

## Focus on margin management, capital and funding remain strong

**Monday 8 August 2016:** Bendigo and Adelaide Bank today announced an after tax statutory profit of \$415.6 million for the 12 months ending 30 June 2016.

Underlying cash earnings were \$439.3 million, a 1.6 percent increase on the prior corresponding period<sup>1</sup>.

Cash earnings per share were 95.6 cents, a 0.5 percent increase on the prior corresponding period.

The final fully franked dividend of 34 cents<sup>2</sup> per share, lifts the full-year dividend by 2 cents, to 68 cents per share. The 1.5 percent discount for shares issued under both the Dividend Reinvestment Plan and Bonus Share Scheme has been maintained.

Ongoing attention to margin and cost management and well implemented business strategies reflected the results reported today, Managing Director Mike Hirst said.

“Lending growth accelerated in the second half, with costs well managed in this unprecedented low interest rate environment,” he said.

“The strength of our retail funding base has helped deliver a half on half increase of 1bp in our net interest margin to 2.17 percent, despite the continuing fierce competition for mortgage growth.

“However, this low interest rate environment has impacted our net loan growth as customers are rightly choosing to reduce debt and improve their financial position. Many of our mortgage customers are ahead in their loan repayments, while excess loan repayments continued to increase and mortgage offset accounts grew by 11 percent over the year.

“We continue to leverage the core strength of our retail brand and distribution network, with about 82 percent of funding provided by retail customers. The second half saw solid growth in new customer and existing customer deposits, with retail deposits up 8 percent. At 30 June 2016, our indicative net stable funding ratio sat at approximately 115 percent and liquidity coverage ratio at 118 percent.

“And with our Basel III common equity tier 1 ratio standing at 8.09 percent and total capital at 12.21 percent, we have ample capital to grow our business organically.

“This all serves to fortify what are already particular strengths for our Bank.”

Mr Hirst said the Bank’s unique and valued customer proposition reflected a commitment to providing an outstanding customer experience.

“Our Bank consistently ranks number one in customer satisfaction indexes, and our products are regularly recognised for their competitive rates, being easy to use and understand, and for meeting our customer’s needs. This is a great testament to the outstanding commitment of our dedicated staff,” he said.

“Supported by a significant investment in technology and digital capabilities, we’re firmly focused on maintaining this premium position with our customers by making it easier for them to do business with us.

“We believe that a partnering mindset will allow us to remain at the forefront of customer considerations. This is a clear strategic objective that dovetails into our Bank’s long-held belief that our success will come

from focusing on the success of all the stakeholders in our business.

"We are managing our business today as an advanced bank from a Basel II perspective. The substantial investment we've made to move to advanced accreditation has increased our risk management capability and improved how we serve our customers, and this continues to be an important focus for our Bank.

"Our Bank's strong capital, funding and credit position means our outlook remains extremely positive. We're targeting flat cost growth for the 2017 financial year and our focus on the success of our customers and strategies to deliver balance sheet growth means our Bank continues to be well placed for growth and the challenges ahead," he said.

## Full year result webcast:

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

Watch the live webcast at <http://edge.media-server.com/m/p/gzgdmuah> or view the archived webcast from Tuesday 9 August [www.bendigoadelaide.com.au](http://www.bendigoadelaide.com.au)

<sup>1</sup> All results relate to the full year ended 30 June 2016, with all comparisons against "prior corresponding period". The term "prior corresponding period" refers to the full year ended 30 June 2015.

<sup>2</sup> Ex-dividend date for final dividend of 34¢ is 6 September 2016, record date is 7 September 2016, and dividend payment date is 30 September 2016.

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