

ASX Release, 25 November 2021

CHAIRMAN'S ADDRESS TO BNK BANKING CORPORATION LIMITED'S 2021 ANNUAL GENERAL MEETING

Thursday 25 November 2021, 2.30pm AEDST

In accordance with Listing Rule 3.13.3, attached is a copy of the Chairman's Address to be delivered today at the virtual 2021 Annual General Meeting.

Visitors to the virtual Annual General Meeting can view the meeting at the following link:

<https://www.advancedshare.com.au/Dashboard/Meeting-Casting-Control?meetingid=BBC0009>

This announcement has been authorised for release by the Company Secretary.

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2021 Annual General Meeting – Chairman’s Address

Good afternoon, ladies and gentlemen. My name is Don Koch and I am the Chairman of BNK Banking Corporation Limited. It is now 2:30pm Australian Eastern Daylight Savings Time, and it is my pleasure to welcome shareholders and visitors alike to the Annual General Meeting of BNK Banking Corporation Limited and I declare the meeting open.

The format for today is that I will present a brief introduction, followed by a presentation by the CEO of Finsure, Mr John Kolenda and our Group CFO, Mr Andrew Kitchen. We will then move to the formal business of the meeting. For shareholders following online, you have the opportunity to submit questions relating to the resolutions being put forward to the meeting by selecting the “ask a question” icon on your screen. We will aim to respond to as many relevant questions during the course of the meeting, but we certainly undertake to respond to all questions received if not covered off in this meeting.

In the event of technical difficulties that prevents shareholders from participating in this virtual format, I will adjourn the meeting and BNK will notify the ASX as to when the meeting will recommence. As we have a quorum, I now declare the Annual General Meeting open.

Please note the agenda for today’s meeting is set out on the slide.

In addition to John and Andrew, I would to welcome the following directors and officers, who are also attending today:

- Jon Denovan, Independent Director; and Deputy Chairman
- Peter Hall, Independent Director;
- Elizabeth Aris, Independent Director;
- Michelle Guthrie, Independent Director;
- John Kolenda, Non-Independent Executive Director;
- Calvin Ng, Non-Independent Director; and
- Malcolm Cowell, Company Secretary.

Also with us today are Mr Nic Buchanan, a partner and Mr Jake Muysken, a senior manager of the company’s auditors, KPMG.

Before proceeding with the formal business of the meeting, I would like to provide a brief address.

Ladies and Gentlemen – in my Chairman’s AGM address today, I want to provide a brief overview of our financial results and key activities in FY21 and also an update on strategic initiatives and other developments in our business since year end.

I will also provide some commentary on trading for the first quarter and an updated outlook for the current financial year – FY22.

BNK delivered a solid financial result in FY21. Underlying Net Profit After Tax was \$7.1 million which was slightly ahead of the guidance provided in May 2021 and an increase of 44% on the prior year.

Statutory NPAT was \$5.6 million compared to \$3.8 million for the prior year, on a restated basis. Underlying earnings per share were 7.4 cents, up 29% from 5.7 cents in FY20.

The Company remains in a strong capital position with a Capital Adequacy Ratio (Level 2) of 22% at 30 June 2021.

Settlements through Finsure’s platform of \$22.2 billion were up 42.4% on the prior year with the number of accredited brokers increasing by 15%. Finsure’s total loan book of \$56.6 billion represents a 24.5% increase over the prior year.

The Banking division experienced increased settlements of on-balance sheet loans, with the direct funded loan book increasing 76.9% year on year. Total lending settlements for the Banking division of \$562 million increased by 25.5% on the prior year.

John Kolenda and Andrew Kitchen will provide further information about these divisional results shortly.

During the year, we implemented a number of initiatives which have improved our competitive position.

Our capital position was bolstered with our inaugural \$10 million Tier 2 subordinated notes issue and the successful completion of the \$13 million equity capital raising in May.

We commenced a securitisation program to provide further funding diversity to support our growth ambitions. This included a \$250 million prime residential mortgage warehouse program with Bendigo & Adelaide Bank and Blackstone, and an alliance with Goldman Sachs to originate, fund and securitise specialist residential mortgages for a securitisation program with an uncommitted facility limit of \$500 million.

There were some changes to the Board during 2021.

Jon Sutton stood down as Chairman and as a Non-Executive Director in July 2021. Jon was appointed Chairman in 2019, and I wish to acknowledge and thank Jon for his significant contribution in that time.

We were pleased to welcome three new Directors to strengthen our Board.

Elizabeth Aris joined in June 2021 and brings extensive and diverse experience in banking, telecommunications and technology.

Michelle Guthrie and Calvin Ng both joined in July 2021. Michelle brings media, entertainment, funds management, technology and professional services spanning more than 30 years. Calvin has significant investment banking, mergers & acquisitions and funds management experience and was also a co-founder of Finsure.

Shareholders will have the opportunity to approve the elections of Elizabeth, Michelle and Calvin at today's meeting.

I would now like to mention some updates from the business since our year end.

Firstly, we have continued our capital management programme with a \$14 million 10-year, Tier 2 subordinated notes issue in September.

This issue builds on the \$10 million raised in early 2021 and underpins our significant growth aspirations whilst providing ongoing capital flexibility and diversity. Post completion, BNK's pro forma 30 June 2021 Capital Adequacy Ratio is estimated to increase by approximately 6%.

We also announced that Brett Morgan, CEO of our Banking division, is leaving the Company to take up the role of Chief Executive Officer of MyState Limited.

While we are clearly disappointed to see Brett leave the organisation, we understand his reasons for doing so and on behalf of the Company I want to thank Brett for his significant contribution over the last 12 months and wish him well for the future.

We are also able to confirm that we will appoint Allan Savins, currently General Manager Wholesale and Banking and Head of Better Choice Home Loans (BCHL), as Interim CEO subject to regulatory approvals being received. Allan brings extensive banking and commercial acumen to the group and we are delighted for him to accept this role.

On 1 September we announced that the Company had commenced a strategic review.

That review includes an assessment of all strategic options available to BNK to unlock and enhance further value for BNK shareholders and follows the receipt of a number of unsolicited approaches made to the Company.

This process is ongoing and we will keep shareholders informed of progress in accordance with our continuous disclosure obligations.

I am pleased to report that BNK has made a solid start to the new financial year.

For the September quarter, in our banking division, total lending settlements grew to \$222 million; an increase of 141% year on year and a 5% increase compared to the previous corresponding quarter. I direct you to our announcement to the ASX on 25 October 2021 that set this out.

Finsure had record settlements of \$8.5bn in the September quarter; an increase of 85.7% year on year and up 20.3% compared to the previous corresponding quarter. Similarly, our announcement to the ASX on 29 October 2021 provided further information on this.

John and Andrew will provide some additional commentary on first quarter trading shortly.

This morning, we released to the ASX an update to earnings guidance for FY22. Subject to financial markets remaining stable, BNK now expects a 15-20% increase in underlying full-year NPAT for the Group, compared to the underlying NPAT of \$7.1m reported for FY21.

Ladies and Gentlemen, BNK made significant progress during FY21 in strengthening our business and I want to acknowledge our staff across the Group for their dedication and efforts.

We have made a solid start to the current financial year and we remain well placed to leverage our business model to deliver further value over the medium term.

In closing I want to thank shareholders for your continued support of the Company.

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 38 years. Our customers benefit from the Australian government deposit guarantee scheme for deposits up to \$250,000.

The bank provides simple and easy to understand products across savings, payment and mortgages under the Goldfields Money and Better Choice Home Loans brands.

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 2021 the business services over 2,050 mortgage brokers and manages a loan book in excess of \$60bn.

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.