

ASX Release, 03 May 2022

BNK PROVIDES UPDATE ON STRATEGIC REVIEW AND CAPITAL MANAGEMENT

BNK Banking Corporation Limited (ASX:BBC) ("BNK" or the "Group") today provided an update on its strategic review to generate further value for shareholders.

- Successful completion of strategic review
- Sale of Finsure results in approximately \$100 million pre-tax profit
- Board to return \$60 million in sale proceeds to shareholders via special dividend, 50 cents cash per share, expected to be fully franked
- Special dividend expected to be paid in first quarter FY23
- Post the special dividend, March 2022 proforma Capital Adequacy Ratio and Net Assets was 35.7% and \$131 million respectively
- BNK to pursue its continued diversified growth strategy to leverage significant growth opportunities of BNK and Better Choice
- Interim CEO, Allan Savins, appointed as CEO of BNK

As previously advised, BNK completed the sale of its 100% owned subsidiary, Finsure Holding Pty Ltd ("Finsure") and related aggregation division subsidiaries to MA Financial Group Limited on 7 February 2022.

Proceeds of the sale were \$152.2 million, equating to a gain on sale of approximately \$100 million (before tax), which will be reflected in BNK's second half results.

Following the sale of Finsure, the BNK board has continued its strategic review to assess growth opportunities for its BNK and Better Choice businesses. At the same time the board has evaluated capital management options with a focus on ensuring an appropriate balance of maintaining the ongoing capital strength and continued investment in growth initiatives for BNK with a timely and tax effective distribution of capital to shareholders.

As a result of that strategic review, the board advises that it intends to pursue its continued diversified growth strategy to leverage the significant growth opportunities of BNK.

The board has further determined that it will return \$60 million in proceeds from the sale of Finsure to shareholders via a special dividend of 50 cents cash per ordinary share. The special dividend is expected to be fully franked and paid

to shareholders in the first quarter FY23. BNK will provide a further update to shareholders in due course.

BNK Chairman, Don Koch said: “The strategic review has resulted in a very positive outcome for BNK shareholders. “It has delivered the highly profitable sale of the Finsure business which will enable the board to deliver a tax effective return of capital to shareholders through a special dividend to be paid in the first quarter FY23.

“It also ensures that the BNK and Better Choice business is strongly capitalised with significant opportunities for growth.

“On a proforma basis, the Group’s Capital Adequacy Ratio and Net Assets as at March 2022 (post the special dividend distribution to shareholders) will be approximately 35.7% and \$131 million respectively.

“We are generating further lending momentum across the business with the BNK (on balance sheet) and Bendigo and Adelaide Bank warehouse lending book growth of 117% over the year to 31 March 2022 to \$848 million.

“Meanwhile, we continue to transform our lending capability through the alliance with Goldman Sachs where we have written \$205.4 million in specialist loans as at 31 March 2022.

“Our third quarter update to 31 March 2022, which demonstrates growth across all key metrics, is being released separately to the market today.”

Appointment of Allan Savins as CEO

BNK is pleased to announce that interim CEO, Allan Savins, has been appointed as CEO of the Group. Allan was appointed interim CEO in December 2021 and assumes the position as CEO effective immediately.

“Allan has made a significant contribution to BNK over the past 3 years, and particularly in his recent role as interim CEO,” said Mr Koch.

“He is a highly experienced financial services industry professional and we look forward to his continued contribution as CEO in leading our growth strategy.

“Looking forward, as a strongly capitalised entity, with substantial growth opportunities, we believe BNK has considerable capacity to build scale and profitability to generate significant value creation for shareholders over the medium term,” he said.

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

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