



# BNK Banking Corporation Limited

ABN 63 087 651 849

---

## Notice of Annual General Meeting and Explanatory Memorandum

---

To be held at:  
235 St George's Terrace  
Perth Western Australia 6000

Tuesday 26 November 2019 at 3:30pm (WST)

An electronic copy of the BNK Banking Corporation Limited 2019 Annual Financial Report can be found at [www.bnk.com.au](http://www.bnk.com.au).

## **NOTICE OF ANNUAL GENERAL MEETING**

---

Notice is hereby given that the Annual General Meeting of Shareholders of BNK Banking Corporation Limited ACN 087 651 849 (the **Company**) will be held at 3.30pm (WST) on Tuesday 26 November 2019 at 235 St George's Terrace, Perth. Please refer to the map on page 14 for directions to the meeting venue.

The Explanatory Memorandum to this Notice of Annual General Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of Annual General Meeting. Terms and abbreviations used in this Notice of Annual General Meeting and Explanatory Memorandum are defined in the Definitions section of the Explanatory Memorandum.

## **AGENDA**

---

### **ORDINARY BUSINESS**

#### **1. FINANCIAL STATEMENTS AND REPORTS**

To receive and consider the Annual Financial Report of the Company for the year ended 30 June 2019, together with the Directors' Report and the independent Auditor's Report.

No resolution is required to be moved for this item.

#### **2. RESOLUTION 1: Adoption of Remuneration Report**

To consider and, if thought fit, to pass, the following non-binding resolution:

*That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Report for the financial year ended 30 June 2019.*

##### ***Voting prohibition statement on Resolution 1:***

Votes cannot be cast on Resolution 1 by or on behalf of a member of the Company's Key Management Personnel (details of whose remuneration are included in the Remuneration Report) or any of their Closely Related Parties (collectively, referred to as a **Prohibited Voter**). However, a Prohibited Voter may vote directed proxies for someone other than a Prohibited Voter. Further, the Chairman can vote undirected proxies provided that the proxy form expressly authorises the Chairman to do so even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

#### **3. RESOLUTION 2: Approval of Additional 10% Placement Capacity**

To consider and, if thought fit, pass the following resolution as a **special resolution**:

*That for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having the additional capacity to issue up to 10% of the Company's share capital calculated in accordance with Listing Rule 7.1A, and on the terms and conditions set out in the Explanatory Statement.*

##### ***Voting exclusion statement on Resolution 2:***

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit (except a benefit solely by reason of being a holder of Shares) as a result of, the proposed issue of Equity Securities pursuant to Resolution 2, and any associates of any of those persons.

However the Company will not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

At the date of the Notice, the Company has not approached any particular existing Shareholder to participate in any issue of Equity Securities proposed to be made pursuant to this Resolution 2. No existing Shareholder's votes will therefore be excluded under this voting exclusion.

**4. RESOLUTION 3: Re-election of Mr Don Koch**

To consider and, if thought fit, to pass, the following ordinary resolution of the Company:

*That Mr Don Koch, being a Director of the Company who retires in accordance with Article 48(c) of the Company's constitution and Listing Rule 14.4, and being eligible, be re-elected as a Director.*

**5. RESOLUTION 4: Re-election of Mr Jon Denovan**

To consider and, if thought fit, to pass, the following ordinary resolution of the Company:

*That Mr Jon Denovan, being a Director of the Company who retires in accordance with Article 48(c) of the Company's constitution and Listing Rule 14.4, and being eligible, be re-elected as a Director.*

**6. RESOLUTION 5: Re-election of Mr Jon Sutton**

To consider and, if thought fit, to pass, the following ordinary resolution of the Company:

*That Mr Jon Sutton, being a Director of the Company who retires in accordance with Article 48(c) of the Company's constitution and Listing Rule 14.4, and being eligible, be re-elected as a Director.*

**7. RESOLUTION 6: Re-election of Mr Peter Hall**

To consider and, if thought fit, to pass, the following ordinary resolution of the Company:

*That Mr Peter Hall, being a Director of the Company who retires in accordance with Article 48(b) of the Company's constitution and Listing Rule 14.5, and being eligible, be re-elected as a Director.*

**7. RESOLUTION 7: Approval of the BNK Equity Incentive Plan**

To consider and, if thought fit, to pass the following ordinary resolution of the Company:

*That, for the purpose of Listing Rule 7.2, Exception 9(b), section 260C(4) of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders approve the issue of securities under the BNK Equity Incentive Plan on the terms described in the Explanatory Memorandum that forms part of the Notice of Meeting.*

***Voting exclusion statement on Resolution 7:***

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 7 by or on behalf of any director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company), their nominees (if applicable) and their associates.

However, the Company need not disregard a vote cast on Resolution 7 if (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, a vote must not be cast on Resolution 7 as a proxy by a Prohibited Voter at the date of the Meeting, unless it is cast as proxy for a person entitled to vote in accordance with their directions. This restriction on voting undirected proxies does not apply to the Chairman of the Meeting because BNK's proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies even if the resolution is connected, directly or indirectly, with the remuneration of the KMP.

By order of the Board



**Malcolm Cowell**  
**Company Secretary**  
25 October 2019

## **EXPLANATORY MEMORANDUM**

---

This Explanatory Memorandum has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted as the Annual General Meeting to be held at 235 St George's Terrace, Perth at 3:30pm (WST) on Tuesday 26 November 2019.

This Explanatory Memorandum forms part of this Notice of Annual General Meeting and should be read in conjunction with it. Unless the context otherwise requires, terms which are defined in this Explanatory Memorandum have the same meanings when used in the Notice of Annual General Meeting.

---

### **1. Financial Statements and Reports**

The first item of the Notice of Annual General Meeting deals with the presentation of the Annual Financial Report of the Company for the financial year ended 30 June 2019, together with the Directors' Report in relation to that financial year and the independent Auditor's Report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered. No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the financial statements and reports and on the business, operations and management of the Company generally.

The Chairman will also provide Shareholders a reasonable opportunity to ask the auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

Written questions must be submitted no later than 5 business days before the Annual General Meeting and the answers will be available at and after the Annual General Meeting.

Written questions should be addressed to:  
BNK Banking Corporation Limited  
Attention: Mr Malcolm Cowell  
Level 14, 191 St George's Terrace, Perth WA 6000

The Company will not provide a hard copy of the Company's Annual Financial Report to Shareholders unless specifically requested to do so. The Company's Annual Financial Report is available on its website at [www.bnk.com.au](http://www.bnk.com.au).

---

### **2. RESOLUTION 1: Adoption of Remuneration Report**

In accordance with section 250R(2) of the Corporations Act, the Company is required to present to Shareholders the Remuneration Report as disclosed in the Company's 2019 Annual Report. The Remuneration Report is set out in the Company's 2019 Annual Financial Report and is also available on the Company's website [www.bnk.com.au](http://www.bnk.com.au).

The Remuneration Report:

- a) explains the Board policies in relation to the nature and level of remuneration paid to Directors and Key Management Personnel;
- b) sets out remuneration details for each Director and Key Management Personnel for the financial year ended 30 June 2019 and any service agreements; and
- c) sets out the details of certain other compensation arrangements.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

At the Company's annual general meeting for the year ended 30 June 2018, the votes cast against the adoption of the Remuneration Report considered at that annual general meeting were less than 10%.

---

### 3. RESOLUTION 2: Approval of Additional 10% Placement Capacity

Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12 month period without requiring Shareholder approval. In accordance with the Listing Rule 7.1A, eligible entities (companies that are outside the S&P/ASX 300 index and that also have a market capitalisation of \$300 million or less) can issue a further 10% of the Company's share capital over a 12 month period following the Annual General Meeting (provided Shareholder approval is obtained at the Annual General Meeting) on a non-pro rata basis.

The Company falls within the eligibility criteria required by Listing Rule 7.1A. The number of shares that may be issued (if Shareholder approval is obtained at the Annual General Meeting) will be determined in accordance with the following formula prescribed in Listing Rule 7.1A.2:

#### **(A x D) – E**

**A** = is the number of fully paid Shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid ordinary shares that became fully paid in the 12 months;

(C) plus the number of fully paid Shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% capacity pursuant to Listing Rule 7.1 without Shareholder approval; and

(D) less the number of fully paid Shares cancelled in the 12 months.

**D** is 10%.

**E** is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

Additional disclosure obligations are imposed when the special resolution is proposed, when securities are issued and when any further approval is sought. For the purposes of Listing Rule 7.3A the Company provides the following information:

#### Minimum price at which the equity securities may be issued

The issue price of each Share must be no less than 75% of the volume weighted average price for the securities calculated over the 15 trading days on which trades in that class were recorded immediately before:

- a) the date on which the price at which the securities are to be issued is agreed; or
- b) if the securities are not issued within 5 trading days of the date in paragraph (a), the date on which the securities are issued.

#### Risk of economic and voting dilution

An issue of securities under Listing Rule 7.1A involves the risk of economic and voting dilution for existing ordinary security holders. The risks include:

- a) the market price for Equity Securities may be significantly lower on the issue date than on the date of the approval under Listing rule 7.1A; and
- b) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

In accordance with Listing Rule 7.3A.2 "Table A" describing the notional possible dilution, based upon various assumptions as stated, is set out in this section below.

#### Date by which the Company may issue the securities

The period commencing on the date of the Annual General Meeting at which approval is obtained and expiring on the first to occur of the following:

- a) the date which is 12 months after the date of the annual general meeting at which approval is obtained; and
- b) the date of the approval by holders of the Company's ordinary securities of a transaction under Listing Rules 11.1.2 or 11.2.

The approval under Listing Rule 7.1A will cease to be valid in the event that holders of the Company's ordinary securities approve a transaction under Listing Rules 11.1.2 or 11.2.

Purposes for which the equity securities may be issued, including whether the Company may issue them for non- cash consideration

It is the Board's current intention that any funds raised pursuant to an issue of securities will be applied towards the Company's growth strategies. This may include:

- a) increasing regulatory capital (Common Equity Tier 1);
- b) working capital for other corporate purposes including investment in systems and processes; and
- c) possible acquisitions of assets or investments, subject to any applicable ASX requirements.

The Company reserves the right to issue Equity Securities for non-cash consideration, including as non-cash consideration for any acquisition.

Details of the Company's allocation policy for issues under approval

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to Listing Rule 7.1A. The identity of the allottees will be determined on a case-by-case basis having regard to factors including but not limited to the following:

- a) the methods of raising funds that are available to the Company including but not limited to, rights issues or other issues in which existing security holders can participate;
- b) the effect of the issue of the Listing Rule 7.1A Equity Securities on the control of the Company;
- c) the financial situation and solvency of the Company; and
- d) advice from corporate, financial and broking advisers (if applicable).

The allottees under the Listing Rule 7.1A facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Previous approvals under Listing Rule 7.1A

At the Company's last Annual General Meeting held on 9 November 2018, security holders voted in favour of the Company having the ability to grant 8,241,539 Equity Securities under Listing Rule 7.1A. The Company has not issued any Shares under Listing Rule 7.1A since the 2018 Annual General Meeting.

Information required under Listing Rule 7.3A.6

The Company has issued 600,000 performance rights (equating to less than 1% of Equity Securities on issue at the beginning of the 12 month period) during the previous 12 month period. The table below details the information required under Listing Rule 7.3A.6:

<b>Date</b>	1 November 2018	16 April 2019
<b>Class</b>	Unlisted performance rights* to Key Management Personnel and employees	Unlisted performance rights* to Key Management Personnel and employees
<b>Number issued</b>	100,000	500,000
<b>Issue price</b>	N/A	N/A
<b>Discount to market price</b>	N/A	N/A
<b>Total cash consideration</b>	N/A	N/A
<b>Amount of cash consideration spent</b>	N/A	N/A
<b>Use of consideration</b>	N/A	N/A
<b>Intended use for remaining cash</b>	N/A	N/A
<b>Non-cash consideration</b>	100,000 issued pursuant to an employment agreement	500,000 issued pursuant to an employment agreement
<b>Current value of non-cash consideration</b>	\$69,500	\$347,500

\*The performance rights are not listed. They are rights to acquire fully paid ordinary shares in the Company, on the satisfaction of service conditions and/or pursuant to the BNK (formerly Goldfields Money) Equity Incentive Plan approved by the Company at the 2016 Annual General Meeting held on 18 November 2016. The performance rights issued on 1 November 2018 are subject to a service condition only and vest upon the executives/employees remaining employed with the Company until

1 July 2020, and expire on 30 November 2021. The performance rights issued on 16 April 2019 are subject to a service condition only and vest in one third proportions at 1 July 2019, 1 July 2020 and 1 July 2021.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable “A” calculated in accordance with the formula in Listing Rule 7.1A.2 as at 24 October 2019.

The table also shows:

- a) two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue as at the date of this Notice of Annual General Meeting. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- b) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the market price as at 24 October 2019.

Variable ‘A’ in Listing Rule 7.1A.2		Dilution		
		50% decrease in Issue Price (\$0.348)	Issue Price (\$0.69)	100% increase in Issue Price (\$1.39)
Current Variable A* 82,415,399	10% Voting dilution	8,241,539 Shares	8,241,539 Shares	8,241,539 Shares
	Funds raised	\$2,843,331	\$5,686,662	\$11,373,324
50% increase in current Variable A* 123,623,099 Shares	10% Voting dilution	12,362,310 Shares	12,362,310 Shares	12,362,310 Shares
	Funds raised	\$4,264,997	\$8,529,994	\$17,059,988
100% increase in current Variable A* 164,830,798	10% Voting dilution	16,483,078 Shares	16,483,078 Shares	16,483,079 Shares
	Funds raised	\$5,686,662	\$11,373,324	\$22,746,648

\*Note: Current Variable A refers to the calculation required by Listing Rule 7.1A.2 which, in the Company’s case, equates to the current issued share capital of the Company on the assumption that Resolution 2 is passed by Shareholders.

The table has been prepared on the following assumptions:

- a) the Company issues the maximum number of Shares available under the 10% Listing Rule 7.1A approval;
- b) no options or performance rights are exercised to convert into Shares before the date of the issue of the Shares available under Listing Rule 7.1A;
- c) the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
- d) the table does not show an example of dilution that may be caused to a particular Shareholder by reason of a share issue under Listing Rule 7.1A, based on that Shareholder’s holding at the date of the Annual General Meeting;
- e) the table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
- f) the issue of Shares under Listing Rule 7.1A consists only of Shares; and
- g) the issue price is \$0.69, being the closing price of the Shares on ASX on 24 October 2019 (rounded to nearest cent).

As at the date of the Notice of Annual General Meeting, the Company has on issue 82,415,399 Shares. Subject to Shareholder approval being obtained for Resolution 2, the Company will have capacity to issue the following Equity Securities as at the date of the Annual General Meeting:

(a) 12,362,310 Shares (under Listing Rule 7.1); and

(b) 8,241,539 Shares (under Listing Rule 7.1A).

Listing Rule 7.1A requires Resolution 2 to be passed as a special resolution. A special resolution needs approval by at least 75% of the votes cast by members entitled to vote on the resolution.

Recommendation:

The Directors of the Company recommend that Shareholders vote in favour of Resolution 2.

---

**4. RESOLUTION 3: Re-election of Mr Don Koch**

Mr Don Koch was appointed as a Director by the Board of Directors with effect from 11 June 2019 under Article 47(b) of the Company's constitution. He retires under Article 48(c) of the Company's constitution and seeks re-election. Article 48(c) requires that a Director must retire from office at the next annual general meeting after their appointment by the Board under Article 47(b). Directors who retire under Article 48(c) of the Company's constitution are eligible for re-election.

Recommendation:

The Directors of the Company (other than Mr Koch as he is the subject of the Resolution) recommend that Shareholders vote in favour of Resolution 3 and the Chairman will be voting any open proxies in favour of it.

---

**5. RESOLUTION 4: Re-election of Mr Jon Denovan**

Mr Jon Denovan was appointed as a Director by the Board of Directors with effect from 1 September 2019 under Article 47(b) of the Company's constitution. He retires under Article 48(c) of the Company's constitution and seeks re-election. Article 48(c) requires that a Director must retire from office at the next annual general meeting after their appointment by the Board under Article 47(b). Directors who retire under Article 48(c) of the Company's constitution are eligible for re-election.

Recommendation:

The Directors of the Company (other than Mr Denovan as he is the subject of the Resolution), recommend that Shareholders vote in favour of this Resolution 4 and the Chairman will be voting any open proxies in favour of it.

---

**6. RESOLUTION 5: Re-election of Mr Jon Sutton**

Mr Jon Sutton was appointed as a Director by the Board of Directors with effect from 22 October 2019 under Article 47(b) of the Constitution. He retires under Article 48(c) of the Company's constitution and seeks re-election. Article 48(c) requires that a Director must retire from office at the next annual general meeting after their appointment by the Board under Article 47(b). Directors who retire under Article 48(c) of the Company's constitution are eligible for re-election.

Recommendation:

The Directors of the Company (other than Mr Sutton as he is the subject of the resolution), recommend that Shareholders vote in favour of this Resolution 5 and the Chairman will be voting any open proxies in favour of it.

---

**RESOLUTION 6: Re-election of Mr Peter Hall**

Mr Peter Hall have been a Director of the Company since November 2015.

Article 48(a) states that a Director must retire from office no later than the longer of the third annual general meeting of the Company, or 3 years, following that Director's last election or appointment.

Article 48(b) of the Constitution states that if no Director would otherwise be required to retire pursuant to Article 48(a) then the Director to retire at the annual general meeting will be:

- the Director that has held office for the longest period of time since their election to that office; or
- if two or more Directors have held office for the same period of time, the Directors may agree either by lot or otherwise.



In accordance with Listing Rule 14.4 and Article 48(b), Mr Hall and Mr Kolenda were both re-elected at the Company's 2018 annual general meeting. There are no other Directors that are due for re-election (other than Mr Simon Lyons who is excluded from the election process as Managing Director). Accordingly, Mr Hall will retire from office under Article 48(b) of the Constitution and seeks re-election.

Recommendation:

The Directors of the Company (other than Mr Hall as he is the subject of the resolution), recommend that Shareholders vote in favour of this Resolution 6 and the Chairman will be voting any open proxies in favour of it.

---

## **7. RESOLUTION 7: Approval of BNK Equity Incentive Plan**

The Company seeks Shareholder approval for the approval of the extension of the BNK Equity Incentive Plan (**Plan**), which was previously approved at the Company's 2016 annual general meeting held on 18 November 2016.

Listing Rule 7.2 (Exception 9) provides an exception to Listing Rule 7.1 that permits Equity Securities issued under an employee incentive scheme to be exempt for a period of 3 years from the date shareholders approve the issue of Equity Securities under the scheme. If Resolution 7 is passed, the Company will not need to seek subsequent Shareholder approval for the issuances of Equity Securities that are made pursuant to the Plan until the date that is three years from the date of the Annual General Meeting. However, the Company will be required to seek prior Shareholder approval under Listing Rule 10.14 before any Director or Closely Related Party can participate in the Plan.

Resolution 7 seeks Shareholder approval for the issuance of Equity Securities under the Plan for a further three years so that those issuances are not included within the limit of 15% of issued shares that can be issued without Shareholder approval under Listing Rule 7.1.

Background

The Board believes that an equity-based incentive is a key component of the "at-risk" remuneration arrangements for employees. As such, the Directors of the Company seek authorisation to issue Plan Interests (as defined below) under the Plan in accordance with Listing Rule 7.2, Exception 9(b) so that any Shares issued under the Plan will be excluded from the maximum number of Equity Securities that may be issued by the Company in any 12 month period for a period of three years from the date of approval. The Board considers it desirable to maintain this flexibility so that it may access capital under Listing Rule 7.1 through subsequent issues as required.

The Company is also seeking Shareholder approval of the Plan in order that it may obtain the benefit of the exemption in section 260C(4) of the Corporations Act for financial assistance provided under an employee share scheme approved by shareholders.

Overview of the Plan

The Board believes that in order to attract and retain talented employees and provide at-risk incentives which continue to align eligible employees with the Company's strategies, a flexible equity plan should be established to allow the Board to grant different types of performance-based awards depending upon the prevailing circumstances.

Accordingly, the Board established the Plan in 2016. Under the Plan, the Company will be able to grant appropriately structured short-term as well as long-term incentive awards to eligible employees. The Plan will provide the Board with flexibility to grant equity incentives to eligible employees in the form of Shares, Performance Rights or Options, (collectively, **Plan Interests**), which will vest only on the satisfaction of appropriate hurdles.

A copy of the terms and conditions of the Plan is available at the Company's website, [www.bnk.com.au](http://www.bnk.com.au) or by calling the Company Secretary on (08) 9438 8888.

A summary of the terms of the Plan is set out below.

Disclosure Relief

ASIC Class Order 14/1000 provides that the Company is not required to issue a prospectus for the offer of eligible products (which include Plan Interests) to employees under the Plan provided a number of conditions are satisfied, including without limitation:

- the Plan Interests may not be exercised unless the Company's Shares have been quoted on ASX or an approved foreign exchange throughout the 12 month period immediately before the exercise of the Plan Interests without suspension for more than a total of 5 trading days during that period; and
- the total number of Shares that would be issued under the Plan, were each Option issued pursuant to the Plan exercised and each Right issued pursuant to the Plan vested and exercised, and the number of Shares issued by the Company pursuant to any employee share or option scheme implemented by the Company during the previous 3 years may not exceed 5% of the total number of Shares on issue as at the date any Plan Interests are offered pursuant to the Plan.

#### Summary of the Plan

The Board is empowered under the Plan terms and conditions to determine the key terms of any Plan Interest allocated under the Plan.

#### Eligibility

The Plan is open to eligible employees, namely employees and executives of the Company (or a subsidiary of the Company) or any other person whom the Board determines to be eligible to participate in the Plan from time to time (Eligible Employees).

#### Participation

Each Eligible Employee who acquires a legal or beneficial interest in a Plan Interest (including the legal personal representative of the person) becomes a 'Participant' in the Plan.

#### Invitation

An offer by the Board to acquire a Plan Interest and become a Participant in the Plan will be in such form and subject to such conditions as the Board determines.

The invitation will specify the terms attaching to the offer, including each of the following (as applicable):

- the number of Plan Interests to which the invitation relates;
- the date the Plan Interests will be allotted;
- any amount payable by Eligible Employees to acquire the Plan Interests;
- any exercise price payable by Participants;
- the date which unvested Plan Interests will lapse or expire (Expiry Date);
- any conditions that must be satisfied in relation to a Participant's and/or the Company's performance during a specified period (Performance Conditions);
- any requirements additional to the Performance Conditions that must be met to release Plan Interests from the Plan (and deliver Shares to Participants) (Vesting Conditions);
- any conditions that must be satisfied before a Plan Share can be disposed of by a Participant (Disposal Restrictions); and
- any conditions that will result in the forfeiture of a Plan Interest (**Forfeiture Conditions**).

#### Rights of Participants

Unless Forfeiture Conditions are triggered or the Expiry Date reached, Plan Interests remain subject to the terms and conditions of the Plan until all applicable Performance Conditions, Vesting Conditions and Disposal Restrictions are achieved.

Where Options or Rights have been granted, upon exercise or vesting (as applicable), Participants will receive either a beneficial entitlement to Plan Shares (ie subject to Disposal Restrictions) or a legal and beneficial entitlement to Shares (which are no longer held under the Plan). Plan Shares will rank equally with Shares in respect of dividends and voting entitlements.

Where Rights are granted, depending on the invitation terms specified, the Board may determine in its absolute discretion that a vested Right will be satisfied by the Company making a cash payment to the Participant in lieu of allocating Shares (Indeterminate Rights).

Where Options or Rights have been granted, a Participant is not entitled to participate in a new issue of Shares made by the Company to Shareholders unless and until such Options or Rights have been exercised or vested (as applicable).

A holder of Plan Interests is not entitled to participate in a new issue of Shares or other securities made by the Company to Shareholders merely because he or she holds Options or Performance Rights.

The Company will apply for quotation on the official list of the ASX of the Plan Shares or Shares (as the case may be) issued upon the exercise of an Option or a vested Performance Right that vests under the Plan. Alternatively, the Company may acquire Shares on market and transfer to the employee upon exercise of the Options or Performance Rights. The Company will not seek official quotation by ASX of any Options or Performance Rights.

In the event of a change of control, the Board may give notice to Participants and discretion to deal with the Plan Interests by:

- converting Participants' Performance Rights to Shares whether or not all conditions have been met;
- permitting the exercise of some or all Options whether or not Vesting Conditions have been met; and/or
- removing any Disposal Restrictions attaching to Plan Shares.

#### Assignment

Plan Interests issued under the Plan are not transferable or assignable.

#### Administration

The Plan will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate special terms and conditions (subject to any applicable Listing Rules) in addition to those set out in the Plan.

#### Termination and amendment

The Plan may be terminated or suspended at any time by the Board but any such suspension or termination will not affect nor prejudice rights of any Participant holding Plan Interests at that time. The Plan may be amended at any time by the Board.

#### Securities issued under the BNK Equity Plan

The Company has issued 2,540,000 Performance Rights and 7,000 Tax Exempt Offer Shares since the 2016 Annual General Meeting.

## VOTING ENTITLEMENTS

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that the shareholding of each Shareholder for the purpose of ascertaining voting entitlements for the Annual General Meeting will be as it appears in the Company's share register on 25 November 2019 at 7:00pm (Sydney time).

### PROXIES

In accordance with section 249L of the Corporations Act and the Company's constitution, Shareholders are advised that:

- each Shareholder has a right to appoint one proxy, and if the Shareholder may cast two or more votes, the Shareholder may appoint two proxies;
- a proxy need not be a Shareholder of the Company; and
- if a Shareholder appoints two proxies, the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise; and
- if the appointment does not specify the proportion or number of the Shareholder's votes to be voted by each proxy, each proxy may exercise half of the Shareholder's votes.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purposes of receipt of proxy appointments:

Online\*                      www.advancedshare.com.au  
By Mail                      Advanced Share Registry Ltd  
                                    PO Box 1156, Nedlands WA 6909  
By Facsimile              (618) 9262 3723

\*Refer to the Online Proxy Voting section, under "Investors" on the website.

The instrument appointing the proxy must be signed by the Shareholder, or by the Shareholder's attorney who is authorised to sign the instrument under a power of attorney. If a Shareholder is a company it must sign the instrument in accordance with section 127 of the Corporations Act.

A proxy is not entitled to vote unless the instrument appointing the proxy, and the authority under which the instrument is signed or a certified copy of the authority, is either deposited at the registered office of the Company or sent by facsimile to that office, and in each case to be received not less than 48 hours prior to the time of the Annual General Meeting.

If the Proxy Form specifies a way in which the proxy is to vote on any of the Resolutions stated above, then the following applies:

- a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
- b) if the proxy has 2 or more appointments that specify different ways to vote on the Resolution, the proxy must not vote on a show of hands;
- c) if the proxy is the Chairman, the proxy must vote on a poll and must vote that way; and
- d) if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a Shareholder, the proxy can cast any votes the proxy holds as a Shareholder in any way that the proxy sees fit. If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they see fit.

Should any Resolution, other than those specified in this Notice of Annual General, be proposed at the meeting, a proxy may vote on that Resolution as they see fit.

If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their Proxy Forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any

Director that do not contain a direction how to vote will be used where possible to support each of the Resolutions proposed in this Notice of Annual General Meeting, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice of Annual General Meeting.

The Chairman intends to vote any undirected proxies in favour of the Resolutions only if the appointment expressly authorises the Chairman to exercise the proxy.

#### **VOTING BY CORPORATE REPRESENTATIVE**

A corporation may elect to appoint a representative in accordance with section 250D of the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the Annual General Meeting.

#### **DEFINITIONS**

In this Explanatory Memorandum and the Notice of Annual General Meeting:

**Annual General Meeting** means the annual general meeting the subject of the Notice of Annual General Meeting.

**Auditor's Report** means the independent auditor's report of the Company.

**Board** means the board of Directors of the Company.

**Chairman** means the chairman or chairperson of the Annual General Meeting.

**Closely Related Party** means a spouse or child of the member; a child of the member's spouse; a dependent of the member or the member's spouse; anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; a company the member controls; or a person prescribed by the *Corporations Regulations 2001* (Cth).

**Company** or **BNK** means BNK Banking Corporation Limited ACN 087 651 849.

**Constitution** means the Company's constitution as amended from time to time.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Directors' Report** means the directors' report and declarations of the Company.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Memorandum** means this explanatory memorandum accompanying the Notice of Annual General Meeting.

**Financial Report** means the annual financial report of the Company.

**Forfeiture Conditions** means any conditions that will result in the forfeiture of a Plan Interest.

**Key Management Personnel** or **KMP** has the same meaning as in the accounting standards issued by the Accounting Standards Board and broadly includes those persons have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of the Australian Securities Exchange.

**Notice of Annual General Meeting** means the notice convening the Annual General Meeting, which accompanies this Explanatory Memorandum.

**Plan** means the BNK Equity Incentive Plan.

**Plan Interest** means Shares, Performance Rights or Options.

**Proxy Form** means the form of proxy accompanying this Notice of Annual General Meeting.

**Resolution** means a resolution proposed to be passed at the Annual General Meeting and contained in the Notice of Annual General Meeting.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a person entered in the Company's register as a holder of a Share.

**WST** means Australian Western Standard Time

## MEETING VENUE

---

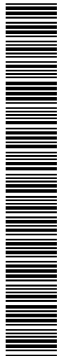
The Company's Annual General Meeting will be held at 3.30pm (WST) on Tuesday 26 November 2019 at 235 St George's Terrace, Perth WA (refer blue arrow below).

Parking is available at several parking locations close to the venue including:

- City of Perth Parking – Perth Convention and Exhibition Centre, Mounts Bay Road, Perth
- Wilson Parking. 225 St George's Terrace, Perth (enter from Mounts Bay Road)
- Wilson Parking, 235 St George's Terrace, Perth (enter from Spring Street)
- Wilson Parking, 240 St George's Terrace, Perth (enter from Milligan Street)
- Secure Parking QV1, 489 Murray Street, Perth

To get to the venue by public transport, please check with Transperth for current information on telephone 13 62 13 or visit [www.transperth.wa.gov.au](http://www.transperth.wa.gov.au).





999 BBC-88800457317

**LODGE YOUR PROXY APPOINTMENT ONLINE**



**ONLINE PROXY APPOINTMENT**

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



**MOBILE DEVICE PROXY APPOINTMENT**

Lodge your proxy by scanning the QR code below, and enter your registered postcode. It is a fast, convenient and a secure way to lodge your vote.



Sub-Register	ISSUER
HIN / SRN	

**2019 ANNUAL GENERAL MEETING PROXY FORM**

I/We being shareholder(s) of BNK Banking Corporation Limited and entitled to attend and vote hereby:

**APPOINT A PROXY**

The Chairman of the meeting **OR**

**PLEASE NOTE:** If you leave the section blank, the Chairman of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of the Company to be held at **235 St George's Terrace, Perth Western Australia 6000 on 26 November 2019 at 3:30pm (WST)** and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though this resolution is connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chairman. I/we acknowledge the Chairman of the Meeting intends to vote all undirected proxies available to them in favour of each Resolution of Business.

**VOTING DIRECTIONS**

Resolutions	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Don Koch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Mr Jon Denovan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Re-election of Mr Jon Sutton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Re-election of Mr Peter Hall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval of the BNK Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* If you mark the Abstain box for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

Please tick here to agree to receive communications sent by the company via email. This may include meeting notifications, dividend remittance, and selected announcements.

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

### CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

### APPOINTMENT OF A PROXY

If you wish to appoint the Chairman as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

### DEFAULT TO THE CHAIRMAN OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chairman of the Meeting.

### VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

### PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chairman) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolution 1, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolution 1.

**PLEASE NOTE:** If you appoint the Chairman as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chairman may vote as they see fit on that resolution.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- On each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- Return both forms together.

### CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

### SIGNING INSTRUCTIONS ON THE PROXY FORM

#### Individual:

Where the holding is in one name, the security holder must sign.

#### Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

#### Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

#### Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 3:30pm (WST) on 24 November 2019, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled meeting.



#### ONLINE PROXY APPOINTMENT

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



#### BY MAIL

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009; or  
PO Box 1156, Nedlands WA 6909



#### BY FAX

+61 8 9262 3723



#### BY EMAIL

[admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)



#### IN PERSON

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009



#### ALL ENQUIRIES TO

Telephone: +61 8 9389 8033