

ASX Release, 2 November 2022

CHAIRMAN'S ADDRESS TO BNK BANKING CORPORATION LIMITED'S 2022 ANNUAL GENERAL MEETING

Wednesday 2 November 2022, 12.30pm AEDST

In accordance with Listing Rule 3.13.3, attached is a copy of the Chairman's Address to be delivered today at the hybrid 2022 Annual General Meeting.

Visitors to the Annual General Meeting can view the meeting at the following link:

<https://www.advancedshare.com.au/Dashboard/Meeting-Casting-Control?meetingid=BBC0010>

This announcement has been authorised for release by the Company Secretary.

ENDS

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2022 Annual General Meeting – Chairman's Address

Good afternoon, ladies and gentlemen. My name is Don Koch and I am the Chairman of BNK Banking Corporation Limited. It is now 12:30pm Australian Eastern Daylight Savings Time, and it is my pleasure to welcome shareholders and visitors alike to the annual general meeting of BNK Banking Corporation Limited and I declare the meeting open.

The format for today is that I will present a brief introduction, followed by a presentation by the CEO Mr Allan Savins. We will then move to the formal business of the meeting. For shareholders following online, you have the opportunity to submit questions online relating to the resolutions being put forward to the meeting by selecting the "ask a question" icon on your screen. We will also aim to respond to as many other relevant questions during the course of the meeting, but we certainly undertake to respond to all questions received if not covered off in this meeting.

In the event of technical difficulties, that prevents shareholders from participating in this virtual format, I will adjourn the meeting and BNK will notify the ASX as to when the meeting will recommence.

Quorum

Chairman: As we have a quorum, I now declare the annual general meeting open.
Please note the agenda for today's meeting is set out on the slide.

Directors

Chairman: In addition to Allan and Andrew, I would like to welcome the following directors and officers, who are also attending today:

- Jon Denovan, independent director; and Deputy Chairman
- Elizabeth Aris, independent director;
- Michelle Guthrie, independent director (virtually);
- Daniel Crennan, independent director;
- Calvin Ng, non-independent director (virtually);
- John Kolenda, non-independent director; and
- Jessie Klaric, Company Secretary.

Auditors

Chairman: Also attending virtually today are Mr Nic Buchanan, a Partner and Mr Jake Muysken, a Senior Manager of the Company's auditors, KPMG.

Before proceeding with the formal business of the meeting, I would like to provide a brief address.

Ladies and Gentlemen – in my Chairman's AGM address today, I want to provide a brief overview of our financial results and key activities in FY22 and also an update on strategic initiatives and other developments in our business since year end.

I will also provide some commentary on trading for the first quarter and an updated outlook for the current financial year – FY23.

FY22 Results

FY22 represented a milestone year for the Company and I am highly encouraged by the strong results we have delivered in the last 12 months, which once again demonstrates the value proposition to our distribution networks and the commitment and dedication of the BNK team. Statutory Net Profit After Tax was \$59.8 million compared to \$5.7 million for the prior year. The Company remains in a strong capital position with a Capital Adequacy Ratio (Level 2) of 47.5% an increase of 26.1% from FY21.

Total lending settlements of \$1,044m represented an 85% increase on the prior year. On balance sheet settlements of \$426.6m, for directly funded loans, represented a 77% increase on the comparative year driving the 67% increase in net interest income. The total loan book for the Banking division of \$2.7b increased by 8%, however the pivot to higher margin on balance sheet lending resulted in improved cash returns from the portfolio.

Strong Platform for Growth

The past 12 months have seen BNK achieve many important milestones, further building on the Company's foundation for long term success.

The sale of Finsure to MA Financial Group Limited was completed on 7 February 2022, with BNK receiving \$152.2 million in consideration. The sale represents an outstanding result. The gain on sale was recognised in the second half of the financial year, which was the primary driver of the Group's \$59.8m Statutory NPAT.

In May 2022, the Board announced its intention to return \$60m in sale proceeds to shareholders, with an initial \$40m returned to shareholders as a fully franked dividend.

Today the Board requests Shareholders consider Resolution 7 which if approved will result in the remaining \$19m being paid to Shareholders as a capital return.

The material return to shareholders and the strong capital position of BNK following the Finsure sale are the first of many highlights. Our growth trajectory in settlements are highlighted by a record \$309 million in total settlements in the fourth quarter, and 83% year on year growth in the balance sheet and Bendigo & Adelaide Bank funded portfolio to \$985m. Our improved deposit base, which grew 52% year on year, and low arrears/strong risk management capabilities, particularly during Covid, demonstrate the Company's ability to perform strongly across all key areas.

Furthermore, the Company commenced its successful securitisation program, which has provided additional funding diversity in FY22 following the announcement in mid-2021 of a \$250 million warehouse program with Bendigo & Adelaide Bank, and a \$500 million warehouse with Goldman Sachs. The success of the Company's wholesale arm, Better Choice, was recognised by being awarded Non-Bank Lender of the Year at the Australian Lending Awards for the second consecutive year, adding to the significant accolades received by the Company.

We look forward to a strong 2023 Financial Year as we embark on a journey of business transformation towards higher margin returns and opportunity.

Board Changes

There were some changes to the Board during 2022.

We were pleased to welcome two new Directors to strengthen our Board.

John Kolenda re-joined in September 2022 and brings extensive experience in the mortgage sector.

Daniel Crennan Kings Counsel joined in October 2022 and he brings unique experience in compliance as well as banking and finance.

Shareholders will have the opportunity to approve the elections of John, Daniel and myself at today's meeting.

Peter Hall has also served his final term as a member of the Board and I would like to take this opportunity to thank him for his commitment and contribution to Company for last 6 years in

his roles as Chair of the Risk and Compliance Committee and also as members of both the Audit and the Credit Committee.

Updates since year end – Q1 results

BNK continued to achieve consistent growth across key areas of its operations during the Quarter, with Settlement volumes continuing to grow strongly with \$314 million in total settlements achieved for Q1 FY23. BNK has commenced the implementation of its revised strategy to moderate residential loan growth and shift its focus to higher margin SME lending, with a proficient sales pipeline developed during the Quarter. The BNK sales team continue to advance discussions in this area with new and existing broker partners. BNK delivered a strong performance in on-balance sheet settlement volumes which increased by 6% for the Quarter whilst specialist warehouse settlement volumes through BNK's alliance with Goldman Sachs were \$103m for the Quarter, an increase of 8% from \$96m in Q4 FY22.

Summary

Ladies and Gentlemen, BNK made significant progress during FY22 in strengthening our business and I want to acknowledge our staff across the Group for their commitment and efforts.

We have made a solid start to the current financial year and we remain well placed to leverage our business model to deliver further value over the medium term.

In closing I want to thank shareholders for your continued support of the Company.