

ASX Announcement



2021 Interim Review and Shareholder Letter

31 March 2021

Appended is Bendigo and Adelaide Bank's (**ASX: BEN**) 2021 interim review and a letter to shareholders from Chair, Jacqueline Hey, following the announcement of the Bank's interim 2021 financial result on 15 February 2021.

The letter to shareholders and the 2021 interim review can also be accessed by visiting www.bendigoadelaide.com.au/interimreview2021.

Approved for release by: Jacqueline Hey, Chair.

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About Bendigo and Adelaide Bank Limited

Bendigo and Adelaide Bank is Australia's better big bank, with more than 7,000 staff helping our more than 1.9 million customers to achieve their financial goals. Bendigo and Adelaide Bank's vision is to be Australia's bank of choice, by feeding into the prosperity of customers and their communities.

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Message from Jacqueline Hey

It goes without saying that the previous year has challenged the way we view the world and what we value most. The devastating impacts of bushfires, floods, drought and COVID-19 have continued to test individuals, businesses and communities alike in the first half of this financial year. Despite this, our communities have persevered with resilience, often without the reassurance of certainty.

Our Bank was not immune to these challenges. At our Full Year Results in August last year, we announced deferral of our final dividend determination whilst economic uncertainty remained and the full impact of COVID-19 was still evolving.

At our Annual General Meeting in October 2020 we announced that our Board and our Managing Director took a 10 percent reduction in Board fees and fixed pay respectively for six months from 1 November 2020, outlining our belief that the burden affecting most parts of our society should also be shared by your Board.

As shareholders, I want to thank you for your patience and enduring support of our company as we navigated the dividend deferral period.

Our organisation is bigger than banking - we are part of the tapestry of thriving local communities, investing in community prosperity and supporting them when times are tough. This is something our customers, shareholders and people know us for.

I am pleased to confirm that as announced in February 2021 following a strong first half of financial year 2021 in which the Bank delivered on its growth opportunities, managed costs and sustainably invested in its transformation, the Board declared a full financial year 2020 dividend of 4.5 cents per share along with an interim financial year 2021 dividend of 23.5 cents per share. This result acknowledges the crucial support of our shareholders and the needs of our wider stakeholders within an environment of ongoing market and economic uncertainty.

Our sights remain firmly fixed on the new investments we are making, the capability we are building in our people and systems, and the continued focus we have on simplifying our business and carefully managing our costs - all ultimately geared towards achieving positive outcomes for all our stakeholders.

Like you, we care deeply about those connected with our business and the communities we all live and work in.

I thank you, our shareholders, for your continued support.

A handwritten signature of Jacqueline Hey in black ink.

Jacqueline Hey
CHAIR
BENDIGO AND ADELAIDE BANK

Message from the Managing Director

In February we announced strong half year results, notwithstanding the challenges faced by many Australians and the economy during the period.

We are well progressed with our strategy to grow and transform to be Australia's bank of choice. This strategy - supported by our purpose to feed into prosperity, not off it - and our strong financial position, saw us further grow customer numbers and market share in both lending and deposits, while simultaneously reducing costs and simplifying our business.

Cash earnings were up 1.9 percent on the prior corresponding period, with statutory net profit up 67.3 percent to \$243.9 million. Total income was \$849.0 million, up 3.3 percent, as we continued to deliver well above system lending growth, maintained our leading trust ratings, and further strengthened our balance sheet.

Pleasingly, in line with previous halves, the number of customers choosing our bank climbed again, increasing 4.3 percent to 1.96 million from 30 June. We also continued to deliver on our commitment to provide a positive customer experience as demonstrated through a net promoter score of 29, which remains much higher than the industry and the average of the major banks.

In line with our strategy to reduce complexity, invest in capability and tell our story, we grew in all our key priority markets, which combined with effective cost management, resulted in positive cash earnings across all divisions. Our actions to remove costs has also simplified our business for all our stakeholders.

Our momentum was reflected through very strong customer deposit growth. Our deep connection with our customers and their communities resulted in a significant \$5 billion increase in customer deposits since June 2020. Additionally, total lending increased by 9.2 percent over the half against 0.1 system growth to \$68.3 billion, with residential lending growing 14 percent or 3.6 times system. This was further strengthened by a 26.3 percent increase in applications on the prior half.

We also continued to support customers through COVID-19, while playing a critical role in providing credit to support the economy. The number of customers on COVID-19 repayment deferral arrangements significantly reduced from their peak in May 2020, including in Victoria, and our strong capital position ensures we are well positioned to continue to manage through the pandemic.

Our results demonstrate the strength of our strategy, business model and ability of our people who moved quickly and acted with care to support our customers and their communities. I would like to thank my team for their hard work in supporting our customers.

Following a strong performance and whilst balancing our commitment to support our shareholders during the ongoing market and economic uncertainty, the Board was pleased to announce an interim fully franked dividend of 23.5c per share

as well as the full year 2020 final fully franked dividend of 4.5c per share. This follows the Board considering it prudent to defer its decision on the final full year dividend last year, given the challenging and uncertain environment at the time. We also announced a fully underwritten Dividend Reinvestment Plan with a 1.5 percent discount.

The dividend decision supports our strong capital position, business outlook - including expectations of continued above system lending growth - and APRA's recent industry guidance on capital management.

I would like to extend my personal thanks for your enduring support as we continue to closely monitor and actively respond to the ongoing uncertain economic environment.

Pleasingly, the depth of the economic contraction has not been as severe as initially expected. With business confidence and consumer sentiment up, an ongoing low-rate environment, a growing housing market, an improving jobs market, continued growth in regional Australia, and our customers showing remarkable resilience and adaptability, the current outlook is encouraging. However, we remain mindful of both the local and global impacts of the pandemic, international trade sentiment, decisions on government support measures and the ongoing reality of natural disasters and climate change.

We continue to target above system residential lending and further growth in the small business and agribusiness sectors, whilst reducing our cost base, and maintaining a strong and resilient balance sheet.

Our investment in new capabilities, partnerships, technology and skills, and our deeply human-approach, high trust and positive net promoter scores, will allow us to become even more innovative and agile in responding to our customers' ever-changing needs, and further grow market share.

Our advantage lies in the strength of our purpose, values, strategy, and customer commitment - which remains central to who we are - as we continue our journey to be Australia's bank of choice.



Marnie Baker
MANAGING DIRECTOR

Interim Results Snapshot

Statutory after-tax profit: up 67.3 percent to \$243.9 million	Cash earnings: up 1.9 percent to \$219.7 million	Cash earnings per share: 41.4 cents per share	Total dividend: 28 cents per share (including full year 2020 and 2021 interim dividend)	Interim dividend: to be paid 31 March 2021
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Supporting customers to rebuild from COVID-19

As Australia's better big bank, we've played and continue to play an important role in supporting Australia's economic recovery from both COVID-19 and natural disasters, whilst continuing to support our shareholders, customers, communities, partners and our people.

Pleasingly, as at 31 January 2021 those customers still on repayment deferral arrangements represented less than 1 per cent of our total loan book.

COVID-19 support for consumer customers announced last financial year continued into the first half of financial year 2021, with deferred repayments and penalty-free early withdrawals on term deposits among the suite of support available. As various lockdowns across the country continued to affect customers, both personal and business, we maintained our commitment to support their best interests.

The personal support we offered customers in 2020, underpinned by our customer and community connection and our enduring purpose, saw us rated as one of Australia's top 20 most trusted brands in all categories. This result built on our consistently high customer satisfaction scores among home loan customers and our business banking division, which was named the highest rated bank for supporting customers through COVID-19.

We continue to accept requests from customers experiencing financial difficulty – as part of our hardship process – and work with them to understand their individual circumstances and propose options best suited to their individual position.

Our ability to maintain agility in support of our customers was a testament to our culture and capability in responding to a serious, long-term crisis.

Action on climate change

Our Bank supports long-term strategies that contribute to a more sustainable future for all our stakeholders, and in June 2020 the Bank's three-year Climate Change Action Plan commenced. The plan outlines the steps the Bank will take over the next three years to improve our climate outcomes, drive cultural change, engage our people and customers, enhance our climate change risk management framework, and report on our climate change performance. We recognise climate change has far-reaching risks for the environment, the economy, society, our customers and their communities and we support the Paris Agreement objectives and the required transition to a low carbon economy. We are committed to playing our part in this transition and we will work to build climate mitigation and adaption into our business and work to assist our customers and their communities to build climate resilience into their futures.

In addition to a variety of initiatives undertaken in the first half of 2021 as part of the Climate Change Action Plan, the Bank was pleased to announce three clear measurable targets during its Interim 2021 Results presentation. These are:

- 1 To be carbon neutral by June 2021
- 2 To purchase 100% renewable energy by 2025
- 3 To reduce absolute emissions by 50% by 2030

The Bank will review the Climate Change Policy Statement annually and will continue to evolve its approach as science, technology and policy develops.



Scott Hart, (centre) and Craig Pettit (second from left) are volunteer firefighters and employees of Braidwood and Bungendore Community Bank branches, pictured with members of the Braidwood RFS Brigade.



**\$46
million**

BUSHFIRE APPEAL FUNDS RAISED

145,002 NUMBER OF
DONORS

136,677 DONORS FROM
AUSTRALIA

8,325 OVERSEAS
DONORS

118,445 ONLINE DONORS

26,557 BENDIGO BANK IN
BRANCH DONORS

**Top five
international
donor countries**



United States of America

United Kingdom of Great Britain
and Northern Ireland

Canada

Japan

Vanuatu

Bushfire Recovery

We understand that recovery from natural disasters is a marathon, not a sprint. Whilst delivering immediate relief and emergency support is crucial, our approach to natural disaster recuperation, based on years of experience, focusses on both the short and the long-term recovery of impacted communities by investing in their overall health and economic well-being.

To date, just over half of the total \$46.8 million raised through the appeal - conducted by the Bank's charitable arm, the Community Enterprise Foundation - has been distributed to fire affected communities across Australia. In the second half of 2020, these disbursements included:

\$4.5 million to bushfire affected families in Victoria

In November 2020, Bendigo Bank, in partnership with the Victorian Government, disbursed a further \$4.5 million to bushfire affected families in the East Gippsland, Alpine and Towong regions of the state, via Windermere Child and Family Services.

The funding will assist those East Gippsland households most impacted by the Black Summer bushfires. The new \$15,000 top up payments followed initial payments of \$25,000 which were made to families in need in April 2020.

To date, a total of \$12 million has been apportioned to 301 East Gippsland households by Windermere, an independent community service organisation working across south eastern Melbourne and Gippsland to build a stronger, connected and more supported Victoria.

Kangaroo Island

In November 2020, Bendigo Bank's SA Bushfire Disaster Appeal provided a \$20,000 grant to the Parndana Show Society on Kangaroo Island to host an entry-fee free event for the first time in its 61-year history. \$50,000 was also provided to Variety the Children's Charity SA to assist it with the development of two new playgrounds at Kangaroo Island Community Education's Kingscote and Parndana campuses.



*BlazeAid volunteers repairing fences damaged in the Black Summer Bushfires.
Courtesy: Monique Satchell*

Youth Education and Workplace Pathways Grants

In September 2020, Bendigo Bank provided \$2 million from its National Bushfire Disaster Appeal to The Salvation Army, to help it establish a new Youth Education and Workplace Pathways Grants program for young people in bushfire affected communities across Australia.

The Salvation Army matched the funding with \$2 million of its own public disaster appeal funds into the delivery of the new grants program nationwide.

The program will focus on assisting 15 to 25 year-olds in fire impacted communities by awarding \$3,000 cash grants to support their educational development and further their future workplace aspirations.

Investing in 21st century communities

The Bank's purpose to feed into community prosperity, not off it rings particularly true when our communities are experiencing significant economic challenges.

In December, we opened our second Bendigo Bank House in Hobart. Supported through donations from branches across Tasmania, the Royal Hobart Hospital Transition to Home facility supports patients who still require access to specialist medical care but no longer need to stay in a hospital environment.

At the end of 2020, we also announced the recipients of our Social Investment Grants Program. \$300,000 in grants was provided to not-for-profits to invest in their organisations' capability. COVID-19 has placed increased demand on not-for-profit services and ensuring they can grow sustainably will ensure our communities can be supported through the pandemic and beyond.

Adelaide Football Club finalises loan agreement

In December, we announced a new loan agreement with our longstanding partner, the Adelaide Football Club.

The agreement ensures the Club will maintain its independence, rather than rely on AFL funding.

The agreement is a significant milestone in our relationship with the Adelaide Football Club, where the Bank has had Premier Partner status since 2014.

Both our organisations deeply understand the role sport plays in strengthening the fabric of our local communities.

Repositioning for future growth

Our physical branches across Australia remain a critical part of our retail distribution strategy, providing a significant source of customer deposits and customer and community connection. However, the size, look and feel of our branches has and will continue to evolve over time.

In the first half of FY21, we continued the modernisation and optimisation of the Bank's physical distribution network with the opening of new community-focused experience stores in Coffs Harbour in July 2020, and in Bendigo in November 2020. We complemented this by growing our Mobile Relationship Manager (MRM) team by 16 percent to better support customers seeking a more convenient, in person banking experience. In total for the half, our MRMs wrote more than \$1 billion in residential loans, a 61 percent increase on the prior corresponding period.

Our Consumer Products team also made huge progress in their product simplification plans in July with the launch of the new Bendigo Complete Home Loan - complete with optional 100 percent offset on all fixed and variable products - which provides exceptional value, simplicity and flexibility for customers.

Our transformation work will continue in line with our strategy to drive sustainable growth, manage costs and deliver a seamless multi-channel experience for our customers.



Our Social Investment Grants Program has helped strengthen not-for-profits like the Northern Rivers Community Legal Centre.

The better big bank

For us, building stronger communities begins in-house. We know that when our people are supported, they are better placed to support our customers.

This first half of the financial year also sees us half-way into the implementation of our three-year Diversity and Inclusion Strategy: Belonging at BEN. Our Group websites have better accessibility for our customers, demonstrating our commitment to a dignified and inclusive experience.

Our new inclusive Recruitment Policy was launched in July, which saw the removal of unintended barriers in our recruitment process. Our Access and Inclusion Network, BENability, has grown to over 100 members and continues to play an important role in enhancing our knowledge and understanding so that we can better support people living with disability.

As part of our commitment to LBGTIQ+ inclusion, we launched our Gender Affirmation Policy and Toolkit in November. Education as part of Trans Awareness Week and our Pride and Kaleidoscope networks continue to be an important way to create safe and diverse work environments.

We continue to make progress on our gender targets. Our Women in Leadership Program continues to build a strong pipeline of female talent. In 2020, this program moved into an online format with a cohort of around 20 women graduating in November. The program will be expanded in 2021 with two cohorts expected to complete the online program. Since 2015, 74 women have completed the program with a further 30 participating in 2021.

In October we again invested in leadership capability with Lead BEN, our signature leadership development program. By partnering with LinkedIn Learning, we're providing access to over 16,000 digital courses. Our commitment to developing our people in flexible and contemporary ways will continue to be our priority for this financial year and beyond.

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For shareholder enquiries please
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We are well placed

Australian Fintech Awards 2020

tic:toc - Winner of Best use of AI in Fintech

B
**Top 20 most
trusted brand
in Australia**

Roy Morgan Risk Monitor

Mozo People's Choice Award Winner 2020



- Customer satisfaction – bank accounts
- Customer satisfaction – credit cards
- Excellent customer service
- Highly trusted
- Most recommended
- Outstanding customer satisfaction

**#2 Consumer
Banking
Satisfaction**

for Home Loan customers

**Australia's Most Trusted
Bank – Glow's Australia
Banking Brand and
Trust Index survey**

October 2020



2020 DBM Australian Financial Awards

- Best Digital Bank
- Best Business Relationship Managers
- Best Business Customer Service
- Most Recommended Business Bank

Mozo's Experts Choice Award Winner 2020



1st Excellent Banking App
– Bendigo Bank

4th Excellent Banking App – Up

J.D. Power 2020 Australia Credit Card Satisfaction Study

Bendigo Bank ranks highest in customer satisfaction among credit card issuers in Australia, with an overall score of 772 (on a 1,000-point scale).

Canstar 5-Star Rated

Adelaide Bank

- Fixed Home Lender
- Investment Fixed Home Lender
- Investment Home Lender

Leveraged

- Direct investment loan

Bendigo Bank

- Business Credit Card Providers: Frequent Flyer \$36k spend
- Business Credit Card Providers: Frequent Flyer \$60k spend
- Personal and Car Loans in Used Car Loan Category: Green Secured Personal Loan

Canstar 4-Star Rated

Bendigo Bank

Credit cards – low fee category

- Bendigo Bank low rate Mastercard
- Bendigo Bank low rate first Mastercard (<25)

Personal and Car Loans

- New Car Loan Category - Bendigo Bank Green Secured Personal Loan
- New Car Loan Category - Bendigo Bank Student Secured Personal Loan
- Used Car Loan Category - Bendigo Bank Student Secured Personal Loan