

# ASX Announcement



## 2020 AGM Managing Director address

27 October 2020

Ms Marnie Baker, Managing Director 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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## **Managing Director's address**

**Marnie Baker**

Good morning everyone.

I would also like to acknowledge the Traditional Owners of the lands on which we are all collectively and virtually meeting today, including the Dja Dja Wurrung people of the Kulin nation, in which Bendigo is located.

I recognise the Traditional Owners and their continuing connection to land, water and community, and I pay my respects to their elders, past, present and emerging.

I also extend to you a warm welcome to this, our first virtual AGM.

I don't need to remind you that 2020 has been a year like no other. It has impacted us all in so many ways.

Some say 2020 will be remembered for its challenges in dealing with what is known and braving the uncertainties of what is to come. However, I strongly believe it will also be remembered for how effectively people, communities, Government and business have collaborated, responded and adapted to situations most had never even contemplated.

The unprecedented bushfire, flood, drought and pandemic events Australia has faced - and continues to face - have caused unparalleled social and economic upheaval, the full impacts of which are still largely unknown and changing.

However, as Australians we value compassion for those in need, and while these crises have and will continue to test our nation's resolve, it has been heartening to see the lengths we are prepared to take to support each other, and the most vulnerable in our society. After all, without a sense of caring, there can be no sense of community.

And through all of this, despite the disruption and change, who we are and what we stand for at Bendigo and Adelaide Bank has not waived, and nor has our strategy.

In 2019, we announced a multi-year transformation and growth strategy. A strategy focussed on reducing complexity, investing in capability and telling our story, to reshape our business for the future, and deliver on our vision to be Australia's bank of choice.

Australia's bank of choice - for customers, communities, employees, partners and investors. A bank people are proud to do business with, partner with, work for and invest in.

Whilst our full year result was impacted by COVID-19, record low interest rates and investment costs, the economic uncertainty has not changed our strategy; instead it has confirmed its strength, and underpinned our need to accelerate the transformation of our business. We must continue to make the right decisions to ensure our organisation; your organisation, is the most efficient and profitable business it can be, whilst maintaining relevance to our customers and staying true to our longstanding purpose to feed into prosperity, not off it.

Our responsibility to fairly balance outcomes for you our shareholders, and all the stakeholders of our business is central to every decision we make. I would like to briefly acknowledge each of these stakeholders now.

Firstly, we know that you, our shareholders, have been impacted in many ways in 2020. In terms of your investment in Bendigo and Adelaide Bank, I would like to extend my personal thanks for your patience as the Board continues to prudently evaluate its decision on the final dividend in line with balancing shareholder and all stakeholder interests in the context of an ongoing environment of economic uncertainty.

For our people, over 7,400 essential workers who have selflessly put aside their own personal circumstances, this year has demanded an exceptional level of commitment and service to support our customers, their communities and the economy throughout the pandemic.

Since mid-March, the vast majority of our corporate office employees have been working remotely, while the majority of our branch network has remained open to assist customers seeking a COVID-safe service.

Our ability to move quickly to support our customers, while also protecting our people's safety is a testament to our organisation's culture and capability. I'm extremely proud of how our entire team has adapted - quickly and at scale - to meet the challenges of this year, and I would like to thank each and every one of them for their efforts.

And when it comes to our more than 1.9 million customers, this year has been one of significant change and challenge.

Since March, more than 25,000 personal and commercial accounts have been provided with support to help manage the impacts of COVID-19. Whilst customers in some geographies and industries continue to face challenges, the number of customers on support packages has significantly reduced, including in Victoria. It is rewarding to see that our personalised support has enabled more than two-thirds of customers on deferred repayment arrangements to get back on their feet, and we are further encouraged by the Victorian Premier's announcement to reopen Melbourne's retail and hospitality industries from tomorrow.

The number of residential and consumer accounts on support packages is down 74% since the peak in May and commercial accounts on support packages down 49% since the peak in July.

We also take comfort our customer base is well positioned to manage through this uncertain environment, with 48% of customers more than six months ahead in their mortgage repayments and almost 40% more than one year ahead.

Naturally, it is in the best interests of both our customers and in turn the Bank, for customers to commence repaying their loans as soon as possible and we remain committed to working with our customers to agree appropriate and tailored arrangements prior to their deferral period ending.

We know it will take years for Australia, and the world, to fully recover and we remain committed to supporting our customers, their businesses and the economy as it reopens and we all adapt to the new COVID normal.

I also want to take this opportunity to reaffirm our commitment to the communities we serve, through the good and tougher times, as we have done for more than 162 years.

Our Bank and all our community partners have played - and will continue to play - a vital role in supporting the prosperity and liveability of your communities, and we remain firmly committed to our 'profit-with-purpose' philosophy.

As one of the largest social enterprise movements globally, our Community Bank model has returned more than \$250 million in community contributions since 1998, which we estimate has in turn, unlocked real economic and social benefits for these communities to the tune of \$1 billion. In this financial year alone, the model has returned more than \$21 million to local communities, helping to build much needed infrastructure and deliver important local sporting, education, arts and cultural initiatives.

As well as a one-in-one hundred-year pandemic, this year Australia faced one of the worst bushfire seasons on record. In January, the Bank launched its national and state-based appeals and raised more than \$46 million from 145,000 generous donors to help those impacted by the devastating Black Summer bushfires. Importantly, 100% of the funds raised will be distributed directly to affected communities, with distribution decisions continuing to be informed and recommended by local communities. To date, almost half of these funds have been distributed to support these community-determined initiatives.

I would now like to briefly comment on our business performance and outlook. Our distinctive strengths continue to provide shareholder value and opportunities.

Last financial year, we saw solid performance across our main target markets with our agribusiness division increasing lending 1.3% and maintaining a strong market share of 8.4%; our small business proposition continuing to build on the momentum of the prior period, and of course our residential lending growth through our combined third party, direct and digital channels, was a standout - growing at four times the average of the industry.

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

This year we accelerated the modernisation and optimisation of the Bank's physical distribution network with the opening of new community-focused experience stores in Carlton, Victoria, Leichhardt and Coffs Harbour NSW. We further complemented this by growing our mobile relationship manager team by 30% to better support customers seeking a more convenient, in person banking experience.

The success of our fintech partnerships continues. In 2018, in collaboration with Ferocia, we launched Up, the first mobile-only digital bank in Australia. It is now the country's highest-rated banking application and this year, more than doubled its customer numbers to over 250,000. Our partner Tic:Toc, this year, sustained further growth of 120%, with cumulative home loan approvals now at more than \$1.2 billion. And both are finalists in this year's Fintech Australia awards, in multiple categories, with winners to be announced tomorrow night. So, watch this space!

Additionally, just two weeks ago, we announced an exclusive partnership with Tyro - an ASX-listed payments solutions provider - for it to become the Bank's exclusive merchant acquiring partner for our business banking customers. This agreement enhances our offering to our customers whilst also aligns strongly to the Bank's strategy of investing in capability and reducing complexity.

These are just but a few examples of what we've delivered in a year like no other.

And so, despite all the change, we've pleasingly:

- Grown our customers numbers by 10%, with total customer numbers now at well over 1.9m.
- Maintained our market leading trust, customer experience and NPS rankings.
- Supported, and continue to support our customers through the devastating impacts of this year's natural disasters and COVID-19.
- Increased our lending to well above the industry average, with this momentum continuing into this financial year.
- And further invested in new and existing partnerships.

To achieve all this though requires investment. To continue to remain relevant, grow in a sustainable manner and provide appropriate returns to you, our shareholders, we must get our costs as a proportion of our income down.

Our sights remain firmly fixed on achieving better outcomes for you and all our stakeholders, through the new investments we're 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.

We are pleased with the positive progress made with our customers to transition them from their repayment deferral arrangements and believe we are adequately provisioned for what we know today. Lending continues to be a strength with year to date growth at 11% and residential lending at 16.1%, both well above industry levels – an outstanding outcome in a low growth environment. Our net interest margin also improved in the first quarter, up 1bp on the second half of the 2020 financial year. Additionally, we have taken early and accelerated action to remove complexity and cost by increasing the intensity in our transformation program so as to return to target income growth exceeding cost growth this financial year. And whilst we know we have more work to do, we remain committed to achieving our targeted cost to income ratio towards 50% in the medium term.

Our purpose, values, strategy, and customer commitment will always be the lens through which we will evaluate every single decision we make – and whilst we won't always get that right, it's the actions we take in response that underline who we are.

Finally, and in closing I would once again like to thank:

- My team. The 7,400 staff Australia-wide, who do an amazing job and go above and beyond to provide our customers with the best possible experience, even when their own circumstances are challenged by the current environment.
- The Board for your ongoing guidance and support.
- Every single customer for your advocacy and the opportunity you provide us to do business with you and support you and your communities.
- Our partners and suppliers for the support, capability and knowledge you provide our business.
- And to you, our shareholders, for providing us with the capital to make it all happen.

As Australia's fifth largest retail bank, one of Australia's oldest deposit taking institutions and a top 100 ASX listed company, we play an important role in providing responsible access to credit to fulfill the individual needs and circumstances of our customers and to support Australia's economy. Never has this been more important than now, in our nation's COVID recovery.

Thank you for your time today.

**ENDS.**