

Letter to Bendigo and Adelaide Bank Converting Preference Shares 4 (CPS4) holders

26 February 2024

Bendigo and Adelaide Bank Limited (ASX:BEN)

Bendigo and Adelaide Bank Limited (**ASX: BEN**) today provides the attached documents regarding CPS4:

- a letter to CPS4 holders who may be eligible to participate in the Bendigo and Adelaide Bank Capital Notes 2 (CN2) Reinvestment Offer; and
- an exchange notice regarding any CPS4 to be reinvested in CN2.

CPS4 holders who are Australian residents will receive the attached documents by post or by email in accordance with their selected communications preferences.

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

Approved for release by:

Marnie Baker, Chief Executive Officer and Managing Director

Bendigo & Adelaide Bank Limited

Media enquiries

James Frost

Head of Public Relations

0419 867 219

james.frost@bendigoadelaide.com.au

Investor enquiries

Sam Miller

Head of Investor Relations and ESG

0402 426 767

sam.miller@bendigoadelaide.com.au

About Bendigo and Adelaide Bank Limited

Bendigo and Adelaide Bank is Australia's better big bank, with more than 7,000 staff helping our over 2 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. (1615280-161579) (05/21)

26 February 2024

Reinvestment Offer to Bendigo and Adelaide Bank Converting Preference Shares 4 (CPS4) holders

Dear CPS4 holder,

I am writing to inform you that Bendigo and Adelaide Bank Limited (**BEN**) has announced an offer of Capital Notes 2 (**CN2**) (**Offer**). The Offer includes a reinvestment offer to eligible CPS4 (ASX: BENPG) holders (**Reinvestment Offer**), in addition to a new money offer to eligible clients of Syndicate Brokers (listed below), and institutional investors.

The Reinvestment Offer is an opportunity for eligible CPS4 holders to apply to reinvest all or some of their CPS4 in CN2. Participation in the Reinvestment Offer is optional for eligible CPS4 holders. If you do not wish to participate, you do not need to take any action.

The Offer

CN2 are fully paid, non-cumulative, perpetual, subordinated, unsecured, convertible notes to be issued by BEN under a prospectus dated 26 February 2024 (**Prospectus**). CN2 provide investors with floating rate, quarterly, discretionary, non-cumulative distributions which are expected to be fully franked.

BEN intends to raise approximately \$250 million through the Offer, with the ability to raise more or less. The CN2 proceeds will be used to fund the redemption of CPS4 that are reinvested in CN2 under the Offer (**Participating CPS4**) and for BEN's general corporate purposes. The CN2 proceeds may also be used to fund the redemption of any remaining CPS4 which are not reinvested under the Offer (which have an optional exchange date of 13 June 2024 – further details provided below).

Important changes to the eligibility criteria and the application process

In response to laws known as the product design and distribution obligations, BEN has changed the manner in which the Offer is conducted compared to previous BEN capital notes or convertible preference share (**Additional Tier 1 or AT1**) offers. These changes are important because some investors who have previously participated in BEN AT1 offers may not be eligible to participate in the Offer.

In summary, under the Offer:

- All applications, including under the Reinvestment Offer, must be made through a Syndicate Broker.
- Applicants will need to satisfy new eligibility requirements, including retail investors obtaining personal advice from a financial adviser to acquire CN2, or otherwise qualifying as a "wholesale client".
- There is no specific offer for BEN securityholders.
- There is no ability to apply to BEN directly.

If you wish to participate in the Reinvestment Offer

If you wish to participate in the Reinvestment Offer, it is important that you read the entire Prospectus (including the investment risks set out in Sections 1.4 and 6 and the CN2 Terms included in Appendix A) and seek advice from a

Syndicate Broker, financial adviser or other professional adviser before deciding whether to apply. You may access an electronic version of the Prospectus by visiting www.CN2offer.bendigoadelaide.com.au.

Applications under the Offer can only be made by eligible investors who received an allocation of CN2 from a Syndicate Broker under the bookbuild. All applications (including under the Reinvestment Offer) must be submitted through a Syndicate Broker. Applications (including under the Reinvestment Offer) will only be accepted from investors who satisfy the eligibility requirements in accordance with the "Target Market Determination", a copy of which is available at www.CN2offer.bendigoadelaide.com.au, and which is summarised in the "Design and distribution obligations" section at the front of the Prospectus and in Section 4.3.1.

The Reinvestment Offer is expected to open on 5 March 2024 and close at 5:00pm (Melbourne time) on 19 March 2024. If you wish to invest some or all of your CPS4 in CN2, you should contact a Syndicate Broker as soon as possible during the Prospectus exposure period to express an interest in applying for CN2 or to obtain more information on whether you satisfy the eligibility requirements. The Syndicate Broker can also assist you with how to apply for additional CN2 if this is of interest to you.

Each of the following parties is a **Syndicate Broker** and their contact details are included below.

Joint Lead Manager	Investors seeking personal advice	Wholesale investors
Westpac Institutional Bank, a division of Westpac Banking Corporation	Not available to retail investors	Tyler O'Brien: 02 8253 4574
ANZ Securities Limited	Not available to retail investors	Tariq Holdich: 02 8037 0310
Commonwealth Bank of Australia	Not available to retail investors	Mitchell Walls: 1300 887 733
National Australia Bank Limited	Not available to retail investors	James Debs: 02 7226 7880
Ord Minnett Limited	Tom Morris: 02 8216 6331	Tom Morris: 02 8216 6331
UBS AG, Australia Branch	Not available to retail investors	Jared Barr: 02 8121 5917

Co-Manager	Investors seeking personal advice	Wholesale investors
JBWere Limited	Not available to retail investors	Kane Doyle: 07 2103 0887
LGT Crestone Wealth Management Limited	Not available to retail investors	James Williams: 02 8422 5500
Wilsons Advisory Stockbroking Limited	Alexandra Kalceff: 02 8247 3145	Alexandra Kalceff: 02 8247 3145

CPS4 Exchange Notice

To facilitate the Reinvestment Offer, BEN has issued an exchange notice in accordance with the CPS4 Terms. The exchange notice confirms that, subject to the Offer proceeding and certain other conditions being met, on the issue date for CN2 (which is expected to be 25 March 2024), Participating CPS4 will be resold to the CPS4 nominated purchaser and then redeemed in the hands of the CPS4 nominated purchaser by BEN, in each case for \$100 per Participating CPS4. A copy of the exchange notice is attached to this letter.

If you don't participate in the Reinvestment Offer or only participate in respect of some of your CPS4

CPS4 that are not reinvested in CN2 under the Reinvestment Offer (being Non-Participating CPS4) will continue to remain on issue. On 13 June 2024, BEN then has the option under the CPS4 Terms to:

- redeem all or some of the Non-Participating CPS4 for their face value of \$100; and/or
- resell all or some of the Non-Participating CPS4 for their face value of \$100 to a nominated third party selected by BEN; and/or
- convert all or some of the Non-Participating CPS4 into ordinary shares in BEN (subject to the terms and conditions set out in the CPS4 Prospectus).

As at the date of this letter, BEN intends to issue a further exchange notice to mandatorily resell all remaining CPS4 on 13 June 2024 to a nominated purchaser and then redeem those CPS4 in the hands of the nominated purchaser, in each case for \$100 per CPS4. However, this remains subject to CPS4 terms and conditions and is at BEN's absolute discretion.

CPS4 Dividends

- The "CPS4 Dividend" scheduled to be paid on 13 June 2024 has been split into two dividends to facilitate the Reinvestment Offer – the First Pro Rata Dividend and the Second Pro Rata Dividend. The First Pro Rata Dividend is scheduled to be paid on all CPS4 on the issue date for CN2 (which is expected to be 25 March 2024) irrespective of whether you are participating in the Reinvestment Offer or not (subject to the Prospectus not being withdrawn, the payment conditions in the CPS4 Terms being satisfied and BEN's absolute discretion). The First Pro Rata Dividend will be paid in respect of the period from (and including) 13 March 2024 to (but excluding) the Reinvested CPS4 Reinvestment Date.
- The Second Pro Rata Dividend is scheduled to be paid on all CPS4 outstanding on 13 June 2024 (that is CPS4 which have not been resold as part of the Reinvestment Offer). It will be calculated using the same bank bill rate as that used to calculate the First Pro Rata Dividend and the franking percentage applicable on 13 June 2024, in respect of the period from (and including) the Reinvested CPS4 Reinvestment Date to (but excluding) 13 June 2024.

Investor information

Investors may access an electronic version of the Prospectus by visiting www.CN2offer.bendigoadelaide.com.au. If you require further information, you should contact your Syndicate Broker or a qualified financial adviser. You can also call the Capital Notes 2 Information Line on 1300 657 159 (within Australia) or +61 1300 657 159 (International) (Monday to Friday – 8:30am to 7:30pm Melbourne time).

Yours sincerely,

Marnie Baker

Chief Executive Officer and Managing Director

This letter does not constitute financial advice, or a recommendation for any Offer, and does not take into account your personal situation, needs or objectives. You should take advice from your financial adviser in relation to any Offer.

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF CPS4 HOLDERS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD SEEK ADVICE FROM YOUR FINANCIAL ADVISER OR OTHER PROFESSIONAL ADVISER.

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

Exchange Notice

given in respect of the Reinvestment CPS4 (as defined below)

26 February 2024

1 Reinvestment Offer

Bendigo and Adelaide Bank Limited (ABN 11 068 049 178) (the **Issuer**) issued the Bendigo and Adelaide Bank Converting Preference Shares 4 on 13 December 2017 (with ASX Code "BENPG") (**CPS4**) on the terms and conditions of the CPS4 set out in Appendix A to the prospectus in relation to the CPS4 dated 24 October 2017 (the **Original Terms**). The Issuer has today amended and restated the Original Terms as set out in Attachment 2 to this notice (the Original Terms as so amended and restated, the **Terms**).

The Issuer has today lodged a prospectus with the Australian Securities and Investments Commission (the **CN2 Prospectus**) for the issue of Bendigo and Adelaide Bank Capital Notes 2 (**Capital Notes 2**). The CN2 Prospectus includes an offer by the Issuer to eligible holders of CPS4 to reinvest all or some of their CPS4 in Capital Notes 2 (the **Reinvestment Offer**).

Any CPS4 which are to be reinvested in Capital Notes 2 under the Reinvestment Offer are **Reinvestment CPS4**. If you hold CPS4 but do not elect to participate in the Reinvestment Offer, your CPS4 will **not** be Resold in accordance with this notice, and you are not required to take any action.

If the Issuer determines not to issue Capital Notes 2 to a holder of Reinvestment CPS4, this notice shall be taken to have been revoked and no Resale of that holder's Reinvestment CPS4 will occur.

2 Resale of Reinvestment CPS4 to Nominated Purchaser

This notice is an 'Exchange Notice' given in accordance with clause 6.1 of the Terms.

Terms used and not otherwise defined in this notice have the meaning given to them in the Terms.

Pursuant to clauses 6.1(c) and 6.2 of the Terms, the Issuer hereby gives notice to each holder of Reinvestment CPS4 (a **Reinvestment CPS4 Holder**) that in accordance with the Terms it has:

- made an election to Resell all Reinvestment CPS4 on the Reinvestment Date (the **Resale Date**), which is expected to be 25 March 2024; and

- appointed UBS AG, Australia Branch (ABN 47 088 129 613) (not being a Related Entity of the Issuer) and any Permitted Successor¹ as the 'Nominated Purchaser' for that Resale,

and accordingly, all Reinvestment CPS4 will be transferred to the Nominated Purchaser at a cash purchase price per Reinvestment CPS4 equal to the Resale Price of that Reinvestment CPS4 (being \$100 per Reinvestment CPS4).

The Nominated Purchaser on the date of this notice has undertaken for the benefit of each Reinvestment CPS4 Holder that it will acquire each Reinvestment CPS4 from the Reinvestment CPS4 Holders at the Resale Price in accordance with a Deed of Undertaking made on or before the date of this notice (a copy of which is set out in Attachment 1 to this notice). The Issuer has the approvals required from APRA under the Terms in respect of the Resale and the subsequent Redemption of the Reinvestment CPS4 in the hands of the Nominated Purchaser.

In accordance with clause 11.8 of the Terms, each Reinvestment CPS4 Holder has appointed the Issuer as its attorney to, among other things, sign any instrument of transfer necessary to give effect to the Resale.

3 Conditions to completion of Resale

The acquisition of the Reinvestment CPS4 by the Nominated Purchaser is subject to and will be performed in accordance with the Terms.

This notice is irrevocable, except as provided by the Terms.

Resale may not occur for a number of reasons – including if a Non-Viability Trigger Event or Capital Trigger Event occurs, if the Nominated Purchaser does not for any reason pay the Resale Price in full on the Resale Date, if APRA revokes its approval of the Resale or the subsequent Redemption of the Reinvestment CPS4 in the hands of the Nominated Purchaser, or if the Reinvestment CPS4 cannot for any reason be transferred.

If Resale does not occur, except where a Non-Viability Trigger Event or Capital Trigger Event occurs, Reinvestment CPS4 Holders will continue to hold their Reinvestment CPS4.

4 Dividends, transfer of Reinvestment CPS4 and payment of Resale Price

4.1 Payment of Dividends

Pursuant to the amendments to the Terms set out in Attachment 2 to this notice, the CPS4 Dividend in respect of the CPS4 scheduled to be paid on 13 June 2024 has effectively been split into two Dividends to facilitate the Reinvestment Offer – the **First Pro Rata Dividend** and the **Second Pro Rata Dividend**.

- The First Pro Rata Dividend will be paid on all CPS4 on the Resale Date².
- The Second Pro Rata Dividend will be paid on all CPS4 outstanding on 13 June 2024. As the Reinvestment CPS4 will no longer be outstanding on 13 June 2024, Reinvestment CPS4 Holders will not receive the Second Pro Rata Dividend.

¹ **Permitted Successor** means an entity (not being a Related Entity of the Issuer) selected by the Issuer with the approval of APRA and which the Issuer has announced on ASX as having succeeded to and assumed the obligations of the person named in this notice as Nominated Purchaser in connection with the Resale of the CPS4 in place of that person.

² The Dividend Rate for the First Pro Rata Dividend and Second Pro Rata Dividend will be based on the Bank Bill Rate (as defined in the Terms) on Wednesday, 13 March 2024.

The First Pro Rata Dividend and the Second Pro Rata Dividend will be paid subject to and in accordance with the Terms (including, without limitation, clauses 3 and 15 of the Terms).

4.2 Transfer of Reinvestment CPS4 and Payment of Resale Price

Payment of the aggregate Resale Price of all Reinvestment CPS4 will be made by or on behalf of the Nominated Purchaser to the Reinvestment CPS4 Holders in exchange for the transfer of the Reinvestment CPS4 to the Nominated Purchaser and, under the terms of the Reinvestment Offer, the Reinvestment CPS4 Holders direct that the Resale Price for their Reinvestment CPS4 be applied in satisfaction of the issue price of Capital Notes 2 for which they are subscribing under the Reinvestment Offer.

The Issuer, on behalf of the Reinvestment CPS4 Holders, will execute and deliver an instrument of transfer of the Reinvestment CPS4 to the Nominated Purchaser. In their applications for Capital Notes 2, Reinvestment CPS4 Holders will direct the Issuer and Nominated Purchaser to apply the Resale Price in payment of the issue price for Capital Notes 2.

By applying to participate in the Reinvestment Offer, Reinvestment CPS4 Holders will be agreeing not to transfer their Reinvestment CPS4 and have authorised the Issuer to request a holding lock on those Reinvestment CPS4. Accordingly, no transfer of Reinvestment CPS4 (other than the transfer to the Nominated Purchaser pursuant to this notice) will be registered.

Any CPS4 which are not Reinvestment CPS4 will not be Resold to the Nominated Purchaser and will remain on issue, and subject to the Terms, following the Resale Date.

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

Attachment 1

Deed of Undertaking

For personal use only

UBS AG, Australia Branch
(ABN 47 088 129 613)

Deed of Undertaking

relating to the resale of the Bendigo and Adelaide Bank Limited Converting Preference Shares 4 (ASX Code: BENPG) to be reinvested under the Bendigo and Adelaide Bank Limited Capital Notes 2 offer

101 Collins Street
Melbourne VIC 3000 Australia
T +61 3 9614 1011
F +61 3 9614 4661
www.allens.com.au

© Allens Australia 2024

This Deed is made on 26 February 2024

By

UBS AG, Australia Branch (ABN 47 088 129 613) of Level 16, Chifley Tower, 2 Chifley Square, Sydney, New South Wales appointed as the Nominated Purchaser (the **Nominated Purchaser**).

In favour of

The Reinvestment CPS4 Holders.

It is agreed as follows.

1 Interpretation

1.1 Definitions

- (a) All terms and expressions which have defined meanings in the Terms (as defined below) have the same meanings in this Deed except where the context requires otherwise or unless otherwise stated.

- (b) In addition, the following words have these meanings:

Appointment Agreement means the 'Nominated Purchaser Appointment Agreement' entered into between the Issuer and the Nominated Purchaser on or about the date of this Deed.

CPS4 means 'CPS4' as defined in the Terms.

Exchange Notice means the 'Exchange Notice' given on or after the date of this Deed in accordance with clause 6.1 of the Terms.

Funding Amount has the meaning given in the Appointment Agreement.

Issuer means 'Issuer' as defined in the Terms.

Nominated Account has the meaning given in the Appointment Agreement.

Reinvestment CPS4 has the meaning given in the Appointment Agreement.

Reinvestment CPS4 Holder has the meaning given in the Appointment Agreement.

Resale Date has the meaning given in the Appointment Agreement.

Terms means the terms and conditions of the CPS4 as set out in Appendix A to the prospectus in relation to the CPS4 dated 24 October 2017, as amended and restated on or about the date of this Deed (as set out in Attachment 2 to the Exchange Notice).

1.2 Contrary Interpretation

Unless otherwise specified or the contrary intention appears:

- (a) headings are inserted for convenience and do not affect the interpretation of this Deed;
- (b) the singular includes the plural and vice versa;
- (c) a reference to a statute, ordinance, directive, code or law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them and references to law includes statutes, ordinances, codes, directives or common law and principles of equity having general application;

- (d) a reference to a party to an agreement, deed, authority or other instrument includes a reference to any successor, replacement, assignee, substitute or addition of the party according to that agreement, deed, authority or instrument; and
- (e) a reference to an agreement, deed or other instrument includes a reference to that agreement, deed or instrument as amended, modified, added to or restated from time to time.

1.3 Reference to successor

A reference to the Nominated Purchaser includes any successor appointed as contemplated by the Exchange Notice which accedes to this Deed on terms that it assumes all obligations (present and future) of the Nominated Purchaser.

2 Undertaking to acquire Reinvestment CPS4

2.1 Undertaking to acquire Reinvestment CPS4

Subject to clause 2.3, the Nominated Purchaser undertakes for the purpose of clauses 6.1 and 10.2 of the Terms that all (but not some) of the Reinvestment CPS4 will be acquired for the Resale Price in accordance with the Terms by the Nominated Purchaser on the Resale Date.

2.2 Payment against delivery

- (a) Subject to clauses 2.2(b) and 2.2(c), payment of the Resale Price will be made in accordance with the Exchange Notice.
- (b) The Nominated Purchaser's obligations under clause 2.2(a) will be satisfied by the crediting of the Funding Amount to the Nominated Account in accordance with the Appointment Agreement.
- (c) The Nominated Purchaser has no liability under this Deed to distribute funds directly to Reinvestment CPS4 Holders, and the Registrar and the Issuer will be solely responsible for the payment of funds to each Reinvestment CPS4 Holder from the Nominated Account (and the Nominated Purchaser will have no liability for any delay or failure by the Registrar or the Issuer to apply the funds from the Nominated Account).

2.3 Condition precedent to obligations

The obligations of the Nominated Purchaser provided for in clause 2 are conditional upon the Issuer:

- (a) giving the Exchange Notice; and
- (b) providing the Funding Amount to the Nominated Purchaser in immediately available funds in accordance with the Appointment Agreement.

2.4 Termination

The obligations of the Nominated Purchaser terminate if:

- (a) the Exchange Notice becomes void under clause 10.6 of the Terms; or
- (b) the Resale of the Reinvestment CPS4 cannot occur for any reason specified in the Exchange Notice.

3 Benefit of Deed

3.1 Deed poll

This Deed takes effect as a deed poll for the benefit of the Reinvestment CPS4 Holders from time to time.

3.2 Assignment

No Reinvestment CPS4 Holder is entitled to assign or transfer all or any of its rights, benefits and obligations under this Deed separate from its Reinvestment CPS4.

4 Governing law and submission to jurisdiction

4.1 Governing law

This Deed is, except as expressly stated in the Terms, governed by, and shall be construed in accordance with, the laws in force in Victoria, Australia.

4.2 Submission to jurisdiction

Clause 19.2 of the Terms applies as though set out in full in this Deed and as though each reference in that clause to 'the Issuer' were a reference to 'the Nominated Purchaser'.

Executed as a deed poll by:

UBS AG, Australia Branch in
accordance with the Articles of Association
and Organisation Regulations of UBS AG:

Signed, sealed and delivered by Signatory
in the presence of:



Handwritten signature of the witness in blue ink.

Signature of witness

Handwritten signature of the authorised representative in blue ink.

Signature of authorised representative

JAYDON ZHAO

Name of witness (print)

PAUL NEUMANN

Name of authorised representative (print)

EXECUTIVE DIRECTOR

Office held (print)

Signed, sealed and delivered by Signatory
in the presence of:

Handwritten signature of the witness in blue ink.

Signature of witness

Handwritten signature of the authorised representative in blue ink.

Signature of authorised representative

JAYDON ZHAO

Name of witness (print)

Dom KRSLOVIC

Name of authorised representative (print)

DIRECTOR

Office held (print)

Attachment 2

Amended Terms

For personal use only

Converting Preference Shares 4 Terms

[As amended on 26 February 2024](#)

Allens
Deutsche Bank Place
Sydney NSW 2000 Australia
T +61 2 9230 4000
F +61 2 9230 5333
www.allens.com.au

© Allens Australia 2024

1 Issue

1.1 Bendigo and Adelaide Bank Limited Converting Preference Shares 4

Bendigo and Adelaide Bank Limited Converting Preference Shares 4 are fully paid preference shares in the capital of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178) (the **Issuer**) (**CPS4**). They are issued, and may be Redeemed, Converted or Resold, by the Issuer, according to these Terms. The CPS4 are designated the 'CPS4' for identification purposes.

CPS4 are not deposit liabilities of the Issuer, are not 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 and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. Subject to the provisions of these Terms dealing with conversion and redemption of the CPS4, the CPS4 are perpetual instruments and do not have a fixed maturity date.

1.2 Issue Price

The issue price of each CPS4 (**Issue Price**) is \$100.

2 Title and transfer

2.1 Title

Title to a CPS4 passes when details of the transfer are entered in the Register.

2.2 Register conclusive as to ownership

Entries in the Register in relation to a CPS4 constitute conclusive evidence that the person so entered is the absolute owner of the CPS4 subject to correction for fraud or error.

2.3 Non-recognition of interests

Except as required by law and as provided in this clause 2.3, the Issuer must treat the person whose name is entered in the Register as the Holder in respect of a CPS4 as the absolute owner of that CPS4.

No notice of any trust, Encumbrance or other interest in, or claim to, any CPS4 will be entered in the Register. Neither the Issuer nor the Registrar need take notice of any trust, Encumbrance or other interest in, or claim to, any CPS4, except as ordered by a court of competent jurisdiction or required by law, and no trust, Encumbrance or other interest in, or claim to, any CPS4 will in any way affect any provision of these CPS4 Terms.

This clause 2.3 applies whether or not a payment has been made when scheduled on a CPS4 and despite any notice of ownership, trust or interest in the CPS4.

2.4 Transfer in accordance with Constitution

The Constitution contains provisions relating to the transfer of shares and the relevant provisions apply with all necessary modifications to a transfer of CPS4.

2.5 Refusal to register

The Constitution contains provisions allowing the Directors to refuse to register transfers and the relevant provisions apply with all necessary modifications to refusals to register transfers of CPS4 in those circumstances.

2.6 Transferor to remain holder until registration

The Constitution contains provisions relating to the effect of registration on a transfer and the relevant provisions apply with all necessary modifications to a transfer of CPS4.

2.7 Transmission of CPS4

The Constitution contains provisions relating to the transmission of shares in certain circumstances (including without limitation on the death of a holder) and the relevant provisions apply with all necessary modifications to the transmission of CPS4 in those circumstances.

3 Dividends

3.1 Dividends

Subject to these Terms, each CPS4 entitles the Holder on a Record Date to receive, on the relevant Dividend Payment Date, a dividend (**Dividend**) payable in cash and calculated according to the following formula:

$$\text{Dividend} = \frac{\text{Issue Price} \times \text{Dividend Rate} \times N}{365}$$

where:

Dividend Rate (expressed as a percentage per annum) is calculated according to the following formula:

$$\text{Dividend Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

Bank Bill Rate (expressed as a percentage per annum) means, for a Dividend Period, the interest rate for bills of a term of 90 days as displayed on Bloomberg LLP page 'ASX29' (or any page which replaces that page) on the first Business Day of the Dividend Period or, if there is a manifest error in the calculation of that rate or if that rate is not displayed within one minute of the conventional time prescribed for the publication of that rate on that date, the rate specified in good faith by the Issuer within 15 minutes of the time conventionally prescribed for the publication of that rate on that date having regard, to the extent possible, to:

- (a) the rates otherwise bid and offered for bills of a term of 90 days or for funds of that tenor displayed on Bloomberg LLP page 'ASX29' (or any page which replaces that page) at or around that time on that date; or
- (b) if bid and offer rates for bills of a term of 90 days are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date;¹

provided that where Capital Notes 2 are issued, the Bank Bill Rate for the Dividend Period commencing on (and including) the Reinvestment Date is the Bank Bill Rate for the Dividend Period commencing in the Dividend Payment Date immediately preceding the Reinvestment Date.

Margin (expressed as a percentage per annum) means the margin determined under the Bookbuild;

Tax Rate (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of the Issuer at the relevant Dividend Payment Date; and

N means in respect of:

- (a) the first Dividend Payment Date, the number of days from (and including) the Issue Date until (but not including) the first Dividend Payment Date; and
- (b) each subsequent Dividend Payment Date, the number of days from (and including) the preceding Dividend Payment Date until (but not including) the relevant Dividend Payment Date.

3.2 Franking adjustments

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

$$\text{Dividend} = \frac{D}{1 - (\text{Tax Rate} \times (1 - F))}$$

where:

D means the Dividend calculated under clause 3.1;

Tax Rate has the meaning given in clause 3.1; and

F means the percentage (expressed as a decimal) to which the Dividend is franked under Part 3-6 of the Tax Act or any provisions that revise or replace that Part.

3.3 Payment of a Dividend

Each Dividend is subject to:

- (a) the Directors, at their absolute discretion, resolving to pay the Dividend on the relevant Dividend Payment Date;
- (b) the payment of the Dividend not resulting in the Issuer (on a Level 1 basis) or the Group (on a Level 2 basis) not complying with APRA's then current Prudential Standards, including its capital adequacy requirements, as they apply to the Issuer and / or the Group at the time of the payment;
- (c) paying the Dividend not resulting in the Issuer becoming, or being likely to become, insolvent for the purposes of the Corporations Act; and
- (d) APRA not otherwise objecting to the Dividend being paid on the Dividend Payment Date.

3.4 Dividends are non-cumulative

Dividends are non-cumulative. If all or any part of a Dividend is not paid because of clause 3.3 or because of any other reason:

- (a) the Issuer has no liability to pay the unpaid amount of the Dividend;
- (b) Holders have no claim or entitlement in respect of such non-payment; and
- (c) such non-payment does not constitute an event of default.

No interest accrues on any unpaid Dividends and Holders have no claim or entitlement in respect of interest on any unpaid Dividends.

3.5 Dividend Payment Dates

Subject to this clause 3, Dividends will be payable in arrears in respect of a CPS4 on the following dates (each a **Dividend Payment Date**):

- (a) each 13 March, 13 June, 13 September, and 13 December commencing on 13 March 2018 until (but not including) the date on which the CPS4 [\(other than Reinvestment CPS4\)](#) is Exchanged in accordance with these Terms; ~~and~~
- (b) each date [\(other than the Reinvestment Date\)](#) on which:
 - (i) a Conversion (other than upon the occurrence of a Non-Viability Trigger Event or Capital Trigger Event) or Resale of that CPS4 occurs; or
 - (ii) subject to clause 9.3(a)(iii), a Redemption of the CPS4 occurs,
 in each case, pro-rata for the period from the previous Dividend Payment Date to the date of Conversion, Resale or Redemption, in accordance with these Terms; ~~and~~
- (c) [the Reinvestment Date, provided the Capital Notes 2 Prospectus has not been withdrawn as at that date.](#)

If a Dividend Payment Date is a day which is not a Business Day, then the Dividend Payment Date becomes the next day which is a Business Day.

3.6 Record Dates

A Dividend is only payable on a Dividend Payment Date to those persons registered as Holders on the Record Date for that Dividend.

3.7 Restrictions in the case of non-payment

If for any reason the Dividend has not been paid in full on a Dividend Payment Date (the **Relevant Dividend Payment Date**), the Issuer must not, without the approval of a Special Resolution, until and including the next Dividend Payment Date:

- (a) declare, determine to pay or pay a dividend on any Ordinary Shares; or
- (b) buy back or reduce capital on any Ordinary Shares,

unless the Dividend is paid in full within 3 Business Days of the Relevant Dividend Payment Date.

3.8 Exclusions from restrictions in case of non-payment

The restrictions in clause 3.7 do not apply:

- (a) to a buy-back or capital reduction in connection with any employment contract, employee share scheme, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants of the Issuer or any Controlled Entity; or
- (b) to the extent that at the time a Dividend on CPS4 has not been paid on the relevant Dividend Payment Date, the Issuer is legally obliged to pay on or after that date any ordinary share dividend or complete on or after that date a buy-back or capital reduction.

For the avoidance of doubt, the restrictions in clause 3.7 do not apply to CPS4 that have been Converted or Redeemed, but continue to apply where the Issuer elects to Resell CPS4 in accordance with these Terms.

Nothing in these Terms prohibits the Issuer or a Controlled Entity from purchasing the Issuer Shares (or an interest therein) in connection with transactions for the account of customers of the Issuer or customers of entities that the Issuer Controls or in connection with the distribution or trading of the Issuer Shares in the ordinary course of business. This includes (for the avoidance of doubt and without affecting the foregoing) any acquisition resulting from:

- (a) taking security over the Issuer Shares in the ordinary course of business; and

- (b) acting as trustee for another person where neither the Issuer nor any entity it Controls has a beneficial interest in the trust (other than a beneficial interest that arises from a security given for the purposes of a transaction entered into in the ordinary course of business).

Such purchases or other transactions may require the prior written approval of APRA.

3.9 Notification of Dividend, Dividend Rate and other items

- (a) For each Dividend Period, the Issuer must notify the Registrar and ASX (and any other securities exchange or other relevant authority on which CPS4 are quoted) of the Dividend Rate and the expected Dividend payable as soon as practicable, but in any event no later than the fifth Business Day of the Dividend Period.
- (b) The Issuer may amend the calculation or determination of any amount, date or rate (or make appropriate alternative arrangements by way of adjustment) including as a result of the extension or reduction of a Dividend Period without prior notice, but must notify ASX promptly after doing so.

4 Mandatory Conversion

4.1 Mandatory Conversion

Subject to clauses 5, 6 and 7, on the Mandatory Conversion Date the Issuer must Convert all (but not some) CPS4 on issue at that date into Ordinary Shares in accordance with clause 8 and this clause 4.

4.2 Mandatory Conversion Date

The Mandatory Conversion Date will be the first to occur of the following dates (each a **Relevant Date**) on which the Mandatory Conversion Conditions are satisfied:

- (a) 15 June 2026 (the **Scheduled Mandatory Conversion Date**); and
- (b) a Dividend Payment Date after the Scheduled Mandatory Conversion Date (a **Subsequent Mandatory Conversion Date**).

4.3 Mandatory Conversion Conditions

The Mandatory Conversion Conditions for each Relevant Date are:

- (a) the VWAP on the 25th Business Day immediately preceding (but not including) the Relevant Date (the **First Test Date**, provided that if no trading in Ordinary Shares took place on that date, the First Test Date is the first Business Day before the 25th Business Day immediately preceding (but not including) the Relevant Date on which trading in Ordinary Shares took place) is greater than the First Test Date Percentage of the Issue Date VWAP (the **First Mandatory Conversion Condition**);
- (b) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Relevant Date (the **Second Test Period**) is greater than the Conversion Test Date Percentage of the Issue Date VWAP (the **Second Mandatory Conversion Condition**); and
- (c) no Delisting Event applies in respect of the Relevant Date (the **Third Mandatory Conversion Condition** and together with the First Mandatory Conversion Condition and the Second Mandatory Conversion Condition, the **Mandatory Conversion Conditions**).

In this clause 4.3:

Conversion Test
Date Percentage = 101.01% x **Relevant Fraction**
(expressed as a percentage)

First Test
Date Percentage = 110% x **Relevant Fraction**
(expressed as a percentage)

4.4 Non-Conversion Notices

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, the Issuer will give notice to Holders between the 25th and the 21st Business Day before the Relevant Date; or
- (b) the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, the Issuer will give notice to Holders on or as soon as practicable after the Relevant Date,

(each such notice a **Non-Conversion Notice**) that Mandatory Conversion will not (or, as the case may be, did not) occur on the Relevant Date.

5 Automatic Conversion

5.1 Non-Viability Trigger Event

- (a) A **Non-Viability Trigger Event** in relation to the Issuer is the earlier of:
 - (i) the issuance of a notice, in writing, by APRA to the Issuer that the conversion to Ordinary Shares or write-off of Relevant Preference Securities in accordance with their terms or by operation of law is necessary because without that conversion or write-off, APRA considers that the Issuer would become non-viable; or
 - (ii) a determination by APRA, notified to the Issuer, in writing, that without a public sector injection of capital into, or equivalent support with respect to, the Issuer, APRA considers that the Issuer would become non-viable.
- (b) If a Non-Viability Trigger Event occurs, the Issuer must convert to Ordinary Shares or write-off:
 - (i) all Relevant Preference Securities; or
 - (ii) a number of the Relevant Preference Securities if APRA is satisfied that conversion to Ordinary Shares or write-off of that number will be sufficient to ensure that the Issuer does not become non-viable.
- (c) If a Non-Viability Trigger Event occurs under clause 5.1(a)(ii), the Issuer must convert to Ordinary Shares or write-off all Relevant Preference Securities.

5.2 Capital Trigger Event

- (a) A **Capital Trigger Event** occurs when:
 - (i) the Issuer determines; or
 - (ii) APRA notifies the Issuer in writing that it believes, that either or both of the Issuer's Level 1 Common Equity Tier 1 Capital Ratio or Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%.
- (b) The Issuer must notify APRA immediately in writing if it determines that a Capital Trigger Event has occurred.

- (c) If a Capital Trigger Event occurs, the Issuer must convert to Ordinary Shares or write-off:
 - (i) all Relevant Preference Securities; or
 - (ii) a number of the Relevant Preference Securities if APRA is satisfied that conversion to Ordinary Shares or write-off of that number will have the result that each of the Level 1 Common Equity Tier 1 Capital Ratio and the Level 2 Common Equity Tier 1 Capital Ratio is at a percentage above 5.125% determined by the Issuer for that ratio.

5.3 Automatic Conversion upon the occurrence of a Non-Viability Trigger Event or Capital Trigger Event

- (a) On the date on which a Non-Viability Trigger Event occurs (the **Non-Viability Conversion Date**) the Issuer must immediately determine:
 - (i) the number of CPS4 that will Convert and the number of other Relevant Preference Securities which will convert into Ordinary Shares or be Written Off (in accordance with clause 5.1); and
 - (ii) the identity of the Holders whose CPS4 will Convert at the time and date that the Conversion is to take effect and in making that determination the Issuer may make any decisions with respect to the identity of the Holders at that time and date as may be necessary or desirable to ensure Conversion occurs in an orderly manner, including disregarding any transfers of CPS4 that have not been settled or registered at that time and date,

provided that such determination does not prevent, impede or delay the immediate Conversion of the relevant number of CPS4.
- (b) On the date on which a Capital Trigger Event occurs (the **Capital Trigger Conversion Date**) the Issuer must immediately determine:
 - (i) the number of CPS4 that will Convert and the number of other Relevant Preference Securities which will convert into Ordinary Shares or be Written Off (in accordance with clause 5.2); and
 - (ii) the identity of the Holders whose CPS4 will Convert at the time that the Conversion is to take effect and in making that determination the Issuer may make any decisions with respect to the identity of the Holders at that time and date as may be necessary or desirable to ensure Conversion occurs in an orderly manner, including disregarding any transfers of CPS4 that have not been settled or registered at that time and date,

provided that such determination does not prevent, impede or delay the immediate Conversion of the relevant number of CPS4.
- (c) If the Issuer is permitted, in accordance with this clause 5, to convert into Ordinary Shares a proportion of CPS4 and other Relevant Preference Securities, the Issuer must endeavour to treat Holders and holders of other Relevant Preference Securities on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels and other logistical considerations and the need to effect the conversions immediately, provided that nothing in the making of the selection is to delay or impede the Conversion taking effect on the Non-Viability Conversion Date or Capital Trigger Conversion Date (as applicable).

- (d) Despite any other provision in these Terms, on the Non-Viability Conversion Date or Capital Trigger Conversion Date (as applicable) the relevant amount (as determined under this clause 5.3) of CPS4 will Convert immediately and irrevocably.
- (e) A Non-Viability Trigger Event or Capital Trigger Event occurs immediately on the day when the Issuer determines or is notified by APRA of the event whether or not the day is a Business Day and the Issuer must perform the obligations in respect of it on that day accordingly.
- (f) None of the following shall prevent, impede or delay the Conversion of CPS4 as required by this clause 5.3:
 - (i) any failure or delay in the conversion into Ordinary Shares or write-off of other Relevant Preference Securities;
 - (ii) any failure or delay in giving a Non-Viability Trigger Event Notice or Capital Trigger Event Notice (as applicable);
 - (iii) any failure or delay in quotation of the Ordinary Shares to be issued on Conversion; or
 - (iv) any requirement to treat Holders and holders of other Relevant Preference Securities on a proportionate basis as required by paragraph (c).
- (g) From the Non-Viability Conversion Date or Capital Trigger Conversion Date (as applicable), the Issuer shall treat the Holder in respect of its CPS4 as the holder of the Conversion Number of Ordinary Shares and will take all such steps, including updating any register, required to record the Conversion.

5.4 Notice of Non-Viability Trigger Event or Capital Trigger Event

- (a) If a Non-Viability Trigger Event occurs, the Issuer must give notice of the Non-Viability Trigger Event (a **Non-Viability Trigger Event Notice**) to ASX and Holders as soon as practicable which states the Non-Viability Conversion Date, the number of CPS4 Converted and the relevant number of Relevant Preference Securities converted or written-off.
- (b) If a Capital Trigger Event occurs, the Issuer must give notice of the Capital Trigger Event (a **Capital Trigger Event Notice**) to ASX and Holders as soon as practicable which states the Capital Trigger Conversion Date, the number of CPS4 Converted and the relevant number of Relevant Preference Securities converted or written-off.

5.5 Priority of Conversion obligations

- (a) Conversion on account of the occurrence of a Non-Viability Trigger Event or Capital Trigger Event is not subject to the matters described in clause 4.3 as Mandatory Conversion Conditions.
- (b) A Conversion required on account of a Non-Viability Trigger Event or Capital Trigger Event takes place on the date, and in the manner, required by clause 5.3, notwithstanding any other provisions for Conversion, Redemption or Resale in these Terms.
- (c) If Conversion of CPS4 has not been effected within five Business Days of a Non-Viability Conversion Date or Capital Trigger Conversion Date for any reason (including an Inability Event), then:
 - (i) Conversion on account of the Non-Viability Trigger Event or Capital Trigger Event (as applicable) will not occur; and

- (ii) those CPS4 will be Written Off and clause 8.14 shall apply.

6 Optional Exchange by the Issuer

6.1 Optional Exchange by the Issuer

The Issuer may with APRA's prior written approval by notice to Holders (an **Exchange Notice**) elect to Exchange:

- (a) all or some CPS4 on an Exchange Date following the occurrence of a Tax Event or a Regulatory Event;
- (b) all (but not some only) CPS4 on an Exchange Date following the occurrence of an Acquisition Event; ~~or~~
- (c) all or some CPS4 on the Optional Exchange Date; or
- (d) all Reinvestment CPS4 on the Reinvestment Date.

An Exchange Notice under this clause 6:

- (a) cannot be given in the period of 20 Business Days preceding (and not including) a Relevant Date where the First Mandatory Conversion Condition has been met in respect of that Relevant Date; and
- (b) subject to clauses 5.3(d), 5.5(b) and ~~5.5(b)~~ 10.6, once given is irrevocable; ~~other than:~~
 - (i) if, for any reasons, the Capital Notes 2 Prospectus is withdrawn, any Exchange Notice given under clause 6.1(d) will be taken to have been revoked in full and no Exchange of Reinvestment CPS4 will occur in response to that Exchange Notice; and
 - (ii) if, and to the extent that, the Issuer determines not to issue Capital Notes 2 to a Holder in the Reinvestment Date, any Exchange Notice given under clause 6.1(d) will be taken to have been revoked to that extent and no Exchange of that Holder's Reinvestment CPS4 will occur in response to that Exchange Notice to the extent of that revocation.

6.2 Contents of Exchange Notice

An Exchange Notice must specify:

- (a) where clause 6.1(a) or clause 6.1(b) applies, the details of the Tax Event, Regulatory Event or Acquisition Event to which the Exchange Notice relates;
- (b) the date on which Exchange is to occur (the **Exchange Date**), which:
 - (i) in the case of an Acquisition Event, is the Business Day prior to the date reasonably determined by the Issuer to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such other earlier date as the Issuer may reasonably determine having regard to the timing for implementation of the bid or scheme concerned or such later date as APRA may require;
 - (ii) in the case of a Tax Event or a Regulatory Event, is the last Business Day of the month following the month in which the Exchange Notice was given by the Issuer unless the Issuer determines an earlier Exchange Date having regard to the best interests of Holders as a whole and the relevant event; ~~or~~
 - (iii) in the case of clause 6.1(c), is the Optional Exchange Date, which must fall:
 - (A) no earlier than:

- (1) 25 Business Days, where the Exchange Method elected is Conversion; or
- (2) 15 Business Days, where the Exchange Method is Redemption or Resale; and
- (B) in any case no later than 50 Business Days, after the date on which the Exchange Notice is given; or
(iv) in the case of clause 6.1(d), the Reinvestment Date.
- (c) the Exchange Method in accordance with clause 6.3;
- (d) if less than all CPS4 are subject to Exchange, the proportion of the CPS4 that are to be Exchanged;
- (e) if the Exchange Notice provides that any CPS4 are to be Redeemed:
 - (i) the Redemption Price; and
 - (ii) whether the Redemption Price is payable by way of redemption, buy-back or reduction of capital (or a combination of these methods);
- (f) if the Exchange Notice provides that any CPS4 are to be Resold, the identity of the Nominated Purchaser or Nominated Purchasers for that Resale; and
- (g) whether any Dividend or any amount under clause 9.3(a)(iii) will be paid in respect of the CPS4 to be Exchanged on the Exchange Date.

6.3 Exchange Method

- (a) If the Issuer elects to Exchange CPS4 in accordance with clause 6.1, it must, subject to clauses 6.3(b), 6.4 and 6.5 and subject to APRA's prior written approval, elect which of the following it intends to do in respect of CPS4 (the **Exchange Method**):
 - (i) Convert CPS4 into Ordinary Shares in accordance with clause 8;
 - (ii) Redeem CPS4 in accordance with clause 9; ~~or~~
 - (iii) Resell CPS4 in accordance with clause 10; or
(iv) Resell Reinvestment CPS4 in accordance with clause 10.

Holders should not expect that APRA's approval will be given for any Exchange of CPS4 under these Terms.
- (b) Subject to clauses 6.4 and 6.5, in the election under clause 6.3(a), the Issuer may specify which of Conversion, Redemption and Resale applies to a particular CPS4.
 Without limitation to the foregoing:
 - (i) the Issuer may select any one or more of Conversion, Redemption or Resale to apply to the CPS4 held by a Holder; and
 - (ii) the Issuer may select a different combination of Conversion, Redemption and Resale in respect of CPS4 held by different Holders,

but otherwise the Issuer must endeavour to treat Holders, in the case of an Exchange of only some CPS4, on an approximately proportionate basis (although it may discriminate to take account of the effect on marketable parcels and other logistical considerations).

6.3A Redemption of Reinvestment CPS4

The Issuer may elect to Redeem all or some of the Reinvestment CPS4 acquired by the Nominated Purchaser on completion of a Resale contemplated by clause 6.3(a)(iv), subject to

APRA's prior written approval. Clauses 6.1, 6.2 and 6.3 do not apply to a Redemption under this clause 6.3A.

6.4 Restrictions on election by the Issuer of Redemption or Resale as Exchange Method

The Issuer may only elect Redemption or Resale as the Exchange Method in respect of an Exchange under this clause 6:

- (a) on the Optional Exchange Date; ~~or~~
- (b) on the Reinvestment Date; or
- ~~(b)~~(c) in the case of a Tax Event or Regulatory Event,

and provided in all cases where the Issuer elects Redemption that APRA is satisfied that either:

- (i) CPS4 the subject of the Exchange are replaced concurrently or beforehand with a Relevant Preference Security of the same or better quality or Ordinary Shares and the replacement of the instrument is done under conditions that are sustainable for the Issuer's income capacity; or
- (ii) having regard to the projected capital position of the Issuer and the Group, that the Issuer does not have to replace the CPS4 the subject of the Redemption.

6.5 Restrictions on election by the Issuer of Conversion as Exchange Method

The Issuer may not elect Conversion as the Exchange Method in respect of an Exchange under this clause 6 if:

- (a) on the second Business Day before the date on which an Exchange Notice is to be sent by the Issuer (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 **Non-Conversion Test Date**) the VWAP on that date is less than or equal to the First Test Date Percentage of the Issue Date VWAP (the **First Optional Conversion Restriction**); or
- (b) a Delisting Event applies in respect of the Non-Conversion Test Date (the **Second Optional Conversion Restriction** and together with the First Optional Conversion Restriction, the **Optional Conversion Restrictions**).

6.6 Conditions to Conversion occurring once elected by the Issuer

If the Issuer has given an Exchange Notice in which it has elected Conversion as the Exchange Method but, if the Exchange Date were a Relevant Date for the purposes of clause 4, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these Terms:

- (a) the Exchange Date will be deferred until the first Dividend Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Dividend Payment Date were a Relevant Date for the purposes of clause 4 (the **Deferred Conversion Date**);
- (b) the Issuer must Convert the CPS4 on the Deferred Conversion Date (unless the CPS4 are Exchanged earlier in accordance with these Terms); and
- (c) until the Deferred Conversion Date, all rights attaching to the CPS4 will continue as if the Exchange Notice had not been given.

The Issuer will notify Holders on or as soon as practicable after an Exchange Date in respect of which this clause 6.6 applies that Conversion did not occur on that Exchange Date (a **Deferred Conversion Notice**).

6.7 No Exchange at the option of the Holders

Holders do not have a right to request Exchange at any time or to determine the Exchange Method.

7 Early Conversion on Change of Control Event

7.1 Notice of Change of Control Event

The Issuer must notify Holders of the occurrence of a Change of Control Event as soon as practicable after becoming aware of that event (a **Change of Control Event Notice**).

7.2 Conversion on occurrence of Change of Control Event

If a Change of Control Event occurs, the Issuer must Convert all (but not some only) CPS4 on the Change of Control Conversion Date by notice to Holders (a **Change of Control Conversion Notice**) in accordance with this clause 7 and clause 8.

7.3 Contents of Change of Control Conversion Notice

A Change of Control Conversion Notice must specify:

- (a) the details of the Change of Control Event to which the Change of Control Conversion Notice relates;
- (b) the date on which Conversion is to occur (the **Change of Control Conversion Date**), which must be:
 - (i) the Business Day prior to the date reasonably determined by the Issuer to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such other earlier date as the Issuer may reasonably determine having regard to the timing for implementation of the bid or scheme concerned; or
 - (ii) such later date as APRA may require; and
- (c) whether any Dividend will be paid in respect of the CPS4 on the Change of Control Conversion Date.

7.4 Where Change of Control Conversion Notice not required

Notwithstanding any provision of clause 7.2 or clause 7.3, the Issuer is not required to give a Change of Control Conversion Notice if either or both of the Optional Conversion Restrictions would apply if the Change of Control Conversion Notice were an Exchange Notice under clause 6 and in this case the provisions of clause 7.5 will apply.

7.5 Deferred Conversion on Change of Control Event

If clause 7.4 applies or the Issuer has given a Change of Control Conversion Notice but, if the Change of Control Conversion Date were a Relevant Date for the purposes of clause 4.2, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then notwithstanding any other provision of these Terms (but without limitation to the operation of clause 5.5):

- (a) the Change of Control Conversion Notice, if given, is taken to be revoked and Conversion will not occur on the Change of Control Conversion Date specified in the Change of Control Conversion Notice;
- (b) the Issuer will notify Holders as soon as practicable that Conversion will not (or, as the case may be, did not) occur (a **Deferred Change of Control Conversion Notice**); and

- (c) the Issuer must, unless clause 7.4 then applies, give a Change of Control Conversion Notice (or, as the case may be, a new Change of Control Conversion Notice) on or before the 25th Business Day prior to the immediately succeeding Dividend Payment Date which is at least 25 Business Days after the date on which the Deferred Change of Control Conversion Notice was given.

The Change of Control Conversion Notice given in accordance with paragraph (c) above must comply with the requirements in clause 7.3.

If this clause 7.5 applies but:

- (d) clause 7.4 applies in respect of the Dividend Payment Date referred to in paragraph (c) such that no Change of Control Conversion Notice (or, as the case may be, no new Change of Control Conversion Notice) is given under this clause 7.5; or
- (e) a Change of Control Conversion Notice (or, as the case may be, a new Change of Control Conversion Notice) is given under this clause 7.5 but, if the Change of Control Conversion Date specified in the Change of Control Conversion Notice were a Relevant Date for the purposes of clause 4.2, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date,

then this clause 7.5 will be reapplied in respect of each subsequent Dividend Payment Date until a Conversion occurs.

8 Conversion mechanics

8.1 Conversion

If the Issuer elects to Convert CPS4 (with APRA's prior written approval) or must Convert CPS4 in accordance with these Terms, then, subject to this clause 8, the following provisions shall apply:

- (a) each CPS4 that is being Converted will convert into one Ordinary Share on the Mandatory Conversion Date, the Non-Viability Conversion Date, the Capital Trigger Conversion Date, the Exchange Date or the Change of Control Conversion Date (as the case may be);
- (b) each Holder will be allotted, for no consideration, an additional number of Ordinary Shares for each CPS4 that is being Converted on the Mandatory Conversion Date, the Non-Viability Conversion Date, the Capital Trigger Conversion Date, the Exchange Date or the Change of Control Conversion Date (as the case may be) equal to one less than the Conversion Number, where the Conversion Number is a number calculated according to the following formula (subject always to the Conversion Number being no more than the Maximum Conversion Number):

$$\text{Conversion Number} = \frac{\text{Issue Price}}{99\% \times \text{VWAP}}$$

where:

VWAP (expressed in dollars and cents) means the VWAP during the VWAP Period;

Maximum Conversion Number means a number calculated according to the following formula:

$$\begin{array}{l} \text{Maximum} \\ \text{Conversion} \\ \text{Number} \end{array} = \frac{\text{Issue Price}}{(\text{Issue Date VWAP} \times \text{Relevant Fraction})}$$

Relevant Fraction means:

- (i) in the case of a Mandatory Conversion, 0.5;
- (ii) in the case of any other Conversion, 0.2;
- (c) if the total number of additional Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of CPS4 upon Conversion includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded; and
- (d) a CPS4, upon Conversion, confers all of the rights attaching to one Ordinary Share but these rights do not take effect until 5.00pm (Melbourne time) on the Mandatory Conversion Date, the Exchange Date or the Change of Control Conversion Date (as the case may be) or, in the case of a Conversion on a Non-Viability Conversion Date or Capital Trigger Conversion Date, immediately on Conversion on the Non-Viability Conversion Date or Capital Trigger Event Conversion Date. At that time:
 - (i) all other rights conferred or restrictions imposed on that CPS4 under these Terms will no longer have effect (except for rights relating to a Dividend which has been determined to be payable but has not been paid, and in each case subject to clause 3.3, on or before the Mandatory Conversion Date, the Non-Viability Conversion Date, the Capital Trigger Conversion Date, the Exchange Date or the Change of Control Conversion Date (as the case may be), which rights will continue); and
 - (ii) the Ordinary Share resulting from the Conversion will rank equally with all other Ordinary Shares.

Conversion does not constitute a redemption, buy-back, cancellation or termination of CPS4 or an issue, allotment or creation of a new Ordinary Share (other than under clause 8.1(b)).

8.2 Adjustments to VWAP

For the purposes of calculating the VWAP in these Terms:

- (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 CPS4 will Convert into Ordinary Shares after the date those Ordinary Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement shall be reduced by an amount (the **Cum Value**) equal to:
 - (i) (in 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 8.2(a)(i) which is traded on ASX on any of those Business Days), the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded; or
 - (iii) (in the case of any other entitlement which is not traded on ASX during the VWAP Period), the value of the entitlement as reasonably determined by the Directors; and

- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and CPS4 will Convert into Ordinary Shares in respect of which the relevant dividend or other distribution or entitlement would be payable, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

8.3 Adjustments to VWAP for divisions and similar transactions

- (a) Where during the relevant VWAP Period there is a change in the number of Ordinary Shares on issue as a result of a Reorganisation, in calculating the VWAP for that VWAP Period, the Issuer shall adjust the VWAP on each Business Day in the relevant VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reorganisation basis by multiplying the VWAP on each of those Business Days in the relevant VWAP Period before such Reorganisation by the following formula:

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

where:

- A** means the aggregate number of Ordinary Shares immediately before the Reorganisation; and
- B** means the aggregate number of Ordinary Shares immediately after the Reorganisation.
- (b) Any adjustment made by the Issuer in accordance with clause 8.3(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly. Any such adjustment must be promptly notified to all Holders.

8.4 Adjustments to Issue Date VWAP

For the purposes of determining the Issue Date VWAP, adjustments to the VWAP will be made in accordance with clauses 8.2 and 8.3 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 the Issuer in accordance with clauses 8.5 to 8.7 (inclusive); and
- (b) if so made, will correspondingly:
- (i) affect the application of the Mandatory Conversion Conditions and the Optional Conversion Restrictions; and
 - (ii) cause an adjustment to the Maximum Conversion Number.

8.5 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to clause 8.5(b), if at any time after the Issue Date the Issuer makes a pro rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally, the Issue Date VWAP will be adjusted in accordance with the following formula:

$$V = V_o \times \frac{RD}{RD + RN}$$

where:

- V** means the Issue Date VWAP applying immediately after the application of this formula;

- V₀** 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 8.5(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 clause 8.5(a), an issue will be regarded as a pro rata bonus issue notwithstanding that the Issuer does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing the Issuer is not in contravention of the ASX Listing Rules.
- (d) No adjustments to the Issue Date VWAP will be made under this clause 8.5 for any offer of Ordinary Shares not covered by clause 8.5(a), including a rights issue or other essentially pro rata issue.
- (e) The fact that no adjustment is made for an issue of Ordinary Shares except as covered by clause 8.5(a) shall not in any way restrict the Issuer from issuing Ordinary Shares at any time on such terms as it sees fit nor be taken to constitute a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence of the Holders.

8.6 Adjustment to Issue Date VWAP for divisions and similar transactions

- (a) If at any time after the Issue Date there is a change in the number of Ordinary Shares on issue as a result of a Reorganisation, the Issuer shall adjust the Issue Date VWAP by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reorganisation by the following formula:

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

where:

- A** means the aggregate number of Ordinary Shares immediately before the Reorganisation; and
- B** means the aggregate number of Ordinary Shares immediately after the Reorganisation.
- (b) Any adjustment made by the Issuer in accordance with clause 8.6(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.
- (c) Each Holder acknowledges that the Issuer may consolidate, divide or reclassify securities so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action constituting a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence.

8.7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 8.5 and 8.6, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than one percent of the Issue Date VWAP then in effect.

8.8 Announcement of adjustments

The Issuer will notify Holders (an **Adjustment Notice**) of any adjustment to the Issue Date VWAP under this clause 8 within 10 Business Days of the Issuer determining the adjustment and the adjustment set out in the announcement will be final and binding.

8.9 Ordinary Shares

Each Ordinary Share issued or arising upon Conversion ranks pari passu with, and will have the same rights as, all other fully paid Ordinary Shares.

8.10 Foreign Holders

Where CPS4 held by a Foreign Holder are to be Converted, unless the Issuer is satisfied that the laws of the Foreign Holder's country of residence permit the issue of Ordinary Shares to the Foreign Holder (but as to which the Issuer is not bound to enquire), either unconditionally or after compliance with conditions which the Issuer in its absolute discretion regards as acceptable and not unduly onerous, the number of Ordinary Shares which the Foreign Holder is obliged to accept will be issued to a nominee appointed by the Issuer (which must not be a member of the Group or Related Entity of the Issuer) who will sell that number of Ordinary Shares and pay a cash amount equal to the Proceeds to the Foreign Holder accordingly.

8.11 Conversion where the Holder does not wish to receive Ordinary Shares

If the Issuer has elected or is required to Convert CPS4 and the Holder has notified the Issuer that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given by the Holder at any time on or after the Issue Date and no less than 15 Business Days prior to the date scheduled for Conversion then, on the date for Conversion, the number of Ordinary Shares which that Holder is obliged to accept will be issued to a nominee appointed by the Issuer (which must not be a member of the Group or Related Entity of the Issuer) who will sell that number of Ordinary Shares and pay a cash amount equal to the Proceeds to the relevant Holder.

8.12 No duty on sale

For the purposes of clauses 8.10 and 8.11:

- (a) the issue of Ordinary Shares to the nominee satisfies the obligation of the Issuer to issue additional Ordinary Shares in connection with the Conversion and on and from the issue of those Ordinary Shares, the rights of a Holder the subject of, as applicable, clause 8.10 or 8.11 in respect of those Ordinary Shares are limited to its rights in respect of the Proceeds as provided in, as applicable, clause 8.10 or 8.11; and
- (b) the Issuer does not owe any obligations or duties to the Holders in relation to the price for which, or other terms on which, Ordinary Shares are sold and has no liability for any loss suffered by a Holder as a result of the sale of Ordinary Shares.

8.13 Listing Ordinary Shares issued on Conversion

The Issuer shall use all reasonable endeavours to list the Ordinary Shares issued upon Conversion of CPS4 on ASX.

8.14 Write Off

Where Conversion has not been effected within five Business Days after a Non-Viability Conversion Date or Capital Trigger Conversion Date for any reason (including an Inability Event), each CPS4 which, but for clause 5.5(c) and this clause 8.14, would be Converted, will be Written

Off with effect on and from the Non-Viability Conversion Date or Capital Trigger Conversion Date (as applicable).

In this clause 8.14, **Written Off** means that, in respect of a CPS4 and a Non-Viability Conversion Date or Capital Trigger Conversion Date (as applicable):

- (a) the CPS4 will not be Converted in respect of the Non-Viability Trigger Event or Capital Trigger Event (as applicable) and will not be Converted, Redeemed or Resold under these Terms on any subsequent date; and
- (b) subject to clause 8.14(c):
 - (i) on and from 5.00pm on the fifth Business Day after the Non-Viability Conversion Date or Capital Trigger Conversion Date (as applicable):
 - (A) in a winding-up of the Issuer, the Liquidation Sum is the sum which would have been paid in respect of CPS4 out of the surplus available to shareholders in a winding-up as if the CPS4 were the Conversion Number of Ordinary Shares (and such sum will be treated as the amount paid up on CPS4 for all purposes, including Rule 3(d)(i)(A) of the Constitution); and
 - (B) subject to clauses 3.3, 3.4, 15.8 and 15.9 and to the requirements of APRA applicable to the payment of dividends on Ordinary Shares, a non-cumulative dividend is payable in respect of the CPS4 if and when a dividend is paid on Ordinary Shares, in an amount determined as if the CPS4 were a number of Ordinary Shares equal to the Conversion Number,

in each case with that Conversion Number (the **Fixed Conversion Number**) being finally determined as if the CPS4 had Converted on the Non-Viability Conversion Date or Capital Trigger Conversion Date (as applicable) (and subject always to such number not exceeding the Maximum Conversion Number); and
 - (ii) on and from 5.00pm on the fifth Business Day after the Non-Viability Conversion Date or Capital Trigger Conversion Date (as applicable), but with effect on and from the Non-Viability Conversion Date or Capital Trigger Conversion Date, clauses 3.1, 3.2, 3.5, 3.7, 4, 5 (other than clause 5.5(c)), 6, 7, 8 (other than this clause 8.14 and any provisions in clause 8 required to give effect to this clause 8.14), 9, 10 and 14 will no longer apply in respect of that CPS4; or
- (c) if permitted by law, and to the extent required by APRA or any Prudential Standard, the relevant Holder's rights (including to payment of any Dividend and any amount in a winding-up of the Issuer) in relation to such CPS4 are immediately and irrevocably terminated and written off and, in this case, clause 8.14(b) would cease to be of any force and effect.

9 Redemption mechanics

9.1 Redemption mechanics to apply to Redemption

If, subject to APRA's prior written approval and compliance with the conditions in clause 6.4, the Issuer elects to Redeem CPS4 in accordance with these Terms, the provisions of this clause 9 apply to that Redemption.

Holders should not expect that APRA's approval will be given for any Redemption of CPS4 under these Terms.

9.2 Redemption

CPS4 will be Redeemed by payment on the Exchange Date of the Issue Price plus any amount payable under clause 9.3(a)(iii) (together, the **Redemption Price**) by way of redemption, buy-back, reduction of capital or any combination thereof to the Holder.

9.3 Effect of Redemption on Holders

On the Exchange Date, the only right Holders will have in respect of CPS4 will be to obtain the Redemption Price payable in accordance with these Terms and upon payment of the Redemption Price, all other rights conferred, or restrictions imposed, by CPS4 will no longer have effect.

For the purposes of this clause 9:

- (a) where the Redemption involves a buy-back of CPS4:
 - (i) the Exchange Notice constitutes a buy-back offer for the Redemption Price payable on the relevant Exchange Date;
 - (ii) the Holder must accept the buy-back offer for their CPS4 and will be deemed to have accepted that buy-back offer for CPS4 held by that Holder to which the Exchange Notice relates on the date the Exchange Notice is given and will be deemed to have sold those CPS4 to the Issuer free of all Encumbrances on the Exchange Date;
 - (iii) no Dividend is payable on CPS4 on the Exchange Date, but the Directors may, in their absolute discretion, determine that the consideration payable for each CPS4 that is bought back will include an amount (in addition to the Issue Price) equal to a Dividend calculated in accordance with clause 3 for the Dividend Period ending on (but not including) the Exchange Date;
 - (iv) the buy-back agreement will be taken to include the Issuer's undertaking in clause 3.7 (as qualified by clause 3.8); and
 - (v) for the purposes of calculating the Redemption Price, any suspension of the right to receive a Dividend arising from the buy-back agreement under applicable law shall be disregarded; and
- (b) if the Redemption involves either or both a reduction of capital with respect to CPS4 and a cancellation of CPS4 and under applicable law Holders are entitled to vote on a resolution to approve that reduction of capital or that cancellation, each Holder agrees to vote in favour of that or those resolutions.

10 Resale mechanics

10.1 Resale mechanics

If the Issuer elects to Resell CPS4 in accordance with these Terms, the provisions of this clause 10 apply to that Resale.

10.2 Appointment of Nominated Purchaser

The Issuer must appoint one or more Nominated Purchasers for the Resale on such terms as may be agreed between the Issuer and the Nominated Purchasers. If the Issuer appoints more than one Nominated Purchaser in respect of a Resale, all or any of the CPS4 held by a Holder which are being Resold may be purchased by any one or any combination of the Nominated Purchasers, as determined by the Issuer for the Resale Price.

The obligation of a Nominated Purchaser to pay the Resale Price on the Exchange Date may be subject to such conditions as the Issuer may reasonably determine.

10.3 Identity of Nominated Purchasers

The Issuer may not appoint a person as a Nominated Purchaser unless that person:

- (a) has undertaken on such terms and subject to such conditions as the Issuer reasonably determines for the benefit of ~~each of each~~ relevant Holder to acquire each CPS4 the subject to the Resale from each relevant Holder for the Resale Price on the Exchange Date;
- (b) has a long term counterparty credit rating from one of Standard & Poor's, Moody's or Fitch of not less than investment grade; and
- (c) is not a Related Entity of the Issuer.

10.4 Irrevocable offer to sell CPS4

~~Each Holder~~ Each relevant Holder on the Exchange Date is taken irrevocably to offer to sell CPS4 the subject of a Resale to the Nominated Purchaser or Nominated Purchasers on the Exchange Date for the Resale Price.

10.5 Effect of Resale

On the Exchange Date subject to payment by the Nominated Purchaser of the Resale Price to the relevant Holders, all rights, title and interest in such CPS4 the subject of the Resale (excluding the right to any Dividend payable on that date) will be transferred to the Nominated Purchaser free from Encumbrances.

10.6 Effect of failure by Nominated Purchaser or Nominated Purchasers to pay

If a Nominated Purchaser does not pay the Resale Price to the relevant Holders on the Exchange Date (a **Defaulting Nominated Purchaser**) (whether as a result of a condition to purchase not being satisfied or otherwise):

- (a) the Exchange Notice as it relates to the Defaulting Nominated Purchaser will be void;
- (b) CPS4 will not be transferred to the Defaulting Nominated Purchaser on the Exchange Date; and
- (c) Holders will continue to hold the CPS4 referable to the Defaulting Nominated Purchaser until they are otherwise Redeemed, Converted or Resold in accordance with these Terms.

11 CPS4 general rights

11.1 Ranking with respect to dividends

The CPS4 rank in respect of payment of dividends:

- (a) in priority to Ordinary Shares;
- (b) equally and without preference among themselves; and
- (c) equally with all Equal Ranking Instruments that the Issuer has issued or may issue that has the same priority under the Constitution with respect to payment of dividends otherwise than in a winding up and with each of the other securities and instruments that the Issuer has issued or may issue that by their terms rank equally with respect to priority of payment of dividends, distributions or similar payments, otherwise than in a winding up.

11.2 Ranking in a winding-up

- (a) In a winding-up of the Issuer, a CPS4 confers upon the Holder the right to payment in cash of the Liquidation Sum out of the surplus (if any) available for distribution to

shareholders, but no further or other right to participate in the assets of the Issuer on a return of capital in the winding-up.

- (b) Holders will rank for payment of the Liquidation Sum in a winding-up of the Issuer:
 - (i) in priority to Ordinary Shares;
 - (ii) equally and without preference among themselves;
 - (iii) equally with Equal Ranking Instruments; and
 - (iv) junior to the claims of all creditors of the Issuer, including depositors, other than creditors expressed to rank equally with the CPS4 in a winding-up.
- (c) The **Liquidation Sum** is an amount out of surplus assets equal to \$100 plus the amount of any Dividend determined to be paid but unpaid, subject to the operation of clause 8.14. (For the avoidance of doubt, (i) even if the amount of the Liquidation Sum is less than \$100 plus the amount of any Dividend following the operation of clause 8.14, the ranking set out in clauses 11.2(a) and (b) shall apply in accordance with their terms, and (ii) a CPS4 has no Liquidation Sum where it has been Written Off in accordance with clause 8.14(c).)

11.3 Further issues not to vary class rights

Each of the following is expressly permitted and authorised by these Terms and does not affect, or constitute a modification or variation of, the rights or privileges attaching to the CPS4 then on issue:

- (a) the allotment or issue of preference shares (including further CPS4), or the conversion of existing shares into preference shares, ranking equally with or in priority to, or having different rights from, the CPS4 then on issue for participation in profits or assets of the Issuer, and whether entitled to cumulative or non-cumulative dividends;
- (b) a redemption, buy-back or return or distribution of capital in respect of any share capital other than a CPS4, whether ranking behind, equally with, or in priority to, the CPS4; and
- (c) the Conversion or Write Off of CPS4.

11.4 No set-off or offsetting rights

- (a) A Holder is not entitled to set-off any amounts due to a Holder in respect of CPS4 against any amount of any nature owed by the Holder to the Issuer.
- (b) A Holder will have no offsetting rights or claims on the Issuer if the Issuer does not pay a Dividend when scheduled under these Terms.
- (c) The Issuer is not entitled to set-off any amounts of any nature due to the Issuer against any amount owed by the Issuer to the Holder in respect of CPS4.

11.5 No security

CPS4 are unsecured.

11.6 Shortfall on winding-up

If, upon a return of capital on a winding-up of the Issuer, there are insufficient funds to pay in full the Liquidation Sum and the amounts payable in respect of any other instruments in the Issuer ranking equally with CPS4 on a winding-up of the Issuer, Holders and the holders of any such other instruments will share in any distribution of assets of the Issuer in proportion to the amounts to which they are entitled respectively.

11.7 No participation in surplus assets

CPS4 do not confer on the Holders any further right to participate in the surplus assets of the Issuer on a winding-up beyond payment of the Liquidation Sum.

11.8 Power of attorney

- (a) Each Holder appoints each of the Issuer, its officers and any External Administrator of the Issuer (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, accepting any buy-back offer, effecting any Conversion, Redemption or Resale, making any entry in the Register or exercising any voting power in relation to any consent or approval required for Conversion, Redemption or Resale or in respect of an Approved NOHC Event or the transfer of CPS4 to an Approved NOHC (or other member of the Issuer Group) as contemplated by clause 17.2.
- (b) The power of attorney given in this clause 11.8 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

11.9 Holder acknowledgments

Each Holder irrevocably:

- (a) upon Conversion of a CPS4 in accordance with these Terms, consents to becoming a member of the Issuer and agrees to be bound by the Constitution, in each case in respect of the Ordinary Shares issued on Conversion (or, where an Approved NOHC Substitution Notice has been given, consents to becoming a member of that Approved NOHC and agrees to be bound by its constitution);
- (b) acknowledges and agrees that an Approved NOHC may be substituted for the Issuer as provider of ordinary shares on Conversion and that if such a substitution is effected on the terms provided by the amendment in accordance with clause 17.2, the Holder is obliged to accept ordinary shares in that Approved NOHC on a Conversion, and will not receive Ordinary Shares;
- (c) acknowledges and agrees that any amendment made in accordance with clause 17.2 to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion will not constitute a variation of any class rights attaching to CPS4;
- (d) acknowledges and agrees that it is obliged to accept ordinary shares upon a Conversion notwithstanding anything that might otherwise affect a Conversion of CPS4 including:
 - (i) any change in the financial position of the Issuer or any Approved NOHC since the Issue Date;
 - (ii) any disruption to the market or potential market for the ordinary shares or to capital markets generally; or
 - (iii) any breach by the Issuer or any Approved NOHC of any obligation in connection with CPS4;
- (e) acknowledges and agrees that:
 - (i) where clause 5.3 applies:

- (A) there are no other conditions to a Non-Viability Conversion or Capital Trigger Conversion occurring as and when provided in clauses 5.1 to 5.5 (inclusive);
- (B) Conversion must occur immediately on the Non-Viability Conversion Date or Capital Trigger Conversion Date (as applicable) and that Conversion or Write-Off may result in disruption or failures in trading or dealings in CPS4;
- (C) it will not have any rights to vote in respect of any Non-Viability Conversion or Capital Trigger Conversion; and
- (D) the Ordinary Shares issued on Non-Viability Conversion or Capital Trigger Conversion may not be quoted at the time of issue, or at all;
- (ii) the only conditions to a Mandatory Conversion are the Mandatory Conversion Conditions;
- (iii) the only conditions to a Conversion on account of an Exchange under clause 6 or a Conversion under clause 7 are the conditions expressly applicable to such Conversion as provided in clauses 6 and 7 of these Terms and no other conditions or events will affect Conversion; and
- (iv) clause 8.14 is a fundamental term and where clause 8.14 applies, no other conditions or events will affect the operation of that clause and it will not have any rights to vote in respect of any Write Off;
- (f) agrees to provide to the Issuer any information necessary to give effect to a Conversion and, if applicable, to surrender any certificate relating to the CPS4 on the occurrence of the Conversion;
- (g) acknowledges and agrees that it has no remedy on account of a failure by the Issuer to issue Ordinary Shares to a Holder or a nominee in accordance with these Terms other than (and subject always to clause 8.14) to seek specific performance of the obligations to issue Ordinary Shares; and
- (h) acknowledges and agrees that a Holder has no right to request a Conversion, Redemption or Resale of any CPS4 or to determine the Exchange Method.

11.10 Buy-backs

Subject to APRA's prior written approval, the Issuer may purchase on-market or otherwise conduct a buy-back in relation to CPS4 at any time and at any price.

11.11 No other rights

- (a) The CPS4 do not confer on Holders any right to participate in profits or property of the Issuer except as set out in these Terms.
- (b) The CPS4 do not confer on Holders any right to subscribe for new securities in the Issuer or to participate in any bonus issues of securities of the Issuer.

12 Voting and other rights

12.1 Meetings

In accordance with the Constitution, a Holder will have the same rights as the holders of Ordinary Shares with respect to receiving notices of general meetings and financial reports and attending the Issuer's general meetings.

12.2 Voting rights

A Holder will not be entitled to vote at any general meeting of the Issuer except that they may vote:

- (a) on any resolution during a period in which a Dividend or part of a Dividend remains unpaid;
- (b) on any resolution:
 - (i) to reduce the Issuer's share capital, other than a resolution to approve a Redemption of CPS4;
 - (ii) that affects the rights attached to the CPS4;
 - (iii) to wind up the Issuer; or
 - (iv) for the disposal of the whole of the Issuer's property, business and undertaking;
- (c) on a resolution to approve the terms of a buy-back agreement, other than a resolution to approve a Redemption of CPS4; and
- (d) during a winding-up of the Issuer,

in which case a Holder will have the same rights as to manner of attendance and to voting as a holder of Ordinary Shares with one vote per CPS4.

12.3 Not a 'voting share'

Each Holder acknowledges and agrees that a CPS4 will not constitute a 'voting share' for the purposes of the Corporations Act.

12.4 No right to apply for the winding-up of the Issuer

Each Holder acknowledges and agrees that a Holder has no right to apply for the Issuer to be wound up, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of the Issuer merely on the grounds that the Issuer does not pay a Dividend when scheduled in respect of CPS4.

12.5 No events of default

Each Holder acknowledges and agrees that these Terms contain no events of default. Accordingly (but without limitation) failure to pay in full, for any reason, a Dividend on the scheduled Dividend Payment Date will not constitute an event of default.

13 Takeovers and schemes of arrangement

If:

- (a) a takeover bid is made for Ordinary Shares, acceptance of which is recommended by the Directors; or
- (b) the Directors recommend a scheme of arrangement in respect of the Ordinary Shares of the Issuer which will result in a person other than the Issuer having a relevant interest in more than 50% of the Ordinary Shares,

in each case which would result in a Change of Control Event then, if the Directors consider that:

- (i) the Issuer will not be permitted to elect to Exchange the CPS4 in accordance with clause 6 or to Convert the CPS4 in accordance with clause 7; or
- (ii) the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition will not be satisfied in respect of the Change of Control Conversion Date in accordance with clause 7,

the Directors will use all reasonable endeavours to procure that equivalent takeover offers are made to Holders or that they are entitled to participate in the scheme of arrangement or a similar transaction.

14 Approved NOHC Events

14.1 The Issuer may give an Approved NOHC Substitution Notice

If:

- (a) an Approved NOHC Event is proposed to occur; and
- (b) the Approved NOHC agrees for the benefit of Holders:
 - (i) to deliver Approved NOHC Ordinary Shares under all circumstances when the Issuer would have otherwise been obliged to deliver Ordinary Shares on a Conversion, subject to the same terms and conditions as set out in these Terms as amended by this clause 14; and
 - (ii) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of all Approved NOHC Ordinary Shares issued under these Terms (with all necessary modifications) on the securities exchanges on which the other Approved NOHC Ordinary Shares are quoted at the time of a Conversion,

the Issuer may give a notice (an **Approved NOHC Substitution Notice**) to Holders (which, if given, must be given as soon as practicable before the Approved NOHC Event and in any event no later than 10 Business Days before the Approved NOHC Event occurs) specifying the amendments to these Terms which will be made in accordance with clause 17.2 to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion (the **Approved NOHC Substitution Terms**).

An Approved NOHC Substitution Notice, once given, is irrevocable.

14.2 Restrictions on issuing an Approved NOHC Substitution Notice

The Issuer must not give an Approved NOHC Substitution Notice unless:

- (a) the Approved NOHC 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 Issuer on a Level 1 and Level 2 basis as described in the Prudential Standards will not be adversely affected, including, if required by APRA or the Prudential Standards, undertaking any capital injection in relation to the Issuer to replace CPS4; and
- (b) any capital injection carried out pursuant to paragraph (a) is:
 - (i) unconditional;
 - (ii) occurs simultaneously with the substitution of the Approved NOHC; and
 - (iii) of equal or better quality capital and at least the same amount as CPS4, unless otherwise approved by APRA in writing.

14.3 Consequences of an Approved NOHC Substitution Notice

If the Issuer gives an Approved NOHC Substitution Notice to Holders in accordance with clause 14.1, the Approved NOHC Substitution Terms will have effect on and from the date specified in the Approved NOHC Substitution Notice.

15 Payments and other matters

15.1 Manner of payment

Monies payable by the Issuer to a Holder in respect of a CPS4 will be paid in dollars in any manner the Issuer decides from time to time, including:

- (a) by any method of direct credit determined by the Issuer to the Holder or Holders shown on the Register or to such person or place acceptable to the Issuer as directed by them; or
- (b) by cheque sent by prepaid post on the scheduled payment date, at the risk of the registered Holder, to the Holder (or to the first named joint holder of the CPS4) at its address appearing in the Register.

Cheques sent on the scheduled payment date to the nominated address of a Holder will be taken to have been received by the Holder on that date and no further amount will be payable by the Issuer in respect of the CPS4 as a result of the Holder not receiving payment on that date.

15.2 Holders entitled to payment

Monies payable by the Issuer in respect of a CPS4 shall be paid:

- (a) in the case of a payment of a Dividend, to the Holder appearing in the Register at the close of business on the Record Date; ~~and~~
- (b) in the case of a payment of the Redemption Price, to the Holder appearing in the Register at 10:00am (Melbourne time) on the Exchange Date; ~~;~~ and
- (c) in the case of a payment of the Redemption Price to the Nominated Purchaser in connection with a Redemption under clause 6.3A, as agreed between the Nominated Purchaser and the Issuer.

in each case unless otherwise required by the ASX Listing Rules.

15.3 Unpresented cheques

Cheques issued by the Issuer that are not presented within six months of being issued or such lesser period as determined by the Issuer may be cancelled. Where a cheque which is cancelled was drawn in favour of a Holder, the moneys are to be held by the Issuer for the Holder in a non-interest bearing deposit in a bank selected by the Issuer or paid by the Issuer according to the legislation relating to unclaimed moneys.

15.4 Unsuccessful attempts to pay – other

Subject to applicable law and the ASX Listing Rules, where the Issuer:

- (a) decides that an amount is to be paid to a Holder by a method of direct credit and the Holder has not given a direction as to where amounts are to be paid by that method;
- (b) attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful; or
- (c) has made reasonable efforts to locate a Holder but is unable to do so,

then in each case, the amount is to be held by the Issuer for the Holder in a non-interest bearing deposit with a bank selected by the Issuer until the Holder or any legal personal representative of the Holder claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

15.5 Payment to joint Holders

A payment to any one of joint Holders will discharge the Issuer's liability in respect of the payment.

15.6 Time limit for claims

A claim against the Issuer for payment according to these Terms is void, to the fullest extent permitted by applicable law, unless made within five years of the date for payment.

15.7 Calculations and rounding of payments

Unless otherwise specified in these Terms:

- (a) all calculations of amounts payable in respect of a CPS4 will be rounded to four decimal places; and
- (b) for the purposes of making payment to a Holder in respect of the Holder's aggregate holding of CPS4, any fraction of a cent will be disregarded.

15.8 Deductions

- (a) The Issuer may deduct from any amount payable in respect of CPS4 the amount of any withholding or other tax, duty or levy required by law or by any administrative practice or procedure of any authority to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by the Issuer to the relevant revenue authority and the balance of the amount payable has been paid to the relevant Holder, then the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by the Issuer.
- (b) The Issuer shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring any penalty under the applicable law and shall, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority after it is received by the Issuer.

15.9 FATCA

Without limiting clause 15.8, the Issuer may withhold or make deductions from payments or from the issue of Ordinary Shares to a Holder or (where clause 8.10 or clause 8.11 apply) the nominee 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 CPS4 may be subject to FATCA, and may deal with such payment, and any Ordinary Shares in accordance with FATCA. If any withholding or deduction arises under or in connection with FATCA, the Issuer will not be required to pay any further amounts or issue any further Ordinary Shares on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder (or, where applicable, the nominee) or a beneficial owner of CPS4 for or in respect of any such withholding or deduction. A dealing with such payment and any Ordinary Shares in accordance with FATCA satisfies the Issuer's obligations to that Holder to the extent of the amount of that payment or issue of Ordinary Shares.

16 Notices**16.1 Notices to Holders**

- (a) All notices, certificates, consents, approvals, waivers and other communications in connection with CPS4 to the Holders must be in writing and may be:
 - (i) given by publication of an announcement on ASX, for so long as CPS4 are quoted on ASX;

- (ii) given by an advertisement published in the Australian Financial Review or The Australian, or any other newspaper nationally circulated within Australia;
 - (iii) sent by prepaid post (airmail if appropriate) or left at the address of the relevant Holder (as shown in the Register at the close of business on the day which is three Business Days before the date of the relevant notice or communication); or
 - (iv) sent electronically (including by providing a URL link to any document or attachment) to the electronic mail address given by the Holder to the Issuer.
- (b) Any notice, certificate, consent, approval, waiver or other communication given or sent in accordance with clause 16.1(a) will be taken to be received:
- (i) if given by publication of an announcement on ASX, when the announcement is made on ASX;
 - (ii) if given by advertisement published in the Australian Financial Review or The Australian, or any other newspaper nationally circulated within Australia, on the first date that publication has been made in the chosen newspaper;
 - (iii) if sent by prepaid post, at the expiration of 48 hours after the envelope containing the notice is posted if posted to an address in Australia and on the seventh Business Day after posting if posted to an address outside Australia;
 - (iv) if left at the address of the relevant Holder, on that date; and
 - (v) if sent electronically, when the electronic message is sent.

16.2 Non-receipt of notice by a Holder

The non-receipt of a notice or other communication by a Holder or an accidental omission to give notice to a Holder will not invalidate the giving of that notice either in respect of that Holder or generally.

16.3 Notices to the Issuer

All notices or other communications to the Issuer in respect of these Terms must be:

- (a) in legible writing or typing and in English;
- (b) addressed as shown below:

Attention: Share Registry Manager

Address: Bendigo and Adelaide Bank Share Registry, PO BOX 480, BENDIGO VIC 3552
Fax No: +61 3 5485 7655,

or to such other address or fax number as the Issuer notifies to Holders as its address or fax number (as the case may be) for notices or other communications in respect of these Terms from time to time (an **Issuer Details Notice**);

- (c) signed by the person making the communication or by a person duly authorised by that person; and
- (d) delivered or posted by prepaid post to the address, or sent by fax to the fax number, of the Issuer in accordance with this clause 16.3.

A notice to the Issuer will be taken to be received:

- (a) if sent by fax, when actually received in its entirety in legible form, unless that day is not a Business Day, or is after 5:00pm (Melbourne time) on a Business Day, in which case that communication will be regarded as received at 9:00am (Melbourne time) on the next Business Day; and

- (b) in any other case, on delivery at the address of the Issuer as provided in clause 16.3, unless that delivery is not made on a Business Day, or is after 5:00pm (Melbourne time) on a Business Day, in which case that communication will be regarded as received at 9:00am (Melbourne time) on the next Business Day.

16.4 Notices and reports

Each Holder is entitled to receive notice of any general meeting of the Issuer and a copy of every circular and like document sent out by the Issuer to Ordinary Shareholders and to attend general meetings of the Issuer.

17 Amendment of these Terms

17.1 Amendments without consent

Subject to complying with all applicable laws and subject to APRA's prior written approval where required in accordance with clause 17.5, the Issuer may amend these Terms without the authority, assent or approval of Holders where the amendment in the opinion of the Issuer:

- (a) is of a formal, technical or minor nature;
- (b) is made to cure any ambiguity or correct any manifest error;
- (c) is necessary or expedient for the purposes of enabling CPS4 to be:
 - (i) listed, or to retain quotation, on any securities exchange (including, without limitation, in connection with any change in the principal securities exchange on which Ordinary Shares are listed);
 - (ii) lodged in a clearing system or to remain lodged in a clearing system; or
 - (iii) offered for subscription or for sale under the laws for the time being in force in any place;
- (d) is necessary or expedient to comply with:
 - (i) the provisions of any statute or the requirements of any statutory authority; or
 - (ii) the ASX Listing Rules or the listing or quotation requirements of any securities exchange on which the Issuer may propose to seek a listing of CPS4;
- (e) is made in accordance with the Issuer's adjustment rights in clause 8;
- (f) amends any date or time period stated, required or permitted in connection with any Mandatory Conversion, Non-Viability Conversion, Capital Trigger Conversion or Exchange in a manner necessary or desirable to facilitate the Mandatory Conversion, Non-Viability Conversion, Capital Trigger Conversion or Exchange (including without limitation where in connection with a Redemption the proceeds of Redemption are to be reinvested in a new security to be issued by the Issuer or a Related Entity); or
- (g) is not likely (taken as a whole and in conjunction with all other amendments or actions, if any, to be made at or about the time of that amendment) to be materially prejudicial to the interests of Holders as a whole.

17.2 Amendment without consent for substitution of an Approved NOHC

Subject to complying with all applicable laws and with APRA's prior written approval where required under clause 17.5, if the circumstances described in clauses 14.1(a) and 14.1(b) apply, without the authority, assent or approval of Holders, the Issuer may give an Approved NOHC Substitution Notice which:

- (a) amends the definition of 'Conversion' in clause 8 such that, unless APRA otherwise agrees, on the date CPS4 are to be Converted:
 - (i) each CPS4 that is being Converted will be automatically transferred by each Holder free from Encumbrance to the Approved NOHC (or otherwise, the parent company of the Issuer) (the **Transferee**) on the date the Conversion is to occur;
 - (ii) each Holder (or nominee where clause 8.10 applies) will be issued a number of Approved NOHC Ordinary Shares equal to the Conversion Number; and
 - (iii) as between the Issuer and the Transferee:
 - (A) each CPS4 held by the Transferee as a result of the transfer will be automatically Converted into an Ordinary Share; and
 - (B) an additional number of Ordinary Shares will be issued to the Transferee, such that the total number of Ordinary Shares held by the Transferee by reason of the sub-paragraphs of this clause 17.2(a)(iii) increases by the number which equals the number of Approved NOHC Ordinary Shares issued by the Approved NOHC to Holders on Conversion; and
- (b) makes such other amendments as in the Issuer's reasonable opinion are necessary and appropriate to effect the substitution of an Approved NOHC as the provider of the ordinary shares on Conversion in the manner contemplated by these Terms and consistent with the Prudential Standards, including without limitation:
 - (i) amendments and additions to the definition of 'Acquisition Event', 'Group', 'Ordinary Shares', 'Non-Viability Trigger Event', 'Capital Trigger Event', 'Regulatory Event' and 'Tax Event';
 - (ii) amendments to the mechanics for adjusting the Conversion Number; and
 - (iii) any term defining the rights of Holders if the Conversion is not effected which is appropriate for the CPS4 to remain as Tier 1 Capital.

17.3 Amendments with consent

Without limiting clause 17.1 or clause 17.2, the Issuer may, with APRA's prior written approval where required in accordance with clause 17.5, amend these Terms if the amendment has been approved by a Special Resolution.

17.4 Notification of Amendment to APRA

The Issuer will promptly notify APRA of any amendments made in accordance with this clause 17.

17.5 Requirement for APRA approval

A requirement in this clause 17 for an amendment to be made with APRA's prior written approval applies only where the amendment may affect the eligibility of CPS4 as a Relevant Preference Security.

17.6 Meaning of amend and amendment

In this clause 17, **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

18 Quotation on ASX

The Issuer must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure, at its own expense, quotation of CPS4 on ASX.

19 Governing law and jurisdiction**19.1 Governing law**

The CPS4 and these Terms are governed by and shall be construed in accordance with the laws of the State of Victoria, Australia.

19.2 Jurisdiction

The Issuer and each Holder submits to the non-exclusive jurisdiction of the courts of the State of Victoria for the purposes of any legal proceedings arising out of these Terms.

20 Interpretation and definitions**20.1 Interpretation**

- (a) Unless the context otherwise requires, if there is any inconsistency between the provisions of these Terms and the Constitution then, to the maximum extent permitted by law, the provisions of these Terms will prevail.
- (b) Unless otherwise specified, the Directors may exercise all powers of the Issuer under these Terms as are not, by the Corporations Act or by the Constitution, required to be exercised by the Issuer in a general meeting.
- (c) Unless otherwise specified, a reference to a clause is a reference to a clause of these Terms.
- (d) If a calculation is required under these Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (e) Subject to clause 20.1(a), definitions and interpretation under the Constitution will also apply to these Terms unless the contrary intention is expressed.
- (f) The terms “takeover bid”, “relevant interest”, “scheme of arrangement”, “buy-back” and “on-market buy-back” when used in Terms have the meaning given in the Corporations Act.
- (g) Headings and boldings are for convenience only and do not affect the interpretation of these Terms.
- (h) The singular includes the plural and vice versa.
- (i) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (j) Other than:
 - (i) in relation to a Non-Viability Trigger Event and a Conversion or Write-Off, in each case on account of a Non-Viability Trigger Event;
 - (ii) in relation to a Capital Trigger Event and a Conversion or Write-Off, in each case on account of a Capital Trigger Event; and
 - (iii) where a contrary intention is expressed,

if an event under these Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.

- (k) A reference to dollars, AUD, A\$, \$ or cents is a reference to the lawful currency of Australia.
- (l) Any reference to any requirements of APRA or any other prudential regulatory requirements in these Terms will apply or be operative with respect to the Issuer only if the Issuer is an entity, or the holding company of an entity, or is a direct or indirect subsidiary of a holding company (including a NOHC), which is subject to regulation and supervision by APRA at the relevant time.
- (m) Any requirement for APRA's consent or approval in any provision of these Terms will apply only if APRA requires that such consent or approval be given at the relevant time.
- (n) A reference to any term defined by APRA (including, without limitation, "Additional Tier 1 Capital") shall, if that term is replaced or superseded in any of APRA's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term.
- (o) A reference to a term defined by the ASX Listing Rules or the ASX Operating Rules shall, if that term is replaced in those rules, be taken to be a reference to the replacement term.
- (p) If the principal securities exchange on which Ordinary Shares are listed becomes other than ASX, unless the context otherwise requires a reference to ASX shall be read as a reference to that principal securities exchange and a reference to the ASX Listing Rules, ASX Operating Rules or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined terms in such rules (as the case may be).
- (q) Calculations, elections and determinations made by the Issuer under these Terms are binding on Holders in the absence of manifest error.
- (r) Where under these Terms, APRA approval is required, for any act to be done or not done, that term does not imply that APRA approval has been given as at the Issue Date.

20.2 Definitions

Acquisition Event means:

- (a) Subject to paragraph (b), either:
 - (i) a takeover bid (as defined in the Corporations Act) is made to acquire all or some of the Ordinary Shares and such offer is, or becomes, unconditional and either:
 - (A) the bidder has at any time during the offer period, a relevant interest in more than 50% of the Ordinary Shares on issue; or
 - (B) the directors of the Issuer, acting as a board, issue a statement that at least a majority of its directors who are eligible to do so have recommended acceptance of such offer (in the absence of a higher offer); or
 - (ii) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act, which scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented and:

- (A) all classes of members of the Issuer pass all resolutions required to approve the scheme by the majorities required under the Corporations Act to approve the scheme; and
 - (B) an independent expert issues a report that the proposals in connection with the scheme are in the best interests of the holders of Ordinary Shares.
- (b) None of the events described in paragraph (a) above will constitute an Acquisition Event if the event would be a NOHC Event and:
- (i) the acquirer (or its ultimate holding company) assumes all of the Issuer's obligations to convert the CPS4 into Ordinary Shares by undertaking to convert such CPS4 into ordinary shares of the acquirer (or its ultimate holding company) on any Mandatory Conversion Date, or earlier upon the occurrence of a Change of Control Event, Non-Viability Trigger Event or Capital Trigger Event in respect of the acquirer (or its ultimate holding company) (for which purposes all references in this clause to the Issuer will be read as a reference to the acquirer (or its ultimate holding company)); and
 - (ii) the ordinary shares of the acquirer (or its ultimate holding company) are listed on ASX.

Additional Tier 1 Capital means additional tier 1 capital as defined by APRA from time to time.

Adjustment Notice has the meaning given in clause 8.8.

Approved NOHC means a NOHC arising as a result of an Approved NOHC Event.

Approved NOHC Event means a NOHC Event in respect of which paragraph (b) of the definition of Acquisition Event is satisfied.

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

Approved NOHC Substitution Notice has the meaning given in clause 14.1.

Approved NOHC Substitution Terms has the meaning given in clause 14.1.

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

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires, or any successor.

ASX Listing Rules means the listing rules of ASX as amended, varied or waived (whether in respect of the Issuer or generally) from time to time.

ASX Operating Rules means the market operating rules of ASX as amended, varied or waived (whether in respect of the Issuer or generally) from time to time.

Attorney has the meaning given in clause 11.8(a).

Bank Bill Rate has the meaning given in clause 3.1.

Bookbuild means the process conducted prior to the opening of the Offer whereby certain investors lodge bids for CPS4 and, on the basis of those bids, the Issuer and the joint lead managers to the Offer determine the Margin.

Business Day means a day which is:

- (a) a business day within the meaning of the ASX Listing Rules; and

- (b) for the purposes of calculation or payment of a Dividend, a date on which banks are open for general banking business in Melbourne.

Capital Notes 2 means the capital notes to be issued by the Issuer on the terms and conditions set out in the Capital Notes 2 Prospectus.

Capital Notes 2 Prospectus means the prospectus lodged by the Issuer with ASIC on or around 26 February 2024 and any replacement or supplementary prospectus.

Capital Trigger Conversion means the Conversion of CPS4 to Ordinary Shares on the Capital Trigger Conversion Date in accordance with clause 5.3.

Capital Trigger Conversion Date has the meaning given in clause 5.3(b).

Capital Trigger Event has the meaning given in clause 5.2.

Capital Trigger Event Notice has the meaning given in clause 5.4(b).

Change of Control Conversion Date has the meaning given in clause 7.3(b).

Change of Control Conversion Notice has the meaning given in clause 7.2.

Change of Control Event means where both an Acquisition Event and one of the following has occurred:

- (a) in the case of an Acquisition Event occurring because of a takeover bid, all regulatory approvals necessary for the acquisition to occur have been obtained; and
- (b) in the case of an Acquisition Event occurring because of a scheme of arrangement, all conditions to the implementation of the scheme, including any necessary regulatory or shareholder approvals (including approval of the scheme by the court) have been satisfied or waived.

For the avoidance of doubt, a Change of Control Event will not occur where paragraph (b) of the definition of Acquisition Event applies.

Change of Control Event Notice has the meaning given in clause 7.1.

CHESS means the Clearing House Electronic Sub-register System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

Constitution means the constitution of the Issuer as amended from time to time.

Control has the meaning given in the Corporations Act.

Controlled Entity means, in respect of the Issuer, an entity the Issuer Controls.

Conversion means, in relation to a CPS4, subject to amendment in accordance with clause 17.1(f), the conversion of the CPS4 into an Ordinary Share and the issue of additional Ordinary Shares in respect of that CPS4 in accordance with clause 8, and Convert, Converted and Converting have corresponding meanings.

Conversion Number has the meaning given in clause 8.1(b).

Conversion Test Date Percentage has the meaning given in clause 4.3.

Corporations Act means the *Corporations Act 2001* (Cth).

CPS2 means the \$292,118,800 convertible preference shares 2 issued on 10 October 2014 by the Issuer pursuant to a replacement prospectus dated 11 September 2014.

CPS3 means the \$282,210,800 convertible preference shares 3 issued on 15 June 2015 by the Issuer pursuant to a replacement prospectus dated 5 May 2015.

CPS4 has the meaning given in clause 1.1.

Cum Value has the meaning given in clause 8.2.

Defaulting Nominated Purchaser has the meaning given in clause 10.6.

Deferred Change of Control Conversion Notice has the meaning given in clause 7.5.

Deferred Conversion Date has the meaning given in clause 6.6.

Deferred Conversion Notice has the meaning given in clause 6.6.

Delisting Event means, in respect of a date, that:

- (a) the Issuer has ceased to be listed or Ordinary Shares have ceased to be quoted on ASX on or before that date (and where the cessation occurred before that date, the Issuer or the Ordinary Shares continue not to be listed or quoted (as applicable) on that date);
- (b) trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes:
 - (i) at least five consecutive Business Days prior to that date; and
 - (ii) that date; or
- (c) an Inability Event subsists.

Directors means some or all of the directors of the Issuer acting as a board.

Dividend has the meaning given in clause 3.

Dividend Payment Date has the meaning given in clause 3.5.

Dividend Period means in respect of:

- (a) the first Dividend Period, the period from (and including) the Issue Date until (but not including) the first Dividend Payment Date after the Issue Date; and
- (b) each subsequent Dividend Period, the period from (and including) the preceding Dividend Payment Date until (but not including) the next Dividend Payment Date.

Dividend Rate has the meaning given in clause 3.1.

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 any kind having the same effect as any of the foregoing other than liens arising by operation of law.

Equal Ranking Instruments means:

- (a) in respect of Dividends, any preference share or other instrument issued by the Issuer which ranks equally with CPS4 in respect of payment of dividends; and
- (b) in respect of winding-up, any preference share or other instrument issued by the Issuer which ranks equally with CPS4 for a return of capital in the winding-up of the Issuer,

including in each case CPS2 and CPS3.

Exchange means:

- (a) Conversion in accordance with and subject to clause 8;
- (b) Redemption in accordance with and subject to clause 9;
- (c) Resale in accordance with clause 10; or
- (d) a combination of two or more of Conversion, Redemption or Resale in accordance with clause 6.3,

and **Exchanged** has a corresponding meaning.

Exchange Date has the meaning given in clause 6.2(b).

Exchange Method has the meaning given in clause 6.3.

Exchange Notice has the meaning given in clause 6.1.

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
- (c) in either case, any similar official.

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

First Mandatory Conversion Condition has the meaning given in clause 4.3.

First Optional Conversion Restriction has the meaning given in clause 6.5.

First Test Date has the meaning given in clause 4.3.

First Test Date Percentage has the meaning given in clause 4.3.

Fixed Conversion Number has the meaning in clause 8.14(b)(i).

Foreign Holder means a Holder whose address in the Register is a place outside Australia or who the Issuer otherwise believes may not be a resident of Australia.

Group means the Issuer and each of its Controlled Entities.

Holder means a person whose name is registered in the Register as the holder of a CPS4.

Inability Event means the Issuer is prevented by applicable law or order of any court or action of any government authority (including regarding the insolvency, winding-up or other external administration of the Issuer) or any other reason from Converting the CPS4.

Issue Date means the date on which the issue and allotment of CPS4 to successful applicants is completed, in accordance with these Terms.

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 first date on which CPS4 were issued, as adjusted in accordance with clauses 8.4 to 8.7(inclusive).

Issue Price has the meaning given in clause 1.2.

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

Issuer Details Notice has the meaning given in clause 16.3.

Issuer Shares means Ordinary Shares or any other shares in the capital of the Issuer.

Level 1 Common Equity Tier 1 Capital Ratio means, in respect of the Level 1 Group, the ratio of the Common Equity Tier 1 Capital of the Level 1 Group to the risk weighted assets of the Level 1 Group, calculated in accordance with the Prudential Standards.

Level 1 Group means the Issuer and those of its Controlled Entities included by APRA from time to time in the calculation of the Issuer's Prudential Capital Requirement and Level 1 Common Equity Tier 1 Capital Ratio.

Level 2 Common Equity Tier 1 Capital Ratio means, in respect of the Level 2 Group, the ratio of the Common Equity Tier 1 Capital of the Level 2 Group to the risk weighted assets of the Level 2 Group, calculated in accordance with the Prudential Standards.

Level 2 Group means the Issuer together with each related entity included by APRA from time to time in the calculation of the Issuer's Prudential Capital Requirement and Level 2 Common Equity Tier 1 Capital Ratio.

Liquidation Sum has the meaning given in clause 11.2(c).

Mandatory Conversion means the mandatory conversion of CPS4 to Ordinary Shares on the Mandatory Conversion Date in accordance with clause 4.

Mandatory Conversion Conditions has the meaning given in clause 4.3.

Mandatory Conversion Date has the meaning given in clause 4.2.

Margin has the meaning given in clause 3.1.

Maximum Conversion Number has the meaning given in clause 8.1.

NOHC means an 'authorised NOHC' (NOHC being short for 'non-operating holding company') within the meaning of the Banking Act.

NOHC Event means an event which:

- (a) is initiated by the Directors, acting as a board; and
- (b) would otherwise be an Acquisition Event,

but the result of which would be that the person who would be the ultimate holding company of the Issuer would be a NOHC.

Nominated Purchasers means, subject to clause 10.3, one or more third parties selected by the Issuer in its absolute discretion.

Non-Conversion Notice has the meaning given in clause 4.4.

Non-Conversion Test Date has the meaning given in clause 6.5.

Non-Viability Conversion means the Conversion of CPS4 to Ordinary Shares on the Non-Viability Conversion Date in accordance with clause 5.3.

Non-Viability Conversion Date has the meaning given in clause 5.3(a).

Non-Viability Trigger Event has the meaning given in clause 5.1(a).

Non-Viability Trigger Event Notice has the meaning given in clause 5.4(a).

Offer means the invitation under the Prospectus made by the Issuer for persons to subscribe for CPS4.

Optional Conversion Restrictions has the meaning given in clause 6.5.

Optional Exchange Date means 13 June 2024.

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

Proceeds means the net proceeds of a sale of Ordinary Shares attributable to the Holder actually received by the nominee calculated after deduction of any applicable brokerage, stamp duty and other taxes and charges, including the nominee's reasonable out of pocket costs, expenses and charges properly incurred by it or on its behalf in connection with such sale from the sale price of the Ordinary Shares.

Prospectus means the prospectus for the Offer including these Terms.

Prudential Capital Requirement means such ratio or ratios as defined by APRA from time to time.

Prudential Standards means the Prudential Standards and guidelines published by APRA and applicable to the Issuer or the Group from time to time.

Record Date means, in the case of:

- (a) the payment of a Dividend, the date which is eight Business Days before the relevant Dividend Payment Date or, if that date does not fall on a Business Day, the immediately preceding Business Day (or such other date as may be prescribed under the ASX Listing Rules or, if not prescribed by the ASX Listing Rules, a date determined by the Issuer and notified to ASX); and
- (b) the payment of any other amount, a date determined by the Issuer and notified to ASX (or such other date as may be prescribed by ASX).

Redeem means, in relation to a CPS4, subject to amendment in accordance with clause 17.1(f), redeem, buy back (other than an on-market buy-back within the meaning of the Corporations Act) or reduce capital, or any combination of such activities, in connection with that CPS4 in accordance with clause 9 and **Redeemed** and **Redemption** have corresponding meanings.

Redemption Price has the meaning given in clause 9.2.

Register means the register of CPS4 maintained by or on behalf of the Issuer and including any subregister established and maintained in CHESS.

Registrar means Boardroom Pty Limited or any other person appointed by the Issuer to maintain the Register and perform any payment and other duties as specified in that agreement.

Regulated Entity means an authorised general insurer under the *Insurance Act 1973* (Cth), an authorised deposit-taking institution under the *Banking Act 1959* (Cth), a registered life insurance company under the *Life Insurance Act 1995* (Cth) or other prudentially regulated entity.

Regulatory Event means:

- (a) the receipt by the Directors of an opinion from a reputable legal counsel that, as a result of any amendment to, clarification of or change (including any announcement of a change that is to be introduced) in any law or regulation of Australia or any official administrative pronouncement or action (including any prudential standard, limit or other restriction) or judicial decision interpreting or applying such laws or regulations which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date and which is not expected by the Issuer on the Issue Date, additional requirements would be imposed on the Issuer in relation to or in connection with CPS4 which the Directors determine, in their absolute discretion, to be unacceptable; or
- (b) as a consequence of any amendment to, clarification of or change (including any announcement of a change that is to be introduced) in any law or regulation of Australia or any official administrative pronouncement, or action (including any prudential standard, limit or other restriction) or judicial decision interpreting or applying such laws or regulations which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date and which is not expected by the Issuer on the Issue Date, the Directors determine that the Issuer is not or will not be entitled to treat some or all CPS4 as Additional Tier 1 Capital.

Reinvestment CPS4 means any CPS4 which is to be reinvested in Capital Notes 2 under the [Reinvestment Offer](#).

Reinvestment Date means the date of issue of Capital Notes 2, as described in the Capital Notes 2 Prospectus.

Reinvestment Offer means the offer made by the Issuer to eligible Holders to reinvest all or some of the Exchange proceeds of their CPS4 in Capital Notes 2 on the terms and conditions set out in the Capital Notes 2 Prospectus.

Related Entity has the meaning given by APRA from time to time.

Relevant Date has the meaning given in clause 4.2.

Relevant Dividend Payment Date has the meaning given in clause 3.7.

Relevant Fraction has the meaning given in clause 8.1.

Relevant Preference Security means a subordinated instrument (other than an Ordinary Share) issued by the Issuer or another member of the Group with no fixed maturity date which:

- (a) in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written off where APRA makes a determination as referred to in clauses 5.1 and 5.2; and
- (b) constitutes Additional Tier 1 Capital of the Issuer and / or Group as at the date of its issue or thereafter.

Reorganisation means, in relation to the Issuer, a division, consolidation or reclassification of the Issuer's share capital not involving any cash payment or other consideration to or by holders of Ordinary Shares.

Resale means, in relation to a CPS4, subject to amendment in accordance with clause 17.1(f), the taking effect of the rights specified in clause 10 in relation to that CPS4, and Resold and Resell have corresponding meanings.

Resale Price means, for a CPS4, a cash amount equal to its Issue Price.

Scheduled Mandatory Conversion Date has the meaning given in clause 4.2.

Second Mandatory Conversion Condition has the meaning given in clause 4.3.

Second Optional Conversion Restriction has the meaning given in clause 6.5.

Second Test Period has the meaning given in clause 4.3.

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.

Subsequent Mandatory Conversion Date has the meaning given in clause 4.2.

Subsidiary has the meaning given in the Corporations Act.

Tax Act means:

- (a) 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
- (b) any other Act setting the rate of income tax payable and any regulation promulgated under it.

Tax Event means the receipt by the Directors of an opinion from a reputable legal counsel or

other tax adviser in Australia, experienced in such matters to the effect that, as a result of:

- (a) any amendment to, clarification of, or change (including any announcement of a change that is to be introduced) in, the laws or treaties or any regulations of Australia or any political subdivision or taxing authority of Australia affecting taxation in Australia;
- (b) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) affecting taxation in Australia **(Administrative Action)**;
- (c) any amendment to, clarification of, or change in an Administrative Action that provides for a position that differs from the current generally accepted position; or
- (d) a challenge by the Australian Taxation Office in relation to (or in connection with) CPS4 which is asserted or threatened in writing,

in each case, by any legislative body, court, governmental authority (including, without limitation, a tax authority) or regulatory body, irrespective of the manner in which such amendment, clarification, change, challenge or Administrative Action is made known, which amendment, clarification, change, challenge or Administrative Action is effective, or which pronouncement or decision is announced, on or after the Issue Date and which is not expected by the Issuer on the Issue Date, there is more than an insubstantial risk which the Directors determine (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) at their absolute discretion to be unacceptable that:

- (i) any Dividend would not be a frankable dividend or distribution within the meaning of Division 202 of the Tax Act;
- (ii) the Issuer would be exposed to more than a de minimis increase in its costs (including without limitation through the imposition of any taxes, duties, assessments or other charges) in relation to CPS4; or
- (iii) (if a NOHC Event has occurred) the CPS4 would not be disregarded, or would cease to be disregarded, in accordance with Section 703-37 of the Tax Act.

Terms means these terms of issue of CPS4.

Third Mandatory Conversion Condition has the meaning given in clause 4.3.

Transferee has the meaning given in clause 17.2.

VWAP means, subject to any adjustments under clause 8, the average of the daily volume weighted average sale prices (such average being rounded to the nearest full cent, with \$0.005 being rounded upwards) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

VWAP Period means:

- (a) in the case of a Conversion resulting from an Acquisition Event or a Change of Control Event, the lesser of:
 - (i) 20 Business Days on which trading in Ordinary Shares takes place; and
 - (ii) the number of Business Days on which trading in Ordinary Shares takes place that the Ordinary Shares are quoted for trading on ASX after the occurrence of the Acquisition Event or Change of Control Event (as the case may be);

in each case immediately preceding (but not including) the Business Day before the Exchange Date or Change of Control Conversion Date in respect of that event (as the case may be);

- (b) in the case of a Conversion resulting from a Non-Viability Trigger Event or Capital Trigger Event, the period of five Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Non-Viability Conversion Date or Capital Trigger Conversion Date (as applicable);
- (c) in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date on which Conversion is to occur in accordance with these Terms; or
- (d) otherwise, the period for which VWAP is to be calculated in accordance with these Terms.

Written Off has the meaning given in clause 8.14 and Write Off has a corresponding meaning.