

ASX Release, 22 October 2020

NOTICE OF ANNUAL GENERAL MEETING AND PROXY FORM

BNK Banking Corporation Limited (ASX:BBC) advises the Company's Annual General Meeting (AGM) will be held:

- As a virtual meeting via live webcast
- On Thursday, 26 November 2020 commencing at 2.00pm (AEDT)

The Notice of Meeting and Explanatory Statement follows, together with a generic Proxy Form. A letter to shareholders and Proxy Form will be dispatched to shareholders together with instructions on how to vote on the resolutions at the AGM.

This announcement has been authorised for release by the Company Secretary.

ENDS

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Who is BNK Banking Corporation Limited?

BNK Banking Corporation Limited (BNK) is a diversified financial services company with two key operating divisions in banking and mortgage broking aggregation:

Banking

The company has operated as an APRA-regulated authorised deposit-taking institution (ADI) for over 38 years. As such our customers benefit from the Australian government deposit guarantee scheme for deposits up to \$250,000.

The bank provides simple and easy to understand deposit accounts, personal loans and mortgages under a number of brands: Goldfields Money, which is used in the Goldfields region of Western Australia, complemented by the Better Choice Home Loans brand, distributed via mortgage brokers nationally.

BNK Bank plans to offer a new range of product under the BNK brand later this financial year. The Company is continuing to develop its new digital banking platform which will enable it to deliver a broad range of banking products directly to customers, as well as through third party intermediaries across Australia.

Mortgage Aggregation

The Aggregation division, operating as Finsure, provides one of the largest distribution networks in the country as well as valuable market insights that assist BNK with product development. As at 30 September 2020 the business services 1,816 mortgage brokers and manages a loan book in excess of \$47.7bn.

This unique combination allows BNK to develop competitive products that meet its changing customer needs, leveraging its low-cost, technology-driven model. BNK is focused on becoming a challenger bank of scale through building its product portfolio, growing its diversified distribution network and pursuing API-enabled partnering opportunities.

The Company is listed on the Australian Securities Exchange (ASX:BBC).

You can read more about us at www.bnk.com.au and www.finsure.com.au.

BNK Banking Corporation Limited

ABN 63 087 651 849

Notice of 2020 Annual General Meeting

Thursday 26 November 2020

Notice is given that the 2020 Annual General Meeting of BNK Banking Corporation Limited will be held at 2.00pm (AEDT) on Thursday 26 November 2020.

Letter from the Chairman

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to invite you to the 2020 Annual General Meeting (“AGM”) of BNK Banking Corporation Limited (“BNK”).

The AGM will be held on Thursday, 26 November at 2.00pm (AEDT).

The health and safety of our shareholders, employees and the wider community is of paramount importance to BNK. In light of the COVID-19 pandemic and the ongoing social distancing requirements, this year our AGM will be held virtually. We are providing shareholders various options to participate in the AGM. An online platform will allow shareholders to view the meeting, and vote and submit questions in real-time. Alternatively, shareholders can vote and submit questions in advance of the meeting. Further details are set out in this Notice of Meeting and the accompanying AGM online meeting guide.

A recording of the AGM will be made available on the BNK website after the meeting.

Our Chief Executive Officer, Brett Morgan, who commenced on 12 October 2020 and I will provide a review of BNK’s strategy, operations and performance during the year to 30 June 2020. Further information on the Company’s performance is also provided in our FY20 Annual Report, which is available on BNK’s website. <https://bnk.com.au/investor-centre/>

We will then move through the items of business, as detailed in the Notice of Meeting. The Board is recommending that shareholders vote in favour of all resolutions. In the event that it is necessary for BNK to give further updates on the arrangements for the AGM, we will inform you through the ASX Market Announcements Platform. We will not be sending shareholders a hard copy of the Notice of Meeting by post ahead of the AGM. This approach is consistent with the relief provided by the Commonwealth Treasurer in response to the COVID-19 pandemic.

Thank you for your continued support of BNK and I look forward to welcoming you at our virtual AGM.

Yours sincerely,



Jon Sutton

Chairman

22 October 2020

Details on how to participate in the AGM

The BNK Banking Corporation Limited (“Company”) Annual General Meeting (AGM) will be held at 2:00pm AEDT on Thursday 26 November 2020.

In response to Government restrictions and the potential health risks arising from the COVID-19 pandemic, the Meeting will be held virtually this year.

A recording of the AGM will be made available on the Company’s website after the 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 AGM will be as it appears in the Company’s share register on 24 November 2020 at 7:00pm (AEDT).

Participating in the AGM online

To give shareholders a reasonable opportunity to participate, shareholders may attend the AGM virtually using the online platform at <https://www.advancedshare.com.au/Dashboard/Virtual-Meeting-Centre-Login>

The online platforms enable shareholders to:

- see the AGM presentation materials and listen to the AGM live;
- vote online during the AGM; and
- ask questions and make comments online during the AGM.

You will be able to participate in the AGM online using your computer and your mobile phone.

Important: To participate and vote online you will need your security holding number (SRN/HIN) and postcode. To participate online, shareholders should register at least 15 minutes before the meeting.

Asking Questions – Before and at the AGM

You can submit questions before or at the AGM by clicking the Q&A tab on the meeting portal. You can also submit questions in advance of the AGM by emailing questions to Mr Malcolm Cowell, Company Secretary at malcolm.cowell@bnk.com.au. Written questions (including questions to the Auditor) should be submitted no later than the fifth business day before the AGM, being Thursday 19 November 2020. Written questions to the Auditor should relate to the content of the Auditor’s Report and the conduct of the Audit. The Auditor will also be in attendance at the AGM.

You may also submit your questions and comments online during the AGM via the <https://www.advancedshare.com.au/Dashboard/Virtual-Meeting-Centre-Login> (if you are participating on your computer).

The Chairman of the AGM will endeavour to address as many of the more frequently raised relevant questions and comments as possible during the course of the AGM. However, there may not be sufficient time available at the AGM to address all of the questions and comments raised.

Please note that individual responses will not be sent to shareholders.

Voting at the AGM

Voting on all resolutions will be conducted by a poll.

You may vote at the AGM in one of two ways:

- live and online during the AGM using the online portal (if you are participating on your computer) at: <https://www.advancedshare.com.au/Dashboard/Virtual-Meeting-Centre-Login>;
- or
- in advance of the AGM, by appointing a proxy (preferably the Chairman of the AGM) by 2:00pm (AEDT) on Tuesday 24 November 2020 (see page 4 for how to appoint a proxy)

The Chairman of the AGM will open the poll at the beginning of the AGM and the poll will remain open until declared closed at the end of the meeting.

Details on how to participate in the AGM continued

Voting by Proxy

Certain categories of persons (including Directors and the Chairman of the AGM) are excluded from voting on Resolutions relating to the remuneration of Key Management Personnel, including as proxy, in some circumstances and such votes will be disregarded (as per the Voting Exclusion Statement).

If you are appointing a proxy, to ensure that your vote counts, please read the instructions on the proxy form carefully.

1. On a poll, shareholders have one vote for every fully paid ordinary share held.
2. A member entitled to attend and vote is entitled to appoint not more than two proxies.
3. A proxy need not be a member of the Company. A proxy may be either an individual or a body corporate.
4. If you wish to appoint a body corporate as your proxy, you must specify on the proxy form:
 - the full name and title of the body corporate appointed as proxy; and
 - the full name or title of the individual representative of the body corporate to attend the meeting.
5. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion or number of the member's voting rights and neither proxy is entitled to vote on a show of hands if more than one proxy attends. If it is desired to appoint two proxies, you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy, write both names and the percentage of votes or number of securities for each proxy.
6. Proxy forms must be signed by a member or the member's attorney or, if a corporation, executed under seal or in accordance with section 127 of the *Corporations Act 2001 (Cth)* ("Corporations Act") or signed by an authorised officer or agent.
7. Proxy forms (and if the appointment is signed by the appointer's attorney), the original authority under which the appointment was signed or a certified copy of the authority) must be returned prior to 2:00pm (AEDT) on Tuesday 24 November 2020 using one of the methods below:
 - By mail or in person**

Advanced Share Registry Limited, 110 Stirling Highway, Nedlands WA 6009

By mail to Advanced Share Registry Ltd, PO Box 1156, Nedlands WA 6909

Please allow sufficient time for the form to reach Advanced Share Registry.
 - By facsimile**

on (08) 6370 4203 (within Australia) or +618 9262 3723 (outside Australia)
 - Online at**

www.advancedshare.com.au/investor-login
8. Appointed proxies will need to contact Advanced to obtain a username and password to vote online.

Enquiries

Please contact Advanced Share Registry:

- By telephone on (08) 9389 8033 (within Australia) or +61 8 9389 8033 (overseas)
- By email: admin@advancedshare.com.au

Future Alternative Arrangements

If it becomes necessary to make further alternative arrangements for holding the AGM, we will give shareholders as much notice as practicable.

BNK Banking Corporation Limited

Notice of Annual General Meeting 2020

BNK's AGM will be held on **Thursday, 26 November 2020 at 2.00pm** (AEDT) as a virtual meeting. As a result of the COVID-19 pandemic and associated public health concerns and restrictions on travel and gatherings, shareholders will not be able to physically attend the meeting. Shareholders can view and participate in the AGM via the online platform at <https://www.advancedshare.com.au/Dashboard/Virtual-Meeting-Centre-Login>. Online registration will commence at 1.30pm (AEDT). Further information on how to participate is set out in this Notice of Meeting and available on our website.

Items of Business

Financial statements and reports

To discuss the Company's Annual Financial Report for the year ended 30 June 2020, together with the Directors' Report and Auditor's Report as set out in the 2020 Annual Report.

No resolution is required to be moved for this item.

Resolution 1 - Adoption of the remuneration report

To consider and, if thought fit, pass the following non-binding resolution as an ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2020 be adopted."

Note: This resolution is advisory only and does not bind the Directors or the Company.

Voting restrictions apply to this resolution (see page 6).

Resolution 2 - To re-elect Mr John Kolenda as a director

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

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

Resolution 3 - Ratification of issue of 11,700,000 Shares

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

"That for the purposes of ASX Listing Rule 7.4 and all other purposes, the issue of 11,700,000 Shares as described in the Explanatory Notes, be approved."

Voting restrictions apply to this resolution (see page 6).

Resolution 4 - Grant of FY20 Performance Rights to Executive Director, Mr John Kolenda

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

"That, for the purposes of ASX Listing Rule 10.14 and all other purposes, the issue of 125,000 FY20 Performance Rights to Executive Director, Mr John Kolenda (or his nominee) under the BNK Equity Incentive Plan, as described in the Explanatory Notes, be approved."

Voting restrictions apply to this resolution (see page 7).

Resolution 5 - Ratification of issue of Options to Bell Potter Securities Limited

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

"That, for the purposes of ASX Listing Rule 7.4 and all other purposes, the ratification of the issue of 500,000 Options to Bell Potter Securities Limited (or their nominee), as described in the Explanatory Notes, be approved."

Voting restrictions apply to this resolution (see page 7).

Resolution 6 - Approval of issue of Options to Bell Potter Securities Limited

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

"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, the issue of 1,000,000 Options to Bell Potter Securities Limited (or their nominee), as described in the Explanatory Notes, be approved."

Voting restrictions apply to this resolution (see page 7).

Notice of Annual General Meeting 2020 continued

Resolution 7 - Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to 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 Notes.”

Other Business

To transact any other business that may be properly brought before the AGM in accordance with the Company’s Constitution or the law.

By order of the Board



Jon Sutton
Chairman

22 October 2020

Additional information for shareholders

Explanatory notes

The items of business should be read in conjunction the explanatory notes on pages 8 to 16. The explanatory notes form part of this Notice. Terms and abbreviations used in this Notice and explanatory notes are defined in the definitions section of the Explanatory Notes.

Voting Exclusions/Prohibitions

Resolution 1 – Adoption of the remuneration report

Voting Prohibition: A vote on resolution 1 must not be cast (in any capacity):

- a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, votes will not be disregarded if they are cast as a proxy for a person entitled to vote on resolution 1 in accordance with a direction as to how to vote on the proxy.

The restriction on voting undirected proxies does not apply to the Chair of the Meeting acting as proxy for a person entitled to vote on resolution 1 because BNK’s proxy appointment expressly authorises the Chair of the Meeting to exercise undirected proxies.

Resolution 3 - Ratification of issue of 11,700,000 Shares

Voting Exclusion: The Company will disregard any votes cast in favour of resolution 3 by or on behalf of a person who participated in the issue of Shares or is a counterparty to the agreement being approved, pursuant to resolution 3, and any associates of any of those persons. However, this does not apply to a vote cast in favour of a resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- c) a holder acting solely in a nominee, trustee or custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

Notice of Annual General Meeting 2020 continued

Voting Exclusions/Prohibitions (continued)

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4 - Grant of FY20 Performance Rights to Executive Director, Mr John Kolenda

Voting Prohibition: A vote on resolution 4 must not be cast (in any capacity):

- a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, votes will not be disregarded if they are cast as a proxy for a person entitled to vote on resolution 4 in accordance with a direction as to how to vote on the proxy.

The restriction on voting undirected proxies does not apply to the Chair of the Meeting acting as proxy for a person entitled to vote on resolution 4 because the Company's proxy appointment expressly authorises the Chair of the Meeting to exercise undirected proxies.

Voting Exclusion: The Company will disregard any votes cast in favour of resolution 4 by Mr John Kolenda, his nominee or any associates.

However, this does not apply to a vote cast in favour of the resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- c) a holder acting solely in a nominee, trustee or custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolutions 5 and 6 - Ratification and approval of issue of Options to Bell Potter Securities Limited

Voting Exclusion: The Company will disregard any votes cast in favour of resolution 5 and resolution 6 by Bell Potter and any associates of Bell Potter.

However, this does not apply to a vote cast in favour of a resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- c) a holder acting solely in a nominee, trustee or custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Notes relating to voting restrictions

The voting restrictions for resolutions 1 and 4 mean that if you appoint a Key Management Personnel (such as a director) as your proxy, it is important that you direct them on how to vote by ticking one of the 'For', 'Against' or 'Abstain' boxes on your proxy form in respect of each resolution. This is because, in certain circumstances, a Key Management Personnel is prohibited from voting undirected proxies on resolutions 1 and 4.

If the Chairman of the meeting is your proxy or is appointed as your proxy by default, and you do not direct your proxy to vote 'For', 'Against' or 'Abstain' on resolutions 1 and 4, unless you expressly authorise the Chairman to exercise the proxy even though those resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Explanatory Notes

This explanatory note has been prepared for shareholders to outline information concerning the resolutions, and to assist shareholders to assess the merits of approving the resolutions contained in the Notice.

The Directors recommend that shareholders read this explanatory note in full before making any decision in relation to the resolutions.

Terms and abbreviations used in this explanatory note are defined in the definitions section.

Financial statements and reports

In accordance with the Corporations Act, the Financial Report and the Directors' and Auditor's Reports for the year ended 30 June 2020, will be put before the Annual General Meeting. These reports are contained within the Company's 2020 Annual Financial Report.

The 2020 Annual Financial Report is available at <https://bnk.com.au/investor-centre/>

There is no requirement for a formal resolution on this matter. Accordingly, there will be no formal resolution put to this Meeting.

Shareholders will be given a reasonable opportunity at the Meeting to raise questions on these reports or make comments on company matters.

Resolution 1 – Adoption of the Remuneration Report

The Company's remuneration report for the year ended 30 June 2020 is set out on pages 11 to 21 of its 2020 Annual Financial Report.

The remuneration report contains information about the remuneration policy of the Company and the remuneration of non-executive directors, executive directors and other Key Management Personnel for the financial year ended 30 June 2020.

At the meeting, the Chairman will give shareholders a reasonable opportunity to ask questions about and make comments on the remuneration report.

The vote on this resolution is advisory only and does not bind the Company or its directors. However, the Board will actively consider the outcome of the vote and comments made by shareholders on the remuneration report at the meeting when reviewing the Company's future remuneration policies and practices.

The Company's remuneration report for the previous financial year received approximately 99.9% of votes "For" at the 2019 AGM.

Board Recommendation – The Board recommends that shareholders vote FOR this resolution.

Resolution 2 – Re-election of Mr John Kolenda as a director

Mr John Kolenda (age 56) retires in accordance with article 48(b) of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election.

John is an Executive Director and the Chief Executive of Finsure and has been a director since 13 March 2018.

John has extensive experience in the mortgage broking and aggregation sector and is the founder of several businesses including Finsure, which was acquired by BNK in September 2018.

He was the former General Manager, Sales & Distribution at Aussie Home Loans for ten years from 1994, before founding X Inc, which was a successful mortgage aggregator before its merger with the mortgage broking operations of Ray White in 2007.

John is also the co-founder and chairman of Aura Group, a boutique corporate advisor and investment house. Aura Group has more than \$1 billion in assets under management and advice.

During the previous three years, John has served as a Director of the Agency Group Australia Limited from 19 December 2016 to his resignation on 20 December 2019.

Board Recommendation – On the basis of Mr John Kolenda's skills, qualifications and experience, and his contributions to the Board's activities, the Board (other than John Kolenda) unanimously recommends that shareholders vote FOR this resolution.

The Chair intends to vote undirected proxies FOR resolution 3.

Explanatory Notes continued

Resolution 3: Ratification of issue of 11,700,000 Shares

Background

ASX Listing Rule 7.1 provides that a Company may, subject to specified exceptions, during any 12 month period, issue equity securities up to 15% of the number of Shares on issue at the commencement of the 12 month period without obtaining Shareholder approval.

The purpose of this resolution 3 is to approve and ratify, in accordance with Listing Rule 7.4, the prior issue of Shares in February 2020 to existing and new professional and sophisticated investors (as that term is defined in the *Corporations Act 2001*) via a share placement (“Placement”).

The issue of the Shares pursuant to the Placement was undertaken in compliance with Chapter 7 of the Listing Rules. The Shares were allotted at the discretion of the board. On 19 February 2020, the Company issued 11,700,000 Shares at an issue price of \$0.60 per Share to professional and sophisticated investors (as those terms are defined in the *Corporations Act 2001*) via a placement. The Shares issued were fully paid ordinary Shares in the Company, ranking equally with all other Shares and having identical rights to existing Shares quoted on the ASX.

Funds raised under the Placement were or will be used towards the following:

- underpin regulatory capital supporting the Company’s ongoing growth in its lending book; and
- pay costs to diversify off balance sheet funding and establish a securitisation program.

What happens if the resolution is approved or not approved?

If shareholders approve resolution 3, pursuant to Listing Rule 7.4, where shareholders subsequently approve an issue of securities, that previous issue will be treated as having been made with approval for the purpose of Listing Rule 7.1. Therefore, the Company’s 15% placement capacity under Listing Rule 7.1 will be refreshed and the Company will be able to issue further Equity Securities up to that limit. Refreshing the limit under Listing Rule 7.1 will also provide the Company with the flexibility to undertake future equity raisings without shareholders’ approval, subject to the 15% limit.

If shareholders do not approve this resolution 3, the Shares issued under the Placement will continue to count towards the 15% limit under Listing Rule 7.1, until 19 February 2021, when pursuant to Listing Rule 7.1, the Shares will no longer count as part of the 15% limit.

Board Recommendation: The Board believes that refreshing the placement capacity by ratifying the Placement is in the best interests of the Company and unanimously recommends that shareholders vote FOR this resolution.

The Chair intends to vote undirected proxies FOR resolution 3.

Resolution 4 – Issue of FY20 Performance Rights to Executive Director, Mr John Kolenda

Background

The Company is proposing to grant and issue 125,000 Performance Rights under the Equity Incentive Plan to Mr John Kolenda, Chief Executive Officer of Finsure, or his nominee (the “FY20 Performance Rights”). As announced to the ASX on 28 August 2020.

Listing Rule 10.14 provides that a listed company must not permit a director (or certain other persons) to acquire equity securities under an employee incentive scheme unless it obtains the approval of its shareholders.

The proposed FY20 Performance Rights issue falls within Listing Rule 10.14 and therefore requires the approval of shareholders.

If resolution 4 is not passed, the Company will not be able to proceed with the proposed FY20 Performance Rights Issue.

Terms of proposed grant of FY20 Performance Rights

The proposed grant of FY20 Performance Rights constitutes Mr Kolenda’s short-term incentive for the financial year ended 30 June 2020, for which performance hurdles have already been met. The Performance Rights are therefore not subject to further performance hurdles.

Explanatory Notes continued

The STI comprised a portion of Mr Kolenda's variable remuneration and were subject to performance measures. The STI performance measures focused on a mix of financial and non-financial measures, which were assessed at a Company and individual level.

The FY20 Performance Rights proposed to be issued under this resolution 4 will vest in two tranches, with 62,500 FY20 Performance Rights vesting immediately with the remaining 62,500 FY20 Performance Rights subject to deferral obligations for 4 years to 31 July 2024, in line with the requirements of the Banking Executive Accountability Regime (BEAR), and otherwise in accordance with the terms of the Equity Incentive Plan. Vesting of the deferred FY20 Performance Rights is subject to continued service, satisfaction of ongoing performance and claw back provisions.

Mr Kolenda, as Chief Executive Officer of Finsure (a wholly owned subsidiary of the Company), is entitled to participate in the Equity Incentive Plan.

The Board considers that the issue of proposed FY20 Performance Rights to Mr Kolenda (or his nominee) under the Equity Incentive Plan is in the Company's interests as it further aligns the interests of Mr Kolenda with the interests of shareholders in order to maximise shareholder value and for retentions of services.

The proposed FY20 Performance Rights represent 11.0% of Mr Kolenda's fixed remuneration for FY20 and the Board has determined that the grant of Performance Rights is within the range of market practice for similar roles in comparable ASX listed and private companies, and is therefore reasonable remuneration.

The Directors are therefore comfortable that the grant of the proposed FY20 Performance Rights would constitute reasonable remuneration for the purposes of section 211 of the Corporations Act and no separate approval is being sought under Chapter 2E of the Corporations Act in relation to the grant of proposed FY20 Performance Rights to Mr Kolenda.

No exercise price will be payable in relation to the FY20 Performance Rights when they vest and are exercised, and the Company will not raise any funds from the grant of the FY20 Performance Rights to Mr Kolenda (or his nominee).

A summary of the material terms of the FY20 Performance Rights to be issued under the Equity Incentive Plan to Mr Kolenda (or his nominee) are set out in **Annexure A**.

Information required by Listing Rule 10.15

Listing Rule 10.15 sets out the information that must be provided to shareholders in order to obtain shareholder approval under Listing Rule 10.14. The following information is provided in accordance with Listing Rule 10.15:

- a) The person to acquire the FY20 Performance Rights under the Equity Incentive Plan is Mr John Kolenda (or his nominee).
- b) Mr Kolenda, being an executive director of the Company, falls within Listing Rule 10.14.1. His nominee (if applicable) would fall within Listing Rule 10.14.2 as an associate of Mr Kolenda.
- c) Mr Kolenda's current total remuneration package is \$660,000 in fixed remuneration, with a short-term incentive at the discretion of the Board. Further details on Mr Kolenda's remuneration arrangements are set out in the Company's FY20 Remuneration Report.
- d) Mr Kolenda (or his nominee) will acquire 125,000 FY20 Performance Rights under the Equity Incentive Plan, which may vest into a maximum of 125,000 shares after they are exercised by Mr Kolenda.
- e) The FY20 Performance Rights are being used as an incentive, motivation and retention tool for Mr Kolenda, to link remuneration to performance. Performance Rights are used because they provide greater alignment with shareholders' interests by requiring that the Performance Rights are held until they vest and are exercised into Shares. Use of Performance Rights also provides the Board with the opportunity to consider clawback when approving vesting at the time when the Performance Rights become eligible to vest.
- f) The indicative total value of the FY20 Performance Rights to be issued to Mr Kolenda is \$81,250, based on the market value per Performance Right of \$0.65 per Share, which is the closing price of BNK Shares on 31 August 2020, the day after the release of the Company's full year results.

Explanatory Notes continued

- g) The FY20 Performance Rights will be issued to Mr Kolenda (or his nominee) for nil cash consideration (in line with the terms of the Equity Incentive Plan as approved by shareholders on 26 November 2019) and as part of his annual remuneration package.
- h) As at the date of this Notice, no Performance Rights have previously been issued to Mr Kolenda for nil cash consideration under the Equity Incentive Plan.
- i) Mr Kolenda is the only director currently eligible to participate in the Equity Incentive Plan (as only executive directors are permitted to participate). Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Equity Incentive Plan after the resolution is approved and who were not named in the Notice will not participate until approval is obtained under that rule.
- j) A voting exclusion statement in respect of resolution 5 is set out in the Notice.
- k) A summary of the material terms of the Equity Incentive Plan are set out in Appendix A.
- l) No loan will be provided in relation to the acquisition of the FY20 Performance Rights.
- m) It is proposed that Mr Kolenda (or his nominee) be issued the FY20 Performance Rights as soon as practicable after the date of the Meeting, or no later than 12 months after the date of the Meeting or such longer period as ASX allows.
- n) Details of any FY20 Performance Rights issued under the Equity Incentive Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- o) If approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

What happens if the resolution is approved or not approved?

If resolution 4 is approved by shareholders, the issue of FY20 Performance Rights will not be included in calculating the Company's capacity to issue equity securities equivalent to 15% of the Company's ordinary securities, under ASX Listing Rule 7.1.

If resolution 4 is not approved by shareholders, the proposed grant of FY20 Performance Rights will not proceed. In these circumstances, the Board will need to consider alternative remuneration arrangements such as cash payments equal to the value of the Performance Rights.

Board Recommendation: The Directors (excluding Mr Kolenda) consider that the issue of the proposed FY20 Performance Rights to Mr Kolenda is an appropriate form of remuneration for Mr Kolenda and is part of a reasonable remuneration package (taking into account the Company's circumstances and Mr Kolenda's role).

The Board (other than Mr Kolenda, who abstains) unanimously recommends that shareholders vote in favour of this resolution 4.

The Chair intends to vote undirected proxies FOR resolution 4.

Resolutions 5 and 6: Ratification and Approval of issue of options to Bell Potter Securities Limited

Background

ASX Listing Rule 7.1 provides that a Company may, subject to specified exceptions, during any 12 month period, issue equity securities up to 15% of the number of Shares on issue at the commencement of the 12 month period without obtaining Shareholder approval

ASX Listing Rule 7.4 allows shareholders to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce BNK's capacity to issue further equity securities without shareholder approval under ASX Listing Rule 7.1.

Bell Potter Securities Limited ("**Bell Potter**") has been engaged by the Company to provide a broad range of general corporate advisory services to support both the Board and management in growing shareholder value.

Terms of Options

In consideration for Bell Potter providing the services, the Company has agreed to issue 1,500,000 options to acquire Shares (Options), as announced on 21 and 22 September 2020. The Options are to be issued in three tranches as follows:

Explanatory Notes continued

- 500,000 Options were issued to Bell Potter on 21 September 2020, which have vested and have an exercise price of \$0.75 per Share, and expiry date of 21 September 2023.
- 500,000 Options are proposed to be issued on 26 November 2020, (after the AGM) with a vesting period of 6 months, exercise price of \$1.00 per Share, and expiry date of 26 November 2023; and
- 500,000 Options are proposed to be issued on 26 November 2020 (after the AGM), with a vesting period of 6 months, exercise price of \$1.25 per Share, and expiry date of 26 November 2023.

The terms and conditions of the Options are set out in **Annexure B**.

Specific Information Required by Listing Rule 7.3 and 7.5

Information must be provided to shareholders for the purposes of obtaining shareholder approval as follows:

- a) The Options have been, and are being, issued for nil consideration as they were issued as part of the Consideration payable for services rendered to the Company by Bell Potter.
- b) The Company issued 500,000 Options to Bell Potter on 21 September 2020 and proposes to issue the remaining 1,000,000 Options no later than 3 months after the AGM.
- c) The purpose of the issue is for part consideration of Bell Potter providing the corporate advisory services.
- d) No funds are raised from the issue of the Options, however funds raised from the exercise of the Options will be used to underpin regulatory capital supporting the Company's lending book.

What happens if these resolutions are approved or not approved?

If shareholders approve resolution 5, , where shareholders approve or subsequently approve (ratify) an issue of securities, that issue will be treated as having been made with approval for the purpose of Listing Rule 7.1. Therefore, the Company's 15% placement capacity under Listing Rule 7.1 will be refreshed and the Company will be able to issue further Equity Securities up to that limit.

Refreshing the limit under Listing Rule 7.1 will provide the Company with the flexibility to undertake future equity raisings without shareholder approval subject to the 15% limit. If resolution 6 is approved, the issue of 1,000,000 options will not count towards the Company's 15% listing rule capacity under ASX Listing 7.1.

If shareholders do not approve resolution 5, 500,000 Options will continue to count towards the 15% limit under Listing Rule 7.1, until 21 September 2021. If shareholders do not approve resolution 6, the 1,000,000 Options to be issued to Bell Potter will be issued in any event and will continue to count towards the 15% limit under ASX Listing Rule 7.1, until 26 November 2021, when pursuant to ASX Listing Rule 7.1 the Options will no longer count as part of the 15% limit, assuming that resolution 3 is approved.

Board Recommendation: The Board believes that the ratification and approval of the Options is in the best interests of the Company and unanimously recommends that shareholders vote FOR this resolution.

The Chair intends to vote undirected proxies FOR resolution 5 and resolution 6..

Resolution 7 – Approval of Additional 10% Placement Capacity Under ASX Listing Rule 7.1A

Background

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 AGM (provided Shareholder approval is obtained at the AGM) on a non-pro rata basis.

Listing Rule 7.1A requires resolution 7 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.

Formula for ASX Listing Rule 7.1A

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 AGM) will be determined in accordance with the following formula prescribed in Listing Rule 7.1A.2:

Explanatory Notes continued

(A x D) – E, Where:

A: is the number of Shares on issue at the commencement of the relevant period,

- plus the number of Shares issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- plus the number of Shares issued in the relevant period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue the convertible securities was approved or taken under these rules to have been approved under ASX Listing Rule 7.1 or 7.4;
- plus the number of Shares issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under these rules to have been approved under ASX Listing Rule 7.1 or rule 7.4;
- plus the number of any other fully paid ordinary securities that became fully paid in the relevant period
- less the number of Shares cancelled in the relevant period.

Note: 'A' has the same meaning in Listing Rule 7.1 when calculating an entity's 15% annual placement capacity

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 issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

Specific information required by Listing Rule 7.3A

- a) **Period for Approval** - Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur to the following:
 - the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
 - the time and date of the Company's next annual general meeting; or
 - the time and date of the approval by shareholders of ordinary securities of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- b) **Minimum Issue Price** - The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average market price ("VWAP") of Equity Securities in the same class calculated over the 15 trading days immediately before:
 - the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the securities; or
 - if the Equity Securities are not issued within 10 Trading Days of the date in the paragraph above, the date on which the Equity Securities are issued.
- c) **Use of Funds** – 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:
 - increasing regulatory capital (Common Equity Tier 1);
 - working capital for other corporate purposes including investment in systems and processes; and
 - possible acquisitions of assets or investments, subject to any applicable ASX requirements.

Explanatory Notes *continued*

d) **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:

- 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
- 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. The table below also shows:

- 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. 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
- 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 9 October 2020.

Number of Shares on Issue (variable "A") ⁵	Dilution - Examples			
	Dilution ¹	Funds ²	Funds ³	Funds ⁴
95,358,733 (Current)	9,535,873	\$3,099,159	\$6,198,317	\$12,396,635
143,038,099 (50% increase)	14,303,809	\$4,264,997	\$8,529,994	\$17,059,988
190,717,466 (100% increase)	19,071,746	\$6,198,317	\$12,396,634	\$24,793,269

*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 on dilution examples has been prepared on the following assumptions:

1. dilution - based on number of Shares issued (being 10% of the number of Shares at the time of issue).
2. funds raised based on issue price of \$0.325 (50% decrease in current issue price).
3. funds raised based on issue price of \$0.65 (Current issue price).
4. funds raised based on issue price of \$1.30 (100% increase in current issue price).
5. the number of Shares on issue could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1. Equity Securities must be in the same class as an existing quoted class of Equity Securities of BNK, being fully paid ordinary shares.
6. 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.
7. 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 AGM.

e) **Allocation Policy** – 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:

- 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;
- the effect of the issue of the Listing Rule 7.1A Equity Securities on the control of the Company;
- the financial situation and solvency of the Company; and
- 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.

Explanatory Notes continued

- f) **Agreement to issue securities under ASX Listing Rule 7.1A in the 12 months preceding the meeting** – At the Company's last annual general meeting held on 26 November 2019, 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 2019 annual general meeting.

What happens if the resolution is approved or not approved?

If shareholders approve resolution 7, the number of Equity Securities the Company may issue under the 10%

Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2. The effect of resolution 7 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using BNK's 15% annual placement capacity granted under Listing Rule 7.1

If shareholders do not approve the resolution, the Company will not be able to access the additional 10% capacity to issue equity securities without shareholder approval provided for in Listing Rule 7.1 and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1. The proposed allottees of any Equity Securities under the 10% Placement Facility are not as yet known or identified. In these circumstances, Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

Board Recommendation - The Board believe that having the ability to issue up to an additional 10% of new securities, under ASX Listing Rule 7.1A, is in the best interests of the Company and unanimously recommends that shareholders vote FOR this resolution.

The Chair intends to vote undirected proxies FOR resolution 7.

Definitions

In the Notice and this Explanatory note:

words importing the singular include the plural.

\$ means Australian dollars.

AGM means annual general meeting.

Annual Financial Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2020.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors of BNK.

Chairperson means the person appointed to chair the Meeting or any part of the Meeting.

Closely Related Party has the meaning given in section 9 of the Corporations Act.

Company or **BNK** means BNK Banking Corporation Limited ABN 63 087 651 849.

Constitution means the constitution of the Company. Corporations Act means the Corporations Act 2001 (Cth). Directors mean the directors of the Company.

Eligible Entity means not included in the S&P ASX 300 index and has a market capitalisation less than \$300 million.

Equity Securities means 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.

Financial Report means the annual financial report (prepared under chapter 2M of the Corporations Act) of the Company and its controlled entities.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means the notice of general meeting which this Explanatory Memorandum accompanies.

Definitions (continued)

Option means an Option to subscribe for a Share issued pursuant to the Employee Incentive Plan.

Performance Right means a right convertible for a Share issued pursuant to the Equity Incentive Plan

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Share means a fully paid ordinary share in the capital of BNK

Shareholder means a holder of a Share.

VWAP means the volume weighted average price of a Share as defined in the Listing Rules.

AEDT means Eastern Standard Daylight Time, being the time in Sydney, NSW.

AWST means Western Standard Daylight Time, being the time in Perth, WA

Appendix A – Material Terms of FY20 Performance Rights and Summary of Equity Incentive Plan

Material Terms of FY20 Performance Rights

Term	Details
Entitlements	<p>Each Performance Right that vests (as determined by the Board) and is exercised, entitles Mr Kolenda to one fully paid ordinary share or, at the Board’s discretion, a cash amount equivalent to the value of a share.</p> <p>Mr Kolenda may not trade, dispose or otherwise deal with any Performance Rights granted to him. BNK Shares are allocated on vesting of any Performance Rights and will not be subject to restrictions on dealing.</p>
Vesting Hurdles and exercise date	<p>The number of Performance Rights proposed to be granted to the Mr Kolenda was determined based on performance against certain predetermined performance measures during FY20.</p> <p>The Performance Rights are not subject to further performance hurdles because the Performance Rights the applicable FY20 STI hurdles have already been met.</p> <p>The Performance Rights granted will vest when the Board determines the conditions in the Equity Incentive Plan and the applicable offer invitation have been met.</p> <ul style="list-style-type: none"> 62,500 Performance Rights will vest immediately; and 62,500 Performance Rights will vest on 31 July 2024, in accordance with the requirements of the Banking Executive Accounting Regime (“BEAR”). <p>Vested Performance Rights are exercisable on or before 31 March 2025. Any Performance Rights that do not vest or are exercised will lapse.</p> <p>Mr Kolenda must be an employee at the time the Performance Rights are eligible to vest and must not have resigned or have been given notice of termination of employment by the Company or a member of the Group.</p>
Issue and exercise price	<p>As the Performance Rights form part of the variable remuneration component of the Mr Kolenda remuneration package, they will be granted at no cost to Mr Kolenda.</p> <p>No amount is payable by Mr Kolenda on the granting or exercise of Performance Rights.</p> <p>Any shares to be provided on the exercise of vested Performance Rights will be either purchased on-market or issued as new shares. Th Board may determine in its absolute discretion that vested Performance Rights will be satisfied by the company making a cash payment (less applicable taxes) in lieu of allocating shares.</p>
Dividends, ranking and voting rights	<p>The Performance Rights carry no entitlements to shares or dividends or other benefits unless and until they vest and are exercised into shares.</p> <p>Shares allocated on exercise of any Performance Rights will rank equally with other BNK shares.</p> <p>If the Company reconstructs or reorganises its capital, the Performance Rights will be adjusted to the extent necessary to comply with the ASX Listing Rules.</p>
Change of Control Event	<p>In certain limited circumstances, such as a takeover event where 50% or more of all issued fully paid BNK shares are acquired, the Board may exercise discretion to accelerate vesting, remove disposal restrictions, convert the Performance Rights into shares.</p>
Treatment on cessation of employment	<p>If Mr Kolenda ceases to provide services for reasons of redundancy, death, total and permanent disablement, certain medical conditions, retirement, separation by mutual agreement or the Company initiated separation for a reason unrelated to performance or conduct (Qualifying Reason), then the Board has an absolute discretion to allow any unvested Performance Rights to vest.</p> <p>If Mr Kolenda ceases to provide services for any reason other than a Qualifying Reason before the end of the performance period, any unvested Performance Rights will be forfeited and lapse.</p>
Clawback	<p>The Board has an ongoing discretion to deem unvested Performance Rights to have lapsed, and to deem any vested Performance Rights to be forfeited, in certain circumstances of fraud, dishonesty, breach of obligation, breach of policy or misconduct of Mr Kolenda (Clawback Events).</p>

Term	Details
Dealing Restrictions	Performance Rights may not be transferred, encumbered or subject to any hedging or derivative instrument intended to limit the economic risk of holding them.
Participation	In respect of a Performance Right, Mr Kolenda may not participate in: <ol style="list-style-type: none"> (1) new issues of Shares to Shareholders; (2) bonus issues of Shares or other securities to Shareholders; or (3) any pro-rata issue of Shares or other securities pro-rata to Shareholders, unless the Performance Right is exercised or the right is converted into Shares or Plan Shares (as the case may be), in each case before the record date for the relevant issue.
Reconstructions of Capital	In the event of any reconstruction (including consolidation, subdivision, reduction, capital return, buy back or cancellation) of the share capital of the Company, the number of Shares or Plan Shares (as the case may be) that may be acquired by Mr Kolenda and/or the consideration (for instance, Exercise Price) (if any) payable by Mr Kolenda for the acquisition of the Shares or Plan Shares (as the case may be), must be reconstructed to the extent necessary to comply with the Listing Rules as they apply at the relevant time, and in a manner that does not result in any additional benefits being conferred on Participants that are not conferred on Shareholders. However, in all other respects, the terms for the conversion of Performance Rights will remain unchanged.
Bonus Issues	If, prior to the exercise of a Performance Right, the Company makes a bonus issue to the holders of its Shares, and the Performance Right is not exercised prior to the record date in respect of that bonus issue, the Performance Right will, when exercised, entitle the holder to one Share plus the number of bonus shares which would have been issued to the holder if the Performance Right had been had been exercised prior to the record date.
Transferability	Performance Rights are not transferable.

Summary of Equity Incentive Plan

Term	Details
Eligibility	The Equity Incentive Plan (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 (Participant).
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): <ul style="list-style-type: none"> • the number of Plan interests (e.g. Options or Performance Rights) to which the invitation relates; • the date the Plan interests will be allotted; • any amount payable by Participant 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).


Term	Details
Rights of Participants	<p>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.</p> <p>Where Options or Performance Rights have been granted, upon exercise or vesting (as applicable), Participants will receive either a beneficial entitlement to Plan Shares (i.e. 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.</p> <p>Where Performance Rights are granted, depending on the invitation terms specified, the Board may determine in its absolute discretion that a vested Performance Right will be satisfied by the Company making a cash payment to the Participant in lieu of allocating Shares (Indeterminate Rights).</p> <p>Where Options or Performance 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 Performance Rights have been exercised or vested (as applicable).</p> <p>A holder of Options or Performance Rights 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.</p> <p>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 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.</p> <p>The Company will not seek official quotation by ASX of any Options or Performance Rights.</p>
Assignment	Options or Performance Rights 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	<p>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.</p> <p>The Plan may be amended at any time by the Board.</p>

Appendix B – Material Terms of Options to Bell Potter Securities

Term	Details
Entitlement	Each Option entitles the holder to subscribe for one fully paid ordinary share (Share) in the capital of BNK Banking Corporation Limited (Company) upon exercise of the Option.
Expiry Date	Each Option shall expire at 5:00pm (AWST) on the expiry date specified on the Option certificate (Expiry Date). An Option not exercised before that time will automatically lapse and be cancelled at that time.
Exercise Price and Expiry Date	The tranches of options have the following exercise prices and expiry dates: <ol style="list-style-type: none"> 500,000 Options, which have vested and have an exercise price of \$0.75 per Share, and expiry date of 21 September 2023. 500,000 Options are proposed to be issued on 26 November 2020, (after the AGM) with a vesting period of 6 months, exercise price of \$1.00 per Share, and expiry date of 26 November 2023; and 500,000 Options are proposed to be issued on 26 November 2020 (after the AGM), with a vesting period of 6 months, exercise price of \$1.25 per Share, and expiry date of 26 November 2023.
Exercise Period	The Options are exercisable at any time on or prior to 5:00pm (AWST) on the Expiry Date (Exercise Period).
Notice of Exercise	The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified in the Option certificate (Notice of Exercise) and payment of the exercise price specified in the Option certificate (Exercise Price) for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
Exercise Date	A Notice of Exercise is only effective on and from the later of: <ol style="list-style-type: none"> the date of receipt of the Notice of Exercise; and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds, (Exercise Date).
Timing of issue of Shares on exercise	<p>Within five business days (or, if the Company is admitted to the ASX at the time, such shorter period required by the ASX Listing Rules) after the later of:</p> <ol style="list-style-type: none"> the Exercise Date; and in the event that there is excluded information (as defined in section 708A(7) of the <i>Corporations Act 2001 (Cth)</i> (Corporations Act)) in respect of the Company as at the Exercise Date, the date on which there ceases to be any such excluded information, but in any case no later than 10 business days after the Exercise Date (or, if the Company is admitted to the ASX at the time, such shorter period required by the ASX Listing Rules), the Company will: <ol style="list-style-type: none"> allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or, if the Company is unable to issue such a notice, lodge with the Australian Securities and Investments Commission (ASIC) a prospectus prepared in accordance with the Corporations Act and do all things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and if admitted to the official list of the ASX at the time, apply for official quotation on ASX of the Shares issued pursuant to exercise of the Options. <p>If a notice delivered under section 708A(5)(e) of the Corporations Act is not effective for any reason to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must no later than 10 business days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.</p>
Shares issued on exercise	Shares issued on exercise of the Options rank equally with the then issued fully paid ordinary shares in the capital of the Company.

Term	Details
Reconstruction of capital	If at any time the issued capital of the Company is reconstructed, all rights of each holder of one or more Options are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction
Reconstruction of capital	If at any time the issued capital of the Company is reconstructed, all rights of each holder of one or more Options are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
Participation in new issues	There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to holders of Shares (Shareholders) during the currency of the Options without exercising the Options.
Adjustment for rights issue	In the event that the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the Exercise Price will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
Adjustment for bonus issue	If the Company makes a bonus issue of Shares to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment): <ul style="list-style-type: none"> a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder of the Option would have received if the holder had exercised the Option before the record date for the bonus issue; and b) no change will be made to the Exercise Price.
Quotation	The Company will not apply for quotation of the Options on ASX.
Transferability	The Options are not transferable

 **ONLINE PROXY APPOINTMENT**
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 **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.

IMPORTANT NOTE:

Due to the continued restrictions in relation to COVID-19, the Company has adopted measures to allow shareholders to participate in the Annual General Meeting ("AGM" or "Meeting") online this year. The AGM will be made accessible to shareholders via a live webcast with an online platform to facilitate shareholder questions in relation to the business.

2020 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 **virtually on 26 November 2020 at 2.00pm (AEDT)** 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 Resolutions 1 & 4 (except where I/we have indicated a different voting intention below) even though this resolutions are 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 Item of Business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made immediately disclosing the reasons for the change (required under LR 14.2.2).

VOTING DIRECTIONS

Ordinary Resolutions

	For	Against	Abstain*
1 Adoption of the remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To re-elect Mr John Kolenda as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of issue of 11,700,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Grant of FY20 Performance Rights to Executive Director, Mr John Kolenda	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of issue of Options to Bell Potter Securities Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of issue of Options to Bell Potter Securities Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval of Additional 10% Placement Capacity	<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 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)
 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 shareholder 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.

COVID-19: BNK BANKING CORPORATION LIMITED ANNUAL GENERAL MEETING

A live webcast and electronic voting via www.advancedshare.com.au/virtual-meeting will be offered to allow Shareholders to listen to the Meeting and vote online.

Please refer to the Meeting ID and Shareholder ID on your personalised proxy form to login to the website.

Shareholders may submit questions ahead of the Meeting via the portal from 26 October 2020.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

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 Resolutions 1 & 4, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolutions 1 & 4.

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.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on a resolution where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

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 2.00pm (AEDT) on 24 November 2020. Proxy Forms received after that time will not be valid for the scheduled meeting.



ONLINE PROXY APPOINTMENT

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 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033