ASX Announcement

Bendigo and Adelaide Bank

Financial Results for the Full Year ended 30 June 2024

26 August 2024

Statutory net profit after tax	Cash earnings after tax	Net Interest Margin	Residential lending
$545.0 million	$562.0 million	1.90%	$60.4 billion
FY23 $497.0 million	FY23 $576.9 million	FY23 1.94%	FY23 $58.6 billion
Up 9.7%	Down 2.6%	Down 4 basis points	Up 3.1%
FY24 dividend per share	**Cash return on equity**	**Common Equity Tier 1**	**Customer deposits**
63 cents per share	8.18%	11.32%	$68.3 billion
FY23 61 cents per share	FY23 8.62%	FY23 11.25%	FY23 $66.1 billion
Up 3.3%	Down 44 basis points	Up 7 basis points	Up 3.4%

Bendigo and Adelaide Bank Limited (**ASX:BEN**) today reported statutory net profit after tax of $545.0 million up 9.7% for the year while cash earnings for the full year of $562.0 million was down 2.6% over the same period.

Marnie Baker, CEO and Managing Director said, "These full year results demonstrate the strength, capability and differentiation of our Bank. We remain as focused as ever on delivering sustainable growth over the long term, sequencing our investments in key growth areas to leverage the strong pipeline of demand for our products and continue to improve shareholder returns".

"Over the last five years we have laid strong foundations for the Bank by reducing complexity across our brands, systems and processes. This has provided a clear path to optimise our differentiators as Australia's most trusted bank. We have continued to make investments across our business to improve the customer experience and support sustainable growth over the medium term," Ms Baker said.

The Bank's balance sheet is well positioned for the economic climate. Over the year, credit expenses of $9.9 million were down 71% and the Bank's Common Equity Tier 1 ratio of 11.32% remains unquestionably strong and well above the Board target.

"Customer deposits grew 3.4% over the year, supported by our digital deposit channels and the continued strength of our well-established deposit franchise, with deposits from Community Banks growing 8.3%. The Bank fully repaid the Term Funding Facility in June, and our Liquidity Coverage Ratio (LCR) remains in a strong position at 137.8%," said Ms Baker.

Total lending grew 2.6% over the year and 6.7% annualised in the second half, with residential lending volumes growing 6.4% annualised. Pleasingly, Agribusiness lending grew 7.4% for the full year as we leveraged opportunities in economically prosperous states such as QLD and WA. Business lending was up 1.2% for the year as the Bank continues to build capability, uplift processes and focus on our strategic advantages in Micro and SME business.

Digital mortgage settlements accounted for 19.3% of all residential lending for the second half. Overall, we returned to above system growth in the second half of the financial year in home lending, a positive sign as we launched Bendigo Bank branded home loans to the broker market, underpinned by the Bendigo Lending Platform. On deposits, digitisation continues with the launch of online Term Deposits and our in-app Easy Saver accounts. Our already strong household loan to deposit ratio of 73% was 4 percentage points higher year on year reflecting the quality of our deposit gathering franchise.

Net Interest Margin (NIM) was down 4 basis points on the year to 1.90% impacted by lending and deposit pricing in the first half but saw improvements in the second half with an increase of 13 basis points (or, 11 basis points normalised) due to replicating portfolio benefits, improvements in funding mix and strong levels of retention from maturing fixed rate mortgages.

"Customer growth continued in FY24, with a year-on-year increase of 9.1% to more than 2.5 million customers and the Bank's Net Promoter Score is +27.9 points above the industry. Up, our leading digital bank, grew customer numbers by 29% over the year helping to expand our reach and drive our vision to be Australia's bank of choice," Ms Baker said.

Business summary

Cash earnings for our Consumer division decreased by 7.6% impacted by heightened competition in the first half as the Bank prioritised margin over volume. Productivity initiatives implemented through the year saw a 4% reduction in FTE.

Cash earnings for our Business and Agribusiness division increased 13.4% to $409.1 million reflecting strong growth in Agribusiness. The transformation of our Business and Agribusiness division has delivered improvements in operational efficiencies and will deepen our connection to our customers. Over the half we made investments in the business including the new origination and CRM systems which will better leverage our brand advocacy and uplift our ability to respond to customers.

Gross impaired loans increased 8.7% to $135.7m, representing just 0.17% of gross loans. This also reflects a change made during the year to adopt a revised definition for restructured loans for the Business and Agribusiness portfolio. In Business and Agribusiness credit expenses benefited from a $9.3 million net release, mainly driven by a reduction in the collective provision resulting from an improvement in the ratings profile of some larger Business exposures. In Residential lending, 90-day plus arrears increased by 8 basis points over the year but remain at levels well below industry averages.

Total operating expenses increased by 5.8% for the year. Excluding investment spend and remediation, operating expenses increased 3.0% which is well below inflation levels. Impacts from wage inflation in the first half, uplift in risk capabilities and IT related expenses contributed to the result. Overall, productivity benefits of $29 million were realised during the year. Investment spend (cash) increased by 6.6% for the full year, with 56% of the spend capitalised.

Our cost to income ratio increased 260 basis points on the prior year, with lower income in the first half and continued investment across our key growth areas in the second half. An improved income result in the second half and disciplined cost management saw our cost to income ratio improve 60 basis points.

The Board has declared a fully franked full year dividend of 63 cents per share, with a second half dividend of 33 cents. The Board continued to strike a balance between providing shareholders with an appropriate return on their investment and the need to maintain a solid capital position during a period of economic uncertainty.

Transformation agenda

The transformation agenda continues to move at pace. Over the past year the Bank prioritised the following areas:

Reduce Complexity	• Transition of all brokers to Bendigo Bank branded home loans and retirement of the Adelaide Bank brand for new lending; • Reduced number of IT applications; and • Exited non-strategic partnerships (exit of relationship agreement with Elders, divestment of the Bank's shareholding in Homesafe Solutions, migration of Alliance Bank customers to core banking platform and retirement of model)
Invested in Capability	• Up's unique customer proposition has seen customer growth of 29% over the year, deposits growing at 37% and the settlement of $525 million digital mortgages, an increase of $328 million over the half. • Business and Agri transformation continues with consolidation of Rural Bank systems and roll out of new lending origination and CRM system. • Launched the Bendigo Lending Platform with over $365 million in loans settled through the platform during the pilot phase (2H24) • Bendigo digital deposits – 60% of new EasySaver accounts opened via app since January 2024.
Sustainability	• Completed the first year of the Climate and Nature Action Plan. • 53% of corporate staff completed voluntary climate training. • Most trusted bank in Australia • NPS[1] +27.9 above industry average • Launched new set of values and leadership behaviours • Accessible Corporate App of the Year and Overall Accessible App of the Year at the 2023 Australian Access Awards. • $40.3 million invested back into communities through our community bank network and; • 288 first-year university scholarships awarded.

Outlook

The Bank continues to expect official interest rates to remain at current levels into the next calendar year as inflation remains persistent. Labour markets continue to show resilience however we expect the unemployment rate to gradually rise as the economy responds to restrictive monetary policy settings.

Cost of living pressures continue to present a challenge to Australian households. The Bank is ready to support borrowers who experience financial difficulties and has team members from our Mortgage Help Centre standing by. Conditions are expected to improve for many of our customers next year due to a combination of tax cuts, moderating inflation and forecast cuts to the official cash rate.

Asset quality remains stable, with decreases in 90 day arrears in Business and Agri over the half, partially offset by marginal increases across consumer lending. We continue to monitor our portfolio closely and expect arrears to move back toward long-term averages for the Bank, which remain low by industry standards.

"Our home loan customers remain well ahead of their repayments with 40% one year ahead of repayments. Importantly, more than 85% maintain a financial buffer." Ms Baker said.

Investment in our key growth areas will further improve our digital capabilities in 2025 and beyond. Delivering a consistent experience across all our channels will ensure we meet our customers' expectations and create even more

[1] Roy Morgan Net Promoter Score – Roy Morgan Research, 6 month rolling averages, comparing BEN to the industry average as at Jun-24. Industry includes: ANZ, BOM, BOQ, Bank SA, Bankwest, CBA, ING, NAB, St. George, Suncorp & WBC. Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

advocates for our products and services. We are targeting to increase investment spend (cash) for both FY25 and FY26 by $30-40 million on FY24 levels with approximately two thirds of the spend to be expensed.

Our medium term targets of reducing our cost to income ratio towards 50% and lifting our return on equity above our cost of capital are unchanged. These targets will be delivered through a combination of revenue uplift through our growth engines and an ongoing disciplined focus on costs. Our growth engines include Up, the Bendigo Lending Platform, our digital deposit capabilities and a revitalised Business and Agribusiness division. Our discipline on costs will continue and we are targeting business-as-usual cost growth at no higher than inflation through the cycle.

Five years ago we set and shared a comprehensive transformation agenda to support our strategy and execute on our vision to be Australia's bank of choice. Our delivery capability is proven through our strategic programs, while maintaining a responsible approach to shareholder funds. This has positioned the Bank to direct capital into those programs that will continue to deliver value for our customers, our communities and our people.

Our capital levels are strong and our funding as a measure of household deposits remains one of the highest in the market. We continue to lead the sector with our trust and advocacy scores and our connections with our customers and their communities are as strong as they have ever been. There is no other bank which has our strength, capability and unique characteristics. Bendigo Bank continues to be the only genuine and credible challenger to the major banks.

ENDS

2024 full year results webcast

The results presentation webcast will be held today, Monday 26 August 2024 **at 11.00am (AEDT).**

A replay of the webcast will be made available at the Bendigo and Adelaide website (www.bendigoadelaide.com.au) or via the following link – 2024 Financial Results Announcement.

Approved for release by:

Bendigo & Adelaide Bank Limited Board

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About Bendigo and Adelaide Bank Limited

Bendigo and Adelaide Bank is Australia's better big bank, with more than 8,000 staff helping our over 2.5 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.