

Message from **Jacqueline Hey**



It's pleasing that in the third year of the pandemic there is much to be optimistic about. High levels of vaccination among the community have led to an easing of restrictions and the re-opening of domestic and international borders, and with them a sense of normality that many of us have not felt for some time.

While we expect that strong consumer demand will support the economic recovery, we must never diminish how difficult and complex the pandemic continues to be for many, and we will always recognise the resilience and strength Australians have shown in the face of adversity.

As one of Australia's largest banks, we have an important role to play in helping society to prosper, and it's a responsibility we never take lightly. It's deeply embedded in our 164-year history, and it guides our actions, our decisions, our culture and our reason for existing.

Each and every day, the dedicated staff at Bendigo and Adelaide Bank work hard to deliver for our customers, communities and shareholders. We treat everyone with care and respect, and we believe this personalised approach is what sets us apart and will ensure our success.

A purpose and relationship-led approach to banking is one of the reasons why our Bank continues to rank so highly in key trust and reputation indices. We are one of Australia's most trusted brands across all industries, and our NPS scores are the highest in the industry at 29.7, far greater than any major bank.

This exceptional result is a testament to our people and their agility in a time of significant disruption. It shows our purpose in motion, that by feeding into prosperity, not off it, we can improve outcomes for everyone connected to our business. It shows the great skill, care and capability of all of the Bank's staff.

Since our founding years, we have operated with a belief that long-term sustainability of our business is tied to more than our financial performance.

As more stakeholders have come to value the performance of businesses across important environmental, social and governance measures, we too have made some changes to reflect our leadership in this space.

In September, we launched our inaugural sustainability report, which documents our ESG progress and delivers a new level of transparency and accountability to our various stakeholders.

Our strategy to reduce complexity, invest in capability and tell our story has delivered strong revenue and customer growth. It is reflected in our market share and evidenced in how we respond to the ever-changing needs of our customers, with the acquisition of Ferocia a striking example.

Our continued investment in our people means we can reflect the rich diversity of the communities we serve.

Underpinned by inclusive work policies and processes, we're focussed on growing women leaders at all levels, building skills, creating opportunities, and supporting a gender balanced community.

We lead the industry with our gender diversity, as one of few ASX 200 companies having a female Managing Director and Chair. Today, more than half the Bank's Board is female and our combined Board and Executive teams are, 40 percent are female.

On behalf of the Board, I want to express our gratitude to you, our shareholders, for your continued support and loyalty. I'm pleased to announce the Board has declared a dividend of 26.5 cents per share.

A DRP (Dividend Reinvestment Plan) has been announced with a 1.5 percent discount applicable. This decision supports our strong capital position and business outlook, and balances our commitment to support you, our shareholders.

The Bank's strategy is the cornerstone upon which we will continue to reshape our business for the future and deliver on our vision to be Australia's bank of choice.

I thank you for your continued support.



A handwritten signature of Jacqueline Hey in black ink.

Jacqueline Hey
CHAIR
BENDIGO AND ADELAIDE BANK

Message from our Managing Director

In February we announced another consecutive set of strong half year results as economic conditions improved and we forged a path out of the pandemic. Cash earnings were up 18.7 percent to \$260.7 million on the prior corresponding period with statutory net profit up 31.7 percent to \$321.3 million. Total income was up 2.9 percent to \$873.4 million as we continue to grow our earnings and deliver for investors.

Capital levels are again higher and support our strong balance sheet, and our return on equity is above 8 percent. Despite low interest rates feeding into margin pressure, we have reduced our cost-to-income ratio again, falling to 59.3 percent.

This solid result would not be possible without the commitment of our people and their focus on delivering our strategy, removing complexity for our customers and in how we do business, and investing in the capabilities required for today and the future.

We are delivering value for our customers and our vision to be Australia's bank of choice is a step closer. Customer numbers continue to rise, up 3.4 percent over the half year to 2.12 million. We maintain the highest NPS of any Australian listed bank. Our customer base is growing because customers are attracted to our products, quality of service and purpose-driven commitment to supporting customers and communities.

We have made significant progress over the half year with the acquisition of financial technology company Ferocia and digital bank Up accelerating our strategy. Up has 460,000 customers who have engaged with a new way of thinking about their banking. We plan to service these savvy, younger customers with new and different offerings over time, including our fully digital offering Up Home later this financial year.

The pace of our transformation agenda continues to accelerate. We are getting on with the job of modernising our Bank by simplifying our business, reducing complexity and creating additional capacity. We are moving applications to the cloud, which improves our efficiency and resilience, and we are reducing 'time to decision' for our customers seeking a loan.

Our Community Bank model continues to be a fundamental part of our growth story and purpose, with 317 branches nationally offering a significant point of difference for our customers and their communities. More than \$272 million in profits have been distributed to these communities since the model's inception, and the partnership continues to generate a stable source of funding with total bank customer deposits rising another \$3.8 billion this half year.

These milestones show that we are executing our strategy as we become a bigger, better and stronger Bank. But the outlook remains challenging, and we will need to intensify our efforts to meet these challenges, and we will.

We have brought the business and agribusiness divisions together with a clear focus on growth and further enhancing the relationship model that supports these sectors. We have also appointed Executive, Bruce Speirs to the role of Chief Operating Officer with a focus on reducing complexity, strengthening processes, and improving productivity across the Bank.

Our Bank exists to do far more than provide banking services. We are here to help customers and communities to thrive by feeding into their prosperity, not off it. It's a purpose that formed the solid foundations of our business more than 164 years ago, and our unique style of banking has guided our actions and supported our customers ever since, especially through the COVID-19 pandemic, bushfires and more recently the floods along Australia's east coast.

Many customers still face challenges, but in general they are in a stronger position, with more than one-third of home loan customers two years ahead in mortgage repayments. Australians in business have shown great resilience in weathering lockdowns and restrictions and what nature throws at us, and we expect strong consumer demand will support their ongoing recovery.

Our advantage continues to lie with the strength of our purpose, values, strategy and our unwavering commitment to customers. This remains central to who we are and continues to guide us on our journey to be Australia's bank of choice, a bank you can be proud of.

Thank you for your continued support.

Marnie Baker
MANAGING DIRECTOR & CEO
BENDIGO AND ADELAIDE BANK



Interim results highlights

\$321.3m

Statutory
net profit
up 31.7%

\$260.7m

Cash earnings
after tax
up 18.7%

47c

Cash earnings
per share
up 13.5%

26.5c

per share
Fully franked
dividend

Interim dividend
to be paid
31 March 2022

Engaging and supporting our customers



29.7

Net Promoter Score
– highest of any
Australian
listed bank



87.6%

High customer
satisfaction
maintained



Up, the **highest
rated banking app**
by customers in
Australia

Bank accelerates business transformation, reimagines banking.

In November, the Bank provided a detailed market briefing on its digital transformation strategy, including the acquisition of Melbourne-based fintech Ferocia, our joint venture partner in market leading digital bank Up.

Driven by changing customer behaviour and expectations, the Bank told investors how it was positioning itself through growth and transformation to deliver new and innovative ways of banking.

Investors heard how the acquisition of Ferocia will allow the Bank to consolidate ownership of Up and launch a home loan product – Up Home – in the first half of 2022. It will also allow the Bank to further develop its digital ecosystem by adding Up's product roadmap to its existing offerings, which already includes the digital home loan approvals capability of Tic:Toc.

This activity forms a critical part of the Bank's transformation program, which is focused on delivering and embedding digital capabilities, digitising and automating core processes, and reducing complexity and cost. The program features a significant boost in digital capabilities by rebuilding technology systems to be digital first, cloud operated and API enabled – creating connected, seamless experiences that exceed customer expectations.



Experiences for our customers need to be always “on”, personalised, seamless and easy. Now more than ever, we are leveraging our innovation capabilities as we adapt in response to the ever-increasing pace of change of the environment we are operating in.”

RYAN BROSNAHAN, CHIEF TRANSFORMATION OFFICER

Merchant facilities made simpler for business customers

The Bank launched its new EFTPOS/eCommerce powered by Tyro merchant payment services in October, offering simpler, high speed payment processing for new and existing business banking customers.

The new offering allows businesses to reduce complexity, increase efficiencies and improve the overall payments experience for their customers. Business customers have access to a range of new benefits including secure, high speed payment processing, improved, cloud-based point of sale and insights capabilities, and 24/7 technical support.

This is another example that supports the Bank's strategy to simplify processes and reduce complexity.



Enabling 21st century communities

\$5.3m

Funds distributed in
Community Grants on
behalf of groups and
partners this half

\$16m

Funds distributed
this half to support
communities recover
from 2019/20
bushfires



Investment in
dedicated **community
impact** measurement
and insight
capability

Bendigo and Adelaide Bank launched flood assistance and appeal

Bendigo and Adelaide Bank launched a flood assistance package and an appeal to help customers and communities across Queensland and New South Wales devastated by recent floods.

“It’s heartbreaking to see the impact these floods are having on people, families and communities. When the storms pass and the waters subside, it’s important for all of us to remember that the hard work of rebuilding is only just beginning.”
MARNIE BAKER, MANAGING DIRECTOR

For impacted customers, the financial relief package includes home loan and business loan and credit card relief for up to three months, discounted interest rates, fee waivers and other concessions.

Administered by the Bank’s charitable arm, the Community Enterprise Foundation (CEF), the Flood Disaster Appeal has to date raised more than \$250,000 to support flood affected individuals and their communities in their mid to long term recovery.

The foundation raised more than \$47 million during the 2019/20 Summer Bushfire appeal with \$29 million disbursed to date and a further \$18 million to be distributed over the next five years through a community led approach to support the medium to long term recovery efforts.

Social enterprise backs communities, delivers profits with purpose

One of Australia’s best and most widely recognised examples of social enterprise – Bendigo Bank’s Community Bank model – has returned more than \$272 million returned to Australian communities since 1998, with \$21.3 million injected into community projects this past financial year.

In a year once again marked by COVID uncertainty, this funding has enabled community infrastructure to be built, strengthened the arts and culturally diverse communities, improved educational outcomes and grown healthy places for Australians to live and work.

A number of local COVID related initiatives have also been supported by Community Banks, including purchasing PPE for hospitals and healthcare providers, funding technology devices for students with no access to remote learning, and funding for development of life saving ventilators, which were in short supply in Australia, and assisting supply overseas where required.

“When you address social and economic issues together, you have the best chance of bridging gaps in society. This is the power of social enterprise, and for 23 years the Community Bank model has been helping people access what they need – employment, resources and opportunities – as a function of our business model, not as an afterthought.”
MARNIE BAKER, MANAGING DIRECTOR





Creating an engaged and purposeful workplace

Bendigo and Adelaide Bank employees are skilled, resilient, and capable of great things. Our Bank aims to provide a positive employee experience and with this focus comes many opportunities to make a difference. We know that when our people feel engaged and supported to be their best, a positive experience for our customers follows.

Our latest Employee Engagement Index, an internal measure of employee motivation, commitment, discretionary effort and pride, has remained high at 76 percent.

Our customers experience our authentic culture through our ability to connect to what is important to them. Our purpose and values flow through the Bank in all our interactions. The way we work and how we're organised enables us to be productive and responsive.

Our Bank leads the industry with our gender diversity, one of few ASX 200 companies having a female Managing Director and Chair. More than half the Bank's Board is female, and when our Board and Executive are combined, 40 percent are female. About 54 percent of middle and frontline leadership positions are held by women and 35 percent are in senior leadership roles.



76%

Employee
engagement
score



40%

Female representation
across the Bank's
Board and
Executive

The Bank has engaged in a number of activities in this past year that uplift and accelerate what's important to our people and the customers and communities that we serve;

Continued support of the Bendigo Pride Festival as a Platinum Sponsor. First held in 2019, Bendigo Pride has grown every year, highlighting the diversity of the Greater Bendigo Region by uniting different backgrounds and cultures in a three-week festival.

A continued focus on improving digital accessibility was recognised in December, with the Bank being named finalist in the Australia Access Awards 2021. The Awards, an initiative of the Centre for Accessibility Australia, are a national celebration of best practice and help recognise and acknowledge progress towards digital accessibility.

Developing our inaugural Reconciliation Action Plan (RAP), which is scheduled to launch in 2022.

Participation in the Amazon hosted DeepRacer event, where teams across the Bank used advanced machine learning to solve problems and participate in a race against each other.

Contributing to a sustainable future

Our Bank is now two years into our three-year Climate Change Action Plan.

The plan outlines how the Bank will improve its climate outcomes, drive cultural change, engage people and customers, enhance our climate change risk management frameworks, and report on our climate change performance.

Following the publicly stated targets and activities undertaken in FY21, some of the key activities for the half year include;

- A 200kW solar panel installation on the Bendigo Centre
- Climate related risk and opportunities identification process complete

The Bank also released its inaugural [Sustainability Report](#), including Task Force on [Climate-related Financial Disclosures \(TCFD\)](#) aligned climate disclosures.

Together these reports document performance across important environmental, social and governance (ESG) topics. They provide greater transparency, measurement and accountability, and demonstrate the importance of sustainability for our Bank.



34

branches use energy derived from solar power

Commitment to purchase

100%

renewable energy by 2025



Certified **carbon neutral** in 2021 for operations from financial year 2019/20



The Bendigo Centre set to soak up the sun with new solar panels

In one of the largest installations in the City of Greater Bendigo, Bendigo Bank is harnessing even more energy from the sun, thanks to a 200kW solar panel installation this summer.

The panels, which are Australian made for Australia's harsh conditions by Tindo, occupy the entire roof space of the Bendigo Centre and will help the Bank to reduce its carbon footprint and energy consumption. These panels add to those installed when the Bendigo Centre was built in 2008 to power its hot water system.

This latest activity forms part of the Bank's stated commitment to purchase 100 percent renewable energy by 2025 and reduce absolute emissions by 50 percent by 2030. The Bank was also certified carbon neutral in 2021 for its operations from financial year 2019/20.

Sustainability first with Bendigo Bank's new uniform range

The introduction of a new mix and match uniform for Bendigo Bank employees last year left the Bank with a dilemma; what to do with 32 tonnes of used clothing in the old livery that can no longer be worn.

In a first of its kind initiative for a big bank, Bendigo Bank has partnered with Melbourne-based multi-award-winning recyclers Upparel to embark on a major end-to-end nationwide uniform recycling program to turn old clothing from 470 Australia-wide branches into soft filling for use in products such as furniture.

By the end of 2020, about 6.5 tonnes of textiles were diverted and 22.6 tonnes of greenhouse gasses were prevented from entering our atmosphere.



Ethical conduct and responsible banking



COVID support bolstered for small business and home loan customers

Support for small business and home loan customers significantly affected by COVID-19 continued, with a new support package announced in July. The package extended the Bank's existing hardship support measures already in place for customers financially affected by the pandemic.

For eligible business customers, repayments were deferred for up to three months, with loan terms extended to business lending valued at less than \$3 million for businesses with turnover of less than \$5 million. Further support for everyday business banking for eligible customers included refunds of merchant terminal fees for up to three months, waivers for fees and notice periods on Cash Deposit and Farm Management Deposit accounts for up to three months, and specialised targeted support for larger business customers.

A range of support measures were available for both individual and business customers, including month by month home loan deferrals.

Two directors appointed to the Bank's Board

Richard Deutsch and Victoria Weekes have been appointed as non-executive directors to the Bendigo and Adelaide Bank Board this financial year, bringing expertise and knowledge that complements the wealth of talent at board level.

Richard Deutsch joined in September, with extensive experience delivering complex audit and advisory services to Australia's leading public, private, government and not-for-profit organisations. Richard's career includes more than 25 years working with PwC, including nine years on PwC's Australian executive and most recently, Richard served as CEO of Deloitte Australia.

Richard has replaced Robert Hubbard as Chair of the Bank's Board Audit Committee, following his retirement from the Board at the 2021 AGM.

Victoria Weekes joined the Board in February, bringing more than 35 years of experience in financial services, including executive roles with major Australian listed companies and multi-nationals including Westpac, Citi and Allens. Victoria has led several large organisations through complex operating environments and periods of significant change. Victoria has been appointed to the Board Risk Committee and the Board Financial Risk Committee.



25,000

customers supported through the COVID-19 pandemic



33%

passbook users opened a statement account with card attached



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