NSFR in accordance with a revised APRA Prudential Standard APS 210. The objective of the NSFR is to reduce the funding risk of an ADI over a one-year time horizon by requiring an ADI to fund its activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

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 and stable sources of funding. In meeting its liquidity requirements, BEN makes use of the RBA provided CLF.

6. Investment Risks (continued)

Liquidity risk is managed in line with a Board approved framework, which incorporates limits, monitoring and escalation processes to ensure sufficient liquidity is maintained. However, on 21 October 2020 BEN announced, in response to a public announcement from APRA, that BEN had identified a historic coding error in its calculation of the LCR and NSFR, impacting BEN's compliance with Prudential Standard APS210. The identified coding issues have been rectified and, as at the date of this Prospectus, reviews are underway (including independent testing of the LCR and NSFR calculations). Further internal and independent reviews will be undertaken as required. See Section 5.5 of this Prospectus for more information regarding this issue.

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.

6.2.10 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 Capital Notes have been issued.

6.2.11 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"**). Australian banks (including BEN) have been subject to APRA's UQS target benchmark capital ratios since January 2020, although a temporary suspension of these requirements in response to COVID-19 is in effect. Final revised prudential standards in relation to the risk weighting framework and other capital requirements have been suspended until 1 January 2023. Implementation of these requirements may require additional capital to be held by BEN. Further details about the capital management regime affecting BEN are contained in Section 5.4.

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

6. Investment Risks (continued)

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.

In response to COVID-19, APRA provided guidance to all ADI's on capital management in April and July 2020. Following the guidance, on 17 August 2020, in conjunction with the release of its FY20 financial results, BEN announced that given economic uncertainty remains and the full impact of COVID-19 is evolving, it would defer its final FY20 dividend decision. As at the date of this Prospectus, BEN continues to closely evaluate the ongoing challenging and uncertain market conditions and will further review its decision as part of BEN's interim results dividend considerations in February 2021.

BEN also supports its balance sheet and capital position by undertaking ongoing stress testing and maintaining a significant amount of contingent liquidity in the form of self-securitisations whereby the collateral can be presented to the RBA for cash.

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

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

The social and economic impacts of the spread of the COVID-19 pandemic and the measures in place to control it, have the potential to drive a material decline in property prices due to, among other things, increased unemployment in Australia. In addition, there are a number of other potential factors in the medium term that may drive reductions in property prices. These factors include regulatory changes which may impact the availability of credit, reduced immigration and overseas investment, changes to taxation policy and rising unemployment.

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 performance and position and results of operations. A significant slowdown in the Australian housing market could adversely affect BEN's business, operations and financial performance and position.

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

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 ALMAC.

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

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 position.

As a result of COVID-19, many BEN staff are currently working remotely. Whilst most BEN staff have had the capability to work remotely for many years, the number currently doing so exposes BEN to additional operational risk, including increased risk of fraud, technology related risks and employee health and safety related risks.

6.2.15 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.

6. Investment Risks (continued)

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, capital resources and financial performance and position.

6.2.16 BEN could suffer losses due to environmental factors (including climate change)

BEN, its customers and external suppliers 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 (including the ongoing COVID-19 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. In addition, 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 environmental change and events (including climate change), in each case whether acute or chronic in nature, could have an adverse impact on economic activity, consumer and investor confidence, or the levels of volatility in financial markets, and may directly impact BEN and its customers through reputational damage, environmental factors, insurance risk and business disruption and may have an adverse impact on BEN's business, capital resources and financial performance and position (including through an increase in defaults in credit exposures). For example, through BEN's agribusiness division, BEN has 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 failure of BEN to effectively manage transition risks relating to climate change could adversely affect BEN's business, prospects, reputation and financial performance or position.

6.2.17 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 and financial performance and position.

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.

6. Investment Risks (continued)

6.2.18 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, whilst the **Community Bank** model has been in operation since 1998, 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.

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

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 performance and position and reputation.

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

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.

6. Investment Risks (continued)

6.2.21 Changes to accounting policies may adversely affect BEN's business, operations and financial performance and position

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 performance and position.

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

6.2.22 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.

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.

For example, APRA advised BEN on 21 October 2020 that an overlay of 10% will be added to its net cash outflows used for the purposes of LCR and NSFR calculations from 2 November 2020. This overlay is in relation to BEN's announcement on 21 October 2020 that it had identified a historic coding error in its calculation of the LCR and NSFR and will remain in place until all required reviews are completed and all findings are addressed to APRA's satisfaction. APRA is awaiting the outcome of BEN's reviews before determining whether further action is required. See Section 5.5 of this Prospectus for more information on this issue.

6. Investment Risks (continued)

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.

6.2.23 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.

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 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 performance and position. 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 applies to ADIs and ADI subsidiaries (including BEN and its subsidiaries) – but it is currently proposed that this will be extended to other parts of the financial services industry, impacting the BEN Group more broadly.

  On 22 January 2020, the Australian Federal Government Treasury released its proposal paper on a new Financial Accountability Regime ("**FAR**"). This regime has been developed in response to a number of recommendations from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and is intended to extend and replace the BEAR legislation. The FAR legislation was initially expected to be introduced by the end of 2020 (although implementation may be phased), and is proposed to include new prescribed responsibilities, additional accountability obligations, and increased maximum civil penalties for the BEN Group and its accountable persons. The timeframe for implementation of FAR may be delayed as a result of the COVID-19 pandemic.

6. Investment Risks (continued)

- *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).

  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) commenced on 6 February 2020. Important compliance milestones for major banks were 6 February 2020, by which time major banks needed to be able to share product data, and 1 July 2020, by which time major banks needed to be able to share consumer data with accredited persons on transactional accounts. BEN (as an accredited ADI) will be required to share consumer data to accredited persons for certain products (including savings accounts, credit card accounts and transaction accounts) from 1 July 2021 and for certain other products (such as home loan products) from 1 November 2021.

- *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 30 June 2020, 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 performance and position.

  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 position.

6. Investment Risks (continued)

- *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 were implemented on 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 has required 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. The countercyclical buffer was set at zero per cent of risk-weighted assets upon its introduction in 2016 and has remained unchanged since.

  On 1 January 2015, APRA also implemented the Basel III LCR, which requires ADIs to hold HQLA to meet its net cash outflows under a severe stress scenario lasting 30 days.

  On 1 January 2018, APRA implemented the Basel III 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.

6. Investment Risks (continued)

This announced change for UQS effectively increased BEN's CET1 minimum by 50 basis points, before applying an operating buffer. APRA expected ADIs to have met their UQS requirements by 1 January 2020. BEN has met its requirements since this date. BEN has adopted a target range for its CET1 ratio of between 9.00% and 9.50% until the final impacts of APRA's risk-weighted asset ("RWA") changes and capital calibration are understood.

- *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 2023 (recently deferred 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. On 9 July 2019, APRA confirmed that after industry consultation, it would require Australia's four major banks (of which BEN is not one) to lift their total capital by three percentage points of risk-weighted assets by 1 January 2024. Further, APRA has an overall long term target of an additional four to five percentage points of loss absorbing capacity for the major banks.

  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.

- *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.

6. Investment Risks (continued)

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.

- *ACCC inquiry into home loan pricing*

  The Australian Government has directed the Australian Competition and Consumer Commission ("**ACCC**") to commence an inquiry into home loan pricing. The ACCC is investigating a wide range of issues, including the rates paid by new and existing customers, impediments to customer switching, how the cost of financing for banks has affected interest rate decisions and the interaction between home loan pricing and rate setting by the RBA. A final report on this topic is due to the Australian Federal Government by 30 November 2020.

- *Design and distribution obligations*

  On 5 April 2019, the *Treasury Laws Amendment (Design and Distributions Obligations and Product Intervention Powers) Act 2019* (Cth) came into force. These laws impose additional obligations on BEN regarding the design and distribution of certain financial products offered to retail investors (including hybrid securities), and grants product intervention powers to ASIC if it believes significant consumer detriment may occur.

  Relevantly, the product design and distribution obligations require issuers to prepare and make publicly available a 'target market determination' ("**TMD**"), which aims to ensure that financial products for the retail market are targeted and sold to appropriate investors. Issuers must then take reasonable steps to ensure compliance with the TMD by distributors and are subject to ongoing obligations to review the TMD. Distributors must not distribute a product to retail investors unless it has a TMD and must also take reasonable steps to ensure their distribution is consistent with the TMD.

  The legislation also gives ASIC a significant, proactive power to issue a product intervention order if it believes that a financial product has resulted in or will, or is likely to, result in significant detriment to retail clients or customers. It is uncertain whether ASIC would perceive significant consumer detriment in relation to Capital Notes or similar securities. The legislation requires ASIC to undertake a consultation process before it makes a product intervention order.

  In December 2019, ASIC released draft regulatory guidance in respect of the design and distribution obligations and opened consultation on its proposed guidance. The consultation process closed in March 2020 and the final form of the regulatory guidance is expected to be released in the course of 2020.

  The legislation provides for the design and distribution obligations to come into force in October 2021 and therefore these obligations do not apply to the Offer. The design and distribution obligations are also limited to an initial offering of securities, which means that even if the obligations become effective while Capital Notes are on issue, they will not apply to secondary market trading of Capital Notes.

  The impact of these new obligations remains untested, however there is a risk that they may adversely impact the issue, distribution and reinvestment of financial products in the future, including instruments like Capital Notes. These changes may also affect the liquidity of funding instruments (including hybrid securities such as Capital Notes), if they lead to a material reduction in future issuance volumes or secondary trading activity by investors.

6.2.24 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.

6. Investment Risks (continued)

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 and financial performance and position. For further information regarding reputation risks see the discussion in Section 6.2.20.

6.2.25 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 providers should fail it increases the risk that BEN will be uninsured in the event of mortgage default, having potentially negative effects on the BEN Group's operations and financial performance and position including adverse capital impacts.

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

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.

6.2.27 Litigation and contingent liabilities may adversely affect BEN's business, operations and financial performance and position

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 and position and capital condition.

6. Investment Risks (continued)

APRA advised BEN on 21 October 2020 that an overlay of 10% will be added to its net cash outflows used for the purposes of LCR and NSFR calculations from 2 November 2020. This overlay is in relation to BEN's announcement on 21 October 2020 that it had identified a historic coding error in its calculation of the LCR and NSFR and will remain in place until all required reviews are completed and all findings are addressed to APRA's satisfaction. APRA is awaiting the outcome of BEN's reviews before determining whether further action is required. See Section 5.5 of this Prospectus for more information on this issue.

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

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

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 performance and position.

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

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.

6.2.30 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 performance and position

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 performance and position. 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.

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

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 performance and position.

6.2.32 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.

6. Investment Risks (continued)

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 financial performance and position.

6.2.33 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 performance and position

In certain circumstances the BEN Group may be exposed to a reduction in the value of intangible assets. Refer to the Software impairment as reported in BEN's Appendix 4E on 17 August 2020. As at 30 June 2020, 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 performance and position.

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

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 performance and position.

6.2.35 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 and financial performance and position.

6.2.36 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.

6.2.37 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.

6. Investment Risks (continued)

6.2.38 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.

Events such as the recent outbreak of COVID-19 can result in rapid changes to the internal and external business environment and subsequent changes to business processes to support customers. This may impact both the likelihood and the consequence of unfair outcomes to customers, including through decisions and actions where the trade-offs or tail risks may not be immediately apparent or quantifiable. The BEN Group is making significant efforts to support its customers in an appropriate way during this pandemic including through regular customer communication and redeployment of staff into customer facing roles. However, no assurance can be given that the steps being taken will not have unintended consequences in the future or that they will meet the future expectations of the BEN Group's regulators. The BEN Group cannot predict the level of further disruption which may occur.

6.2.39 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.

6.2.40 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 Third Party Banking 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 Third Party Banking 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 Third Party Banking model continue, there are risks that may develop over time which may adversely impact BEN's financial results.

Tax Summary

7. Tax Summary

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28 October 2020

The Directors
Bendigo and Adelaide Bank Limited
The Bendigo Centre
Bendigo VIC 3550

Ladies and Gentlemen

Bendigo and Adelaide Bank Limited Capital Notes

The following is a summary of the Australian taxation implications for holders of Capital Notes that are acquired under this Prospectus. This summary addresses the principal tax consequences for individuals, companies and complying superannuation entities who acquire their Capital Notes under the Prospectus, are residents of Australia for the purposes of Australian income tax laws and who hold Capital Notes on capital account (***Investors***) and also certain non-resident holders.

This summary does not address all of the tax consequences of holding Capital Notes, such as the tax consequences for Investors who acquire Capital Notes in the course of a business of trading or investing in securities, or who otherwise hold Capital Notes on revenue account or as trading stock.

This summary reflects the current provisions of the *Income Tax Assessment Act 1936 (Cth)* (***1936 Act***) and the *Income Tax Assessment Act 1997 (Cth)* (***1997 Act***), the regulations made under those Acts and the current administrative practice of the Australian Taxation Office (***ATO***). Except where expressly stated, this summary does not otherwise take into account or anticipate changes in taxation laws.

Capitalised terms used in this letter have the same meaning as in the Prospectus, unless otherwise indicated.

This summary is provided solely for the benefit of Bendigo and Adelaide Bank and is not to be relied upon by any other person. The tax consequences of ownership of Capital Notes may differ depending upon an Investor's particular circumstances. *Information contained in this summary is necessarily general in nature and investors in Capital Notes will need to consult their own professional tax advisers regarding the consequences of acquiring, holding or disposing of Capital Notes in light of their particular circumstances.*

Tax Summary

We have been instructed by Bendigo and Adelaide Bank that the Capital Notes will be issued by Bendigo and Adelaide Bank in Australia, that Bendigo and Adelaide Bank intends to apply the proceeds from the issue of the Capital Notes to fund the redemption of CPS2 and, subject to the amount raised by the Offer, the redemption of CPS3 as well as for general business purposes. We have also been instructed that Distributions paid on Capital Notes are expected, but not guaranteed, to be fully franked. This summary also assumes that all of the transactions described in the Prospectus will be carried out in the manner described in the Prospectus.

Allens is an independent partnership operating in alliance with Linklaters LLP.

7. Tax Summary (continued)

Bendigo and Adelaide Bank has applied for a Class Ruling requesting confirmation of the ATO's views on the principal tax issues considered below.

1 Distributions

1.1 Resident Holders

(a) Franking credits

Because Capital Notes will be 'equity interests' for income tax purposes, payments of Distributions on Capital Notes will be frankable distributions, with the following tax consequences:

(i) Investors will be required to include the amounts of Distributions in their assessable income;

(ii) the amounts of any franking credits attached to those Distributions should also be included in Investors' assessable income; and

(iii) tax offsets, equal to the amount of the franking credits, should generally be available to Investors, subject to (1) the Capital Notes being held 'at risk' for the requisite periods and (2) the expectation that the Commissioner of Taxation will not make an adverse determination regarding the application of the 'anti-avoidance rule' in section 177EA of the 1936 Act (see further regarding both of these issues below).

If any Distributions payable in respect of the Capital Notes are unfranked, those amounts would also be required to be included in an Investor's assessable income, without any tax offsets.

Individuals or complying superannuation entities that are entitled to tax offsets may claim a tax refund to the extent that the tax offsets exceed the tax that is otherwise payable by them. Investors that are companies are generally not entitled to refunds of excess tax offsets, but may be entitled to a credit in their franking account equal to the amount of the franking credits attached to a Distribution and may, in certain circumstances, treat any excess non-refundable franking credits as a tax loss, subject to the qualifications mentioned above and discussed further below.

(b) Holding period rule

Unless an Investor is a 'qualified person' in relation to the Distribution, the Investor will not be entitled to tax offsets in respect of franking credits attached to the Distribution.

To be a 'qualified person' in relation to a Distribution, Investors must have held the Capital Notes 'at risk' for a continuous period of at least 90 days (excluding the days of acquisition and disposal) during:

(i) the 'primary qualification period', which is the period beginning on the day after the day on which the Capital Notes are acquired by an Investor and ending on the 90th day after the day that the Capital Notes became ex-distribution; or

(ii) if an Investor, or an associate, is under an obligation to make 'related payments' (which have the effect of passing on the benefit of Distributions to other entities) in respect of Distributions, the 'secondary qualification period', which is the period beginning on the 90th day before, and ending on the 90th day after, the day that the Capital Notes became ex-distribution.

To be held 'at risk', Investors must effectively retain 30% or more of the risks and benefits associated with holding the Capital Notes. Whether or not the Capital Notes are held 'at risk' by an Investor during the relevant periods will depend upon whether the Investor has

7. Tax Summary (continued)

financial positions or undertakes risk management strategies (e.g. using limited recourse loans, options or forward sale contracts) in relation to the Capital Notes.

Investors should be 'qualified persons' in relation to Distributions on the Capital Notes, provided Investors will continue to hold the Capital Notes for at least the 'primary qualification period', will not have any financial positions or enter into any relevant risk management strategies in relation to the Capital Notes, and will not be under an obligation to make 'related payments' to other entities.

Investors who are individuals and who will not claim tax offsets in any one year in excess of $5,000, will automatically be taken to be 'qualified persons' in relation to all Distributions that they receive (provided that they are not under an obligation to make a 'related payment' as described above).

The application of the franking rules to Investors will depend upon the particular circumstances of each Investor. Investors should seek independent advice as to whether they will be treated as 'qualified persons' in relation to Distributions received on the Capital Notes.

(c) Anti-avoidance rule

Section 177EA of the 1936 Act is an anti-avoidance provision which is designed to counter schemes where one of the purposes (other than an incidental purpose) of the scheme is to obtain imputation benefits. There are a number of different objective factors that the Commissioner may take into account in forming a view as to whether a scheme has such a purpose. Where section 177EA applies, the Commissioner may make a written determination with the effect of either:

(i) imposing a franking debit on the distributing entity's franking account; or

(ii) denying the imputation benefit on the distribution that flowed directly or indirectly to the relevant taxpayer.

Bendigo and Adelaide Bank has received a Private Ruling from the Commissioner of Taxation confirming that the Commissioner would not make any such determination under section 177EA in relation to the Capital Notes. That ruling is only binding on the Commissioner in relation to Bendigo and Adelaide Bank's tax position. However, we would not ordinarily expect the Commissioner to assert that section 177EA applied to capital notes which are classified as Additional Tier 1 capital. We also, therefore, expect the Commissioner to make a favourable Class Ruling on this issue which would be binding on the Commissioner in relation to Investors' tax positions.

(d) Foreign deduction rule

Section 207-145(1)(db) of the 1997 Act is a recently introduced provision that operates to deny a holder the benefit of franking credits on their distribution if all or part of the distribution gives rise to an foreign income tax deduction for the issuer. This provision should not apply to deny Holders the benefit of franking credits on the Distributions as the Distributions paid by BEN do not give rise to foreign income tax deductions for BEN.

1.2 Non-resident Holders

Fully franked Distributions to non-resident Holders will not be subject to dividend withholding tax.

If the Distributions are not fully franked, then the unfranked portion of any such Distribution will be subject to dividend withholding tax at the rate of 30%. This rate may be reduced if the non-resident holder is entitled to relief under a double taxation agreement with Australia.

7. Tax Summary (continued)

2 Disposals of Capital Notes

2.1 Resident Holders

(a) Sale on-market or pursuant to Resale mechanism

A disposal of Capital Notes on-market, or pursuant to a Resale as provided for in clause 7 of the Terms, will constitute a CGT event for the Investor.

Investors may make a capital gain if their capital proceeds from the disposal are more than their cost base for the Capital Notes and Investors may make a capital loss if their capital proceeds from the disposal are less than their reduced cost base for the Capital Notes:

(i) *Cost base or reduced cost base*: the first element of an Investor's cost base or reduced cost base for their Capital Notes will be the amount subscribed for the Capital Notes in accordance with this Prospectus, which will be an amount equal to the initial Face Value ($100) of the Capital Notes. Other amounts associated with holding the Capital Notes, such as incidental costs of acquisition and disposal, may be added to the cost base.

(ii) *Capital proceeds*: the capital proceeds that will be received by an Investor on a disposal of a Capital Notes, either on-market, or pursuant to a Resale, will be the sale price of the Capital Notes. The sale price that will be received by an Investor on the disposal of a Capital Note pursuant to a Resale will be the Face Value ($100) of the Capital Note. Therefore, Investors who acquire their Capital Notes pursuant to the Offer under this Prospectus should not make capital gains on the disposal of their Capital Notes pursuant to a Resale.

Any capital gain or capital loss made by an Investor will be aggregated with other capital gains and capital losses of the Investor in the relevant year of income to determine whether the Investor has a net capital gain or net capital loss. A net capital gain will be included in the Investor's assessable income and is subject to income tax, however the 'CGT discount' may be available to reduce the taxable gain for the Investor, as described below. A net capital loss may not be deducted against other assessable income, but may be carried forward to be offset against net capital gains realised in later income years.

If an Investor is an individual, complying superannuation entity or a trust, and they held their Capital Notes for 12 months or more before a disposal of the Capital Notes, they will be entitled to a 'CGT discount' for any capital gain made on a disposal. The CGT discount entitles Investors to reduce their capital gain on the disposal of their Capital Notes (after deducting available capital losses) by half, in the case of individuals and trusts, or by one-third in the case of complying superannuation entities. However, trustees should seek specific advice regarding the tax consequences of making distributions attributable to discounted capital gains.

The 'CGT discount' is not available to companies, nor can it apply to Capital Notes disposed of by Investors under an agreement entered into within 12 months of the acquisition of the Capital Notes by those Investors. Investors should seek independent advice to determine if their Capital Notes have been held for the requisite period.

(b) Redemption of Capital Notes

Redemption of the Capital Notes entails the Capital Notes being redeemed for their Face Value pursuant to clause 5. The tax consequences of a Redemption of the Capital Notes will depend upon the circumstances of Redemption. It is expected that further information would be provided to Investors by Bendigo and Adelaide Bank prior to any Redemption of the Capital Notes.

7. Tax Summary (continued)

2.2 Non-resident holders

Any capital gain or capital loss made by a non-Australian resident Holder from the disposal of their Capital Notes is likely to be disregarded on the basis that Capital Notes are not likely to be "taxable Australian property" at the time of sale, unless the Capital Notes were used by the non-resident in carrying on business through a permanent establishment in Australia.

3 Exchange of Capital Notes

On Exchange, each Holder's rights in relation to each Capital Note will be terminated for an amount equal to the Face Value and that Face Value will be applied by way of payment for the subscription for the Ordinary Shares in accordance with the formula in the Terms to be allotted and issued by BEN. The income tax consequences of an Exchange for Investors will be:

(a) there should be no capital gain or capital loss for an Investor on Exchange; and

(b) no amount should be included in an Investor's assessable income as a consequence of an Exchange.

The first element of the cost base or reduced cost base of each Ordinary Share resulting from the Exchange of a Capital Note will be a pro rata portion of the cost base of the Capital Note at the time of the Exchange and the Ordinary Shares will be taken to have been acquired by Investors at the time when the Exchange occurred.

4 CPS2 Resale and Reinvestment Offer

Bendigo and Adelaide Bank gave the CPS2 holders notice on 28 October 2020 that, in accordance with the CPS2 terms, it had made an election to resell all CPS2 to the CPS2 Nominated Purchaser for their resale price on the 'Optional Exchange Date' for the CPS2, being 30 November 2020. Under the terms of the Reinvestment Offer, holders of CPS2 will be offered the opportunity to reinvest the proceeds of the resale of the CPS2 in Capital Notes. Eligible CPS2 holders who participate in the Reinvestment Offer will have the CPS2 resale proceeds (ie, $100 per CPS2) applied to their application payment for Capital Notes (ie, $100 per Capital Note).

The following income tax consequences will generally apply to CPS2 holders whose CPS2 are transferred to the CPS2 Nominated Purchaser, who are Australian tax residents, hold their CPS2 as capital assets, are not in the business of dealing or trading in securities and do not otherwise hold their CPS2 on revenue account for tax purposes.

CPS2 holders may wish to refer to the Taxation Summary in the prospectus for Bendigo and Adelaide Bank Limited Convertible Preference Shares 2 dated 11 September 2014 which contains a summary of the tax treatment of certain entities that invested in CPS2 under the prospectus.

(a) Distributions

All CPS2 holders will also be paid a final dividend in respect of their CPS2 on 30 November 2020, calculated in respect of the period from 1 June 2020 and 29 November 2020 in accordance with the CPS2 terms, on each CPS2 that they hold on 18 November 2020, being the record date for the final CPS2 dividend, subject to and in accordance with the terms of issue of the CPS2.

Bendigo and Adelaide Bank expects these dividends to be fully franked. These dividends will be subject to the same taxation treatment as other dividends paid on CPS2. In particular, CPS2 holders should include the amount of each dividend in their assessable income. In addition, if they have satisfied the qualified person (related payments and holding period) rules, they should also include an amount equal to the franking credits attached to the

dividend in their assessable income, in which case they should qualify for a tax offset equal to the amount of those franking credits.

(b) CGT implications of the resale of CPS2

The disposal of CPS2 to the CPS2 Nominated Purchaser pursuant to the resale mechanism will be a CGT event for the CPS2 holders.

CPS2 holders may make a capital gain if their capital proceeds from the disposal are more than their 'cost base' for their CPS2, or may make a capital loss if their capital proceeds are less than their 'reduced cost base' for their CPS2:

(i) *Cost base or reduced cost base*: the first element of a CPS2 holder's cost base, or reduced cost base, for their CPS2 is the amount paid by the CPS2 holder for their CPS2. Other amounts associated with the acquisition or disposal of the CPS2, such as broker fees, may be added to the cost base.

(ii) *Capital proceeds:* the capital proceeds that will be received by a CPS2 holder on a disposal of a CPS2 should be a cash amount equal to the resale price of each CPS2 held by the CPS2 holder, being $100 per CPS2. The resale price is equivalent to the face value of each CPS2.

Any capital gain or capital loss made by a CPS2 holder will be aggregated with other capital gains and capital losses of the CPS2 holder in the relevant year of income to determine whether the CPS2 holder has a net capital gain or net capital loss. A net capital gain will be included in the CPS2 holder's assessable income and will be subject to income tax, however the 'CGT discount' may be available to reduce the taxable gain for a CPS2 holder who is an individual, complying superannuation entity or trust (see further above). A net capital loss may not be deducted against other assessable income, but may be carried forward to be offset against net capital gains realised in later income years.

(c) Cost base of Capital Notes acquired pursuant to Reinvestment Offer

Where Capital Notes are acquired by eligible CPS2 holders pursuant to the Reinvestment Offer, the CPS2 resale proceeds that were applied to acquire those Capital Notes will be included in the cost base of an Investor's Capital Notes for the purposes of determining any future gain or loss on the disposal, Conversion, Redemption or Resale of the Capital Notes (see further above).

5 TFN/ABN withholding

Bendigo and Adelaide Bank is required to deduct withholding tax from payments of any Distributions that may be paid in respect of Capital Notes and that are not 100% franked at the rate specified in the *Taxation Administration Regulations 1976* (currently 47%), and remit such amounts to the Australian Taxation Office, unless a Tax File Number or an Australian Business Number has been quoted by an Investor, or a relevant exemption applies (and has been notified to Bendigo and Adelaide Bank).

6 Taxation of Financial Arrangements (TOFA) rules

The Capital Notes are 'equity interests' for Australian tax purposes. The TOFA rules tax certain 'financial arrangements' on an accruals or marked-to-market basis and are intended to apply to certain 'equity interests' in some limited circumstances.

The TOFA rules do not generally apply to individuals, superannuation entities or funds with assets of less than $100 million and any other entities that have aggregated turnovers of less than $100 million, financial assets of less than $100 million and total assets of less than $300 million, except in

7. Tax Summary (continued)

certain limited circumstances where the relevant arrangement would have been subject to accruals taxation in any event. On that basis, most Investors should not generally be subject to accruals taxation in respect of the Capital Notes.

In addition, to the extent an Investor is not excluded from the TOFA rules, the TOFA rules provide that the accruals, realisation, foreign exchange retranslation and, generally, the hedging financial arrangements methods, do not apply to gains or losses from a financial arrangement if the arrangement is an 'equity interest'. Therefore, only the fair value or the financial reports method may apply, depending upon an Investor's particular circumstances, to an investment in the Capital Notes.

Investors should seek their own taxation advice as to the potential application of the TOFA rules to their investment in the Capital Notes in their particular circumstances.

7 GST

Other than in respect of brokerage or similar fees, Investors should not be liable for GST in respect of acquiring Capital Notes or on a sale, Exchange, Redemption or Resale of Capital Notes.

8 Stamp Duty

No stamp duty should be payable by an Investor on the acquisition (whether pursuant to the Reinvestment Offer or not), sale, Exchange, Redemption or Resale of Capital Notes.

9 Not financial product advice

The information contained in this opinion does not constitute financial product advice for the purposes of the Corporations Act. The Allens partnership providing this opinion is not licensed, under the Corporations Act, to provide financial product advice. To the extent that this letter contains any information about a financial product within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. An Investor or prospective Investor should, before making any decision to invest in the Capital Notes, consider taking financial advice from a person who holds an Australian Financial Services Licence under the Corporations Act.

Allens has consented to the inclusion of this letter in the Prospectus, but this letter should not be taken as a statement about any other matter in the Prospectus or in relation to Bendigo and Adelaide Bank or the performance of any investment in Bendigo and Adelaide Bank, and is subject to the terms of Allens' consent to be named as set out in section 8.7 of the Prospectus.

Yours faithfully

ALLENS

Additional Information

8

8. Additional Information

8.1 Reporting and disclosure obligations

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

Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office and on BEN's website at www.bendigoadelaide.com.au.

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

BEN has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information concerning it of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of its quoted securities. ASX maintains records of company announcements for all companies listed on ASX. BEN's announcements may be viewed on ASX's website (www.asx.com.au).

8.2 Availability of documents

BEN will provide a copy of any of the following documents free of charge to any person who requests a copy during the Offer Period:

- the annual financial report for the year ended 30 June 2020 lodged with ASIC;
- any other continuous disclosure notices given by BEN under the continuous disclosure provisions of the Corporations Act and the Listing Rules in the period after the lodgement of the annual financial report for the year ended 30 June 2020 and before the lodgement of this Prospectus with ASIC; and
- the Constitution.

The annual financial report for the year ended 30 June 2020, together with copies of all continuous disclosure notices lodged with ASX, are available at www.asx.com.au or at www.bendigoadelaide.com.au. The Constitution is available at www.bendigoadelaide.com.au/globalassets/documents/bendigoadelaide/governance/constitution.pdf

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

Share Registry
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

8.3 Rights and liabilities attaching to Capital Notes

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

8.4 Rights and liabilities attaching to Ordinary Shares

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

8.4.1 Voting rights

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

8. Additional Information (continued)

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

8.4.2 General meetings

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

8.4.3 Dividend entitlement

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

8.4.4 Dividend reinvestment plan

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

8.4.5 Rights of Ordinary Shareholders on a winding-up of BEN

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

8.4.6 Transfer of Ordinary Shares

BEN Ordinary Shares, when quoted on ASX, are transferable by:

- a written transfer in the usual or common form or in any form the Board may prescribe or in a particular case accept, duly stamped (if necessary) being delivered to BEN;
- a proper ASX Settlement Pty Ltd (ABN 49 008 504 532) transfer, which is to be in the form required or permitted by the Corporations Act or the settlement rules of ASX Settlement Pty Ltd; or
- any other electronic system established or recognised by the Listing Rules in which BEN participates in accordance with the rules of that system.

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

8.4.7 Issues of further shares

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

8.4.8 Variation of rights

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

8. Additional Information (continued)

8.4.9 Variation of the Constitution

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

8.5 Rights and liabilities attaching to NOHC ordinary shares

BEN may substitute for itself a NOHC as the debtor in respect of Capital Notes or as the issuer of ordinary shares on Exchange. If a NOHC is substituted as the debtor, it means that you would no longer have rights against BEN. If a NOHC is substituted as the issuer of ordinary shares on Exchange, it means that you will receive ordinary shares in the NOHC rather than BEN.

The NOHC that is substituted for BEN would be obliged to use all reasonable endeavours to procure the quotation of ordinary shares issued under the Capital Notes Terms – see clause 13.2 of the Capital Notes Terms. It is not expected that the rights or liabilities of the NOHC ordinary shares would be materially different to the rights and liabilities of Ordinary Shares in BEN.

8.6 Summary of the Offer Management Agreement

BEN has entered into an Offer Management Agreement (**"OMA"**) with the Joint Lead Managers. Under the OMA, the Joint Lead Managers agreed to manage the Offer, including the Bookbuild and Allocation process in relation to the Offer and to provide settlement support for the settlement obligations of Syndicate Brokers and Institutional Investors under the Bookbuild.

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

8.6.1 Fees

The fees payable to the Joint Lead Managers (which also includes the selling fees and other commissions payable by the Joint Lead Managers to the Syndicate Brokers on BEN's behalf) are set out in Section 9.2.2.

BEN must also pay or reimburse each Joint Lead Manager for reasonable costs of and incidental to the Offer (including reasonable expenses incurred for travel, printing and preparing presentation materials), subject to certain limits.

8.6.2 Representations, warranties and undertakings

BEN gives various representations, warranties and undertakings to the Joint Lead Managers, including that this Prospectus and certain other documents issued by BEN in respect of the Offer (**"Offer Documents"**) and the conduct of all parts of the Offer comply with in any material respect all applicable laws, including the Corporations Act, the Listing Rules, any legally binding requirements of APRA and the conditions of any ASIC instruments and ASX waivers.

With the exception of the Offer and certain other corporate actions (including the conversion of any relevant convertible or converting securities which are on issue as of the date of the OMA), BEN has also agreed that it will not, and will procure that neither it nor any of its controlled entities, allot, agree to allot, announce any issue of, indicate in any way that it may or will allot, or otherwise authorise the issue, of any ASX listed hybrid or preference securities in Australia with either Tier 1 or Tier 2 Capital status before 60 days after the issue of the Capital Notes without the Joint Lead Managers' prior written consent.

8.6.3 Indemnity

BEN has agreed to indemnify the Joint Lead Managers and certain affiliated parties against all claims, demands, damages, losses, costs, expenses, imposts and liabilities suffered by them arising directly or indirectly from the Offer or the OMA. This indemnity is subject to limited exclusions, including exclusions for certain losses that have resulted from the fraud, recklessness, wilful misconduct or negligence of an indemnified party, losses which are attributable to any amount in respect of which an indemnity would be illegal, void or unenforceable under any applicable law, or where losses are a criminal penalty or fine which the indemnified party is required to pay in connection with a contravention by it of the Corporations Act.

8. Additional Information (continued)

8.6.4 Termination Events

Each Joint Lead Manager may at any time up to 3.00pm on the Settlement Date terminate its obligations under the OMA by notice to BEN and the other Joint Lead Managers if it becomes aware of the happening of any one or more of the following events:

(a) the credit rating assigned to BEN on 28 October 2020 by Standard & Poor's or Moody's is downgraded or withdrawn; or

(b) a material contravention by BEN or any of its controlled entities of the Corporations Act, or any legally binding requirement of ASIC, APRA or ASX, its constitution or any of the Listing Rules or other applicable law or regulation; or

(c) any of the Offer Documents do, or any aspect of the Offer does, not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation; or

(d) BEN issues without the prior written consent of the Joint Lead Managers, or in the reasonable opinion of that Joint Lead Manager becomes required to issue, a supplementary prospectus pursuant to section 719 (other than a replacement prospectus to be issued with the inclusion of the Margin) of the Corporations Act; or

(e) BEN fails to deliver the completion certificate in accordance with the OMA; or

(f) approval is refused or not granted, other than subject to customary conditions, to the official quotation of all the Capital Notes on ASX on or before the Settlement Date, or if granted, the approval is subsequently withdrawn, qualified or withheld; or

(g) any of the following notifications are made:

- ASIC gives notice of an intention to hold a hearing, issues an order or issues an interim order under section 739 of the Corporations Act in relation to the Offer or Offer documents;
- an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or the Offer Documents or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities & Investments Commission Act 2001* (Cth) in relation to the Offer or the Offer Documents, and such application, investigation or hearing (as applicable) whether or not withdrawn becomes publicly known, or has not been withdrawn within two Business Days after it is made or prior to the Settlement Date, whichever is earlier; or
- any person (other than the Joint Lead Manager seeking to terminate) who has previously consented to the inclusion of its name in the Prospectus (or any supplementary prospectus) or to be named in the Prospectus withdraws that consent; or

(h) BEN withdraws, or publicly indicates that it does not intend to proceed with, the Prospectus or the Offer other than in accordance with the OMA; or

(i) the S&P/ASX All Ordinaries Index or the S&P/ASX 200:

- falls to a level that is 82.5% or less than its prescribed starting level at any time up to the Issue Date; or
- is below 87.5% of its prescribed starting level at the close of trading for any three consecutive Business Days or on any day within the three Business Days prior to the Issue Date; or

(j) BEN or any of its directors or officers (as that term is defined in the Corporations Act), engage in any fraudulent conduct or activity whether or not in connection with the Offer; or

(k) any licence, permit, authorisation or consent which is material to anything referred to in the Offer Documents or necessary to conduct the business of BEN or a controlled entity of BEN is repealed, revoked, terminated or expires in a manner unacceptable to the Joint Lead Managers acting reasonably; or

(l) BEN is insolvent (as set out in the OMA) or there is an act or omission made which may result in BEN becoming insolvent; or

(m) a director of BEN is charged with an indictable offence relating to any financial or corporate matter or fraudulent or misleading or deceptive conduct, or any government agency commences any public action against any of BEN's directors in their capacity as a director of BEN, or a director of BEN is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or

(n) BEN is prevented from allotting and issuing the Capital Notes within the time required by the timetable under the OMA, the Corporations Act, Listing Rules, applicable laws, an order of a court of competent jurisdiction or a government agency; or

8. Additional Information (continued)

(o) the occurrence of:

- a suspension or limitation (in each case persisting for at least one Business Day) in trading in securities generally on ASX, the New York Stock Exchange and / or the London Stock Exchange;
- a suspension or limitation (in each case persisting for at least one Business Day) in trading in BEN's securities on ASX (other than a trading halt in connection with the Offer);
- a general moratorium on commercial banking activities in Australia, New Zealand, the United States or the United Kingdom is declared by the relevant authorities, or there is a material disruption in commercial banking or securities settlement or clearance services in those places; or
- the occurrence of any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls in Australia, New Zealand, Singapore, Hong Kong or the United States, the United Kingdom or elsewhere; or

(p) there is a Tax Event (within the meaning of the Capital Notes Terms); or

(q) any government agency commences any public action against BEN (including a prosecution of or a hearing or investigation into, BEN), or announces that it intends to take such action; or

(r) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, the United Kingdom, Indonesia, Japan, Russia or the People's Republic of China, Iraq, North or South Korea, or any member state of the European Union or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries or elsewhere in the world; or

(s) a change in the Board of Directors of BEN occurs or there is a change to the Chief Executive Officer or Chief Financial Officer of BEN; or

(t) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia or the Parliament of New Zealand, a new law, or the Reserve Bank of Australia, or any Commonwealth or State or New Zealand authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before 28 October 2020), any of which does or is likely to prohibit or adversely affect the Offer, capital issues or stock markets; or

(u) a default by BEN in the performance or observance of any of its obligations under the OMA occurs; or

(v) a representation or warranty made or given, or deemed to have been made or given by BEN under the OMA proves to be, or to have been, or becomes not true or not correct; or

(w) the completion certificate under the OMA is not true or correct; or

(x) the due diligence report of the due diligence committee established in connection with the Offer or any other information supplied by or on behalf of BEN to a Joint Lead Manager in relation to BEN and its controlled entities or the Offer is misleading or deceptive (including by omission); or

(y) any aspect of the Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation; or

(z) any event specified in the timetable in the OMA is delayed for more than 5 Business Days without the prior written approval of the Joint Lead Managers (such approval not to be unreasonably withheld); or

(aa) BEN alters its share capital (other than in a way contemplated in the Prospectus or by the OMA) or its Constitution (other than as notified in writing to the Joint Lead Managers prior to the date of the OMA) in any material respect without first obtaining the written consent of the Joint Lead Managers (which will not be unreasonably withheld or delayed); or

(bb) a member of the Bank Group (other than BEN) is insolvent (as set out in the OMA) or there is an act or omission made which may result in a member of the Bank Group (other than BEN) becoming insolvent; or

(cc) any adverse change occurs (or becomes known), after lodgement of the Prospectus in the assets, liabilities, financial position or performance, profits, losses or prospects of BEN, or BEN and its controlled entities (taken as a whole), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of BEN, or BEN and its controlled entities (taken as a whole), from those respectively disclosed in:

- the Prospectus; or
- any publicity, media statements, announcements, advertisements, presentations or other materials produced, used or made by or on behalf of BEN with BEN's prior approval in connection with the Offer; or

8. Additional Information (continued)

– public announcements and other media statements made by or on behalf of BEN with BEN's prior approval in relation to the affairs of BEN or its controlled entities, in the period from the lodgement date of the Prospectus until the time when all of the Capital Notes have been issued in accordance with the Offer (taken together and having regard to the extent to which later statements may supersede earlier statements); or

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

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

8.7 Consents

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

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

Role	Consenting Parties
Arranger	Westpac Institutional Bank
Joint Lead Managers	National Australia Bank Limited
	Ord Minnett Limited
	UBS AG, Australia Branch
	Westpac Institutional Bank
Auditor	Ernst & Young
Legal and tax adviser	Allens
Co-Manager	Bell Potter Securities Limited
	Crestone Wealth Management Limited
	JBWere Limited
	Shaw and Partners Limited
Registry	Boardroom Pty Limited

8. Additional Information (continued)

8.8 ASX confirmations

ASX has confirmed that:

- Listing Rules 3.20.2, 3.20.5 and Appendix 3A will not apply to the Exchange of Capital Notes following a Non-Viability Trigger Event or a Capital Trigger Event;
- the terms of the Capital Notes are appropriate and equitable under Listing Rule 6.1;
- the Capital Notes are not 'preference securities' for the purposes of Listing Rules 6.4 to 6.7;
- the constraints on the payment of Distributions, the potential exercise of limited amendment powers and a Write-Off under clause 4.6 of the Capital Notes Terms following a Capital Trigger Event or Non-Viability Trigger Event do not amount to a removal of a right to a Distribution for the purposes of Listing Rule 6.10;
- the divestment of Capital Notes from Holders as a result of Exchange, Redemption or Resale, or a Write-Off under clause 4.6 of the Capital Notes Terms following a Capital Trigger Event or Non-Viability Trigger Event, is appropriate and equitable for the purposes of ASX Listing Rule 6.12;
- for the purposes of Listing Rules 7.1 and 7.1B, and in accordance with the guidance provided by ASX in Guidance Note 21, in connection with the issue of Capital Notes under the Offer BEN may calculate the maximum number of Ordinary Shares to be issued on Exchange of the Capital Notes based on the VWAP (as defined in the Capital Notes Terms) over the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date of issue of the initial Prospectus for the Offer; and
- the issue of Ordinary Shares on Exchange of the Capital Notes will be
  - within Exception 9 in Listing Rule 7.2; and
  - within Exception 7 in Listing Rule 10.12.

ASX has granted a waiver of Listing Rule 10.11 to the extent necessary to permit Directors and their associates to participate in the Offer and to be issued Capital Notes without Shareholder approval, provided that:

- the number of Capital Notes which may be issued to Directors and their associates collectively is no more than 0.2% of the total number of Capital Notes issued under the Offer, and the participation of the Directors and their associates in the Offer is on the same terms and conditions as applicable to other subscribers for Capital Notes;
- BEN releases the terms of the waiver to the market when it announces the Offer; and
- when the Capital Notes are issued, BEN announces to the market the total number of Capital Notes issued to the Directors and their associates in aggregate under the Offer.

8.9 Foreign selling restrictions

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

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

In particular, Capital Notes have not been and will not be registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, a US Person.

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

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

8. Additional Information (continued)

8.10 Acknowledgements

By submitting an Application Form, each Applicant will be deemed to have:

- represented and warranted that they have read and understood the Prospectus and accompanying Application Form in full;
- represented and warranted that all details and statements on their Application Form are complete and accurate;
- declared that they have made the warranties, representations and acknowledgements contained in this Prospectus and the Application Form;
- acknowledged that they understand the Capital Notes Terms and have had the opportunity to consider the suitability of an investment in Capital Notes with their professional advisers;
- declared that the Applicant (if a natural person) is at least 18 years old;
- declared that the Applicant is not residing in a member state of the European Union, and is not in the United States or other place outside Australia or a US Person, nor acting for the account or benefit of any US Person;
- declared that the Applicant is an Australian resident;
- represented and warranted that the laws of any other place do not prohibit the Applicant from being given the Prospectus or any supplementary or replacement Prospectus or making an application on the Application Form or being issued with Capital Notes;
- provided authorisation to be registered as the holder of Capital Notes issued to the Applicant, to become a member of BEN, and agreed to be bound by the Constitution, this Prospectus, the Deed Poll and the Capital Notes Terms;
- applied for the number of Capital Notes set out or determined in accordance with the Application Form and agreed to be allocated that number of Capital Notes or a lesser number or none at all;
- acknowledged that Capital Notes are not deposit liabilities of BEN, are not protected accounts for the purposes of the Banking Act and are not guaranteed or insured by any government or government agency or compensation scheme of Australia or any other jurisdiction, give Holders no claim on BEN except as provided in the Capital Notes Terms, and that the investment performance of Capital Notes is not guaranteed by BEN;
- acknowledged that, in some circumstances, BEN may not pay Distributions or any other amount payable on the Capital Notes;
- authorised BEN and the Joint Lead Managers to do anything on the Applicant's behalf necessary for Capital Notes to be allocated to them;
- acknowledged that the information contained in this Prospectus (or any supplement or replacement Prospectus) is not investment advice or a recommendation that Capital Notes are suitable for them, given their investment objectives, financial situation or particular needs;
- acknowledged that their Application to acquire Capital Notes is irrevocable and may not be varied or withdrawn except as allowed by law;
- acknowledged it is their responsibility to ensure that they provide accurate Australian dollar bank account details to the Registry and keep their bank account details up to date, and that neither BEN nor the Registry is responsible for any losses incurred if they fail to do one or both of these things;
- acknowledged that an Application may be rejected without giving any reason, including where the Application Form is not properly completed; and
- acknowledged that if the Applicant is not issued Capital Notes or issued fewer Capital Notes than the number applied and paid for as a result of the scale back, all or some of their Application Payment (as applicable) will be refunded (without interest) as soon as practicable after the Issue Date.

By applying to participate in the Reinvestment Offer, each relevant Applicant will be deemed to have:

- represented and warranted to BEN and the Nominated Purchaser that they are an Eligible CPS2 Holder;
- represented and warranted to BEN and the Nominated Purchaser that they have good title to the CPS2 the subject of their Application, and that the Nominated Purchaser will receive good title to those CPS2 free from any encumbrance or security interests on the CPS2 Resale Proceeds being paid to them;
- directed the Nominated Purchaser to pay the CPS2 Resale Proceeds for each CPS2 the subject of their Application to BEN as the Application Monies for Capital Notes;
- applied to BEN for a corresponding number of Capital Notes, at $100 per Capital Note;

8. Additional Information (continued)

- agreed not to transfer their Reinvested CPS2 and authorise BEN and its related bodies corporate and their respective officers to request the application of a holding lock on those Reinvested CPS2;
- appointed BEN (or its officers) as their attorney and agent to execute a master transfer form to transfer to the Nominated Purchaser the Capital Notes the subject of their Application, in such form as BEN (or its officers) determines, and to transfer those Capital Notes to the Nominated Purchaser; and
- authorised BEN to take all necessary steps to give effect to the reinvestment of their CPS2 Resale Proceeds the subject of their Application.

8.11 Privacy statement

If you apply for Capital Notes, you will provide personal information to BEN or its agents (including the Registry). BEN and its agents collect, hold and use your personal information in order to assess and process your Application, service your needs as a Holder, provide facilities and services that you request, send you information about the products and services of members of the BEN Group, including future offers of securities, carry out appropriate administration of your investment and as otherwise required or authorised by law. If you become a Holder, your information may also be used for purposes related to your investment.

Company and tax laws require some of the information to be collected. You may choose not to provide your personal information or to limit the information you provide, in which case BEN may not be able to process your Application, administer your Capital Notes, or make payments to you.

Some of the information which will be collected is required pursuant to laws relating to taxation, companies, money-laundering and counter-terrorism. If you do not provide the information requested, your Capital Notes application may not be able to be processed efficiently, or at all.

BEN may disclose your personal information for purposes related to your investment to ASX, its related bodies corporate, its agents and organisations that carry out functions on the Bank Group's behalf, such as mailing houses and information technology service providers. Confidentiality agreements with these entities ensure your personal information is only used to carry out functions on the Bank Group's behalf. BEN may also disclose your personal information to domestic and overseas regulators or other government agencies (including ASIC and the Australian Taxation Office), stock exchanges, and the public by way of public registers maintained by regulators or other bodies.

If you become a Holder, your personal information may also be shared with the Bank Group and its joint ventures so that you can be told about products and services, including future offers of securities, offered or distributed by the Bank Group or its joint ventures, or other matters concerning the Bank Group generally that BEN thinks may be of interest to you.

If you do not want your personal information to be used for these purposes, you should contact BEN on the contact details below. It is important that you contact BEN if you do not consent to this use because, by investing in Capital Notes, you will be taken to have consented.

Some disclosures may be to recipients outside of Australia as set out in our privacy policy available on our website (www.bendigoadelaide.com.au).

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

Share Registry
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

A copy of the privacy policy of BEN is available at www.bendigoadelaide.com.au/privacy/privacy-policy. This contains further information about how you may access and seek correction of the personal information that BEN holds about you, how you may complain about a breach of the Privacy Act by BEN and how BEN will deal with such a complaint.

8.12 Governing Law

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in Victoria and each Applicant submits to the non-exclusive jurisdiction of the courts of Victoria.

8. Additional Information (continued)

8.13 Directors statement

Each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC.

8.14 Meetings

The Deed Poll includes provisions for convening meetings of the Holders to consider certain matters affecting their interests, including any variation of the Capital Notes Terms or the Deed Poll that are materially prejudicial to the interests of the Holders as a whole. APRA's prior written approval to amend the Capital Notes Terms or the Deed Poll is required only where the amendment may affect the eligibility of Capital Notes as a Relevant Security.

An Ordinary Resolution or a Special Resolution passed at a meeting of the Holders duly called and held under the meeting provisions will be binding on all the Holders whether or not present or voting at the meeting (or signing a written resolution). Each Holder will be entitled to one vote on a show of hands. On a poll, each Holder will be entitled to one vote for each Capital Note with respect to which it is the registered holder.

A Holder has no entitlement to attend or vote at a general meeting of BEN or to receive a copy of the BEN annual report or other financial information sent to holders of Ordinary Shares.

Key People, Interests and Benefits

9

9. Key People, Interests and Benefits

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

9.1 Key BEN personnel

9.1.1 Board

The Directors are:

- Jacqueline Hey, Chair
- Marnie Baker, Managing Director
- Vicki Carter
- David Foster
- Jan Harris
- Jim Hazel
- Robert Hubbard
- David Matthews
- Tony Robinson

The roles and responsibilities of the Directors are set out in the BEN Board Charter. The BEN Board Charter and further information on the Directors can be found on BEN's website at www.bendigoadelaide.com.au. Information on the Directors can be found by selecting 'About us' and 'Our directors'. The BEN Board Charter can be found by selecting 'ESG' and 'Corporate governance'.

9.1.2 Executives

The Executives are:

- Marnie Baker, Managing Director
- Ryan Brosnahan, Chief Transformation Officer
- Taso Corolis, Chief Risk Officer
- Travis Crouch, Chief Financial Officer
- Richard Fennell, Executive, Consumer Banking
- Alexandra Gartmann, Executive Rural Bank, Partnerships, Marketing and Corporate Affairs
- Bruce Speirs, Executive, Business Banking
- Louise Tebbutt, Chief People Officer

Further information on the Executives can be found on BEN's website at www.bendigoadelaide.com.au by selecting 'About us' and 'Our executive'.

9. Key People, Interests and Benefits (continued)

9.2 Interests and benefits

9.2.1 Directors

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

The relevant interest of each Director (in accordance with section 205G of the Corporations Act) in Ordinary Shares of BEN or a related body corporate at the date of this Prospectus is as follows:

Director	Ordinary Shares No.	Preference shares No.	Performance rights No.
Jacqueline Hey	42,106	250	7,049[2]
Marnie Baker	658,532[1]	600	100,000
Vicki Carter	13,225	-	-
David Foster	5,023	-	-
Jan Harris	8,000	-	4,622[2]
Jim Hazel	37,992	-	-
Rob Hubbard	26,498	-	7,704[2]
David Matthews	37,297	-	-
Tony Robinson	43,140	-	-

1. Ordinary Shares includes 163,465 shares issued under the Bendigo Employee Share Ownership Plan and deferred shares issued under the Employee Salary Sacrifice, Deferred Share and Performance Share Plan.
2. Performance rights issued under the BEN Omnibus Plan Rules for the FY2021 Non-Executive Directors Fee Share Plan (details of which are contained in BEN's annual financial report for the year ended 30 June 2020).

Directors may choose to apply for Capital Notes under the Prospectus, subject to the terms of the Listing Rule 10.11 waiver referred to in Section 8.8.

The Directors (and their related parties) may acquire Capital Notes offered under this Prospectus subject to the Listing Rules (including any waivers as described in Section 8.8).

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

- the formation or promotion of BEN;
- the Offer; or
- any property acquired or proposed to be acquired by BEN in connection with the formation or promotion of BEN or the Offer.

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

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

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

Each Director may also be paid additional remuneration for performance of additional services and is entitled to reimbursement of reasonable out-of-pocket expenses. The remuneration of the Managing Director may be fixed by the Board. The Remuneration Report can be found in BEN's most recent audited annual financial report.

9. Key People, Interests and Benefits (continued)

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

9.2.2 Professionals

Westpac Institutional Bank has acted as the Arranger and Joint Lead Manager for the Offer and each of National Australia Bank Limited, Ord Minnett Limited, UBS AG, Australia Branch and Westpac Institutional Bank have acted as Joint Lead Managers to the Offer, and Bell Potter Securities Limited, Crestone Wealth Management Limited, JBWere Limited and Shaw and Partners Limited have acted as Co-Managers to the Offer, in respect of which they will receive fees from BEN.

The estimated aggregate fees payable by BEN to the Arranger and Joint Lead Managers are approximately $4.83 million (exclusive of GST), making certain assumptions as to the allocation of Capital Notes between the Broker Firm Offer, Institutional Offer and Reinvestment Offer. The estimated aggregate fees include a joint lead manager fee split between the Joint Lead Managers based on the volume of applications attributable to each Joint Lead Manager, broker firm selling fees payable to Syndicate Brokers and a fee paid by BEN to the Arranger (as separately agreed between the Arranger and BEN based on the final Offer size).

The Joint Lead Managers and their respective affiliates (the "**Dealer Groups**") are involved in a wide range of financial services and businesses in respect of which they may receive fee and other benefits and out of which conflicting interests or duties may arise. These services may include securities trading, brokerage activities, provision of commercial and investment banking, investment management, corporate finance, credit and derivative, trading and research products and services or the provision of finance, including in respect of securities of, or loans to BEN or the BEN Group. In the ordinary course of these activities, each Dealer Group may at any time hold long or short positions and may trade or otherwise effect transactions, for its own account or the accounts of investors or any other party that may be involved in the Offer.

Ernst & Young has provided due diligence services in relation to the Offer. In respect of this work, Ernst & Young will be paid approximately $98,000 (excluding disbursements and GST) for work performed by it up until the date of the Original Prospectus. Further amounts may be paid to Ernst & Young in accordance with its normal time-based charges.

Allens has acted as Australian legal and tax adviser to BEN in relation to the Offer, and has performed work in relation to drafting the Capital Notes Terms, advised on the due diligence and verification program, undertaken due diligence in respect of certain legal matters and prepared the Australian Tax Letter contained in Section 7. In respect of this work, BEN estimates that it will pay approximately $425,000 (excluding disbursements and GST) to Allens for this work. Further amounts may be paid to Allens in accordance with the terms of their engagement with BEN.

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

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

9.3 Expenses of the Offer

The total expenses of the Offer will be paid out of the proceeds of the Offer. Assuming the Offer raises $350 million, then the net proceeds of the Offer are expected to be approximately $343.5 million and the total expenses of the Offer (including fees payable to the Joint Lead Managers, legal, accounting, tax, marketing, administrative fees, as well as printing, advertising and other expenses related to this Prospectus and the Offer) are expected to be approximately $6.5 million (including GST). All of these expenses have been, or will be, borne by BEN.

Appendix A
Capital Notes Terms

Appendix A – Capital Notes Terms

1. Form of Capital Notes and ranking

1.1 Form

(a) Capital Notes are perpetual, subordinated, unsecured notes of BEN, issued in registered form by entry in the Register.

(b) Each entry in the Register evidences a separate and independent obligation which BEN owes to the relevant Holder, which that Holder may enforce without joining any other Holder or any previous Holder.

(c) No certificates will be issued to Holders unless BEN determines that certificates should be available or if it is required to provide certificates by any applicable law, regulation or directive.

1.2 Initial Face Value

Each Capital Note is issued fully paid with an initial Face Value of A$100.

1.3 CHESS

The Capital Notes will be registered in CHESS. While Capital Notes remain in CHESS, all dealings (including transfers and payments) in relation to Capital Notes within CHESS, and the rights and obligations of each Holder, are subject to the rules and regulations of CHESS. To the extent there are inconsistencies between the rules and regulations of CHESS and the Terms, the Terms prevail.

1.4 ASX quotation

BEN must use all reasonable endeavours to procure that Capital Notes are quoted on ASX on or as soon as possible after the Issue Date.

1.5 Payment and ranking in a winding up of BEN

(a) If an order is made by a court of competent jurisdiction in Australia (other than an order successfully appealed or permanently stayed within 60 days), or an effective resolution is passed, for the winding up of BEN in Australia, BEN must redeem each Capital Note for its Face Value in accordance with this clause 1.5.

(b) Holders do not have any right to prove in a winding up of BEN in respect of Capital Notes, other than a right to prove in a winding up of BEN in Australia as permitted under clauses 1.5(c) and 1.5(d).

(c) Each Capital Note ranks for payment in a winding up of BEN in Australia:

  (i) after the claims of all holders of Senior Ranking Obligations;

  (ii) equally with each Holder and holders of Equal Ranking Securities; and

  (iii) ahead of holders of Junior Ranking Securities.

(d) In order to give effect to the ranking specified in clause 1.5(c), in any winding up of BEN in Australia, the claims of Holders are limited to the extent necessary to ensure that:

  (i) all holders of Senior Ranking Obligations receive payment in full (including in respect of any entitlement to interest under section 563B of the Corporations Act) before any payment is made to Holders; and

  (ii) Holders of Capital Notes and holders of any Equal Ranking Securities receive payments on a pro-rata basis.

(e) Holders may not exercise voting rights as a creditor in respect of Capital Notes in a winding up of BEN to defeat the subordination in this clause 1.5.

(f) Capital Notes are perpetual and the Terms do not include events of default or any other provisions entitling the Holders to require that Capital Notes be Redeemed other than under this clause 1.5. Holders do not have any right to apply for the winding up or administration of BEN, or to cause a receiver, or receiver and manager, to be appointed in respect of BEN, on the ground of BEN's failure to pay Distributions or for any other reason.

(g) Each Holder irrevocably agrees that:

  (i) this clause 1.5 is a debt subordination for the purposes of section 563C of the Corporations Act;

  (ii) it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act to the extent that a holder of a preference share that is an Equal Ranking Security would not be entitled to such interest;

  (iii) it must pay or deliver to the liquidator any amount or asset received on account of its claim in the winding up of BEN in respect of a Capital Note in excess of its entitlement under this clause 1.5; and

  (iv) the debt subordination effected by this clause 1.5 is not affected by any act or omission of BEN or a holder of a Senior Ranking Obligation which might otherwise affect it at law or in equity.

Appendix A – Capital Notes Terms (continued)

(h) To avoid doubt but subject to clause 4.6, if a Capital Trigger Event or Non-Viability Trigger Event has occurred, Holders will rank for payment in a winding up of BEN in Australia as holders of the number of Ordinary Shares to which they became entitled under clauses 4.1 or 4.2.

1.6 No set off

(a) BEN has no right to set-off any amounts owing by it to a Holder in respect of Capital Notes against any claims owing by the Holder to it or to any member of the BEN Group.

(b) No Holder has any right to set-off any amounts, merge accounts or exercise any other rights the effect of which is or may be to reduce the amount payable by BEN in respect of Capital Notes to the Holder.

(c) No Holder has any rights of set-off or claims against BEN or any member of the BEN Group if BEN does not pay a Distribution when scheduled under these Terms.

1.7 Nature of obligations

(a) Capital Notes are not deposit liabilities or "protected accounts" of BEN for the purpose of the Banking Act.

(b) The Capital Notes are not obligations of the Australian Government or of any other government and, in particular, are not guaranteed or insured by the Commonwealth of Australia or any government, government agency or compensation scheme in any jurisdiction, by any member of the BEN Group or by any other person.

1.8 No other rights

Before Exchange, Capital Notes confer no rights on a Holder:

(a) to attend or vote at any meeting of BEN members;

(b) to subscribe for new securities of BEN or to participate in any bonus issues of securities of BEN; or

(c) to otherwise participate in the profits or property of BEN, except by receiving payments as set out in these Terms.

1.9 No limitations on dealing with other securities

Nothing in these Terms limits the ability of BEN or any other member of the BEN Group, in its absolute discretion from time to time, from:

(a) allotting or issuing notes, shares or other securities of any kind, whether ranking equally with, in priority to or junior to or having different rights from, the Capital Notes;

(b) redeeming, converting, buying back, returning or distributing capital in respect of any share capital or any other securities of any kind, whether ranking equally with, in priority to or junior to or having different rights from, the Capital Notes; or

(c) incurring or guaranteeing any indebtedness upon such terms as BEN or any other member of the BEN Group thinks fit in its sole discretion.

2. Distributions

2.1 Distributions

(a) Each Capital Note bears interest on its Face Value during each Distribution Period from (and including) the Issue Date to (but excluding) the Exchange Date or Redemption Date for that Capital Note, at the Distribution Rate.

(b) Interest on each Capital Note is payable in cash in arrears on each Distribution Payment Date.

(c) Payment of interest on each Capital Note is subject to clauses 2.5, 2.6 and 11.

Appendix A – Capital Notes Terms (continued)

2.2 Distribution Rate determination

(a) The Distribution Rate (expressed as a percentage per annum) for each Distribution Period is the rate calculated according to the following formula:

Distribution Rate = (Market Rate + Margin) x (1 – Tax Rate)

(b) For the purposes of this clause 2.2:

(i) ***Market Rate*** means:

(A) subject to paragraph (B), the Bank Bill Swap Reference Rate administered by ASX Benchmarks Pty Limited (or any other person that takes on the administration of that rate) expressed as a percentage per annum for a term of 3 months as displayed on the "BBSW" page published through information vendors (or any page that replaces that page) on the first Business Day of the Distribution Period, provided that where Capital Notes are Resold, Exchanged or Redeemed on a day which is not a scheduled Distribution Payment Date, and a Distribution is payable, then the Market Rate for the Distribution Period commencing on the Resale Date, Exchange Date or Redemption Date (as applicable) in respect of such Capital Notes shall be the Market Rate for the Distribution Period preceding the relevant Resale Date, Exchange Date, or Redemption Date; and

(B) if BEN determines that a Market Rate Disruption Event has occurred, then, BEN shall:

(1) use as the Market Rate such Alternative Market Rate as it may determine; and

(2) make such adjustments to the Terms as it determines to be reasonably necessary to calculate Distributions in accordance with such Alternative Market Rate;

provided that APRA's prior written approval will be required in respect of such adjustment arising from an event that is specified in paragraph (C) or (D) of the definition of "Market Rate Disruption Event" in clause 2.2(b)(ii); and

(C) in making the above determinations in paragraph (B), BEN:

(1) shall act in good faith and in a commercially reasonable manner;

(2) may consult such sources of market practice as it considers appropriate; and

(3) may otherwise make such determination in its discretion.

(ii) ***Market Rate Disruption Event*** occurs when, in BEN's opinion, the rate in paragraph (A) of the definition of "Market Rate" in clause 2.2(b)(i):

(A) is not published by 10:30am or such other time that BEN considers appropriate on that day;

(B) is published but is affected by an obvious error;

(C) has been discontinued or otherwise ceased to be calculated or administered; or

(D) is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of Capital Notes.

(iii) ***Alternative Market Rate*** means a rate other than the rate described in paragraph (A) of the definition of "Market Rate" in clause 2.2(b)(i), that is, in BEN's opinion, generally accepted in the Australian market as the successor to the Market Rate, or if there is no such rate:

(A) a reference rate that is, in BEN's opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to Capital Notes; or

(B) such other reference rate as BEN considers appropriate having regard to available comparable indices, and

provided that, BEN reserves the discretion to incorporate an adjustment (which may be positive or negative) or a formula or methodology for calculating such an adjustment in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit to Holders as a result of the use of an Alternative Market Rate. APRA's prior written approval will be required in respect of the Alternative Market Rate or any such adjustment arising from an event that is specified in paragraph (C) or (D) of the definition of "Market Rate Disruption Event" in clause 2.2(b)(ii). Holders should note that APRA's approval may not be given for any Alternative Market Rate it considers to have the effect of increasing the Distribution Rate contrary to APRA's prudential standards.

(iv) ***Margin*** means the rate (expressed as a percentage per annum) determined under the Bookbuild; and

(v) ***Tax Rate*** means the Australian corporate tax rate on the relevant Distribution Payment Date (expressed as a decimal).

Appendix A – Capital Notes Terms (continued)

2.3 Calculation of Distributions

The Distribution payable on each Capital Note for each Distribution Period is calculated according to the following formula:

$$\text{Distribution payable} = \frac{\text{Distribution Rate} \times \text{Face Value} \times N}{365}$$

where:

N means, in respect of a Distribution Period, the number of days in that Distribution Period.

2.4 Adjustment to calculation of Distributions if not fully franked

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

$$\text{Distribution payable} = \frac{D}{1 - T \times (1 \times F)}$$

where:

D means the Distribution calculated under clause 2.3;

T means the Australian corporate tax rate on the relevant Distribution Payment Date (expressed as a decimal); and

F means the franking percentage (as defined in Part 3-6 of the Tax Act, and any provisions that revise or replace that Part) applicable to the franking account of BEN on the relevant Distribution Payment Date (expressed as a decimal).

2.5 Distribution payment conditions

(a) The payment of any Distribution on any Distribution Payment Date is subject to:

- (i) the Directors of BEN, in their absolute discretion, resolving to pay the Distribution to Holders;
- (ii) the payment of the Distribution not resulting in a breach of BEN's capital requirements under APRA's prudential standards as they are applied to the BEN Level 1 Group or the BEN Level 2 Group or both at the time of the payment, or of the Corporations Act;
- (iii) the payment of the Distribution not resulting in BEN becoming, or being likely to become, Insolvent; and
- (iv) APRA not otherwise objecting to the payment of the Distribution.

(b) No Distribution will be paid on Exchange where Exchange occurs due to a Capital Trigger Event or Non-Viability Trigger Event.

(c) BEN must notify ASX at least five Business Days before the relevant Record Date (or, if later, as soon as it decides not to make the Distribution) if payment of any Distribution will not be made because of this clause 2.5.

2.6 Distributions are discretionary and non-cumulative

Distributions are discretionary and non-cumulative. If payment of any Distribution is not made for any reason, BEN has no liability to pay that unpaid Distribution, no interest accrues on any unpaid Distributions, a Holder has no claim or entitlement in respect of any such Distribution or interest on any such Distribution and any such non-payment does not constitute an event of default under these Terms.

2.7 Dividend and capital restrictions in the event of non-payment

(a) Subject to clause 2.7(b), if any Distribution is not paid to Holders in full on the relevant Distribution Payment Date, then BEN must not, without the approval of a Special Resolution:

- (i) declare, determine to pay or pay a dividend; or
- (ii) return any capital or undertake any buy-backs or repurchases,

(together ***Restricted Actions***) in relation to any Ordinary Shares, unless the amount of any unpaid Distribution is paid in full within five Business Days of that date. If, on a subsequent Distribution Payment Date, a Distribution is paid in full, or if all Capital Notes have been Exchanged, Redeemed or otherwise terminated, then these restrictions cease to apply.

Appendix A – Capital Notes Terms (continued)

(b) Clause 2.7(a) does not apply to:

(i) Restricted Actions which BEN is legally obliged to pay or complete at the time any Distribution is not paid in full to Holders on a relevant Distribution Payment Date; or

(ii) Restricted Actions in connection with:

(A) any employment contract, employee share scheme, employee rights or option plan, or similar arrangement with, or for the benefit of, any one or more employees, officers, directors or consultants of BEN or its Related Bodies Corporate; or

(B) BEN or any of its Related Bodies Corporate purchasing Ordinary Shares in connection with transactions for the account of customers of BEN or customers of any of its Related Bodies Corporate.

2.8 Notification of Distribution Rate, Distribution payable and other items

(a) BEN must notify ASX of the Distribution Rate, amount of Distribution payable and Distribution Payment Date for each Distribution Period.

(b) BEN must give notice under this clause 2.8 as soon as practicable after it makes its calculations and by no later than the fourth Business Day of the relevant Distribution Period.

(c) BEN may amend its calculation or determination of any date, rate or amount (or make appropriate alternative arrangements by way of adjustment) including as a result of the extension or reduction of the Distribution Period or calculation period without prior notice but must notify ASX promptly after doing so.

2.9 Determination final

BEN's determination of all dates, rates and amounts under these Terms is, in the absence of wilful default, bad faith or manifest error, final and binding on BEN, the Registry and each Holder.

2.10 Calculations

For the purposes of any calculations required under these Terms:

(a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%);

(b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and

(c) all amounts that are due and payable must be rounded to the nearest one Australian cent (with one half of an Australian cent being rounded up to one Australian cent).

3. Mandatory Exchange

3.1 Mandatory Exchange

Subject to clauses 4.1, 4.2, 4.5, 4.6, 4.7, 5 and 6, BEN must Exchange all (but not some) Capital Notes on issue on the date that is the earlier of:

(a) 15 June 2029 (***Scheduled Mandatory Exchange Date***); and

(b) the first Distribution Payment Date after the Scheduled Mandatory Exchange Date,

(each a ***Mandatory Exchange Date***) on which the Mandatory Exchange Conditions are satisfied.

3.2 Mandatory Exchange Conditions

(a) The Mandatory Exchange Conditions for each Mandatory Exchange Date are:

(i) the VWAP on the 25th Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) is greater than 55% of the Issue Date VWAP (***First Mandatory Exchange Condition***);

(ii) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date is greater than 50.51% of the Issue Date VWAP (***Second Mandatory Exchange Condition***); and

(iii) Ordinary Shares have not been Delisted as at the Mandatory Exchange Date (***Third Mandatory Exchange Condition***).

(b) If the First Mandatory Exchange Condition is not satisfied, BEN will announce to ASX between the 25th and the 21st Business Day before the Mandatory Exchange Date that Exchange will not proceed on the Mandatory Exchange Date.

(c) If the Second Mandatory Exchange Condition or the Third Mandatory Exchange Condition is not satisfied, BEN will notify Holders on or as soon as practicable after the Mandatory Exchange Date that Exchange did not occur.

Appendix A – Capital Notes Terms (continued)

4. Early Exchange

4.1 Capital Trigger Event

(a) A ***Capital Trigger Event*** occurs when:

(i) BEN determines; or

(ii) APRA notifies BEN in writing that it believes,

that either or both the BEN Level 1 Common Equity Tier 1 Capital Ratio or BEN Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%. BEN must immediately notify APRA in writing if it makes a determination under clause 4.1(a)(i).

(b) If a Capital Trigger Event occurs, BEN must Exchange such number of Capital Notes (or, if it so determines, such percentage of the Face Value of each Capital Note) as is sufficient (taking into account any exchange, conversion or write down of Relevant Securities as referred to in clause 4.1(c)) to return either or both the BEN Level 1 Common Equity Tier 1 Capital Ratio or BEN Level 2 Common Equity Tier 1 Capital Ratio, as the case may be, to above 5.125%.

(c) In determining the number of Capital Notes, or percentage of the Face Value of each Capital Note, which must be Exchanged in accordance with this clause 4.1, BEN will:

(i) firstly, exchange, convert or write down the face value of any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be exchanged, converted or written down before Exchange of Capital Notes; and

(ii) secondly, if exchange, conversion or write down of those Relevant Securities is not sufficient, Exchange (in the case of Capital Notes) or exchange, convert or write down (in the case of any other Relevant Securities) on a pro-rata basis or in a manner that is otherwise, in the opinion of BEN, fair and reasonable, Capital Notes and any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be Exchanged, converted or written down in that manner (subject to such adjustment as BEN may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Capital Notes or other Relevant Securities remaining on issue),

but such determination will not impede the immediate Exchange of the relevant number of Capital Notes or percentage of the Face Value of each Capital Note (as the case may be).

(d) For the purposes of clauses 4.1(b) and 4.1(c), where the specified currency of the face value of Relevant Securities and/or Capital Notes is not the same, BEN may treat them as if converted into a single currency of BEN's choice at such rate of exchange as BEN in good faith considers reasonable.

(e) If a Capital Trigger Event occurs:

(i) the relevant number of Capital Notes, or percentage of the Face Value of each Capital Note, must be Exchanged immediately upon occurrence of the Capital Trigger Event in accordance with clauses 4.5 and 9 and the Exchange will be irrevocable;

(ii) BEN must give notice as soon as practicable that Exchange has occurred to ASX and the Holders;

(iii) the notice must specify the date on which the Capital Trigger Event occurred; and

(iv) the notice must specify the details of the Exchange process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any Capital Notes remaining on issue.

(f) Failure to undertake any of the steps in clauses 4.1(e)(ii) to 4.1(e)(iv) does not prevent, invalidate or otherwise impede Exchange.

(g) BEN may make such decisions with respect to the identity of Holders as at the date of the occurrence of the Capital Trigger Event as may be necessary or desirable to ensure Exchange occurs in an orderly manner, including disregarding any transfers of Capital Notes that have not been settled or registered at that time and date, provided that any such decision does not prevent, impede or delay the immediate Exchange of the relevant number of Capital Notes.

4.2 Non-Viability Trigger Event

(a) A ***Non-Viability Trigger Event*** occurs when APRA notifies BEN in writing that it believes:

(i) Exchange of all or some Capital Notes, or exchange, conversion or write down of capital instruments of the BEN Group, is necessary because, without it, BEN would become non-viable; or

(ii) a public sector injection of capital, or equivalent support, is necessary because, without it, BEN would become non-viable.

Appendix A – Capital Notes Terms (continued)

APRA may specify an aggregate face value of capital instruments which must be Exchanged, converted or written down (as applicable).

(b) If a Non-Viability Trigger Event occurs, BEN must Exchange such number of Capital Notes (or, if it so determines, such percentage of the Face Value of each Capital Note) as is equal (taking into account any exchange, conversion or write down of Relevant Securities as referred to in clause 4.2(c)) to the aggregate face value of capital instruments which APRA has notified BEN must be Exchanged, converted or written down (or, if APRA has not so notified BEN, such number or, if BEN so determines, such percentage of the Face Value of each Capital Note, as is necessary to satisfy APRA that BEN will no longer be non-viable). If a Non-Viability Trigger Event occurs under clause 4.2(a)(ii), BEN must Exchange all Capital Notes.

(c) In determining the number of Capital Notes, or percentage of the Face Value of each Capital Note, which must be Exchanged in accordance with this clause 4.2, BEN will:

(i) firstly, exchange, convert or write down the face value of any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be exchanged, converted or written down before Exchange of Capital Notes; and

(ii) secondly, if exchange, conversion or write down of those securities is not sufficient, Exchange (in the case of Capital Notes) or exchange, convert or write down (in the case of any other Relevant Securities), on a pro-rata basis or in a manner that is otherwise, in the opinion of BEN, fair and reasonable, Capital Notes and any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be Exchanged, converted or written down in that manner (subject to such adjustments as BEN may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Capital Notes or other Relevant Securities remaining on issue),

but such determination will not impede the immediate Exchange of the relevant number of Capital Notes or percentage of the Face Value of each Capital Note (as the case may be).

(d) For the purposes of clauses 4.2(b) and 4.2(c), where the specified currency of the face value of Relevant Securities and/or Capital Notes is not the same, BEN may treat them as if converted into a single currency of BEN's choice at such rate of exchange as BEN in good faith considers reasonable.

(e) If a Non-Viability Trigger Event occurs:

(i) the relevant number of Capital Notes, or percentage of the Face Value of each Capital Note, must be Exchanged immediately upon occurrence of the Non-Viability Trigger Event in accordance with clauses 4.5 and 9 and the Exchange will be irrevocable;

(ii) BEN must give notice as soon as practicable that Exchange has occurred to ASX and the Holders;

(iii) the notice must specify the date on which the Non-Viability Trigger Event occurred; and

(iv) the notice must specify the details of the Exchange process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any Capital Notes remaining on issue.

(f) Failure to undertake any of the steps in clauses 4.2(e)(ii) to 4.2(e)(iv) does not prevent, invalidate or otherwise impede Exchange.

(g) BEN may make such decisions with respect to the identity of Holders as at the date of the occurrence of the Non-Viability Trigger Event as may be necessary or desirable to ensure Exchange occurs in an orderly manner, including disregarding any transfers of Capital Notes that have not been settled or registered at that time and date, provided that any such decision does not prevent, impede or delay the immediate Exchange of the relevant number of Capital Notes.

4.3 Mandatory Exchange Conditions do not apply to Capital Trigger Event or Non-Viability Trigger Event

For the avoidance of doubt, the Mandatory Exchange Conditions do not apply to Exchange as a result of a Capital Trigger Event or Non-Viability Trigger Event occurring.

4.4 Priority of Early Exchange Obligations

An Exchange required because of a Capital Trigger Event or a Non-Viability Trigger Event takes place notwithstanding anything in clause 3.

Appendix A – Capital Notes Terms (continued)

4.5 Automatic Exchange upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event

If a Capital Trigger Event or Non-Viability Trigger Event has occurred and all or some Capital Notes (or percentage of the Face Value of each Capital Note) are required to be Exchanged in accordance with clauses 4.1 or 4.2, then:

(a) Exchange of the relevant Capital Notes or percentage of the Face Value of each Capital Note will occur in accordance with clause 9 immediately upon the date of occurrence of the Capital Trigger Event or Non-Viability Trigger Event; and

(b) the entry of the corresponding Capital Notes in each relevant Holder's holding in the Register will constitute an entitlement of that Holder to the relevant number of Ordinary Shares (and, if applicable, also to any remaining balance of Capital Notes or remaining percentage of the Face Value of each Capital Note), and BEN will recognise the Holder as having been issued the relevant Ordinary Shares for all purposes,

in each case without the need for any further act or step by BEN, the Holder or any other person (and BEN will, as soon as possible thereafter and without delay on the part of BEN, take any appropriate procedural steps to record such Exchange, including updating the Register and the Ordinary Share register and seek quotation of Ordinary Shares issued on Exchange), however, for the avoidance of doubt:

(c) nothing in this clause 4.5 allows a payment to be made to a Holder upon Exchange; and

(d) Exchange under this clause 4.5 takes priority over a notice for Redemption issued under clauses 5.1, 5.2, 5.3 or 5.4, an Optional Exchange Notice issued under clause 6.1 and a Resale Notice under clause 7.1.

4.6 No further rights if Exchange cannot occur

If, for any reason, Exchange of any Capital Notes (or a percentage of the Face Value of any Capital Note) required to be Exchanged under clauses 4.1 or 4.2 fails to take effect under clauses 4.5(a) and 4.5(b) and BEN has not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange within five Business Days after the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event, then the relevant Holders' rights (including to payment of the Face Value and Distributions, and the right to receive Ordinary Shares) in relation to such Capital Notes or percentage of the Face Value of Capital Notes are immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. BEN must give notice as soon as practicable that such termination has occurred to the Holders and such notice must be announced on ASX, and the notice must specify the date on which the Capital Trigger Event or Non-Viability Trigger Event occurred.

4.7 Change of Control Event

(a) A ***Change of Control Event*** occurs when:

- (i) a takeover bid is made for Ordinary Shares:
  - (A) acceptance of which is recommended by the Board and which is or has become unconditional; or
  - (B) which is or has become unconditional and the voting power of the offeror in BEN is or has become greater than 50%; or
- (ii) in respect of a scheme of arrangement under Part 5.1 of the Corporations Act which would result (if implemented) in a person having voting power in more than 50% of BEN, the earlier of:
  - (A) a court approving the scheme; and
  - (B) the Board determining that such event should be treated as a Change of Control Event for the purposes of this clause 4.7,

  provided that this clause 4.7(a)(ii) does not include a scheme of arrangement which would result in a NOHC Event.

(b) If a Change of Control Event occurs, then:

- (i) BEN must Exchange all (but not some) Capital Notes;
- (ii) BEN must give notice as soon as practicable and in any event within ten Business Days after becoming aware of that event occurring to ASX and the Holders;
- (iii) the notice must specify a date on which it is proposed Exchange will occur (***proposed Exchange Date***) being:
  - (A) in the case of a Change of Control Event under clause 4.7(a)(i), no later than the Business Day prior to the then announced closing date of the relevant takeover bid;
  - (B) in the case of a Change of Control Event under clause 4.7(a)(ii)(A), a date no later than the record date for participation in the relevant scheme of arrangement;

Appendix A – Capital Notes Terms (continued)

(C) in the case of a Change of Control Event under clause 4.7(a)(ii)(B), a date no later than:

(1) 25 Business Days following the date the notice is given; or

(2) the record date for participation in the relevant scheme of arrangement,

whichever is earlier; or

(D) such later date as APRA may require; and

(iv) the notice must specify the details of the Exchange process including any details to take into account the effect on marketable parcels and whole numbers of Ordinary Shares; and

(v) on the proposed Exchange Date, all Capital Notes will Exchange in accordance with clause 9.

(c) The Second Mandatory Exchange Condition and the Third Mandatory Exchange Condition apply if a Change of Control Event occurs as though the proposed Exchange Date were a Mandatory Exchange Date for the purposes of clause 3 (except that in the case of a Change of Control Event, the Second Mandatory Exchange Condition will apply as if it referred to 20.20% of the Issue Date VWAP).

(d) If either the Second Mandatory Exchange Condition or the Third Mandatory Exchange Condition is not satisfied on the proposed Exchange Date:

(i) Capital Notes must Exchange on the next Distribution Payment Date on which the Second Mandatory Exchange Condition and the Third Mandatory Exchange Condition are satisfied; and

(ii) BEN will notify Holders as soon as practicable after the proposed Exchange Date that Exchange did not occur.

4.8 No Exchange at the option of the Holders

Holders do not have a right to request Exchange of their Capital Notes at any time.

5. Early Redemption

5.1 Early Redemption at the option of BEN on the Call Date

(a) Subject to clauses 5.1(b) and 5.5, BEN may at its option Redeem all or some Capital Notes on the Call Date for their Face Value.

(b) However, BEN may only Redeem under this clause 5.1 if BEN has given notice of its election to do so at least ten Business Days (and no more than 60 Business Days) before the Call Date to ASX and the Holders.

(c) If only some (but not all) Capital Notes are to be Redeemed under this clause 5.1, those Capital Notes to be Redeemed will be specified in the notice and selected:

(i) in a manner that is, in the opinion of BEN, fair and reasonable; and

(ii) in compliance with any applicable law, directive or requirement of ASX.

5.2 Early Redemption for inability to frank Distributions

(a) Subject to clauses 5.2(b) and 5.5, if there is a material risk that as a result of any change in, or amendment to, the laws of Australia, or their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced), which change or amendment was not expected by BEN as at the Issue Date and has or is expected to become effective on or after the Issue Date, any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Act (*a **Franking Event***), BEN may Redeem all (but not some) Capital Notes for their Face Value.

(b) However, BEN may only Redeem under this clause 5.2 if:

(i) BEN has given notice of its election to do so at least ten Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;

(ii) the proposed Redemption Date is a Distribution Payment Date; and

(iii) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which a Distribution would not be a frankable Distribution.

5.3 Early Redemption for other taxation reasons

(a) Subject to clauses 5.3(b) and 5.5, if BEN receives an opinion from reputable legal counsel or other tax adviser in Australia, experienced in such matters, to the effect that there is a material risk that as a result of a change in, or amendment to, the laws of Australia, or their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced), which

Appendix A – Capital Notes Terms (continued)

change or amendment was not expected by BEN at the Issue Date and becomes or is expected to become effective on or after the Issue Date:

(i) BEN would be required to pay an increased amount under clause 11.6; or

(ii) BEN would be exposed to a more than de minimis adverse tax consequence in relation to Capital Notes other than a tax consequence that BEN expected as at the Issue Date,

(a ***Tax Event***), BEN may Redeem all (but not some) Capital Notes for their Face Value.

(b) BEN may only Redeem under this clause 5.3 if:

(i) BEN has given notice of its election to do so at least ten Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;

(ii) the proposed Redemption Date is a Distribution Payment Date; and

(iii) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which BEN would be subject to the adverse tax consequence.

5.4 Early Redemption for regulatory reasons

(a) Subject to clauses 5.4(b) and 5.5, if, at any time after the Issue Date, BEN determines that as a result of a change in, or amendment to, the laws of Australia or APRA's prudential standards or guidelines, or in their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced):

(i) all, some or a proportion of all or some Capital Notes are not or will not be treated as Additional Tier 1 Capital of the BEN Group under APRA's prudential standards (as amended from time to time), other than as a result of a change of treatment expected by BEN as at the Issue Date;

(ii) additional requirements would be imposed on BEN or the BEN Group in relation to or in connection with the Capital Notes (which were not expected by BEN at the Issue Date) which BEN determines in its absolute discretion might have a material adverse effect on BEN; or

(iii) to have the Capital Notes outstanding would be unlawful or impractical or that BEN or the BEN Group would be exposed to a more than de minimis increase in its costs in connection with those Capital Notes,

(a ***Regulatory Event***), BEN may Redeem all (but not some) Capital Notes for their Face Value.

(b) BEN may only Redeem under this clause 5.4 if:

(i) BEN has given notice of its election to do so at least ten Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;

(ii) the proposed Redemption Date is a Distribution Payment Date; and

(iii) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which (as applicable):

(A) all, some or a proportion of all or some Capital Notes will cease to be treated as Additional Tier 1 Capital;

(B) additional requirements will be imposed on BEN or the BEN Group; or

(C) to have the Capital Notes outstanding will be unlawful or impractical or BEN or the BEN Group will be exposed to a more than de minimis increase in its costs.

5.5 APRA approval to Redeem

BEN may only Redeem under this clause 5 if:

(a) either:

(i) before or concurrently with Redemption, BEN replaces Capital Notes with a capital instrument which is of the same or better quality (for the purposes of APRA's prudential standards as they are applied to the BEN Group at the relevant time) than Capital Notes and the replacement of Capital Notes is done under conditions that are sustainable for the income capacity of BEN; or

(ii) BEN obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the BEN Level 1 Group and BEN Level 2 Group, that BEN does not have to replace Capital Notes; and

(b) APRA has given its prior written approval to the Redemption. Approval is at the discretion of APRA and may or may not be given.

5.6 Final Distribution

For the avoidance of doubt, Redemption may occur even if BEN, in its absolute discretion, does not make the Distribution for the final Distribution Period.

Appendix A – Capital Notes Terms (continued)

5.7 No Redemption at the option of the Holders

Holders do not have a right to request Redemption of their Capital Notes at any time.

5.8 Effect of notice of Redemption

Any notice of Redemption given under this clause 5 is irrevocable and BEN must (subject to clauses 1.5, 4.5(d) and 11.3) Redeem Capital Notes on the Redemption Date specified in that notice.

5.9 Redemption mechanics

On the Redemption Date the only right a Holder will have in respect of a Capital Note will be to be paid the Face Value payable in accordance with these Terms and any Distribution BEN has determined is payable on that date. Upon the Face Value being paid (or taken to be paid in accordance with clause 11), all other rights conferred, or restrictions imposed, by the Capital Notes will no longer have effect and the Capital Note will be cancelled.

6. Optional Exchange

6.1 Exchange by BEN

(a) BEN may, with APRA's prior written approval, by notice to ASX and the Holders (an ***Optional Exchange Notice***) elect to Exchange:

  (i) all or some Capital Notes on an Optional Exchange Date following the occurrence of a Franking Event, a Tax Event or a Regulatory Event; and

  (ii) all or some of the Capital Notes on the Call Date.

(b) APRA's approval for an Exchange of Capital Notes under this clause 6 is given in its absolute discretion and Holders should not expect that APRA's approval will be given.

6.2 When Optional Exchange Notice may be Given

An Optional Exchange Notice may be given under clause 6.1:

(a) in the case of clause 6.1(a)(i), on any day following the occurrence of the Franking Event, Tax Event or Regulatory Event; or

(b) in the case of clause 6.1(a)(ii), at least ten Business Days (and no more than 60 Business Days) before the Call Date.

6.3 Contents of the Optional Exchange Notice

An Optional Exchange Notice must specify:

(a) in the case of an Optional Exchange Notice given following the occurrence of a Franking Event, a Tax Event or a Regulatory Event, the details of the Franking Event, a Tax Event or a Regulatory Event to which the Optional Exchange Notice relates;

(b) the date on which Exchange is to occur (the Optional Exchange Date), which:

  (i) in the case of an Exchange occurring under clause 6.1(a)(i), is the next Distribution Payment Date that is at least ten Business Days after the date of the Optional Exchange Notice, unless BEN determines an earlier date having regard to the best interests of Holders as a whole and the relevant event; or

  (ii) in the case of an Exchange occurring under clause 6.1(a)(ii), is the Call Date;

(c) if less than all Capital Notes are subject to the Exchange, the proportion of the Capital Notes that are to be Exchanged; and

(d) whether any distribution will be paid in respect of the Capital Notes the subject of the Optional Exchange Notice on the Optional Exchange Date.

6.4 Restrictions on election of Exchange

BEN may not elect to Exchange the Capital Notes under this clause 6 if:

(a) on the second Business Day before the date on which an Optional Exchange Notice is to be sent by BEN (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) (***Non-Exchange Test Date***), the VWAP on that date is less than or equal to 22% of the Issue Date VWAP (***First Optional Exchange Restriction***); or

(b) Ordinary Shares have been Delisted as at the Non-Exchange Test Date (***Second Optional Exchange Restriction***, and together with the First Optional Exchange Restriction, the ***Optional Exchange Restrictions***).

Appendix A – Capital Notes Terms (continued)

6.5 Conditions to Exchange occurring once elected by BEN

If BEN has given an Optional Exchange Notice but, if the Optional Exchange Date were a Mandatory Exchange Date for the purposes of clause 3, any one or more of the Second Mandatory Exchange Condition (applied as if it referred to 20.20% of the Issue Date VWAP) or the Third Mandatory Exchange Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these Terms:

(a) the Optional Exchange Date will be deferred until the first Distribution Payment Date on which the Mandatory Exchange Conditions (applied as if the percentage of the Issue Date VWAP was 22% for the First Mandatory Exchange Condition and 20.20% for the Second Mandatory Exchange Condition) would be satisfied if that Distribution Payment Date were a Mandatory Exchange Date for the purposes of clause 3 (the ***Deferred Exchange Date***);

(b) BEN must Exchange the Capital Notes on the Deferred Exchange Date (unless the Capital Notes are Exchanged, Redeemed or Resold earlier in accordance with these Terms); and

(c) until the Deferred Exchange Date, all rights attaching to the Capital Notes will continue as if the Optional Exchange Notice had not been given.

BEN will notify the Holders on or as soon as practicable after an Optional Exchange Date in respect of which this clause 6.5 applies that Exchange did not occur on that Exchange Date.

6.6 Effect of Optional Exchange Notice

Any Optional Exchange Notice given under this clause 6 is irrevocable and BEN must (subject to clauses 1.5 and 4.5(d)) Exchange Capital Notes on the Optional Exchange Date specified in that notice.

7. Resale

7.1 Resale by BEN

(a) BEN may, with APRA's prior written approval, by notice to ASX and the Holders (a ***Resale Notice***) elect to Resell:

  (i) all or some Capital Notes on a Resale Date following the occurrence of a Franking Event, a Tax Event or a Regulatory Event; or

  (ii) all or some of the Capital Notes on the Call Date.

(b) APRA's approval for a Resale of Capital Notes under this clause 7 is given in its absolute discretion and Holders should not expect that APRA's approval will be given.

7.2 When Resale Notice may be Given

A Resale Notice may be given under clause 7.1:

(a) in the case of clause 7.1(a)(i), on any day following the occurrence of the Franking Event, Tax Event or Regulatory Event (as applicable); or

(b) in the case of clause 7.1(a)(ii), at least ten Business Days (and no more than 60 Business Days) before the Call Date.

7.3 Contents of Resale Notice

A Resale Notice must specify:

(a) the date on which Resale is to occur (the ***Resale Date***), which:

  (i) in the case of a Resale occurring under clause 7.1(a)(i), will be a day no earlier than 10 Business Days and nor more than 60 Business Days after the date of the Resale Notice; or

  (ii) in the case of a Resale occurring under clause 7.1(a)(ii), is the Call Date;

(b) if less than all Capital Notes are subject to Resale, the proportion of the Capital Notes that are to be Resold;

(c) the identity of the Nominated Purchasers for that Resale and the Resale Price; and

(d) whether any distribution will be paid in respect of the Capital Notes the subject of the Resale Notice on the Resale Date.

7.4 Resale of less than all Capital Notes

If only some (but not all) Capital Notes are to be Resold under this clause 6, the number of Capital Notes to be Resold will be specified in the notice and selected:

(a) in a manner that is, in the opinion of BEN, fair and reasonable; and

Appendix A – Capital Notes Terms (continued)

(b) in compliance with any applicable law, directive or requirement of APRA.

7.5 No Resale at the option of the Holders

Holders do not have a right to request Resale of their Capital Notes at any time.

7.6 Effect of Resale Notice

Any Resale Notice given under this clause 7 is irrevocable and BEN must (subject to clauses 1.5, 4.5(d), 8.2, 8.5 and 11.3) Resell Capital Notes on the Resale Date specified in that notice.

8. Resale Mechanics

8.1 Resale Mechanics

If BEN elects to Resell Capital Notes in accordance with these Terms, the provisions of this clause 8 apply to that Resale.

8.2 Appointment of Nominated Purchaser

(a) BEN must appoint one or more Nominated Purchasers for the Resale on such terms as may be agreed between BEN and the Nominated Purchasers (and, to the extent any such conditions may cause the Capital Notes to cease to be Additional Tier 1 Capital, with the prior written approval of APRA) including:

  (i) as to the conditions of any Resale, the procedures for settlement of such Resale and the circumstances in which the Resale Notice may be amended, modified, added to or restated;

  (ii) as to the substitution of another entity (not being BEN or a Related Body Corporate of BEN) as Nominated Purchaser if, for any reason, BEN is not satisfied that the Nominated Purchaser will perform its obligations under this clause 8; and

  (iii) as to the terms (if any) on which any Capital Notes acquired by a Nominated Purchaser may be Redeemed, Exchanged or otherwise dealt with.

(b) If BEN appoints more than one Nominated Purchaser in respect of a Resale, all or any of the Capital Notes held by a Holder which are being Resold may be purchased by any one or any combination of the Nominated Purchasers, as determined by BEN, for the Resale Price.

8.3 Irrevocable offer to sell Capital notes

(a) Each Holder is taken irrevocably to offer to sell the relevant number of the Capital Notes the subject of a Resale Notice to the Nominated Purchaser or Nominated Purchasers on the Resale Date for the Resale Price.

(b) Clause 11 applies to the payment of the Resale Price as if references in clause 11 to BEN were references to the Nominated Party.

8.4 Effect of Resale

On the Resale Date, subject to payment by the applicable Nominated Purchaser of the Resale Price to the Holders, all right, title and interest in the Capital Notes the subject of the Resale will be transferred from the Holders to the applicable Nominated Purchaser free from any Encumbrances.

8.5 Effect of failure by Nominated Purchaser or Nominated Purchasers to pay

If a Nominated Purchaser does not pay the Resale Price to the Holders on the Resale Date (a ***Defaulting Nominated Purchaser***):

(a) the Resale Notice as it relates to the Defaulting Nominated Purchaser will be void and any obligations of the Holder and the Defaulting Nominated Purchaser in respect of the Resale of the Capital Notes that are the subject of the Resale Notice will terminate;

(b) the Capital Notes referrable to the Defaulting Nominated Purchaser will not be transferred to the Defaulting Nominated Purchaser on the Resale Date; and

(c) Holders will continue to hold the Capital Notes referrable to the Defaulting Nominated Purchaser until they are otherwise Redeemed, Exchanged or Resold in accordance with these Terms.

Appendix A – Capital Notes Terms (continued)

9. General provisions applicable to Exchange

9.1 Exchange

On the Exchange Date, subject to clauses 4.6 and 9.10, the following will apply:

(a) BEN will allot and issue the Exchange Number of Ordinary Shares for each Capital Note held by the Holder. The ***Exchange Number*** is calculated according to the following formula, and subject always to the Exchange Number being no greater than the Maximum Exchange Number:

$$\text{Exchange Number for each Capital Note} = \frac{\text{Face Value}}{0.99 \times \text{VWAP}}$$

where:

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

Maximum Exchange Number means a number calculated according to the following formula:

$$\text{Maximum Exchange Number} = \frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$$

where:

Relevant Percentage means:

(i) if Exchange is occurring on a Mandatory Exchange Date, 0.50; and

(ii) if Exchange is occurring at any other time, 0.20.

(b) Each Holder's rights (including to payment of Distributions, other than the Distribution, if any, payable on an Exchange Date where the Exchange is not as a result of a Capital Trigger Event or a Non-Viability Trigger Event) in relation to each Capital Note that is being Exchanged will be immediately and irrevocably terminated for an amount equal to the Face Value and BEN will apply the Face Value of each Capital Note by way of payment for the subscription for the Ordinary Shares to be allotted and issued under clause 9.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this clause 9.1 is to be applied as provided for in this clause 9.1 and no Holder has any right to payment in any other way.

(c) If the total number of additional Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of Capital Notes includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

9.2 Adjustments to VWAP generally

For the purposes of calculating VWAP under clause 9.1:

(a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as *cum* dividend or *cum* any other distribution or entitlement and Capital Notes will be Exchanged for Ordinary Shares after that date and those Ordinary Shares will no longer carry that dividend or any other distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted *cum* dividend or *cum* any other distribution or entitlement will be reduced by an amount (***Cum Value***) equal to:

(i) in the case of a dividend or other distribution, the amount of that dividend or other distribution, including, if the dividend or other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Tax Act;

(ii) in the case of any other entitlement that is not a dividend or other distribution under clause 9.2(a)(i) which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded (excluding trades of the kind that would be excluded in determining VWAP under the definition of that term); or

(iii) in the case of any other entitlement which is not traded on ASX during the VWAP Period, the value of the entitlement as reasonably determined by the Board; and

(b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and Capital Notes will be Exchanged for Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement will be increased by the Cum Value.

Appendix A – Capital Notes Terms (continued)

9.3 Adjustments to VWAP for capital reconstruction

(a) Where during the relevant VWAP Period there is a change to the number of Ordinary Shares on issue because the Ordinary Shares are reconstructed, consolidated, divided or reclassified (not involving any payment or other compensation to or by the holders of Ordinary Shares) (***Reclassification***) into a lesser or greater number, the daily VWAP for each day in the VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reclassification basis will be adjusted by multiplying the applicable VWAP by the following formula:

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

where:

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

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

(b) Any adjustment made by BEN in accordance with clause 9.3(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

(c) For the avoidance of doubt, nothing in this clause 9.3 allows a cash payment or other distribution to be made to or by a Holder as part of a Reclassification or as a result of a Reclassification.

9.4 Adjustments to Issue Date VWAP generally

For the purposes of determining the Issue Date VWAP under clause 9.1, adjustments will be made in accordance with clauses 9.2 and 9.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

(a) may be made by BEN in accordance with clauses 9.5 to 9.7 (inclusive);

(b) if so made, will correspondingly affect the application of the Mandatory Exchange Conditions and the Optional Exchange Restrictions and cause an adjustment to the Maximum Exchange Number; and

(c) if so made, will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

9.5 Adjustments to Issue Date VWAP for bonus issues

(a) Subject to clauses 9.5(b) and 9.5(c), if BEN makes a pro-rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = Vo \times RD/(RD + RN)$$

where:

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

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

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

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

(b) Clause 9.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.

(c) For the purposes of this clause 9.5, an issue will be regarded as a bonus issue notwithstanding that BEN does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia (or to whom an offer is otherwise subject to foreign securities laws), provided that in so doing BEN is not in contravention of ASX Listing Rules.

Appendix A – Capital Notes Terms (continued)

9.6 Adjustments to Issue Date VWAP for capital reconstruction

If at any time after the Issue Date there is a change to the number of Ordinary Shares on issue because of a Reclassification into a lesser or greater number, the Issue Date VWAP will be adjusted by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following formula:

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

where:

A means the aggregate number of Ordinary Shares on issue immediately before the Reclassification; and

B means the aggregate number of Ordinary Shares on issue immediately after the Reclassification.

9.7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 9.5 and 9.6, no adjustment will be made to the Issue Date VWAP where any such adjustment (rounded if applicable) would be less than one percent of the Issue Date VWAP then in effect.

9.8 Announcement of adjustments to Issue Date VWAP

BEN will notify any adjustment to the Issue Date VWAP under this clause 9 to ASX and the Holders within ten Business Days of BEN determining the adjustment (or such shorter period as is required by ASX Listing Rules) and the adjustment will be final and binding.

9.9 Status and listing of Ordinary Shares

(a) Ordinary Shares issued or arising from Exchange will rank equally with all other fully paid Ordinary Shares provided that the rights attaching to the Ordinary Shares issued or arising from Exchange do not take effect until 5.00pm (Melbourne time) on the Exchange Date (or such other time required by APRA).

(b) BEN will use all reasonable endeavours to list the Ordinary Shares issued on Exchange of Capital Notes on ASX.

(c) Holders acknowledge that any ASX trades in Capital Notes that have not settled on the Exchange Date will continue to settle in accordance with the normal ASX settlement process, although the seller will be treated as having delivered and the buyer will be treated as having acquired, the number of Ordinary Shares into which Capital Notes have been Exchanged.

9.10 Exchange where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder

(a) If Capital Notes (or percentage of the Face Value of each Capital Note) of a Holder are required to be Exchanged and:

  (i) the Holder has notified BEN that it does not wish to receive Ordinary Shares as a result of Exchange, which notice may be given at any time on or after the Issue Date and prior to the Exchange Date;

  (ii) the Holder is an Ineligible Holder; or

  (iii) BEN has not received (for any reason whether or not due to the fault of that Holder) any information required by it in accordance with the Terms so as to impede BEN issuing the Ordinary Shares to a Holder on the Exchange Date,

  then, on the Exchange Date, the Holder's rights (including to payment of Distributions) in relation to each such Capital Notes being Exchanged are immediately and irrevocably terminated and BEN will issue the Exchange Number of Ordinary Shares to a Nominee for no additional consideration to hold on trust for sale for the benefit of the relevant Holder (unless, because the Holder is an Ineligible Holder, the Nominee is deemed to be an Ineligible Holder, in which case such issue shall occur as soon as practicable after the Nominee ceases to be an Ineligible Holder). At the first opportunity to sell the Ordinary Shares, the Nominee will arrange for their sale and pay the proceeds less selling costs to the relevant Holder subject to and in accordance with the provisions of the Deed Poll.

(b) If Exchange is occurring because of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event and the Exchange fails to take effect and BEN has not otherwise issued Ordinary Shares to the Nominee within five Business Days after the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event, then Holders' rights will be immediately and irrevocably terminated under clause 4.6.

Appendix A – Capital Notes Terms (continued)

(c) Without prejudice to the express obligations of BEN and a Nominee under this clause 9.10:

(i) BEN has no duty to enquire into the law of a Foreign Holder's country of residence; and

(ii) neither BEN nor any Nominee owes any obligations or duties to Holders in relation to the price at which Ordinary Shares are sold or has any liability for any loss suffered by a Holder as a result of the sale of Ordinary Shares where required by this clause 9.10.

9.11 Final Distribution

For the avoidance of doubt, Exchange may occur even if BEN, in its absolute discretion, does not make the Distribution for the final Distribution Period.

9.12 No Exchange after winding up commences

If before the Exchange Date an order is made by a court, or an effective resolution is passed, for the winding up of BEN in Australia, then Exchange will not occur and clause 1.5 will apply, except where Exchange is required for a Capital Trigger Event or Non-Viability Trigger Event (in which case such Exchange shall occur (subject to clause 4.6) in accordance with clauses 4.1 or 4.2 (as applicable) and clause 4.5).

9.13 Exchange of a percentage of Face Value

If under these Terms it is necessary to Exchange a percentage of the Face Value, this clause 9 will apply to the Exchange as if references to the Face Value were references to the relevant percentage of the Face Value to be Exchanged.

10. Title and transfer of Capital Notes

10.1 Effect of entries in Register

Each entry in the Register of a person as a Holder constitutes:

(a) conclusive evidence of that person's:

(i) absolute ownership of that Capital Notes;

(ii) entitlement to the other benefits given to Holders under these Terms and the Deed Poll in respect of Capital Notes; and

(b) an undertaking by BEN to pay Distributions and any other amount in accordance with these Terms,

subject to correction of the Register for fraud or error.

10.2 Non-recognition of interests

(a) Except as required by law or directive, BEN and the Registry must treat the person whose name is entered in the Register as a Holder as the absolute owner of that Capital Note. This clause 10.2 applies despite any notice of ownership, trust or interest in that Capital Note. No recognition of any trust, Encumbrance or interest shall be entered on the Register.

(b) Neither BEN nor the Registry need take any notice of any trust, Encumbrance or other interest in, or claim to, any Capital Note, except as ordered by a court of competent jurisdiction or required by law.

(c) This clause 10.2 applies whether or not a payment has been made when scheduled on a Capital Note and despite any notice of ownership, notice, trust, Encumbrance or other interest in the Capital Note.

10.3 Joint holders

Where two or more persons are entered in the Register as joint Holders, they are taken to hold that Capital Notes as joint tenants with rights of survivorship and subject to the terms of the Deed Poll but the Registry is not bound to register more than three persons as joint Holders of any Capital Notes.

10.4 Transfers

(a) A Holder may transfer Capital Notes:

(i) while Capital Notes are registered with CHESS, in accordance with the rules and regulations of CHESS; or

(ii) at any other time:

(A) by a proper transfer under any other applicable computerised or electronic system recognised by the Corporations Act; or

(B) by any proper or sufficient instrument of transfer of marketable securities under applicable law, provided such instrument is delivered to the Registry with any evidence the Registry reasonably requires to prove title to or the right to transfer Capital Notes.

Appendix A – Capital Notes Terms (continued)

(b) Title to Capital Notes passes when details of the transfer are entered in the Register.

(c) Capital Notes may be transferred in whole but not in part.

(d) BEN must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of Capital Notes.

(e) BEN must not charge any fee on the transfer of Capital Notes.

(f) The Holder is responsible for any stamp duty or other similar taxes which are payable in any jurisdiction in connection with a transfer, assignment or other dealing with Capital Notes.

(g) Upon registration and entry of the transferee in the Register, the transferor ceases to be entitled to future benefits under these Terms and the Deed Poll in respect of the transferred Capital Notes.

(h) Subject to Applicable Regulations, BEN may determine that transfers of some or all Capital Notes will not be registered during any period reasonably specified by it prior to the Exchange Date, Redemption Date or Resale Date of such Capital Notes.

10.5 Refusal to register

(a) BEN may only refuse to register a transfer of Capital Notes if permitted by, or if such registration would contravene or is forbidden by, Applicable Regulations or the Terms.

(b) If BEN refuses to register a transfer, BEN must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to the Registry.

10.6 Transmission

A person becoming entitled to Capital Notes as a consequence of the death, bankruptcy, liquidation or a winding-up of a Holder or of a vesting order by a court or other body with power to make the order, or a person administering the estate of a Holder, may, upon providing evidence as to that entitlement or status, and if BEN so requires an indemnity in relation to the correctness of such evidence, as BEN considers sufficient, become registered as the Holder of those Capital Notes.

10.7 No liability to persons other than Holders

BEN is not liable to pay any amount to any person claiming an interest in a Capital Note in connection with that Capital Note other than the Holder.

11. Payments

11.1 Payments to registered Holder

(a) Payment of Distributions will be made to the person registered at 7.00pm on the Record Date as the Holder.

(b) Payment of any other amount in accordance with these Terms will be made to the person registered as the Holder on the relevant date for payment.

(c) A payment to any one of joint Holders will discharge BEN's liability in respect of the payment.

11.2 Payments subject to law

All payments are subject to applicable law.

11.3 Payments on Business Days

(a) If any payment:

(i) is due on a day which is not a Business Day, then the due date for payment will be the next Business Day; or

(ii) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the next day on which banks are open for general banking business in that place,

and no additional amount is payable in respect of any delay in payment.

(b) Nothing in this clause 11.3 applies to any payment referred to in clause 9.1(b).

11.4 Payments to accounts

Monies payable by BEN to a Holder may be paid by crediting an Australian dollar bank account maintained in Australia with a financial institution and nominated in writing by the Holder by close of business on the relevant Record Date or in any other manner BEN decides.

Appendix A – Capital Notes Terms (continued)

11.5 Unsuccessful attempts to pay

(a) If the Holder has not notified the Registry of a bank account for the purposes of payment under clause 11.4 or the transfer of any amount does not complete for any reason (other than an error made by or on behalf of BEN), BEN will be treated as having paid the amount on the date on which it would otherwise have made the payment.

(b) BEN will send a notice to the registered address of the Holder advising of the unsuccessful payment and the amount of the unsuccessful payment will be held on deposit in a non-interest bearing bank account maintained by BEN or the Registry until the Holder nominates an Australian dollar bank account maintained in Australia for crediting with the payment (or nominates a new bank account as the case may be), the claim becomes void under clause 14.1 or BEN pays the amount in accordance with the law relating to unclaimed monies.

(c) No additional amount is payable in respect of any delay in payment.

(d) For the avoidance of doubt, nothing in this clause 11.5 obliges BEN to make a payment it has not otherwise determined to make under clause 2.

11.6 Withholdings and Deductions

(a) All payments in respect of Capital Notes must be made without any withholding or deduction in respect of Taxes, unless the withholding or deduction is required by law or permitted by this clause 11.6. BEN shall pay the full amount deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law and shall, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority without delay after it is received by BEN.

(b) BEN, in its absolute discretion, may withhold or deduct payments to a Holder (including, if applicable, any other person who beneficially derives Distributions under Capital Notes) where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of Capital Notes may be subject to FATCA, and may deal with such payment and the Holder's Capital Notes in accordance with FATCA. If any withholding or deduction arises under or in connection with FATCA, BEN will not be required to pay any further amounts on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of Capital Notes for or in respect of any such withholding or deduction.

(c) Each Holder (including, if applicable, any other person who beneficially derives Distributions under Capital Notes) will, within ten Business Days of request by BEN, supply to BEN such forms, documentation and other information relating to its status under FATCA as BEN reasonably requests for the purposes of the BEN Group's compliance with FATCA.

12. Tax File Number withholdings

(a) BEN will withhold an amount from payments of Distributions on Capital Notes at the highest marginal tax rate plus the highest Medicare levy if a Holder has not supplied an appropriate tax file number, Australian business number or exemption details.

(b) If a Holder supplies exemption details and BEN subsequently determines that the relevant exemption was not available, BEN may recover the amount that should have been deducted from the relevant Holder and may deduct that amount from any subsequent payment due to that Holder in respect of Capital Notes.

13. Substitution of BEN

13.1 Substitution

BEN may, in connection with a NOHC Event, without the consent of Holders and provided that the Substitution Conditions are satisfied, by giving notice to ASX and the Holders:

(a) substitute for itself a NOHC as the debtor in respect of Capital Notes and as the issuer of Ordinary Shares on Exchange (***Full Successor***); or

(b) substitute for itself a NOHC as the issuer of Ordinary Shares on Exchange (***Partial Successor***),

and a reference to the ***Successor*** shall be a reference to the Full Successor or the Partial Successor, as applicable. The notice shall specify the date on which the substitution is to take effect (***Date of Substitution***).

Appendix A – Capital Notes Terms (continued)

13.2 Substitution Conditions

The Substitution Conditions are:

(a) in the case of the Full Successor:

(i) the Full Successor or another entity (which is a parent entity) subscribes for Ordinary Shares or other capital instruments acceptable to APRA in such amount as may be necessary, or takes other steps acceptable to APRA, to ensure that the capital position of the BEN Level 1 Group and BEN Level 2 Group will not be adversely affected;

(ii) the Full Successor will expressly assume BEN's obligations under these Terms and the Deed Poll by entering into a deed poll for the benefit of Holders **(Successor Deed Poll)** under which it agrees (among other things):

(A) to comply with the restrictions in clause 2.7 of these Terms (with all necessary modifications); and

(B) to deliver fully paid ordinary shares in its capital under all circumstances when BEN would otherwise have been required to deliver Ordinary Shares, subject to the same terms and conditions as set out in these Terms (with all necessary modifications);

(b) in the case of the Partial Successor:

(i) the Partial Successor agrees with effect on and from the Date of Substitution, by entering into a Successor Deed Poll, to deliver fully paid ordinary shares in its capital under all circumstances when BEN would otherwise have been required to deliver Ordinary Shares, subject to the same terms and conditions as set out in these Terms (with all necessary modifications); and

(ii) the Partial Successor agrees that in all circumstances where the Partial Successor delivers fully paid ordinary shares in its capital under the Successor Deed Poll in clause 13.2(b)(i), the Partial Successor or another entity (which is a parent entity) will subscribe for Ordinary Shares in such amount as may be necessary, or take other steps acceptable to APRA, to ensure that the capital position of the BEN Level 1 Group and BEN Level 2 Group is equivalent to the position if the Successor Deed Poll had not been entered into and BEN was required to issue the Ordinary Shares; and

(c) in the case of either the Full Successor or the Partial Successor (as applicable):

(i) the Successor's ordinary shares are or are to be quoted on ASX, and the Successor agrees to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of ordinary shares issued under these Terms on the securities exchanges on which the Successor's ordinary shares are quoted at the time of delivery;

(ii) the Successor and BEN have obtained APRA approval and all other necessary authorisations, regulatory and governmental approvals and consents for such substitution and for the performance by the Successor of its obligations under Capital Notes and the documents effecting substitution;

(iii) if the Successor does not have a place of business in Victoria, the Successor has appointed a process agent in Victoria to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with Capital Notes;

(iv) the Successor has, in the reasonable opinion of BEN, the financial capacity to satisfy its obligations under the Successor Deed Poll;

(v) BEN has used all reasonable endeavours to give an irrevocable notice to the Holders as soon as practicable before a NOHC Event occurs specifying the amendments to Capital Notes which will be made under these Terms in connection with the substitution of a NOHC as the issuer of ordinary shares on Exchange; and

(vi) BEN may, by an instrument in writing and without the authority, assent or approval of Holders, amend these Terms if such amendment is necessary or expedient to effect the substitution in the manner contemplated by these Terms (including, without limitation, for the purposes of complying with the provisions of Chapter 2L of the Corporations Act).

13.3 Effect of Substitution of Full Successor

If the relevant requirements set out in clauses 13.1 and 13.2 relating to a substitution under clause 13.1(a) have been completed, on and from the Date of Substitution:

(a) the Full Successor will assume all of the obligations of, succeed to, and be substituted for, and may exercise every right and power of, BEN under these Terms (as may be amended from time to time) with the same effect as if the Successor had been named as BEN in these Terms and the Deed Poll;

(b) BEN (or any corporation which has previously assumed the obligations of BEN) will be released from its liability under the Terms and the Deed Poll;

Appendix A – Capital Notes Terms (continued)

(c) if BEN gives a notice to Holders under clause 13.2(c)(v), the amended terms will have effect on and from the date specified in the notice; and

(d) references to BEN in these Terms and the Deed Poll will be taken to be references to the Full Successor.

13.4 Effect of Substitution of Partial Successor

If the relevant requirements set out in clauses 13.1 and 13.2 relating to a substitution under clause 13.1(b) have been completed, on and from the Date of Substitution:

(a) BEN (or any corporation which has previously assumed the obligations of BEN) will be released from any obligation it would otherwise have under these Terms to issue Ordinary Shares to Holders upon Exchange; and

(b) if BEN gives a notice to Holders under clause 13.2(c)(v), the amended terms will have effect on and from the date specified in the notice.

14. General

14.1 Time limit for claims

A claim against BEN for a payment under Capital Notes is void unless made within five years from the date on which payment became due.

14.2 Voting

(a) The Deed Poll contains provisions for convening meetings of Holders to consider any matter affecting their interests including certain variations of these Terms which require the Holders' consent. Resolutions passed in accordance with such provisions will be binding on all Holders.

(b) A Capital Note does not entitle its Holder to attend or vote at a general meeting of BEN.

(c) Subject to applicable law, Holders are not entitled to be provided with copies of:

  (i) any notices of general meetings of BEN; or

  (ii) other documents (including annual reports and financial statements) sent by BEN to holders of ordinary shares or other securities (if any) in BEN.

14.3 Amendments without consent

At any time, but subject to compliance with the Corporations Act and all other applicable laws, BEN may by deed poll, without the consent of the Holders, amend these Terms or the Deed Poll, from the date specified by BEN, if BEN is of the opinion that such alteration is:

(a) of a formal, technical or minor nature;

(b) made to cure any ambiguity, correct any manifest error or correct or supplement any defective provision of the Terms or amend any provision of the Deed Poll;

(c) to amend the Terms to adopt an Alternative Market Rate as the new Market Rate following the occurrence of a Market Rate Disruption Event, and to make any consequential amendments, subject to APRA's prior written approval as required under clause 2.2(b)(i)(B) and BEN acting in good faith and in a commercially reasonable manner;

(d) necessary or expedient for the purpose of:

  (i) enabling Capital Notes to be listed for quotation, or to retain quotation, on any securities exchange, or any system that replaces it relevant to the Capital Notes (including in respect of the transfer or Exchange of Capital Notes) or to be offered for subscription or for sale under the laws for the time being in force in any place;

  (ii) complying with the provisions of any statute, the requirements of any statutory authority, ASX Listing Rules or the listing or quotation requirements of any securities exchange on which BEN may propose to seek a listing or quotation of Capital Notes; or

  (iii) facilitating a substitution in accordance with clause 13.1 (including satisfying any requirement of APRA in connection with such a substitution);

(e) made to amend any date or time period stated, required or permitted in connection with any Exchange, Resale or Redemption (including, without limitation, when the proceeds of Resale or Redemption are to be reinvested in a new security to be issued by BEN or a Related Body Corporate);

Appendix A – Capital Notes Terms (continued)

(f) made to:

(i) amend the terms of the Capital Notes to align them with any Relevant Tier 1 Capital Instruments issued after the Issue Date;

(ii) amend the definition of Relevant Tier 1 Capital Instruments on account of the issue after the Issue Date of any capital instruments of any member of the BEN Group; or

(iii) give effect to any agreement with the Nominated Purchaser to which Capital Notes have been Resold;

(g) not materially prejudicial to the interests of Holders as a whole. For the purposes of determining whether the amendment is not materially prejudicial to the interests of Holders as a whole, the taxation and regulatory capital consequences to Holders (or any class of Holders) and other special consequences which are personal to a Holder (or any class of Holders) do not need to be taken into account.

14.4 Amendments with consent

Without limiting clause 14.3, BEN may by deed poll amend these Terms or the Deed Poll if such alteration is approved by a Special Resolution. In this case, the Terms will be amended from the date specified in the Special Resolution or otherwise notified to the Holders (provided such date is permitted by the terms of the Special Resolution).

14.5 Meaning of amend

In clauses 14.3 and 14.4, ***amend*** includes modify, cancel, alter or add to and ***amendment*** has a corresponding meaning.

14.6 APRA approval of amendments

Prior to any amendment under clauses 14.3 and 14.4 being effective, where required BEN must obtain APRA's prior written approval (APRA approval is required where the proposed amendment may affect the eligibility of Capital Notes as Relevant Tier 1 Capital Instruments at the relevant time) and any consent or approval required under any applicable law, regulation or ASX Listing Rule.

14.7 Ranking with respect to Distributions:

Capital Notes rank in respect of payment of Distributions:

(a) senior to Ordinary Shares;

(b) equally and without preference among Capital Notes; and

(c) equally with all Equal Ranking Securities and other securities that BEN has or may issue that by their terms rank equally with respect to priority of payment in a winding up of BEN.

14.8 Notices

(a) **To Holders**

Subject to clauses 4.1(e) and 4.2(e), unless otherwise specified, all notices and other communications to Holders must be in writing and either:

(i) sent by prepaid post (airmail if appropriate) to or left at the address of the Holders (as shown in the Register at the close of business on the day which is three Business Days before the date of the notice or communication);

(ii) (if available) issued to Holders through CHESS in accordance with any applicable rules and regulations of CHESS;

(iii) so long as the Capital Notes are quoted on ASX, by publication of an announcement on ASX;

(iv) given by an advertisement published in the Australian Financial Review, The Australian or in any other newspaper nationally circulated within Australia;

(v) sent by email or electronic message to the electronic address (if any) of the Holder as shown on the Register; or

(vi) given in any other way agreed between BEN and any Holder (and in agreeing in such way, BEN and such Holders may have regard to the dates by which the notice is to be given under these terms.

An accidental or inadvertent failure to give notice to a particular Holder will not invalidate a notice otherwise properly given to Holders.

(b) **To BEN and Registry**

Subject to clauses 4.1(e) and 4.2(e), all notices and other communications to all or any of BEN and the Registry must be in writing and sent by prepaid post (airmail if appropriate) to or left at the address of BEN and the Registry, as applicable.

Appendix A – Capital Notes Terms (continued)

(c) **When effective**

Subject to clauses 4.1(e) and 4.2(e), notices and other communications take effect from the time they are taken to be received under clause 14.8(d) unless a later time is specified in them.

(d) **Receipt**

(i) If sent by post, notices or other communications are taken to be received three Business Days after posting (or five Business Days after posting if sent to or from a place outside Australia).

(ii) If left at the address, notices or other communications are taken to be received when given unless received after 5.00 pm in the place of receipt or on a non-Business Day, in which case they are taken to be received at 9.00 am on the next Business Day.

(iii) If sent by e-mail to the electronic address in respect of the Holder as specified in accordance with clause 14.8(a), on the day following its transmission to that electronic address.

(iv) If issued to Holders through CHESS, on the date of the issuance unless the sender receives an automated message that the e-mail has not been delivered.

(v) Notices given to Holders by being announced to ASX are taken to be received on the date of announcement.

(vi) If published in a newspaper, on the first date that publication has been made in the required newspaper.

14.9 Power of attorney

(a) Each Holder appoints each of BEN, its directors, officers and authorised delegates of the Board, and any External Administrator of BEN (each an ***Attorney***) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Terms, including, but not limited to, any transfers of Capital Notes, making any entry in the Register or the register of any Ordinary Shares or exercising any voting power in relation to any consent or approval required for Exchange, Redemption or Resale.

(b) The power of attorney given in this clause 14.9(b) is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

14.10 Ability to trade

BEN or any member of the BEN Group may, to the extent permitted by applicable laws and regulations and with APRA's prior written approval (where required), at any time buy or sell Capital Notes in the open market, by tender to all or some of the Holders, by private agreement or in any other manner, at any price.

14.11 Governing law

These Terms are governed by and must be governed in accordance with the law in force in Victoria, Australia.

14.12 Jurisdiction

BEN submits, and each Holder is taken to have irrevocably and unconditionally submitted, to the non-exclusive jurisdiction of the courts of Victoria and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating to these Terms.

14.13 Deed Poll

BEN's obligations in respect of Capital Notes are constituted by and subject to the Deed Poll. Each Holder is taken to have notice of, and be bound by, the provisions of the Deed Poll.

14.14 Waiver of immunity

BEN irrevocably and unconditionally waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 14.12.

14.15 Consent acknowledgement

Each Holder, by subscribing for, and purchasing or otherwise acquiring a Capital Notes upon Exchange, consents to becoming a member of BEN and agrees to be bound by the constitution of BEN.

Appendix A – Capital Notes Terms (continued)

15. Interpretation and definitions

15.1 Interpretation

In these Terms, except where the contrary intention appears:

(a) a reference to:

- (i) an agreement or instrument includes any variation, supplement, replacement or novation of that agreement or instrument;
- (ii) a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (iii) any thing is a reference to the whole and each part of it;
- (iv) one gender includes every other gender;
- (v) a document includes all schedules or annexes to it;
- (vi) a clause or paragraph is to a clause or paragraph of these Terms;
- (vii) "Australian dollars", "A$" or "Australian cent" is a reference to the lawful currency of Australia; and
- (viii) a statute, ordinance, code, rule, directive or law (however described) includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(b) the singular includes the plural and vice versa;

(c) the word "person" includes a firm, body corporate, an unincorporated association, or governmental or local authority or agency or other entity;

(d) the word "law" includes common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);

(e) any reference to time is to Sydney time;

(f) headings are inserted for convenience and do not affect the interpretation of these Terms;

(g) another grammatical form of a defined word or expression has a corresponding meaning;

(h) other than in relation to a Capital Trigger Event or a Non-Viability Trigger Event (including an Exchange of the Capital Notes on the occurrence of a Capital Trigger Event or a Non-Viability Trigger Event and a termination of rights under clause 4.6) and other than as otherwise expressly specified in these Terms, if any act or event under these Terms must be done or must occur on a stipulated day that is not a Business Day then that act or event will be done or will occur on the next Business Day;

(i) the meaning of general words is not limited by specific examples introduced by "including", "for example" or similar expressions;

(j) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;

(k) any provisions which refer to APRA requirements or any other prudential regulatory requirements will apply to BEN only if BEN is an entity, or the holding company of an entity, or is a direct or indirect subsidiary of an entity (including a NOHC) subject to regulation and supervision by APRA at the relevant time;

(l) any provisions which require APRA's consent or approval (written or otherwise) will apply only if APRA requires that such consent or approval be given at the relevant time; and

(m) any provisions in these Terms requiring prior APRA approval for a particular course of action to be taken by BEN do not imply that APRA has given its consent or approval to the particular action as of the Issue Date.

Appendix A – Capital Notes Terms (continued)

15.2 Definitions

In these Terms, except where the contrary intention appears:

ADI	means an Authorised Deposit-taking Institution under the Banking Act;
Additional Tier 1 Capital	means the Additional Tier 1 Capital of the BEN Level 1 Group or the BEN Level 2 Group as defined by APRA from time to time;
Alternative Market Rate	has the meaning given in clause 2.2(b)(iii);
Applicable Regulation	means ASX Listing Rules, ASX Settlement Operating Rules, the rules and regulations of CHESS, the Corporations Act and any rules or regulations made under or pursuant to them;
APRA	means the Australian Prudential Regulation Authority (or any authority succeeding to its powers and responsibilities);
ASX	means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires;
ASX Listing Rules	means the listing rules of ASX from time to time with any applicable modification or waiver granted by ASX;
ASX Settlement Operating Rules	means the settlement operating rules of ASX from time to time with any applicable modification or waiver granted by ASX;
Banking Act	means the *Banking Act 1959* (Cth);
BEN	means Bendigo and Adelaide Bank Limited (ABN 11 068 049 178);
BEN Group	means BEN (or any NOHC that is the holding company of BEN) and its Subsidiaries;
BEN Level 1 Common Equity Tier 1 Capital Ratio	means, in respect of the BEN Level 1 Group, the ratio of the Common Equity Tier 1 Capital of the BEN Level 1 Group to the risk weighted assets of the BEN Level 1 Group, calculated in accordance with APRA's prudential standards (as amended from time to time);
BEN Level 1 Group	means: (a) BEN; or (b) the "extended licensed entity" which is comprised of BEN and each Subsidiary of BEN as specified in any approval granted by APRA in accordance with APRA's prudential standards (as amended from time to time);
BEN Level 2 Common Equity Tier 1 Capital Ratio	means, in respect of the BEN Level 2 Group, the ratio of the Common Equity Tier 1 Capital of the BEN Level 2 Group to the risk weighted assets of the BEN Level 2 Group, calculated in accordance with APRA's prudential standards (as amended from time to time);
BEN Level 2 Group	means BEN and each Subsidiary that is recognised by APRA as part of BEN's Level 2 group in accordance with APRA's prudential standards (as amended from time to time);
Board	means either the board of directors of BEN or a committee appointed by the board of directors of BEN;
Bookbuild	means the process conducted before the Offer opens where brokers and investors bid for Capital Notes and, on the basis of those bids, BEN sets the final Margin and announces it on ASX;

Appendix A – Capital Notes Terms (continued)

Business Day	means a day which is (i) a business day within the meaning of ASX Listing Rules, and (ii) for the purposes of determining an Exchange Date (other than a Mandatory Exchange Date) or calculation or payment of a Distribution, a date on which banks are open for general business in Melbourne;
Call Date	means 15 June 2027;
Capital Notes	means the perpetual, subordinated, unsecured notes in the capital of BEN issued or to be issued on the terms set out in these Terms;
Capital Trigger Event	has the meaning given in clause 4.1;
Change of Control Event	has the meaning given in clause 4.7;
CHESS	means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) or any system that replaces it relevant to the Capital Notes (including in respect of the transfer or Exchange of Capital Notes);
Chi-X	means Chi-X Australia Pty Ltd (ABN 47 129 584 667) or the securities market operated by it, as the context requires;
Common Equity Tier 1 Capital	has, in respect of each of the BEN Level 1 Group and the BEN Level 2 Group, the meaning determined for that term or its equivalent by APRA from time to time;
Corporations Act	means the *Corporations Act 2001* (Cth);
Deed Poll	means the deed poll entitled "Capital Notes Deed Poll" executed by BEN and dated on or around the date of the Bookbuild;
Deferred Exchange Date	has the meaning given in clause 6.5;
Delisted	means, in relation to an Exchange Date and Non-Exchange Test Date, that Ordinary Shares are not listed or admitted to trading on a securities exchange on that date;
Distribution	means interest payable on Capital Notes under these Terms;
Distribution Payment Date	means, in respect of each Capital Note, 15 March, 15 June, 15 September and 15 December each year until that Capital Notes has been Exchanged or Redeemed, and also the Exchange Date or Redemption Date. If any of these Distribution Payment Dates is not a Business Day, then the Distribution Payment Date becomes the next day which is a Business Day and the payment will be made in accordance with clause 11.3. The first Distribution Payment Date is 15 March 2021;
Distribution Period	means each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date. However: (a) the first Distribution Period commences on (and includes) the Issue Date; and (b) the final Distribution Period ends on (but excludes) the Exchange Date or Redemption Date, as applicable;
Distribution Rate	means the interest rate (expressed as a percentage per annum) calculated or determined in accordance with clause 2.2;

Appendix A – Capital Notes Terms (continued)

Encumbrance	means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the *Personal Property Securities Act 2009* (Cth)) and any other arrangement of its kind having the same effect as any of the foregoing.
Equal Ranking Securities	means each of: (a) Capital Notes; and (b) any preference shares in the capital of BEN or any other securities which rank or are expressed to rank equally with Capital Notes in a winding up of BEN, present and future, excluding any Junior Ranking Securities;
Exchange	means, the exchange of all, some or a proportion of each Capital Note for Ordinary Shares under these Terms and ***Exchanged*** has a corresponding meaning;
Exchange Date	means the applicable: (a) Mandatory Exchange Date; (b) Optional Exchange Date; (c) date for Exchange specified in accordance with clause 4.1(e)(iii); (d) date for Exchange specified in accordance with clause 4.2(e)(iii); (e) date for Exchange specified in accordance with clause 4.7(b)(iii) or otherwise determined under clause 4.7(d);
Exchange Number	has the meaning given in clause 9.1;
External Administrator	means, in respect of a person: (a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or (b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertakings of that person, or in either case any similar official;
Face Value	means A$100 per Capital Note (***Initial Face Value***) reduced (if applicable) by the amount of Face Value per Capital Note which has previously been Exchanged or the amount of Face Value per Capital Note for which Holders' rights have been irrevocably terminated;
FATCA	means the Foreign Account Tax Compliance Act provisions at Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (or any consolidation, amendment, re-enactment or replacement of those sections and including any current or future regulations or official interpretations issued, agreements entered into or non-US laws enacted in relation to those sections);
First Mandatory Exchange Condition	has the meaning given in clause 3.2(a);
First Optional Exchange Restriction	has the meaning given in clause 6.4(a);

Appendix A – Capital Notes Terms (continued)

Foreign Holder	means a Holder: (a) whose address in the Register is a place outside Australia; (b) who BEN otherwise believes may not be a resident of Australia; or (c) who BEN otherwise believes are subject to the securities laws of another country and BEN is not satisfied that the laws permit the offer, holding or acquisition of Ordinary Shares to the Holder (but BEN will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which BEN, in its absolute discretion, regards as acceptable and not unduly onerous;
Franking Event	has the meaning given in clause 5.2(a);
Full Successor	has the meaning given in clause 13.1(a);
Holder	means a person whose name is entered in the Register as a holder of Capital Notes;
Ineligible Holder	means a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including but not limited to Chapter 6 of the Corporations Act, the *Foreign Acquisitions and Takeovers Act 1975* (Cth), the *Financial Sector (Shareholdings) Act 1998* (Cth) and Part IV of the *Competition and Consumer Act 2010* (Cth)) from being offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its Capital Notes, it shall only be treated as an Ineligible Holder in respect of those Capital Notes and not in respect of the balance of its Capital Notes), and includes a Foreign Holder. BEN will be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Exchange Date;
Insolvent	means insolvent under section 95A of the Corporations Act;
IRS	means the United States Internal Revenue Service;
Issue Date	means the date on which Capital Notes are issued, which is expected to be on or about 30 November 2020;
Issue Date VWAP	means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with clauses 9.4 to 9.7;
Junior Ranking Securities	means all Ordinary Shares, present and future;
Level 1, Level 2 and Level 3	means those terms as defined by APRA from time to time;
Mandatory Exchange Conditions	means the conditions in clause 3.2;
Mandatory Exchange Date	15 June 2029 or such other date as determined under clause 3.1;
Margin	has the meaning given in clause 2.2(b)(iv);
Market Rate	has the meaning given in clause 2.2(b)(i);
Market Rate Disruption Event	has the meaning given in clause 2.2(b)(ii);

Appendix A – Capital Notes Terms (continued)

Maximum Exchange Number	has the meaning given in clause 9.1;
Meeting Provisions	means the provisions for meetings of Holders set out in schedule 2 of the Deed Poll;
NOHC	means a "non-operating holding company" within the meaning of the Banking Act;
NOHC Event	occurs when the Board initiates a restructure of the BEN Group and a NOHC becomes the ultimate holding company of BEN;
Nominated Purchaser	means, subject to clause 8.2, one or more third parties selected by BEN in its absolute discretion, provided that such party cannot be BEN or any Related Body Corporate of BEN.
Nominee	means one or more third parties appointed by BEN in its absolute discretion (which cannot be BEN, a member of the BEN Group or a Related Body Corporate of BEN) under a facility established for the sale of Ordinary Shares issued by BEN on Exchange on behalf of Holders in the circumstances set out in clause 9.10;
Non-Exchange Test Date	has the meaning given in clause 6.4(a);
Non-Viability Trigger Event	has the meaning given in clause 4.2;
Offer	means the invitation by BEN in the Prospectus to subscribe for Capital Notes;
Optional Exchange Date	has the meaning given in clause 6.3;
Optional Exchange Notice	has the meaning given in clause 6.1(a);
Optional Exchange Restrictions	has the meaning given in clause 6.4(b);
Ordinary Share	means a fully paid ordinary share in the capital of BEN;
Partial Successor	has the meaning given in clause 13.1(b);
proposed Exchange Date	has the meaning given in clause 4.7(b)(iii);
Prospectus	means the prospectus relating to the offer of Capital Notes dated on or about 28 October 2020 as supplemented or replaced;
Purchaser	means one or more third parties selected by BEN in its absolute discretion (which cannot be BEN, a member of the BEN Group or a Related Body Corporate of BEN);
Reclassification	has the meaning given in clause 9.3;
Record Date	means, for payment of Distributions: (a) the date that is eight calendar days prior to the relevant Distribution Payment Date; or (b) such other date determined by BEN in its absolute discretion and communicated to ASX, or in either case such other date as may be required by, or agreed with, ASX;

Appendix A – Capital Notes Terms (continued)

Redemption	means the redemption of all or some Capital Notes for their Face Value under these Terms and ***Redeem*** and ***Redeemed*** have corresponding meanings;
Redemption Date	means, in respect of each Capital Note, the date specified by BEN as the Redemption Date in accordance with clause 5;
Register	means the register of Holders established and maintained under clause 5 of the Deed Poll and, where appropriate, the term Register includes: (a) a sub-register maintained by or for BEN in CHESS; and (b) any branch register;
Registry	means Boardroom Pty Limited (ABN 14 003 209 836) or any other person appointed by BEN to maintain the Register;
Regulatory Event	has the meaning given in clause 5.4(a);
Related Body Corporate	means a related body corporate as defined in the Corporations Act, or an entity over which BEN, or a future parent entity of BEN, exercises control or significant influence;
Relevant Security	means a security forming part of the Tier 1 Capital of BEN on a Level 1 basis or Level 2 basis;
Relevant Tier 1 Capital Instruments	means Tier 1 Capital instruments of BEN (on a Level 1 or Level 2 basis) (including the Capital Notes) that, in accordance with their terms or by operation of law, are capable of being converted into Ordinary Shares upon a Capital Trigger Event or a Non-Viability Trigger Event.
Resale	means the sale of Capital Notes by Holders to the Purchaser in accordance with clause 6 and ***Resell*** and ***Resold*** have corresponding meanings;
Resale Date	has the meaning given in clause 7.3(a);
Resale Notice	has the meaning given in clause 7.1;
Resale Price	means, for a Capital Note, a cash amount equal to its Face Value.
Second Mandatory Exchange Condition	has the meaning given in clause 3.2(b);
Second Optional Exchange Restriction	has the meaning given in clause 6.4(b);
Senior Ranking Obligations	means all deposits and other liabilities, securities (including Tier 2 Capital securities) and other obligations of BEN, present and future, other than Equal Ranking Securities or Junior Ranking Securities;
Special Resolution	means: (a) a resolution passed at a meeting of Holders duly called and held under the Meeting Provisions: (i) by at least 75% of Holders voting on a show of hands (unless paragraph (b) below applies); or (ii) if a poll is duly demanded, by at least 75% of the votes cast; or (b) a resolution passed by postal ballot or written resolution by Holders of at least 75% of the aggregate Face Value of Capital Notes then outstanding;
Subsidiary	has the meaning given in the Corporations Act;

Appendix A – Capital Notes Terms (continued)

Tax	means: (a) any tax, including GST, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding; or (b) any income, stamp or transaction duty, tax or charge, which is assessed, levied, imposed or collected by any governmental agency and includes, but is not limited to, any interest, fine, penalty, charge, fee or other amount imposed on or in respect of any of the above.
Tax Act	means the *Income Tax Assessment Act 1936* (Cth) and, where applicable, the *Income Tax Assessment Act 1997* (Cth) (both as amended from time to time);
Tax Event	has the meaning given in clause 5.3(a);
Tax Rate	has the meaning given in clause 2.2(b)(v);
Terms	means these terms and conditions of Capital Notes, as set out in schedule 1 of the Deed Poll;
Third Mandatory Exchange Condition	has the meaning given in clause 3.2(c);
Tier 1 Capital	means the Tier 1 Capital of BEN on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time;
Tier 2 Capital	means the Tier 2 Capital of BEN on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time;
VWAP	means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX and Chi-X during the relevant VWAP Period, subject to any adjustments made under clauses 9.2 and 9.3, but the trades taken into account in determining such daily volume weighted average prices will exclude special crossings, crossings prior to the commencement of normal trading or during the closing phase or after hours adjustment phase, overnight crossings, overseas trades, trades pursuant to the exercise of options over Ordinary Shares, or any other trade determined by the Board in its discretion not to be reflective of normal trading in Ordinary Shares; and
VWAP Period	means: (a) in the case of an Exchange resulting from a Capital Trigger Event, or a Non-Viability Trigger Event, the period of five Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Exchange Date; (b) in the case of any other Exchange, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Exchange Date; or (c) otherwise, the period for which the VWAP is to be calculated in accordance with these Terms.

Appendix B Glossary

B

Appendix B – Glossary

Where indicated, certain terms in this Glossary are defined by reference to the Terms provided in Appendix A.

ABN	Australian Business Number
Additional Tier 1 Capital	means the Additional Tier 1 Capital of the BEN Level 1 Group or the BEN Level 2 Group as defined by APRA from time to time
ADI	Authorised Deposit-taking Institution, as defined in the Banking Act
AFSL	Australian Financial Services Licence
Allens	Allens – Legal and Tax counsel to the Issuer
Allocation	means the number of Capital Notes allocated under this Prospectus to: · CPS2 Holder Applicants and Securityholder Applicants at the end of the Offer Period; and · Syndicate Brokers and Institutional Investors under the Bookbuild
Allotment	means the allotment of Capital Notes to successful Applicants
Alternative Market Rate	has the meaning given in clause 2.2(b)(iii) of the Capital Notes Terms
Applicant	means a person who submits an Application in accordance with this Prospectus
Application	means a valid application for a specified number of Capital Notes made through a completed Application Form in accordance with this Prospectus and the Application Form
Application Form	means an electronic form attached to, or accompanying, this Prospectus upon which an Application for Capital Notes may be made
Application Payment	means the monies payable on each Application, calculated as the number of Capital Notes applied for multiplied by the Issue Price
APRA	means the Australian Prudential Regulation Authority or any successor body responsible for prudential regulation of BEN, the BEN Group or any NOHC
APRA Condition	means (as described in clause 3.3 of the CPS2 Terms), with respect to a dividend payment on the CPS2 on a dividend payment date: · the payment of the CPS2 Dividend would result in a breach of BEN's Prudential Capital Requirements (on a Level 1 basis) or the BEN Group's Prudential Capital Requirements (on a Level 2 basis) under the then current Prudential Standards as they apply to BEN and/or the BEN Group at the time of payment; · paying the CPS2 Dividend would result in BEN becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or · APRA objecting to the dividend payment on the CPS2 on the relevant dividend payment date
ASIC	Australian Securities and Investments Commission
Arranger	Westpac Institutional Bank
Asset and Liability Management Committee	means BEN's Asset and Liability Management Committee which is responsible for effectively managing the BEN Group's balance sheet to maximise earnings potential within a Board approved risk framework. In doing this the committee considers the capital, interest rate, liquidity and funding risks inherent in the prevailing balance sheet structure

Appendix B – Glossary (continued)

ASX	means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires
ASX Listing Rules or Listing Rules	means the listing rules of ASX from time to time with any applicable modification or waiver granted by ASX
Australian Tax Letter	means the summary of the Australian tax consequences for persons who may become Holders based on Australian income tax law as at the date of the Prospectus contained in Section 7
Banking Act	*Banking Act 1959* (Cth)
Basel III	means the Prudential Standards and reporting standards which became effective on 1 January 2013 and which give effect to the capital reforms of the Basel Committee applicable to ADIs
Basel Committee	means the Basel Committee on Banking Supervision
BEN, Bendigo and Adelaide Bank or the Bank	means Bendigo and Adelaide Bank Limited (ABN 11 068 049 178)
BEN Group	means BEN (or any NOHC that is the holding company of BEN) and each entity it controls (in accordance with the definition of 'control' under the Corporations Act)
BEN Level 1 Common Equity Tier 1 Capital Ratio	means, in respect of the BEN Level 1 Group, the ratio of the Common Equity Tier 1 Capital of the BEN Level 1 Group to the risk weighted assets of the BEN Level 1 Group, calculated in accordance with APRA's prudential standards (as amended from time to time)
BEN Level 1 Group	means BEN or the "extended licensed entity" which is comprised of BEN and each Subsidiary of BEN as specified in any approval granted by APRA in accordance with APRA's prudential standards (as amended from time to time)
BEN Level 2 Common Equity Tier 1 Capital Ratio	means, in respect of the BEN Level 2 Group, the ratio of the Common Equity Tier 1 Capital of the BEN Level 2 Group to the risk weighted assets of the BEN Level 2 Group, calculated in accordance with APRA's prudential standards (as amended from time to time)
BEN Level 2 Group	means BEN and each Subsidiary that is recognised by APRA as part of BEN's Level 2 group in accordance with APRA's prudential standards (as amended from time to time)
Board, Directors or Board of Directors	means some or all of the directors of BEN, acting as a board
Board Credit Committee	means a committee of the BEN Board. Its purpose is to provide the Board with objective oversight of the credit risk profile and credit risk management framework taking into account the risk appetite of BEN
Board Risk Committee	means a committee of the BEN Board. Its purpose is to provide the Board with objective oversight of the BEN Group's risk profile and risk management framework taking into account the BEN Group's risk appetite. The Board Risk Committee does not have responsibility in relation to credit, remuneration, taxation, technology and information security and financial reporting risks which are overseen by other Board committees
Bookbuild	means the process conducted before the Offer opens where brokers and investors bid for Capital Notes and, on the basis of those bids, BEN sets the final Margin and announces it on the ASX

Appendix B – Glossary (continued)

Broker Firm Applicant	means an Australian resident retail client of a Syndicate Broker who applies for a broker firm Allocation from a Syndicate Broker under the Broker Firm Offer (and includes, for the avoidance of doubt, Eligible CPS2 Holders who apply under the Broker Firm Offer)
Broker Firm Offer	means the invitation made to clients of Syndicate Brokers to apply for an allocation of Capital Notes from Syndicate Brokers under this Prospectus
Business Day	a business day which is: · a business day within the meaning of the ASX Listing Rules; and · for the purposes of determining an Exchange Date (other than a Mandatory Exchange Date), or calculation or payment of a Distribution, a date on which banks are open for general business in Melbourne
Call Date	means 15 June 2027
Capital Notes	perpetual, subordinated, unsecured notes of BEN to be issued under the Capital Notes Terms
Capital Notes Deed Poll	means the deed poll entitled "Capital Notes Deed Poll" executed by BEN and dated on or around the date of the Bookbuild
Capital Notes Terms or Terms	means the full terms of issue of Capital Notes, as set out in Appendix A
Capital Trigger Event	occurs when BEN determines, or APRA notifies BEN in writing that it believes, that either or both the BEN Level 1 Common Equity Tier 1 Capital Ratio or the BEN Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125% See clause 4.1 of the Capital Notes Terms
CGT	capital gains tax
Chair	being the chair of the Board
Change of Control Event	has the meaning given in clause 4.7(a) of the Capital Notes Terms
Change of Control Exchange Date	means the date on which Exchange as a result of a Change of Control Event is to occur, as discussed in Section 2.7 (or in further detail in clause 4.7 of the Capital Notes Terms)
Change of Control Exchange Notice	means the notice given by BEN following the occurrence of a Change of Control Event under clause 4.7(b)(ii) of the Capital Notes Terms
CHESS	means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) or any system that replaces it relevant to the Capital Notes (including in respect of the transfer or Exchange of Capital Notes)
Closing Date	means the last day on which Applications will be accepted, which is expected to be 5:00pm on Tuesday, 24 November 2020 for the Reinvestment Offer, Broker Firm Offer (including applications in respect of Reinvested CPS2) and Securityholder Offer
Co-Managers	Bell Potter Securities Limited, Crestone Wealth Management Limited, JBWere Limited and Shaw and Partners Limited
Common Equity Tier 1 Capital	has, in respect of each of the BEN Level 1 Group and the BEN Level 2 Group, the meaning determined for that term or its equivalent by APRA from time to time

Appendix B – Glossary (continued)

Common Equity Tier 1 Capital Ratio	means the ratio of Common Equity Tier 1 Capital to risk weighted assets of the BEN Level 1 Group or the BEN Level 2 Group (as applicable) as prescribed by APRA from time to time
Community Bank	**Community Bank** branches engage and involve communities in securing access to branch banking services. Essentially, a local publicly owned company invests in the right to operate a BEN branch. BEN supplies all banking and back office services while the community company operates the retail outlet. Revenue is shared, enabling communities to profit from their own banking and channel those profits back into community enterprise and development
Consenting Party	each of the consenting parties named in Section 8.7
Constitution	the constitution of BEN, as amended from time to time
Corporations Act	*Corporations Act 2001* (Cth)
CPS2	BEN Convertible Preference Shares 2, being the existing convertible preference shares issued under Rule 3 of the Constitution which are quoted on ASX under the code BENPE
CPS2 Dividend	means a dividend on CPS2
CPS2 Holders	means a person whose name is registered in the CPS2 register as the holder of a CPS2
CPS2 Holder Applicant	means an Eligible CPS2 Holder who applies under the Reinvestment Offer
CPS2 Nominated Purchaser	means UBS AG, Australia Branch
CPS2 Optional Exchange Date	the optional exchange date for CPS2, being 30 November 2020
CPS2 Resale	means the purchase of CPS2 by the CPS2 Nominated Purchaser on 30 November 2020 pursuant to the exchange notice issued by BEN in accordance with the CPS2 Terms on 28 October 2020
CPS2 Resale Proceeds	means $100 per CPS2 acquired by the CPS2 Nominated Purchaser pursuant to the CPS2 Resale
CPS2 Terms	means the full terms of issue of the CPS2, as amended from time to time
CPS3	BEN Convertible Preference Shares 3, being the existing convertible preference shares issued under Rule 3 of the Constitution which are quoted on ASX under the code BENPF
CPS4	BEN Converting Preference Shares 4, being the existing convertible preference shares issued under Rule 3 of the Constitution which are quoted on ASX under the code "BENPG"
CRN	Customer Reference Number
CRS	means the Common Reporting Standard for the Automatic Exchange of Financial Account Information in Tax Matters approved by the Organisation for Economic Co-operation and Development
Delisted	means, in relation to an Exchange Date and Non-Exchange Test Date, that Ordinary Shares are not listed or admitted to trading on a securities exchange on that date
Directors	means some or all of the directors of BEN

Appendix B – Glossary (continued)

Distribution	means the interest payable on Capital Notes under the Capital Notes Terms
Distribution Payment Date	means, in respect of each Capital Note, 15 March, 15 June, 15 September and 15 December each year until that Capital Note has been Exchanged or Redeemed, and also the Exchange Date or Redemption Date. If any of these Distribution Payment Dates is not a Business Day, then the Distribution Payment Date becomes the next day which is a Business Day and the payment will be made in accordance with clause 11.3 of the Capital Notes Terms. The first Distribution Payment Date is 15 March 2021 For full definition – see clause 15.2 of the Capital Notes Terms
Distribution Payment Conditions	means the tests which need to be satisfied before BEN will pay a Distribution on any Distribution Payment Date, being: · the Directors, at their absolute discretion, resolving to pay the Distribution to the Holders; · the payment of the Distribution not resulting in a breach of BEN's capital requirements under APRA's prudential standards as they are applied to the BEN Level 1 Group or the BEN Level 2 Group or both at the time of the payment, or of the Corporations Act; · paying the Distribution not resulting in BEN becoming, or being likely to become, insolvent for the purposes of the Corporations Act; and · APRA not otherwise objecting to the Distribution being paid on the Distribution Payment Date For further details, see clause 2.5 of the Capital Notes Terms
Distribution Period	means each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date. However: · the first Distribution Period commences on (and includes) the Issue Date; and · the final Distribution Period ends on (but excludes) the Exchange Date or Redemption Date, as applicable
Distribution Rate	means the distribution rate on Capital Notes calculated using the formula described in Section 2.3.2 For the full definition – see clause 2.2 of the Capital Notes Terms
Eligible Securityholder	means a holder of an Ordinary Share, CPS3, CPS4 or Floating Rate Capital Note on the relevant register at 7:00pm on Thursday, 22 October 2020 with a registered address in Australia
Eligible CPS2 Holder	means a registered holder of a CPS2 on the CPS2 register at 5:00pm on Thursday, 22 October 2020 shown on the CPS2 register as having an address in Australia and not in the United States or acting as a nominee for a person in the United States or any such other CPS2 Holder as BEN may determine in its discretion
Equal Ranking Securities	means each of: · Capital Notes; and · any preference shares in the capital of BEN or any other securities which rank or are expressed to rank equally with Capital Notes in a winding up of BEN, present and future, excluding any Junior Ranking Securities
Ernst & Young	Ernst & Young
Exchange	means, the exchange of all, some or a proportion of each Capital Note for Ordinary Shares under the Capital Notes Terms and **Exchanged** has a corresponding meaning

Appendix B – Glossary (continued)

Exchange Date	means the date on which the Exchange is to occur For the full definition – see the definition of "Exchange Date" in clause 15.2 of the Capital Notes Terms
Exchange Number	has the meaning given in clause 9.1 of the Capital Notes Terms
Expiry Date	means the date which is 13 months after the date of the Original Prospectus
Exposure Period	means the seven day period after the date the Original Prospectus is lodged with ASIC during which the Corporations Act prohibits the processing of Applications
External Administrator	means, in respect of a person: · a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or · a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertakings of that person, or in either case any similar official
Face Value	means A$100 per Capital Note (**Initial Face Value**) reduced (if applicable) by the amount of Face Value per Capital Note which has previously been Exchanged or the amount of Face Value per Capital Note for which Holders' rights have been irrevocably terminated
FATCA	means the Foreign Account Tax Compliance Act provisions, sections 1471 through 1474 of the United States Internal Revenue Code 1986 (including any regulations or official interpretations issued, agreements or intergovernmental agreements entered into or non-US laws enacted with respect to those provisions)
FATCA Intergovernmental Agreement	means the Agreement between the Government of Australia and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA
Financial Claims Scheme	means the scheme established under Division 2AA of Part II of the Banking Act
First Mandatory Exchange Condition	the VWAP on the 25th Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) is greater than 55% of the Issue Date VWAP See Section 2.5.5 of the Prospectus or clause 3.2 of the Capital Notes Terms
First Optional Exchange Restriction	on the second Business Day before the date on which an Optional Exchange Notice is to be sent by BEN (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred), the VWAP on that date is less than or equal to 22% of the Issue Date VWAP See Section 2.4.6 of the Prospectus or clause 6.4 of the Capital Notes Terms
Floating Rate Capital Notes	means BEN Floating Rate Capital Notes issued under a prospectus dated 13 July 1998, which are quoted on ASX under the code BENHB

Appendix B – Glossary (continued)

Foreign Holder	means a Holder: · whose address in the Register is a place outside Australia; · who BEN otherwise believes may not be a resident of Australia; or · who BEN otherwise believes are subject to the securities laws of another country and BEN is not satisfied that the laws permit the offer, holding or acquisition of Ordinary Shares to the Holder (but BEN will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which BEN, in its absolute discretion, regards as acceptable and not unduly onerous
Franking Event	occurs if, there is a material risk that as a result of any change in, or amendment to, the laws of Australia, or their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced) that was not expected by BEN as at the Issue Date and has or is expected to become effective on or after the Issue Date, any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Act; For further details, see clause 5.2(a) of the Capital Notes Terms
Full Successor	has the meaning given in clause 13.1(a) of the Capital Notes Terms
GST	goods and services tax
Holding Statement	means a statement issued to Holders by the Registry which sets out details of Capital Notes allotted to them under the Offer
Holder	means a person registered in the Register as a holder of Capital Notes
Homesafe	means Homesafe Solutions, which is a joint venture of BEN which manages the Homesafe Debt Free Equity Release product. Homesafe Solutions assists senior homeowners to access the equity in their homes without going into debt
Ineligible Holder	means a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including but not limited to Chapter 6 of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 (Cth), the Financial Sector (Shareholdings) Act 1998 (Cth) and Part IV of the Competition and Consumer Act 2010 (Cth)) from being offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its Capital Notes, it shall only be treated as an Ineligible Holder in respect of those Capital Notes and not in respect of the balance of its Capital Notes), and includes a Foreign Holder. BEN will be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Exchange Date
Institutional Investor	means a sophisticated or professional investor (whether an Australian resident or not) to whom Capital Notes are able to be offered under applicable laws without the need for any prospectus, product disclosure statement, registration or other formality (other than a registration or formality which BEN is willing to comply with) including, in Australia, persons to whom offers of securities can be made without the need for a lodged prospectus, who were invited by the Joint Lead Managers to bid for Capital Notes in the Bookbuild and who were not Securityholder Applicants or Broker Firm Applicants, and provided that such investor was not in the United States
Institutional Offer	means the invitation by the Joint Lead Managers to certain Institutional Investors to bid for Capital Notes in the Bookbuild

Appendix B – Glossary (continued)

Issue Date	means the date Capital Notes are issued, expected to be 30 November 2020
Issue Date VWAP	means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with clauses 9.4 to 9.7 of the Capital Notes Terms
Issue Price	the issue price for Capital Notes, being $100 per Capital Note
Issuer	Bendigo and Adelaide Bank Limited (ABN 11 068 049 178)
Joint Lead Managers	National Australia Bank Limited, Ord Minnett Limited, UBS and Westpac Institutional Bank
Junior Ranking Securities	means all Ordinary Shares, present and future
Level 1 and Level 2	has the meaning prescribed by APRA from time to time
Leveraged	Leveraged Equities Limited, a wholly owned Subsidiary of BEN
Management Credit Committee	means the Management Credit Committee of BEN
Mandatory Exchange	means the mandatory Exchange of Capital Notes to Ordinary Shares on the Mandatory Exchange Date See clause 3 of the Capital Notes Terms
Mandatory Exchange Conditions	the First Mandatory Exchange Condition, the Second Mandatory Exchange Condition and the Third Mandatory Exchange Condition
Mandatory Exchange Date	means the first of the following dates: · 15 June 2029 (**Scheduled Mandatory Exchange Date**); and · the first Distribution Payment Date after the Scheduled Mandatory Exchange Date, on which the Mandatory Exchange Conditions are satisfied See clause 3.1 of the Capital Notes Terms
Margin	means the margin payable on Capital Notes (expressed as a percentage per annum) determined under the Bookbuild
Market Rate	means the floating rate component of the Distribution Rate determined using the methodology described in clause 2.2 of the Capital Notes Terms
Market Rate Disruption Event	occurs when, in BEN's opinion, the Market Rate: · is not published by 10:30am or such other time that BEN considers appropriate on that day; · is published but is affected by an obvious error; · has been discontinued or otherwise ceased to be calculated or administered; or · is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of Capital Notes For further details, see clause 2.2 of the Capital Notes Terms

Appendix B – Glossary (continued)

Maximum Exchange Number	means the number of Ordinary Shares calculated using the formula described in clause 9.1 of the Capital Notes Terms
NOHC	means a 'non-operating holding company' within the meaning of the Banking Act
NOHC Event	occurs when the Board initiates a restructure of the BEN Group and a NOHC becomes the ultimate holding company of BEN For further details, see clause 13 of the Capital Notes Terms
Nominated Purchaser	means, subject to certain conditions, one or more third parties selected by BEN in its absolute discretion, provided that such party cannot be BEN or any Related Body Corporate of BEN
Nominee	means one or more third parties appointed by BEN in its absolute discretion (which cannot be BEN, a member of the BEN Group or a Related Body Corporate of BEN) under a facility established for the sale of Ordinary Shares issued by BEN on Exchange on behalf of Holders in the circumstances set out in clause 9.10 of the Capital Notes Terms
Non-Exchange Test Date	means the second Business Day before the date on which an Optional Exchange Notice is to be sent by BEN (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred)
Non-Viability Trigger Event	occurs when APRA notifies BEN in writing that it believes: · Exchange of all or some Capital Notes, or exchange, conversion or write down of capital instruments of the BEN Group, is necessary because, without it, BEN would become non-viable; or · a public sector injection of capital, or equivalent support into BEN is necessary because, without it, BEN would become non-viable For further details, see clause 4.2(a) of the Capital Notes Terms
Offer	means the offer by BEN of Capital Notes under this Prospectus to raise $350 million with the ability to raise more or less and consists of the Reinvestment Offer, Securityholder Offer, Broker Firm Offer and Institutional Offer
Offer Management Agreement or OMA	means the offer management agreement entered into between BEN and the Joint Lead Managers as summarised in Section 8.6
Offer Period	means the period from the Opening Date to the Closing Date
Opening Date	means the day the Offer opens, which is Thursday, 5 November 2020
Optional Exchange	refers to the Exchange of Capital Notes at the option of BEN For the full description – see clause 6 of the Capital Notes Terms

Appendix B – Glossary (continued)

Optional Exchange Date	means the date on which Exchange is to occur, which: · in the case of an Exchange following the occurrence of a Franking Event, Tax Event or Regulatory Event, is the next Distribution Payment Date that is at least ten Business Days after the date of the Exchange Notice, unless BEN determines an earlier date having regard to the best interests of Holders as a whole and the relevant event; or · in the case of an Optional Exchange at the election by BEN, is the Call Date For full description – see clause 6.3 of the Capital Notes Terms
Optional Exchange Notice	means a notice issued by BEN to a Holder electing to Exchange: · all or some Capital Notes on the Optional Exchange Date following the occurrence of a Franking Event, Tax Event or a Regulatory Event; · all or some Capital Notes on the Call Date
Optional Exchange Restrictions	the First Optional Exchange Restriction and the Second Optional Exchange Restriction
Ordinary Share	means a fully paid ordinary share in the capital of BEN
Ordinary Shareholder	means a holder of an Ordinary Share
Original Prospectus	means this prospectus dated 28 October 2020 and lodged with ASIC on that date
Partial Successor	has the meaning given in clause 13.1(b) of the Capital Notes Terms
Participating Broker	means any participating organisation of ASX selected by the Joint Lead Managers to participate in the Bookbuild
Privacy Act	*Privacy Act 1988* (Cth)
Prospectus	this document (including the electronic form of this Prospectus), and any supplementary or replacement prospectus in relation to this document
Prudential Standards	means the prudential standards and guidelines published by APRA and applicable to BEN or the BEN Group from time to time, which define and document APRA's framework for assessing, among other things, the capital adequacy of an ADI
RBA	Reserve Bank of Australia
Redemption	means, the redemption of all or some Capital Notes for their Face Value under the Capital Notes Terms Redeemed and Redemption have corresponding meanings For a full description of the Redemption mechanics – see clause 5 of the Capital Notes Terms
Redemption Date	means, in respect of each Capital Note, the date specified by BEN as the Redemption Date in accordance with clause 5 of the Capital Notes Terms
Register	means the official register of Ordinary Shares and / or Capital Notes (if issued) as the context requires, each being maintained by the Registry on BEN's behalf and including any subregister established and maintained in CHESS

Appendix B – Glossary (continued)

Registry	Boardroom Pty Limited (ABN 14 003 209 836) or any other registry that BEN appoints to maintain the Register
Regulatory Event	occurs if, at any time after the Issue Date, BEN determines that as a result of a change in, or amendment to, the laws of Australia or APRA's prudential standards or guidelines, or in their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced): · all, some or a proportion of all or some Capital Notes are not or will not be treated as Additional Tier 1 Capital of the BEN Group under APRA's prudential standards (as amended from time to time), other than as a result of a change of treatment expected by BEN as at the Issue Date; · additional requirements would be imposed on BEN or the BEN Group which BEN determines in its absolute discretion might have a material adverse effect on BEN; or · to have the Capital Notes outstanding would be unlawful or impractical or that BEN or the BEN Group would be exposed to a more than de minimis increase in its costs in connection with those Capital Notes For further details, see clause 5.4 of the Capital Notes Terms
Reinvested CPS2	means those CPS2 that an Eligible CPS2 Holder elects to be reinvested in Capital Notes, under the terms of the Reinvestment Offer
Reinvestment Offer	means the invitation to Eligible CPS2 Holders to reinvest their CPS2 Resale Proceeds relating to all or some of their CPS2 into Capital Notes or to apply for additional Capital Notes under this Prospectus
Relevant Distribution Payment Date	means the Distribution Payment Date on which a Distribution has not been paid in full
Relevant Security	means a security forming part of the Tier 1 Capital of BEN on a Level 1 basis or Level 2 basis
Resale	means the sale of Capital Notes by Holders to the Purchaser in accordance with clause 7 of the Capital Notes Terms Resell and Resold have corresponding meanings For a full description of the Resale mechanics – see clauses 7 and 8 of the Capital Notes Terms
Resale Date	means the date on which Resale is to occur, which: · in the case of a Resale following the occurrence of a Franking Event, a Tax Event or a Regulatory Event, will be a day no earlier than ten Business Days and nor more than 60 Business Days after the date on which the notice in respect of the Resale is given by BEN; or · in the case of a Resale at the election of BEN, is the Call Date For full description – see clause 7.3 of the Capital Notes Terms
Resale Price	means $100 per Capital Note or such other amount determined in accordance with the Capital Notes Terms, being the Face Value of each Capital Note
Restricted Actions	has the meaning given in clause 2.7(a) of the Capital Notes Terms
Sandhurst Trustees	means Sandhurst Trustees Limited, a wholly owned Subsidiary of BEN

Appendix B – Glossary (continued)

Scheduled Mandatory Exchange Date	15 June 2029
Second Mandatory Exchange Condition	the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date is greater than 50.51% of the Issue Date VWAP See Section 2.5.5 of the Prospectus or clause 3.2 of the Capital Notes Terms
Second Optional Exchange Restriction	Ordinary Shares have been Delisted as at the Non-Exchange Test Date See Section 2.4.6 of the Prospectus or clause 6.4 of the Capital Notes Terms
Securityholder Applicant	means an Eligible Securityholder who is an Australian resident and who applies under the Securityholder Offer
Securityholder Offer	means the invitation to Eligible Securityholders to apply for Capital Notes under this Prospectus
Senior Ranking Obligations	means all deposits and other liabilities, securities (including Tier 2 Capital securities) and other obligations of BEN, present and future, other than Equal Ranking Securities or Junior Ranking Securities
Settlement Date	means the settlement date for the Offer, being 27 November 2020, which is the Business Day prior to the Issue Date
Shareholder	means a holder of Ordinary Shares from time to time
Special Resolution	means a resolution passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution
Syndicate Broker	means any of the Joint Lead Managers, Co-Managers or Participating Brokers
Tax Act	means: • the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) as the case may be and a reference to any Section of the *Income Tax Assessment Act 1936* (Cth) includes a reference to that Section as rewritten in the *Income Tax Assessment Act 1997* (Cth); and • any other Act setting the rate of income tax payable and any regulation promulgated under it
Tax Event	occurs if BEN receives an opinion from a reputable legal counsel or other tax adviser in Australia experienced in such matters, to the effect that there is a material risk that as a result of a change in, or amendment to, the laws of Australia, or their application or official or judicial interpretation or administration (including any announcement of a prospective change that has been or will be introduced), where such change or amendment was not expected by BEN at the Issue Date, BEN would be required to pay an increased amount under clause 11.6 of the Capital Notes Terms, or would be exposed to a more than de minimis adverse tax consequence in relation to the Capital Notes For further details, see clause 5.3 of the Capital Notes Terms
Tax Rate	means the Australian corporate tax rate applicable to the franking account of BEN as at the relevant Distribution Payment Date As at the date of this Prospectus, the relevant rate is 30%

Appendix B – Glossary (continued)

TFN	Tax File Number
Third Mandatory Exchange Condition	Ordinary Shares have not been Delisted as at the Mandatory Exchange Date See Section 2.5.5 of the Prospectus or clause 3.2 of the Capital Notes Terms
Tier 1 Capital	means tier 1 capital of ADIs (including BEN) as prescribed by APRA from time to time
Tier 2 Capital	means tier 2 capital of ADIs (including BEN) as prescribed by APRA from time to time
UBS AG, Australia Branch or UBS	UBS AG, Australia Branch (ABN 47 088 129 613)
US Person	has the meaning given in Regulation S of the US Securities Act
US Securities Act	United States Securities Act of 1933, as amended
VWAP	means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX and Chi-X during the relevant VWAP Period, subject to any adjustments made under clauses 9.2 and 9.3 of the Capital Notes Terms, but the trades taken into account in determining such daily volume weighted average prices will exclude special crossings, crossings prior to the commencement of normal trading or during the closing phase or after hours adjustment phase, overnight crossings, overseas trades or trades pursuant to the exercise of options over Ordinary Shares, or any other trade determined by the Board in its discretion not to be reflective of normal trading in Ordinary Shares
VWAP Period	means: · in the case of an Exchange resulting from Capital Trigger Event, or a Non-Viability Trigger Event, the period of five Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Exchange Date; · in the case of any other Exchange, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Exchange Date; or · otherwise, the period for which the VWAP is to be calculated in accordance with the Capital Notes Terms
Westpac Institutional Bank	a division of Westpac Banking Corporation (ABN 33 007 457 141)
Written Off or Write-Off	has the meaning described in Section 2.6.7

Corporate Directory

Issuer

Bendigo and Adelaide Bank Limited
The Bendigo Centre
Bendigo VIC 3550

Legal and Tax Adviser

Allens
101 Collins Street
Melbourne VIC 3000

Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Auditor

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000

Arranger and Joint Lead Manager

Westpac Institutional Bank, a division of Westpac Banking Corporation
Level 2, Westpac Place, 275 Kent Street
Sydney NSW 2000

Joint Lead Managers

National Australia Bank Limited
Level 25, 255 George Street
Sydney NSW 2000

Ord Minnett Limited
Level 8, NAB House, 255 George Street
Sydney NSW 2000

UBS AG, Australia Branch
Level 16, Chifley Tower, 2 Chifley Square
Sydney NSW 2000

Co-Managers

Bell Potter Securities Limited
Level 29, 101 Collins Street
Melbourne VIC 3000

Crestone Wealth Management Limited
Level 32, Chifley Tower, 2 Chifley Square
Sydney NSW 2000

JBWere Limited
Level 16, 101 Collins Street
Melbourne VIC 3000

Shaw and Partners Limited
Level 7, Chifley Tower, 2 Chifley Square
Sydney NSW 2000 Australia

How to contact us

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