

Bendigo and Adelaide Bank announces strong full year result

Monday 14 August 2017: Bendigo and Adelaide Bank, Australia's fifth largest retail bank, today announced an after tax statutory profit of \$429.6 million for the 12 months ending 30 June 2017.

Underlying cash earnings were \$418.3 million, a 4.2 percent increase on the prior financial year¹.

Cash earnings per share were 88.5 cents, a 1.2 cent increase on the 2016 financial year.

The Bank has retained a final fully franked dividend of 34 cents² per share, with a 1.5 percent discount for shares issued under both the Dividend Reinvestment Plan and Bonus Share Scheme also announced.

Managing Director Mike Hirst said these results reflect the Bank's focus on customer outcomes.

"The Bank has experienced above system growth, indicating our focus on providing our customers with the leading experience in financial services is working," Mr Hirst said.

"Recently APRA's lending caps have somewhat restricted that strong lending growth across the Retail (7.7% for the year), and Third Party channels, however, margin expansion was strong in the second half, up 8 basis points half on half, with an exit margin of 2.34 percent. In part this was driven by the need for mortgage repricing to respond to those regulatory caps on interest only and investor growth.

"Additionally, our disciplined approach to front book mortgage pricing held us in good stead following the May and August 2016 cash rate reductions putting pressure on net interest margin.

"Our funding position continues to be industry leading, providing flexibility for executing on growth opportunities. Deposit gathering is a real strength for our Bank and a testament to the advocacy for our style of banking and Retail deposits are up 4.7 percent this year. Solid growth in at call and term deposits sees 80.2 percent of funding provided by retail customers.

"A focus on efficiency has resulted in expenses remaining flat year on year. Our cost to income ratio moved down to 56.1 percent, as productivity gains flow from our continued investment in technology and continuous improvement.

"We are extremely well capitalised for the risk on our balance sheet. Our Common Equity Tier 1 Capital sits at 8.27 percent. Importantly, our ability to organically generate capital will enable us to achieve APRA's unquestionably strong capital benchmarks well within the required timeframe, given what we currently know.

"Progress towards Advanced Accreditation continues, although further announcements from APRA on risk weighted assets will better inform this decision. Regardless, this significant investment has already improved our risk management capability and is an important step to ensure our Bank can operate on a level playing field with major banks. We look forward to the increased choice Australians will have as a result."

Mr Hirst said today's results show the Bank's unique and valued proposition, driven by a clear vision of being Australia's most customer connected bank, resonated with retail customers, businesses and communities.

"Our customers are our greatest advocates. Our premium proposition for customers has driven the highest trust and advocacy in the industry.

"We're number one in the Customer Experience Index across all industries, our corporate reputation is the highest of all Australian retail banks, and out of all banks' customers, our customers are most likely to recommend us to others, according to Roy Morgan research," he said.

"We continue to invest in our people, who are critical in driving success for our customers. We are implementing programs that support their development and build resilience, and this investment in their capability and wellbeing will underwrite our success in the future.

"Our **Community Bank**[®] model is delivering tangible benefits for many communities and our business, with 9 percent balance sheet growth this year. Approximately \$16.6 million was returned directly to local communities in the last financial year, and the impact of these grants will support the sustainability of hundreds of Australian communities for the long-term.

"Our Bank has a great opportunity. Our customer focus, high trust ratings and customer advocacy, provide a great platform for business growth. Paired with our strong funding and balance sheet position we are well placed to generate sustainable returns for our stakeholders.

"I'd like to take this opportunity to thank our customers, staff and other stakeholders for their contribution to our business."

Full Year Result webcast:

The full results presentation will be held today at 10:00am AEST.

Click here to watch the live [2017 Full Year Results Announcement](#)

Or view the archived webcast from Tuesday 15 August at www.bendigoadelaide.com.au

1 All results relate to the full year ended 30 June 2017, with all comparisons against "prior corresponding period". The term "prior corresponding period" refers to the full year ended 30 June 2016.

2 Ex-dividend date for final dividend of 34¢ is 5 September 2017, record date is 6 September 2017, and dividend payment date is 29 September 2017.

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