

## BENDIGO & ADELAIDE BANK (BEN) 13 AUGUST 2018

RESULTS	Full Year 2018	Full Year 2017	CHANGE
Total Income (\$m)	1,643.5	1,609.5	+2.1%
Bloomberg Consensus (\$m)	1,621.0		
Bad & Doubtful Debts (\$m)	307.8	282.5	+9%
Net Interest Margin (NIM) (%)	2.36	2.22	+6.3%
Cash Earnings (\$m)	445.1	418.3	+6.4%
Bloomberg Consensus (\$m)	445.8		
Final Dividend (\$)	0.35	0.34	+2.9%

### Bendigo & Adelaide Bank profits lift despite competitive lending environment

- **Bendigo & Adelaide Bank (BEN)** posted an in line with consensus 6.4% lift in annual cash profit to \$445.1m for the 12 months to 30 June 2018, despite a competitive lending market to owner occupiers and a tighter regulatory environment. Over the year, Australia's fifth largest retail bank increased the size of its loan book by 1.4%, maintained deposit funding, lowered its Bad & Doubtful Debt charge and improved its margins.
- Its **Bad & Doubtful Debts (BDD)** charge made up just 11bps of its loans to \$307.8m in June 2018, and is below the reading for the major banks. This improved from 13bps just six months earlier. BEN said agribusiness provisions continue to remain low despite the widespread drought.
- The **Net Interest Margin (NIM)** rose by 14bps to 2.36% on a year earlier. BEN said the improvement was "...mainly due to repricing activity both in the lending and deposit portfolio" (lift in some rates on loans and lower rates on some deposit products).
- Over the **second half**, settlements on residential home loans rose to \$6.6bn, a \$300m lift on the first half and \$600m above settlements a year earlier. Around 70% of its loan book is made up of residential mortgages while 23.7% are business loans. 77% of its residential loans currently have a Lending to Value Ratio (LVR) below 80% with Victoria, NSW and the ACT its biggest markets.
- Over the year it received **lower ATM and transaction fees**, while its **trading book income** also fell as the group's **expenses** rose. The contribution from its **Homesafe investment property portfolio** business was lower for 2H18. Homesafe allows elderly customers access to equity in exchange for giving up a share of its revaluation to the bank.
- BEN will pay eligible investors a \$0.35 per share **fully franked final dividend** on 28 September 2018 and will trade ex-dividend on 3 September 2018. It currently has a dividend yield around 6%.
- **BEN shares** edged higher following the result and have outperformed most of the other listed banks so far this calendar year on the ASX.

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