

ASX Release, 28 April 2023

BNK GROUP 3Q23 - TRADING UPDATE

EXPANSION INTO HIGHER MARGIN LENDING EXCEEDS FORECAST WITH RECORD DEPOSIT GROWTH EXPERIENCED

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 third quarter of FY23 ("**Quarter**" "**Q3 FY23**").

HIGHLIGHTS

- Total deposits of \$1.37bn, an increase of 65% from Q3 FY22.
- Total lending portfolio by funder of \$2.7bn, an increase of 3% from Q3 FY22.
- Lending book now totals \$1.3bn, an increase of 55% from Q3 FY22.
- Organic and inorganic lending settlements of \$265m, an increase of 8% from Q3 FY22.
- Direct loan to deposit ratio of 79%, reflecting BNK's continued ability to raise deposits to fund growth.
- Remains well capitalised, with a capital adequacy ratio of 23.1% at March 2023.
- Welcomes Firstmac as a substantial shareholder and appoints Firstmac executive David Gration as new Board Director.

Commenting on the results from the quarter, BNK CEO, Allan Savins, said:

"BNK's total deposits grew by 65% from Q3 FY22 to a record high of \$1.37bn, which is a testament to the strength and diversity of our distribution network. We saw a 16% increase in deposits quarter-on-quarter, with term deposits now making up 46% of our total deposits. The strong growth we have seen in our deposit base helps to reduce the risk in our loan book."

"The robust growth in our deposits reflects the popularity of our deposit program. It strengthens our liquidity position and increases our ability to efficiently fund operations in a volatile environment. It is also a reflection of our ability to adapt and continue to attract and retain our customers in a changing interest rate environment."

"BNK's loan book now totals \$1.3bn, reflecting continued momentum in BNK's Direct (deposit funded) loan book and Bendigo and Adelaide Bank's (BEN) warehouse."

“With the addition of the \$150m portfolio of higher margin residential mortgages purchased from Goldman Sachs in March 2023, we have already exceeded our target of \$100m of high margin lending in FY23 and have achieved this in a capital efficient manner.

“BNK also settled a further \$42m in specialist warehouse loans during the quarter through BNK’s alliance with Goldman Sachs, a decrease of 57% from \$98m in Q3FY22.

“Finally, BNK’s direct loan to deposit ratio of 79% demonstrates our continued ability to raise deposits to fund our strategic growth, and we remain well capitalised, with a capital adequacy ratio of 23.1% at the end of March.

“We remain focused on our strategy of achieving a cash NPAT in Q4FY23 and beyond.”

Other developments

Firstmac becomes a substantial shareholder

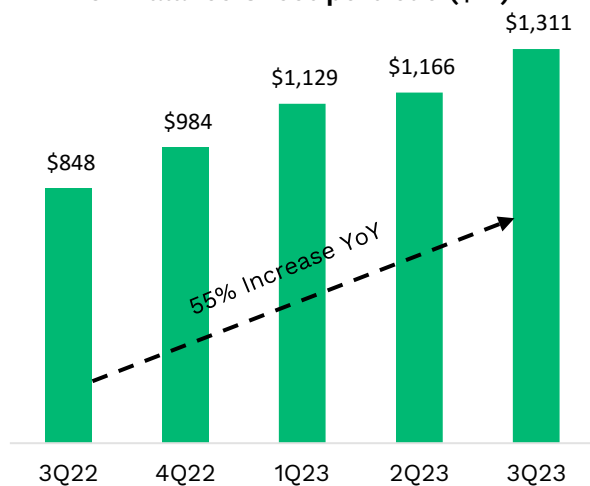
BNK welcomed non-bank lender Firstmac as a substantial shareholder, with Firstmac increasing its stake in BNK from 1.49% to 19.9%. BNK non-executive director and major shareholder John Kolenda sold his 12.064% shareholding in the Company and stepped down from the Board, while fellow non-executive director Kar Wing (Calvin) Ng also reduced his holdings from 6.25% to 4.1%.

BNK appoints David Gration as new Board Director

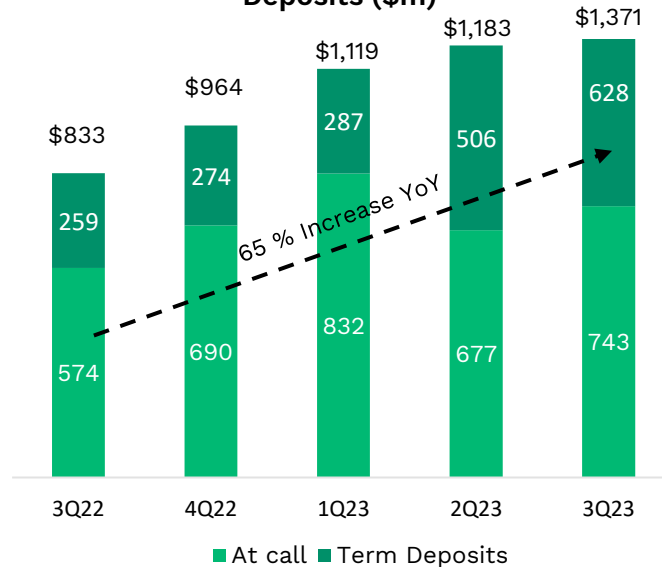
Finally, BNK also welcomed David Gration as our new Board Director this quarter. David is a highly experienced financial services manager with over 30 years of retail banking experience, including senior management roles at National Australia Bank, Suncorp and Firstmac Ltd. He is a Director of Firstmac and has been a senior member of the Firstmac executive team for over 10 years. Mr Gration has Law and Science degrees from Monash University and a Diploma in Financial Planning.

Q3 FY2023 Results

On Balance Sheet portfolio (\$m)



Deposits (\$m)



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

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