

24 February 2025

ASX Listings Compliance

By email: ListingsComplianceMelbourne@asx.com.au

Dear Sir / Madam,

Response to ASX Aware letter dated 20 February 2025

We refer to your letter dated 20 February 2025 (the **ASX Aware Letter**) and set out the response of Bendigo and Adelaide Bank Limited (**BEN**) to the requests for information made in the ASX Aware Letter, using the same numbering.

- 1. Does BEN consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

1.1 BEN's margin performance in H1FY25 compared to H2FY24.

No.

1.2 BEN's rate of cost growth in H1FY25.

No.

- 2. If the answer to any part of question 1 is “no”, please advise the basis for that view having regards to the matters referred to in paragraphs B and C [of the ASX Aware Letter].**

Please answer separately for each of the items in question 1 above.

Margin performance:

- (a) BEN considers that margin performance, in isolation of other factors which influence BEN's earnings, is not information that a reasonable person would expect to have a material effect on the price or value of its securities.
- (b) Margin performance, although important, is but one of a number of factors that contribute to BEN's overall financial performance. There are numerous other factors (such as lending and deposit growth, non-interest income, operating fixed costs, volume-related costs, investment spend, loan impairment or credit expenses and effective tax rate) that impact BEN's financial performance. Accordingly, BEN considers that its margin performance alone is not information that a reasonable person would expect to have a material effect on the price or value of its securities.
- (c) While BEN notes the commentary regarding margin performance outlined in Section C of the ASX Aware Letter, BEN notes that the commentary needs to be considered in the context of the full commentary from BEN (together with other detailed information) on other matters that impact BEN's overall financial performance. This reflects that margin performance is but one of a number of factors that impact BEN's financial performance.
- (d) On previous occasions when BEN has reported movements in margin performance of a similar scale from half to half BEN has not observed any subsequent share price movements to the extent experienced following the release of its H1FY25 Results.

- (e) For completeness, BEN also notes that the change in margin performance in H1FY25 compared to H2FY24 represented a 3% deterioration. A deterioration of this degree does not represent a material deterioration in isolation – particularly in the context of BEN which has historically experienced a degree of volatility in its margin performance.

Rate of cost growth:

- (a) BEN considers that BEN's rate of cost growth in H1FY25, in and of itself, is not information that a reasonable person would expect to have a material effect on the price or value of its securities.
- (b) As is the case with margin performance (discussed above), BEN's rate of cost growth in H1FY25 is but one of a number of factors that contribute to BEN's overall financial performance.
- (c) BEN also notes that the rate of cost growth in H1FY25 was not a factor that should be considered as unexpected by the market given a number of other directly relevant factors of which the market was aware – namely:
- (i) BEN had previously notified the market at the time of the release of its FY24 full year results that it was expecting a \$30-40 million increased investment spend in FY25 and that approximately two thirds of this would be expensed rather than capitalised;
 - (ii) a relatively high underlying rate of inflation in the Australian economy and cost increases from international technology service providers; and
 - (iii) BEN's balance sheet growth – and specifically in residential lending, representing approximately two times system growth – which necessarily comes with additional costs (noting that BEN's balance sheet growth is information that is publicly available via APRA's monthly reporting of banking statistics¹). BEN also notes that a number of sell-side analysts publish research notes shortly after the release of this APRA information.

3. When did BEN first become aware of the information referred to in question 1 above? Please answer separately for each of the items in question 1 above.

BEN continuously monitors margin and cost performance as part of its ongoing financial management and reporting processes. BEN also regularly updates its estimates of consensus earnings.

BEN was aware of the margin trend, rate of cost growth and likely final outcome of these metrics prior to the release of the H1FY25 results, with the final position being confirmed when the final H1FY25 results were finalised and approved for release on 17 February 2025.

In any event, as noted above, BEN considers that the margin performance and cost growth information in isolation was not information that a reasonable person would expect to have a material effect on the price or value of its securities.

4. On what date did BEN first become aware with a reasonable degree of certainty that its margin performance in H1FY25 would vary materially from its H2FY24 margin performance?

As noted in Section 3 above, BEN continuously monitors margin performance as part of its ongoing financial management and reporting processes.

¹ APRA Monthly Authorised Deposit-taking Statistics, available on APRA website.

At no stage prior to the release of the H1FY25 Results did BEN consider its margin performance in H1FY25 would, or indeed did, vary materially compared to H2FY24.

Indeed, as noted in Section 1, the change in margin performance in H1FY25 compared to H2FY24 represented a 3% deterioration. A deterioration of this degree does not represent a material deterioration – particularly in the context of BEN which has historically experienced a degree of volatility in its margin performance.

5. **Does BEN consider the information in question 4, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

No

6. **If the answer to any part of question 4 is “no”, please advise the basis for that view having regards to the matters referred to in paragraphs B and C above.**

Refer to the matters discussed Sections 1, 3 and 4 above.

7. **If BEN first became aware of the information referred to in questions 1 and 4 before the date of the Results Announcements, did BEN make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe BEN was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BEN took to ensure that the information was released promptly and without delay.**

Please answer separately for the information referred to in questions 1.1, 1.2 and 4 above and provide details of the prior announcement if applicable.

No announcement was made prior to the release of the H1FY25 Results.

As noted in Sections 1, 3 and 4 above, BEN considered that none of the information was information that a reasonable person would expect to have a material effect on the price or value of its securities.

BEN considered that the relevant information was BEN's Cash Earnings for H1FY25, not any individual component contributing to those Cash Earnings (whether that be margin performance, cost growth or any other factor).

As the difference between BEN's Cash Earnings for H1FY25 and the consensus estimate for those Cash Earnings was 5.8% (significantly below the 15% suggested in ASX Guidance Note 8), BEN considered that it had no obligation to make any disclosure in respect of its H1FY25 financial results until those results were finalised and approved for release on 17 February 2025.

8. **Please confirm that BEN is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.**

Confirmed.

9. **Please confirm that BEN's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BEN with delegated authority from the board to respond to ASX on disclosure matters.**

Confirmed.

For completeness, in the period around which BEN released its Results Announcement on 17 February 2025, the market reaction to market updates and results of other financial services companies has appeared to be more severe than previously experienced – with a number of financial services companies suffering significant falls in share price. This overall market dynamic is one that BEN did not, and could not reasonably be expected to, predict.

Yours sincerely,

Belinda Donaldson

Company Secretary

Bendigo and Adelaide Bank Limited



20 February 2025

Reference: 106334

Ms Belinda Donaldson
Company Secretary
Bendigo and Adelaide Bank Limited
22 – 44 Bath Lane
BENDIGO VIC AU 3350

By email:

Dear Ms Donaldson

Bendigo and Adelaide Bank Limited ('BEN'): ASX Aware Letter

ASX refers to the following:

- A. BEN's letter dated 18 February 2025 in response to ASX's aware letter dated 17 February 2025¹ released on MAP at 5:33 PM AEDT on 18 February 2025 disclosing in response to question 6 of the ASX letter that the following information may explain the trading in BEN's securities following the release of its H1FY25 results:
- 1.1 BEN's margin performance in H1FY25 compared to the second half of FY24 (i.e., the half year ended 30 June 2024); and
 - 1.2 BEN's rate of cost growth in H1FY25.
- B. BEN's announcement titled "FY24 Results Presentation" (the 'FY24 Results Presentation') released on MAP at 8:16 AM AEST on 26 August 2024 which disclosed:
- 1.3 On page 34, titled "FY24 Key Metrics", that net interest margin is a Key Metric.
 - 1.4 On page 36, titled "Net interest Margin", the factors affecting net interest margin and BEN's historical net interest margin dating back to FY13.
 - 1.5 On page 46, titled "Financial assets – credit risk exposures", the impact of margin lending on BEN's credit risk exposures.
 - 1.6 On page 47, titled "Net interest margin: Capital and deposit hedges", that there was 'Additional NIM benefit expected over medium term from impact of higher interest rates on capital and deposit replicating yields'.
 - 1.7 On page 48, titled "Community Bank: How the revenue share works" that margin income is key contributor to Community Bank revenue and profit.
- C. BEN's FY24 Earnings Call held at 12:00 PM AEST on 25 August 2024 a transcript of which included statements, and answers to questions posed, provided by BEN's CFO, Mr Andrew Robert Morgan as follows:

Mr Morgan's statements:

Our third quarter NIM rose strongly, up 9 basis points, reflecting the benefit of pricing activity post the cash rate rise in November last year. Importantly, our fourth quarter NIM was stable compared to

¹ Terms defined in the ASX letter dated 17 February 2025 are the same in this letter.

third quarter. Our normalized exit NIM for the half was marginally lower than the fourth quarter average. [...]

On key considerations for financial year '25, we expect cash rates to remain stable into next calendar year[...]The unknown factor remains the degree of price competition on both sides of the balance sheet. We are seeing that competitive intensity is stabilizing. On balance, based on what we know today, we expect more stability in margins compared to what we've seen in the last few years.

Question from an analyst ('Analyst 1'):

regarding the NIM. The underlying drivers look a lot stronger than in the first half, although quarter-on-quarter; we can see your NIM hasn't moved. And you said your normal [Audio Gap] NIM was marginally lower. Would this [infer] that the rate of improvement in net interest margin has peaked, especially with the reduction of [indiscernible]'.

Mr Morgan's response:

[...] But I think the key thing to take out of all of this is, with all of those things that we know about and the things that we don't know about, and of course, competition is one of the big ones, we think more stability is likely the outcome through '25.

Question from an analyst ('Analyst 2'):

Right. And so you also mentioned that your exit margin was slightly lower than in the quarter, but liquids were obviously well down, as your slide suggests, and therefore, that would be a sizable drag on average interest-earning assets in 1 half '25. Are you able to maybe put those 2 things into kind of context? And maybe sort of holistically, what does it mean for your margins and volumes as we're thinking into next period?

Mr Morgan's response:

Yes. So again, part of what weighed down on that exit NIM is the fact that we put some wholesale funding on to the balance sheet to fund what we thought was stronger-than-expected residential lending growth in the last couple of months of the year. As things play out into next year, as we said earlier, there are known tailwinds [...] So Victor, when we put all of that together, we think that the last 2 quarters are quite instructive. So on a normalized basis, 194 basis points for the half, 194 basis points says to us, things are likely to be more stable into financial year '25. So hopefully, that answers your question as best I can answer it.

Further question from Analyst 2:

And obviously, you're kind of telling us kind of how to think about next half, but it would be useful for us to sort of understand the moving parts. And I guess on the liquidity side, as you said, it was a drag in first half. Now that the drag should disappear, presumably, that's a sizable positive benefit that you will have on the margins going into 1 half 2025. Is that not right, though?

Mr Morgan's response:

In isolation, that's right. But you remember you've got to take the full package of things that we've just described.

- D. The change in the price of BEN's securities from \$13.42 immediately prior to the release of the Results Announcements to a low of \$10.87 and a close of \$11.37 on 17 February 2025.

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- E. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- F. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.*
- G. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.

3.1A *Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

3.1A.1 *One or more of the following 5 situations applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed.*

Request for information

Having regard to the above, ASX asks BEN to respond separately to each of the following questions:

1. Does BEN consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

1.1 BEN's margin performance in H1FY25 compared to H2FY24.

1.2 BEN's rate of cost growth in H1FY25.

Please answer separately for each of the above.

2. If the answer to any part of question 1 is "no", please advise the basis for that view having regards to the matters referred to in paragraphs B and C above.

Please answer separately for each of the items in question 1 above.

3. When did BEN first become aware of the information referred to in question 1 above? Please answer separately for each of the items in question 1 above.

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4. On what date did BEN first become aware with a reasonable degree of certainty that its margin performance in H1FY25 would vary materially from its H2FY24 margin performance?
 5. Does BEN consider the information in question 4, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
 6. If the answer to any part of question 4 is “no”, please advise the basis for that view having regards to the matters referred to in paragraphs B and C above.
 7. If BEN first became aware of the information referred to in questions 1 and 4 before the date of the Results Announcements, did BEN make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe BEN was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BEN took to ensure that the information was released promptly and without delay.

Please answer separately for the information referred to in questions 1.1, 1.2 and 4 above and provide details of the prior announcement if applicable.
 8. Please confirm that BEN is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
 9. Please confirm that BEN’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BEN with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4:00 PM AEDT Tuesday, 25 February 2025**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, BEN’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out above and may require BEN to request a trading halt immediately if trading in BEN’s securities is not already halted or suspended.

Your response should be sent by e-mail to **ListingsComplianceMelbourne@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in BEN’s securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to BEN’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that BEN’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours sincerely

ASX Compliance