

ASX Release, 27 October 2020

ATM INSURANCE UPDATE

BNK Banking Corporation Limited (ASX:BBC) (**BNK** or the **Company**) provides the following update in relation to its outstanding insurance claim for the ATM bailment arrangements as first announced to the market by the Company on 26 November 2019.

The Company previously had ATM bailment arrangements in place with two companies, both of which were placed into liquidation in August 2019. The liquidator had not identified the location of the Company's cash totalling approximately \$2.92m. The Company lodged a claim with its insurer for the missing cash, and provided relevant documentary evidence, in conjunction with the insurer's appointed forensic specialists.

As set out in the Company's Annual Report and FY20 Results Release dated 28 August 2020, the Company received partial indemnification from the insurer in respect of \$1.2m of the claim in July 2020. Further information was requested by the insurer regarding the balance of the claim of approximately \$1.72m.

This information has been provided, and BNK has now been advised by its insurer that it intends to pay BNK the sum of \$0.86m in full and final satisfaction of the balance of the claim, representing 50% of the outstanding amount. In total the insurer has indemnified BNK for \$2.06m out of a total claim of \$2.92m. The remaining balance of \$0.86m will be recognised as an abnormal expense in the 1H21 half-year financial report. Following this adjustment, BNK's balance sheet remains strong with its capital adequacy ratio continuing to be above 21%.

BNK is considering its position in relation to the potential recovery of amounts from other third parties, and to the extent that any recovery is achieved in the future, this will be recognised as income in the relevant period.

Commenting on the claim outcome, BNK Chief Executive Officer, Mr Brett Morgan noted, "BNK thanks its insurer for their constructive approach to working with the Company in relation to what has been a complex and time consuming matter. Importantly, BNK ceased this line of business in 2019, and is committed to and focussed on growing its core banking and mortgage aggregation businesses."

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

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Investor Enquiries

Malcolm Cowell
Company Secretary

Email: malcolm.cowell@bnk.com.au
Telephone: +61 499 997 928

Media Enquiries

David Maher
Head of Marketing

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 30 September 2020 the business services 1,816 mortgage brokers and manages a loan book in excess of \$47.7bn.

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 and www.finsure.com.au.