

21 February 2020

ASX Limited
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

Dear Sirs,

Non-renounceable rights issue section 708AA cleansing notice

BNK Banking Corporation Limited (the “**Company**” or “**BNK**”) announced on 18 February 2020 a pro-rata non-renounceable rights issue on a 1 for 10 basis of up to 9,424,040 new fully paid ordinary shares (subject to rounding) (“**New Shares**”) at an issue price of \$0.60 per share (the “**Entitlement Offer**”).

The Entitlement Offer will be made to holders of ordinary shares in the Company with a registered address in Australia or New Zealand, or who is a shareholder that the Company has otherwise determined is eligible to participate (“**Eligible Shareholders**”), as at 7:00pm (AEDT) on 26 February 2020 (the “**Record Date**”). Eligible Shareholders will have the right to take up one New Share for every ten shares held as at the Record Date (“**Entitlement**”).

The Entitlement Offer is not underwritten. It is anticipated that Eligible Shareholders who accept their Entitlements in full will have an ability to apply for shortfall shares at the same time as they accept their Entitlements under the Entitlement Offer (“**Shortfall Facility**”).

The Company provides the following information in accordance with section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (the “**Act**”):

- (a) The New Shares will be offered for issue without disclosure to investors under Part 6D.2 of the Act;
- (b) This notice is being given in accordance with section 708AA(2)(f) of the Act;
- (c) As at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act;
- (d) As at the date of this notice, there is no information that is “excluded information” of the type referred to in sections 708AA(8) and (9) of the Act that is required to be set out in this notice under section 708AA(7)(d) of the Act; and
- (e) The potential effect that the issue of the New Shares will have on the control of BNK, and the consequences of that effect, will depend on a number of factors including the level to which Eligible Shareholders take up their Entitlements, the level to which those Eligible Shareholders who take up their Entitlements apply

for additional New Shares under the Shortfall Facility, and the number of shares held as at the Record Date by persons other than Eligible Shareholders. The potential effect that the issue of the New Shares will have on the control of BNK is summarised below:

- (i) if all Eligible Shareholders take up their Entitlements, the Entitlement Offer will have no effect on the control of BNK (subject to paragraph (iii) below);
- (ii) if any Eligible Shareholders do not take up all of their Entitlements, then the interests of those Eligible Shareholders will be diluted to the extent that other Eligible Shareholders take up some or all of their Entitlements, or subscribe for shares under the Shortfall Facility;
- (iii) the proportional interests of shareholders who are not Eligible Shareholders (and who are therefore not entitled to participate in the Entitlement Offer) will be diluted to the extent that Eligible Shareholders take up some or all of their Entitlements, or subscribe for shares under the Shortfall Facility; and
- (iv) Eligible Shareholders who subscribe for additional New Shares under the Shortfall Facility (having taken up their Entitlements in full) will increase their percentage holdings in BNK beyond their Entitlement.

Any issue of shares under the Entitlement Offer and the Shortfall Facility will be subject to the takeovers provisions in section 606 of the Act, which (subject to certain exceptions) prohibit a person from acquiring interests in New Shares if that acquisition will result in their, or any other person's, voting power in BNK increasing from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.

Having regard to the composition of BNK's share register and the terms of the Entitlement Offer, BNK does not believe that any person will increase their percentage holding in BNK pursuant to the Entitlement Offer in a way which will have a material effect on the control of BNK.

If shareholders have any queries regarding the Entitlement Offer, please contact the Company Secretary, Mr Malcolm Cowell on +61 8 9438 8811.

This announcement has been authorised for release to the ASX by the board of directors of BNK.

Yours faithfully



BNK Banking Corporation Limited
Malcolm Cowell
Company Secretary