

Target Market Determination

Bendigo and Adelaide Bank Capital Notes 2

BEN CN2

Product

This target market determination applies to Bendigo and Adelaide Bank Capital Notes 2 (**CN2**).

Issuer

Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237879 (**BEN**)

Date from which this Target Market Determination is effective

Start Date: 26 February 2024

Status: Current until the issue of the CN2

1. About this document

What is a Target Market Determination?

A target market determination (**TMD**) is a document which describes:

- the class of investors that comprise the target market for the product,
- the conditions around how the product is distributed to investors,
- when this TMD will be reviewed, and
- the record keeping and reporting obligations of distributors.

Why does BEN need to have a Target Market Determination?

BEN is required to make TMDs available under Part 7.8A of the *Corporations Act 2001* (Cth).

This is to ensure that the right products end up in the hands of the right customer by focusing on our customers in the design and distribution of our financial products.

When does this Target Market Determination apply?

This TMD applies to CN2. It seeks to offer investors, distributors and staff with an understanding of the class of investors for which this product has been designed, having regard to their objectives, financial situation and needs.

This document is not a substitute for the CN2 Prospectus dated 26 February 2024 (including any replacement or supplementary prospectus) (**Prospectus**). Before deciding whether to invest in CN2, investors should read the Prospectus in full. CN2 are complex, involve increased risks compared to other less risky or less complex bank investments such as deposits and may not be suitable for all investors. Retail investors must obtain professional advice which takes into account their particular objectives, financial situation and needs. This document is not intended to provide financial advice. Applications for CN2 can only be made by completing an application form accompanying the Prospectus.

2. Target Market for this product

The information below summarises the overall class of investors that fall within the target market for CN2, based on the product's key attributes and the objectives, financial situation and needs that it has been designed to meet.

Product description and key attributes

CN2 are known as hybrid securities as they have debt and equity-like characteristics. Their terms include a number of complex features that the Australian Prudential Regulation Authority (APRA) requires for bank hybrid securities, which are described in detail in the Prospectus.

Eligibility criteria

To participate, investors must:

- be a company or be an individual (including as a trustee of a family, hybrid, or unit trust) aged 18 years or older; and
- have an Australian residential address; and
- be either:
 - an investor who has received personal financial product advice from a financial adviser to acquire CN2, or
 - a wholesale client for the purposes of the *Corporations Act 2001* (Cth)

Satisfactory evidence must be held by, or provided to, an investor's syndicate broker (or other relevant intermediary or third party broker) that the investor has received personal financial product advice (in the form of a certificate from a financial adviser or a copy of the investor's statement of advice from the financial adviser) to acquire CN2 or that the investor is a wholesale client (for example by providing a valid certification from a qualifying accountant).

Needs and objectives

CN2 are designed for a class of investors whose likely objectives, financial situation and needs are aligned with the product's key attributes, as set out in the table below.

Needs and Objectives	Key Attributes
<p>CN2 has been designed for investors who:</p>	<p>Key attributes of CN2 that make this product appropriate for the target market:</p>
<p>Investment Objectives</p>	
<p>Are seeking to acquire an investment product with the ability to generate income.</p>	<ul style="list-style-type: none"> • CN2 are scheduled to pay quarterly cash distributions at a floating (variable) rate subject to certain conditions, as specified in the Prospectus. However, distributions are discretionary and subject to APRA's required payment conditions. • CN2 are not designed to provide capital growth.
<p>Risk Profile and Ability Bear Loss</p>	
<p>Can bear the risks associated with an investment in CN2 (in particular, the potential non-payment of distributions, the lack of certainty as to timeframe for repayment of the capital invested in CN2, and the potential loss of some or all of the capital invested in CN2).</p>	<ul style="list-style-type: none"> • CN2 are subject to risks as summarised in the Prospectus. In particular: <ul style="list-style-type: none"> ○ Distributions are discretionary and unpaid distributions do not accumulate. In the event a distribution is not paid, holders have no entitlement to the distribution. ○ The return of capital on CN2 is not guaranteed. ○ In certain circumstances CN2 will convert into ordinary shares in BEN or be written-off and holders may lose all the value of their investment.

Investment Timeframe

Are seeking to invest for the long term and do not require certainty as to repayment of their capital invested within a specific timeframe.	<ul style="list-style-type: none">• CN2 have no maturity date as their term is perpetual. This means that CN2 may be on issue indefinitely if they are not converted or redeemed, and holders may not be repaid their investment.• In certain circumstances as described in the Prospectus, CN2 will convert into ordinary shares in BEN or be written off.• CN2 have redemption dates on which BEN may at its discretion elect to redeem the CN2 and repay the face value. However, such redemption is subject to APRA's prior written approval, which may or may not be given.
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Liquidity Needs

Are seeking to have the ability to sell the CN2 on market at the prevailing market price.	<ul style="list-style-type: none">• CN2 are expected to be listed on the ASX which means that investors are expected to be able to sell them on market. However, there may not be a liquid market for CN2 and investors who wish to sell may be unable to do so at an acceptable price, or at all.
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Investors outside the Target Market

CN2 has not been designed for investors who:

- are seeking capital growth;
- require certainty that returns will be paid and their capital repaid on set dates;
- cannot afford not to receive a return or to lose all or some of their investment;
- cannot tolerate the risk that CN2 could be converted into BEN ordinary shares; or
- cannot tolerate the risk of not being able to sell CN2 on market at a particular time due to low market liquidity.

3. How this product is to be distributed

Distribution channels and conditions

Distribution Channel

CN2 should only be distributed by the following means:	<p>By application to a syndicate broker, including associated intermediaries in a syndicate broker's proprietary and affiliated retail distribution networks or other third-party brokers.</p> <p>A syndicate broker includes the arranger, joint lead managers and co-managers as appointed by BEN and named in the Prospectus.</p>
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Distribution Conditions

CN2 should only be distributed in the following circumstances:	<p>Where the syndicate broker:</p> <ul style="list-style-type: none">• Offers CN2 to their clients based on the distribution conditions and eligibility criteria as described in the TMD and the Prospectus.• Has adequate policies and procedures in place to:<ul style="list-style-type: none">○ determine whether, and evidence that, clients approached by the syndicate broker to participate in the offer are retail clients (who have received personal advice to acquire CN2) or wholesale clients in accordance with the eligible criteria; and○ comply with the TMD including but not limited to the keeping of records and provision of training in assessing a clients' eligibility to participate.• Undertakes regular and comprehensive due diligence on their proprietary and affiliated retail distribution networks to ensure their ability to comply with the obligations under the TMD.• Requires intermediaries in their networks to sign back-to-back bid forms and confirmation letters providing, amongst other things, representations and warranties similar to those provided by the syndicate broker to BEN.
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Adequacy of distribution conditions and restrictions

We have determined that the distribution conditions and restrictions will make it likely that investors who purchase CN2 are in the class of investors for which it has been designed. We consider that the distribution conditions and restrictions are appropriate and will assist distribution in being directed towards the target market for whom CN2 has been designed.

4. Reviewing this Target Market Determination

BEN will review this TMD in accordance with the below.

Initial review	The last day of the period of 10 business days commencing on the first day of the Offer Period. "Offer Period" has the meaning given in the Prospectus.
Subsequent review	The date falling two business days prior to the Issue Date. "Issue Date" has the meaning given in the Prospectus.
Review triggers or events	<p>In addition, BEN will review this TMD earlier than the scheduled review dates above if any of the following trigger events and information being monitored reasonably suggests that the TMD may no longer be appropriate. This may include (but is not limited to):</p> <ul style="list-style-type: none">• a material change to the design or distribution of CN2, including related documentation;• the occurrence of a significant dealing of CN2 to retail customers who are outside the target market and have not received personal financial product advice to acquire CN2;• the receipt of a product intervention power order or directions from ASIC requiring the immediate cessation of product distribution conduct in relation to CN2;• the distribution conditions being found to be inadequate in ensuring that CN2 is issued to retail clients who are likely to be in the target market;• relevant changes in the law or its application, a change in an industry code or decision of a court or other body (including through regulatory guidance) that materially affects CN2;• a material increase in the number of complaints in relation to CN2 or an aspect of CN2; and• if any other event occurs or information is received that reasonably suggests this TMD is no longer appropriate.

Where a review trigger has occurred, this TMD will be reviewed within 10 business days.

5. Reporting and monitoring this Target Market Determination

The following information must be provided to BEN by all third parties engaged in (or responsible for other entities engaged in) retail product distribution conduct of CN2 in accordance with this TMD, within the required timeframes.

Information type	Description	Time frame for reporting
Complaints	If any complaints relating to CN2 were received, the number of complaints received during the reporting period and the substance of those complaints (to the extent permitted under privacy and other laws).	Weekly report during the Offer Period.
Regulator feedback	Any other significant feedback from a regulator or investor group which relates to the suitability of CN2 or its distribution.	As soon as reasonably practicable, and in any case, no later than 10 business days after the third party receives the regulatory feedback.
Significant dealings	Information relating to any significant dealing in CN2 to investors who are outside of the target market.	As soon as practicable, and in any case, no later than 10 business days after becoming aware of the significant dealing.