

ASX Release 3 July 2020

## BNK GROUP CONTINUES TO GROW THROUGH COVID-19 DISRUPTION

BNK Banking Corporation Limited (ASX:BBC) (“BNK” or the “Group”) is pleased to provide the market with an interim trading update for the months of April and May 2020. Overall, BNK has performed strongly over the months of April and May especially in light of the COVID-19 disruption.

Highlights for period 1 April 2020 to 31 May 2020 (unaudited):

- Total Loan book growth to \$47.3b up 18% YoY
- Strong Finsure settlement volumes of \$1.35b and \$1.48b in April and May 2020 respectively up 32% YoY. **May 2020 was an all-time record for Finsure monthly settlement volumes.**
- Finsure Aggregation loan book of \$44.7b up 20% YoY
- Strong broker recruitment bringing total brokers to 1,716 up 4.5% YoY
- Wholesale settlements of \$70m and loan book \$2.3b flat YoY
- BNK on balance sheet loans \$288m up 42% YoY
- Deposit growth to \$363m up 36% YoY
- Transaction accounts of \$109m up 100% YoY
- Strong balance sheet with \$108m of cash and liquid holdings and a capital adequacy ratio of 20.97%
- BNK Group continues to operate profitably in 2020 calendar year to date with growing operating leverage
- BNK Group operating expense growth within target of 5-10% YoY

### Finsure Aggregation Update

Finsure continues to achieve strong settlement volumes, settling \$2.83b in April and May 2020, 32% higher against April and May 2019. Finsure broker numbers also increased to 1,716 at the end of May, an increase of 74 brokers YoY. Finsure’s market share continues to grow recording an all-time record of \$1.48b settlement volumes in May 2020. According to electronic lodgement portal NextGen, Finsure was ranked 4th highest in lodgement volumes across all aggregators in May 2020.

This brings the total Aggregation loan book to \$44.7b with the aggregation business on track to have a record 4<sup>th</sup> quarter. Finsure’s proprietary software platform also continues to improve with integrations to Allianz and CoreLogic over the period.

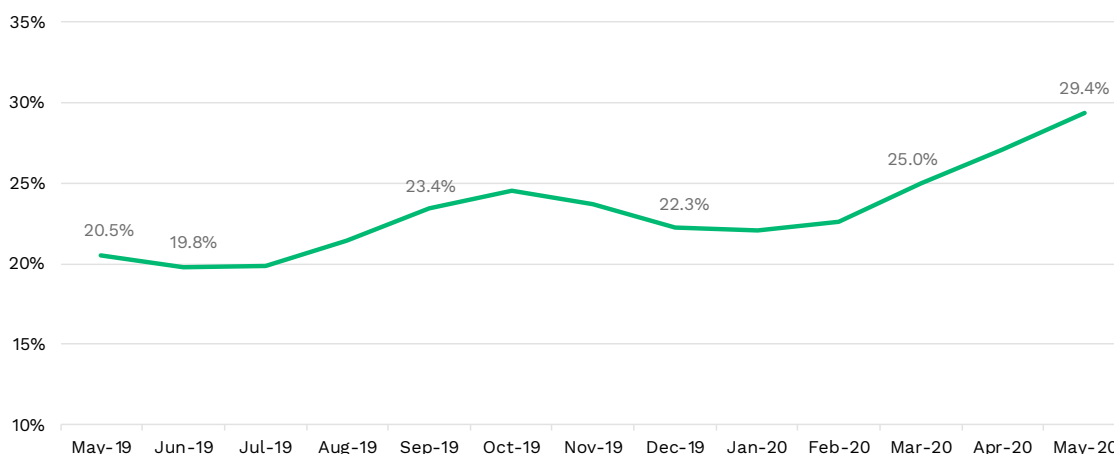
“Despite COVID, Finsure’s growth continues to be a standout with record settlement volumes and also strong broker recruitment during April and May 2020. Based on ABS data and internal estimates Finsure’s market share of home lending commitments is now in excess of 5%. This growing scale is now driving sustainable profit growth in its own right and creating increased margin opportunities within the banking and wholesale units” said Finsure Managing Director John Kolenda

## Banking & Wholesale Update

As previously advised BNK took steps to deliberately moderate loan originations through Q4FY20 as a prudent response to the uncertainty around the COVID-19 disruption. BNK has slowly reactivated loan originations from June onwards. During the period 1 March to 31 May 2020 5.6% (by value) of BNK's customers were provided with COVID related relief packages consisting of short term (3-6 month) payment deferrals. The volume of requests is currently very low with only 2 requests received in June 2020.

BNK has navigated COVID well with BNK on balance sheet loans remaining stable at \$288m. BNK's substantially improved deposit base grew to \$363m with a reduction in higher cost term deposits being replaced by new to bank transaction account funding now \$109m as of 31 May 2020, doubling YoY. This ratio has improved throughout June to approx. 35% and remains a key aim for the Bank to lower its cost of funds and diversify its funding sources.

Transactional Account Mix %



BNK's Boss Access Account was acknowledged as the best Small Business Exceptional Everyday Account and the Retire-Style Account took top prize in the Pensioner Account category at the 2020 Mozo Experts Choice Awards for Bank Accounts & Savings Accounts.

Wholesale (Better Choice) also settled \$70m of loans over April and May and ended the period with a \$2.3b loan book, flat for the period. Better Choice products were launched to PLAN Australia brokers on 4th June. PLAN Australia has an aggregation business of 1,600 brokers which represents a significant increase in Better Choice's distribution capabilities.

BNK has made substantial progress to diversify off balance sheet funding and establish a securitisation program. BNK has received indicative terms from two financial institutions and is progressing discussions and due diligence with the target of having a program set up in late 2020.

“BNK as a group has navigated the COVID disruption well, continuing to grow profitability over the period. Finsure has been a star outperformer achieving record volumes over the period and growing market share. The group remains well capitalised with a strong balance sheet and has made significant progress with diversification of funding over the period” BNK Interim CEO Don Koch said.

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

**ENDS**

### **Investor Enquiries**

Malcolm Cowell  
Company Secretary

Email: [malcolm.cowell@bnk.com.au](mailto:malcolm.cowell@bnk.com.au)  
Telephone: +61 499 997 928

### **Media Enquiries**

David Maher  
Head of Marketing

[david.maher@finsure.com.au](mailto:david.maher@finsure.com.au)  
+61 407 382 976

## 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 38 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 May 2020 the business services 1,716 mortgage brokers and manages a loan book in excess of \$44.7bn.

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).