

ASX Release, 12 February 2020

BNK GROUP 2Q21 TRADING UPDATE

BNK records strong quarter of growth and resumption of on balance sheet lending

BNK Banking Corporation Limited (ASX:BBC) (“BNK” or the “Group”) is pleased to provide the market with its trading update for the second quarter of FY21 (2Q21).

Highlights for 2Q21 (unaudited):

- **Finsure 2Q21 settlements of \$5.3b up 37% YoY¹ and 15% QoQ²**
- **3 consecutive quarters of increased Finsure settlements**
- **Finsure December 20 settlements of \$2b up 37% YoY and 14% QoQ**
- **Finsure Loan book surpassed \$50b, up 20% YoY and 5% QoQ**
- **Finsure brokers 1,910 up 15% YoY and 5% QoQ**
- **BNK resumed on balance sheet lending with loan settlements up 497% QoQ**
- **BNK loan book of \$306m up 14% YoY and 9% QoQ**
- **BNK deposits \$391m up 29% YoY and 20% QoQ**
- **Call deposit accounts \$255m up 273% YoY and 50% QoQ**

Key Metric (unaudited)	2Q21	YoY	QoQ
Total Loan Book (\$b)	52.6	18.4%	5.2%
Finsure 2Q e-lodgements³ (\$b)	12.9	46.8%	15.1%
Finsure 2Q Settlements (\$b)	5.3	36.8%	15.2%
Finsure Loan Book (\$b)	50.2	19.6%	5.5%
Wholesale 1Q Settlements (\$m)	100.6	(7.3%)	9.2%
Wholesale Loan Book (\$b)	2.25	(3.2%)	(1.5%)
BNK Settlements (\$m)	35.7	(32.3%)	496.9%
BNK Loan Book (\$m)	306.3	14.4%	8.9%
BNK Deposits (\$m)	391.3	29.0%	20.5%
BNK Transaction Accounts (\$m)	254.6	272.8%	50.4%

¹ Year on year

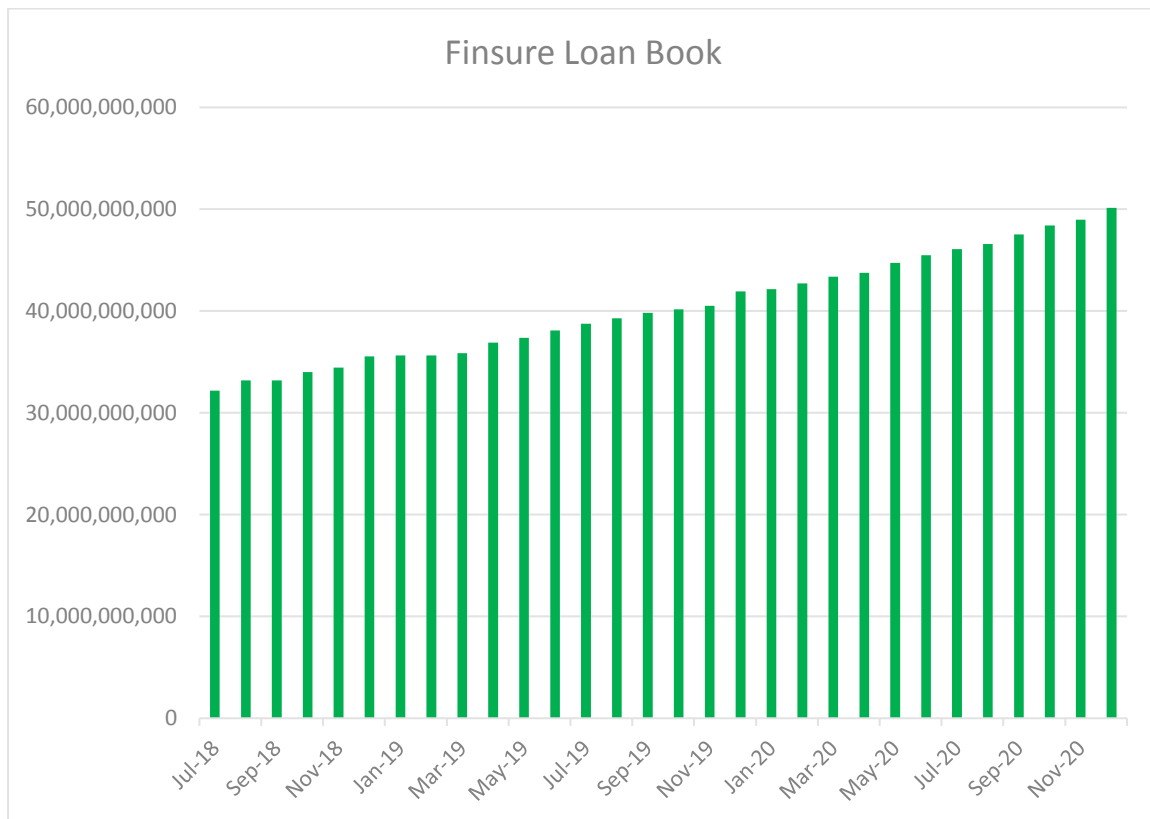
² Quarter on quarter

³ e-lodgements refers to electronically submitted lodgements through Finsure’s gateway and excludes manually or directly submitted lodgements to lenders by Finsure accredited brokers. Total lodgements are therefore higher than e-lodgements.

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Finsure Aggregation Update

Finsure achieved another strong quarter of both settlements and broker recruitment with settlements accelerating to \$5.3b, up 36.8% YoY eclipsing last quarter's levels and net broker recruitment of 94 bringing total brokers to 1,910 at quarter-end. Finsure's market share continues to grow through 2Q21 recording \$2b in settlements during December 2020, an annualised run rate now in excess of \$20b pa. As a result of settlements Finsure's loan book has reached \$50.2b.



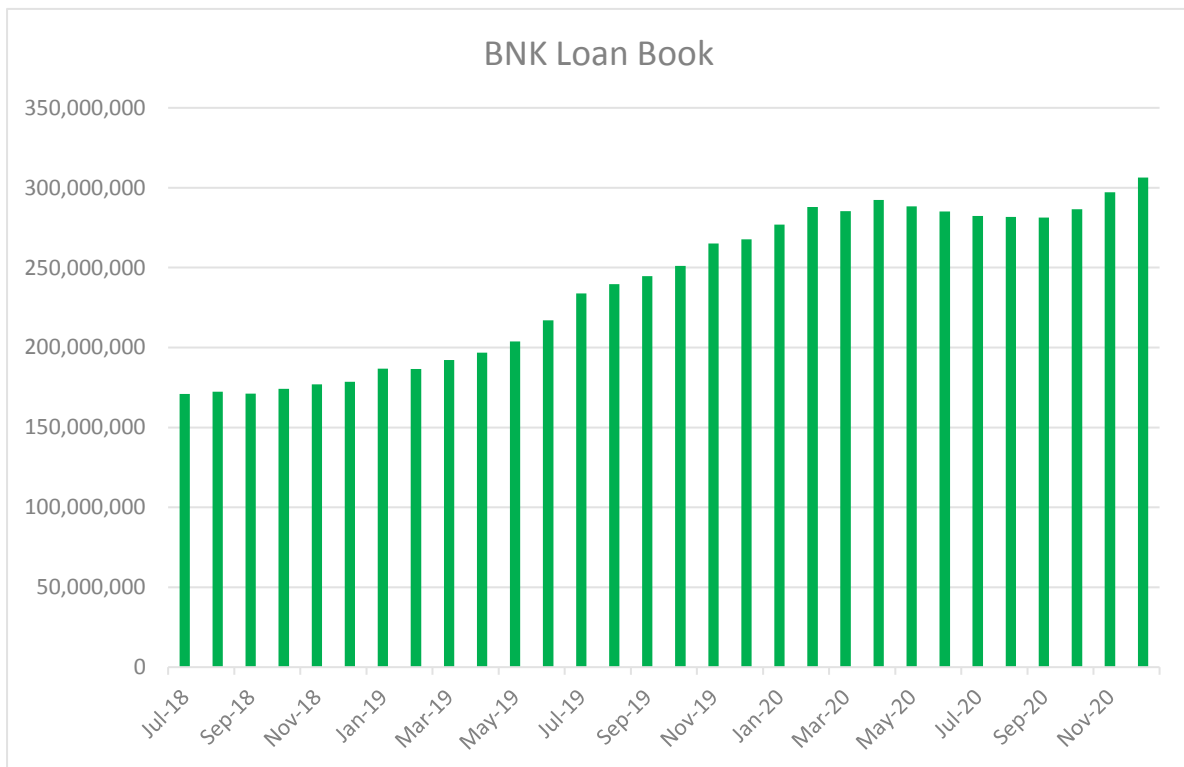
“We are pleased by the momentum in the Finsure business. Loan lodgements during the quarter surpassed \$12.89b, up 31% YoY and 6% QoQ are a good forward looking indicator for the business. With record low interest rates Finsure expects continued buoyant demand for residential mortgage finance”, John Kolenda CEO Aggregation said.

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Banking & Wholesale Update

BNK recommenced on balance sheet lending, recording the 3rd highest quarterly settlements on record of \$36m. As a result of the settlement growth, on-balance sheet loans grew to \$306.2m up 14.4% YoY and 8.9% QoQ.

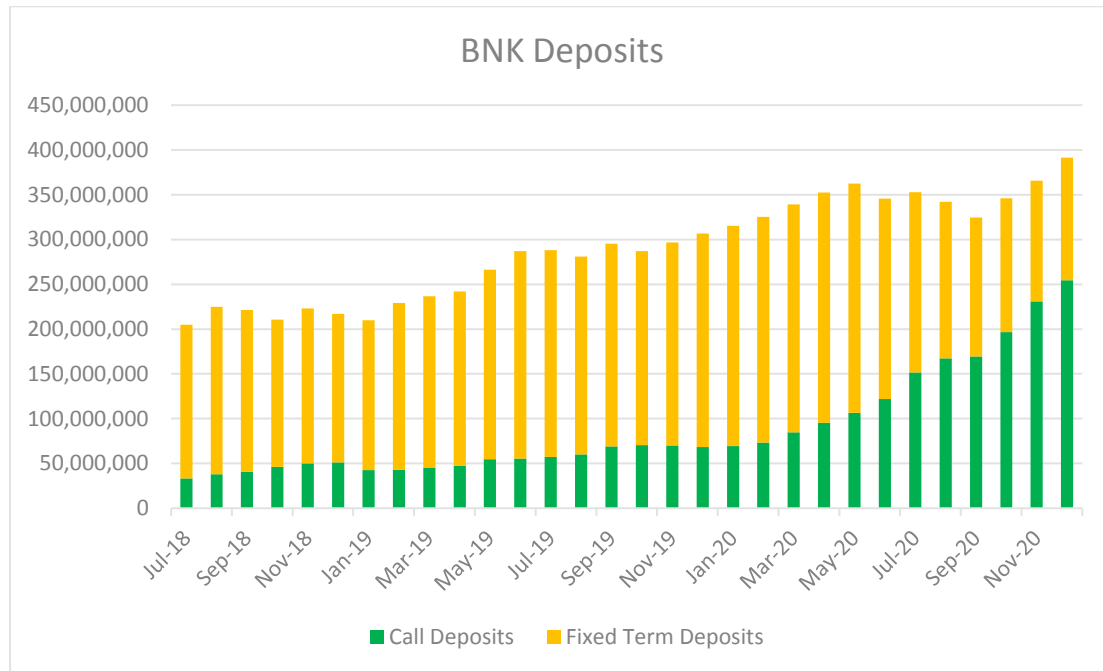
Wholesale (Better Choice) settled \$100.6m of loans over 2Q21 up 9.2% QoQ and ended the period with a \$2.25b loan book, down 1.5% for the period.



As at 31 December 2020, 0.7% of BNK's customers (by value) were provided with COVID related relief packages consisting of short term (3-6 month) payment deferrals. This is a significant reduction from 3.4% of customers as at 30 September.

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BNK's deposit base continued to grow strongly to \$391.3m, driven by growth in low cost transaction accounts.



“We are very pleased that we have been able to help many customers through the difficult times of COVID to a point that now, significantly less than 1% of our customers require support via COVID relief packages. We also accelerated on balance sheet lending this quarter and it is very pleasing to see settlement and balance sheet growth momentum”, Brett Morgan, CEO Banking and Wholesale said.

BNK Group Adopts Underlying Profit metric

BNK advises that from FY21 onwards it will adopt an underlying Net Profit after Tax (NPAT) metric to better align results to the underlying performance of the Group. The first half results to be released on 26 February 2021 will be provided on both a statutory and an underlying basis.

The underlying performance for the last financial year is provided for comparative purposes in Appendix A.

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

ENDS

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Appendix A

Group YTD Financials - Reconciliation			
YTD	Rounded to \$'000s	1H20	2H20
	Statutory NPAT	2,999	2,325
	Revenue Adjustments		
	Net Other Income	(882)	(3,187)
	Expense Adjustments		
	Acquired Intangible Assets	194	286
	Operational Loss	-	3,007
	Restructuring and Transition Costs	36	-
	Tax Effect	196	(32)
Underlying NPAT	2,543	2,399	

Underlying Earnings adjustments

- **1H20**
 - Net Other Income: Sale of bonds at a profit.
 - Acquired Intangible Assets: Amortisation of IFRS fair value adjustments to broker agreements and software acquired on merger.
 - Restructuring and Transition costs: Relates to branch closure costs.
 - Tax Effect: Tax effected position of above adjustments
- **2H20**
 - Net Other Income and Operational Loss: Recognition of ATM insurance receivables and loss \$2.9m and Bond sales \$270k. The ATM issue results in no 2H20 net NPAT impact, due to recognition of insurance claim receivables and ATM cash impairment loss.
 - Tax Effect: Tax effected position of above adjustments.

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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 over 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, complemented by the Better Choice Home Loans brand, distributed via mortgage brokers nationally.

BNK Bank plans to offer a new range of product under the BNK brand later this financial year. The Company is continuing to develop 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. As at 31 December 2020 the business services 1,910 mortgage brokers and manages a loan book in excess of \$50.2bn.

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.

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