

Bendigo Bank - Challenged by costs and the changing face of lending

Company/ASX Code	Bendigo Bank LTD (BEN)
AGM time and date	11am, Tuesday, 21 October 2025
Location	Ulumbarra Theatre 10 Gaol Rd. Bendigo VIC
Registry	MUFG Corporate Markets Ltd
Type of meeting	Hybrid, with online voting and questioning
Monitor	Eric Pascoe and Norm West
Pre-AGM Meeting	Yes, with Chair Vicki Carter and MD Richard Fennell

Monitor Shareholding: The individuals or their associates involved in the preparation of this voting intention have a shareholding in this company.

1. How we intend to vote

No.	Resolution description	
2	Re-election of Victoria Weeks as a director	For
3	Re-election of Alistair Muir as a Director	For
4	Election of Travis Dillon as a Director	For
5	Adoption of the Remuneration Report	For
6	Approval of the grant of performance rights to the CEO/MD	For

2. Summary of Issues and Voting Intentions for AGM

There is nothing controversial in the resolutions before the Bendigo Bank AGM. All directors are well qualified with a good variety of skills. The board has gender balance and attends to its ESG responsibilities conscientiously. The CEO's pay is not excessive and is designed to reward performance over the long term.

3. Matters Considered

Accounts and reports

Financial performance

(As at FYE) 2025	2025	2024	2023	2022	2021
NPAT (\$m)	(\$97.1)	\$545.0	\$497.0	\$488.1	\$524.0
UPAT (\$m)	\$514.6	\$562.0	\$576.9	\$500.4	\$457.2
Share price (\$)	\$12.64	\$11.49	\$8.59	\$9.07	\$10.49
Dividend (cents)	63c	63c	61c	53c	50c
Simple TSR (%)	15.5%	40.6%	0.77%	-6.8%	55.5%
EPS (cents)	(17.2c)	96.3c	87.9c	87.5c	98.1c
CEO total remuneration, actual (\$m)	\$2.323m	\$2.664m	\$2.662m	\$1.829m	\$1.773m

Bendigo Bank suffered a 7.7% increase in costs blowing their Cost to Income ratio out by a huge 460 basis points to 62.1%. Consequently, Cash Profit dropped 8.4% to \$514.6m. BEN's Statutory Profit plunged into the red mainly due to a large non-cash impairment charge of \$539.5m. The company, however, maintained their total dividend at 63 cents for the year, representing a reasonable payout ratio of 70% of Cash Profit.

The Managing Director said the main factor for their increase in costs is the increasing cost of technology. Both for cyber security purposes and trying to remain at the forefront of digital development.

The banking industry economic model makes life tough for the Bendigo Bank. They are a small player (just 2.5% market share) in an industry dominated by 4 big players. BEN's cost structures are higher than the majors because of their lack of scale and it costs them more to borrow funds. Other small lenders compete by being digital only banks, but Bendigo Bank has grown up with an expensive traditional branch network in an era where potential borrowers (residential, business and agribusiness) are increasingly turning to mortgage brokers instead of their local bank branch.

All is not lost, however. Bendigo Bank has dramatically simplified its product offering reducing costs, very successfully commenced a rapidly growing digital only brand (UP Bank), offers mortgage brokers an efficient digital platform and still hopes to capitalise on their customer-facing branches for lending. Traditional savings account holders also provide Bendigo Bank with a cheap source of funds.

The question is will the changing face of lending toward Mortgage Brokers be a net positive for Bendigo Bank providing access to a wider customer pool or will it be a negative, undermining and eroding the banks traditional good relationship with its customers?

Key board or senior management changes

David Matthews retired from the board in 2025, and Travis Dillon was appointed who, like Mr. Matthews, has extensive agricultural sector experience. KMP changes during the year were as follows: Sarah Bateson was appointed Chief Marketing Officer, Xavier Shay appointed Chief Digital Officer, Fiona Thompson appointed Chief People Officer, Kerrie Noonan appointed Chief Risk Officer and Kieran O'Meara as Chief Technology Officer.

Sustainability/ESG

BEN prides itself on being at the forefront of Sustainability and ESG reporting. They speak proudly of their ESG credentials and investment in community.

ASA focus issues (not discussed above or under remuneration report or re-election of directors)

The ASA mentioned, at our boardroom meeting, our preference for capital raising utilising the PAITREO system. Bendigo Bank is not currently considering a capital raising but acknowledged that retail shareholders are very significant to BEN and that they would always be treated justly in any capital raising.

4. Rationale for Voting Intentions

Resolution 1 Re-election of Victoria Weeks as a director (for)

Victoria Weeks is a busy person but also has substantial and unique experience with the likes of ASIC and The Australian Gender Equality Council. On balance her excellent experience outweighs her busy diary. She is Chair of BEN's Board Risk Committee and sits on the People and Culture Committee. She holds a suitable number of BEN shares.

Resolution 2 Re-election of Alistair Muir as a Director (for)

Alistair Muir is also very experienced with an extensive background in technology. Technology is changing banking rapidly at the moment. He is Chairman of the Board's Technology and Transformation Committee. The ASA requested that he increase his modest shareholding in Bendigo Bank and we believe that has happened.

Resolution 3 Election of Travis Dillon as a Director (for)

Travis Dillon joined the board in February 2025 following the resignation of David Matthews who had long represented the rural and Community Bank sectors. Fittingly Travis' business experience is in agriculture and he is currently Chair of Select Harvests Ltd and Chair of Australian Grain Technologies although only the former is ASX listed. The BEN board is convinced he has the time to properly fulfil his role as an independent director and he holds a suitable parcel of BEN shares.

Resolution 4 Adoption of the Remuneration Report (for)

The ASA, whilst not entirely happy with the remuneration report because of its complexity, will support it. It is very little changed from the remuneration report that we supported last year, and the CEO's remuneration is not excessive. Nor is that of the Key Management Personnel.

The board has granted each non-executive director a \$20,000 increase to \$185,000 for F26.

Resolution 5 Approval of the grant of Performance Rights to the CEO/MD Richard Fennell (for)

The MD's Performance Rights are tested over 4 years and take another 2 years to fully vest. The maximum LTI opportunity is 105% of his Fixed Salary. The number of LTI Performance Rights is allocated on a face value methodology (See below for a detailed breakdown of incentive hurdles).

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Appendix 1

Appendix

CEO/MD Remuneration framework detail

CEO rem. Framework for FY26	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	\$1.5m	39%	\$1.5m	36%
STI - Cash	\$0.375m	10%	\$0.525m	13%
STI - Equity	\$0.375m	10%	\$0.525m	13%
LTI	\$1.575m	41%	\$1.575m	38%
Total	\$3.825	100.0%	\$4.125m	100%

Short Term Incentive scorecard factors are;**Weighting**

• Cost to Income ratio	10%
• Cash Earnings	20%
• Profit after capital charge	10%
• Absolute Cost growth	10%
• Customer and Community	20%
• People & Planet (ESG related)	10%
• Risk and governance uplift	20%

Fifty percent of the STI is paid in cash and 50% is deferred rights.

There is an 'Individual Modifier' which can reduce STI outcomes to zero or increase them to 120% of the scorecard outcome.

Long Term Incentive Hurdles;**Weighting**

• Relative TSR (against ASX S&P 100 Financials)	40%
• Absolute ROE	25%
• Relative customer NPS	20%
• Relative Reputation	15%