

Issue of new Convertible Preference Shares 2 and redemption of Step Up Preference Shares

Bendigo, Wednesday 3 September 2014: Bendigo and Adelaide Bank (“**BEN**”) today announced an offer of new Convertible Preference Shares 2 (“**CPS2**”), which are expected to be quoted on Australian Securities Exchange (“**ASX**”) and trade under the ASX code BENPE.

CPS2 Offer

BEN intends to raise approximately \$200 million through the offer of CPS2, with the ability to raise more or less (the “**Offer**”). CPS2 are being issued to support BEN’s balance sheet growth and to ensure BEN continues to have strong regulatory capital levels, with the proceeds being partly used to fund the redemption of BEN’s Step Up Preference Shares (ASX ticker code: BENPC) (“**SPS**”) and for general corporate purposes.

CPS2 are fully paid, non-cumulative, perpetual, convertible preference shares and will qualify as Additional Tier 1 Capital under APRA’s Basel III capital adequacy framework¹.

CPS2 will provide investors with floating rate, semi-annual, discretionary, non-cumulative dividends that are expected to be fully franked. The Margin is expected to be in the range of 3.20 per cent to 3.30 per cent, and will be set by way of Bookbuild to be conducted on or around 8 September 2014. Based on the expected Margin and assuming a 180 day Bank Bill Rate of 2.65 per cent, the Dividend Rate on CPS2 would be equivalent to an unfranked Dividend Rate of between 5.85 per cent and 5.95 per cent per annum².

If certain conditions are met (including APRA’s prior written approval) BEN may elect to redeem, resell or convert CPS2 into Ordinary Shares of BEN on 30 November 2020. Otherwise, CPS2 will mandatorily convert into Ordinary Shares of BEN on 30 November 2022 (subject to certain conditions being satisfied and unless exchanged earlier). CPS2, in accordance with their terms of issue, are subject to automatic conversion into BEN ordinary shares upon the occurrence of a Non-Viability Trigger Event or Capital Trigger Event.

The Offer comprises:

- a Reinvestment Offer to Eligible SPS Holders – being registered holders of SPS with a registered address in Australia at 7.00pm (Melbourne time) on 2 September 2014 (see further details below);
- a Securityholder Offer to Eligible Securityholders – being registered holders of Ordinary Shares, BPS, CPS, or Capital Notes with a registered address in Australia at 7.00pm (Melbourne time) on 2 September 2014;
- a Broker Firm Offer to Broker Firm Applicants including Eligible SPS Holders – being Australian resident retail clients of a Syndicate Broker;
- an Institutional Offer to Institutional Investors – being certain Institutional Investors invited by the Joint Lead Managers to participate in the Offer; and
- a General Offer to members of the general public who are Australian residents.

¹ Note CPS2 are not deposit liabilities or protected accounts of BEN under the Banking Act 1959 (Cth), and nor are they guaranteed by any government or any other person.

² Assuming a 180 day Bank Bill Rate of 2.65 per cent and assuming the value of franking credits is taken into account in full. You should be aware that the ability to use franking credits will depend on your individual tax position.

The Reinvestment Offer, Securityholder Offer, and General Offer are expected to close at 5.00pm (Melbourne time) on 3 October 2014.

The Broker Firm Offer for applications in respect of Reinvested SPS is also expected to close at 5.00pm (Melbourne time) on 3 October 2014 and the Broker Firm Offer for all other applications excluding those in respect of Reinvested SPS is expected to close at 10.00am (Melbourne time) on 9 October 2014.

Redemption of SPS and Reinvestment Offer

BEN intends to issue an SPS Exchange Notice to redeem the SPS for their face value on the upcoming Step Up Date for SPS, being 10 October 2014³.

Eligible SPS Holders will have the opportunity to participate in the Offer by electing to have some or all of their SPS redemption proceeds (i.e. \$100 per SPS) to be applied to the Application Payment for CPS2. Under the Reinvestment Offer, Eligible SPS Holders will not be required to make a separate Application Payment to the extent that SPS will be reinvested directly in CPS2. Eligible SPS Holders who participate in the Reinvestment Offer are guaranteed an Allocation of one CPS2 for every one SPS they reinvest. Eligible SPS Holders will also have the opportunity to apply for additional CPS2 and an Application Payment would have to be made for those additional CPS2.

All holders of SPS as at the SPS Dividend record date of 24 September 2014 (including SPS holders who elect to participate in the Reinvestment Offer) are expected to receive a final franked SPS Dividend of 78 cents for each SPS on 10 October 2014.

Acceptance of the Reinvestment Offer is voluntary and BEN intends that SPS holders who do not participate in the Reinvestment Offer will be redeemed on 10 October 2014 using proceeds of the CPS2 offer.

Full details of the Offer including the Reinvestment Offer are set out in the prospectus lodged with the Australian Securities and Investments Commission and ASX today ("**Prospectus**"). A replacement Prospectus, containing the final Margin will be made available when the Offer opens, expected to be on Thursday, 11 September 2014. Investors should read and consider the Prospectus in full and obtain professional advice before deciding whether to acquire CPS2 or participate in the Reinvestment Offer. Applications for CPS2 under the Offer can only be made by completing the Application Form that will be in, or will accompany the Prospectus. This announcement is not financial product advice and has not taken into account your objectives, financial situation or needs.

Investor information

Investors may request a copy of the Prospectus by calling the CPS2 Information Line on 1300 722 018 (within Australia) or +61 3 9415 4814 (outside of Australia) between 9:00am and 5:00pm (Melbourne time) or by visiting www.BendigoCPS2offer.com.au.

Goldman Sachs Australia Pty Limited is the Arranger and Joint Lead Manager to the Offer. ANZ Securities Limited, Evans & Partners Pty Ltd and Morgan Stanley Australia Securities Limited have also been appointed as Joint Lead Managers to the Offer.

Capitalised terms in this announcement have the meaning given to them in the Prospectus.

³ The Reinvestment Offer is conditional upon BEN issuing an SPS Exchange Notice on or about 8 September 2014 to redeem SPS on 10 October 2014, which, subject to satisfactory completion of the Bookbuild, it intends to do on 8 September 2014.

Indicative timetable for the Offer

KEY DATES FOR THE OFFER	DATE
Date for determining Eligible Securityholders	Tuesday, 2 September 2014
Lodgement of this Prospectus with ASIC	Wednesday, 3 September 2014
Bookbuild to determine the Margin	Monday, 8 September 2014
Announcement of the Margin	Monday, 8 September 2014
Lodgement of the replacement Prospectus with ASIC	Thursday, 11 September 2014
Opening Date	Thursday, 11 September 2014
Closing Date for Securityholder Offer and General Offer	5:00pm, Friday, 3 October 2014
Closing Date for Broker Firm Offer (excluding applications in respect of Reinvested SPS)	10:00am, Thursday, 9 October 2014
Issue Date	Friday, 10 October 2014
CPS2 commence trading on ASX (deferred settlement basis)	Monday, 13 October 2014
Holding Statements despatched by	Thursday, 16 October 2014
CPS2 commence trading on ASX (normal settlement basis)	Friday, 17 October 2014
KEY DATES FOR CPS2	
First Dividend Payment Date ⁴	Sunday, 30 November 2014 ⁵
Optional Exchange Date	Monday, 30 November 2020
Mandatory Conversion Date ⁶	Wednesday, 30 November 2022
KEY DATES FOR SPS HOLDERS	
Record date for determining Eligible SPS Holders for the Reinvestment Offer	Tuesday, 2 September 2014
Record date for SPS Dividend	Wednesday, 24 September 2014
Last day of trading for SPS on ASX	Tuesday, 30 September 2014
Closing Date for the Reinvestment Offer	5:00pm, Friday, 3 October 2014
Closing Date for the Broker Firm Offer (applications in respect of Reinvested SPS)	5:00pm, Friday, 3 October 2014
Redemption date for SPS and payment date for SPS Dividend	Friday, 10 October 2014

References to times in this Prospectus are to the time in Melbourne, Victoria, Australia, unless otherwise stated. The key dates above are indicative only and may change without notice.

⁴ Dividends are scheduled to be paid at the end of each semi-annual Dividend Period (on 30 November and 30 May) subject to the Dividend Payment Tests. If any of these scheduled dates are not Business Days, then the Dividend Payment Date will occur on the next Business Day.

⁵ The first Dividend Payment Date of 30 November 2014 is not a Business Day. Accordingly the expected first Dividend Payment will be made on the next Business Day, being 1 December 2014.

⁶ The Mandatory Conversion Date may be later than 30 November 2022, or may not occur at all, if the Mandatory Conversion Conditions are not satisfied.

asx release



Further details

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