

## 2022 Annual General Meeting – CEO & MD's Address

**Tuesday, 8 November 2022**

In accordance with Listing Rule 3.13.3, Bendigo & Adelaide Bank Limited (BEN) attaches Marnie Baker's CEO and MD address to be delivered at BEN's Annual General Meeting (AGM) today at 11am (AEDT) in Bendigo.

The AGM can be viewed through: <https://www.bendigoadelaide.com.au/agm2022> by clicking the AGM link and following the instructions set out in the Notice of Annual General Meeting and the 2022 AGM User Guide.

Approved for release by: Jacqueline Hey (Board Chair) and Marnie Baker (CEO and Managing Director)

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### About Bendigo and Adelaide Bank Limited

Bendigo and Adelaide Bank is Australia's better big bank, with around 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.

## Managing Director's address

### Marnie Baker, CEO and Managing Director

As Jacquie has noted I am based in Bendigo and grew up in regional Victoria, and my heart goes out to those affected by the recent floods. It is heartbreaking to see the impact floods around the country are having on thousands of families, homes and businesses – including many located here in Northern and Central Victoria.

We know from experience that this is just the beginning of a long road to recovery for the many people whose homes and farms have been inundated.

We also know those affected need support swiftly, which is why the Bank was the first to activate its assistance package offering loan deferrals and fee waivers to customers affected by the floods. As the magnitude of the devastation became clearer, we were also the first bank to extend loan deferrals out to six months for eligible agribusiness customers.

The Bank has and will continue to support customers affected by floods and other events in many ways. Our Rural Finance division will oversee the Victorian State Government's relief program for primary producers, while our charitable arm Community Enterprise Foundation – has launched a Victorian Flood Appeal to support those most affected. For those eager to help, I encourage you to donate through any one of our branches Australia-wide or via our website.

We know our communities will need lots of support to aid their recovery over the immediate, medium, and long-term. In line with our more than 164-year commitment to support Australian communities, our Bank stands ready – as always – to support those experiencing the toughest of times.

When I further reflect on the past financial year, I am reminded of the other significant challenge our Bank faced – the persistent impact of the COVID-19 pandemic – which continued to affect the livelihoods of our customers, their communities, and in turn our operations.

The autumn and winter months were dominated by rising COVID-19 cases and a seasonal influenza outbreak which contributed to an increase in temporary closures across our branch network – and businesses everywhere – as we managed and mitigated the risks posed to our staff and customers. I'd like to thank our customers for their patience and understanding for any inconvenience felt during this time.

As I mentioned in my letter to you in our 2022 Annual Financial Report, viewed through this lens, our Bank's performance in Financial Year 2022 – against both financial and non-financial metrics – was a credit to the outstanding work of every one of our employees across the country.

We successfully delivered on what we promised – in a difficult and competitive environment – by growing loans, deposits and customer numbers while simultaneously reducing costs, improving our cost to income ratio, maintaining a strong balance sheet, preserving our credit quality, and producing a record cash earnings result.

As stated at our full year result for Financial Year 2022, we continue to strike a balance between managing volumes and margins, targeting sustainable revenue growth as system credit growth slows. The rising interest rate environment is providing NIM tailwinds to the banking industry, and to ourselves.

Our focus on costs has not wavered against a backdrop of rising inflation and we are managing for positive jaws, and a further reduction in our cost to income ratio towards our stated target of towards 50% in the medium term.

Credit expenses remain benign, reflecting the quality of the portfolio and where we are in the credit cycle. We will continue to monitor our portfolio carefully as we expect credit expenses to trend back towards long term averages over time.

Our Financial Year 2022 performance is further evidence our strategy, and our strategic imperatives to reduce complexity, invest in capability and tell our story, are working.

We remain Australia's most trusted bank, with the most satisfied home loan customers in the country and with Net Promoter Scores the envy of our competitors.

Our vision - to be Australia's bank of choice - remains unchanged and we believe our success is driven by our stated purpose to feed into the prosperity of our customers and communities, not off them.

It's this unique sense of purpose, combined with our people's dedication to putting our customers at the very centre of everything they do, that continues to set us apart from other financial institutions.

As we face into new challenges, I remind myself and the team that it has never been more important to continue to focus on - and improve - the aspects of our business which we can control – namely, our vision, our focus on customers and the community, and the execution of our strategy.

In line with this commitment, in February this year, we combined our business and agribusiness divisions and confirmed a refreshed and accomplished Executive team.

This included the appointments of Andrew Morgan as Chief Financial Officer and Adam Rowse as Chief Customer Officer Business and Agribusiness Banking, both of whom are in the audience this morning. Bruce Speirs, an existing member of the executive team, was appointed Chief Operating Officer. I would like to formally thank Alex Gartmann and Travis Crouch who both stepped down as executives during the year for the substantial contributions they both made to the Bank.

As previously outlined by Jacquie, Financial Year 2022 was a significant year for the Bank's ESG and sustainability approach, as we made important advances with our ESG agenda.

Our determination to succeed in this area is complimented by our commitment to strengthening communities through our unique Community Bank model. Since the model's inception in 1998, our Community Bank partners have returned more than \$292 million to local communities and initiatives Australia-wide.

This continued in Financial Year 2022, with our Community Bank model recording strong customer and deposit growth, which were positive contributors to our performance, and in turn, helped benefit countless communities across the country by providing new infrastructure, invigorating local activity, and strengthening the social and economic fabric of the places we call home.

I look forward to continuing to work closely with our Community Bank partners, as we take what is special and unique to our Community Bank model and reimagine it for a digital world, ultimately ensuring its success and relevance for many years to come.

While much has changed in the world of banking, I believe there will always be consumer appetite for a genuine and competitive, community minded alternative – one that is digital by design, and human when it matters.

In recognition of this and the need for our Bank to continually evolve to better meet our customers' ever-changing expectations, our organisational and digital transformation continued to gather pace during the year.

Year-on-year, the Bank reduced its number of core banking systems and technology applications, increased its volume of cloud-based applications and delivered more sales via digital channels. We also significantly grew our digital customer base.

Last November, the Bank also completed the acquisition of Melbourne-based fintech, Ferocia, which has allowed the Bank to consolidate ownership of Up - Australia's highest rated banking app - and deliver its flagship digital home loan product, Up Home.

With close to 600,000 customers and over \$1 billion in deposits, Up is empowering a new generation of savers and adding an important demographic to the Bank's customer base at a low cost of acquisition. Up Home - our recently launched digital home loan offering – has to date approved \$37.6 million in loans and settled \$17.7 million.

Our BEN Express digital home loan product - powered by home loan approvals platform Tic:Toc - settled more than \$50 million in loans in Financial Year 2022. Providing this level of growth continues in Financial Year 2023, we could see as much as \$200 million in loans settled through this channel over the next 12 months.

In addition, our commitment to creating connected, seamless customer experiences was further highlighted just last month, when we became one of the first Australian banks to roll out the new PayTo digital payments service to our Bendigo Bank customers.

The swift roll out of the PayTo service - which allows customers to better manage their payments through our online banking app - is another example of the progress being made on the Bank's digital transformation, which remains focused on delivering and embedding digital capabilities, and reducing complexity.

A tighter focus on returns, execution, sustainable growth and leveraging the investments made to date will drive the next phase of our transformation program, so we can continue to improve our overall returns for you, our shareholders.

While the opportunities presented by the digitisation of services are considerable, we have been reminded in recent weeks the risks of getting it wrong are commensurate. You're all likely to be aware of several recent cyber security breaches at various companies, which have affected millions of Australians.

While our systems were not compromised by these breaches, they have underlined the pivotal role our team of technology and cyber specialists play in protecting our customers, shareholders and communities from the impacts of cyber-crime. We take cyber security very seriously and we remain vigilant and on high alert about cyber-attacks.

It is an important role that we play in managing risks on behalf of our customers. As we grow it is important the bank continues its investments in this area and delivers increasingly mature risk management practices. We know that this is critical to making us a better bank and continuing to hold the trust of all of our stakeholders.

As 2023 approaches, a combination of growing inflationary pressures, rising interest rates and wages, a tight jobs market and general global uncertainty, means the economic outlook remains complex, challenging and in flux.

Cash rate increases from the Reserve Bank are beginning to have an impact on property values in some markets and we can expect credit growth to moderate, and competition to remain intense.

Taking these headwinds into account, we will continue to manage our costs diligently and focus on strengthening the returns we derive from our investments, so we can continue to future-proof our business and improve overall returns to you, our shareholders.

To deliver these returns, we must continue to execute on our strategy, and I am confident our highly capable team, guided by our refreshed executive leadership group, will continue to meet - and exceed - the expectations of our customers and all other stakeholders.

We remain, as we have always been, a bank with heart and heritage, and we stand united in our purpose of feeding into the prosperity of the community, not off it.

Over the course of the past year, we lost two people who I had the privilege to work with in the early part of my career and who personified this purpose. Given we are here in person today in Bendigo I would like to say a few words about them, as they will be well known to many in the audience and were regular attendees at our AGM.

In April, Brian Thomas, a former Deputy Chairman of Bendigo Bank passed away at the age of 95.

Brian was the driving force behind several key acquisitions, the initial expansion of our branch network and he also oversaw the Bank's earliest forays into technology, which would later become a hallmark of the group.

Brian was thoughtful, considered, respectful and respected. He had a strong sense of ethics as well as what was needed to ensure the organisation was financially strong and able to withstand difficult times.

In September, Doug Laity, one of Bendigo Bank's longest serving and most loved employees, also passed away, aged 90.

Doug's career with the organisation spanned 48 years and his service was formally recognised in 2006 when one of the laneways adjacent to the Bendigo Centre was named Laity Lane in his honour.

Doug knew everybody by name and made every customer feel special. He was well known in Bendigo as "Mr Bendigo" and his personal approach to banking laid the foundations for how we treat our customers today - putting them at the centre of everything we do.

It is important we acknowledge both men today and their contributions to our organisation. We offer our condolences to the families of both Brian Thomas and Doug Laity.

Finally, in closing, I would like to sincerely thank:

All our customers for your advocacy and the opportunities you provide us to do business with you.

Our 7,000 staff across the country, who have done a fantastic job again this year to provide our customers with the best possible experience.

Our partners and suppliers for the support, capability and knowledge you provide our business.

The Board for your ongoing guidance and support.

And you, our shareholders, for providing us with your strong backing and support for our vision and multi-year growth and transformation strategy.

Thank you for your time today and I look forward to speaking with many of you at the conclusion of today's meeting.