

**ASX Release****25 August 2023****BNK BANKING CORPORATION DELIVERS SOLID LOAN BOOK GROWTH, ACHIEVES QUARTERLY CASH PROFIT AHEAD OF SCHEDULE**

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 year ended 30 June 2023 (FY23).

**HIGHLIGHTS**

- Cash NPAT \$(1.5)m, up 30% on FY22
- Achieved FY 23 Q4 cash profit ahead of original FY24 timeline
- BNK loan book at a record high of \$1.3b, up 37% YoY
- Deposit book at a record high of \$1.3b, up 30% YoY, reflecting competitive product mix, with direct Loan to Deposit ratio of 88%
- Net Interest Income of \$18.8m, up 46.9% YoY
- NIM up 6.0 basis points to 1.32%, with a year end NIM of 1.57%
- Higher margin lending portfolio of \$195m exceeds \$100m target
- Capital Adequacy Ratio of 22.84%
- Strengthened our shareholder base by welcoming non-bank lender Firstmac as a substantial shareholder

**Commenting on the full year results, BNK chief executive Allan Savins, said:**

"The 2023 financial year has been transformational for BNK as our company's strategic expansion into higher margin lending begins to deliver returns in a less favourable credit environment.

"Our promise from a year ago to achieve cash NPAT profitability in Q4 FY23 - ahead of our initial guidance of FY24 - and our expansion into higher margin assets, were both achieved.

"BNK's specialist wholesale funding arrangement with Goldman Sachs saw the acquisition in March 2023 of \$150m of these high-margin residential mortgages, which has been a key driver of our cash NPAT profitability.

"I congratulate the BNK team for delivering these results."

**OUTLOOK**

"We will continue the transformation we began in FY23 to deliver sustainable profitable growth in FY24, which is the pathway to achieving the medium term

goals we have set ourselves. Where appropriate, we will create partnerships such as our successful Goldman Sachs and Bendigo & Adelaide Bank facilities to achieve these outcomes.

“BNK’s strong residential loan portfolio continues to be the cornerstone upon which to build our business.

“Our expansion into the higher margin lending space is on track, and we are targeting a further 20% of our FY24 settlements in higher margin assets.

“We are also focused on improving the bank’s cost of funds as this is a critical measure for generating sustainable profitability and achieving our medium term goal of >2% NIM.

“We will continue to invest in process, services, and people to enhance our capability in areas such as technology, risk and financial crime and to keep pace with the changing regulatory environment.

“BNK embarked upon an ambitious business model change in mid-2022 in a drive for sustainable profitability, and we have begun to deliver on our strategy. As we grow and evolve, we expect to keep increasing shareholder value.

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/>