

ASX Release, 27 January 2023

BNK GROUP 2Q23 - TRADING UPDATE

ON-BALANCE SHEET LOANS UP 58% YoY, DEPOSITS UP 43% YoY

BNK Banking Corporation Limited (ASX: **BBC**) ("**BNK**" or the "**Company**"), the brokers' bank with over 40 years of experience, today provides a trading update for the second quarter of FY23 ("**Quarter**" "**Q2 FY23**").

HIGHLIGHTS

- BNK lending book now totals \$1.2bn, with continued momentum in Direct (on-balance sheet) and BEN warehouse (Bendigo and Adelaide Bank) outperforming market¹, up 58% from \$740m in Q2 FY22.
- Total deposits of \$1.2bn, an increase of 43% from Q2 FY22.
- Total lending portfolio by funder of \$2.8bn as at Q2 FY23, up 10% on Q2 FY22 (\$2.5bn).
- Lending settlements of \$174m for the Quarter were down 35% from \$268m in Q2 FY22, broadly in line with the wider residential housing market* and reflects a change in strategy to focus on higher margin SME lending.
- Direct loan to deposit ratio of 78%, demonstrating ability to continue to raise deposits to fund growth, despite the current environment.

Commenting on the results from the Quarter, BNK CEO, Allan Savins, said: *"Our total lending portfolio continues to grow, reaching \$2.8 billion at the end of the quarter. However, our trading results for the second quarter reflect the impact of RBA cash rate rises on buyer sentiment as well as tough competition in the mortgage market with settlements down on Q2 FY2022.*

"This Quarter's results also reflect our strategy to pivot to higher margin SME lending, preserving capital for higher margin assets. We launched this strategy in Q1 FY23 with an aim of achieving 15-20% in commercial property settlements this financial year and thanks to the strong pipeline, we are well on track to achieve this goal.

"Our loan book has continued to grow, reaching \$1.2 billion at the end of the quarter, reflecting a 58% year on year increase and brokers continue to value the diverse range of products offered through the BNK Better Choice brand.

We also experienced robust growth in deposits during the Quarter with term deposits contributing 43% of total deposits, reducing risk in the loan book.

"We remain focused on our long-term strategy of achieving a cash NPAT in FY24."

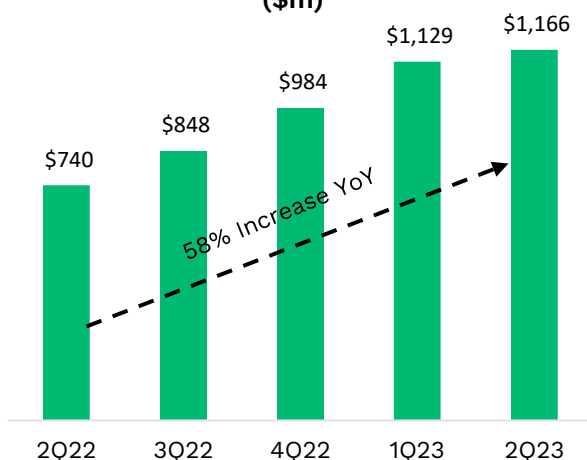
¹ ABS Lending indicators, November 2022 - <https://www.abs.gov.au/statistics/economy/finance/lending-indicators/nov-2022>

BNK's Direct (on-balance sheet) and BEN warehouse (Bendigo and Adelaide Bank) portfolios continued to grow, increasing by 3% in the Quarter.

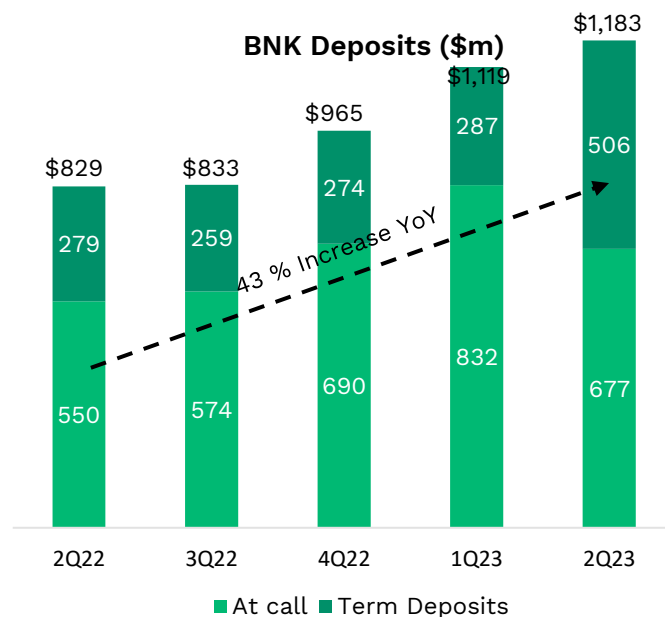
Specialist warehouse settlement volumes through BNK's alliance with Goldman Sachs were \$67m for the Quarter, a decrease of 30% from \$96m in Q2 FY22.

Q2 FY2023 Results

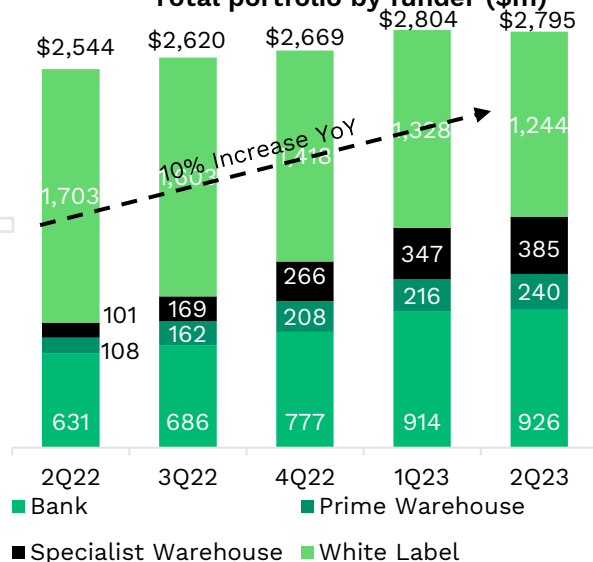
BNK On Balance Sheet portfolio (\$m)



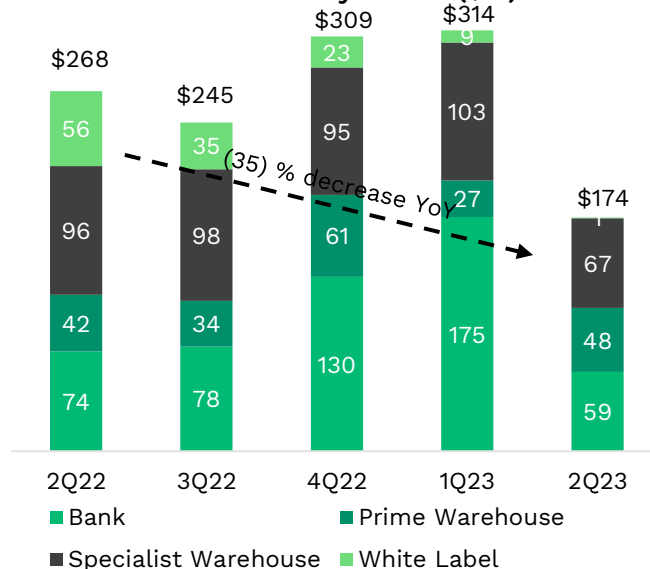
BNK Deposits (\$m)



Total portfolio by funder (\$m)



Settlements by funder (\$m)



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



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