

ASX Release, 15 December 2021

BNK enters agreement to sell Finsure for \$151 million

Summary

- **BNK has entered into a Share Sale Agreement ("SSA") with ASX-listed MA Financial ("MAF") under which MAF would acquire 100% of Finsure shares for \$151.6¹ million in cash ("Proposed Transaction")**
- **Under the terms of the Proposed Transaction, the sale price represents a 66% premium to the undisturbed market capitalisation of the Group prior to announcement of the strategic review**
- **Completion of the Proposed Transaction is subject only to receipt of regulatory approval**
- **Sale of Finsure is part of the comprehensive strategic review undertaken by the BNK Board and is anticipated to complete in the first half of 2022**
- **Consideration of strategic options for BNK and Better Choice to continue and the Board will consider capital management options following completion of the Proposed Transaction. It is currently anticipated that a distribution in respect of a material portion of sale proceeds will be made to shareholders.**

Transaction Overview

BNK Banking Corporation Limited (ASX:BBC) ("BNK" or the "Group") today announced it has entered into a Share Sale Agreement ("SSA") with MA Financial Group Limited (ASX:MAF) ("MAF") under which MAF will acquire 100% of BNK's subsidiary, Finsure Holding Pty Ltd ("Finsure") and related aggregation division subsidiaries for consideration of \$151.6 million in cash ("Proposed Transaction").

Completion of the Proposed Transaction is subject to the receipt of regulatory approval and is expected to occur in the first half of 2022.

BNK's Chairman, Mr Don Koch said the Proposed Transaction represented a positive outcome for BNK stakeholders.

"The Company previously announced a strategic review to consider all options to maximise value for BNK shareholders. As part of that review, the Board has carefully assessed a range of alternatives, including expressions of interest from a number of parties regarding BNK's asset portfolio.

"After a detailed assessment, the Board believes the sale of Finsure to MAF represents a compelling outcome for all BNK stakeholders, including shareholders, our people and customers.

"The sale price of \$151.6 million cash is an attractive valuation and will deliver significant value to BNK shareholders. The sale price represents a 66% premium to the undisturbed market capitalisation of the Group prior to announcement of the strategic review on 21 September 2021.

¹ Purchase price of \$151.6m includes c.\$5.6m of Finsure cash on balance sheet

“Finsure is a top 4 mortgage broking aggregator with over 2,000 brokers and a national distribution footprint with a market leading technology suite. While Finsure has been growing strongly, the opportunity to be part of MAF, a larger and more diversified financial services group, will accelerate Finsure’s ability to grow its presence in the Australian financial services market.

“MAF is a diversified financial services company with activities in asset management, lending, corporate advisory and equities. MAF has a market capitalisation of around \$1.4 billion and over \$6 billion in assets under management.

“Following the sale of Finsure, BNK will be a strongly capitalised digital bank with a clear and focused strategy to leverage recent initiatives to strengthen our competitive position.

“These include the origination of specialist loans through our alliance with Goldman Sachs and the prime residential mortgage warehouse program established with Bendigo & Adelaide Bank and Blackstone.

“We continue to make significant progress on transforming our lending business to generate higher returns and post the sale of Finsure we will remain well placed to continue this growth trajectory.

“We will continue to assess options in respect of BNK as part of the ongoing strategic review,” Mr Koch said.”

Terms of SSA

The key terms of the SSA are as follows:

- MA has agreed to acquire all of the issued shares in Finsure.
- Consideration for the acquisition is \$151.6 million, subject to adjustment under the terms of the SSA.
- Completion of the sale is conditional on receipt of APRA regulatory approval.
- Completion will occur on the later of: 7 February 2022; five business days after receipt of regulatory approval; or at such time as the parties agree.
- Parties may only terminate the SSA for failing to satisfy the condition precedents prior to 30 June 2022, insolvency or a material breach of fundamental warranties.
- BNK and Better Choice will remain on the Finsure panel of lenders for a minimum of three years following completion.

Capital management options

Proceeds from the sale are expected to be \$151.6 million subject to adjustments before costs and taxes.

As part of its ongoing strategic review, the Board of BNK is evaluating a range of capital management options to utilise these proceeds efficiently. It is currently anticipated that a distribution in respect of a material portion of these proceeds will be made to shareholders.

A further announcement on capital management will be made in due course.

Indicative timetable and next steps

BNK shareholders do not need to take any action at this time.

Subject to the conditions of the SSA being satisfied, the sale is expected to be completed in the first half of 2022.

BNK is being advised by Gresham and Allens.

This announcement has been authorised for release by the BNK Board.

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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 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.