

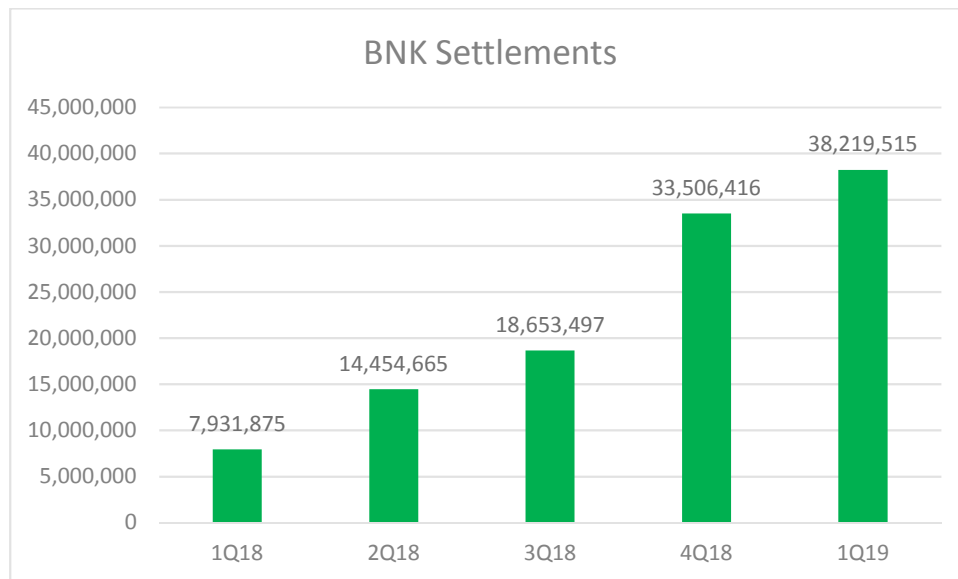
ASX Release 30th October 2019

BNK DELIVERS STRONG Q1 BALANCE SHEET GROWTH

Summary

BNK Banking Corporation Limited (ASX:BBC) (“BNK” or the “Group”) is pleased to provide the market with an update on the key operating milestones achieved by the Banking & Wholesale divisions for the quarter ended 30th September 2019. A further first quarter update on the Finsure Aggregation business will be provided in the second week of November.

The Banking division is off to a strong start for the financial year, with the Bank following up record settlements of \$33.5m in Q4FY19 with another record this quarter of \$38.2m. This brings the total ‘on balance sheet’ lending book to a record \$244.7m. This figure is 12.8% ahead of the position released to the market in our 30th June 2019 financial accounts and is up year on year by \$73.5m or 43%.



Total Banking and Wholesale settlements of \$154.2m for the quarter declined 30% year on year however reflecting the strategic shift in focus to higher margin ‘on balance sheet’ bank settlements. On balance sheet settlements deliver over 4x the margin for the Group versus off balance sheet wholesale settlements and continues to be a key focus for BNK.

(\$'m)	Q1FY19	Q1FY20	\$ Var	% Var
Loan Book				
<i>Bank</i>	171.2	244.7	73.6	43%
<i>Wholesale</i>	2,318.1	2,335.4	17.3	1%
<i>Total</i>	2,489.2	2,580.1	90.9	4%
Settlements				
<i>Bank</i>	7.9	38.2	30.3	382%
<i>Wholesale</i>	211.0	116.0	(95.0)	(45%)
<i>Total</i>	218.9	154.2	(64.7)	(30%)

Managing Director Simon Lyons said “The BNK strategy is all about delivering quality banking products to the market through the large scale distribution capability provided to the bank by mortgage brokers. These numbers show that we are executing our strategy well and that we are able to continue delivering on the growth potential of this organisation.”

“Importantly the increased volumes of on balance sheet lending has been funded through a substantially improved deposit base with a reduction in higher cost term deposits being replaced by good increases in new to bank transaction account funding during the quarter. Our transaction account mix has risen to 23%. Maintaining a focus on efficient and profitable growth is important and changing the funding mix by raising transaction account funding is in line with our long term strategic targets” Mr Lyons said.

This great start helps to set up the business for future success as we deliver on the strategy for continued growth outlined at the end of FY19.

“I am also pleased to say that we are on track to deliver “Bank@Post” to our customers in November, having successfully completed our testing during October. This means BNK customers will be able to access our banking services at some 3,500 Australia Post offices Australia wide, providing excellent convenience for our customers when they need a branch”, Mr Lyons went on to say.

BNK also confirmed it is on track to deliver the Temenos T24 R18 Core Banking upgrade together with a new market leading app for customers, along with completing a full SWIFT network integration to assist customers with offshore remittances over the remainder of the financial year.

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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 30 June 2019 the business services 1,674 mortgage brokers and manages a loan book in excess of \$38bn.

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.