



Notice of Annual General Meeting 2019



**Bendigo and
Adelaide Bank**

Annual General Meeting

Dear shareholder,

On behalf of the Board, I am pleased to invite you to attend the Bendigo and Adelaide Bank Limited Annual General Meeting on Tuesday 29 October 2019 at 11.00am at the Bank's head office, The Bendigo Centre in Bendigo.

The AGM is an important event and I encourage you to participate by attending in person or through the webcast.

Enclosed are the following:

- Notice of AGM, including the business to be conducted and other important information; and
- your personalised Voting Form and a reply-paid envelope.

All voting items will be decided on a poll.

If you will be attending the meeting, please bring the enclosed Voting Form with you and present it at the registration desk. The bar code at the top of the Voting Form will assist in registering your attendance.

If you are unable to attend the AGM in person, you can vote on any of the resolutions to be considered at the meeting by:

- casting a direct vote; or
- appointing a proxy.

You can submit your direct vote or proxy voting instructions online at www.votingonline.com.au/bendigoagm2019, or you can complete and return the hard copy of the Voting Form by post or fax.

Instructions for completing the enclosed Voting Form are set out in the "Voting Information" section of the Notice of Meeting.

Shareholders who cannot attend the meeting can watch and listen to a webcast of the AGM by logging onto www.bendigoadelaide.com.au. You are invited to submit written questions to the Board using the space provided in the Notice of AGM, or by submitting a question online at www.bendigoadelaide.com.au/shareholders. There is also space to direct a question to the external auditor in relation to the external audit or the 2019 Annual Financial Report. A copy of the 2019 Annual Financial Report is available at www.bendigoadelaide.com.au.

Following the AGM, you are welcome to join directors and senior management for refreshments at The Bendigo Centre. We look forward to meeting as many of you as possible.

Yours sincerely,

Robert Johanson
Chairman



Notice of 2019 Annual General Meeting

THE ANNUAL GENERAL MEETING (“AGM”) OF BENDIGO AND ADELAIDE BANK LIMITED (ABN 11 068 049 178) (THE “BANK”) WILL BE HELD IN BENDIGO ON TUESDAY 29 OCTOBER 2019 AT 11AM AT THE BENDIGO CENTRE, BATH LANE, BENDIGO, VICTORIA. REGISTRATION DESKS WILL BE OPEN FROM 10.15AM.

Business

1. Accounts and reports

To receive and consider the Bank’s financial report, Directors’ Report and report by the auditor for the financial year ended 30 June 2019.

2. Election of Mr David Foster as a director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“Mr David Foster, who retires from office under Rule 59 of the Bank’s Constitution, is elected as a director of the Bank.”

3. Re-election of Ms Jan Harris as a director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“Ms Jan Harris, who retires from office under Rule 72 of the Bank’s Constitution, is re-elected as a director of the Bank.”

4. Re-election of Mr Rob Hubbard as a director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“Mr Rob Hubbard, who retires from office under Rule 72 of the Bank’s Constitution, is re-elected as a director of the Bank.”

5. Re-election of Mr David Mathews as a director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“Mr David Matthews, who retires from office under Rule 72 of the Bank’s Constitution, is re-elected as a director of the Bank.”

6. Remuneration Report

To consider and, if thought fit, pass the following resolution:

“The Remuneration Report for the Bank as set out in the Annual Financial Report for the financial year ended 30 June 2019 be adopted.”

Voting exclusion statement: *The Bank will disregard any votes cast on item 6 by or on behalf of a member of the Key Management Personnel (KMP) listed in the Remuneration Report (and their closely related parties) unless the vote is cast:*

- as proxy for a person entitled to vote in accordance with a direction on the Voting Form; or
- by the Chairman of the meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

7. Approval of the Managing Director’s participation in the Employee Salary Sacrifice, Deferred Share and Performance Share Plan

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That the Bank approve a grant of performance rights to the Managing Director under the Employee Salary Sacrifice, Deferred Share and Performance Share Plan as described in the Explanatory Notes accompanying this Notice of Meeting and, in accordance with ASX Listing Rule 10.14, any corresponding issue of ordinary shares in the Bank to the Bank’s Employee Share Plan Trust to be held on the Managing Director’s behalf.”

Voting exclusion statement: *The Bank will disregard any votes cast in favour of item 7 by or on behalf of Ms Baker or any of her associates, as well as a member of the KMP (and their closely related parties) acting as proxy unless the vote is cast:*

- as proxy for a person entitled to vote in accordance with a direction on the Voting Form; or
- by the Chairman of the meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

8. Approval of selective capital reduction schemes in respect of Convertible Preference Shares 2

To consider, and if thought fit, pass the following resolutions as special resolutions:

- a) “To approve the terms and conditions of the selective capital reduction in respect of CPS2 on the Optional Exchange Date of 30 November 2020 on the terms and conditions described in the Explanatory Notes accompanying this Notice of Meeting (the **First Capital Reduction Scheme**).”
- b) “To approve the terms and conditions of the selective capital reduction in respect of CPS2 at any time prior to the Optional Exchange Date of 30 November 2020 on the terms and conditions described in the Explanatory Notes accompanying this Notice of Meeting (the **Second Capital Reduction Scheme**).”

Voting Exclusions

Items 8(a) and 8(b) – Approval of selective capital reduction schemes in respect of Convertible Preference Shares 2

Subject to the exclusions noted below, all holders of ordinary shares, CPS2, CPS3 and CPS4 issued by the Bank are eligible to attend the AGM and vote on the resolutions in Items 8(a) and 8(b).

However, under the Corporations Act the Bank is required to disregard any votes cast in favour of the resolutions in Items 8(a) and 8(b) by a person who is to receive consideration as part of the capital reduction (ie, a holder of CPS2) or by their associates. These voting restrictions apply not only to that person's CPS2 but to their other shareholdings in the Bank (including ordinary shares, CPS3 and CPS4).

The table below sets out how you may vote on the resolutions in Items 8(a) and 8(b) depending on your holding of ordinary shares, CPS2, CPS3 and CPS4:

If you hold...	You can vote in the following way on Items 8(a) and 8(b)
Ordinary shares only	For, against, abstain
Ordinary shares, and CPS3 and / or CPS4	
CPS3 and / or CPS4 only	
Ordinary shares, and CPS2	Against or abstain
Ordinary shares, and CPS2, and CPS3 and / or CPS4	
CPS2 only	
CPS2, and CPS3 and / or CPS4	

Explanatory Notes and Voting Information

For more information and voting information on the above resolutions please see Explanatory Notes and further information about the meeting in this Notice of Meeting.

By Order of the Board
William Conlan
Company Secretary
6 September 2019

Explanatory notes

THIS INFORMATION HAS BEEN INCLUDED TO ASSIST YOU IN MAKING AN INFORMED DECISION ABOUT THE RESOLUTIONS TO BE PROPOSED AT THE AGM.

1. Accounts and reports

The Bank's 2019 Annual Financial Report (which includes the Financial Report, the Directors' Report and the Auditor's Report) is available from the Bank's website at www.bendigoadelaide.com.au/public/shareholders/annual_reports.asp.

The Annual Financial Report is presented to the AGM as required by the Corporations Act, but there is no requirement for shareholders to approve the Annual Financial Report. Accordingly, there is no vote on this item of business.

At the AGM, the Chairman will give shareholders a reasonable opportunity to ask questions about, or make comments on, the Annual Financial Report and the management of the Bank. The Chairman will also allow a reasonable opportunity for shareholders to ask questions to the external auditor relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Bank in relation to the preparation of the Annual Financial Report and the independence of the external auditor.

In addition to the opportunity to ask questions at the AGM, written questions to the external auditor about the content of the Auditor's Report and the conduct of the audit of the Annual Financial Report may be submitted up to five business days before the AGM using any of the methods set out in the voting information section below. The questions will be passed on to the external auditor. Copies of these questions will be available to shareholders attending the AGM at the registration desk. In addition, a reasonable opportunity will be allowed at the AGM for the external auditor or their representative to answer the questions that have been submitted.

2. Election of Mr David Foster as a director

David Foster was appointed to the Board in September 2019. David is an experienced non-executive director. He holds several directorships including: G8 Education Limited, Genworth Mortgage Insurance Australia Limited, Motorcycle Holdings Australia Limited (as Chair), Thorn Group Limited (as Chair) and Regional Investment Corporation (as Chair). David is also a Council Member of the University of the Sunshine Coast.

David has advised Thorn Group Limited and Regional Investment Corporation of his intention to retire from the boards of those two

companies prior to the Bank's 2019 Annual General Meeting.

The Bank has a business relationship with Genworth Mortgage Insurance Australia Limited. Prior to David's appointment to the Board, the directors specifically considered this relationship and determined that it is not material to the Bank. The Bank and David have agreed on a protocol for managing potential conflicts that may arise as a result of this relationship.

David's earlier executive career spanning 25 years was primarily in financial services with Westpac and Suncorp, including CEO of Suncorp Bank, where David led Suncorp Bank through a highly volatile period during the GFC. Prior to that, David was the Group Executive, Strategy at Suncorp during the acquisition of Promina Limited.

David is a member of the Board Credit and Risk Committees.

Further details of David's qualifications, experience and other information relevant to his election are provided in the Directors' Report section of the 2019 Annual Financial Report. The Board has assessed David as independent.

Recommendation: The directors (with Mr Foster abstaining) recommend that shareholders vote in favour of the resolution.

3. Re-election of Ms Jan Harris as a director

Jan Harris was appointed a non-executive director of the Bank on 2 February 2016 following a distinguished career in the Australian public service. Jan has had senior roles in the Department of the Treasury and the Department of Prime Minister and Cabinet, including most recently as Deputy Secretary at the Treasury.

Jan's exceptional experience across policy formulation, finance, markets and governance brings additional breadth and skills to the Board.

While in the public service, Jan was a member of the Council of Financial Regulators, the Centre for International Finance and Regulation, the Financial Sector Advisory Council and the Board of the Australian Reinsurance Pool Corporation. Jan currently serves as a member of the Audit and Risk Committee of the Australian Security Intelligence Organisation and the Australian Office of Financial Management Audit Committee.

Jan is the Chair of the Risk Committee and a member of the Audit Committee.

Further details of Jan's qualifications, experience and other information relevant to her election are provided in the Directors' Report section of the 2019 Annual Financial Report. The Board has assessed Jan as independent.

Recommendation: The directors (with Ms Harris abstaining) recommend that shareholders vote in favour of the resolution.

4. Re-election of Mr Rob Hubbard as a director

Rob Hubbard was appointed an independent, non-executive director of the Bank in April 2013. Rob chairs the Audit Committee and is a member of the Risk and Technology Committees.

Before joining the Board, Rob was a partner of professional services firm PwC. Rob has more than 20 years' experience in accounting, corporate finance, assurance and audit and was the lead auditor on several major ASX companies.

Rob is a non-executive director and chairman of the following listed companies; Orocobre Ltd and Healius Ltd.

Further details of Rob's qualifications, experience and other information relevant to his re-election are provided in the Directors' Report section of the 2019 Annual Financial Report.

Recommendation: The directors (with Mr Hubbard abstaining) recommend that shareholders vote in favour of the resolution.

5. Re-election of Mr David Matthews as a director

David Matthews has been a member of the Board since March 2010. David is an independent, non-executive director and is a member of the Audit and Credit Committees.

Based in the Wimmera in western Victoria, David is a farmer with extensive experience in agribusiness. In addition to his own farming operations, David operates a agri trading business both domestically and internationally. He is also a director of Australian Grain Technologies and Farm Trade Australia.

David chaired the first Community Bank[®] company, based in Rupanyup and Minyip, and has served on the Board of that company since 1998. His long involvement with the Community Bank[®] model, including as a member of the Community Bank[®] Strategic Advisory Board, has strengthened his connection with local communities across Australia, particularly in regional and rural areas.

Further details of David's qualifications, experience and other information relevant to his re-election are provided in the Directors' Report section of the 2019 Annual Financial Report.

Recommendation: The directors (with Mr Matthews abstaining) recommend that shareholders vote in favour of the resolution.

6. Remuneration Report

The Annual Financial Report for the financial year ended 30 June 2019 contains a Remuneration Report which provides an overview of the Bank's remuneration policies and arrangements that were in place for the directors and other key management personnel.

A copy is available from the Bank's website at www.bendigoadelaide.com.au/public/shareholders/annual_reports.asp. A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM before members are asked to vote to adopt the Remuneration Report.

The vote on this resolution is advisory only and does not bind the Bank or its directors. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Bank.

A company that receives 'no' votes of 25 percent or more against the Remuneration Report at two successive AGMs must then put a "board spill" resolution to shareholders.

Recommendation: The directors recommend that shareholders vote in favour of this resolution.

7. Approval of the Managing Director's participation in the Employee Salary Sacrifice, Deferred Share and Performance Share Plan Background

The Managing Director's remuneration mix includes components of equity to build Ms Baker's personal exposure to the Bank's share price performance, including a long-term incentive component, called "performance rights".

Following shareholder approval at the 2018 AGM, Ms Baker received a grant of 50,000 performance rights as part of her remuneration package for the financial year ending 30 June 2019.

The Board is proposing to make another grant of 50,000 performance rights to Ms Baker under the Bank's Employee Salary Sacrifice, Deferred Share and Performance Share Plan (the "Plan") as part of her total remuneration package for the financial year ending 30 June 2020.

Therefore, under the proposal, the total number of performance rights to be granted to the Managing Director for the current financial year would be the same number of rights approved by shareholders and granted to the Managing Director last year.

More information on the proposed grant of performance rights is provided below.

Listing Rule 10.14 provides that a company must not permit a director to acquire securities under an employee incentive scheme without shareholder approval, unless the securities are purchased on market under the terms of the scheme. Accordingly, shareholders are being asked to approve the proposed grant of performance rights to the Managing Director under the Plan.

Under the terms of the Plan, the Bank may satisfy the proposed grants by issuing new shares or acquiring the shares on-market. While the Bank has not yet made any decision to issue shares to satisfy the proposed grants, shareholder approval under Listing Rule 10.14 is being sought to provide the flexibility to issue new shares to satisfy the proposed grants.

If the proposed grants are not approved by shareholders, it is intended the value of the grant will be settled in cash, subject to the same performance, service and other conditions.

Terms of proposed grant of performance rights to Managing Director

Overview of proposed grant

The Board is proposing a grant of 50,000 performance rights to be issued as soon as practicable after the 2019 Annual General Meeting, and in any event no less than 12 months after the date of the 2019 Annual General Meeting.

The grant of performance rights is to be split into two “sleeves”:

- 17,500 performance rights (or 35% of the total number of performance shares) will be subject to a “Customer Hurdle”; and
- 32,500 performance rights (or 65% of the total number of performance shares) will be subject to a “TSR Hurdle”.

More information on the hurdles is provided below.

The grant of performance rights will also be subject to the following:

- service condition; and
- risk adjustment, with any adjustment the Board decides to make to take into account the outcomes of business activities, the risks related to the business activities and the time necessary for the outcomes of those business activities to be reliably measured.

Grant	FY19 Performance Shares Grant
Total number of performance rights	50,000 (split into two sleeves)
First sleeve - Customer Hurdle	17,500 performance rights (35%) 1.7.2019 – 30.6.2023
Second Sleeve - TSR Hurdle	32,500 performance rights (65%) 1.7.2019 – 30.6.2023
Service condition	1.7.2019 – 30.6.2023

What is a performance right?

Each performance right represents a right to one fully paid ordinary share in the Bank, provided the conditions described below have been satisfied. The performance rights are granted at no cost to the Managing Director, and the exercise price is nil. The maximum number of shares that may be acquired by the Managing Director is equal to the number of performance rights. Before vesting, the performance rights do not carry any dividend or voting rights or the right to participate in the issue of new shares (such as rights or bonus issues).

What are the vesting conditions?

The number of performance rights that vest and convert into the Bank’s shares at the end of the applicable performance periods will be determined as follows:

The Customer Hurdle – the first sleeve

17,500 performance rights of the grant (or 35% of the total number of performance rights) will be subject to the Customer Hurdle.

To satisfy the Customer Hurdle, the Bank’s Net Promoter Score over the performance period (measured using a six-month rolling average) must be 20 points greater than the average performance of a peer group of Australian banks.

The performance rights subject to the Customer Hurdle are also subject to the other conditions and the Board discretions described below.

What is the Net Promoter Score?

The Net Promoter Score (NPS) is a global industry standard to measure customer advocacy. Customers are asked to rate their likelihood of recommending a particular financial institution to their family and friends, on a 10 point scale. NPS is calculated by subtracting the proportion of detractors (those rating between 1-6) from the proportion of promoters

(those rating between 9-10), resulting in an overall NPS score. We source the underlying data from Roy Morgan Research, who survey around 50,000 consumers annually.

The TSR Hurdle – the second sleeve

32,500 performance rights of the grant (or 65% of the total number of performance shares) will be subject to the TSR Hurdle.

Subject to the other conditions and the Board discretions described below, if the Bank’s TSR performance over the TSR performance period is:

- at or below the median TSR performance of a peer group consisting of the ASX100 Companies (excluding property trusts and resources) over the same period, the performance rights will not vest;
- between the median and the 75th percentile of the same peer group’s TSR performance over the same period, straight-line vesting in accordance with the table below; or
- better than the 75th percentile of the same peer group’s TSR performance over the same period, all of the performance rights will vest.

TSR performance against peer group	Percentage of performance rights that vest
At or below the 50%	0%
At 50.1%	60%
Between the 50.1% and 75%	Straight-line vesting: <ul style="list-style-type: none"> • starting at 60%; and • reaching 100% at the 75th percentile.
Above the 75th percentile	100%

Other conditions

The rights are also subject to the Managing Director’s continued employment with the Bank (“service condition”). The service condition for the grant of performance rights is four years. Except as explained below, if the service condition is not met, the performance rights will not vest irrespective of the outcome of the testing under the two sleeves described above, unless the Board exercises its discretion otherwise.

In addition to the adjustments described above, the Board may make any additional risk adjustment to take into account the outcomes of business activities, the risks related to the business activities and the time necessary for

the outcomes of those business activities to be reliably measured.

Is there retesting?

No, there is no retesting. For each sleeve, if the hurdle is not met the performance rights subject to the hurdle will lapse.

What if the Managing Director’s employment with Bank ends?

If the Managing Director’s employment ends due to her resignation or the Bank ends her employment due to fraud, dishonesty, breach of legal duties or serious misconduct, all her performance rights will lapse.

If the Managing Director’s employment ends due to death, disability, bona fide redundancy or by agreement between the Bank and the Managing Director, the service condition will be treated as waived and the performance rights will continue on foot subject to their terms (including satisfaction of the hurdles), unless the Board determines otherwise.

Additional information

The Managing Director, Marnie Baker, is the only director entitled to participate in the Plan and there is no loan scheme in relation to the Plan.

The performance rights form part of the Managing Director’s remuneration. Therefore, no price is payable by the Managing Director for the allocation of the grant.

Shareholders approved four annual grants of 50,000 deferred shares (i.e. 200,000 deferred shares in total) and one grant of 50,000 performance rights to Marnie Baker under the Plan at the 2018 Annual General Meeting. These grants were issued to Ms Baker following shareholder approval. These grants have not completed their performance periods and will be tested in future periods.

The non-executive directors consider the proposed remuneration arrangements for the Managing Director, including the proposed grant of performance rights, to be reasonable and appropriate having regard to the Bank’s circumstances and the duties and responsibilities of the Managing Director.

Recommendation: The non-executive directors recommend that you vote in favour of this resolution.

8. Approval of selective capital reduction schemes in respect of Convertible Preference Shares 2

As an Authorised Deposit-taking Institution, the Bank is required to maintain minimum levels of regulatory capital in accordance with the prudential standards issued by the Australian Prudential Regulation Authority (**APRA**). From time to time the Bank issues a number of different instruments to satisfy the various elements of its regulatory capital requirements, including instruments that constitute "Additional Tier 1 Capital".

Currently the Bank has three classes of convertible preference shares on issue which constitute Additional Tier 1 Capital – namely, Convertible Preference Shares 2 issued in October 2014 (**CPS2**), Convertible Preference Shares 3 issued in June 2015 and Converting Preference Shares 4 issued in December 2017.

Each of these classes of convertible preference shares is subject to terms and conditions which require the Bank to convert the convertible preference shares into ordinary shares in the Bank on a specified mandatory conversion date. Those terms and conditions also allow the Bank to repay the face value of those convertible preference shares in certain circumstances (subject to certain conditions, including obtaining prior approval from APRA) prior to their mandatory conversion date.

The purpose of the resolutions proposed in Items 8(a) and 8(b) (the **CPS2 Capital Reduction Resolutions**) is to provide the Bank with flexibility as to how it manages its capital and, in particular, it gives the Bank flexibility to repay the face value of the CPS2, if it decides to do so prior to their mandatory conversion date.

Approval is being sought for the following two capital reduction schemes relating to the CPS2 (the **CPS2 Capital Reduction Schemes**):

- Under Item 8(a) approval is being sought for the First Capital Reduction Scheme, which involves a capital reduction in respect of the CPS2 in accordance with the terms of the CPS2.
- Under Item 8(b) approval is being sought for the Second Capital Reduction Scheme, which involves a capital reduction in respect of the CPS2 outside of the terms of the CPS2 but otherwise in accordance with the Corporations Act.

A combination of one or more of the CPS2 Capital Reduction Schemes could be used and implemented at different times for up to 100% of the CPS2 on issue. Each capital reduction scheme, if approved, would be conducted as a selective capital reduction.

Further detail on the CPS2 Capital Reduction

Schemes is provided below. The terms of the CPS2 (the **CPS2 Terms**) are set out in the CPS2 Prospectus dated 11 September 2014 which is available at www.bendigoadelaide.com.au/shareholders/prospectus.asp.

Unless otherwise defined, capitalised terms in these Explanatory Notes regarding the CPS2 Capital Reduction Resolutions have the same meaning as in the CPS2 Terms.

Background

On 10 October 2014, the Bank issued 2,921,188 CPS2 at an issue price of A\$100 each, raising approximately A\$292.1 million.

Under the CPS2 Terms, if not Exchanged or Redeemed earlier (and subject to the satisfaction of the Mandatory Conversion Conditions set out in the CPS2 Terms), the CPS2 will mandatorily Convert into ordinary shares in the Bank on the Mandatory Conversion Date (being 30 November 2022). If the Mandatory Conversion Conditions are not met on this date, the CPS2 will Convert into ordinary shares in the Bank on the first Dividend Payment Date after 30 November 2022 on which the Mandatory Conversion Conditions are satisfied.

What are the CPS2 Capital Reduction Schemes?

Overview

The CPS2 Capital Reduction Schemes, described in more detail below, are selective capital reduction proposals that will provide the Bank with flexibility as to how to repay the face value of the CPS2, if it decides to do so prior to the Mandatory Conversion Date.

No decision has been made by the Board to undertake a capital reduction in respect of the CPS2 under any of the CPS2 Capital Reduction Schemes.

First Capital Reduction Scheme – on the Optional Exchange Date (Item 8(a))

The resolution in Item 8(a) seeks approval for the Bank to Redeem by way of a capital reduction up to 100% of the CPS2 on the Optional Exchange Date of 30 November 2020 (the **First Capital Reduction Scheme**).

Under the CPS2 Terms, the Bank may elect to Redeem some or all of the CPS2 on the Optional Exchange Date, in which case the Bank will pay to the CPS2 holders, for each of their relevant CPS2, a cash amount equal to the face value of A\$100 plus any Dividend payment for the period from (and including) the previous Dividend Payment Date until (but excluding) the Optional Exchange Date (subject to payment conditions) (together, the **Redemption Price**). Redemption of the CPS2 can be effected by way of a capital reduction, buy-back or redemption

(or a combination thereof). The capital reduction component of any Redemption would be up to but not greater than \$100 per CPS2.

If the First Capital Reduction Scheme is approved (and APRA's prior written approval of the First Capital Reduction Scheme has been obtained), the Bank will have the option to Redeem by way of a capital reduction up to 100% of the CPS2 on the Optional Exchange Date. Any decision to do so will be notified to CPS2 holders in an Exchange Notice delivered in accordance with the CPS2 Terms.

Second Capital Reduction Scheme – before the Optional Exchange Date (Item 8(b))

The resolution in Item 8(b) seeks approval for the Bank to undertake a selective capital reduction in respect of up to 100% of the CPS2 at any time before the Optional Exchange Date (the **Second Capital Reduction Scheme**).

If the Second Capital Reduction Scheme is approved (and APRA's prior written approval of the Second Capital Reduction Scheme has been obtained), the Bank can make offers outside of the CPS2 Terms to all or some holders of CPS2 to participate in a capital reduction in respect of up to 100% of their CPS2 before the Optional Exchange Date. Any offer to participate in the Second Capital Reduction Scheme will be made in writing, and CPS2 holders who wish to accept the offer must do so in writing by the deadline specified in the offer.

Any offer to participate in the Second Capital Reduction Scheme will be made on the following key terms:

- A CPS2 holder can accept the offer to participate in the Second Capital Reduction Scheme for all or some of their CPS2.
- On a date to be specified by the Bank (which will be before the Optional Exchange Date), the Bank will pay to the CPS2 holder, for each of their relevant CPS2, a cash amount up to but no greater than the Redemption Price (but calculated as at the date of Redemption, not the Optional Exchange Date) and the capital reduction component would be up to but not greater than \$100 per CPS2.

Capital reductions under the Second Capital Reduction Scheme may be conducted in multiple tranches, at the times determined by the directors or as agreed with the relevant CPS2 holders, at the applicable price (as described above) and at the relevant time (which may differ between the different tranches).

Why is shareholder approval being sought?

The Bank is seeking flexibility to manage its capital base. Approval of the CPS2 Capital Reduction Resolutions will give the Bank this flexibility.

Under the Corporations Act, the CPS2 Capital Reduction Schemes require the approval of the Bank's shareholders (subject to voting restrictions). The Bank has decided it is best to seek this shareholder approval at the AGM rather than hold a separate extraordinary general meeting.

Any shareholder approval of the CPS2 Capital Reduction Resolutions does not limit the other methods in which the Bank could Redeem the CPS2 (if at all) or affect any of the Bank's other rights under the CPS2 Terms (including the ability Convert the CPS2, and to Resell CPS2 to a Nominated Purchaser under the CPS2 Terms prior to any Redemption or Conversion).

Will any capital reduction of CPS2 take place?

No decision has been made by the Board to undertake a capital reduction in respect of the CPS2 under any of the CPS2 Capital Reduction Schemes.

If the CPS2 Capital Reduction Resolutions are approved by shareholders, the Board will only proceed with a capital reduction under any of the CPS2 Capital Reduction Schemes if it considers that it will be in the best interests of the Bank, it would not materially prejudice the Bank's ability to pay its creditors and is fair and reasonable to the Bank's shareholders as a whole, and any such decision would be subject to APRA's prior written approval. This may depend, among other things, on the Bank's financial and capital position, conditions in domestic and international markets and changes in the prudential regulation of the Bank.

What are the advantages of approving the CPS2 Capital Reduction Resolutions?

Approval of the CPS2 Capital Reduction Resolutions will give the Bank flexibility to manage its capital position, including to repay the face value of the CPS2 at a future time, without needing to convene an extraordinary general meeting solely to approve the repayment method.

What are the disadvantages of approving the CPS2 Capital Reduction Resolutions?

A potential disadvantage of approving the CPS2 Capital Reduction Resolutions is that upon completion of any one or more of the CPS2 Capital Reduction Schemes, the Bank would have a reduced capital base. However, the Bank will not conduct any of the CPS2 Capital Reduction Schemes unless it is satisfied that it would not have a material adverse impact on the Bank's financial or regulatory capital position, would not materially prejudice the Bank's ability to pay its creditors and is fair and reasonable to the Bank's shareholders as a whole. In addition, APRA's prior written approval is required to

undertake any of the CPS2 Capital Reduction Schemes.

What is the financial effect of the CPS2 Capital Reduction Schemes on the Bank?

The maximum cost of a capital reduction in respect of 100% of CPS2 on issue as at the date of this Notice of Meeting would be A\$292,118,800. In addition, any unpaid Dividends that would otherwise be payable from (and including) the previous Dividend Payment Date until (but excluding) date on which the capital reduction occurs would also need to be paid (subject to the payment conditions).

What is the source of funds for the CPS2 Capital Reduction Schemes?

The Bank maintains significant cash reserves and has other funding alternatives that could be used to conduct any capital reduction in respect of the CPS2 (which may include the issue of further securities as part of the Bank's overall capital management strategy). The Board would consider the best alternatives to fund any capital reduction in respect of the CPS2.

What is the effect of the CPS2 Capital Reduction Schemes on the control of the Bank?

Holders of CPS2 are entitled to vote (together with the holders of the Bank's ordinary shares) on only a limited number of matters as set out in the CPS2 Terms. Given the limited circumstances in which holders of CPS2 can vote, the Board considers that implementation of any of the CPS2 Capital Reduction Schemes would have no effect on the control of the Bank.

Who are the affected CPS2 holders?

As at 27 August 2019, there were 4,669 registered holders of CPS2. CPS2 are quoted on the ASX and held by a variety of investors predominantly based in Australia.

Do any Directors have any interests in CPS2?

No Director of the Bank has any interest in CPS2.

There is no other information known to the Board which may be material to the decision on how to vote in relation to the CPS2 Capital Reduction Resolutions which the Bank has not previously disclosed to its shareholders.

A voting exclusion applies to the CPS2 Capital Reduction Resolutions, as set out in this Notice of Meeting.

Recommendation: The Directors recommend that shareholders vote in favour of each of the CPS2 Capital Reduction Resolutions in Items 8(a) and 8(b).

Voting information

Who can vote and attend the AGM

Entitlement to vote: For the purpose of voting at the AGM, shares will be taken to be held by the persons who are the registered holders of the ordinary shares of the Bank at 11am on Sunday 27 October 2019 (Australian Eastern Daylight Saving Time). The entitlement of shareholders to vote at the AGM will be decided by reference to that time.

Types of shareholders: Ordinary shareholders are eligible to attend the AGM and vote on all the items of business to be considered at the AGM. Holders of Bendigo preference shares (CPS2, CPS3 and CPS4) may attend the AGM but are only entitled to vote on items 8(a) and 8(b).

Joint shareholders: In the case of joint shareholders of ordinary shares, all holders may attend the AGM in person or by proxy. If more than one joint holder is present (personally or by corporate representative, proxy or attorney), only the joint holder whose name appears first in the register in respect of the relevant shares is entitled to vote.

Bodies corporate: A body corporate shareholder or proxy will need to make sure that it appoints one or more individuals to act as its corporate representative under section 250D of the Corporations Act. Where more than one representative is appointed, only one representative may exercise the body corporate's powers at any one time. The Bank requires satisfactory written evidence of a representative's appointment to be lodged with, or presented to, the Bank's Share Registry before the AGM (the evidence may be given to the Bank by mail, by facsimile or online, at the addresses set out in Step 4.1 of the following

How to vote if not attending the AGM

table).

Type of voting: If you are not attending the meeting, you can choose to vote in one of two ways, by following the instructions below and completing the enclosed Voting Form.

- **Option A**

If you choose to use direct voting – mark the box under Option A on the Voting Form. If you use direct voting you agree to be bound by the direct voting regulations adopted by the Board. To obtain a copy of the direct voting regulations adopted by the Board, please contact the Share Registry on 1300 032 762.

or

- **Option B**

If you choose to appoint a proxy – mark the box under Option B on the Voting Form or write the name of the person or body corporate that you are appointing. If you do not want to appoint a named person as proxy, you may choose to appoint the Chairman of the meeting by ticking the box under Option B. If you appoint the Chairman of the meeting as your proxy, please note that the Chairman intends to use any undirected proxies the Chairman holds to vote in favour of all of the resolutions.

If you have any questions about how to complete the Voting Form, please contact the Share Registry on 1300 032 762.

Information for shareholders using direct voting or appointing proxy

Please read these instructions before completing the Voting Form.

Name	Option A - direct voting	Option B - voting by proxy
Step 1: Choose how to vote		
1.1 Mark box A or B	Mark box A to cast a direct vote	Mark box B to vote by proxy
If you do not mark either box A or box B or you mark both boxes, you will be taken to have elected to vote by proxy and to have appointed the person named in the Voting Form as proxy (or, if no person is named as your proxy, the Chairman of the meeting), to vote on your behalf.		
1.2 Appointing a proxy	You do not need to appoint a proxy if you elect to vote by direct voting, as you are treated as voting yourself.	An ordinary shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote on their behalf. A proxy need not be a shareholder of the Bank and can be an individual or a body corporate.
1.3 Appointing two proxies	This is not relevant for direct voting	<p>You may appoint up to two proxies to attend the meeting and vote on your behalf. If you want to appoint a second proxy:</p> <ol style="list-style-type: none"> Either obtain an additional Voting Form from the Bank's Share Registry on 1300 032 762 or copy the Voting Form (if you use the online facility to appoint a proxy, follow the prompts for appointing two proxies); On each of the Voting Forms, state the percentage of your voting rights or number of shares applying for that Proxy Form. If the appointment does not state the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and Return both Voting Forms together in the same envelope or, if you use the online facility to appoint a proxy, follow the prompts for appointing two proxies.
1.4 Choosing your proxy	This is not relevant for direct voting.	<p>Choose who you want to appoint as your proxy by marking or completing the appropriate box under Option B.</p> <ul style="list-style-type: none"> If you wish to appoint the Chairman of the meeting as your proxy, mark the box under Option B; If you wish to appoint someone other than the Chairman, write the name of that person or body corporate in the space provided. Do not write the name of the Bank or your own name in this space. <p>See the voting exclusion statement in items 6 and 7 about the restrictions that apply if you appoint a proxy.</p> <p>If you leave this section blank or your named proxy does not attend the meeting, the Chairman of the meeting will act as your proxy.</p>
Step 2: Complete your voting instructions		
2.1 Voting instructions	Completing the voting instructions is the same for direct voting and voting by proxy. You may vote yourself (ie, make a direct vote) or tell your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All voting at this year's AGM will be conducted by poll.	
<p>Where you provide voting instructions to your proxy:</p> <ul style="list-style-type: none"> If the Chairman of the meeting is your proxy, then the Chairman must cast your vote on a poll in accordance with your instructions; If you appoint someone other than the Chairman of the meeting as your proxy, your proxy does not have to vote but, if they do vote, they must follow your instructions. If a poll is called and your proxy does not cast your vote as per your instruction, your proxy will pass to the Chairman and the Chairman must cast your vote on the poll in accordance with your instructions. 		

Name	Option A - direct voting	Option B - voting by proxy
2.2 All or a portion of votes	On a poll, all your securities will be voted in the way directed unless you indicate only a portion of votes are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. Fractions of votes will be disregarded.	
2.3 Marking more than one box	If you mark more than one box (ie, for, against, abstain) for an item but the relevant portion is not specified for each box, for that item your shares will not be counted in calculating the required majority on a poll and your proxy may not vote on a show of hands or poll.	
2.4 Marking abstain box	If you mark the abstain box for an item, your shares will not be counted in calculating the required majority on a poll and your proxy may not vote on a show of hands or poll for that item.	
2.5 Not marking any box	If you do not mark any box for an item, this has the same effect as abstaining (explained above).	If you do not mark any box for an item, your proxy may vote as they choose on that item. However, if you have appointed a member of the key management personnel (other than the Chairman), or one of their closely related parties, and you do not direct them how to vote on items 6 and 7, your vote will not be counted in calculating the required majority on that item. <i>The Chairman of the meeting will vote undirected proxies held by the Chairman in favour of all resolutions.</i>
2.6 Show of hands	On a show of hands your votes are not counted.*	On a show of hands, your proxy has one vote. However, if you mark more than one box (ie for, against, abstain) for an item, your proxy must not vote on a show of hands.

• The Board has decided that a poll will be conducted on each voting item at the 2019 AGM.

Step 3: Authorise your voting instructions

3.1 Authentication or signing the Voting Form	<p>If you follow the instructions for online lodgement, you do not need to sign the Voting Form, as following the instructions will enable electronic authentication.</p> <p>If you lodge by mail, in person or by facsimile, the Voting Form must be signed in the spaces provided.</p> <ul style="list-style-type: none"> • Individual: If the holding is in one name, the holder must sign. • Joint holding: If the holding is in more than one name, any one holder may sign. • Companies: If the company has a sole director who is also the sole company secretary, the Voting Form must be signed by that person. If the company is a proprietary company and does not have a company secretary, and has only one director, the sole director can sign alone. Otherwise the Voting Form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.
3.2 Using a power of attorney	To sign under power of attorney, you must have already lodged the power of attorney with the registry or give a certified copy of the power of attorney to the Bank with the Voting Form. You cannot give the power of attorney to the Bank by electronic means.

Step 4: Give the Bank your Voting Form

4.1 Receipt of Voting Form	<p>The Voting Form must be received by the Bank's Share Registry not later than 48 hours before the start of the meeting ie, by 11am (Australian Eastern Daylight Saving Time) on Sunday 27 October 2019. Any Voting Form received after that time will not be valid for the meeting.</p> <p>The Voting Form may be given to the Bank in any of the following ways.</p> <ul style="list-style-type: none"> • By mail Use the reply paid envelope (Boardroom P/L); • By facsimile 61 2 9290 9655 • Online Follow the instructions on the website www.votingonline.com.au/bendigoagm2019. You will need the information shown on the front of the Voting Form to register your direct vote or proxy online.
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Questions from shareholders

SHAREHOLDERS ARE INVITED TO ASK QUESTIONS OF THE BOARD.
WE WILL ENDEAVOUR TO ADDRESS QUESTIONS OF GENERAL
INTEREST TO SHAREHOLDERS AT THE AGM.

Shareholders are also invited to ask written questions of the auditor about the content of the Auditor's Report or the conduct of the audit of the 2019 Annual Financial Report to be considered at the AGM. These questions will be passed on to the auditor and a reasonable opportunity will be allowed at the AGM for the auditor or their representative to respond.

To ask a question, please complete the form below and return it by 5pm on Tuesday 22 October 2019 using the envelope provided, email it to the Company Secretary at corporatesecretariat@bendigoadelaide.com.au or fax it to (03) 5485 7624.

Question 1 is for Chairman or Auditor

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Question 2 is for Chairman or Auditor

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Name:

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Address:

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AUSTRALIA'S BANK OF CHOICE

Notice of Annual General Meeting 2019
Bendigo and Adelaide Bank Limited.
ABN 11 068 049 178

All Correspondence to:

-  **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** BEN@boardroomlimited.com.au
-  **By Phone:** (within Australia) 1300 032 762
(outside Australia) +61 2 8023 5417
-  **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Voting Form

This is your Voting Form for the 2019 Annual General Meeting of Bendigo and Adelaide Bank Limited.

For your vote to be effective this Voting Form must be received by 11.00am (AEDT) on Sunday 27 October 2019

Voting instructions: For instructions on how to complete this Voting Form please see the Notice of Annual General Meeting – “Voting Information”


You can provide your Voting Form by any of the following means:

By mail Use the reply paid envelope addressed to Boardroom Pty Limited or send in your envelope to:
Share Registry - Boardroom Pty Limited, GPO Box 3993 Sydney NSW 2001

In person The Bank’s Share Registry, Boardroom Pty Limited, Level 12, 225 George Street Sydney

By facsimile *Within Australia:* 1300 032 762
Outside Australia: +61 2 8023 5417

OR

 **To Vote online** Step 1 VISIT <https://www.votingonline.com.au/bendigoagm2019>
Step 2 Enter your Postcode (if within Australia) OR Country of Residence (if outside Australia)
Step 3 Enter your Voting Access Code (VAC)

 **By Smartphone**



Scan QR Code using smartphone QR Reader App

Important note: *For security reasons it is important that you keep your SRN/HIN confidential*

You can also

- Access the Annual Report online
- Access the Notice of Annual General Meeting online

If you attend the meeting, please bring this form with you to assist with registration

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

VOTING FORM

OPTION A: DIRECT VOTING

Box A: I/We being a Securityholder/s of **Bendigo and Adelaide Bank Limited** (Company) and entitled to attend and vote hereby elect to vote directly at the Annual General Meeting of the Company to be held at **The Bendigo Centre, Bath Lane, Bendigo, Victoria on Tuesday 29 October 2019 at 11:00am (AEDT)** and at any adjournment of that Meeting.

OPTION B: APPOINTMENT OF PROXY

Box B: I/We being a Securityholder/s of **Bendigo and Adelaide Bank Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered Securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting as my/our proxy to act generally at the Annual General Meeting of the Company to be held at the **The Bendigo Centre, Bath Lane, Bendigo, Victoria on Tuesday 29 October 2019 at 11:00am (AEDT)** and at any adjournment of that Meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on Items 6 and 7. If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Items 6 and 7, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Items even though Items 6 and 7 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Items 6 and 7). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an Item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that item.

VOTING DIRECTIONS

		For	Against	Abstain
Item 2.	Election of Mr David Foster as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3.	Re-election of Ms Jan Harris as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4.	Re-election of Mr Rob Hubbard as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5.	Re-election of Mr David Mathews as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6.	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7.	Approval of the Managing Director's participation in the Employee Salary Sacrifice, Deferred Share and Performance Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8.	Approval of selective capital reduction schemes in respect of Convertible Preference Shares 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

SIGN THE FORM
This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2019