

ASX Release, 20 May 2019

Q3 BUSINESS UPDATE

BNK Banking Corporation Limited (ASX:BBC) (“BNK” or the “Group”) is pleased to provide an update for the quarter ended 31 March 2019, with strong growth in several key metrics in both its banking and mortgage aggregation businesses.

Overview

“Against a backdrop of a much softer housing market, our businesses have performed well as we continue to win market share. Our total loan book, on balance sheet book and our number of loan writers ended the quarter at record levels and growing well. This demonstrates our strong value proposition in the lending market and to brokers.” Simon Lyons, Managing Director said.

BNK achieved strong on balance sheet volume for the nine months to 31 March 2019 with \$41m in settlements. The business maintains a strong mortgage application pipeline. Settlements in the wholesale lending business grew 30% and in the aggregation business grew 7%. This growth was achieved in a lending market which saw a 15.6% drop in overall housing credit for the nine months to 31 March 2019 year-on-year¹.

The Group’s overall loan book, incorporating its on balance sheet lending, wholesale lending and aggregation book, grew to \$38.4bn as at 31 March, up 20% on PCP. In its aggregation business, the number of loan writers grew to a record 1,630 brokers, up 17% on PCP.

Banking Division

BNK’s banking division provides simple and easy to understand deposit accounts, personal loans and mortgages under the BNK, Goldfields Money and Better Choice brands.

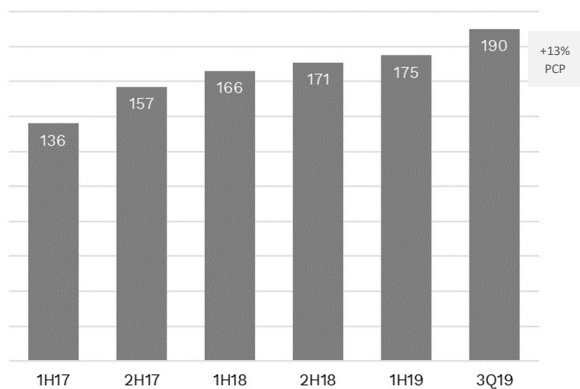
The banking division continued to win market share, with settlements in on balance sheet loans of \$18.7m and \$123.2m in wholesale loans, for the quarter ended 31 March 2019, up 8% and 30% vs PCP respectively. Both on balance sheet and wholesale loan books reached records of \$190m and \$2.3b up 13% and 6% respectively year on year.

The transactional account deposit mix was ~20% of the total deposit book, resulting in a NIM at the end of the quarter of 1.90%. The Company continues to target NIM above 2.00% over the longer term.

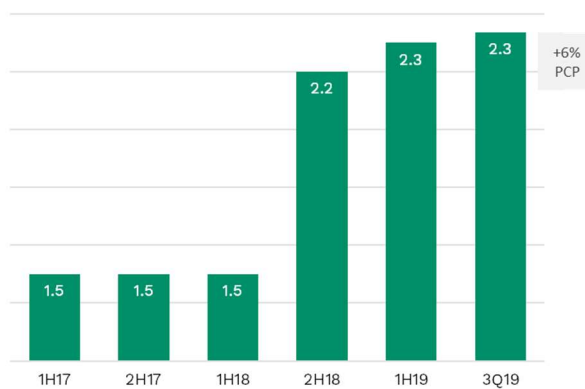
BNK’s balance sheet continues to be stable with a healthy Capital Adequacy Ratio (level 2) at 17.6%, providing further headroom for growth, and arrears remain stable with no additional loss provisions required during the quarter.

¹ Source: Australian Bureau of Statistics

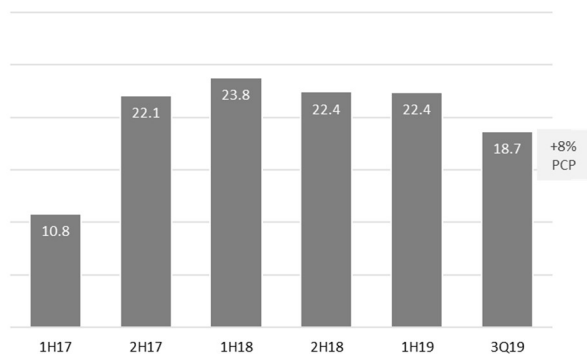
Banking Loan Book - (\$m)



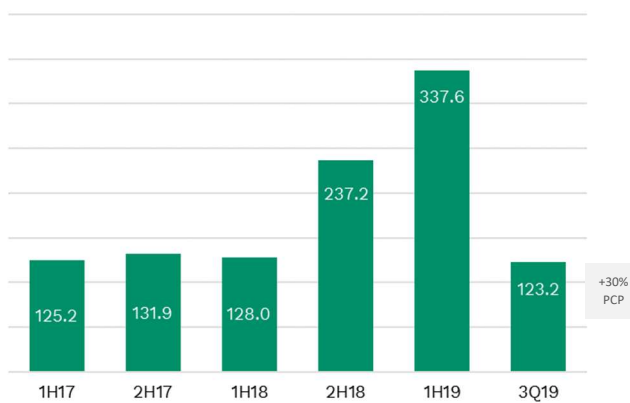
Wholesale Loan Book - (\$b)



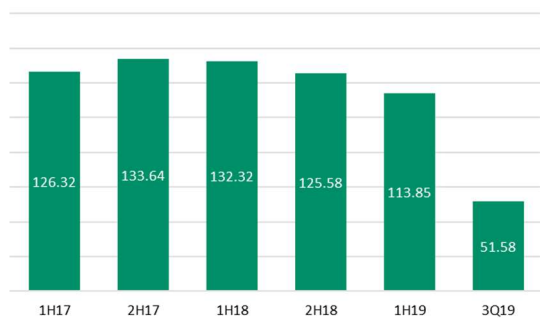
Banking Loan Settlements - YTD (\$m)



Wholesale Loan Settlements - YTD (\$m)



RBA Household Lending - Excl. Refinances (\$b)



Mortgage Aggregation Division

BNK's aggregation division, operating as Finsure, is one of the largest distribution networks in Australia. At present we estimate Finsure brokers account for approximately 1 in every 10 broker loans written in Australia.

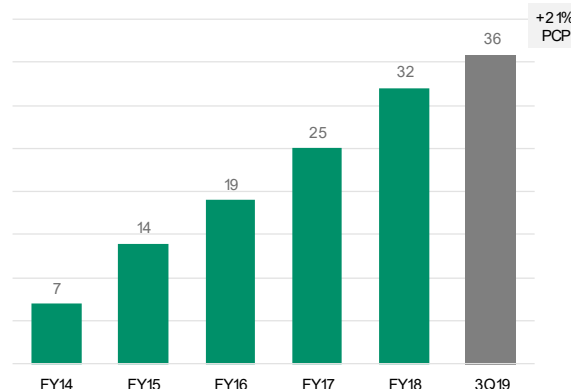
Finsure continued to achieve growth rates above its listed peers, with loan writers growing to a record 1,630, up 17% on PCP.

Loan settlements for the nine months ended 31 March 2019 of \$9b were also a record level, up 7% on PCP, contributing to an aggregation loan book of \$36b, up 21% vs PCP at the end of the quarter.

Total Loan Settlements - YTD (\$b)



Total Loan Book (\$b)



Outlook

BNK is well positioned to continue building market share as one of Australia's newest challenger banks. Key focus areas during 4Q19 include conversion and settlement of its strong mortgage application pipeline and improving its capital efficiency as it diversifies its funding sources, including its off balance sheet facilities.

Simon Lyons said "During the quarter we introduced our BNK Bank brand, with the official launch planned for the second half of the calendar year. We also further strengthened our core digital banking platform and implemented various improvements to our proprietary mortgage lending software, which will support growth in our banking and aggregation operations."

Who is BNK Banking Corporation Limited?

BNK Banking Corporation Limited (BNK) is a diversified financial services company with two key operating divisions in banking and mortgage broking aggregation:

Banking

The company has operated as an APRA-regulated authorised deposit-taking institution (ADI) for 37 years. As such our customers benefit from the Australian government deposit guarantee scheme for deposits up to \$250,000.

The bank provides simple and easy to understand deposit accounts, personal loans and mortgages under a number of brands: Goldfields Money, which is used in the Goldfields region of Western Australia, complimented by the Better Choice Home Loans brand, distributed via mortgage brokers nationally.

BNK Bank plans to launch a direct to consumer brand later this year. The Company is progressing the completion of its new digital banking platform which will enable it to deliver a broad range of banking products directly to customers, as well as through third party intermediaries across Australia.

Mortgage Aggregation

The Aggregation division, operating as Finsure, provides one of the largest distribution networks in the country as well as valuable market insights that assist BNK with product development. The business services 1,630 mortgage brokers and manages a loan book in excess of \$36bn.

This unique combination allows BNK to develop competitive products that meet its changing customer needs, leveraging its low-cost, technology-driven model. BNK is focused on becoming a challenger bank of scale through building its product portfolio, growing its diversified distribution network and pursuing API-enabled partnering opportunities.

The Company is listed on the Australian Securities Exchange (ASX:BBC).

You can read more about us at www.bnk.com.au and www.finsure.com.au.

