

ASX Announcement



2020 AGM Chair address

27 October 2020

Ms Jacqueline Hey, Chair of Bendigo and Adelaide Bank Limited (**ASX: BEN**), will make the following address at the Bank's 2020 Annual General Meeting.

Approved for release by: Carmen Lunderstedt, Company Secretary.

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About Bendigo and Adelaide Bank Limited

Bendigo and Adelaide Bank is Australia's fifth largest retail bank, with more than 7,400 staff helping our 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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Chair's address

Jacqueline Hey

Given my election as Chair at the end of October last year, today's meeting is my first in this privileged position.

While the year has passed in what seems like the blink of an eye, to put things in perspective, this time last year, terms such as "coronavirus", "pandemic" "self-isolation" and "social distancing" were barely understood and in the case of "pandemic" rarely used in our daily vocabulary. What a difference a year makes.

My first year in the role can best be characterised as one full of new challenges, but also some satisfying accomplishments.

The unprecedented events of 2020 – starting with devastating bushfires, destructive floods, prolonged drought and then the COVID-19 pandemic - have forcefully reshaped our understanding of our world, sparked a reappraisal of what matters most to us and led to a re-examination of how we think, act, and engage as a community.

While our collective circumstances may have dramatically changed in a short period of time, it has been inspiring to witness the courage, resourcefulness, and adaptability of all Australians in the face of incomparable levels of uncertainty.

One absolute certainty in our "new normal" – is that change is everywhere and those who fail to embrace it, will be left behind.

While the fundamental purpose of our business has not changed, the operating environment has continued to be disrupted by the events of last summer and the COVID-19 pandemic. This is true in relation to the economic and health impacts we face, the loan deferrals offered to residential and small business customers, how consumers now behave and what they expect, many new and emerging technologies, and continuing regulatory and government requirements.

We care deeply about our customers, our people, our shareholders and the communities we all live and work in. It has been a difficult year and it is affecting most parts of our society. We believe this burden should be shared, and therefore the Board and Managing Director will take a reduction in our Board fees, or fixed pay in Marnie's case, of 10% for six months from 1 November. We think this is the right thing to do as we continue to work hard to support our customers, shareholders, people and communities.

Looking ahead we expect market conditions to remain challenging in FY21 and as a result the Board, after strong and prudent consideration, decided to defer its final dividend determination during our FY20 Final Results announcement.

This decision was not made lightly and needed to take into consideration the continuing market and economic uncertainty and APRA's industry guidance on capital management. Whilst we were pleased to be able to pay out 31c per share in March this year, we do recognise the difficulty the final dividend deferral may have caused to some of our shareholders.

At this point in time, the Board continues to closely evaluate the ongoing challenging and uncertain market conditions and will further review this decision as part of our first half year dividend considerations in February 2021

As you would expect, we also continue to conduct ongoing scenario analysis and stress testing to support our strong balance sheet and capital position, with total capital as at 30 September at 13.53 percent and CET1 at 9.26 percent, well above unquestionably strong levels.

We have also had other achievements this year to be proud of.

Our multi-year strategy to reduce complexity, invest in capability and tell our story continues to reshape our business for the future, and better position us to deliver on our vision to be Australia's bank of choice.

Examples of this strategy in action include;

- the strong, well above system growth performance, of our Consumer Banking division;
- a 1.3 percent year on year increase in agribusiness lending, as well as;
- the continued success of our fintech partnerships with our Up digital bank and Bendigo Express instant home loan technology offering.

We have also increased our focus on transformation and on ensuring our cost base is as efficient as possible to allow for future investment, while simultaneously maintaining our market leading Net Promoter Score. Your Managing Director will elaborate more on these items in her speech.

We will continue to embrace change. Agility is the order of the day and it's clear the organisations that adapt and transition best to meet the new demands of their stakeholders, will be the ones to succeed and ultimately feed into a stronger and more robust Australia.

Bendigo and Adelaide Bank is no different. And this Bank has been playing - and will continue to play - a very important role in our nation's recovery.

For all we have accomplished this year, we recognise that if we are to achieve our vision to be Australia's bank of choice and respond to this era of economic and social uncertainty, we must continue to accelerate the transformation of our organisation

The essence of what we do will not change, but the means by which we do it must continue to evolve for the better.

One thing that will not change is that our values and purpose will continue to form the basis for our method of administering effective corporate governance.

Our approach has long been one that considers "what is the right thing to do" to achieve better outcomes, in balancing both the short and long term, for the benefit of shareholders and all stakeholders.

Trust is our most valuable asset and it has led to consistently strong and market leading performance, based on feedback from our Customers, in leading corporate reputation indices.

However, like any organisation, we do sometimes make mistakes and when we do, we take ownership of these and action to fix and remediate any errors. That is what we have done in the past and will continue to do in the future.

Next, I want to turn to climate change and the impact it continues to have on the quality of life and financial position of our customers and their communities.

Our Bank supports long-term strategies that contribute to a more sustainable future for all our stakeholders.

This year, the Board and Executive were pleased to adopt its Climate Change Policy Statement and Action Plan. This statement replaces and builds on the Statement of Commitment to the Environment, which the Executive team first adopted in 2010. The Climate Change Action Plan outlines the steps the Bank will take over the next three year period 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.

The Bank supports the Paris Agreement objectives and the required transition to a low carbon economy. We are firmly committed to playing our part in this transition. We will continue to work to build climate mitigation and adaption into our business and also to assist our customers and their communities to build climate resilience into their futures.

For the coming three years, your Bank will concentrate on four focus areas of activity, which incorporate the direct and indirect environmental impacts the Bank has through its operations. These are to:

- reduce our footprint;
- support our customers to do the same;
- understand and manage the risks; and

- be transparent.

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

Looking to our people, we continue to embrace a diverse and inclusive workforce which is a core component of our organisation and critical in achieving our objective of creating a community where employees want to work, where they feel valued and experience a sense of belonging.

In line with this commitment, in December 2019 we launched our first Access and Inclusion Plan in partnership with the Australian Network on Disability, as part of our broader Diversity and Inclusion strategy. Like many barriers faced by everyday Australians, disability should never prevent anyone from seeking advice, accessing products and services, or building a meaningful career.

For us, diversity is about more than gender, race, disability, or sexual orientation. It includes age, people bringing diverse experiences, rural, regional, and international perspectives, the geographic spread of our people, and people combining community commitments with their work.

Our Diversity and Inclusion strategy also includes a commitment to flexibility, which has been tested like never before during this pandemic. Prior to March, just over nine per cent of our workforce had a formal flexible working arrangement in place.

Since March, more than 90 per cent of our corporate office staff have been working from home.

This number fluctuates day-by-day with some of our sites in New South Wales, South Australia and Queensland seeing staff returning to the office on a flexible basis. We encourage these staff to choose and find the right balance between maximising flexibility and productivity as we continue to navigate our way through this pandemic.

In conclusion, I would like to thank all our Bendigo and Adelaide Bank people across the country who have worked tirelessly throughout this year - often in extremely difficult circumstances - from your homes, our offices and especially to those in our branches directly supporting our more than 1.9 million customers. I am so proud of what you have achieved and how you have gone about representing the Bank during this unusual year.

I would also like to thank our customers, our Community Banks and our other key partners - you are all very important to our ongoing success.

Finally, and most importantly, I sincerely thank you, our 110,000 shareholders for your continuing and enduring support this year.

It has been a privilege and an honour to lead Australia's better big bank over the past 12 months. We are grounded in more than 162 years of history and I look forward to continuing to focus on helping deliver success for all our stakeholders going forward.

Thank you.

ENDS.