



# Board Charter

As at September 2024



# Board Charter

## Introduction

This Charter outlines the role, responsibilities and composition of the board of directors (the Board) of BNK Banking Corporation Limited (the Company) and the manner in which it discharges its responsibilities for the Company and its controlled entities (Group).

## Purpose

The primary purpose of the Board is to ensure sound and prudent management of the Group, provide leadership and strategic guidance, and delivery of the Group's purpose.

## Overall role and responsibilities of the Board

1. The objective of BNK Banking Corporation Limited is to create long-term shareholder value for its shareholders through providing financial services to its customers.
2. The Board is responsible for:
  - (a) setting the strategic direction of the Group, establishing goals to ensure that these strategic objectives are met and monitoring the performance of management against these goals and objectives.
  - (b) ensuring there are adequate resources available to meet the Group's objectives.
  - (c) appointing the Chief Executive Officer/ Managing Director, evaluating the performance, and approving the appointment and determining the remuneration of senior executives, and the Company Secretary and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning.
  - (d) evaluating the performance of the Board and its directors on an annual basis.
  - (e) determining remuneration levels of directors.
  - (f) approving and monitoring financial reporting and capital management and approving and signing off the half and full year financial statements for the Group.
  - (g) approving and monitoring the progress of business objectives;
  - (h) ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and necessary licence(s);
  - (i) ensuring that adequate risk management procedures exist, including a Risk Management Framework (RMF) and Risk Appetite Statement (RAS) and are being used and making an annual Risk Management Declaration (RMD) to the Australian Prudential Regulation Authority (APRA) as required

under prudential standards.

(j) ensuring that the Group has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility; and

(k) ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Group.

3. In performing the responsibilities set out above, the Board must at all times act in a manner designed to create and continue to build sustainable value for shareholders in a manner that recognises the Group's core values, and recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with law.

4. The Board has the powers it needs to discharge the above responsibilities.

## Legal and compliance responsibilities

5. In addition to the responsibilities listed above, the Board has the following particular responsibilities with respect to legal and compliance matters:

(a) 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.

(b) Review the procedures the Group has in place to ensure compliance with laws and regulations, particularly those which may have a major impact on the Group in areas such as its Australian Financial Services License, Anti-Money Laundering and Counter Terrorism Financing, Privacy and the APRA Prudential Standards and Work, Health & Safety (WHS).

(c) Review the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes, including requirements under the Listing Rules of ASX Limited, the Corporations Act 2001 (Cth), Australian Accounting Standards Board (AASB) requirements and the requirements of the APRA Prudential Standards.

## Board size and composition

6. Appointment to the Board is based on merit against objective criteria that serve to ensure that directors, collectively, have the full range of skills needed for the effective and prudent operation of the Group, and that each director has skills that allow them to make an effective contribution to Board deliberations and processes.

7. In accordance with the Company's constitution,

# Board Charter

the Group must have not less than 5 and not more than 12 directors.

8. The Board must have a majority of independent directors at all times.

9. An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

10. When determining the independent status of a director, the Board will consider whether the director is or was a substantial shareholder, involved in past management, a principal of an adviser or consultant to the Group, or is a supplier, customer or has a material contractual relationship with the Group.

11. A majority of directors must be ordinarily resident within Australia.

## Board meetings

12. The Board will endeavour to meet for a minimum of 6 times in each financial year in order to appropriately discharge its responsibilities.

13. The Board may convene additional meetings in accordance with the Group's constitution.

14. A majority of directors present and eligible to vote at all Board meetings must be non-executives.

## Board committees

15. The Board from time to time may establish committees to assist it in carrying out its responsibilities, and approve charters setting out matters relevant to the composition, responsibilities and administration of such committees and other matters that the Board may consider appropriate.

16. The Board has established several standing committees. They are the:

- (a) Remuneration Committee
- (b) Audit Committee
- (c) Risk & Compliance Committee; and
- (d) Credit Committee.

17. The Board may delegate specific responsibilities to ad hoc committees from time to time.

18. Due to its size, the Group 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.

## Chairperson

19. The chairperson of the Board (Chairperson) is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function, and for the briefing of all directors in relation to issues arising at Board meetings.

20. The directors will appoint as Chairperson of the Board, one of the independent directors.

21. The Chairperson of the Board cannot have been the Chief Executive Officer (or equivalent) of the Group at any time during the previous three years.

22. The Chairperson must be available to meet with APRA and other regulators on request.

23. The Chairperson has specific responsibilities to:

- (a) Represent the views of the Board and the Company to stakeholders including, shareholders, regulators and the community.
- (b) Foster an open, inclusive, and, where appropriate, discussion and debate by the Board, and with management.
- (c) Maintain a regular, open and constructive dialogue with the CEO and management, serving as the primary link between the Board and management.
- (d) Liaise with the Company Secretary in relation to the Board's information requirements to assist the Board with effective decision making; and
- (e) Set the agenda together with the CEO and the Company Secretary, ensuring that appropriate time and attention is devoted to matters within the responsibilities of the Board.

## Chief Executive Officer/Managing Director & Senior Management

24. The Chief Executive Officer or Managing Director (as applicable) is responsible for running the affairs of the Group under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his or her responsibilities, the Chief Executive Officer/Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Group's financial condition and operational results.

25. The Chief Executive Officer/Managing Director and senior management of the Group must be ordinarily resident in Australia.

26. The Chief Executive Officer/Managing Director and senior management must be available to meet with APRA and other regulators on request.



# Board Charter

## Delegation to management

27. The role of management is to support the Chief Executive Officer/Managing Director and implement the running of the general operations and financial business of the Group, in accordance with the delegated authority of the Board. The delegated authority includes responsibility for:

(a) developing business plans, budgets and strategies for the Group for consideration by the Board and, to the extent approved by the Board, implementing these plans, budgets and strategies.

(b) operating the Group's businesses within the parameters set by the Board from time to time and keeping the Board informed of material developments.

(c) in respect of proposed transactions, commitments or arrangements that exceed the parameters set by the Board, referring such matters to the Board for its consideration and approval.

(d) identifying and managing operational and other risks and, where those risks could have a material impact on the Group's businesses, formulating strategies for managing these risks for consideration by the Board.

(e) implementing the policies, processes and codes of conduct approved by the Board; and

(f) managing the Group's current financial and other reporting mechanisms and control and monitoring systems to ensure that these mechanisms and systems function effectively and capture all relevant material information on a timely basis.

## Access and advice

28. The Board has free and unfettered access to senior management, any other relevant internal and external party and information, and may make any enquiries to fulfil its responsibilities.

The Chief Risk Officer, and the External Auditor have unfettered access to the Board.

The Board may seek independent professional advice at the Group's expense in carrying out of its duties with the approval of the Chairperson. The Chairperson must not unreasonably withhold his or her consent.

## Company Secretary

29. The Company Secretary is accountable to the Board, through the Chair, on matters relating to the proper functioning of the Board.

30. All directors have direct access to the Company Secretary.

## Board performance

31. On an annual basis, there will be a performance evaluation of the Board and individual directors' contribution to the Board. This assessment should include appraisal of its performance in areas of compliance, risk management and strategic performance as well as a fit and proper assessment.

## Board renewal

32. The Board as a whole will ensure that the size, composition and skills of the Board are appropriate to meet the needs of the Group.

33. The Board as a whole will consider succession planning for Board positions, including the succession of the Chairperson and specific nominations for directorship appointments, to maintain an appropriate mix of skills, experience, expertise and diversity on the Board.

34. Notwithstanding members' ability to appoint, remove and replace directors under the Corporations Act 2001 and the Constitution, the Board approved policy on Director tenure is:

(a) Maximum tenure of Directors (other than the Chairman) of 9 years from date of first election by shareholders.

(b) Maximum tenure of Chairman of 12 years (inclusive of any term as a Director prior to being elected as Chairman) from date of first election by shareholders;

(c) The Board, on its initiative and on an exceptional basis, may exercise discretion to extend the maximum terms specified in clauses 34 (a) and (b) where it considers that such an extension would benefit the Group. Such discretion will be exercised on an annual basis and the Director concerned will be required to stand for re-election annually; and

(d) Recommendations to shareholders to re-elect directors to be made only after peer review.

35. The Board reviews the adequacy of this Charter annually.

## Declaration of Interests

36. Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests and declare them to the Chair and the Board and the Group Company Secretary if they arise.

## Approval date

Charter approved September 2024

Next review September 2025