

ASX Announcement (ASX:BBC)

18 February 2020

Strategic Capital Raising and Non-Renounceable Rights Issue

The Board of BNK Banking Corporation Limited (**"Company" or "BNK"**) is pleased to announce a strategic capital raising to fund the strong growth in its lending business and strengthen its balance sheet.

Placement of new ordinary shares

The Company has reached agreement with certain institutional and sophisticated investors to raise \$7,020,000 by way of an equity placement (**Placement**). The Placement was completed at \$0.60 per share. The 11,700,000 fully paid ordinary shares (**Shares**) to be issued under the Placement will rank equally with other shares on issue, using the Company's existing capacity under Listing Rule 7.1.

BNK Managing Director Simon Lyons said: "The \$7.02M equity placement is a major step forward for the Company in positioning BNK to achieve its targets in 2020 and beyond. This along with other funding initiatives represents a significant boost for the Company's long-term strategic goal of maintaining efficient and profitable growth."

"The funds used from the Placement will be used to underpin regulatory capital supporting the Company's ongoing growth in its lending book as well as to pay costs to diversify off balance sheet funding and establish a securitisation program. The shares are expected to be issued by Wednesday, 19 February 2020."

Entitlement Offer

In addition, the Board is pleased to announce a 1 for 10 (1 new Share for every 10 existing Shares) non-renounceable pro rata entitlement offer (**Entitlement Offer**) to raise up to \$5,654,400 (before costs and subject to rounding) via the issue of up to 9,424,040 Shares (subject to rounding) at an issue price of \$0.60 per Share.

The Entitlement Offer will be made to those shareholders of the Company on the register as at 7.00pm (AEDT) on 26 February 2020 (**Record Date**) with a registered address in Australia or New Zealand, or is a shareholder that the Company has otherwise determined is eligible to participate (**Eligible Shareholders**). The Company has decided that it is unreasonable to make the Entitlement Offer to shareholders other than Eligible Shareholders, having regard to the number of holders in the countries concerned, the number and value of the Shares which those holders would be offered, and the cost of complying with the legal requirements and the requirements of the regulatory authorities of the countries concerned.

All Shares to be issued under the Entitlement Offer will rank equally with existing Shares in the Company as of the date of issue.

The proceeds from the Entitlement Offer will be used by the Company for the following purposes:

- Provide regulatory capital to facilitate ongoing growth in on balance sheet lending;
- Pay costs to diversify off balance sheet funding and establish a securitisation program;
- Provide working capital; and

- Pay the costs of the Entitlement Offer.

The Entitlement Offer is non-renounceable, meaning that the rights will not be able to be traded on the ASX or be otherwise transferable. Shareholders who do not take up their entitlements in full will not receive any payment in respect of any entitlements they do not take up.

Eligible Shareholders wishing to participate in the Entitlement Offer should carefully read the Offer Booklet and accompanying personalised Entitlement and Acceptance Form which are expected to be dispatched on or around Monday, 2 March 2020. A copy of the Offer Booklet will be published on the ASX and will also be made available on the Company's website.

The Entitlement Offer will not be underwritten. However, the Entitlement Offer will include a shortfall facility under which Eligible Shareholders who take up their full entitlement will be invited to apply for additional Shares in the Entitlement Offer from a pool of those Entitlements not taken up by other shareholders (**Shortfall Facility**). The allocation policy in relation to the Shortfall Facility will be set out in the Offer Booklet.

There is no guarantee that applicants under the Shortfall Facility will receive all or any of the additional Shares applied for under the Shortfall Facility.

Indicative timetable for the Entitlement Offer

Event	Date*
Issue of Placement Shares	Wednesday, 19 February 2020
Lodgement of notice under s708AA(2)(f) of the Corporations Act 2001 (Cth) in respect of the Entitlement Offer	Friday, 21 February 2020
Ex-date for Entitlement Offer	Tuesday, 25 February 2020
Record Date for Entitlement Offer	Wednesday, 26 February 2020
Entitlement Offer opens Dispatch of Offer Booklet and Entitlement and Acceptance Form	Monday, 2 March 2020
Entitlement Offer closes (Closing Date)	5pm AWST Monday, 16 March 2020
Shares quoted on a deferred settlement basis	Tuesday, 17 March 2020
Announcement of results of the Entitlement Offer	Thursday, 19 March 2020
Issue and allotment of Shares under the Entitlement Offer	Monday, 23 March 2020
Dispatch of holding statements	Monday, 23 March 2020
Commencement of trading of new Shares issued under the Entitlement Offer	Tuesday, 24 March 2020

* The above timetable is indicative only and subject to change. The quotation of Shares is subject to ASX approval. Subject to approval of the ASX Listing rules, the Corporations Act 2001 (Cth) and other applicable laws, the Company reserves the right to vary these dates without notice, including extending the Closing Date or accepting late applications, either generally or in particular cases, or bringing forward the Closing Date at its discretion. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the Shares under the Entitlement Offer.

The Entitlement Offer will open after the release of BNK's half-year results for the period ended 31 December 2019, which will be released to the market on 28 February 2020. This will afford shareholders the opportunity to consider the latest results in determining whether or not participate in the Entitlement Offer.

Further to the Company's announcement of 26 November 2019 and update of 12 February 2020, the Company continues to be in discussion with its insurer in respect of amounts outstanding under its ATM bailment business. The quantum of amounts outstanding is approximately \$2,900,000. The Company will update the market as further information becomes known.

The Placement and Entitlement Offer will provide a solid platform for BNK to continue to build on its strong performance achieved in the first half of FY20 as highlighted in the Company's trading update announcements of 12 February 2020.

"BNK is delighted to welcome new institutions to the register via the Placement, and equally provide existing shareholders the ability to participate in its ongoing success through the Entitlement Offer. The benefits of the merger between the Bank and Finsure, completed in late 2018, are being realised and the strengthened capital position will enable BNK to accelerate its lending business as well as position the business for further growth," Mr Lyons said.

ENDS

Authorised by:

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Chairman

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