ASX Announcement

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Bendigo and Adelaide Bank to acquire Ferocia to accelerate digital strategy, Up's growth and shape the future of banking

16 August 2021

Bendigo and Adelaide Bank has announced it will acquire Melbourne-based fintech, Ferocia Pty Ltd (Ferocia), to further accelerate the Bank's digital strategy and shape the future of banking for a new generation of customers.

The acquisition will cement the enormously successful partnership between Ferocia and Bendigo and Adelaide Bank, uniting their collective innovation, heritage and matched capabilities to further grow a unique digital banking proposition.

Powered by technology-led customer experience design and run by an internationally experienced team, the acquisition brings outstanding digital and technical expertise to the Bank, internalising Ferocia's market leading digital capability and consolidating ownership of Up – Australia's highest rating banking app. Up had previously operated under a collaboration model and was already supported by the Bank's core infrastructure.

The acquisition will allow Bendigo and Adelaide Bank to grow and advance the Up platform, and further develop its digital ecosystem, adding Up's exciting product roadmap to the existing offerings provided by the Bank including the market leading digital home loan capability of our partner, Tic:Toc. More than 30 percent of active Up customers are saving for a home loan. The acquisition will also strengthen the delivery and bring efficiencies in the way the Bendigo e-banking app and Internet banking platform are delivered to customers.

"The announcement unites our strong customer, community and innovation heritage with Ferocia's market leading digital capability to deliver all Australians world-leading digital banking experiences. Through our partnership, we have embraced Up as a strategic, digital testbed – reimagining new banking experiences for a new generation of customers – and its rapid growth has far exceeded all expectations," said Marnie Baker, Managing Director, Bendigo and Adelaide Bank.

"Up's customer engagement is unparalleled when compared to global peers, it's welcomed more than 400,000 customers and $840 million in deposits in less than three years, it's empowered a new generation of savers and it will secure our market leading position with this emerging, influential demographic. As we further accelerate Up's rapid pace of innovation and growth and further expand revenue opportunities through Up, customers of our other brands will benefit from Ferocia's digital innovation and experience.

"We will also continue to support the innovation the Ferocia team have delivered over the last nine years, with Up remaining as the same brand, run by the same people, with the same customer proposition," said Ms Baker.

"Our partnership with Bendigo and Adelaide Bank started with an objective to re-imagine banking. When we launched Up in 2018, we set out to disrupt the industry by building a completely different experience through a technology-led banking – not bank-led technology – approach. The launch of Up ushered in a new digital banking age through a unique fintech and bank partnership. With a vision to be Australia's number one consumer lifestyle brand, the time is right to scale Up through a deepened relationship and new product offerings from the Bank, whilst bringing Ferocia's expertise to the rest of the Bank's highly engaged customer base," said Dominic Pym, Co-founder, Ferocia.

Bendigo and Adelaide Bank has partnered with Ferocia – and its co-founders Dominic Pym and Grant Thomas – for over nine years to deliver the successful Bendigo e-banking app and Internet banking platform. In 2018, the partners jointly launched Up, Australia's first and largest mobile-only digital banking platform. Whilst the Ferocia team will join the Bank, Ferocia will continue to operate independently as a standalone division to support its unique innovation, engineering, and design culture.

Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237879. (1615280–1615279) (05/21)

Up customers will continue to have the same access to their account as they do today.

Transaction details
On 15 August 2021, Bendigo and Adelaide Bank Limited entered into a Share Sale Agreement to acquire 100% of the shares in Ferocia Pty Ltd, a Melbourne-based fintech company, for consideration of up to $116m. The consideration will be paid in shares, with a portion of the consideration being contingent on future performance. The transaction is subject to conditions precedent and is expected to be completed upon fulfilment of these conditions.

The transaction will result in financial year 2022 operating expenses increasing by approximately 1 percent, with plans underway to expand revenue opportunities to balance the increase.

Approved for release by: The Bendigo and Adelaide Bank Board.

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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 over 2 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.

About Ferocia
Ferocia is a software development company based in Melbourne: a close-knit team of talented developers and designers driven by distilling complex problems into simple, elegant solutions that customers love.

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