



**Bendigo** and  
**Adelaide** Bank

# Bendigo and Adelaide Bank Retail Bonds Series 1 Offer Document

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

**Date of Offer Document: 22 February 2011**

This Offer Document is not a prospectus or product disclosure statement. Bendigo and Adelaide Bank Retail Bonds are debentures for the purposes, and are offered under the prospectus exemption in section 708(19), of the Corporations Act.

Investments in Bendigo and Adelaide Bank Retail Bonds **do not** constitute “protected accounts” or deposit liabilities of the Bank under the Banking Act.

# Important Information

## Offer Document

This Offer Document relates to the offer by Bendigo and Adelaide Bank Limited (ABN 11 068 049 178) (the “**Bank**”) of Bendigo and Adelaide Bank Retail Bonds Series 1 (“**Bendigo and Adelaide Bank Retail Bonds**”) to raise up to a maximum of \$250 million (the “**Offer**”).

This Offer Document is dated Tuesday, 22 February 2011 and a copy of this Offer Document was lodged with ASX on that date. This Offer Document expires on the Closing Date.

This Offer Document is not a prospectus. Bendigo and Adelaide Bank Retail Bonds are debentures for the purposes of the Corporations Act and, under section 708(19) of the Corporations Act, an offer or invitation in respect of those debentures does not require a prospectus. In addition, there is no trustee required for Bendigo and Adelaide Bank Retail Bonds under Chapter 2L of the Corporations Act. ASIC and ASX take no responsibility for the contents of this Offer Document.

## Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Offer that is not contained in this Offer Document.

Any information or representation in connection with the Offer that is not in this Offer Document may not be relied on as having been authorised by the Bank or any of its Related Bodies Corporate.

Any references to documents on the Bank’s website ([www.bendigoadelaide.com.au](http://www.bendigoadelaide.com.au)) or any other website are provided for convenience only, and none of the documents or other information on those websites is incorporated by reference into this Offer Document.

## Obtaining an Offer Document and Application Form

Paper copies of this Offer Document and an Application Form can be obtained free of charge during the Offer Period by calling the Bendigo and Adelaide Bank Retail Bonds Information Line from within Australia on 1800 623 909 (Monday to Friday 8:30am – 5:30pm, Melbourne time), or by requesting them at [retailbonds@bendigoadelaide.com.au](mailto:retailbonds@bendigoadelaide.com.au), during the Offer Period.

## Restrictions on foreign jurisdictions

The distribution of this Offer Document, and the offer or sale of Bendigo and Adelaide Bank Retail Bonds, may be restricted by law in certain jurisdictions. Persons who receive this Offer Document outside Australia must inform themselves about and observe all such restrictions. Nothing in this Offer Document is to be construed as authorising its distribution, or the offer or sale of Bendigo and Adelaide Bank Retail Bonds, in any jurisdiction other than Australia and the Bank does not accept any liability in that regard.

Further, Bendigo and Adelaide Bank Retail Bonds may not be offered or sold, directly or indirectly, and neither this Offer Document nor any other offering material in connection with the Offer or the Bendigo and Adelaide Bank Retail Bonds may be distributed or published, in any jurisdiction except under circumstances that will result in compliance with all applicable laws or regulations.

This Offer Document does not constitute an offer in the US or to a US Person (or to anyone acting for the account or benefit of a US Person) or in any other place in which, or to any person to whom it would not be lawful to make such an offer. Bendigo and Adelaide Bank Retail Bonds have not been, and will not be, registered under the US Securities Act or the securities laws of any State of the US and may not be offered or sold in the US or to, or for the account or benefit of, US Persons.

## Information

You should read this Offer Document carefully and in its entirety before deciding whether to invest in Bendigo and Adelaide Bank Retail Bonds. In particular, you should consider the risk factors that could affect the performance of the Bank or the value of Bendigo and Adelaide Bank Retail Bonds, some of which are outlined in Section 3 (“Key Risks of Bendigo and Adelaide Bank Retail Bonds”). The information contained in this Offer Document does not take into account the investment objectives, financial situation, tax position or particular needs of individual investors.

Before deciding whether to apply for Bendigo and Adelaide Bank Retail Bonds, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading this Offer Document, you have any questions about the Offer, you should contact your stockbroker, accountant, legal, tax or financial adviser and/or other professional adviser.

The potential tax implications of the Offer will vary between investors. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

## Future performance and forward looking statements

Neither the Bank nor any other person warrants or guarantees the future performance of Bendigo and Adelaide Bank Retail Bonds or any return on any investment made pursuant to this Offer Document.

Any forward looking statements in this Offer Document are based on the Bank’s current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Bank and its directors, that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Offer Document. These risks include, but are not limited to, the risks outlined in Section 3 (“Key Risks of Bendigo and Adelaide Bank Retail Bonds”). Forward looking statements include those containing such words as ‘should’, ‘will’, ‘expects’ or similar expressions.

## Status of Bendigo and Adelaide Bank Retail Bonds

Bendigo and Adelaide Bank Retail Bonds are:

- **not** “protected accounts” or deposit liabilities of the Bank for the purposes of the Banking Act;
- **not** subject to the depositor protection provisions of the Banking Act; and
- **not** guaranteed by the Commonwealth of Australia or any other person.

## Privacy

Please read the privacy statement located in Section 4.2 (“Personal information”). It is important that you understand that by applying for Bendigo and Adelaide Bank Retail Bonds you consent to the matters outlined in that statement.

## Defined words and expressions

Some words and expressions used in this Offer Document have defined meanings. These words and expressions are capitalised and are defined in Section 6 (“Glossary”).

A reference to \$, dollars or cents in this Offer Document is a reference to Australian currency. A reference to time in this Offer Document is a reference to Melbourne, Victoria, Australia time.

**If you have any questions about Bendigo and Adelaide Bank Retail Bonds, this Offer Document or the Offer, you should seek advice from your stockbroker, accountant, legal, tax or financial adviser and/or other professional adviser. You can also call the Bendigo and Adelaide Bank Retail Bonds Information Line from within Australia on 1800 623 909 (Monday to Friday 8:30am – 5:30pm, Melbourne time), or email [retailbonds@bendigoadelaide.com.au](mailto:retailbonds@bendigoadelaide.com.au), during the Offer Period.**

## Key Dates

<b>Key dates for the Offer</b>	
Lodgement of Offer Document with ASX	Tuesday, 22 February 2011
Opening Date for the Offer	9:30 (Melbourne time) Tuesday, 22 February 2011
Closing Date for the Offer	5:30pm (Melbourne time), Tuesday, 8 March 2011
Issue Date	Tuesday, 15 March 2011
Commencement of deferred settlement trading	Tuesday, 15 March 2011
Despatch of Holding Statements	Monday, 21 March 2011
Commencement of trading on normal settlement basis	Tuesday, 22 March 2011
<b>Key dates for Bendigo and Adelaide Bank Retail Bonds</b>	
First Interest Payment Date <sup>(1)</sup>	Wednesday, 15 June 2011
Maturity Date <sup>(2)</sup>	Monday, 17 March 2014 <sup>(3)</sup>

*(1) Interest is scheduled to be paid on the quarterly Interest Payment Dates (being 15 June, 15 September, 15 December and 15 March in each year, assuming an Issue Date of 15 March 2011), until the Maturity Date or any earlier redemption date. If any of these dates falls on a day that is not a Business Day, then the Interest Payment Date will be the next Business Day.*

*(2) The Maturity Date will be the third calendar year anniversary of the Issue Date (as adjusted with the applicable business day convention set out in the Conditions). The Maturity Date specified above assumes an Issue Date of 15 March 2011.*

*(3) As adjusted for the next Business Day.*

### Dates may change

The key dates for the Offer are indicative only and subject to change without notice. The Bank may vary the timetable, including to close the Offer early, extend the Closing Date, or to withdraw the Offer at any time prior to issue of the Bendigo and Adelaide Bank Retail Bonds. If any of the dates are changed, subsequent dates may also change. You are encouraged to lodge your Application as soon as possible after the Opening Date.

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# Section 1 – Summary of Bendigo and Adelaide Bank Retail Bonds

The following is a summary of the Conditions and certain other key features of Bendigo and Adelaide Bank Retail Bonds. The Conditions are set out in full in the Appendix. Rights and obligations attaching to Bendigo and Adelaide Bank Retail Bonds may also arise under the Corporations Act, the ASX Listing Rules and other applicable laws.

As this is only a summary, it is important that you read this Offer Document, the Conditions and the Deed Poll in full before deciding to invest in Bendigo and Adelaide Bank Retail Bonds. If you have any questions, you should seek advice from your stockbroker, accountant, legal, tax or financial adviser and/or other professional adviser before deciding to invest in Bendigo and Adelaide Bank Retail Bonds.

<b>Issuer</b>	Bendigo and Adelaide Bank Limited (ABN 11 068 049 178).
<b>Bendigo and Adelaide Bank Retail Bonds</b>	Interest bearing unsecured debentures issued by the Bank.
<b>Face Value</b>	\$100 per Bendigo and Adelaide Bank Retail Bond.
<b>Interest Rate</b>	Each Bendigo and Adelaide Bank Retail Bond will bear interest at a rate equal to the Bank Bill Rate plus a fixed Margin of 1.40% per annum.
<b>Term</b>	3 years.
<b>Maturity Date</b>	Third calendar year anniversary of the Issue Date (as adjusted in accordance with the applicable business day convention set out in the Conditions). Assuming the Issue Date is 15 March 2011, the Maturity Date will be 17 March 2014.
<b>Key benefits of investing in Bendigo and Adelaide Bank Retail Bonds</b>	<p>Key benefits of investing in Bendigo and Adelaide Bank Retail Bonds include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Floating rate of return which is beneficial for investors in a rising interest rate environment</li> <li>• Quarterly interest payments</li> <li>• Interest is not deferrable by the Bank</li> <li>• Opportunity for investment portfolio diversification</li> <li>• Bendigo and Adelaide Bank Retail Bonds may be sold on ASX prior to maturity</li> <li>• Bendigo and Adelaide Bank Retail Bonds rank: <ul style="list-style-type: none"> <li>• equally amongst themselves</li> <li>• at least equally with all other unsecured creditors of the Bank except creditors mandatorily preferred by law</li> <li>• ahead of holders of ordinary shares and subordinated creditors of the Bank<sup>1</sup></li> </ul> </li> <li>• Minimum application of 50 Bendigo and Adelaide Bank Retail Bonds only (\$5,000).</li> </ul>

<sup>1</sup> However, Bendigo and Adelaide Bank Retail Bonds rank behind creditors mandatorily preferred by law (including holders of “protected accounts”) and any secured creditors of the Bank. See further “Ranking” on page 7.

**Key risks of investing in Bendigo and Adelaide Bank Retail Bonds**

Key risks of investing specifically in Bendigo and Adelaide Bank Retail Bonds include, but are not limited to:

- Market price movements
- Interest rate fluctuations
- Payment default
- Low liquidity
- Lack of statutory “protected account” or depositor protections
- Unsecured
- No Holder rights of early redemption
- The Bank’s rights of early redemption following a Tax Event
- Further security issuance

There are also risks associated with the Bank’s business that may also affect Bendigo and Adelaide Bank Retail Bonds. These risks include, but are not limited to:

- Economic conditions
- Liquidity and funding risk
- Market risk
- Credit and impairment risk
- **Community Bank®** model risk
- Operational risk
- Regulatory and government policy risk
- Competition risk
- Strategic and acquisition risk
- Litigation and contingent liabilities risk
- Trustee risk
- Joint Venture risk

Refer to Section 3 (“Key Risks of Bendigo and Adelaide Bank Retail Bonds”) for further detail on key risks. You should read that section in full before deciding to invest in Bendigo and Adelaide Bank Retail Bonds.

<p><b>Ranking</b></p>	<p>Bendigo and Adelaide Bank Retail Bonds are direct and unsecured debt obligations of the Bank.</p> <p>The Bank may issue secured debt instruments or undertake other secured borrowings without giving notice to Holders of Bendigo and Adelaide Bank Retail Bonds. If the Bank does issue secured debt instruments or undertake other secured borrowings in the future then, in the event of a winding-up of the Bank, Holders will only be entitled to receive repayment of the Outstanding Principal Amount and any accrued, but unpaid, interest in respect of the Bendigo and Adelaide Bank Retail Bonds after all secured creditors are paid in accordance with the terms, and to the extent, of their applicable security, and any creditors that receive priority under the Banking Act or are otherwise mandatorily preferred by law are paid in full.</p> <p>Bendigo and Adelaide Bank Retail Bonds are not “protected accounts” or deposit liabilities of the Bank for the purposes of, and are not subject to the depositor protection provisions of, the Banking Act.</p> <p>Section 13A(3) of the Banking Act provides that if the Bank becomes unable to meet its obligations or suspends payment, the assets of the Bank in Australia are to be available to satisfy specified liabilities, in priority to all other liabilities of the Bank, including Bendigo and Adelaide Bank Retail Bonds. The specified liabilities which have priority by virtue of section 13A(3) of the Banking Act will be substantial, as such liabilities include (but are not limited to) liabilities owed in respect of “protected accounts”.</p> <p>In summary, a “protected account” is an account where the Bank is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account and any other account or financial product prescribed by regulation.</p> <p>Section 16(2) of the Banking Act provides that certain other debts of the Bank due to APRA have, in the winding-up of the Bank and subject to section 13A(3) of the Banking Act, priority over all other unsecured debts of the Bank. In addition, section 86 of the Reserve Bank Act 1959 (Cth), provides that, subject to sections 13A(3) and 16(2) of the Banking Act, debts of the Bank due to the RBA would have priority over any other debts of the Bank in a winding-up of the Bank.</p> <p>Deposits with the Bank totalled \$39.0 billion as at 31 December 2010, accounting for 78% of its total liabilities. A significant proportion of these deposits were held in “protected accounts”. Claims of holders of “protected accounts” rank ahead of claims of Holders of Bendigo and Adelaide Bank Retail Bonds.</p> <p>The remaining 22% of total liabilities, equivalent to \$10.7 billion as at 31 December 2010, includes other debt that ranks equally with, or after, Bendigo and Adelaide Bank Retail Bonds. These percentages may increase or decrease in the future.</p>
<p><b>Offer size</b></p>	<p>The Bank is undertaking the offer for general purposes and is not seeking to raise a specific amount under the Offer.</p> <p>The maximum number of Bendigo and Adelaide Bank Retail Bonds which the Bank will issue under the Offer is 2,500,000 (to raise \$250 million). If the Bank receives Applications which, in aggregate, exceed \$250 million, it will scale back the Applications it has received in a manner determined by it (in its absolute discretion).</p>
<p><b>Use of proceeds</b></p>	<p>The net proceeds of the Offer will be used as part of the Bank’s general funding mix, for use in general banking and other operations.</p>
<p><b>Offer structure</b></p>	<p>The Offer is available to all Australian resident investors.</p> <p>The Bank will be accepting Applications from Australian brokers and financial advisers who wish to apply for Bendigo and Adelaide Bank Retail Bonds on behalf of their Australian resident clients.</p>
<p><b>Minimum application</b></p>	<p>50 Bendigo and Adelaide Bank Retail Bonds (\$5,000) and thereafter in multiples of 10 Bendigo and Adelaide Bank Retail Bonds (\$1,000).</p>
<p><b>Maximum application</b></p>	<p>No maximum application.</p>



## Interest Rate and Calculation

The Interest Rate applicable to each Bendigo and Adelaide Bank Retail Bond for each Interest Period (expressed as a percentage per annum) is calculated according to the following formula:

$$\text{Interest Rate} = \text{Bank Bill Rate} + \text{Margin}$$

where:

- “Bank Bill Rate” has the meaning it is given in the Conditions; and  
The Bank Bill Rate is the primary benchmark interest rate for the Australian money market. It is based on the average of rates at which major Australian financial institutions lend short-term cash to each other over a specified period (in the case of Bendigo and Adelaide Bank Retail Bonds, that period is specified as 3 months). The Bank Bill Rate changes to reflect supply and demand in the cash and currency markets.
- “Margin” means 1.40% per annum

The amount of interest payable on each Bendigo and Adelaide Bank Retail Bond for an Interest Period is calculated according to the following formula:

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

where:

“N” means, in respect of:

- the First Interest Payment Date for a Bendigo and Adelaide Bank Retail Bond, the number of days from (and including) the Interest Commencement Date to (but excluding) that first Interest Payment Date; and
- each subsequent Interest Payment Date for that Bendigo and Adelaide Bank Retail Bond, the number of days from (and including) the preceding Interest Payment Date to (but excluding) that Interest Payment Date or, in the case of the last Interest Period, the Maturity Date or earlier redemption date.

### Example

If the Bank Bill Rate was 5.0000% per annum and the Interest Period was 90 days, the Interest for the relevant Interest Period would be equal to \$1.5781, calculated as follows:

$$\text{Interest} = ((6.4000\% \times \$100) \times 90) / 365 = \$1.5781.$$

## Recent historic Bank Bill Rates

Recent historic Bank Bill Rate levels are graphically represented in the following chart

**3 Month Bank Bill Rate – History**



Source: Bloomberg

Note that recent historic Bank Bill Rates may not be indicative of future Bank Bill Rates.

<p><b>Interest Payment Dates</b></p>	<p>Interest will be paid quarterly in arrears on the following dates each year (assuming an Issue Date of 15 March 2011) as well as on the Maturity Date, or any earlier redemption date:</p> <ul style="list-style-type: none"> <li>• 15 June</li> <li>• 15 September</li> <li>• 15 December</li> <li>• 15 March</li> </ul> <p>If any of these dates is not a Business Day in any given year, then the relevant interest payment will be made on the next Business Day.</p>
<p><b>Payments</b></p>	<p>Interest will be paid to Holders whose details are recorded in the Register as at close of business on the Record Date.</p> <p>Payments of the Outstanding Principal Amount and interest will only be made by crediting a valid Australian dollar account maintained with a financial institution in Australia and nominated in writing by the Holder to the Registry by 5:30pm (Melbourne time) on the relevant Record Date or (if no valid account is nominated by that time) by cheque sent to the Holder's address appearing in the Register at that time.</p>
<p><b>Repayment of Face Value and final payment of interest on the Maturity Date</b></p>	<p>On the Maturity Date, each Holder will receive amounts in respect of:</p> <ul style="list-style-type: none"> <li>• the repayment of the Outstanding Principal Amount of each Bendigo and Adelaide Bank Retail Bond it holds; plus</li> <li>• the final payment of interest for the period from (and including) the preceding Interest Payment Date to (but excluding) the Maturity Date.</li> </ul>
<p><b>Redemption rights</b></p>	<p>Holders do not have any right to request that their Bendigo and Adelaide Bank Retail Bonds be redeemed prior to maturity. However, Holders may seek to sell their Bendigo and Adelaide Bank Retail Bonds on ASX at any time.</p> <p>Holders who wish to sell their Bendigo and Adelaide Bank Retail Bonds on ASX may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for Bendigo and Adelaide Bank Retail Bonds.</p> <p>The Bank may, at its election but subject to the Conditions, redeem all (but not some only) Bendigo and Adelaide Bank Retail Bonds prior to maturity if a Tax Event occurs. If the Bank redeems Bendigo and Adelaide Bank Retail Bonds early following the occurrence of a Tax Event, depending on market conditions at the time of redemption, you may not be able to reinvest the amount you receive upon redemption at the same, or a similar, rate of return to what you could have achieved on your Bendigo and Adelaide Bank Retail Bonds had you been able to remain invested in your Bendigo and Adelaide Bank Retail Bonds until the Maturity Date.</p>

<p><b>Events of Default</b></p>	<p>An “Event of Default” will occur in relation to a Bendigo and Adelaide Bank Retail Bond if:</p> <ul style="list-style-type: none"> <li>• the Bank fails to pay any principal or any interest in respect of the Bendigo and Adelaide Bank Retail Bonds within 5 Business Days of the relevant due date;</li> <li>• the Bank defaults in respect of any of its other obligations in the Conditions, which default is incapable of remedy or which, if capable of remedy, is not remedied within the specified period;</li> <li>• it is or will become unlawful for the Bank to perform or comply with any one or more of its obligations under the Bendigo and Adelaide Bank Retail Bonds;</li> <li>• the Bank becomes insolvent;</li> <li>• the Bank is wound-up or dissolved;</li> <li>• legal process is levied, enforced or sued out against or on the Bank or against all or a material part of the assets of the Bank in respect of any Financial Indebtedness of the Bank; or</li> <li>• any present or future Security Interests on or over the assets of the Bank becomes enforceable and any step is taken to enforce that Security Interest.</li> </ul> <p>If an Event of Default occurs in relation to a Bendigo and Adelaide Bank Retail Bond, then a Holder may, by written notice to the Bank (with a copy to the Registry), declare the Outstanding Principal Amount together with all accrued, but unpaid, interest (if any) applicable to that Bendigo and Adelaide Bank Retail Bond to be due and payable.</p> <p>The above is a summary only of the Events of Default and consequences applicable to the Bendigo and Adelaide Bank Retail Bonds. The full terms and conditions applicable to the Events of Default and associated consequences are set out in Condition 5 (“Events of Default”) of the Bendigo and Adelaide Bank Retail Bonds.</p>
<p><b>Right to issue additional securities and debt</b></p>	<p>The Bank has the right to issue additional series of Bendigo and Adelaide Bank Retail Bonds other than subject to the Offer. Each additional series may be issued in one or more tranches. New Bendigo and Adelaide Bank Retail Bonds in a different series may or may not be issued on the same terms as Bendigo and Adelaide Bank Retail Bonds offered under this Offer Document. The Bank may, without the consent of any Holder, issue further tranches of Bendigo and Adelaide Bank Retail Bonds so as to form a single series with the Bendigo and Adelaide Bank Retail Bonds issued subject to the Offer.</p> <p>The Bank also has the right to issue other securities (including such additional series of Bendigo and Adelaide Bank Retail Bonds) that have the same or different dividend, interest or distribution rates, maturities, or terms and conditions to the Bendigo and Adelaide Bank Retail Bonds issued subject to the Offer and which may rank after, equally with, or (with the approval of Holders or in respect of any security or preference under mandatory provisions of law) ahead of Bendigo and Adelaide Bank Retail Bonds issued subject to the Offer and whether or not secured.</p> <p>A holding of Bendigo and Adelaide Bank Retail Bonds does not confer any right to participate in further issues of securities by the Bank.</p>
<p><b>ASX quotation</b></p>	<p>The Bank will apply for quotation of Bendigo and Adelaide Bank Retail Bonds on ASX. It is expected that Bendigo and Adelaide Bank Retail Bonds will be quoted under ASX code “BENHA”.</p>
<p><b>Amendment of Conditions</b></p>	<p>The Bank may, without the consent of any Holder, amend the Conditions for the purposes of curing any ambiguity or manifest or proven error, or correcting or supplementing any defective or inconsistent provision provided that any such amendment does not adversely affect the interests of the Holders. Other amendments to the Conditions may only be made with the approval of Holders by Extraordinary Resolution.</p>

<p><b>Deed Poll</b></p>	<p>No trustee has been appointed to act on behalf of Holders of Bendigo and Adelaide Bank Retail Bonds. Instead, there is a Deed Poll made by the Bank in favour of each person who is from time to time a Holder. The Deed Poll contains:</p> <ul style="list-style-type: none"> <li>• the Bank’s unconditional and irrevocable undertaking to repay the principal and to pay interest and other amounts owing under Bendigo and Adelaide Bank Retail Bonds;</li> <li>• an obligation to establish and maintain the Register; and</li> <li>• provisions in respect of transfers, title, calculations, the giving of notices and amendments to the Conditions and for meetings of Holders.</li> </ul> <p>Holders will be bound by the terms of the Deed Poll when Bendigo and Adelaide Bank Retail Bonds are issued or transferred to them or they purchase Bendigo and Adelaide Bank Retail Bonds. The Registry holds the original executed Deed Poll on behalf of Holders. Each Holder can enforce its rights under the Deed Poll independently of the Registry and each other.</p> <p>Meetings can be called by the Bank or the Registry or by Holders who together or alone hold 10% or more of the aggregate Outstanding Principal Amount of the then outstanding Bendigo and Adelaide Bank Retail Bonds. At least 21 days notice of the meeting must be given to Holders. The meeting provisions set out in the Deed Poll provide for, among other things, the approval of resolutions, quorums, adjournments and proxies.</p> <p>In addition to reading the Offer Document in full, investors should review the Deed Poll when deciding whether or not to invest in Bendigo and Adelaide Bank Retail Bonds.</p>
<p><b>Tax implications of holding Bendigo and Adelaide Bank Retail Bonds</b></p>	<p>You should refer to Section 4.1 (“Summary of Australian tax consequences for Holders”) for a summary of Australian tax consequences for Holders before deciding whether to invest in Bendigo and Adelaide Bank Retail Bonds.</p> <p>You should also consult with your professional tax adviser about the tax implications for you of holding Bendigo and Adelaide Bank Retail Bonds.</p>
<p><b>Governing law</b></p>	<p>Victoria, Australia.</p>

# Section 2 - Overview of the Bank

## 2.1 Overview and strategy

The Bank is a public company registered in Victoria under the Corporations Act. The Bank converted from a building society to a bank on 1 July 1995 when it was granted an authority under the Banking Act to carry on banking business in Australia. At the time of conversion, the Bank was Australia's oldest and Victoria's largest building society and had operated as a building society for 137 years. The Bank has grown considerably over the last 20 years, both organically and as a result of a number of strategic acquisitions, most notably its merger with Adelaide Bank Limited in 2007.

The Bank has over 5000 staff and has a market capitalisation of approximately \$3.5 billion (as at 31 January 2011) and is one of the top 75 companies listed on ASX (by market capitalisation). For the half-year ended 31 December 2010, total income after interest expense for the Group was \$620.8 million with cash earnings of \$162.1 million for the six months and consolidated net assets of \$3,867.1 million.

The Bank's operations are driven by its reputation for ethical service and its willingness to contribute to communities in which it operates. The strategic vision of the Bank is to be Australia's leading customer connected banking group.

## 2.2 Business profile

The Bank's activities are conducted through two main business segments, namely Retail Banking and Wealth and Third Party Banking. Further details on these divisions are set out below.

### Retail Banking

The Bank's retail arm provides banking and wealth management services to individual and small to medium sized businesses.

The Bank is represented in all states and territories with almost 900 outlets, including more than 190 company-owned branches, 260 locally-owned **Community Bank**<sup>®</sup> branches, 90 agencies and 800 ATMs.

The Bank continues its tradition of adding value for customers through quality personal service and a philosophy of giving back to those communities in which it operates.

### Wealth and Third-Party Banking

The Bank operates a substantial third-party banking business, providing mortgages to a large number of Australians via a network of brokers and mortgage managers. The third-party banking business has established itself as a product innovator specialising in loan product development, processing and wholesaling.

The wealth business includes the Bank's funds management business, Sandhurst and its margin lending business, Leveraged Equities.

Sandhurst provides wealth management products and services, including managed funds, common funds, cash management accounts, superannuation and wills and estate management.

Sandhurst products are distributed to customers by third party financial advisers, with selected products available to customers through Bendigo Bank branches.

Leveraged Equities is one of Australia's first and longest continuously operating margin lending firms. Founded in 1991, Leveraged Equities has built a foundation of private banking style account management service, combined with innovative and responsive product offerings, including margin loans and investment loans.

### Operating Subsidiaries and Joint Ventures

In addition to the above, the Bank has a number of operating subsidiaries that contribute to the Group's overall profit performance, such as Rural Bank which provides specialist banking services to the farming sector, with products available through over 240 Elders branches Australia-wide.

The Bank's joint venture businesses include Oxford Funding (finance solutions business), Community Sector Banking (banking to Australia's not for profit sector), Homesafe Solutions (promoter and distributor of equity release products), Community Telco Australia (Telecommunications) and Strategic Payment Services (electronic payment services).

## 2.3 Financial results

The Bank is a disclosing entity for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including an obligation to lodge half-yearly and annual financial reports with ASIC and ASX (the Bank is currently in compliance with these obligations) and the Bank's continuous disclosure obligations.

The Bank's most recent financial report was for the half-year ended 31 December 2010. The half-year financial report is a general purpose financial report which was prepared in accordance with the Banking Act, applicable Australian Accounting Standards including AASB 134 "Interim Financial Reporting", the Corporations Act and the requirements of law insofar as they are applicable to Australian banking corporations.

It is recommended that the report for the half-year ended 31 December 2010 is read in conjunction with the annual financial report of the Bank for the year ended 30 June 2010, together with any announcements made by the Bank and its controlled entities since 30 June 2010 in accordance with the Bank's continuous disclosure obligations.

A copy of the annual financial report for the year ended 30 June 2010 can be obtained from [www.bendigoadelaide.com.au](http://www.bendigoadelaide.com.au) and from [www.asx.com.au](http://www.asx.com.au). Copies of announcements lodged with ASX since the date of the annual financial report including the financial report for the half-year ended 31 December 2010 and announcements to be lodged during the term of the Bendigo and Adelaide Bank Retail Bonds can also be obtained from [www.bendigoadelaide.com.au](http://www.bendigoadelaide.com.au) and from [www.asx.com.au](http://www.asx.com.au).

### 2.3.1 Results commentary

The Bank recorded continued growth in income and profits during the half-year ended 31 December 2010 when compared to the previous corresponding period as demonstrated by the following:

- Total income increased \$86.6 million or 16.2% to \$620.8 million; and
- Profit before tax increased by \$50.3 million, or 31%, to \$212.3 million. Profit after tax (attributable to members of the parent) increased by \$69.8 million to \$173.9 million.

Bank assets as at 31 December 2010 were \$53.5 billion, up \$2.7 billion from the previous corresponding period.

## 2.3.2 Consolidated Income Statement for the half year ended 31 December 2010<sup>2</sup>

	<b>Consolidated</b>	
	<b>Dec 2010</b>	<b>Dec 2009</b>
	<b>\$m</b>	<b>\$m</b>
<b>Income</b>		
<b>Net interest income</b>		
Interest income	1,671.0	1,267.9
Interest expense	1,209.7	859.9
Total Net interest income	461.3	408.0
<b>Other revenue</b>		
Dividends	3.3	3.1
Fees	97.8	100.7
Commissions	20.2	20.6
Other revenue	15.4	7.7
Total Other revenue	136.7	132.1
<b>Other Income</b>		
Ineffectiveness in cash flow hedges	1.0	(27.3)
Other Income	20.2	9.8
Total Other income	21.2	(17.5)
<b>Share of associates' and joint ventures net profits/losses</b>	1.6	11.6
Total Income after interest expense	620.8	534.2
<b>Expenses</b>		
<b>Bad and doubtful debts on loans and receivables</b>	18.1	16.8
<b>Other expenses</b>		
Staff and related costs	187.1	169.1
Occupancy costs	31.0	28.7
Information technology costs	29.9	29.7
Amortisation of intangibles	20.7	16.7
Property, plant & equipment costs	6.2	6.9
Fees and commissions	18.6	17.1
Communications, postage & stationery	16.7	15.9
Advertising & promotion	8.4	7.7
Other product & services delivery costs	18.6	18.7
Consultancy costs	4.1	4.1
Legal costs	3.5	4.4
Travel costs	4.2	3.3
Integration costs	6.2	16.0
Accounting loss on disposal of securitisation notes	14.7	-
Accounting loss on unwind of joint venture	-	3.2
Employee shares shortfall/(gain)	(2.4)	(4.4)
Other	22.9	18.3
Total Other expenses	390.4	355.4
<b>Profit before income tax expense</b>	212.3	162.0
<b>Income tax expense</b>	(33.9)	(53.0)
<b>Net profit for the period</b>	178.4	109.0
Net (profit) attributable to non-controlling interest	(4.5)	(4.9)
<b>Net profit attributable to owners of the parent</b>	173.9	104.1

<sup>2</sup> Details on the basis of preparation of this Consolidated Income Statement, along with any relevant accompanying notes, are available at [www.bendigoadelaide.com.au](http://www.bendigoadelaide.com.au) and from [www.asx.com.au](http://www.asx.com.au)

### 2.3.3 Consolidated Balance Sheet as at 31 December 2010<sup>3</sup>

	As at 31-Dec-10 \$m	Consolidated As at 30-Jun-10 \$m	As at 31-Dec-09 \$m
<b>Assets</b>			
Cash and cash equivalents	428.9	760.5	1,111.2
Due from other financial institutions	65.7	279.7	102.3
Financial assets held for trading	4,681.8	3,985.2	4,019.5
Financial assets available for sale - debt securities	400.1	261.5	238.9
Financial assets held to maturity	471.8	482.8	595.7
Current tax assets	-	-	33.3
Other assets	488.1	618.2	615.0
Financial assets available for sale - equity investments	144.7	111.7	113.5
Derivatives	9.1	7.4	10.4
Loans and other receivables - investment	482.9	541.0	522.5
Net loans and other receivables	44,150.4	42,980.8	41,490.7
Investments in joint ventures accounted for using the equity method	11.4	7.2	6.2
Property, plant & equipment	100.8	103.6	112.1
Deferred tax assets	184.9	201.0	161.3
Investment property	228.4	158.9	134.7
Intangible assets and goodwill	1,694.6	1,641.6	1,604.7
<b>Total Assets</b>	<b>53,543.6</b>	<b>52,141.1</b>	<b>50,872.0</b>
<b>Liabilities</b>			
Due to other financial institutions	76.6	195.5	96.1
Deposits	38,990.1	37,076.2	35,822.0
Notes payable	8,874.2	9,059.8	9,493.1
Derivatives	188.5	263.6	278.1
Other payables	600.0	760.3	547.0
Income tax payable	15.9	73.1	-
Provisions	75.5	89.1	76.2
Deferred tax liabilities	144.7	120.7	92.5
Reset preference shares	89.5	89.5	89.5
Subordinated debt - at amortised cost	621.5	532.9	607.2
<b>Total Liabilities</b>	<b>49,676.5</b>	<b>48,260.7</b>	<b>47,101.7</b>
<b>Net Assets</b>	<b>3,867.1</b>	<b>3,880.4</b>	<b>3,770.3</b>
<b>Equity</b>			
Equity attributable to equity holders of the parent Issued capital -ordinary	3,386.6	3,361.7	3,321.6
Perpetual non-cumulative redeemable convertible preference shares	88.5	88.5	88.5
Step-up Preference shares	100.0	100.0	100.0
Employee Share Ownership Plan (ESOP) shares	(26.0)	(27.7)	(30.0)
Reserves	21.7	(22.3)	(41.9)
Retained earnings	296.3	234.5	199.4
Total parent interests	3,867.1	3,734.7	3,637.6
Total non-controlling interests	-	145.7	132.7
<b>Total Equity</b>	<b>3,867.1</b>	<b>3,880.4</b>	<b>3,770.3</b>

<sup>3</sup>Details on the basis of preparation of this Consolidated Balance Sheet, along with any relevant accompanying notes, are available at [www.bendigoadelaide.com.au](http://www.bendigoadelaide.com.au) and from [www.asx.com.au](http://www.asx.com.au)



## 2.3.4 Financial ratios

APRA guidelines require capital to be allocated by the Bank against credit, operational and market risk. Banks must maintain a ratio of qualifying capital (comprising Tier 1 Capital and Tier 2 Capital), to risk weighted assets of which at least half must be Tier 1 Capital. These requirements are intended to protect the Bank's depositors from loss in times of economic stress. Details of the Bank's capital position as at 31 December 2010 are set out below:

	<b>Consolidated</b>	
	<b>Dec 2010</b>	<b>Dec 2009</b>
	<b>\$m</b>	<b>\$m</b>
<b>Risk weighted capital ratios</b>		
Tier 1	8.06%	8.56%
Tier 2	3.01%	2.60%
<b>Total capital ratio</b>	<b>11.07%</b>	<b>11.16%</b>
<b>Qualifying Capital</b>		
<i>Tier 1</i>		
Contributed capital	3,386.6	3,361.7
Retained profits & reserves	66.0	22.3
Non controlling interests	-	145.7
Innovative tier 1 capital	277.9	277.9
Less,		
Intangible assets, cash flow hedges and capitalised expenses	1,684.1	1,619.5
50/50 deductions	16.9	18.2
Other adjustments as per APRA advice	2.4	1.3
<b>Total Tier 1 capital</b>	<b>2,027.1</b>	<b>2,168.6</b>
<i>Tier 2</i>		
General reserve for credit losses/collective provision (net of tax effect)	129.3	128.5
Subordinated debt	622.4	534.4
Asset revaluation reserves	21.4	13.2
<b>Total Tier 2 capital</b>	<b>773.1</b>	<b>676.1</b>
Less,		
50/50 deductions	16.9	18.1
<b>Total Tier 2 capital</b>	<b>756.2</b>	<b>658.0</b>
Less,		
Investments in non-consolidated subsidiaries or associates and other banks' capital instruments	-	-
<b>Total qualifying capital</b>	<b>2,783.3</b>	<b>2,826.6</b>
<b>Total risk weighted assets</b>	<b>25,138.9</b>	<b>25,347.3</b>

The Tier 1 Capital Ratio and Total Capital Ratio as at 31 December 2010 was 8.06% and 11.07% respectively and may increase or decrease in the future. Both ratios were in excess of requirements as at 31 December 2010.

The Bank's cost to income ratio<sup>4</sup> as at 31 December 2010 was 57.7%. This ratio, which may increase or decrease in the future, represents the Bank's costs as a percentage of income and is a measure of the Bank's efficiency. It may assist you in understanding the Bank's capacity to pay Face Value and interest to Holders.

### 2.3.5 Impact of the Offer on the Bank

The Offer will not have a material impact on the Bank's cash flow.

The Bank intends to use the net proceeds of the Offer as part of the general funding mix, for use in general banking and other operations.

The impact of the Offer on the Bank's balance sheet would be an increase in the "Cash and cash equivalents" line item (to the value of the total amount raised) and a corresponding increase in a new liabilities line item entitled "Other debt issues". "Cash and cash equivalents" is highlighted in Section 2.3.3 for convenience.

## 2.4 ASIC/ASX guides

Prospective investors may find the following publicly available documents useful in considering whether to invest in Bendigo and Adelaide Bank Retail Bonds:

- ASIC has published a guide for retail investors who are considering investing in corporate bonds, such as the Bendigo and Adelaide Bank Retail Bonds. The guide is called "Investing in corporate bonds?". A free copy is available from [www.fido.asic.gov.au/corporate-bonds](http://www.fido.asic.gov.au/corporate-bonds) or by phoning 1300 300 630; and
- ASX has also published a guide "Understanding ASX Interest Rate Securities", which is available from [www.asx.com.au/documents/resources/understanding\\_asx\\_interest\\_rate\\_securities.pdf](http://www.asx.com.au/documents/resources/understanding_asx_interest_rate_securities.pdf).

Both ASIC's guide and ASX's guide apply to a range of different and varying securities. Neither guide specifically considers investing in unsecured debt obligations issued by an ADI such as the Bank.

<sup>4</sup> Calculated as operating expenses less non-cash expense items as a percentage of total income

# Section 3 - Key Risks of Bendigo and Adelaide Bank Retail Bonds

## 3.1 Introduction

There are 2 types of risks which could affect the performance of Bendigo and Adelaide Bank Retail Bonds, namely:

- risks associated with Bendigo and Adelaide Bank Retail Bonds specifically; and
- risks associated with the Bank's business that may affect Bendigo and Adelaide Bank Retail Bonds.

Many of the risks set out below are beyond the Bank's control.

You should consider all of these risks before deciding whether to participate in the Offer. If you have any questions about these risks, you should seek advice from your stockbroker, accountant, legal, tax or financial adviser and/or other professional adviser before deciding to invest in Bendigo and Adelaide Bank Retail Bonds.

## 3.2 Risks associated with Bendigo and Adelaide Bank Retail Bonds specifically

### 3.2.1 Market price

The Bank will apply for quotation of Bendigo and Adelaide Bank Retail Bonds on ASX. The market price of Bendigo and Adelaide Bank Retail Bonds on ASX may fluctuate above or below Face Value due to various factors. These factors may, amongst other things, be directly related to the financial position and operating performance of the Bank, movements in the market price of equity and/or other debt issued by the Bank. Broader market factors may also have an impact on the market price of Bendigo and Adelaide Bank Retail Bonds.

Broader market factors may include, but are not limited to, economic conditions in Australia and overseas, investor sentiment in the domestic and international stock and securities markets, consumer sentiment, changes in fiscal, monetary, regulatory and other government policies, global political and economic stability, interest rates, inflation and foreign exchange rates.

It is possible that the market price of Bendigo and Adelaide Bank Retail Bonds will be more sensitive to changes in interest rates, credit margins and other market prices than that of ordinary shares in the Bank.

Recent turmoil in global credit markets has negatively affected economies across the globe and led to increased volatility in stock markets, including ASX. Continued volatility in global markets could negatively impact the market price of Bendigo and Adelaide Bank Retail Bonds.

### 3.2.2 Interest rate fluctuations

The Interest Rate is a floating rate, equal to the sum of the Bank Bill Rate plus the Margin. The Bank Bill Rate will fluctuate over time and therefore the Interest Rate used to determine interest payable to Holders will fluctuate. Refer to the graph on page 8 which illustrates recent historic Bank Bill Rates. Over the term of the Bendigo and Adelaide Bank Retail Bonds, the Interest Rate may be higher or lower than the initial Interest Rate on the Issue Date.

If the Interest Rate used to determine interest payable to Holders decreases, there is a risk that the return on Bendigo and Adelaide Bank Retail Bonds may become less attractive compared to returns on other available investments, including investments which carry fixed interest rates.

The Bank does not guarantee any particular rate of return on Bendigo and Adelaide Bank Retail Bonds.

### 3.2.3 Payment default

Circumstances may arise where the Bank may default on the payment to Holders of some or all of the principal or interest payable on Bendigo and Adelaide Bank Retail Bonds. You may therefore lose some or all of the money you invested in Bendigo and Adelaide Bank Retail Bonds.

An Event of Default occurs in relation to Bendigo and Adelaide Bank Retail Bonds if the Bank fails to pay any principal or any interest in respect of the Bendigo and Adelaide Bank Retail Bonds within 5 Business Days of the relevant due date.

If an Event of Default occurs in relation to Bendigo and Adelaide Bank Retail Bonds then a Holder may, by written notice to the Bank (with a copy to the Registry), declare the Outstanding Principal Amount together with all accrued, but unpaid, interest (if any) applicable to each Bendigo and Adelaide Bank Retail Bond held by the Holder to be due and payable immediately or on such other date specified in the notice.

### 3.2.4 Low liquidity

There may not be a liquid market for Bendigo and Adelaide Bank Retail Bonds on ASX. The market for Bendigo and Adelaide Bank Retail Bonds may be less liquid than the market for the Bank's ordinary shares or other securities issued by the Bank. Holders who wish to sell their Bendigo and Adelaide Bank Retail Bonds may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for Bendigo and Adelaide Bank Retail Bonds.

The Bank does not guarantee that you will be able to sell your Bendigo and Adelaide Bank Retail Bonds on ASX.

### 3.2.5 No depositor protections

Bendigo and Adelaide Bank Retail Bonds are not “protected accounts” or deposit liabilities of the Bank for the purposes of, and Bendigo and Adelaide Bank Retail Bonds are not subject to the depositor protection provisions of, the Banking Act. Bendigo and Adelaide Bank Retail Bonds (and payments of principal and interest under them) are not guaranteed or insured by any person.

### 3.2.6 Unsecured creditors

Holder are unsecured creditors of the Bank. If the Bank is not able to meet its obligations or suspends any payments it is required to make, your claim will rank after the claims of secured creditors and any other creditors preferred by law.

Your claim will rank equally with other Holders, at least equally with claims of all other unsecured creditors of the Bank (other than creditors mandatorily preferred by law) and ahead of all holders of ordinary shares and subordinated creditors of the Bank.

There is a risk that, on a winding-up of the Bank, Holders will not receive the full (or any part of the) amount of the funds they invested.

You may therefore lose some or all of the money you invested in Bendigo and Adelaide Bank Retail Bonds.

### 3.2.7 Early redemption

Holder do not have any right to request that their Bendigo and Adelaide Bank Retail Bonds be redeemed prior to maturity. However, Holders may seek to sell their Bendigo and Adelaide Bank Retail Bonds on ASX at any time.

Holder who wish to sell their Bendigo and Adelaide Bank Retail Bonds on ASX may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for Bendigo and Adelaide Bank Retail Bonds.

The Bank may, at its election but subject to the Conditions, redeem all (but not some only) Bendigo and Adelaide Bank Retail Bonds prior to maturity if a Tax Event occurs. If the

Bank redeems Bendigo and Adelaide Bank Retail Bonds early following the occurrence of a Tax Event, depending on market conditions at the time of redemption, you may not be able to reinvest the amount you receive upon redemption at the same, or a similar, rate of return to what you could have achieved on your Bendigo and Adelaide Bank Retail Bonds had you been able to remain invested in your Bendigo and Adelaide Bank Retail Bonds until the Maturity Date.

### 3.2.8 Further issuances of securities

The Bank may in the future issue securities that:

- rank for interest, dividends or payments of capital (including on the winding-up of the Bank) equal with, behind or (in respect of security or preference under mandatory provisions of law) ahead of;
- have the same or different interest or dividend rates as;
- have payment tests and distribution restrictions or other covenants which affect (including by restricting circumstances in which interest is able to be paid by the Bank on Bendigo and Adelaide Bank Retail Bonds or Bendigo and Adelaide Bank Retail Bonds are able to be redeemed by the Bank but, in any case, without prejudice to the rights of Holders conferred under the Conditions or the Deed Poll); or
- have the same or different terms and conditions as,

Bendigo and Adelaide Bank Retail Bonds issued subject to the Offer.

An investment in Bendigo and Adelaide Bank Retail Bonds carries no right to participate in any future issues of securities (whether debt, equity, hybrid, or otherwise) by the Bank or its Related Bodies Corporate. No prediction can be made about the effect, if any, that such future issues of securities by the Bank or a Related Body Corporate may have on the market price or liquidity of Bendigo and Adelaide Bank Retail Bonds.

## 3.3 Risks associated with the Bank’s business that may affect Bendigo and Adelaide Bank Retail Bonds

### 3.3.1 Economic conditions

The Bank’s financial performance and financial position is primarily influenced by economic conditions in Australia, which are the product of a combination of domestic and international factors and events. Changes in economic conditions could materially adversely affect the financial performance and financial position of the Bank, including:

- changes in inflation and interest rates;
- increasing unemployment, which is a key driver of loan defaults and declining asset growth;
- declines in aggregate investment and economic output in Australia or in key offshore regions; and
- a decline in asset prices, in particular housing prices, which could cause loan losses on defaulted loans.

The dislocation in credit and capital markets in recent years has significantly impacted global economic activity, including activity in the Australian economy. This disruption led to a decrease in credit growth and a reduction in consumer and business confidence. A further downturn in the Australian economy could further adversely impact the Bank’s business, results of operations, liquidity, capital resources and financial condition.

### 3.3.2 Liquidity and funding risks

Liquidity risk is the risk that the Bank has insufficient capacity to fund increases in assets or is unable to meet its payment obligations as they fall due. Liquidity risk is inherent in all banking operations due to the timing mismatch between cash inflows and cash outflows. Funding risk is the risk of over-reliance on or lack of availability of any particular funding source affecting the availability of funds and their cost to the Bank. Liquidity and funding risks may be increased in periods of market stress or in the event of damage to market confidence.

Since the second half of 2007 developments in the US sub-prime mortgage industry and in the US and European markets more generally have adversely affected the availability and pricing of funding in global and domestic credit and capital markets. This has resulted in significant challenges to the funding and liquidity profiles of many financial institutions. The Bank has responded to these events and is actively managing its funding.

It should be noted that any future deterioration in market conditions may limit the ability of the Bank to replace maturing liabilities and access capital in a timely manner necessary to fund and grow its business.

Overall, the inability to obtain appropriate funding may materially adversely impact the Bank's financial performance, financial position, growth, liquidity and capital resources.

### 3.3.3 Market risk

Market risk is the risk of loss arising from changes and fluctuations in interest rates, foreign currency exchange rates, equity prices, commodity prices, debt security prices and other market rates and prices.

Changes in investment markets, including changes in interest rates, foreign currency exchange rates and returns from equity, property and other investments, will affect the financial performance of the Bank through its operations and investments held in financial services and associated businesses. Losses arising from these risks may have an adverse impact on the Bank's financial performance and financial position.

### 3.3.5 Credit and impairment risk

Credit risk is the risk of financial loss due to the unwillingness or inability of a counterparty to fully meet their contractual debts and obligations. As a financial institution, the Bank is exposed to the risks associated with extending credit to other parties.

The Bank's lending activities cover a broad range of sectors and clients. Less favourable business or economic conditions, whether generally or in a specific industry sector or geographic region, could cause customers to experience an adverse financial situation, thereby exposing the Bank to the increased risk that those customers will fail to meet their obligations in accordance with agreed terms.

The market and economic conditions following the global financial crisis have seen increased impairment charges, and if these conditions deteriorate further, some customers and counterparties may experience higher levels of financial stress. As a result, the Bank has experienced, and may continue to experience, an increase in defaults and write-offs and may be required to further increase its provisioning. These may negatively impact the Bank's financial performance and financial position.

### 3.3.6 Community Bank® model risks

The **Community Bank®** model is an integral part of the Bank's strategy and business model with **Community Bank®** branches of the Bank operating in all states and territories across Australia. The branches are operated by companies that have entered into management agreements with the Bank's under which the Bank derives revenue through the **Community Bank®** model from the payment by licensees of license fees and other fees, as well as through revenue sharing arrangements. The Bank may also provide loans or funding support to the licensees.

Poor performance by licensees, or the termination of management agreements, may cause harm to the Bank's brand names, a loss in revenue or capital and/or a reduction in the willingness of new licensees to open a **Community Bank®** branch. Separately or collectively these factors may have a material adverse impact on the financial position, financial performance and growth prospects of the Bank.

### 3.3.7 Operational risk

Operational risk is the impact upon objectives resulting from inadequate or failed internal processes, people and systems, or from external events that are not covered by credit and market risk.

Whilst the Bank has operational risk management practices, its profitability will always be subject to a variety of operational risks including strategic and business decisions (including acquisitions and disposals), technology risk (including business systems failure), reputational risk (including damage to brands), fraud, non-compliance with legal and regulatory obligations, counterparty performance under outsourcing arrangements, business continuity planning, legal risk, data integrity risk, staff skills and performance, key person risk, financial product development and maintenance and external events. One or more of these risks may have a material adverse impact on the Bank's financial position and financial performance.

### 3.3.8 Regulatory and government policy risk

The Bank is subject to substantial regulatory and legal oversight in Australia and other countries where it trades, has subsidiaries or raises funds. The agencies with regulatory oversight of the Bank and its subsidiaries include, among others, APRA, the RBA, ASX, ASIC and the Australian Taxation Office. Failure to comply with legal and regulatory requirements may have a material adverse effect on the Bank and its reputation among customers and regulators and in the market.

Changes to laws, regulations or policies, including changes in interpretation or implementation of laws, regulations or policies, could affect the Bank in substantial and unpredictable ways.

Following the global financial crisis, regulators have proposed changes to various regulations to strengthen the financial services sector.

The proposals relate to liquidity and capital requirements. The impact of these changes, if implemented, is not yet known. However it is possible that the changes will result in additional costs for the Bank, thereby affecting the Bank's financial results.

### 3.3.9 Competition risk

The financial services industry in Australia is highly competitive and subject to significant change. The Bank faces significant competition from both traditional banking groups and non-bank financial institutions, which compete vigorously for customer investments and deposits and the provision of lending and wealth management services.

The effect of competitive market conditions may adversely impact the earnings, assets and capital position of the Bank.

### 3.3.10 Strategic and acquisition risk

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

### 3.3.11 Litigation and contingent liabilities risk

In the course of its operations the Bank may be subject to material litigation or governmental, legal or arbitral proceedings and other contingent liabilities which may adversely affect the financial position or financial performance of the Bank.

A law firm commenced legal proceedings involving the Bank and other parties on behalf of investors in 2 of 24 managed investment schemes managed by Great Southern Managers Australia Ltd. The Great Southern Group of companies is now in liquidation. Many investors borrowed from the Bank to invest in the schemes. While no wrongdoing is alleged against the Bank, the law firm is seeking to have the loan deeds void or unenforceable and for all money paid under the loans repaid to borrowers. The Bank will vigorously defend the proceedings although there is a risk that the law firm may succeed with some or all of its claims. The law firm has indicated that it may bring similar proceedings for the other 22 schemes not covered by the current proceeding.

### 3.3.12 Trustee risk

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

### 3.3.13 Joint venture risk

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

# Section 4 - Other Information

## 4.1 Summary of Australian tax consequences for Holders

The following is a general summary of the Australian tax consequences under the Tax Act for certain Australian tax resident Holders (“**Australian Holders**”), and certain Holders who are not tax residents of Australia (“**Non-Australian Holders**”) who hold Bendigo and Adelaide Bank Retail Bonds on capital account.

This summary is not exhaustive and it should be treated by a Holder with appropriate caution. In particular, this summary does not deal with the position of certain classes of Holders (including Holders who hold Bendigo and Adelaide Bank Retail Bonds as assets used in carrying on a business of share trading, banking or investment or otherwise hold Bendigo and Adelaide Bank Retail Bonds on revenue account).

This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular Holder. The comments are based on Australian tax legislation, interpretations of that legislation and administrative practice as at the date of this Offer Document.

All Holders should seek professional tax advice in relation to their particular circumstances.

### 4.1.1 Australian Holders

#### **Receipt of interest**

Payments of interest in respect of Bendigo and Adelaide Bank Retail Bonds must be included in the assessable income of Australian Holders. Whether these amounts should be recognised as assessable income on a cash receipts or accruals basis will depend on the individual circumstances of the Australian Holder.

#### **Disposal of Bendigo and Adelaide Bank Retail Bonds**

Any gain that arises for a Holder on a disposal of Bendigo and Adelaide Bank Retail Bonds should be returned as assessable income and any loss as a deduction in their taxable income for the income year in which the disposal occurs. This is because the Bendigo and Adelaide Bank Retail Bonds should be subject to the rules in the Tax Act applicable to “traditional securities”.

As a consequence of this, the capital gains tax (“**CGT**”) provisions will not apply to the disposal to the extent to which that gain or loss is returned either as assessable income or an allowable deduction and the CGT discount will not be available, even where the Bendigo and Adelaide Bank Retail Bonds have been held for more than 12 months.

#### **Taxation of Financial Arrangements (“TOFA”) provisions**

Although Bendigo and Adelaide Bank Retail Bonds would be regarded as “financial arrangements” and therefore potentially subject to the TOFA provisions (which contain specific rules for taxing gains and losses on certain financial assets and liabilities) these provisions do not apply to all taxpayers. The TOFA provisions should not, for example, apply to Holders who are individuals and certain other entities (for example certain superannuation entities and managed investment schemes) which meet various turnover or asset thresholds, unless a specific election is made by those Holders for the rules to apply to them.

### 4.1.2 Non-Australian Holders

#### **Receipt of interest**

Interest payable to Non-Australian Holders should not be subject to Australian interest withholding tax (which is currently imposed at a rate of 10%), provided that the Bendigo and Adelaide Bank Retail Bonds are issued by the Bank in a manner which satisfies the requirements of section 128F of the Tax Act and the Non-Australian Holders are not “offshore associates” of the Bank.

It is the intention of the Bank to satisfy the section 128F requirements in connection with the issue of the Bendigo and Adelaide Bank Retail Bonds.

On the basis that the Bank satisfies the requirements of section 128F, Non-Australian Holders who do not hold their Bendigo and Adelaide Bank Retail Bonds in connection with the carrying on of a business at or through a permanent establishment in Australia should not be subject to Australian income tax in respect of interest payments on Bendigo and Adelaide Bank Retail Bonds.

The taxation of financial arrangements provisions do not affect the availability of the section 128F exemption from Australian interest withholding tax.

#### **Disposal of Bendigo and Adelaide Bank Retail Bonds**

Non-Australian Holders should not be subject to Australian income tax on gains realised on the disposal of Bendigo and Adelaide Bank Retail Bonds, provided such gains do not have an Australian source.

If, however, a gain arising from the disposal of Bendigo and Adelaide Bank Retail Bonds has an Australian source, a Non-Australian Holder may be eligible for relief from Australian tax on such gain if that Holder is entitled to the benefits of a double tax agreement between Australia and the Holder’s country of residence (for tax purposes).

Non-Australian Holders are not subject to CGT on the disposal of Bendigo and Adelaide Bank Retail Bonds, provided the Bendigo and Adelaide Bank Retail Bonds are not held in connection with the carrying on of a business at or through a permanent establishment in Australia.

#### 4.1.3 Provision of TFN and ABN

Although a Holder is not required to quote their TFN or ABN to the Bank, the Bank will be required to withhold and remit withholding tax (currently at the rate of 46.5%) on the payment of interest to a Holder unless the Holder provides the Bank with their TFN (or in certain circumstances their ABN) or the Holder has provided evidence of an applicable exemption from such withholding.

Payments of interest on Bendigo and Adelaide Bank Retail Bonds that are exempt from Australian interest withholding tax under section 128F of the Tax Act will not be subject to any withholding tax under these rules.

#### 4.1.4 GST

No Australian GST should be payable on the issue, receipt or disposal of Bendigo and Adelaide Bank Retail Bonds. This is on the basis that the supply of Bendigo and Adelaide Bank Retail Bonds should comprise either an input taxed financial supply, or, in the case of a Non-Australian Holder, a GST-free supply. In addition, no Australian GST should be payable in respect of the payment of principal or interest by the Bank.

#### 4.1.5 Stamp duty

No Australian stamp duty should be payable on the issue, disposal or redemption of Bendigo and Adelaide Bank Retail Bonds.

### 4.2 Personal information

If you apply for Bendigo and Adelaide Bank Retail Bonds, you will provide personal information to the Bank or its agents.

The Bank and its agents collect, hold and use your personal information in order to:

- assess your Application;
- service your needs as a Holder;
- provide facilities and services that you request;
- provide you with information about products and services; and
- carry out appropriate administration of your investment.

Some of the information which the Bank or its agents already hold, or which will be collected, is required pursuant to tax and company legislation. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

To do these things, the Bank may disclose your personal information for purposes related to your investment to ASX and to Related Bodies Corporate, agents and organisations that carry out functions on the Bank's behalf, such as mailing houses and information technology service providers.

If you become a Holder, your information may be used for purposes related to your investment (including as noted above) and may also be shared with the Bank, its Related Bodies Corporate and its joint ventures so that you can be told about products and services offered or distributed by the Bank, its Related Bodies Corporate and its joint ventures or other matters concerning the Bank generally that the Bank thinks may be of interest to you. You agree that the contact details you provide to the Bank or its agents can be used by any member of the Group or any of their joint ventures indefinitely for these purposes. If you do not want your personal information to be used for these purposes, you should contact the Bank or Registry, using the contact details below. It is important that you contact the Bank or Registry if you do not consent to this use because, by investing in Bendigo and Adelaide Bank Retail Bonds, you will be taken to have consented.

Some uses and disclosures may take place outside of Australia.

Under the Privacy Act, individuals may request access to their personal information held by (or on behalf of) the Bank. You can request access to your personal information held by the Bank by contacting us care of:

Computershare Investor Services Pty Ltd  
GPO Box 1903  
Adelaide SA 5001

A copy of the privacy policy of the Bank is available at [www.bendigoadelaide.com.au](http://www.bendigoadelaide.com.au).

### 4.3 Deed Poll

Bendigo and Adelaide Bank Retail Bonds will be constituted by the Deed Poll executed by the Bank for the benefit of the Holders from time to time. The Deed Poll is the instrument under which the Bank undertakes to be bound by the Conditions.

Each Holder may individually enforce its rights under the Deed Poll. Each Holder is also bound by the terms of the Deed Poll.

Under the Deed Poll, the Bank will ensure that it will (or the Registry will, on its behalf) maintain the Register of Holders and will enter details of Holders in that Register from time to time.

The Deed Poll contains provisions for convening meetings of the Holders. Any such meeting may consider any matters affecting the interests of Holders, including, without limitation, the amendment of the terms and conditions of a series of bonds and the granting of approvals, consents and waivers.

The Deed Poll also contains provisions for title and transfer of, and calculations in respect of, Bendigo and Adelaide Bank Retail Bonds, the giving of notices and in respect of amendments to the Conditions.

In addition to reading the Offer Document in full, it is important that you read the Deed Poll in full before deciding to invest in Bendigo and Adelaide Bank Retail Bonds. A copy of the Deed Poll can be obtained free of any charge from the Bank during the Offer Period or from the Bank or Registry following the completion of the Offer Period.



# Section 5 - How to Apply

## 5.1 Deciding to apply

Before deciding to apply for Bendigo and Adelaide Bank Retail Bonds you should read this Offer Document in full (including the summary of the Bendigo and Adelaide Bank Retail Bonds in Section 1 (“Summary of Bendigo and Adelaide Bank Retail Bonds”), the key risks summarised in Section 3 (“Key Risks of Bendigo and Adelaide Bank Retail Bonds”), the Deed Poll summary in Section 4.3 (“Deed Poll”) and the Conditions in the Appendix).

If, after reading this Offer Document, you have any questions about the Offer, you should contact your stockbroker, accountant, legal, tax or financial adviser and/or other professional adviser.

## 5.2 Completing and lodging the Application Form

### 5.2.1 How to apply

The Offer is available to all Australian resident investors.

The Bank will be accepting Applications from Australian brokers and financial advisers who wish to apply for Bendigo and Adelaide Bank Retail Bonds on behalf of their Australian resident clients. If you wish to participate in the Offer, you should contact your broker or financial adviser to determine whether they will be submitting Applications for Bendigo and Adelaide Bank Retail Bonds on behalf of their clients. If they are, you should complete the Application Form and lodge it with your broker or financial adviser along with a cheque and/or bank draft for the Application Monies in accordance with their instructions.

If your broker or financial adviser is not submitting Applications for Bendigo and Adelaide Bank Retail

Bonds, you should complete the Application Form attached to this Offer Document and lodge your Application and accompanying cheque and/or bank draft for the Application Monies with the Registry by mailing them (so they are received by 5.30pm (Melbourne time) on the Closing Date) to:

Computershare Investor Services Pty Ltd  
GPO Box 1326  
Adelaide SA 5001

**Cheques and/or bank drafts should be made payable to “Bendigo and Adelaide Bank Retail Bonds Series 1 – Offer Account.”**

Paper copies of this Offer Document and an Application Form can be obtained free of charge during the Offer Period by calling the Bendigo and Adelaide Bank Retail Bonds Information Line on 1800 623 909 (Monday to Friday 8:30am – 5:30pm, Melbourne time), or by requesting them at [retailbonds@bendigoadelaide.com.au](mailto:retailbonds@bendigoadelaide.com.au), during the Offer Period.

### 5.2.2 No brokerage and stamp duty

You do not have to pay brokerage or stamp duty on your Application for Bendigo and Adelaide Bank Retail Bonds. However, you may have to pay brokerage (and applicable GST) on any subsequent purchases or sales of Bendigo and Adelaide Bank Retail Bonds on ASX and stamp duties or other similar taxes which are payable in any jurisdiction in connection with any transfer, assignment or other dealing in the Bendigo and Adelaide Bank Retail Bonds.

### 5.2.3 Margin

The Interest Rate payable on the Bendigo and Adelaide Bank Retail Bonds is to be calculated as a fixed Margin of 1.40% per annum over the Bank Bill Rate for the balance of the term of the Bendigo and Adelaide Bank Retail Bonds

until the Maturity Date.

### 5.2.4 Refunds

Until Bendigo and Adelaide Bank Retail Bonds are issued, the Bank or Registry will hold the Application Monies in a trust account. The account will be established and kept solely for the purposes of depositing the Application Monies and dealing with those funds.

If you are not allocated Bendigo and Adelaide Bank Retail Bonds, or are allocated less than the number of Bendigo and Adelaide Bank Retail Bonds you applied for, you will receive a refund cheque as soon as practicable after the Closing Date. No interest will be payable on Application Monies which are refunded. Any interest earned on the balance of the trust account will be retained by the Bank or Registry.

### 5.2.5 Allocation

The Bank reserves the right not to accept Applications from any applicant and it reserves the right to allocate any applicant a lesser number of Bendigo and Adelaide Bank Retail Bonds (including less than the minimum application amount of 50 Bendigo and Adelaide Bank Retail Bonds (\$5,000)).

## 5.3 Issue and quotation of Bendigo and Adelaide Bank Retail Bonds

If ASX does not grant permission for the Bendigo and Adelaide Bank Retail Bonds to be quoted, the Bank will not issue the bonds and all Application Monies will be refunded (without interest).

It is expected that Bendigo and Adelaide Bank Retail Bonds will be quoted on ASX under code “BENHA”.

## 5.4 Trading and Holding Statements

### 5.4.1 Commencement of trading on ASX

It is expected that Bendigo and Adelaide Bank Retail Bonds will begin trading on ASX on a deferred settlement basis on Tuesday, 15 March 2011. Trading on a deferred settlement basis occurs when Holding Statements have not yet been despatched and it is not possible to settle trades on a trade date plus 3 Business Days (T+3) basis. The trade is settled on a date specified by ASX.

It is expected that Bendigo and Adelaide Bank Retail Bonds will begin trading on ASX on a normal settlement basis by Tuesday, 22 March 2011.

It is your responsibility to determine your holding of Bendigo and Adelaide Bank Retail Bonds before trading to avoid the risk of selling Bendigo and Adelaide Bank Retail Bonds you do not own.

You should check your holding by asking your broker or financial adviser, calling the Bendigo and Adelaide Bank Retail Bonds Information Line on 1800 623 909 (Monday to Friday 8:30am – 5:30pm, Melbourne time) or by email at [retailbonds@bendigoadelaide.com.au](mailto:retailbonds@bendigoadelaide.com.au).

### 5.4.2 Holding Statements

The Bank will apply for Bendigo and Adelaide Bank Retail Bonds to participate in CHESS and, if accepted, no certificates will be issued. Instead, if Bendigo and Adelaide Bank Retail Bonds are accepted to participate in CHESS, a Holding Statement will be mailed to Holders.

### 5.4.3 Provision of TFN or ABN

When your Holding Statement is mailed to you, you will also be mailed a form on which to provide your TFN and/or ABN should you wish to do so.

A prospective investor should read Section 4.1 (“Summary of Australian tax consequences for Holders”) for a summary of Australian taxation consequences for Holders.

### 5.4.4 Provision of bank account details

When your Holding Statement is mailed to you, you will also be mailed a form on which to provide your Australian dollar account details (for an account maintained with a financial institution in Australia) for payments of Face Value and interest.

Payments of Face Value and interest will only be paid by electronic transfer to properly nominated accounts or (if no valid account is nominated) by cheque to a Holder’s nominated address.

## 5.5 Selling Fee

The Bank will pay brokers and financial advisers in Australia, who are submitting Application Forms on behalf of clients, a handling fee of 0.50% of the Application Monies received from applicants whose Applications are accepted in the Offer (but only to the extent of that acceptance).

# Section 6 - Glossary

**ABN** means the Australian Business Number.

**ADI** means an authorised deposit-taking institution as defined in the Banking Act.

**Application** means a valid application for Bendigo and Adelaide Bank Retail Bonds made through a completed Application Form in accordance with this Offer Document.

**Application Form** means a paper form attached to, or accompanying, this Offer Document upon which an Application for Bendigo and Adelaide Bank Retail Bonds may be made.

**Application Monies** means the amount payable on each Application being the Face Value multiplied by the number of Bendigo and Adelaide Bank Retail Bonds applied for.

**APRA** means the Australian Prudential Regulation Authority.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.

**ASX Listing Rules** means the listing rules of ASX from time to time, together with any modification or waivers in their application to the Bank which ASX may grant.

**Australian Holder** has the meaning given to that term in Section 4.1 (“Summary of Australian tax consequences for Holders”).

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

**Bank Bill Rate** has the meaning it is given in the Conditions.

**Banking Act** means the Banking Act 1959 (Cth) as amended from time to time.

**Bendigo and Adelaide Bank Retail Bonds** means the Bendigo and Adelaide Bank Retail Bonds Series 1, which are interest-bearing unsecured debentures.

**Business Day** means a day which is a business day within the meaning of the ASX Listing Rules.

**CHES** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

**Closing Date** means the closing date specified in the “Key Dates” section of this Offer Document.

**Conditions** means the terms and conditions of the Bendigo and Adelaide Bank Retail Bonds as set out in the Appendix of this Offer Document.

**Corporations Act** means the Corporations Act 2001 (Cth) as amended from time to time.

**Deed Poll** means the deed poll entitled “Bendigo and Adelaide Bank Retail Bonds Deed Poll” executed by the Bank and dated on or about 17 February 2011.

**Event of Default** has the meaning it is given in the Conditions.

**Extraordinary Resolution** has the meaning it is given in the Conditions.

**Face Value** has the meaning it is given in the Conditions.

**Financial Indebtedness** has the meaning it is given in the Conditions.

**First Interest Payment Date** means the first Interest Payment Date.

**Group** means the Bank and entities controlled by the Bank.

**GST** means a goods and services or similar tax imposed in Australia.

**Holder** means a registered holder of Bendigo and Adelaide Bank Retail Bonds.

**Holding Statement** means a statement issued to Holders by the Registry which sets out the number of Bendigo and Adelaide Bank Retail Bonds held by that Holder.

**Interest Commencement Date** has the meaning it is given in the Conditions.

**Interest Payment Date** has the meaning it is given in the Conditions.

**Interest Period** has the meaning it is given in the Conditions.

**Interest Rate** has the meaning it is given in the Conditions (as summarised on page 5).

**Issue Date** has the meaning it is given in the Conditions.

**Margin** has the meaning it is given in the Conditions (as summarised on page 8).

**Maturity Date** means has the meaning it is given in the Conditions.

**Non-Australian Holder** has the meaning given to that term in Section 4.1 (“Summary of Australian tax consequences for Holders”).

**Offer** means the offer made through this Offer Document by the Bank of Bendigo and Adelaide Bank Retail Bonds to raise up to a maximum of \$250 million.

**Offer Document** means this offer document.

**Offer Period** means the period from 9:30am (Melbourne time) on the Opening Date to 5:30pm (Melbourne time) on the Closing Date.

**Opening Date** means the opening date specified in the Key Dates section of this Offer Document.

**Outstanding Principal Amount** has the meaning it is given in the Conditions.

**Privacy Act** means Privacy Act 1988 (Cth) as amended from time to time.

**Prudential Standards** means the ADI prudential standards promulgated by APRA, which define and document APRA's framework for assessing among other things the capital adequacy of an ADI.

**RBA** means the Reserve Bank of Australia.

**Record Date** has the meaning it is given in the Conditions.

**Register** has the meaning it is given in the Conditions.

**Registry** means Computershare Investor Services Pty Limited (ABN 48 078 279 277).

**Related Body Corporate** has the meaning it is given in the Corporations Act.

**Sandhurst** means Sandhurst Trustees Limited (ABN 16 004 030 737).

**Security Interests** has the meaning it is given in the Conditions.

**Tax Act** means the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth) as amended from time to time.

**Tax Event** has the meaning it is given in the Conditions.

**Tier 1 Capital** means the tier 1 capital of ADIs (including the Bank) as described by APRA in the Prudential Standards as such (or an equivalent successor term).

**Tier 1 Capital Ratio** means that ratio defined by APRA from time to time (or any equivalent successor term).

**Tier 2 Capital** means the tier 2 capital of ADIs (including the Bank) described by APRA in the Prudential Standard as such (or an equivalent successor term).

**Total Capital Ratio** means that ratio defined by APRA from time to time (or any equivalent successor term).

**TFN** means Tax File Number.

**US** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

**US Persons** has the meaning given in Regulation S under the US Securities Act.

**US Securities Act** means the US Securities Act of 1933 as amended from time to time.

# Appendix - Conditions of Bendigo and Adelaide Bank Retail Bonds Series 1

## 1 Form, transfer and title

### 1.1 Constitution under Deed Poll

The Bendigo and Adelaide Bank Retail Bonds Series 1 are registered debt obligations of the Bank constituted by, and owing under, the Deed Poll and take the form of entries in the Register.

Each entry in the Register constitutes a separate and individual acknowledgment to the relevant Holder of the indebtedness of the Bank to that Holder.

### 1.2 Register conclusive

Entries in the Register constitute conclusive evidence that the person entered is the Holder of the relevant Bendigo and Adelaide Bank Retail Bonds Series 1, subject to rectification for fraud or manifest or proven error and the other provisions of these Conditions and the Deed Poll.

### 1.3 Independent obligations

The obligations of the Bank in respect of each Bendigo and Adelaide Bank Retail Bond Series 1 constitute separate and independent obligations which the Holder to whom those obligations are owed is entitled to enforce without having to join any other Holder or any predecessor in title of a Holder.

### 1.4 Currency

Bendigo and Adelaide Bank Retail Bonds Series 1 are denominated in Australian dollars.

### 1.5 Face Value

Each Bendigo and Adelaide Bank Retail Bond Series 1 is issued with a face value of A\$100 ("Face Value").

### 1.6 Transfer and title

The Deed Poll contains provisions with respect to the transfer of Bendigo and Adelaide Bank Retail Bonds Series 1. Title to Bendigo and Adelaide Bank Retail Bonds Series 1 is acquired and passes when details of the acquisition or transfer are entered in the Register in accordance with the Deed Poll.

### 1.7 ASX quotation and CHES

The Bank must use all reasonable endeavours to procure that the Bendigo and Adelaide Bank Retail Bonds Series 1 are quoted on ASX until all Bendigo and Adelaide Bank Retail

Bonds Series 1 have matured or been Redeemed. The Bendigo and Adelaide Bank Retail Bonds Series 1 will be registered in CHES.

While the Bendigo and Adelaide Bank Retail Bonds Series 1 remain in CHES, all dealings (including transfers and payments) in relation to the Bendigo and Adelaide Bank Retail Bonds Series 1 within CHES will be governed by the rules and regulations of CHES and need not comply with these Conditions to the extent of any inconsistency.

The rights of a person holding the Bendigo and Adelaide Bank Retail Bonds Series 1 registered in CHES are subject to the rules and regulations of CHES.

## 2 Status

The Bendigo and Adelaide Bank Retail Bonds Series 1 are direct and unsecured obligations of the Bank and rank equally among themselves and at least equally with all other unsecured obligations of the Bank, except liabilities mandatorily preferred by law.

Bendigo and Adelaide Bank Retail Bonds Series 1 are not protected accounts or deposit liabilities of the Bank for the purposes of, and are not subject to the depositor protection provisions of, the Banking Act.

*Section 13A(3) of the Banking Act provides that if the Bank becomes unable to meet its obligations or suspends payment, the assets of the Bank in Australia are to be available to satisfy specified liabilities, in priority to all other liabilities of the Bank, including Bendigo and Adelaide Bank Retail Bonds Series 1. The specified liabilities which have priority, by virtue of section 13A(3) of the Banking Act will be substantial, as such liabilities include (but are not limited to) liabilities owed in respect of protected accounts. In summary, a "protected account" is an account where the Bank is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account and any other account or financial product prescribed by regulation.*

## 3 Interest

- (a) Each Bendigo and Adelaide Bank Retail Bond Series 1 bears interest on its Outstanding Principal Amount from (and including) its Issue Date to (but excluding) its Maturity Date or any earlier Redemption Date at the Interest Rate.
- (b) The Interest Rate applicable to a Bendigo and Adelaide Bank Retail Bond Series 1 for each Interest Period (expressed as a percentage per annum) is calculated according to the following formula:

$$\text{Interest Rate} = \text{Bank Bill Rate} + \text{Margin}$$

where:

**"Bank Bill Rate"** (expressed as a percentage per annum) is the average mid-rate for bills of exchange (within the meaning of the Bills of Exchange Act 1909 (Cth)) of a specified term of 3 months, which average rate is displayed on Reuters page "BBSW" (or any page that replaces that page) at or about 10:30am (Sydney time) on the first Business Day of the relevant Interest Period, or if there is a manifest error in the calculation of that average rate or that average rate is not displayed at 10:30am (Sydney time) on that date, the rate specified in good faith by the Calculation Agent at or around that time on that date having regard, to the extent possible, to:

- (i) the rates otherwise bid and offered for bills of the specified term or for funds of that tenor displayed on Reuters page "BBSW" (or any page which replaces that page) at that time on that date; and
- (ii) if bid and offer rates for bills of the specified term are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date; and

**"Margin"** means 1.40% per annum (or such other rate (expressed as a percentage per annum) specified to be the Margin in the Offer Document).

- (c) If, in respect of an Interest Period, the Calculation Agent is unable to determine a rate in accordance with this Condition 3, the Interest Rate for the Interest Period is the Interest Rate applicable to the Bendigo and Adelaide Bank Retail Bonds Series 1 during the immediately preceding Interest Period.
- (d) Interest is payable in arrear on each third calendar month anniversary of the Initial Issue Date, up to (and including) the Maturity Date or any earlier Redemption Date (each an **“Interest Payment Date”**).
- (e) The amount of Interest payable on each Bendigo and Adelaide Bank Retail Bond Series 1 for an Interest Period is calculated according to the following formula:

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

where:

**“N”** means, in respect of:

- (i) the first Interest Payment Date for a Bendigo and Adelaide Bank Retail Bond Series 1, the number of days from (and including) the Interest Commencement Date to (but excluding) that first Interest Payment Date; and
- (ii) each subsequent Interest Payment Date for that Bendigo and Adelaide Bank Retail Bond Series 1, the number of days from (and including) the preceding Interest Payment Date to (but excluding) that Interest Payment Date or, in the case of the last Interest Period, the Maturity Date or any earlier Redemption Date.
- (f) If, in respect of a Bendigo and Adelaide Bank Retail Bond Series 1, an amount is not paid when due and payable in accordance with these Conditions, then interest accrues on the unpaid amount (both before and after any demand or judgment) at the last applicable Interest Rate until the date on which payment is made to the Holder.
- (g) The Deed Poll contains additional general provisions applicable to the calculation of interest.

## 4 Redemption and purchase

### 4.1 Redemption on maturity

Unless previously Redeemed, or purchased and cancelled, each Bendigo and Adelaide Bank Retail Bond Series 1 shall be Redeemed on the Maturity Date at its Outstanding Principal Amount.

### 4.2 Purchase of Bendigo and Adelaide Bank Retail Bonds Series 1

The Bank or any of its Related Bodies Corporate may at any time purchase Bendigo and Adelaide Bank Retail Bonds Series 1 in the open market or otherwise and at any price. All unmatured Bendigo and Adelaide Bank Retail Bonds Series 1 purchased in accordance with this Condition 4.2 may be held, resold or cancelled at the discretion of the Bank, subject to compliance with all legal and regulatory requirements.

### 4.3 Early Redemption for taxation reasons

If a Tax Event occurs, then the Bank may give not more than 30 nor less than 15 days' notice to the Registry, the Holders and ASX in accordance with Condition 8.3 (“Notices”), and upon expiry of such notice shall Redeem all (but not some only) of the Bendigo and Adelaide Bank Retail Bonds Series 1 at their Outstanding Principal Amount together with accrued, but unpaid, interest (if any) thereon.

Prior to publication of any such notice of Redemption, the Bank shall deliver to the Registry a certificate signed by an authorised person of the Bank stating that the Bank is entitled to effect such Redemption and setting out reasonable detail as to the Bank's obligation to pay such Additional Amounts.

## 5 Events of Default

### 5.1 Events of Default

An Event of Default occurs in relation to a Bendigo and Adelaide Bank Retail Bond Series 1 if:

- (a) **(payment default)** the Bank fails to pay any principal or any interest in respect of the Bendigo and Adelaide Bank Retail Bonds Series 1 within 5 Business Days of the relevant due date;
- (b) **(other default)** the Bank defaults in performance or observance of or compliance with any of its other obligations in these Conditions or set out in the Deed Poll, which default is incapable of remedy or which, if capable of remedy, is not remedied within 14 Business Days after notice requiring such default to be remedied has been given to the Bank by the Holder;
- (c) **(unlawfulness)** it is or will become unlawful for the Bank to perform or comply with any one or more of its obligations under the Bendigo and Adelaide Bank Retail Bonds Series 1;

(d) **(insolvency)** the Bank:

- (i) becomes insolvent, is unable to pay its debts as they fall due or fails to comply with a statutory demand (which is still in effect) under section 459F of the Corporations Act;
- (ii) stops or suspends or threatens to stop or suspend payment of all or a material part of its debts, or appoints an administrator under section 436A of the Corporations Act; or
- (iii) begins negotiations or takes any proceeding or other step with a view to re-adjustment, rescheduling or deferral of all its indebtedness (or any part of its indebtedness which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or a moratorium is agreed or declared in respect of or affecting indebtedness of the Bank, except in any case referred to in subparagraph (iii) above for the purposes of a solvent reconstruction or amalgamation the terms of which have previously been approved by an Extraordinary Resolution of the Holders;

(e) **(winding up order)**

- (i) an order is made or an effective resolution is passed for the winding up of the Bank (except in any such case for the purposes of a solvent reconstruction or amalgamation the terms of which have previously been approved by an Extraordinary Resolution of Holders);
- (ii) an administrator is appointed to the Bank by a provisional liquidator of the Bank under section 436B of the Corporations Act; or
- (iii) any event which occurs under the law of any relevant jurisdiction which has an analogous or equivalent effect to any of the events referred to in subparagraphs (i) or (ii) above;
- (f) **(enforcement against assets)** a distress, attachment, execution or other legal process is levied, enforced or sued out against or on the Bank or against all or a material part of the assets of the Bank in respect of any Financial Indebtedness

of the Bank and is not stayed, satisfied or discharged within 14 Business Days or otherwise contested in bona fide proceedings; or

- (g) (**enforcement of security**) any present or future Security Interest(s) on or over the assets of the Bank becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar officer which is not vacated or discharged within 14 Business Days or where the proceedings are being contested in good faith such longer period as may be agreed by an Extraordinary Resolution of the Holders) is taken to enforce that Security Interest by reason of a default or event of default (howsoever described) having occurred.

### **5.2 Consequences of an Event of Default**

Subject to Condition 5.3 (“Rectification”), if any Event of Default occurs in relation to a Bendigo and Adelaide Bank Retail Bond Series 1, then the Holder of that Bendigo and Adelaide Bank Retail Bond Series 1 may, by written notice to the Bank (with a copy to the Registry), declare the Outstanding Principal Amount together with all accrued, but unpaid, interest (if any) applicable to that Bendigo and Adelaide Bank Retail Bond Series 1 to be due and payable immediately or on such other date specified in the notice.

### **5.3 Rectification**

A Holder’s right under Condition 5.2 (“Consequences of an Event of Default”) to declare Bendigo and Adelaide Bank Retail Bonds Series 1 due terminates if the circumstances giving rise to it has been cured or no longer subsists before such right is exercised.

### **5.4 Notification**

If an Event of Default occurs, the Bank must, promptly after becoming aware of it, notify the Registry and ASX of the occurrence of the Event of Default (specifying details of it).

## **6 Payments**

### **6.1 General**

All payments in respect of the Bendigo and Adelaide Bank Retail Bonds Series 1:

- (a) are subject to applicable fiscal and other laws (including, without limitation any law prohibiting dealings with terrorist organisations or money laundering, or any other type of sanction);

- (b) may be withheld if the Bank has reasonable grounds to suspect that the payee may be subject to any law prohibiting dealings with terrorist organisations or money laundering, or any other type of sanction, or involved in acts of terrorism or money laundering;
- (c) must be made in Australian dollars;
- (d) will only be made:
- (i) by crediting an Australian dollar account maintained with a financial institution in Australia and nominated to the Registry in writing by the Holder by 5:30pm on the relevant Record Date; or
- (ii) if the Holder has not notified the Registry of an account to which payments to it must be made by 5:30pm on the Record Date, by cheque sent by prepaid registered post on the Business Day immediately before the payment date, at the risk of the Holder, to the Holder (or to the first named joint holder of the Bendigo and Adelaide Bank Retail Bonds Series 1) at its address appearing in the Register at 5:30pm (Melbourne time) on the relevant Record Date; and
- (e) will be made in accordance with the rules and regulations of CHES, the Deed Poll and these Conditions.

### **6.2 Calculations**

The Deed Poll contains provisions applicable to the calculation of amounts.

### **6.3 Business Day convention**

If the date scheduled for any payment under these Conditions is not a Business Day, then the payment will be made on the next Business Day (and without any additional interest or other payment in respect of such delay).

### **6.4 Electronic transfers**

A payment made by electronic transfer is for all purposes taken to be made when the Bank or the Registry gives an irrevocable instruction for the making of that payment by electronic transfer, being an instruction which would be reasonably expected to result in the relevant funds reaching the account of the Holder on the same day as the day on which the instruction is given.

### **6.5 Payments by cheque**

Cheques sent to a Holder at its address appearing in the Register will be taken to have been received by the Holder on the payment date and no further amount will be payable by the Bank in respect of the

Bendigo and Adelaide Bank Retail Bonds Series 1 as a result of the Holder not receiving payment on the due date.

## **7 Taxation**

### **7.1 No set-off, counterclaim or deductions**

All payments (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Bendigo and Adelaide Bank Retail Bonds Series 1 will be made without set-off or counterclaim and without any deduction or withholding in respect of Taxes now or hereafter imposed, levied, collected or assessed by a Relevant Tax Jurisdiction, unless such withholding or deduction is required by law.

### **7.2 Withholding tax gross up**

If an applicable law requires the Bank to withhold or deduct an amount in respect of Taxes from a payment in respect of a Bendigo and Adelaide Bank Retail Bond Series 1 such that the Holder would not actually receive on the due date the full amount provided for under that Bendigo and Adelaide Bank Retail Bond Series 1, then:

- (a) the Bank agrees to deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below); and
- (b) subject to Condition 7.3 (“Exceptions to the withholding tax gross up”), if the amount deducted or withheld is in respect of Taxes imposed by a Relevant Tax Jurisdiction, the Bank will pay such additional amounts to the Holders as may be necessary in order that the net amount received by those Holders after such withholding or deduction equals the respective amounts which would otherwise have been receivable in respect of the Bendigo and Adelaide Bank Retail Bonds Series 1 held by those Holders in the absence of such withholding or deduction.

### **7.3 Exceptions to the withholding tax gross up**

No Additional Amounts are payable under Condition 7.2(b) (“Withholding tax gross up”) in respect of any such Bendigo and Adelaide Bank Retail Bond Series 1:

- (a) to, or to a third party on behalf of, a Holder who is liable to such Taxes in respect of such Bendigo and Adelaide Bank Retail Bond Series 1 by reason of the Holders having some connection with the Relevant

- Tax Jurisdiction other than the mere holding of such Bendigo and Adelaide Bank Retail Bonds Series 1 or receipt of payment (whether in respect of principal, redemption amount, interest or otherwise) in respect of it;
- (b) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or similar cause for exemption to any tax authority in the place where payment under the Bendigo and Adelaide Bank Retail Bond Series 1 is made;
- (c) to, or to a third party on behalf of, a Holder who is liable to the Taxes in respect of the Bendigo and Adelaide Bank Retail Bonds Series 1 by reason of the Holder being an associate of the Bank within the meaning of section 128F(9) of the Tax Act; or
- (d) to, or to a third party on behalf of, an Australian resident Holder or a non-resident Holder carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if that person has not supplied an Australian business number, a tax file number or exemption details as may be necessary to enable the payment to be made without such withholding or deduction.

## 8 General

### 8.1 Further issues

The Bank may from time to time, without the consent of any Holder, issue further Tranches of Bendigo and Adelaide Bank Retail Bonds Series 1 so as to form a single Series with the Bendigo and Adelaide Bank Retail Bonds Series 1. References in these Conditions to the Bendigo and Adelaide Bank Retail Bonds Series 1 include (unless the context requires otherwise) any other Tranche of Bendigo and Adelaide Bank Retail Bonds Series 1 issued in accordance with this Condition 8.1 and forming a single Series with the Bendigo and Adelaide Bank Retail Bonds Series 1.

### 8.2 Time limit for claims

A claim against the Bank for a payment under a Bendigo and Adelaide Bank Retail Bond Series 1 is void unless such claim is made within 5 years from the date on which payment first became due.

### 8.3 Notices

The Deed Poll contains provisions for the giving of notices.

### 8.4 Meetings of Holders

The Deed Poll contains provisions for convening meetings of the Holders. Any such meeting may consider any matters affecting the interests of Holders, including, without limitation, the amendment of these Conditions and the granting of approvals, consents and waivers.

### 8.5 Amendments

The Deed Poll contains provisions for the amendments of these Conditions.

### 8.6 Code of Banking Practice

Relevant provisions of the Code of Banking Practice apply to the Bendigo and Adelaide Bank Retail Bonds Series 1 to the extent a Holder is a "retail client" as defined for the purposes of section 761G of the Corporations Act.

### 8.7 No other rights

Bendigo and Adelaide Bank Retail Bonds Series 1 confer no rights on a Holder:

- (a) to vote at, or receive notices of, any meeting of shareholders of the Bank or any of its Related Bodies Corporate;
- (b) to subscribe for new securities or to participate in any bonus issues of securities of the Bank or any of its Related Bodies Corporate; or
- (c) to otherwise participate in the profits or property of the Bank or any of its Related Bodies Corporate except as set out in these Conditions.

## 9 Governing law and jurisdiction

### 9.1 Governing law

The Bendigo and Adelaide Bank Retail Bonds Series 1 are governed by the law in force in Victoria.

### 9.2 Jurisdiction

The Bank irrevocably and unconditionally submits, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of Victoria and courts of appeal from them. The Bank waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

### 9.3 Serving documents

Without preventing any other method of service, any document in any action may be served on the Bank by being delivered or left at its registered office or principal place of business.

## 10 Interpretation

### 10.1 Definitions

The following words have these meanings in these Conditions, unless the contrary intention appears:

**Additional Amount** means an additional amount payable by the Bank under Condition 7.2 ("Withholding tax gross up");

**ASX** means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the Australian Securities Exchange operated by it;

**ASX Listing Rules** means the listing rules of ASX, from time to time, together with any modifications or waivers in their application to the Bank which ASX may grant;

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

**Bank Bill Rate** has the meaning given in Condition 3 ("Interest");

**Banking Act** means the Banking Act 1959 (Cth);

**Bendigo and Adelaide Bank Retail Bonds Series 1** means the direct and unsecured debt obligations issued by the Bank, constituted by the Deed Poll and designated and evidenced in the manner set out in the Conditions;

**Business Day** means a day which is a business day within the meaning of the ASX Listing Rules;

**Calculation Agent** means:

- (a) initially, Bendigo and Adelaide Bank Limited (ABN 11 068 049 178); and
- (b) such other person subsequently appointed by the Bank in accordance with the Deed Poll as the party responsible for calculating the Interest Rate and other amounts required to be calculated under these Conditions.

The Calculation Agent must be the same for all Bendigo and Adelaide Bank Retail Bonds Series 1;

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532);

**Conditions** means these terms and conditions (including, without limitation, terms and conditions set out elsewhere in the Offer Document or the Deed Poll and expressed to form part of these Conditions by reference);

**Deed Poll** means the deed entitled "Bendigo and Adelaide Bank Retail Bonds Deed Poll" dated on or about 17 February 2011 executed by the Bank;

**Event of Default** has the meaning given to it in Condition 5.1 (“Events of Default”);

**Extraordinary Resolution** has the meaning given to it in the Meetings Provisions;

**Face Value** has the meaning given in Condition 1.5 (“Face Value”);

**Financial Arrangement** includes a currency swap, an interest rate swap, a forward exchange rate agreement, a forward interest rate agreement or a futures contract or futures option (each within the meaning of section 9 of the Corporations Act) or any other option agreement or combination of the above or any similar arrangement;

**Financial Indebtedness** means, in respect of any person, any indebtedness, present or future, actual or contingent of that person in respect of moneys borrowed or raised or any financial accommodation or Financial Arrangement whatsoever including (without limitation):

- (a) under or in respect of any Guarantee, bill, acceptance or endorsement or any discounting arrangement;
- (b) in respect of any obligation to pay par value, premium and dividend (whether or not declared, and whether or not there are sufficient profits or other moneys for payment) of any redeemable share or stock issued by that person or to purchase any share or stock issued by that person which is the subject of a put option against that person;
- (c) in respect of any Lease which under current accounting practice would be required to be capitalised on the balance sheet of the lessee;
- (d) the deferred purchase price (for more than 90 days) of any asset or service and any related obligation; and
- (e) in respect of any obligation to deliver goods or services which are paid for in advance by a financier or which are paid for in advance in relation to any financing transaction;

**Government Agency** means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity;

**Guarantee** means any guarantee, indemnity, letter of credit, suretyship or any other obligation (whatever called and of whatever nature):

- (a) to pay or to purchase;
- (b) to provide funds (whether by the advance of money, the purchase of

or subscription for shares or other securities, the purchase of assets, rights or services, or otherwise) for the payment or discharge of;

- (c) to indemnify against the consequences of default in the payment of; or
- (d) otherwise to be responsible for, any obligation or indebtedness, any dividend, capital or premium on shares or stock or the insolvency or the financial condition of any other person;

**Holder** means, in respect of a Bendigo and Adelaide Bank Retail Bond Series 1, each person whose name is entered in the Register as the holder of that Bendigo and Adelaide Bank Retail Bond Series 1;

**Initial Issue Date** means the Issue Date on which the first Tranche of Bendigo and Adelaide Bank Retail Bonds Series 1 are issued;

**Interest Commencement Date** means the Issue Date or such other date as may be specified as such in the Offer Document;

**Interest Payment Date** has the meaning given in Condition 3 (“Interest”);

**Interest Period** means each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date provided that the first Interest Period commences on (and includes) the Interest Commencement Date and the final Interest Period ends on (but excludes) the Maturity Date;

**Interest Rate** has the meaning given in Condition 3 (“Interest”);

**Issue Date** means, in respect of a Bendigo and Adelaide Bank Retail Bond Series 1, the day on which that Bendigo and Adelaide Bank Retail Bonds Series 1 is or is to be issued as specified in or determined in accordance with the provisions of an Offer Document;

**Lease** means:

- (a) any lease, charter or hiring arrangement of any property;
- (b) any other agreement under which any property is or may be used or operated by a person other than the owner; and
- (c) any agreement under which any property is or may be managed or operated for or on behalf of the owner or another person by a person other than the owner, and the operator or manager or its Related Bodies Corporate (whether in the same or another agreement) is

required to make or assure minimum, fixed and/or floating rate payments of a periodic nature, (other than agreements under which the manager of a joint venture uses assets owned by the joint venture on behalf of the joint venture);

**Margin** has the meaning given in Condition 3 (“Interest”);

**Maturity Date** means the third calendar year anniversary of the Initial Issue Date;

**Meetings Provisions** means the provisions for the convening of meetings of, and passing of resolutions by, Holders set out as a schedule to the Deed Poll;

**Offer Document** means, in respect of a Bendigo and Adelaide Bank Retail Bond Series 1, the offering document dated 22 February 2011 issued by the Bank read together with any applicable Pricing Supplement for that Bendigo and Adelaide Bank Retail Bond Series 1;

**Outstanding Principal Amount** means, in respect of a Bendigo and Adelaide Bank Retail Bond Series 1 which is outstanding at any time, the Face Value of the Bendigo and Adelaide Bank Retail Bond Series 1 less the aggregate of any part of the principal amount of that Bendigo and Adelaide Bank Retail Bond Series 1 that has been paid or otherwise satisfied by the Bank;

**Pricing Supplement** means a pricing supplement (if any) prepared and issued in relation to a relevant Tranche which has been confirmed in writing by the Bank;

**Record Date** means, in respect of payments of amounts, any date specified by the Bank for that payment in accordance with the ASX Listing Rules;

**Redemption** means the payment or capital return in respect of and date specified by the Bank in accordance with the ASX Listing Rules, or buy-back, cancellation, redemption or repurchase of, a Bendigo and Adelaide Bank Retail Bond Series 1 in accordance with, and subject to, these Conditions and the words **Redeem**, **Redeemable** and **Redeemed** bear their corresponding meanings;

**Redemption Date** means, in respect of a Bendigo and Adelaide Bank Retail Bond Series 1, the date on which that Bendigo and Adelaide Bank Retail Bond Series 1 is Redeemed;

**Register** means the register of Holders of Bendigo and Adelaide Bank Retail Bonds Series 1 established and maintained by the Bank or by a Registry on its behalf in which is entered the



names and addresses of Holders, the amount of Bendigo and Adelaide Bank Retail Bonds Series 1 held by each Holder, details of the transfer of those Bendigo and Adelaide Bank Retail Bonds Series 1 and any other particulars which the Bank sees fit. The term Register includes:

- (a) any sub-register maintained by, or on behalf of the Bank, under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules; and
- (b) any branch register, provided that, in the event of any inconsistency, the principal register will prevail over any sub-register or branch register;

**Registry** means:

- (a) initially, Computershare Investor Services Pty Limited (ABN 48 078 279 277); or
- (b) the Bank or such other person appointed by the Bank in accordance with the Deed Poll to establish and maintain the Register on the Bank's behalf and perform any payment or other duties in relation to the Bendigo and Adelaide Bank Retail Bonds Series 1 from time to time.

The Registry must be the same for all Bendigo and Adelaide Bank Retail Bonds Series 1;

**Related Body Corporate** has the meaning given in the Corporations Act;

**Relevant Tax Jurisdiction** means the Commonwealth of Australia or any political subdivision therein or thereof;

**Security Interest** includes any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind (including, without limitation, retention of title and any deposit of money by way of security), but excluding:

- (a) any charge or lien arising in favour of any Government Agency by operation of statute (provided there is no default in payment of moneys owing under such charge or lien);
- (b) a right of title retention in connection with the acquisition of goods in the ordinary course of business on the terms of sale of the supplier (provided there is no default in connection with the relevant acquisition); and
- (c) any security or preferential interest or arrangement arising under or created pursuant to any right of set-off;

**Series** means Bendigo and Adelaide

Bank Retail Bond Series 1 made up of one or more Tranches all of which form a single series and are issued on the same Conditions, except that the Issue Date, Interest Commencement Date and the amount of the first interest payment may be different in respect of a different Tranche of a Series;

**Tax Act** means the Income Tax Assessment Act 1936 (Cth) and where applicable, the Income Tax Assessment Act 1997 (Cth);

**Tax Event** means where, on the occasion of the next payment due in respect of the Bendigo and Adelaide Bank Retail Bonds Series 1, the Bank would be required to make payment of any Additional Amount;

**Taxes** means any tax, levy, impost, duty, charge, deduction or withholding imposed by any authority and any related interest, penalty, fine or expense in connection with it, except if imposed on, or calculated having regard to, the net income of a Holder; and

**Tranche** means Bendigo and Adelaide Bank Retail Bonds Series 1 issued on the same Issue Date and on the same Conditions.

## 10.2 Interpretation

In these Conditions, unless the contrary intention appears:

- (a) a **"law"** includes common law, principles of equity and any law made by any parliament (and a law made by a parliament includes any regulation or other instrument under it, and any consolidation, amendment, re-enactment or replacement of it);
- (b) a **"directive"** includes a treaty, official directive, request, regulation, guideline or policy (whether or not in any such case having the force of law) with which responsible participants in the relevant market generally comply;
- (c) the singular includes the plural and vice versa;
- (d) the word **"person"** includes a firm, body corporate, an unincorporated association or an authority;
- (e) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (f) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (g) an agreement, representation or

warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;

- (h) a reference to any thing (including, without limitation, any amount) is a reference to the whole and each part of it;
- (i) a document (including the Deed Poll or the Offer Document) includes any variation or replacement of it;
- (j) a time of day is a reference to Melbourne time;
- (k) a reference to **"Australian dollars"** and **"A\$"** is a reference to the lawful currency of Australia;
- (l) the words **"including"**, **"for example"** or **"such as"** when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- (m) a reference to the **"Corporations Act"** is a reference to the Corporations Act 2001 of Australia and any consolidation, amendment, re-enactment or replacement of it.

## 10.3 Headings

Headings are inserted for convenience and do not affect the interpretation of these Conditions.



Registry Use Only

### Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire Offer Document carefully before completing this form. This Application Form must not be distributed unless included in, or accompanied by, the Offer Document.

**B** I/we apply for

Number of Bendigo and Adelaide Bank Retail Bonds at A\$100 per Bendigo and Adelaide Bank Retail Bond or such lesser number of Bendigo and Adelaide Bank Retail Bonds which may be allocated to me/us

**A** Broker Code

Adviser Code

**C** I/we lodge full Application Money

A\$

**D** Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name	Given Name(s)	Surname
<input type="text"/>	<input type="text"/>	<input type="text"/>

Joint Applicant 2 or Account Designation

<input type="text"/>	<input type="text"/>
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Joint Applicant 3 or Account Designation

<input type="text"/>	<input type="text"/>
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**E** Enter your postal address - Include State and Postcode

Unit	Street Number	Street Name or PO Box /Other Information
<input type="text"/>	<input type="text"/>	<input type="text"/>

City / Suburb / Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>

**F** Enter your contact details

Contact Name

Telephone Number - Business Hours / After Hours

**G** CHESS Participant

Holder Identification Number (HIN)

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Bendigo and Adelaide Bank Retail Bonds issued as a result of the offer will be held on the Issuer Sponsored subregister.

**Payment details – Please note that funds are unable to be directly debited from your bank account**

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

**Make your cheque or bank draft payable to “Bendigo and Adelaide Retail Bonds Series 1 – Offer Account”**

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Offer Document and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate.



# How to complete this form

**A**

**“Broker Code” or “Adviser Code”**

If you are applying through a broker or financial adviser that is submitting applications for Bendigo and Adelaide Bank Retail Bonds on behalf of investors, ask them for instructions on how to complete this section.

If you are applying for Bendigo and Adelaide Bank Retail Bonds directly, leave this section blank.

**B**

**Bonds Applied for**

Enter the number of Bendigo and Adelaide Bank Retail Bonds you wish to apply for. The application must be for a minimum of 50 Bendigo and Adelaide Bank Retail Bonds.

**C**

**Application Monies**

Enter the amount of Application Monies. To calculate the amount, multiply the number of Bendigo and Adelaide Bank Retail Bonds by the price per Bendigo and Adelaide Bank Retail Bonds.

**D**

**Applicant Name(s)**

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

**E**

**Postal Address**

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

**F**

**Contact Details**

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

**G**

**CHES**

Bendigo and Adelaide Bank Ltd (the Company) will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Securities Exchange Limited. In CHES, the company will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company’s principal register of securities. The Company will not be issuing certificates to applicants in respect of Bendigo and Adelaide Bank Retail Bonds allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Bendigo and Adelaide Bank Retail Bonds allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

**H**

**Payment**

Make your cheque or bank draft payable to Bendigo and Adelaide Retail Bonds Series 1 – Offer Account in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. **Please note that funds are unable to be directly debited from your bank account.**

**Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.**

**Before completing the Application Form the applicant(s) should read this Offer Document to which this application relates. By lodging the Application Form, the applicant agrees that this application for Bendigo and Adelaide Bank Retail Bonds is upon and subject to the terms of the Offer Document, agrees to take any number of Bendigo and Adelaide Bank Retail Bonds that may be allotted to the Applicant(s) pursuant to the Offer Document and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.**

By returning this Application Form I/we warrant and agree that I/we:

- have personally received and read in full and understood the Offer Document and agree to be bound by the Conditions, the Deed Poll and the terms and conditions of the Offer;
- am/are over 18 years of age and have full legal capacity and power to perform all my/our rights and obligations under this Application;
- apply for the number of Bendigo and Adelaide Bank Retail Bonds set out on this Application Form and agree to be issued such number of Bendigo and Adelaide Bank Retail Bonds or a lesser number;
- acknowledge that Bendigo and Adelaide Bank Retail Bonds are:
  - not protected accounts of the Bank for the purposes of the Banking Act;
  - not subject to the depositor protection provisions of the Banking Act; and
  - not guaranteed by the Commonwealth of Australia or any other person;
- acknowledge that the information contained in this Offer Document (and any supplementary and replacement Offer Document) and this Application Form is not investment advice or a

- recommendation that Bendigo and Adelaide Bank Retail Bonds are suitable for me/us, given my/our investment objectives, financial situation, tax position or particular needs;
- declare that I/we have a registered Australian address;
- represent and warrant that the law of any other place does not prohibit me/us from being given the Offer Document and any replacement or supplementary Offer Document or making an Application on this Application Form;
- represent and warrant that all details and statements in the Application Form are complete and accurate;
- acknowledge and declare that I/we have read the privacy statement in Section 4.2 of the Offer Document and consent to the matters outlined in that statement; and
- am/are not in the US and I/we am/are not a US Person (and not acting for the account or benefit of a US Person), and I/we will not offer, sell or resell Bendigo and Adelaide Bank Retail Bonds in the US, or for the account or benefit of any US Person.

**Lodgement of Application**

Application Forms must be received by Computershare Investor Services Pty Limited Adelaide by no later than 5:30pm Melbourne Time on 8 March 2011. You should allow sufficient time for this to occur.

Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited  
GPO Box 1326  
ADELAIDE SA 5001

**Neither Computershare Investor Services Pty Limited (“CIS”) nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.**

**Privacy Statement**

Personal information is collected on this form by CIS, as registrar for securities issuers (“the issuer”), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

**If you have any enquiries concerning your application, please contact the Bendigo and Adelaide Bank Retail Bonds information line on 1800 623 909.**

**Correct forms of registrable title(s)**

Note that ONLY legal entities are allowed to hold Bendigo and Adelaide Bank Retail Bonds. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est. John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

# Corporate Directory

## Directors

Robert Johanson (Chairman)

Jennifer Dawson

Terence O'Dwyer

Deborah Radford

Anthony Robinson

Kevin Abrahamson

Michael Hirst

David Matthews

James Hazel

## Auditor

Ernst & Young

8 Exhibition Street

Melbourne Vic 3000

## Company Secretary

David Oataway

## Registry

Computershare Investor Services Pty Ltd

GPO Box 1326

Adelaide SA 5001

## Registered Office

The Bendigo Centre

Bendigo VIC 3552

## Bendigo And Adelaide Bank Retail Bonds Information Line

1800 623 909

[retailbonds@bendigoadelaide.com.au](mailto:retailbonds@bendigoadelaide.com.au)

## Website

[www.bendigoadelaide.com.au](http://www.bendigoadelaide.com.au)

## Legal & Tax Adviser

Mallesons Stephen Jaques

Level 61

Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000



customer connected

**Contact Bendigo and Adelaide Bank**

P 1800 623 909

E [retailbonds@bendigoadelaide.com.au](mailto:retailbonds@bendigoadelaide.com.au)