

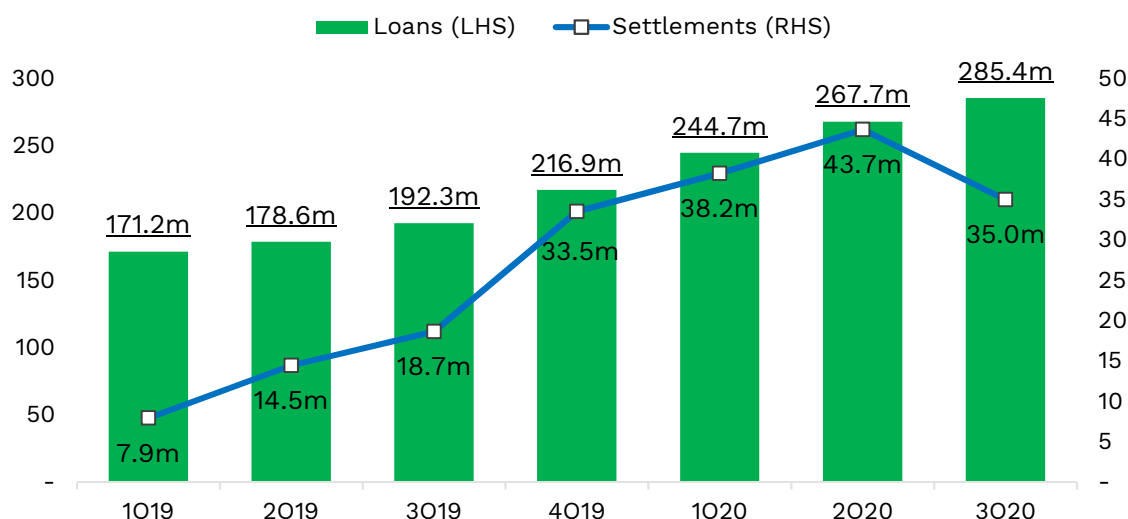
ASX Release, 8 May 2020

## CONTINUED GROWTH LEADS TO RECORD Q3 PORTFOLIO PERFORMANCE

### Summary

BNK Banking Corporation Limited (ASX:BBC) ("BNK" or the "Group") is pleased to provide the market with an update on the key operating milestones achieved by the Banking & Wholesale divisions for the quarter ended 31 March 2020. A third quarter update on Finsure Aggregation is provided separately.

The Banking division continues its strong start for the financial year. It settled \$35.0m onto the balance sheet, up 87.5% on Q319. This brings the total 'on-balance sheet' lending book to a record \$285.4m, up year-on-year by \$93.0m or 48.4%. March "on balance sheet" settlements were impacted by COVID-19 as BNK implemented a deliberate strategy to conserve capital.



Total Banking and Wholesale settlements of \$159.8m (including \$35.0m of internal settlements) for the quarter were up by 41.0% on Q319, however year to date settlements show an 8.4% decline year-on-year.

| (\$'m)             | YTD19          | YTD20          | \$ Var        | % Var         |
|--------------------|----------------|----------------|---------------|---------------|
| <b>Loans</b>       |                |                |               |               |
| Bank               | 192.3          | 285.4          | 93.1          | 48.4%         |
| Wholesale          | 2,333.7        | 2,338.4        | 4.7           | 0.2%          |
| <b>Total</b>       | <b>2,526.0</b> | <b>2,623.7</b> | <b>97.8</b>   | <b>3.9%</b>   |
| <b>Settlements</b> |                |                |               |               |
| Bank               | 41.0           | 116.9          | 75.8          | 184.7%        |
| Wholesale          | 462.1          | 343.9          | (118.2)       | (25.6%)       |
| <b>Total</b>       | <b>503.1</b>   | <b>460.7</b>   | <b>(42.4)</b> | <b>(8.4%)</b> |

Managing Director Simon Lyons said “The BNK strategy is all about using the large-scale distribution capability provided to the bank by mortgage brokers to allow us to focus on the higher margin ‘on balance sheet’ loans rather through traditional wholesale funding channels.”

“We also continue to benefit from a substantially improved deposit base with a reduction in higher cost term deposits being replaced by good increases in new to bank transaction account funding during the year. Our transaction account mix has risen to 25%, lifting by 5.8% since March 2019. Maintaining a focus on efficient and profitable growth is important and changing the funding mix by raising transaction account funding is in line with our long term strategic targets” Mr Lyons said.

#### **Update on BNK Cash Convenience Facilities**

BNK also wishes to provide an update on the cash convenience facilities that BNK administers, further to its update on 12 February 2020. BNK remains in constructive dialogue with its insurers in relation to its claim.

BNK expects to resolve its claim before 30 June 2020 and will provide a further update when this happens.

#### **Managing the business through COVID-19**

Like all businesses, COVID-19 has provided a range of challenges to BNK, and we have responded accordingly. The group business continuity plan was mobilised early, and all businesses have operated at full capacity with 100% of our staff working from home. This demonstrates the agility of the business, along with the strength and culture of the board and the executive management team. Pleasingly, service and productivity levels were not impacted in the transition. Most pleasingly this early action also meant there has been no cases of COVID-19 identified in BNK staff.

The banking business has seen an increased number of hardship enquiries as a result of the COVID-19 impact. We have adopted a customer-focused approach working with our customers on a case-by-case basis to review their circumstances and support them as best we can through these uncertain times. At the time of this release BNK has approved hardship applications for approximately 2.7% of its on-balance sheet portfolio customers.

In particular, the following initiatives have been put in place to conserve capital and prepare BNK for the post COVID recovery:

- The business looked to identify cost cutting initiatives to reduce costs by circa 20% and is well progressed on achieving these savings
- As part of these cost savings the Board and group executives have agreed to a temporary 20% cut in salaries to assist the business during this period
- Greater use of Off-Balance sheet facilities to conserve regulatory capital

BNK remains well capitalised, is maintaining a strong liquidity position and is currently planning a transition back to normal operating conditions as and when the government advice allows it to do so.

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

ENDS

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## Who is BNK Banking Corporation Limited?

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

### Banking

The company has operated as an APRA-regulated authorised deposit-taking institution (ADI) for over 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, complemented by the Better Choice Home Loans brand, distributed via mortgage brokers nationally.

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

### Mortgage Aggregation

The Aggregation division, operating as Finsure, provides one of the largest distribution networks in the country as well as valuable market insights that assist BNK with product development. As at 31 Mar 2020 the business services 1,686 mortgage brokers and manages a loan book in excess of \$43.36bn.

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).