

ASX Release 28 August 2020

BNK FY20 RESULTS RELEASE

BNK Banking Corporation Limited (“BNK” or “the Group”) (ASX:BBC) today released its annual results for the year ended 30 June 2020 (FY20) reporting a statutory net profit after tax of \$5.3 million.

GROUP FINANCIAL HIGHLIGHTS

- Statutory NPAT of \$5.3m up 47.3% on FY19 and up 63.1% on a pro-forma basis¹
- EPS of 6.14 cps up 19% YoY
- Net Income growth of 27% YoY
- Total loan book growth to \$48.1b up 18% YoY
- BNK on balance sheet loans \$285m up 33% YoY
- Deposit growth to \$346m up 20% YoY
- Net interest margin of 1.61%
- Capital adequacy ratio of 21.22%
- NTA per share of \$0.67

BNK Interim Chief Executive Officer, Don Koch said “BNK is pleased to have delivered a sound result for FY20 in light of the impact of COVID-19 on the broader economy in FY20, underpinned by \$16.1b of settlements across the year. FY20 represented the first full year of the merged group and the net profit of \$5.3m represents a significant increase on the prior year on a statutory and proforma basis.”

“Finsure had record settlement volumes of \$15.6b in FY20 processed through the platform, with a record month of \$1.7b achieved in June 2020, a run rate of over \$18b going into FY21 despite the challenging business environment.”

“The continued integration of the Bank and Better Choice businesses delivered record on balance sheet lending settlements to the Bank, proving the benefits of the broker led distribution model. We are proud of our team’s efforts to provide award winning service to brokers and customers, particularly through the recent difficulties many of our customers have experienced.”

“Our continued growth has been achieved through focused investment in people, systems, and innovative product and service offerings that sets the Group up for future success.”

“Credit quality continues to be sound with the Bank incurring nil loan losses in FY20, whilst credit loss provisions increased to 26bps reflecting prudent risk management, whilst the 5% of the Bank’s loans on repayment deferral arrangements is half of that experienced by the industry².”

“Each of the Group’s three businesses were successful in achieving industry recognition through a range of awards won, reflecting the innovative offerings provided by the Group.”

¹ The merger between the Company and Finsure occurred on 17 September 2018. Proforma refers to the profit/loss result had the merger occurred on 1 July 2018.

² As reported by APRA, 4 August 2020.

“The completion of a capital placement of \$7m in February 2020 and the recent approval of a Tier 2 hybrid equity instrument, sets the Group up for strong growth targets in FY21. The Group is making solid progress on off balance-sheet warehousing facilities and expects to announce further details in the near future.”

“Resolution of the ATM cash matter announced during FY20 has been partly resolved with \$1.2m received. Our claim for the remaining \$1.7m is progressing with all information requested by the insurer now provided. Importantly, BNK has ceased this line of business with no further exposure to the ATM industry.”

OUTLOOK

“The Group is well positioned for strong growth in FY21 despite the ongoing uncertainty of COVID-19. We are delighted to welcome Mr Brett Morgan to the Group in mid-October 2020 as Chief Executive Officer of the Bank and Better Choice, and he will work collaboratively with Mr John Kolenda, Chief Executive Officer of Finsure. The Group has today also announced the appointment of Mr Malcolm Cowell as Interim Chief Financial Officer, with a permanent appointment to be determined in the near future.”

“The Group is focused on building stronger momentum across each of the businesses, with continued investment in technology and scalability, whilst managing costs effectively.”

This announcement has been authorised for release to the ASX by the Board of Directors.

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 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 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 30 June 2020 the business services 1,740 mortgage brokers and manages a loan book in excess of \$45.4bn.

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 and www.finsure.com.au.