

ASX Release, 1 April 2020

### COVID-19 Business Update

BNK Banking Corporation Limited (BNK, the Company or the Group) (ASX:BBC) provides the following update in relation to the impact to the business from COVID-19.

Our thoughts are with those families impacted by health and economic consequences of COVID-19 and we are dedicated to supporting any of our customers that find themselves in difficulty at this time.

### Strong Financial Position

BNK is currently in a position of financial strength having recently raised \$7.02m from institutional and sophisticated investors in February 2020. BNK management is closely monitoring business performance, controlling costs and managing liquidity to ensure the Company maintains its strong capital position while minimising disruption to the business. The Company is also remains in active dialogue with its insurer in regards to the \$2.9m ATM Bailment claim.

### Withdrawal of 3 Year Targets

It is apparent that the economic impacts of the current pandemic will flow through to Australian businesses and will undoubtedly impact many businesses and individual borrowers. Given the uncertainty that COVID-19 is causing and the impact it is likely to have upon the economy, the Board believes it to be prudent to withdraw the previously announced 3-year targets for the Group.

However at this stage, it is worth noting that;

- the business has experienced strong growth in the year to date;
- February 2020 despite being a shorter month was a strong month of performance for the Group;
- that the majority of BNK's revenue is recurring in nature; and
- the business is well positioned to weather any downturn in borrower activity and capitalise on market opportunities should it occur.

### Business Continuity

The Group's banking, aggregation and wholesale mortgage management divisions continue to service our customers and brokers in a business as usual fashion. BNK enacted its business continuity plan early, and now has almost 100% of all employees and contractors working from home. To date none of the Group's employees have been identified as suffering symptoms of COVID-19 nor diagnosed with the virus. Maintaining the health and well-being of our people together with providing a high level of service to our customers has been the priority during this time. This will continue to be the Group's primary focus.

## Banking Update

BNK now operates as a digital bank, with our online banking services complimented by the Bank@Post network through Australia Post. We will ensure that the Group's banking operations continue to support our customers during this unprecedented time. Further customer facing resources have been deployed to respond to our customers' needs, and the Bank has revised its hardship processes consistent with the industry.

We are also pleased to announce the Bank recently commenced a new deposit distribution arrangement with Cashwerkz facilitating diversification of funding sources and enhanced market awareness of the Bank's award-winning products.

As announced to the market today, BNK is also pleased to confirm that Bendigo & Adelaide Bank Limited (BEN) has extended the term and increased the limit of the business' Receivables Acquisition & Servicing Agreement (RASA). The RASA has been extended to February 2021 and the limit increased. BNK also continues to advance discussion with off balance sheet financing sources and also intends to explore accessing funding from the Australian Office of Financial Management (AOFM) under initiatives announced by the Australian Government.

BNK's deposit products all qualify for the Australian Government Deposit Guarantee up to \$250k. We offer a range of award-winning, deposit products to service the needs of enterprising Australians.

The banking division settled \$13.4m in new loans during the month of February 2020 and ended the month with a total loan book of \$290m and a capital adequacy ratio of 22.5%<sup>1</sup>.

## Mortgage management – Better Choice Home Loans

At Better Choice Home Loans our origination flow continues to be strong and with the support of a range of funding partners, we continue to fund new business demand. Better Choice's resources have also been assisting any clients with hardship enquiries and have taken over a number of functions returning from offshore, following the closure of our processing centre in Manila due to the COVID-19 outbreak. The reintegration of these functions to the Australian operation have been successfully absorbed, enabling Better Choice to continue delivering exceptional service to the 5500 mortgage brokers that rely upon us for great products and service.

Better Choice Home Loans settled \$42.9m in new loans during the month of February 2020 and ended the month with a total loan book of \$2.3b.

## Aggregation - Finsure

Finsure's business model was already well adapted for the current circumstances with many of the team working remotely, and the impact of COVID-19 has resulted in minor changes to service delivery. Professional development days delivered to brokers across the nation will be now be delivered online rather than face to face in keeping with Government policy.

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<sup>1</sup> 20.8% capital adequacy ratio assuming a full write off of ATM bailment exposure and no insurance recoveries.

Finsure launched its market leading “Infynity” CRM platform prior to Christmas and this ground-breaking technology system that streamlines workflow and automates many time-consuming tasks, which will assist our circa 1,650 brokers to provide market leading services to borrowers during this time.

Settlement volumes continue to be sound, and Finsure is monitoring the announcements being released by major funders regarding policies for ongoing payment of trail commissions.

Finsure settled \$1.268b in new loans during the month of February 2020 and ended the month with a total loan book of \$43b.

Overall, the group is well placed to manage all business activity through this difficult period and has our staff health and well-being and quality customer outcomes as its key focus.

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

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## Who is BNK Banking Corporation Limited?

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

### Banking and Wholesale Mortgage Management

The company has operated as an APRA-regulated authorised deposit-taking institution (ADI) for over 37 years. As such our customers benefit from the Australian government deposit guarantee scheme for deposits up to \$250,000.

The bank provides simple and easy to understand deposit accounts, personal loans and mortgages under a number of brands: Goldfields Money, which is used in the Goldfields region of Western Australia but will be retired when the remaining branches close, BNK Bank is our national brand, complemented by the Better Choice Home Loans brand, with lending products distributed via mortgage brokers nationally.

The Company is continuing to develop its new digital banking platform which will enable it to deliver a broad range of banking products directly to customers, as well as through third party intermediaries and via the Bank@Post service across Australia.

### Mortgage Aggregation

The Aggregation division, operating as Finsure, provides one of the largest distribution networks in the country as well as valuable market insights that assist BNK with product development. As at 29 Feb 2020 the business services 1,678 mortgage brokers and manages a loan book in excess of \$43b.

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

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

You can read more about us at [www.bnk.com.au](http://www.bnk.com.au) and [www.finsure.com.au](http://www.finsure.com.au).