

**Bendigo and Adelaide Bank Limited**  
**2019 Annual General Meeting, 29 October 2019**  
**Managing Director's address**

Good morning everyone.

I would like to acknowledge that we are meeting today on Aboriginal land, the land of the Dja Dja Wurrung people of the Kulin nation. I recognise their continuing connection to land, water and community, and I pay my respects to their elders, past, present and emerging.

Bendigo and Adelaide Bank's own connection to community goes back 161 years to the goldfields where a group of miners came together to pool their funds for community prosperity purposes, enabling the residents of the time to receive funding to build their houses. It was the genesis of banking itself, the notion that everyone should benefit from a financial transaction – the investor who provides the funds, the borrower, the bank's shareholders who bear the risk of the borrower not paying, and society itself.

Today we are meeting in the Head Office of Bendigo and Adelaide Bank at a time when corporate culture and its importance to good customer and community outcomes have never been more pronounced.

Culture is something that is hard to formulate for reporting purposes or to express in a few paragraphs in an Annual Report. It is something that you need to immerse yourself in to fully understand. For this reason, our Board of Directors spend time in our organisation, attending meetings and functions, and speaking to and observing the behaviours of our staff, to get a good feel for the culture of the organisation.

Today we open our doors to you for this reason, as well as to enable more of our staff to hear what is important to you, our shareholders.

So welcome.

I'd now like turn your attention to the future and the fundamental shifts we are seeing in the banking landscape.

There is no doubt it continues to be a challenging environment for Australian banks. Record low interest rates, increased regulatory oversight and unintended consequences from the myriad of enquiries undertaken in recent years is placing pressure on bank returns.

Policy makers are pulling the traditional levers of monetary and fiscal policy to stimulate economic activity, with limited impact to date. Recent cuts to the official cash rate and once-off tax refunds, rather than strengthening confidence in the minds of consumers and businesses are in fact having the opposite effect. Consumers are choosing to pay off debt rather than spend their additional funds and businesses whilst needing funding to grow are finding credit harder to access.

Major advancements in technology and initiatives such as open banking, which allow customers to share their financial information electronically and securely, under

conditions that only the customer approves, will make switching financial institutions easier for customers and improve competition.

However, with in excess of 100 financial institutions in Australia it begs the question why over 80% of deposits and loans are held amongst only 4 banks. Whilst regulators are making it easier for startups and FinTech's to obtain banking licenses with a view to improving competition, they too will come up against the same structural features that create the unlevel playing field that regional and other smaller banks contend with today.

At a time when community standards in banking have never been more important, our Community Bank model is delivering significant social and economic benefits for Australian communities – a shining example of profit-with-purpose or as we refer to it – feeding into prosperity, not off it. Since its establishment 21 years ago, the unique and internationally recognised Community Bank model has returned more than \$229 million to Australian communities. The investment has supported hundreds of important projects that would otherwise not have got off the ground.

Ensuring healthy and vibrant communities has never been more critical than it is today, and the Community Bank model demonstrates the deep connection we have with Australian communities nationwide.

Being based in the communities in which we serve continues to provide great insight into what customers and communities are seeking from their bank and this close connection to our customers is a strength of our model, which we don't take for granted.

The strength of our business is what will stand us in good stead as we reshape our business to be adaptive to the future needs and aspirations of our customers.

We consistently rank as one of Australia's most trusted brands, are the top-rated company for customer experience and have a net promoter score over 30 points higher than the average of the major banks.

A standout for the year has been our 4 times growth in net customers, taking us to over 1.7 million customers who have chosen us as their bank of choice.

Other highlights during the year were:

- The launch of Up, Australia's first and largest next-gen digital bank. Up has exceeded initial expectations of customer growth, attracting over 130k customers in the first 12 months since launch; and
- Leveraging of the Tic:Toc instant home loan technology to become the first lender globally to offer a digital home loan application and assessment process under its own brand, Bendigo Express.

Through our key strategic partnerships, we were able develop these leading-edge products which appeal to customers, and potential customers, in our key priority market segments.

Our strategic imperatives of reducing complexity, investing in capability and telling our story are crystal clear. As is our commitment to our targeted outcomes of providing a seamless customer experience, lowering our cost base in the medium term and continuing to deliver sustainable growth.

We, and our Community partners, have been testing new concept stores, building a better customer experience. Our 'smart' retrofitted Norwood branch in SA has exceeded expectations with a 64% increase in foot traffic and a significant uplift in business. We recently launched a second concept store in Leichardt, NSW and soon to open in Carlton VIC.

We have reviewed our organisational structure and undertaken a cultural review to ensure we have the capabilities, collaboration and discipline to continue to execute on our strategy.

During the year we handed back to the regulator our Rural Bank license, with the entire Bendigo and Adelaide Bank Group now operating under the one license.

We also commenced work required to do away with legacy platforms and to divest of businesses like Bendigo Financial Planning to further simplify and de risk our business – while also delivering cost savings.

At the same time, we have been optimising our channel distribution network and have invested in additional Relationship Managers across key priority markets, as well as expanding partnerships and white label opportunities. For example, the renegotiation of the Elders distribution agreement, new arrangements with Aussie and Connective, our partnership with Swinburne University and more recently announced the partnering with CPA Australia for Business Banking.

The success of attracting new customers, especially in the younger demographic, gives us an opportunity to foster lifelong customer relationships.

This is important because, as we accelerate the digitisation of our offerings and focus on our priority markets where we have a clear competitive advantage, establishing and fostering lasting relationships with this younger demographic will deliver significant long-term growth opportunities.

As we accelerate our strategy and reshape our business, we continue to focus on the markets where we see the best opportunity for our relationship-based style of banking and where trust and authentic relationships are most valued.

The trust in our brand and our people is what has set us apart – and it is a deep sense of purpose and strong set of values which has stayed central to our culture and is entrenched in the way we do business.

My management team and I are committed to reshaping our business and sustainably lowering our cost base so that we can continue to deliver sustainable growth and shareholder returns.

I am extremely proud to lead this organisation, an organisation with both capability and heart, embodying strong values and a commitment to always act in the customer's best interests. An organisation that understands the privileged role that we play in the community.

Our Chairman has played an important role in setting the tone of the organisation and today we say farewell and thank you, to you Robert. A director of the Bank for more than three decades and Chair for the past 13 years, you have given so much to our organisation and we have all benefited from your foresight and strong and courageous leadership. You leave a wonderful and enduring legacy and I wish you all the very best in retirement.

I welcome our new Chair, Jacquie Hey, and I look forward to working closely with her to cement our position as Australia's bank of choice.

In closing I'd also like to thank:

- My team, our 7,500 staff Australia-wide, who do an amazing job and go above and beyond to provide our customers with the best experience in banking.
- 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 your community.
- Our partners and suppliers for the support, expertise and knowledge you provide our business.
- And to you, our shareholders, for providing us with the capital to make it happen.

Thank you for your time today.