

ASX Release, 2 November 2020

BNK GROUP 1QFY21 TRADING UPDATE

BNK Banking Corporation Limited (ASX:BBC) (“BNK” or the “Group”) is pleased to provide the market with a trading update for the quarter ended 30 September 2020 (1QFY21). Overall, BNK continues to perform strongly.

Highlights for 1QFY21 (unaudited):

Key Metric	\$	% pcp*
Total Loan Book (\$b)	50.1	18.2%
Finsure 1Q Lodgements (\$b)	11.2	31.0%
Finsure 1Q Settlements (\$b)	4.6	32.9%
Finsure Loan Book (\$b)	47.55	19.35%
Wholesale 1Q Settlements (\$m)	92.2	(18.5%)
Wholesale Loan Book (\$b)	2.3	0%
BNK Settlements (\$m)	6.0	(84.4%)
BNK Loan Book (\$m)	281.3	15.0%
BNK Deposits (\$m)	324.7	10.0%
BNK Transaction Accounts (\$m)	169.3	144.8%

* represents percentage change from prior calendar year period.

In addition to the metrics above, Finsure currently has 1,816 accredited brokers, a year on year (“YoY”) increase of 10.7%.

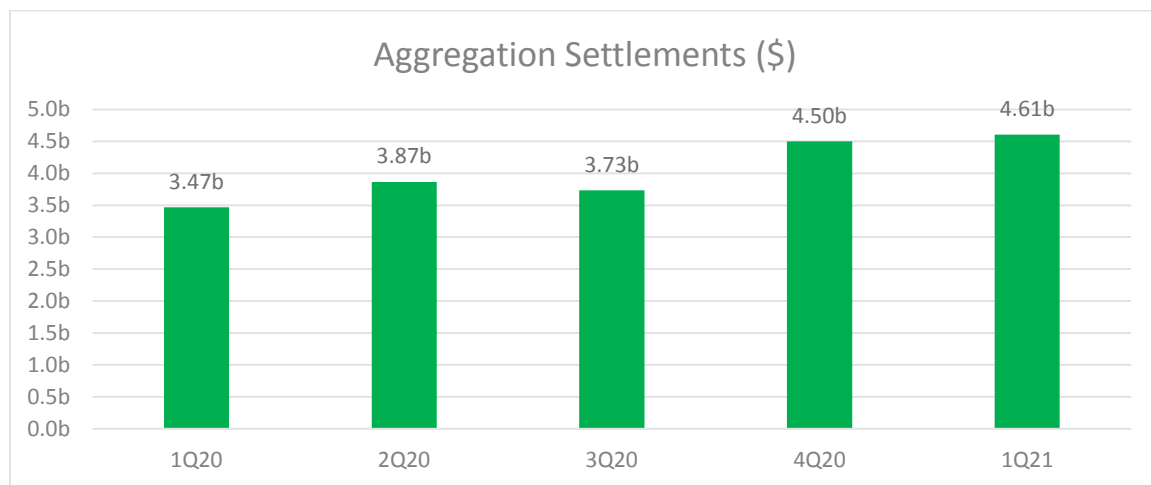
BNK Group Update

BNK Group continues to achieve growing operating leverage with net revenue growth of 8.1% YoY coupled with operating expense reduction of 4.3% of YoY contributing to growing profitability (unaudited). The Group’s total loan book grew to \$50.1b at the end of the quarter and surpassed the critical \$50b milestone. The growing scale of the Finsure aggregation business creates great opportunity for the Banking and Wholesale businesses to manufacture high margin products and continue to grow loan assets.

The Group ended the quarter with a strong Group balance sheet with \$83m of cash and liquid holdings and a capital adequacy ratio of 21.8%.

Finsure Aggregation Update

Finsure achieved another record quarter of both settlements and broker recruitment with settlements accelerating to \$4.61b up 32.9% YoY eclipsing last quarter's record-breaking levels. Net broker recruitment of 76 brings total brokers to 1,816 at quarter-end. Finsure's market share continues to grow through 1QFY21 recording an all-time monthly record of \$1.75b in settlements during September 2020, an annualised run rate now in excess of \$20b pa.



Loan lodgements during the quarter surpassed \$11b comprising 24,900 loans lodged, up 31% YoY and 6% quarter on quarter providing a positive forward looking indicator for the business. With record low interest rates, Finsure expects continued buoyant demand for residential mortgage finance.

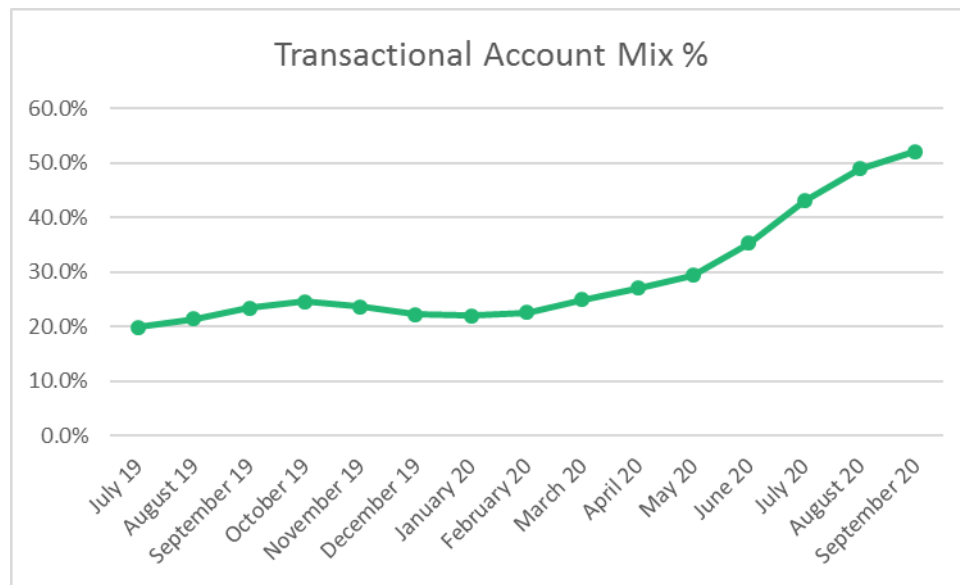
Banking & Wholesale Update

Wholesale (Better Choice) settled \$92m of loans over 1QFY21 and ended the period with a \$2.3b loan book, flat for the quarter. This was a reduction of 18.5% YoY reflecting a shift to focus on higher margin on-balance sheet loans as well as a slowdown in volumes due to COVID-19.

In 1QFY21 BNK recorded settlements of \$6m with on-balance sheet loans of \$281m up 15% YoY. As previously advised, BNK took steps earlier in the year to deliberately moderate loan originations through Q4FY20 as a prudent response to the uncertainty around the COVID-19 disruption. BNK has reactivated loan originations and has commenced 2QFY21 with a strong applications pipeline.

As at 30 September 2020, 3.4% 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 5.6% recorded at 31 May due to customers now returning to regular payments.

BNK's substantially improved deposit base grew to \$324m with a reduction in higher cost term deposits, which have been replaced by new to bank transaction account funding now \$169m as at 30 Sept 2020, more than doubling YoY. This ratio at 30 Sept 2020 has grown to 52%.



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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 September 2020 the business services 1,816 mortgage brokers and manages a loan book in excess of \$47.5bn.

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.