

ASX Release**24 February 2023****BNK BANKING CORPORATION REPORTS 1H23 RESULTS****Acceleration of cash profit to Q423**

BNK Banking Corporation Limited (ASX:**BBC**) ("**BNK**" or the "**Company**"), the brokers' bank with over 40 years of experience, today reports its financial results for the first half of 2023 (1H23).

BNK has continued to increase its lending book, recorded a rise in commercial settlements and delivered a positive cash NPAT in December 2022 and January 2023.

HIGHLIGHTS

- BNK lending book growth now totals \$1.2 billion, up 58% from 1H22
- Solid progress on SME strategy with commercial settlements contributing approximately 10% of total settlements in 1H23
- Deposit book growth of 43% to \$1.2 billion (1H22: \$852 million)
- NIM up 10 Basis points to 1.33% despite competitive mortgage market
- Net Interest Income growth of 49% exceeding operating expenses increase of 16%
- 1H23 Cash NPAT of (\$1.4) million and on track to deliver Q4'23 cash profit, bringing forward previously announced FY24 targets.
- Capital Adequacy Ratio of 25.6%

Commenting on the first half results, BNK chief executive Allan Savins, said:

"BNK continued to deliver strong growth during the first half of 2023, with significant increases in the BNK lending book and total lending portfolio, despite tough competition in the mortgage and deposit market.

"Enabled by the proceeds from the sale of Finsure, we made solid progress on our move into the small and medium enterprise lending market with commercial settlements contributing approximately 10% of total settlements in 1H23.

"This was made possible due to our existing broker network as well as the additional 804 brokers accredited during 1H23.

"We remain on track to achieve 15-20% in commercial property settlements in FY23.

"While cash net profit after tax (NPAT) was negative \$1.36 million for the six months to December 2022, we achieved cash profitability in December 2022 and January 2023, respectively, demonstrating our momentum over the last couple of months.

“This was a very encouraging result, which was driven by revenue growth and stringent cost control.

“We saw strong growth in our total lending portfolio during the half, up 10 per cent to \$2.8 billion.

“Deposits also increased 43% from 1H22 to \$1.2 billion, demonstrating BNK’s ability to self-fund growth while also reducing risk in the loan book.”

OUTLOOK

“As we enter the second half of 2023, we are working on expanding our suite of SME banking products, ensuring they are tailored to our target market.

“We remain focused on achieving a positive cash NPAT, which we now expect to achieve in Q423 rather than FY24.

“In the meantime, we continue to work on growing our recurring revenue base, whilst maintaining disciplined cost control, and remain open to considering new inorganic growth opportunities.”

This announcement has been authorised for release by the BNK Board.

ENDS

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ABOUT BNK

BNK Banking Corporation Limited (ASX: BBC) was founded in 1982 as Goldfields Credit Union. Now, as a branchless bank, BNK offers customers a diverse range of financial products whilst providing a ‘one-stop’ shop for brokers. BNK operates two brands: Goldfields Money and Better Choice. BNK has leveraged its deeply experienced management team, strong distribution network and award-winning brands to deliver a solid performance over the last two years. Find out more: <https://bnk.com.au/>