

Bendigo and Adelaide Bank delivers strong FY results, poised for customer growth

- **After tax statutory profit:** \$434.5 million, up 1.1 percent¹
- **Underlying cash earnings:** \$445.1 million, up 6.4 percent¹
- **Cash earnings per share:** 92.1 cents, up 3.6 cents¹
- **Fully franked final dividend:** 35 cents per share, up 1 cent²

Monday 13 August 2018: Bendigo and Adelaide Bank, Australia's fifth largest retail bank, announced today an after tax statutory profit of \$434.5 million for the 12 months ending 30 June 2018. Underlying cash earnings were \$445.1m, a 6.4 percent increase¹.

The Bank has announced a fully franked final dividend of 35 cents² per share, up 1 cent on the prior corresponding period.

Managing Director Marnie Baker said the results demonstrate the long-held commitment to customers which has led to independent recognition as Australia's most trusted bank. The results set a strong foundation for the Bank's refreshed vision to be Australia's bank of choice.

Strong full year performance in competitive environment

"While all lending markets remain highly competitive, particularly lending to owner occupiers, we have seen solid earnings growth across the Local (6.4%) and Partner (21.8%) segments.

"Margin performance was strong, up 14 basis points for the financial year, with a margin of 2.36 percent, driven in part by a disciplined approach to asset and liability pricing."

Funding position leads the industry, capital remains strong

"We continue to consistently lead the industry with a strong funding position, which provides flexibility to fund organic and inorganic asset growth. With 80.2 percent of funding sourced from Retail customers, this further indicates the strength of our business in an environment where volatility and disruption will continue.

"Our current capital position continues to be a highlight, with Common Equity Tier 1 Capital growing 35 basis points since June 2017. This means we continue to be extremely well-placed to meet APRA's unquestionably strong capital benchmarks. Our organic capital growth reflects strong profitability, stable balance sheet and a move to lower risk exposures."

"Along with the rest of the industry, and following the consultation process, we await APRA's release of the updated credit risk capital proposals given the significant changes proposed. We are, however, satisfied with the progress we continue to make towards Advanced Accreditation for both interest rate risk in the banking book and credit risk.

Delivering effective innovation; balancing cost, compliance and regulation

"Despite the second half being influenced by negative income growth, our continued focus on prudent cost management in a challenging environment has seen our cost to income ratio continue to decrease to 55.6 percent for the financial year. Looking forward, we don't anticipate a material change in our cost to income ratio, as we focus on accelerating revenue growth.

"We've delivered to expectation on compliance and regulatory commitments, and our strategy and results show we have innovated where we need and want to. For example, in the last financial year, we successfully transitioned our Technology and Change division to an agile work practice, which enables

us to deliver with more efficiency and better understand customer needs, ultimately providing even better service.”

Industry leading reputation backed by unique strategy, unique culture.

“No bank is immune from the heightened attention surrounding the Royal Commission and other inquiries, but this also presents a strong opportunity. Our strategy, combined with our passionate culture and innovative mindset, drives the highest trust and advocacy in the industry.

“Our recent accolade as Australia’s most trusted bank – and third most trusted brand – in the Roy Morgan Net Trust Score is one of many metrics that indicates our strategy resonates with our 1.6 million customers.

“At a time when community standards in banking have never been more important, the **Community Bank**[®] model is delivering significant social and economic benefits for Australian communities. More than \$200 million has been returned to local communities in 20 years – about \$17 million this year – and we’re proud to enable Australians and their communities to take greater control of their financial future by investing in themselves to create prosperous and sustainable lives.

“We continue to invest in our people, and we have a responsibility to ensure they continue to upskill and evolve, building capability and resilience to navigate the future financial services industry. Our employees drive our customers’ success, and these investments will invariably underpin our organisation’s success into the future.”

Strategic outlook positions Bank for future success

“The time for our Bank is now. Our strategy is to focus on the success of our customers, people, partners and communities to be Australia’s bank of choice. Our history of delivering and innovating, and the uniquely nimble composition of our business, will ensure shared success through our strategic partnering mindset.

“Our proposition is strong; our customer focus, high trust ratings and customer advocacy, provide a great platform for business growth.

“And our purpose drives prosperity for all stakeholders. It’s proven that those organisations who demonstrate they deliver on their stated purpose, vision and values are more likely to succeed. We know this is true because we’ve been living it for our 160 years in business.

“The environment is right for us to succeed and our business is poised to take advantage of the opportunities ahead,” said Ms Baker.

Full Year Result webcast:

The full results presentation will be held today at 10:00am AEST. Click here to watch the live [2018 Full Year Results Announcement](#) or view the archived webcast from Tuesday 14 August at bendigoadelaide.com.au

1 All results relate to the full year ended 30 June 2018, with all comparisons against "prior corresponding period". The term "prior corresponding period" refers to the full year ended 30 June 2017.

2 Ex-dividend date for final dividend of 35¢ is 3 September 2018, record date is 4 September 2018, and dividend payment date is 28 September 2018.

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