

Bendigo Bank – Doing okay, but their lack of scale means expenses are high

Company/ASX Code	Bendigo Bank Ltd (BEN)
AGM time and date	11am AEDT on Tuesday, 20 October 2026
Location	Ulumbarra Theatre 10 Gaol Rd. Bendigo VIC
Registry	MUFG Corporate Markets Ltd
Type of meeting	Hybrid
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 Margaret Payn as a director	For
3	Adoption of the Remuneration Report	For
4	Approval of the grant of performance rights to the CEO/MD	For

2. Summary of Issues and Voting Intentions for AGM/EGM

There is nothing controversial in the resolutions before the Bendigo Bank AGM.

Margaret Payn is the only director up for election and the ASA has no reason to oppose her reappointment. She is well qualified with a good variety of skills and holds an appropriate number of BEN shares.

The board has gender balance and attends to its ESG responsibilities conscientiously.

The Remuneration Report is also acceptable to the ASA. Executive 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	2026	2025	2024	2023	2022
NPAT (\$m)	\$375.1	(\$97.1)	\$545.0	\$497.0	\$488.1
UPAT (\$m)	\$530.2	\$514.6	\$562.0	\$576.9	\$500.4
Share price (\$)	\$10.55	\$12.64	\$11.49	\$8.59	\$9.07
Dividend (cents)	63c	63c	63c	61c	53c
Simple TSR (%)	-11.55%	15.5%	40.6%	0.77%	-6.8%
EPS (cents)	65.9c	(17.2c)	96.3c	87.9c	87.5c
CEO total remuneration, actual (\$m)	\$1.753m	\$2.323m	\$2.664m	\$2.662m	\$1.829m

The Bendigo Bank's cash result was good. At \$530 million it was 3% up on last year. The Statutory Net Profit however was \$375 million. Still well up on the previous year's \$97 million loss but further highlighting BEN's struggle to defray their development and technology costs across a smaller customer base than the big four banks.

BEN's Cost to Income ratio at 61.6% compares very unfavourably with the Commonwealth Bank's figure of 45.5%. BEN is operating at a considerable disadvantage to the 4 major banks. It is amazing that they can compete reasonably well in the same marketplace, and often through the agency of Mortgage Brokers, whose main driver is the 'price' of the loan.

Surprisingly however, in F26, BEN was able to improve its Net Interest Margin by 7 basis points to 1.95%. The Managing Director Richard Fennell said that they were more able to fund their loan book from low-cost savings accounts rather than higher cost term deposits.

Governance and culture

Key events

The most serious matter before the Bendigo Bank in F26 is the Non-Financial Risk deficiencies they have uncovered in their Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) program. After self-reporting a possible breach of the rules at one of their Community Bank branches APRA, AUSTRAC and ASIC have all become involved.

BEN's board quickly engaged Deloitte to do a full and thorough independent investigation. Their findings were damning. They said the bank's deficiencies in its AML/CTF obligations were wider than just the one branch identified. AUSTRAC subsequently identified "serious potential contraventions of the AML/CTF Act" and commenced an enforcement investigation.

APRA applied a \$50 million operational risk Capital Charge on BEN relating to AML/CTF deficiencies. It also imposed licence conditions on the bank and required an uplift to the bank's Non-Financial Risk capability.

For its part BEN has scrambled to get in front of the regulator's requirements. They have;

- Prepared a comprehensive rectification plan with APRA's oversight.
- Appointed an independent reviewer.
- Implemented the rectification plan (anticipated to cost \$70 million over 3 years)
- Took a charge against the F26 accounts to cover the anticipated costs.

BEN appears to have contained their problems by conscientiously cooperating with regulators to fix their deficiencies in their AML/CTF obligations. The danger will be if more or larger issues emerge from the investigations currently under way.

Key board or senior management changes

In September 2025 Richard Deutsch resigned from the board citing personal reasons. Chair Vicki Carter told the ASA that BEN is currently undertaking a search for up to two new directors. Whilst their search is in its advanced stages, she didn't think that the company would be able to make an announcement by the time of the AGM.

MD Richard Fennell appointed Christopher Dean Chief Customer Officer, Consumer Banking from September 2026 following the resignation of Taso Corolis in March. He also flagged the appointment of a new Risk Officer in the coming months.

Sustainability/ESG

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

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

4. Rationale for Voting Intentions

Item 2 - Resolution 1 – Re-election of Margaret Payn as a director (For)

Margaret Payn has been on the board since 2023. She is currently the Chair of the Board Audit committee and a member of the Board Risk Committee. She has extensive experience in Business and Finance both within Australia and internationally having worked for companies like AMP, ANZ, Westpac and Citigroup in senior roles. Whilst she has other minor director roles her external workload does not appear to be great. She owns a more-than-satisfactory number 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. The board has proven to be conservative with their payment of key personnel and have exercised their discretion to reduce executive pay where they have thought it appropriate to do so. The board reduced the CEO's short-term incentive payment by 50% in F26 holding the executive team responsible for BEN's deficiencies under the AML/CTF code.

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

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
• Cash Earnings	20%
• Profit after capital charge	20%
• Absolute Cost growth	10%
• Customer and Community	20%
• People & Planet (inc. Employee engagement, diversity etc)	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%