

ASX Announcement



Notice to eligible holders of Bendigo and Adelaide Bank Convertible Preference Shares 2 ("CPS2") ASX Code: BENPE

5 November 2020

Bendigo and Adelaide Bank Limited (**ASX: BEN**) refers to the reinvestment offer ("**Reinvestment Offer**") described in the replacement prospectus ("**Prospectus**") lodged with the Australian Securities and Investments Commission today.

Bendigo and Adelaide Bank advises that the following letter will be sent today to those CPS2 holders who are eligible to participate in the Reinvestment Offer as at 7:00pm (AEDT) on Thursday, 22 October 2020, being the record date for determining the eligibility of CPS2 holders to participate in the Reinvestment Offer.

The options available to eligible CPS2 holders, including the option to apply under the Reinvestment Offer, are set out in the following letter and in section 3.3 of the Prospectus.

For further information on the Reinvestment Offer, please refer to the Prospectus.

Approved for release by: Carmen Lunderstedt (Company Secretary)

Media enquiries

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

Investor enquiries

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

About Bendigo and Adelaide Bank Limited

Bendigo and Adelaide Bank is Australia's fifth largest retail bank, with more than 7,400 staff helping our 1.9 million customers to achieve their financial goals. Bendigo and Adelaide Bank's vision is to be Australia's bank of choice, by feeding into the prosperity of customers and their communities.

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

The Bendigo Centre
PO Box 480
Bendigo Victoria 3552

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

T 000001 000 BEN
MR SAM SAMPLE FLAT 123
123 SAMPLE STREET THE
SAMPLE HILL SAMPLE ESTATE
SAMPLEVILLE VIC 3030

**BENDIGO AND ADELAIDE BANK LIMITED ("BEN")
CONVERTIBLE PREFERENCE SHARES 2 - ASX CODE:
BENPE**

5 November 2020

Dear CPS2 holder

Resale of BEN Convertible Preference Shares 2 and Offer of BEN Capital Notes

On behalf of the Board of Directors, I am delighted to offer you the opportunity to reinvest your existing holding of BEN Convertible Preference Shares 2 (ASX ticker code: BENPE) ("**CPS2**") into new BEN Capital Notes ("**Capital Notes**"). Capital Notes are fully paid, perpetual, subordinated, unsecured, convertible notes to be issued by BEN that qualify as Additional Tier 1 Capital of BEN for regulatory capital purposes.¹

As a holder of CPS2, you have the opportunity to participate in the Offer of Capital Notes by electing to reinvest your CPS2 into Capital Notes ("**Reinvestment Offer**"). Participation in the Reinvestment Offer is voluntary and CPS2 holders who do not participate in the Reinvestment Offer will have \$100 per CPS2 paid to them on the CPS2 Optional Exchange Date, being 30 November 2020 ("**Exchange Date**"). Full details of the Capital Notes Offer and the Reinvestment Offer are available in the Prospectus available at www.BendigoCNoffer.com.au. A summary of your options is outlined on the following pages.

Capital Notes Offer

Capital Notes will provide investors with floating rate, quarterly, discretionary, non-cumulative distributions which are expected to be fully franked. The Margin on Capital Notes is 3.80% per annum. Based on current rates, the Distribution Rate on Capital Notes would be equivalent to an unfranked Distribution Rate of 3.85% per annum.² Capital Notes are expected to be quoted on the ASX and trade under the code BENPH.

If certain conditions are met, BEN may elect to exchange Capital Notes into ordinary shares of BEN, or redeem or resell Capital Notes, on 15 June 2027. Otherwise, Capital Notes will mandatorily exchange into ordinary shares on 15 June 2029 (subject to certain conditions being satisfied). In addition, Capital Notes will exchange at any time if BEN's Common Equity Tier 1 Capital Ratio is equal to or less than 5.125% or APRA considers that exchange is required to prevent BEN from becoming non-viable. This may adversely affect returns on Capital Notes. In most cases, the exchange, redemption or resale of Capital Notes will require the prior approval of APRA.

Further details of the terms of Capital Notes and the Offer are set out in the Prospectus.

Options available to CPS2 holders

As a registered CPS2 holder, you have a number of options available to you in respect of your CPS2. These are summarised below and are also set out in the Prospectus.

1. Apply under the Reinvestment Offer to reinvest your CPS2 in Capital Notes

Under the Reinvestment Offer, Eligible CPS2 Holders will have the opportunity to reinvest all or part of their CPS2 resale proceeds in Capital Notes, as well as apply for additional Capital Notes. If you choose to participate in the Reinvestment Offer, your CPS2 will be resold for \$100 each, and the equivalent amount applied directly to your subscription for Capital Notes on 30 November 2020. Under the Reinvestment Offer, Eligible CPS2 Holders will be guaranteed an allocation of one Capital Note for every CPS2 held on 18 November 2020.

You will also receive a fully franked final dividend of \$1.1728 per reinvested CPS2 for the period from (and including) 1 June 2020 to (but excluding) the Exchange Date, being 30 November 2020. Eligible CPS2 Holders will not be required to make a separate Application Payment to the extent that their CPS2 are reinvested in Capital Notes. However, if you apply for more Capital Notes than the number of CPS2 registered in your name on 18 November 2020, then you will need to make a separate Application Payment in respect of those additional Capital Notes.

To participate, you must apply using the online Application Form by no later than 5.00pm (Melbourne time) on the Closing Date for the Reinvestment Offer, which is expected to be Tuesday, 24 November 2020.

¹ Capitalised terms used but not defined in this letter have the same meaning as in the Prospectus.

² Assuming a Market Rate of 0.05% and assuming the value of franking credits is taken into account in full. The Market Rate on 3 November 2020 was 0.0548%. You should be aware that the ability to use franking credits will depend on your individual tax position

2. Apply under the Broker Firm Offer to reinvest your CPS2 in 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 some or all of your CPS2 in Capital Notes, as well as apply for additional Capital Notes under the Broker Firm Offer.

You should contact your Syndicate Broker for further details and instructions on how to submit an Application Form and, if applicable, an Application Payment for any additional Capital Notes.

3. Take no action and have your CPS2 resold for \$100 each on 30 November 2020

The Board has determined to resell all outstanding CPS2 on 30 November 2020. If you do not participate in the Reinvestment Offer or participate by reinvesting only some of your CPS2 in Capital Notes, you will receive \$100 for each CPS2 that you hold on 30 November 2020 and a fully franked final dividend of \$1.1728 per CPS2, subject to the CPS2 Terms.

A CPS2 Exchange Notice in accordance with the CPS2 Terms was issued by BEN on 28 October 2020.

Resale proceeds will be paid on 30 November 2020 in accordance with your CPS2 Dividend payment instructions. If you wish to change your payment instructions, you must provide updated instructions to the BEN Share Registry by 18 November 2020.

4. Sell your CPS2 on market through your broker

You may choose to sell your CPS2 on the ASX through your broker at the prevailing market price. Under this option you may have to pay brokerage and may receive a price greater or less than \$100 per CPS2. To choose this option, you should contact your broker before the last day of ASX trading for CPS2, which is expected to be 13 November 2020. If you choose this option, you may not be entitled to receive the final dividend and will not be able to participate in the Reinvestment Offer on the CPS2 you sell.

Next steps

If you are considering applying for Capital Notes under the Offer, it is important that you read the Prospectus available at www.BendigoCNOffer.com.au. You should read this document carefully and consider the full details of the Offer set out in the Prospectus, in particular the investment risks described in Section 6, before making your decision. The Prospectus also contains a summary of the taxation consequences of investing in Capital Notes. If you wish to invest in Capital Notes, you will need to complete the online Application Form available at www.BendigoCNOffer.com.au.

The Reinvestment Offer, the Prospectus, and this letter do not take into account your investment objectives, financial situation and particular needs. If you require advice regarding the resale of CPS2 or the Capital Notes Offer, you should consult your accountant, stockbroker or other professional adviser.

Further information about the Offer is available at www.BendigoCNOffer.com.au or you can 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), on Monday to Friday.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jacqueline Hey'.

Jacqueline Hey
Chair

The Bendigo Centre
PO Box 480
Bendigo Victoria 3552
Telephone 1300 361 911
Facsimile +61 3 5485 7000
www.bendigoadelaide.com.au

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