

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

**Name of entity**

BNK BANKING CORPORATION LIMITED

**ABN / ARBN**

63 087 651 849

**Financial year ended:**

30 June 2019

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- ☐ These pages of our annual report:
- ☒ This URL on our website: <https://bnk.com.au/investor-centre/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at 30 August 2019 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 30 August 2019

Company Secretary authorising lodgement: Malcolm Cowell



<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

**ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES**

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at <a href="https://bnk.com.au/investor-centre/corporate-governance/">https://bnk.com.au/investor-centre/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://bnk.com.au/investor-centre/corporate-governance/">https://bnk.com.au/investor-centre/corporate-governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="https://bnk.com.au/investor-centre/corporate-governance/">https://bnk.com.au/investor-centre/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

**Appendix 4G**

**Key to Disclosures Corporate Governance Council Principles and Recommendations**

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://bnk.com.au/investor-centre/corporate-governance/">https://bnk.com.au/investor-centre/corporate-governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

+ See chapter 19 for defined terms  
2 November 2015



## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

**Appendix 4G**

**Key to Disclosures Corporate Governance Council Principles and Recommendations**

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://bnk.com.au/investor-centre/corporate-governance/">https://bnk.com.au/investor-centre/corporate-governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at 30 June 2019 Annual Report. <a href="https://bnk.com.au/investor-centre/">https://bnk.com.au/investor-centre/</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	... our policy on this issue or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at 30 June 2019 Annual Report. <a href="https://bnk.com.au/investor-centre/">https://bnk.com.au/investor-centre/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	... the information referred to in paragraphs (a) and (b): <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	... the terms governing our remuneration as manager of the entity: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement



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# Corporate Governance Policy Statement

As at  
August 2019



# Corporate Governance Policy Statement

## Introduction

This statement outlines the key aspects of BNK Banking Corporation Limited's (BNK or the Company) corporate governance framework. BNK (previously known as Goldfields Money) is committed to ensuring that its policies and practices reflect a high standard of governance. The Board of Directors (the Board) of BNK has adopted a comprehensive framework of Corporate Governance, designed to balance properly performance and conformance. This enables the Company to undertake, in an effective manner, the prudent risktaking activities which are the basis of its business.

The Board endorses the Corporate Governance Principles and Recommendations (3rd edition) (ASX Recommendations) as published by the ASX Corporate Governance Council and has adopted corporate governance charters and policies reflecting those ASX Recommendations, to the extent appropriate having regard to the size and circumstances of the Company.

Throughout the 2019 financial year, the Company's governance arrangements were consistent with the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council, unless otherwise stated.

This statement is current as at August 2019, and has been approved by the Board of the BNK Banking Corporation Limited.

More information on BNK's corporate governance framework and key documents is available at <http://www.bnk.com.au>

## The Board Of Directors

Directors are accountable to the shareholders for the Company's performance and governance. Management is responsible for implementing the Company's strategy and objectives, and for carrying out the day-to-day management and control of the Company's affairs.

## Board Charter

The Board's role and responsibilities are set out in the Board Charter. The responsibilities include:

- Setting the strategic direction of the Company, establishing goals to ensure that these strategic objectives are met and monitoring the performance of management against these goals and objectives;

- Ensuring there are adequate resources available to meet the Company's objectives;
- Appointing the Managing Director (MD), evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
- Evaluating the performance of the Board and its Directors on an annual basis;
- Determining remuneration levels of Directors;
- Approving and monitoring financial reporting and capital management;
- Approving and monitoring the progress of business objectives;
- Ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and necessary licence(s);
- Ensuring that adequate risk management procedures exist and are being used;
- Ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility; and
- Ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company.

A copy of the Board Charter is available on the Company's website.

## Delegations of Authority

It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board has delegated to the MD and, through the MD, to other senior executives, responsibility for the day-to-day management of the Company's business and implementation of the Company's strategy and policy initiatives. The MD and other senior executives operate in accordance with a comprehensive set of management delegations. The role of management is to support the MD in the operations of the Company's business.

The Board also delegates some authority to Board Committees. There are four Board Committees, namely:

# Corporate Governance Policy Statement

- Board Audit Committee
- Board Risk & Compliance Committee
- Board Credit Committee

Board Remuneration Committee

Delegations of Authority for the Board Committees are included in their respective charters on the Company's website and are also described in this statement. Each Board Committees charter is reviewed annually.

## Company Secretary

The Board is responsible for the appointment of the Company Secretary. The Company Secretary is accountable directly to the Board, through the Chairman, on matters to do with the proper functioning of the Board. The name, skills, experience and qualifications of the Company Secretary are contained on page 5 of the 2019 Annual Financial Report.

## Composition of the Board

The Constitution provides that there will be a minimum of five Directors and a maximum of 12 Directors on the Board. As at the date of this report, the Board comprises of four Non-Executive Directors and two Executive Directors.

The roles of Chairman and MD are not exercised by the same individual. The Chairperson of the Board cannot have been the Chief Executive Officer (or equivalent) of the Company at any time during the previous three years.

The Directors' attendance at Board and Committee meetings is set out on page 7 of the 2017 Annual Financial Report (in the Directors' Report).

Details of the period of office held by each current Director and the year of their last election are as follows:

Directors: Appointed Last Elected at an AGM

Peter Wallace;  
Appointed: 2014  
Last Elected at an AGM: 2016

Derek La Ferla;  
Appointed: 2015  
Last Elected at an AGM: 2015  
Available for election at the 2019 AGM

Don Koch  
Appointed: June 2019  
Available for election at the 2019 AGM

Peter Hall  
Appointed: 2015  
Last Elected at an AGM 2018

Simon Lyons - Managing Director  
Appointed: 2017  
Last Elected at an AGM: N/A

John Kolenda  
Appointed: March 2018  
Last Elected at an AGM: 2018

## Chairman

The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's functions, and for the briefing of all Directors in relation to issues arising at Board meetings. He builds and maintains an effective working relationship with the CEO, and encourages contribution by all Board members.

## Board Committees

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of Board Committees. To assist the Board to carry out its responsibilities, the Board has established an Audit Committee, a Risk & Compliance Committee, a Remuneration Committee and a Credit Committee. The roles and responsibilities of these committees are discussed throughout this corporate governance policy statement where relevant.

These Committees review matters on behalf of the Board and, as determined by the relevant Charter:

- Refer matters to the Board for decision, with a recommendation from the Committee, or
- Determine matters (where the Committee acts with delegated authority), which the Committee then reports to the Board.

Each Board Committee reports regularly to the Board and minutes of committee meetings are provided to the Board.

## Board Renewal and Tenure

The Constitution of the Company specifies that at each Annual General Meeting (AGM), one third of Directors will retire from office and may stand for re-election.

The policy of the Board is that Non-Executive Directors are normally expected to serve a term of nine years from the date of first election by shareholders, subject to reelection by shareholders as required under the Constitution and the ASX Listing Rules. That term may be extended to where, at the end of the initial nine year period, the Board determines that such an extension would be of benefit to the Company and the Director is agreeable.

# Corporate Governance Policy Statement

On an exceptional basis, the Board may annually exercise its discretion to further extend the term of a Director should the circumstances be such that the Board deems it appropriate. The Chairman may be able to serve a maximum term of 12 years.

## Director Independence

The Board must have a majority of independent Directors at all time. Independent Directors are required to be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment. The Board regularly assesses each Director's independence to ensure ongoing compliance with this requirement.

Directors are required to conduct themselves in accordance with the ethical policies of the Company and be meticulous in their disclosure of any material contract or relationship. This disclosure extends to the interests of family companies and spouses.

Directors must also strictly adhere to the participation and voting constraints in relation to matters in which they may have an interest. Each Director may from time to time have personal dealings with the Company or be involved with other companies or professional firms which may have dealings with the Company.

Details of offices held by Directors with other organisations are disclosed in the Directors' Report and on the Company's website. Full details of related party dealings are set out in the notes to the Financial Statements as required by law.

All the current Non-Executive Directors of the Company have been assessed as independent Directors. In reaching that determination, the Board has taken into account (in addition to the matters set out above):

- Whether the Director has been, employed in an executive capacity by the Company and there has not been a period of at least three years between ceasing such employment and serving on the board; or
- Has within the last three years been, a partner, Director or senior employee of a provider of material professional services to the Company; or
- Has been within the last three years, in a material business relationship (e.g. as a supplier or customer) with the Company, or an officer of, or otherwise associated with, someone with such a relationship; or

- Is a substantial security holder of the entity or an officer of, or otherwise associated with, a substantial security holder of the Company; or
- Has a material contractual relationship with the Company other than as a Director; or
- Has close family ties with any person who falls within any of the categories described above; or
- Has been a Director of the entity for such a period that his or her independence may have been compromised.

## Director Induction and Training

New Directors receive a letter of appointment and a deed of access, indemnity and insurance. The letter of appointment outlines the Company's expectations of Directors with respect to their participation, time commitment and compliance with the Company's policies and regulatory requirements.

An induction process for incoming Directors is coordinated by the Company Secretary.

The Board receives regular updates at Board meetings, access to industry based training, workshops and meetings with experts. These assist Directors to keep up to date with relevant market and industry developments.

## Performance reviews of the Board and its Committees

The performance of the Board, its committees and individual Directors, is reviewed each year. Board performance evaluation is designed to:

- Review the pre-determined role of the Board and individual Directors as set out in the Company's Board Charter;
- Annually assess how well Directors are discharging their responsibilities; collectively by assessing the Board's effectiveness; and individually by assessing the quality of a Director's contribution to general discussions, business proposals and governance responsibilities;
- Regularly evaluate the Directors' confidence in the integrity of the Company, the quality of the discussions at Board meetings, the credibility of the reports and information they receive, the level of interpersonal cohesion between Board members and the degree of Board knowledge; and

# Corporate Governance Policy Statement

- Enable Board members, individually and collectively, to develop the key skills required to meet foreseeable requirements with timely preparation, agreed strategies and appropriate development goals.

Steps involved in the evaluation included the completion of a questionnaire by each Director, review of responses to the questionnaire at a Board meeting and a private discussion between the Chairman and each of the Directors.

The Chairman holds discussions with individual Directors when evaluating their performance. The Board takes this evaluation into consideration when recommending Directors who are up for re-election.

There is also an annual review of the performance of the Chairman performed by the Board.

## Performance review of the MD and other key executives

The Board assesses senior executives' annual performance evaluations which are conducted following the end of the financial year. This assessment is undertaken with the assistance of the MD and the Remuneration Committee. The MD and other executives are not present when the Board and committees consider their performance and remuneration.

Details on senior executives' performance evaluations are contained in the Remuneration Report section of the Directors' Report, within of the 2019 Annual Financial Report.

## Selection and Appointment of Directors

Due to its size, the Company does not have a separately constituted nomination committee. Accordingly, the Board is responsible for addressing those matters which would usually fall to a nomination committee and shall do so in accordance with the Remuneration Policy and the Policy for the Selection and Appointment of New Directors.

In performing the selection process, the Board may:

- review its needs with a view to ensuring that there is a range of skills represented, including an understanding of the industry and market in which the Company operates, accounting, finance and legal matters;
- develop suitable criteria for Board candidates

to address any needs identified;

- engage independent professional advisors to assist in identifying individuals to fit within the criteria developed to satisfy the needs of the Board; and
- Develop a short-list of Board candidates, taking into account the attributes of the Board candidates and each candidate's ability to fit within the existing Board.

The Board's aim is to ensure that any new appointee is able to contribute to the Board constituting a competitive advantage for the Company.

The Board assesses the skills, experience and personal qualities of these candidates. It also takes into consideration other attributes, including diversity, to ensure that any appointment decisions adequately reflect the environment in which the Company operates.

Appropriate checks are undertaken prior to appointing a person and recommending that person for election as a Director. These include checks as to the person's character, experience, education, criminal record and bankruptcy history. As a Director is a responsible person under the applicable Australian Prudential Regulation Authority (APRA) Prudential Standard, Extensive background checks as to fitness and propriety are carried out before a person is appointed to the Board. Directors must also sign an annual declaration confirming they continue to be fit and proper.

Directors appointed by the Board must stand for election at the next AGM, in accordance with the Constitution.

The Company includes in the Notice of Meeting for the AGM all material information known to the Company which is relevant to a decision whether or not to elect or re-elect a Director.

## Director skills and experience

The skills, experience and expertise of each Director are described on pages 4 to 5 of the 2019 Annual Financial Report (in the Directors' Report).

The Directors possess a range of skills which, as a group, enable the Board to discharge its obligations effectively, challenge management and contribute to the Company's strategic debate.



# Corporate Governance Policy Statement

The Board uses a skills matrix to guide its assessment of the skills and experience of current Directors, and that which the Board judges will complement the effective functioning of the Board.

The matrix reflects the Board's objective to have an appropriate mix of market and industry experience and is summarised as follows:

- Skill/Competency
- Financial risk management
- Strategy and development
- Financial management & accounting
- Risk Management
- Operational management
- Information technology
- Human resources
- Sales, marketing & distribution
- Project management
- Compliance – legal & regulatory

Every Director has had considerable exposure to current corporate governance practices and all Directors possess significant financial acumen.

## Diversity

The Board does not have a diversity policy given the relative small size of the Company. The Board however is committed to the following principles:

- BNK believes that having a diverse workforce has important commercial and operational benefits. An equally important benefit of diversity is that it assists BNK in its ongoing efforts to make a positive contribution to the Australian community
- BNK is committed to treating all of its staff equally irrespective of their gender, race, age, ethnicity, sexual orientation, disability or any other irrelevant difference; having in place a corporate culture where all staff feel equally welcome and valued irrespective of their gender, race, age, ethnicity, sexual orientation or disability or any other irrelevant difference; and not discriminating in the employment of staff (including the appointment of Directors) based upon a potential candidate's gender, race, age, ethnicity, sexual orientation or disability or any other irrelevant difference.
- BNK is committed to ensuring that any Board or executive appointments are made without discriminating against a potential candidate on the basis of their gender, race, age, ethnicity, sexual orientation or disability or any other irrelevant difference.

## Policies

Board policies relevant to the composition of Committees and functions of the Directors include:

- The Board will consist of a majority of independent Non-Executive Directors;
- The Board Remuneration, Risk & Compliance and Audit Committees should consist solely of Non Executive Directors and a majority must be independent including the Chair.
- The Chairman of the Board will be an independent Non-Executive Director;
- The Audit Committee will be chaired by an independent Non-Executive Director other than the Chairman;
- The Board will meet on a regular and timely basis. The meeting agendas and papers will provide adequate information about the affairs of the Company. They also enable the Board to guide and monitor management, and assist in its involvement in discussions and decisions on strategy. Strategic matters are given priority on regular Board meeting agendas. In addition, ongoing strategy is the major focus of at least one Board meeting annually;
- An agreed policy that Directors are entitled to obtain access to Company documents and information, and to meet with management; and
- A procedure whereby, after appropriate consultation, Directors are entitled to seek independent professional advice, at the expense of the Company, to assist them to carry out their duties as Directors. The policy of the Company provides that any such advice is generally made available to all Directors.

## Ethical Standards

### Code of conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders.

These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. The Company Code of Conduct was adopted by resolution of the Board and is available on the Company's website.

# Corporate Governance Policy Statement

The Company is committed to maintaining ethical standards in the conduct of its business activities. The Company's reputation as an ethical business organisation is important to its ongoing success. The Company expects all of its Directors, senior management and employees to be familiar with, and have a personal commitment to meeting, these standards.

These standards go beyond mere compliance with laws and regulations. They also embrace the values which are essential to the Company's continued success.

The Code of Conduct requires Directors, senior management, employees and, where relevant and to the extent possible, contractors of the Company to adhere to the law and various policies of the Company referred to in this Code. The standards set out in the Code cannot, and do not try to, anticipate every situation which may pose a legal, ethical or moral issue. Therefore, the Code is not a prescriptive set of rules for business behaviour, but rather a practical set of principles giving direction to, and reflecting the Company's approach to, business conduct.

The Company's Directors, senior management and employees must conduct themselves with openness, honesty, fairness and integrity, and in the best interest of the Company in all business transactions and in all dealings with others including shareholders, employees, joint venture partners, suppliers, creditors, financiers, the financial markets, governments and the general public.

## Conflicts of Interest

In accordance with the Constitution and the Corporations Act 2001 (Corporations Act), Directors are required to disclose to the Board any material contract in which they may have an interest. In compliance with section 195 of the Corporations Act, any Director with a material personal interest in a matter being considered by the Board will not vote on the matter or be present when the matter is being considered.

## Share Trading

The Board has adopted a Securities Trading Policy. Under that Policy, Directors are permitted to deal with the Company's securities only within certain periods, as long as they are not in the possession of unpublished price-sensitive information.

These periods include the 2 week period commencing at 10.00am on the next trading day

after the announcement to ASX of half yearly results, the full year results and the holding of the Annual General Meeting.

The Policy also requires that Directors do not deal on the basis of considerations of a short term nature or to the extent of trading in those securities. Similar restrictions apply to Executives of the Company, which is in addition to the prohibition of any trading (including hedging) in positions prior to vesting of shares or options.

Executives who report to the CEO are also prohibited from:

- Any hedging of publicly disclosed shareholding positions; and
- Entering into or maintaining arrangements for margin borrowing, short selling or stock lending, in connection with the securities of the Company.

A copy of the Securities Trading Policy is available on the Company's website.

## Remuneration

### Remuneration Committee

The Remuneration Committee assists the Board to fulfill its responsibilities to shareholders and regulators in relation to remuneration within the Company. In general, the Committee is responsible for recommending to the Board for approval:

Remuneration for senior executives

- Remuneration arrangements and all reward outcomes for the CEO, senior direct reports to the CEO and other individuals whose roles may affect the financial soundness of the Company;
- Remuneration arrangements for Finance, Risk & Compliance Personnel; and
- Significant changes in remuneration policy and structure, including superannuation, employee equity plans and benefits.

In respect of the remuneration of non-executive Directors, the Committee is responsible for:

- Making recommendations to the Board as to the structure of remuneration for non-executive Directors; and
- Seeking to ensure that fees paid to non-executive Directors are within the aggregate amount approved by shareholders and making recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's annual general meeting.

# Corporate Governance Policy Statement

The Charter of the Remuneration Committee incorporates a number of policies and practices to ensure that the Committee is independent and effective.

These include:

- The Remuneration Committee will have a minimum of three members (all being non-executive Directors), the majority being independent non executive Directors.
- The Committee will be chaired by an independent Director.
- The Committee is expected to ensure it has the necessary expertise and experience to perform its duties. In particular, the Committee collectively should have experience in setting remuneration and sufficient industry knowledge to effectively align remuneration with prudent risk taking.
- Meetings are held at two times per year or more frequently as required.
- The Committee is authorised to engage, at the Company's expense, outside legal or other professional advice or assistance on any matters within its terms of reference. The Committee should ensure that the engagement and advice received, is independent.
- The Committee is authorised to seek any information it requires from any officer or employee of the Company and such officers or employees shall be instructed by the Board of the Company employing them to respond to such enquiries.
- No member of the Committee may participate in any decision with respect to his or her position or remuneration.

The Committee's members are:

- Mr Peter Wallace (Chairman)
- Mr Derek La Ferla
- Mr Peter Hall

A copy of the Remuneration Committee Charter is available on the Company's website.

## Remuneration Arrangements

Details of the governance arrangements and policies relevant to remuneration are set out in the Remuneration Report on pages 11 to 18 of the 2018 Annual Financial Report.

## Audit

### Audit Committee

The Audit Committee assists the Board in fulfilling its corporate governance and oversight responsibilities in relation to the:

- Integrity of the financial statements and financial reporting systems of the Company;
- External audit engagement, including the external auditor's qualifications, performance, independence and fees;
- Performance of the internal audit function; and
- The Company's financial reporting and compliance with prudential regulatory reporting. With reference to the Board Risk & Compliance Committee, this includes an oversight of the Company's regulatory and statutory reporting requirements.

The Committee's members are:

- Mr Derek La Ferla (Chairman)
- Mr Peter Hall
- Mr Peter Wallace

A copy of the Audit Committee Charter is available on the Company's website.

The Charter of the Audit Committee incorporates a number of policies and practices to ensure that the Committee is independent and effective.

These include:

- The Audit Committee will comprise at least three members. All members must be Non-Executive, and comprise a majority of independent Directors.
- The Chairman of the Audit Committee cannot be the Chairman of the Board.
- All Committee members shall be financially literate (i.e. able to read and understand financial statements). At least one member shall have accounting and/or related financial management expertise (i.e. is a qualified accountant or other financial professional with experience of financial and accounting matters) and some members shall have an understanding of the financial services industry.
- All Committee members will be appointed for a term of three (3) years, after which they will be eligible for re-appointment for so long as they remain Directors of the Board
- The Committee shall meet often enough to undertake its role effectively, being at least four times each year.

# Corporate Governance Policy Statement

- As part of its role to foster open communication, the Committee should meet regularly with management, the internal auditor and the external auditors in separate executive sessions to discuss any matters the Committee or each of these groups believe should be discussed privately.
- The Committee may request any officer or employee of the Company, external legal counsel or any person or group with relevant experience or expertise to attend meetings of the Committee or to meet with any members or consultants to the Committee.
- The Committee must invite the external auditor to meetings of the Committee. The Committee may invite such other persons (e.g. executives, staff, and external parties) to its meetings as it deems necessary (whether on a permanent or ad hoc basis).
- Senior management and the internal and external auditor have free and unfettered access to the Audit Committee, while maintaining a reporting line to the Chief Executive Officer; and
- The Committee has the option, with the concurrence of the Chairman of the Board, to retain independent legal, accounting or other advisors, to the extent the Committee considers necessary, at the Company's expense.

## Internal Audit

The Company has an independent Internal Audit function.

The Internal Auditor's responsibilities include the following:

- Develop flexible strategic and annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit those plans to the Audit Committee for review and approval.
- Implement the strategic and annual audit plans as approved, including, and as appropriate, any special tasks or projects requested by Executive Management and the Audit Committee.
- Maintain professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter.

- Establish a quality assurance program by which the Internal Auditor assures the operation of internal audit activities.
- Perform consulting services, beyond internal audits assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion. Issue periodic reports to the Audit Committee and management summarising results of audit activities.
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Assist in the investigation of significant suspected fraudulent activities within the Company and notify management and the Audit Committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the Company at a reasonable overall cost.

While maintaining a reporting line to the Chief Executive Officer, the Internal Auditor has a direct reporting line to the Audit Committee so as to bring the requisite degree of independence and objectivity to the role.

## External Audit

The Company's external auditor will attend each AGM and be available to respond to shareholder questions relating to the external audit.

In line with current legislation, the Company requires that the partner be changed within five years of being appointed.

## Risk Management

The Company recognises that managing risk is an integral part of its day to day core business activities, and the better risk is managed, the more likely it is that the Company will achieve or exceed its objectives.



# Corporate Governance Policy Statement

The Board of Directors is ultimately responsible for the effective governance of the Company's risk management while the Company's executives are responsible for ensuring effective risk management, including the implementation of strategies to reduce risks, within their operational area on a day to day basis.

Shareholder value is driven by the Company taking considered risks. Risks are assessed by identifying potential events and evaluating the combination of the consequences of an event and the associated likelihood of occurrence. Risks are then assessed against the Company's risk appetite to ensure they are within the boundaries of activity that the Board intends.

The Board and its Risk & Compliance Committee operate under the direction of their respective Charters. The Board Charter stipulates, among other things, that:

- The Board is responsible for ensuring that adequate risk management procedures exist and are being used;
- Ensure that procedures are in place designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control and business risk management; and
- The MD is responsible for identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses, formulating strategies for managing these risks for consideration by the Board.

The MD and the Chief Financial Officer (CFO) have given the Board a declaration in accordance with section 295A of the Corporations Act. The MD and CFO confirmed that the declaration was founded on a sound system of risk management and internal compliance and control which implemented the policies adopted by the Board and which was operating effectively.

Prior to approval of the Company's financial statements for the FY2019 financial year, the MD and the CFO gave the Board a declaration that, in their opinion, the financial records of the Company had been properly maintained in accordance with the Corporations Act, that the financial statements complied with the appropriate accounting standards and gave a true and fair view of the financial position and performance of the Company, and that their opinion had been formed on the basis of a sound system of risk

management and internal compliance and control which was operating effectively.

## Risk & Compliance Committee

The Risk & Compliance Committee assists the Board with overseeing the risk profile of the Company, approves the Risk Management Strategy with the context of the risk appetite determined by the Board, and in making its annual declaration to APRA on risk management.

The Risk & Compliance Committee oversees the Company's risk management framework. This includes credit, capital, interest rate risk in the banking book, liquidity and funding, operational, insurance, compliance (including regulatory), and reputational risks assumed by the Company in the course of carrying on its business. It reviews regular reports from management on the measurement of risk and the adequacy and effectiveness of the Company's risk management and internal controls systems.

The Committee's members are:

- Mr Peter Hall (Chairman)
- Mr Derek La Ferla
- Mr Peter Wallace

A copy of the Risk & Compliance Committee Charter is available on the Company's website.

Strategic risks are governed by the Board, with input from the various Board Committees. Tax and accounting risks are governed by the Audit Committee.

A key purpose of the Committee is to help formulate the Company's risk appetite for consideration by the Board, and agreeing and recommending a risk management framework to the Board that is consistent with the approved risk appetite.

This framework, which is designed to achieve portfolio outcomes consistent with the Company's risk- return expectations, includes:

The Company Risk Appetite Statement;

- High-level risk management policies for each of the risk areas it is responsible for overseeing; and
- A set of risk limits to manage exposures and risk concentrations.

The Committee monitors management's compliance with the Company risk management framework (including high-level policies and limits).

# Corporate Governance Policy Statement

It also makes recommendations to the Board on the key policies relating to capital (that underpin the Internal Capital Adequacy Assessment Process), liquidity and funding and other material risks. These are overseen and reviewed by the Board on at least an annual basis.

The Committee reviews significant correspondence with regulators, receives reports from management on regulatory relations and reports any significant regulatory issues to the Board.

The Risk & Compliance Committee Charter states that the Committee will meet at least four times a year, or as often as required.

## Risk Management Framework

A risk management framework is in place to identify, assess, manage and report risks and risk adjusted returns on a consistent and reliable basis. The Risk Management Framework was reviewed during the year.

## Risk Management Function

The Company also has a designated risk management function that:

- is responsible for assisting the Board, board committees and senior management to develop and maintain the risk management framework;
- is operationally independent and managed by an appropriately qualified and designated Risk & Compliance Manager;
- has reporting lines to the Board, board committees and senior management to conduct its risk management activities in an effective and independent manner;
- has access to all aspects of the Company that have the potential to generate material risk, including information technology systems and systems development resources; and
- is required to notify the Board of any significant breach of, or material deviation from, the risk management framework.

## Material Exposure to Economic, Environmental and Social Sustainability Risks

The Company monitors its exposure to all risks, including economic, environmental and social sustainability risks.

There are a number of material business risks that could adversely affect the Company and the achievement of the Company's financial performance objectives. Material business risks are described above under the Risk Management

section and are identified and managed as part of the Risk Management Framework and also in the Annual Financial Report.

## Continuous Disclosure

Matters which could be expected to have a material effect on the price or value of the Company's securities must be disclosed under the Corporations Act and the ASX Listing Rules. The Company's Continuous Disclosure Policy is available on the Company's website. This sets out the processes to ensure that shareholders and the market are provided with full and timely information about the Company's activities in compliance with continuous disclosure requirements.

Continuous Disclosure Policy and processes are in place throughout the Company to ensure that all material matters which may potentially require disclosure are promptly reported to the MD. This is achieved via established reporting line to the MD. Matters reported are assessed and, where required by the ASX Listing Rules, advised to the market. The Company Secretary is responsible for communications with the ASX and for ensuring that such information is not released to any person until the ASX has confirmed its release to the market

## Communication With Shareholders

The Company believes it is important for its shareholders to make informed decisions about their investment in the Company. In order for the market to have an understanding of the business operations and performance, the Company aims to provide shareholders with access to quality information in the form of:

- Interim and final results;
- Annual Reports;
- Investor presentations;
- Matters discussed at the Annual General Meeting;
- Trading updates;
- All other price sensitive information is released to the ASX in a timely manner;
- The Company's website at: [www.bnk.com.au](http://www.bnk.com.au)

The Company employs a range of communication approaches, including direct communication with shareholders, publication of all relevant Company information on the "Investors" section of the website.

# Corporate Governance Policy Statement

To make its general meetings more accessible to shareholders, the Company may move the location of its AGM between different locations each year. The Company actively engages shareholders at the AGM.

Shareholders also have the opportunity to submit written questions in advance or ask questions at the meeting. In addition shareholders are able to contact the Company directly.

The Company is committed to maintaining a level of disclosure that meets the highest of standards and provides all investors with timely and equal access to information.

Shareholders have the option to receive communications from, and send communications to, the Company and its share registry electronically.

Information on communications to and from shareholders can be located on the Company's website.

## Website

The Company's current Charters, Constitution and summary of Policies referred to in this statement can be accessed via the Internet at:  
<http://www.bnk.com.au>

## Conclusion

The Board recognises that practices and procedures can always be improved. Accordingly, the corporate governance framework of the Company is kept under review to take account of changing practices.