

ASX Release, 5 September 2024

COFFEE MICROCAPS INVESTOR PRESENTATION

BNK Banking Corporation Limited (ASX: **BBC**) (“**BNK**” or the “**Company**”) attaches an investor presentation that CEO Allan Savins will deliver to the Coffee Microcaps conference later this morning, for release on the ASX.

This announcement has been authorised for release by the Company Secretary on behalf of the BNK Board.

ENDS

Investor Enquiries

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About BNK

BNK Banking Corporation Limited (ASX: BBC) was founded in 1982 as Goldfields Credit Union. Now, as a branchless bank, BNK offers customers a diverse range of financial products whilst providing a ‘one-stop’ shop for brokers. BNK operates two brands: Goldfields Money and Better Choice. BNK has leveraged its deeply experienced management team, strong distribution network and award-winning brands to deliver a solid performance over the last two years. Find out more: <https://bnk.com.au/>



ASX:BBC

INVESTOR PRESENTATION

COFFEE MICROCAPS CONFERENCE

5 September 2024

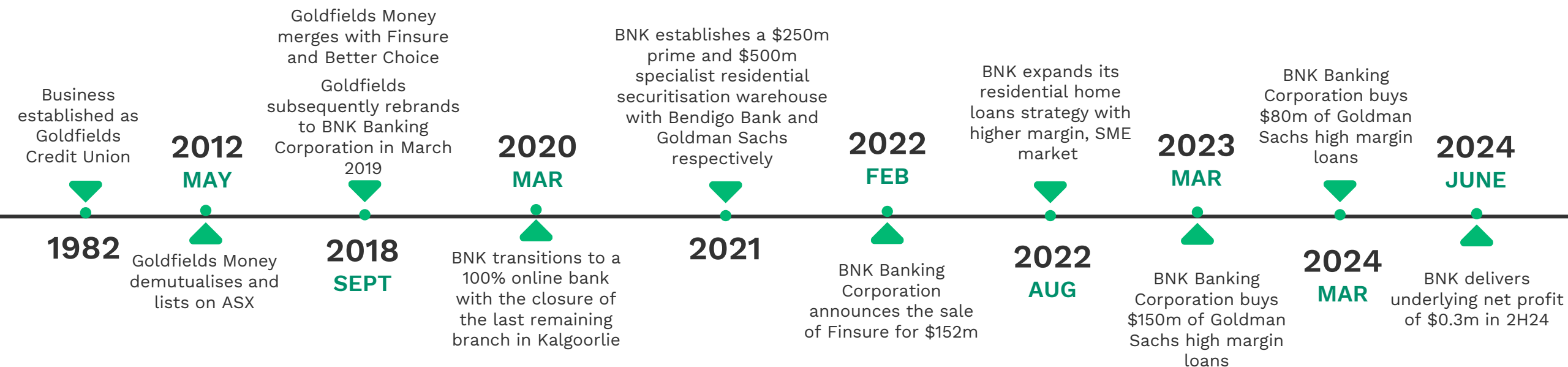


Better Choice
Make a Better Choice



BNK – The Bank for Enterprising Australians

ASX-listed bank with more than 40 years of experience



The case for investing in BNK Bank

The bank for Enterprising Australians



Track record of lending growth

- \$1.37 billion of on-balance sheets loans.
- Cumulative average growth rate (CAGR) in loans of 37% over the last three financial years to 30 June 2024.
- Continued upward trend in Net Interest Income (NII).



Diversified funding base

- Loan book funded through a combination of deposits, prime warehouse and subordinated debt.
- ~\$1.27 billion of customer deposits.
- Customer deposit to total loan ratio of 93% as at 30 June 2024, demonstrating our ability to raise deposits to fund growth, despite the current environment.
- Strong Capital Adequacy Ratio of 23.4%, well above Prudential and Board limits.



Expansive product range

- Offers a diverse product range to assist a larger customer market, whilst providing a 'one-stop' shop for brokers, creating opportunities to attract more business to new and through existing customers.



Focus on SME market


- Strategic expansion into higher margin, SME market to increase returns.
- Distribution through our existing and proven third-party broker network consisting of ~12,000 brokers.

FY24 Results Overview

Financial results show improved trajectory


\$(6.7)m Statutory NPAT down \$2.8m on FY23


\$(0.9)m Underlying NPAT* up \$0.6m on FY23


\$0.3m 2H24 Underlying NPAT up \$1.5m on 1H24

\$19.3m
 Net Interest Income
 up 3% on FY23

\$21.6m
 Operating Expenses
 down \$1.5m on FY23

1.06%
 FY24 NIM down
 9bps on FY23

1.20%
 2H24 NIM up
 28bps on 1H24

\$1,725m
 Group Assets
 up 3% on FY23

\$302.4m
 Liquid Assets
 up 9% on FY23

*Normalised for tax

FY24 Financial Results

Improvement in underlying NPAT whilst Goodwill Impairment impact on statutory results

	Statutory (\$'000)	Underlying (\$'000)	Underlying to FY23 %*
Net Interest Income	19,290	19,290	↑ 3%
Other Income	(1,855)	1,085	↓ 63%
Expenses - Underlying	(21,385)	(21,385)	↓ 6%
Expenses – Non –recurring	(\$199)	-	-
Operating Performance	(4,149)	(1,010)	↑ 7%
Credit Loss Provision	(300)	(300)	↓ 73%
Goodwill Impairment	(3,600)	-	-
NPBT	(8,049)	(1,310)	↑ 40%
Tax	1,348	393	
NPAT	(6,701)	(917)	↑ 40%

FY24 Key Metrics

	FY24	FY23	Change on PCP
Total Assets	\$1,725m	\$1,680m	↑ 3%
Loans	\$1,368m	\$1,350m	↑ 1%
Deposits	\$1,271m	\$1,252m	↑ 2%
Net Interest Margin	106bps	115bps	↓ 9bps
Cost-Income Ratio (underlying)	105%	105%	Flat
Capital Adequacy Ratio	23.36%	22.84%	↑ 52bps
Minimum Liquid Holdings Ratio (Spot)	22.37%	20.66%	↑ 171bps
Net Tangible Assets per share	\$0.99	\$1.02	↓ \$0.03

2H24 Financial Results

Improvement in underlying NPAT from 1H24

	2H24 Underlying (\$'000)	1H24 Underlying (\$'000)	Variance %*
Net Interest Income	10,735	8,555	↑ 25%
Other Income	676	409	↑ 65%
Expenses - Underlying	(11,078)	(10,307)	↑ 7%
Operating Performance	333	(1,343)	↑ 125%
Credit Loss Provision	52	(352)	↓ 115%
NPBT	385	(1695)	↑ 123%
Tax	(115)	508	
NPAT	270	(1,187)	↑ 123%

* Better/Worse

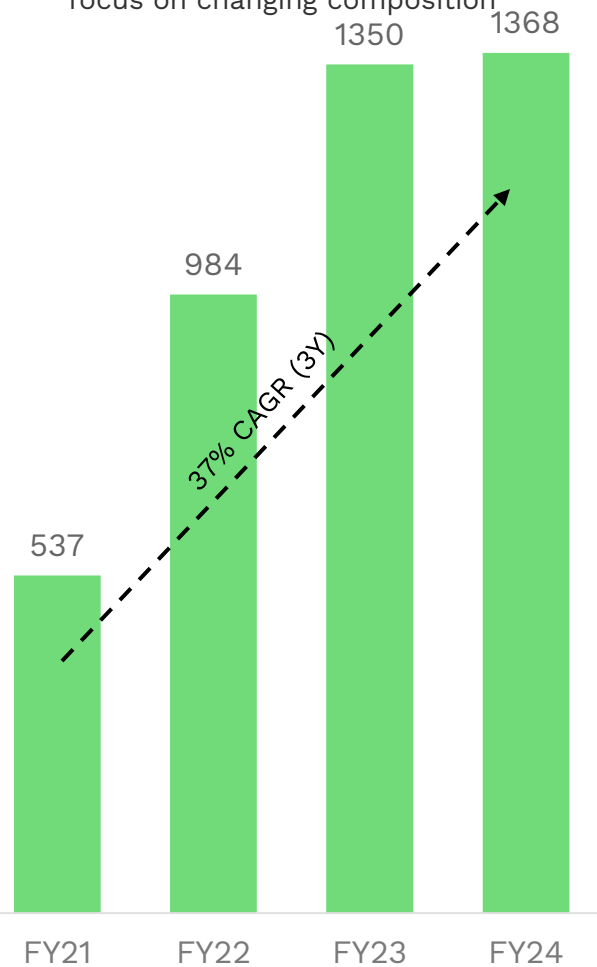
BNK Loan Book, Deposits & Net Interest Income

Transitioning away from lower margin prime residential

ASX:BBC

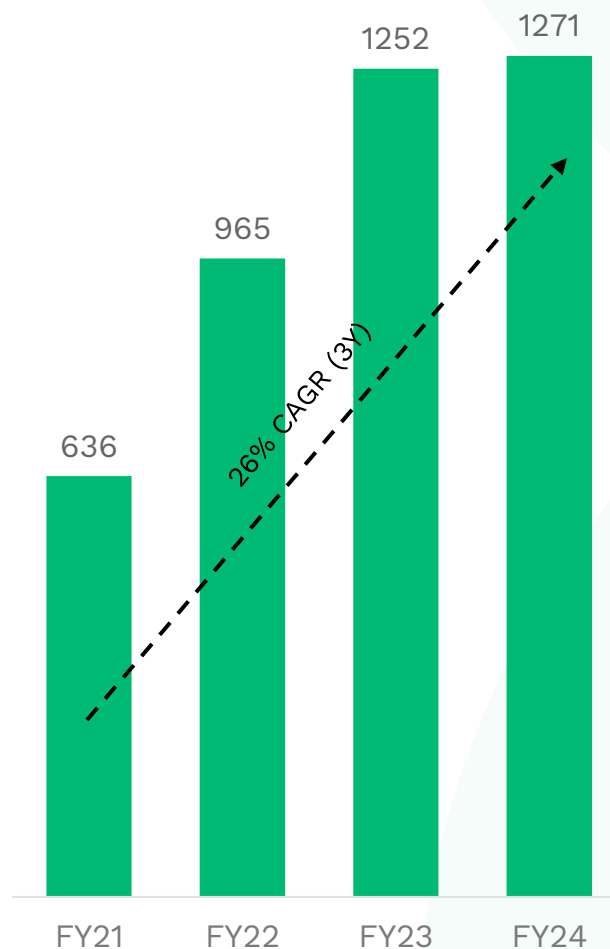
Loan book (\$m)

Overall Loan Book steady in FY24 with a focus on changing composition



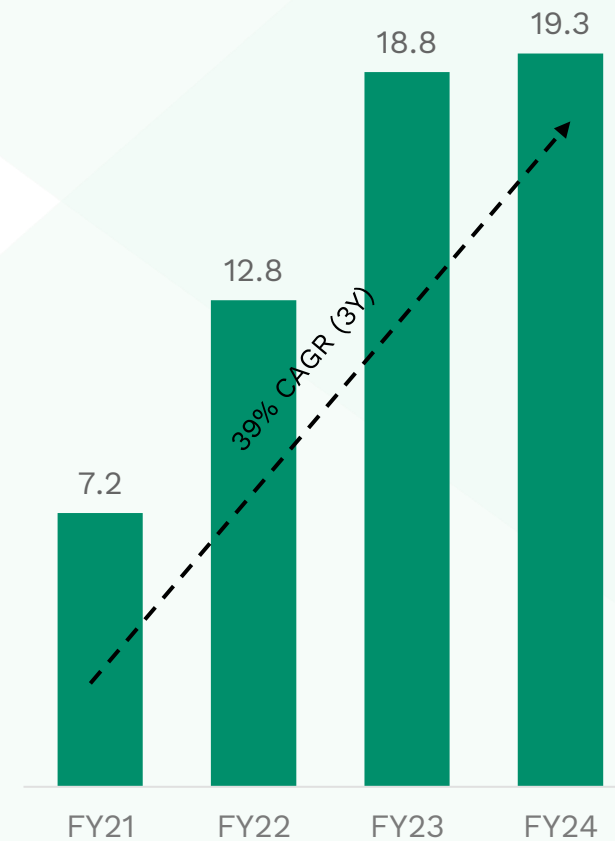
Deposit book (\$m)

Deposit Book steady in FY24



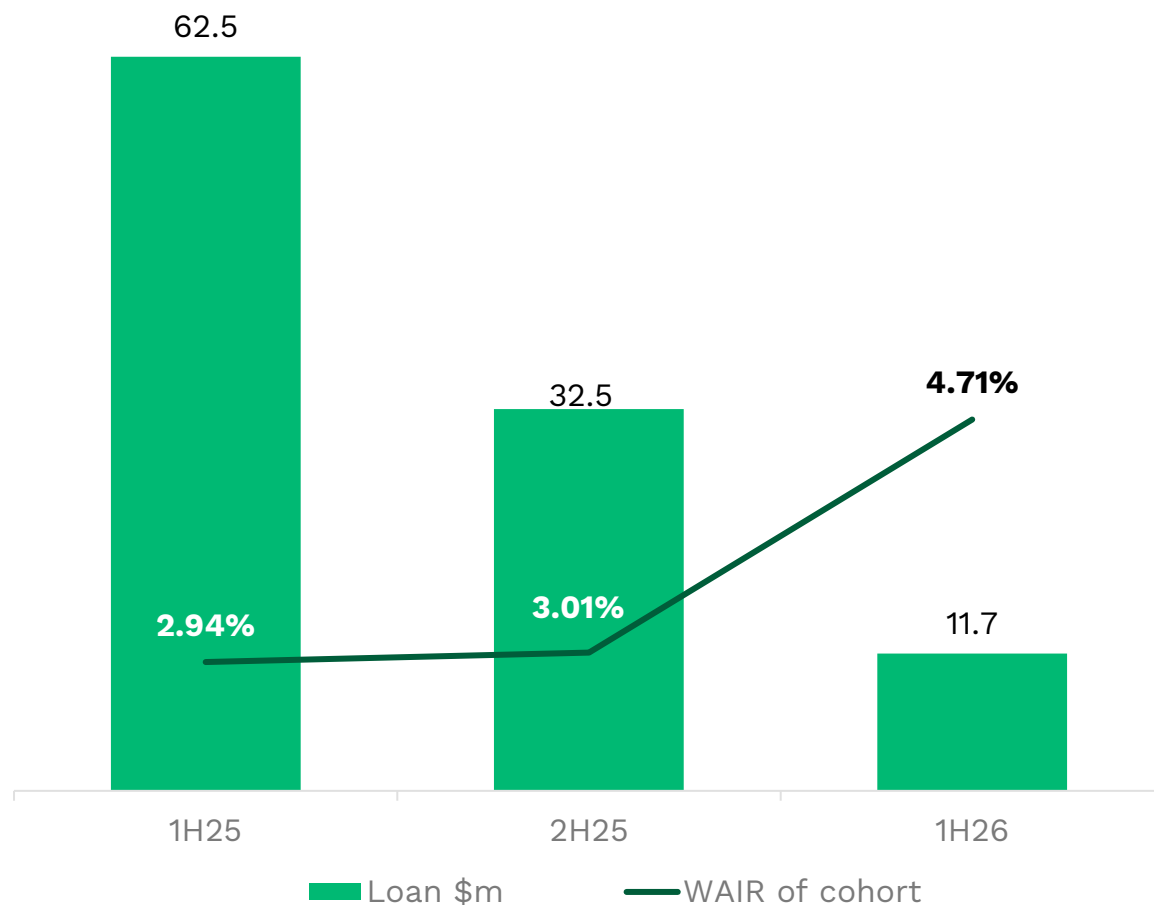
Net Interest Income (\$m)

Continued upward trend in NII



Fixed Rate Home Loans

Remaining Fixed Rate maturities provide incremental margin uplift potential

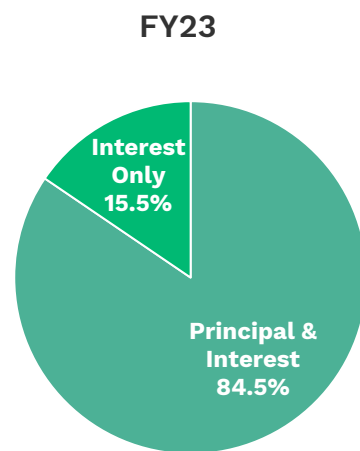
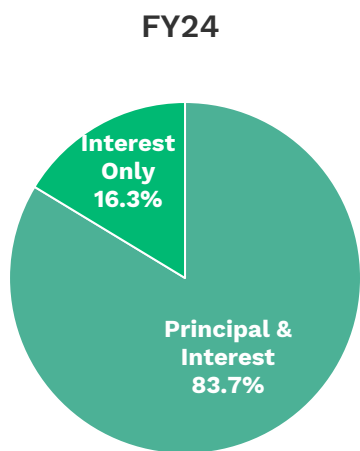


- Remaining Fixed Rate HL book due to rollover during the next 18 months.
- Working with our customers to provide attractive pricing and active retention.
- NIM upside given the existing Weighted Average Interest Rate (WAIR) on each cohort in the portfolio.

Risk-managed growth and diversification in the BNK-funded lending portfolio

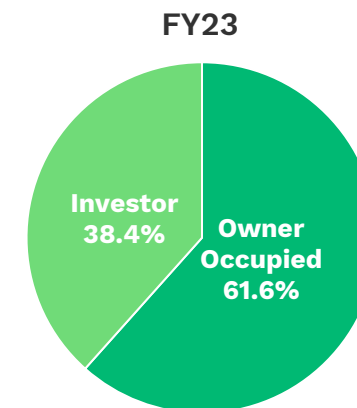
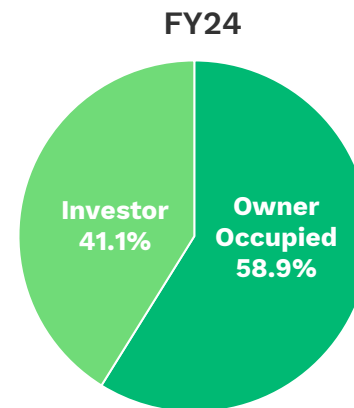
Stable risk profile despite increase in higher margin loans

On Balance Sheet Loans



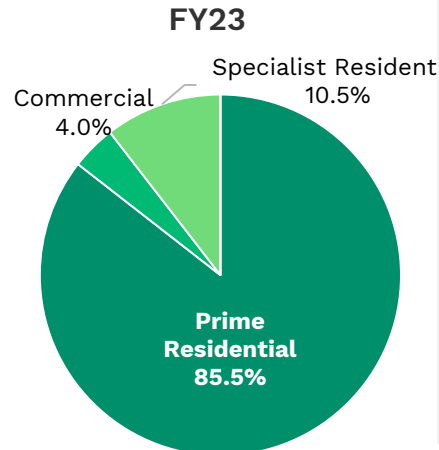
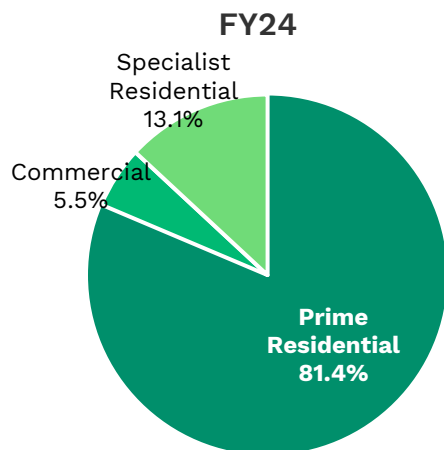
Stable position with borrower equity continuing to accumulate.

Portfolio By Loan Type



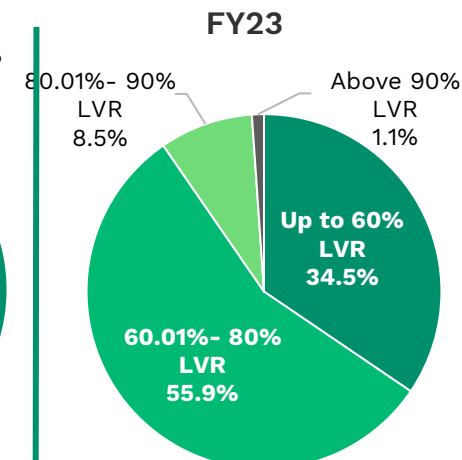
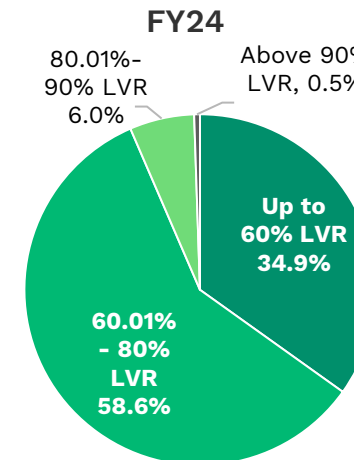
Slight portfolio shift with increased investor loans.

Portfolio Mix By Loan Category



Strong growth in higher margin residential loans as a result of the Goldman Sachs specialist warehouse portfolio acquisition.

Portfolio Mix By LVR



Improved LVR mix at settlement with the expansion into higher margin loans.

Strong Cornerstone Portfolio

BNK has focused on changing the lending book composition in FY24 with greater priority on higher margin lending



High quality customers

- Approx. 44% of loan book are ahead in their repayments.
- 1.64% of the Residential loan book are in arrears over 30 days as at June 2024.
- 0.89% of the Commercial loan book are in arrears over 30 days as at June 2024.
- Mortgagee in possession rates remained at zero.
- No credit write-offs recorded for FY24.
- Slight decrease in offset account balances from \$89m to \$79m over FY24.



Loan size increased

- Average loan size increased from \$382k to \$391k YoY, while maintaining a strong LVR mix.



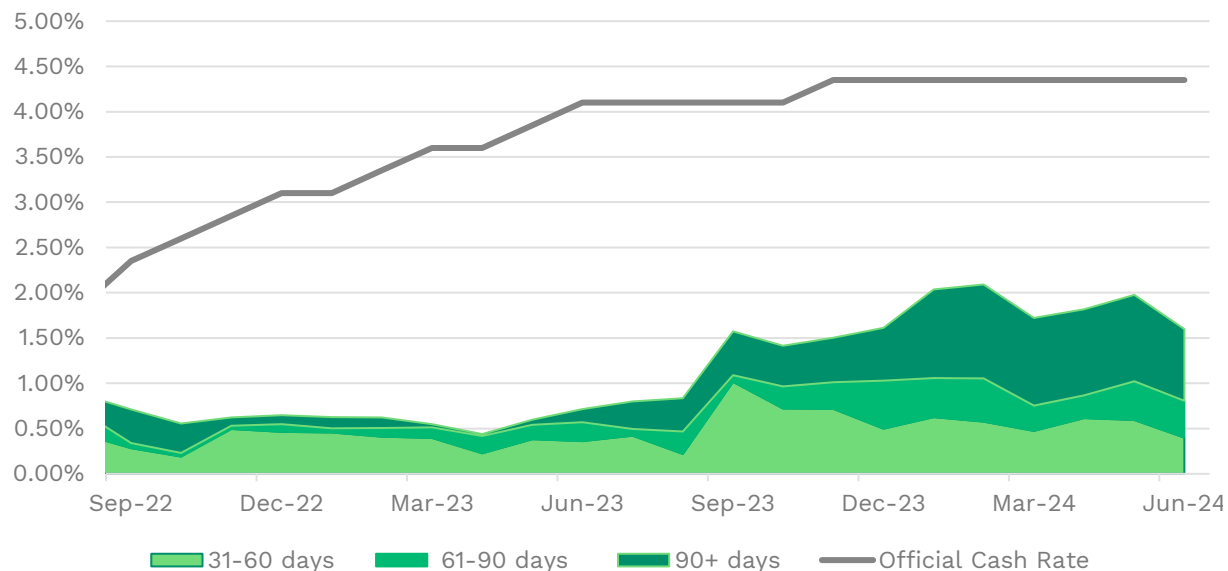
Majority of loans on variable rate

- Fixed Rate loans make up 8% of the BNK portfolio as at 30 June 2024.
- Fixed rate portfolio will reduce by 46% over H1 in FY25 and a further 42% over the rest of FY25.
- No new Fixed Rate business being originated.

Credit Quality & Arrears

Increase in Arrears as higher interest rates impact but showing signs of stabilising

Loan Book Arrears breakdown



Residential book Arrears ageing (% of Residential loan book)

Date	(31-60 days)	(61-90 days)	(90+ days)	Total (31 days+)
Jun-23	0.31%	0.21%	0.16%	0.69%
Sep-23	0.93%	0.13%	0.47%	1.53%
Dec-23	0.52%	0.55%	0.57%	1.64%
Mar-24	0.50%	0.29%	0.97%	1.76%
Jun-24	0.42%	0.43%	0.79%	1.64%

Commercial book Arrears ageing (% of Commercial loan book)

Date	(31-60 days)	(61-90 days)	(90+ days)	Total (31 days+)
Jun-23	0.51%	0.04%	0.45%	1.00%
Sep-23	2.85%	0.00%	1.46%	4.32%
Dec-23	0.00%	0.00%	1.41%	1.41%
Mar-24	0.00%	0.01%	1.32%	1.33%
Jun-24	0.00%	0.00%	0.89%	0.89%

Management with a Proven Track Record

In implementing and executing expansion strategies



Allan Savins – Chief Executive Officer

- Over 40 years of experience in the financial services industry.
- Former COO & CCO of RESIMAC Limited.
- Former Chairman of Finsure Finance and Insurance Pty Ltd and 1300 HomeLoans from launch to December 2015.
- Former director of RESIMAC Financial Services Pty Ltd operating in New Zealand and Societe Generale Sydney Structured Finance and Securitisation.
- Founding member of Bluestone Group and former Head of Lending and Operations both in Australia and New Zealand.



Stephen Kinsella – Chief Financial Officer

- Over 30 years of experience in the banking sector.
- Senior management roles at Commonwealth Bank of Australia (CBA), Bank West and ABN Amro, domestically and overseas.
- Most recently at Avenue Bank, where he was CFO from 2021 to June 2023.
- Served for 7 years as CFO of CBA’s Institutional Banking & Markets division, and 5 years as CFO & Head of Finance for CBA’s Business & Private Banking division.



Dara Wettner – Chief Risk Officer

- Qualified member of the Chartered Institute of Management Accountants (CIMA) and a graduate of the AICD.
- Extensive experience within the financial services sector within Australia, UK and Europe specialising in all aspects of risk management including operational, compliance, conduct, technology, cyber security, privacy, ethics, and credit risk (including provisioning).
- Senior roles within risk, finance and treasury. Prior to joining BNK Dara worked for Bankwest where she successfully created a number of high performing risk teams by utilising her strategic focus and strong analytical skills.



David Thorn – Chief Operations Officer

- Over 30 years of experience in credit and operations across both banks and non-banks in Australia.
- Senior roles including Head of Lending Australia with Bluestone Mortgages, Operations and Risk Manager with GMAC-RFC and Senior Manager of Credit and the Head of Operations at AMP Bank where he was responsible for the operations teams for both lending and deposits.
- Former Chief Operating Officer role at a small commercial lending business specialising in equipment finance and debtor finance.

Highly Experienced Board

Driving the next stage of growth



Jon Denovan - Non-Executive Director

- Leading mortgage industry authority on regulation & compliance.
- First honorary member - Mortgage & Finance Association of Aust. Recognised as a leading lawyer in financial services regulation in the 2014 edition of Chambers Asia Pacific
- Australia's Best Lawyers in Financial Institutions since 2013.
- Significant property industry experience working with Australia's major property developers in structuring.



David Gratton - Non-Executive Director

- Highly-experienced financial services manager with over 30 years of retail banking experience, including senior management roles at National Australia Bank, Suncorp and Firstmac.
- Senior member of the Firstmac executive for over 10 years in a number of roles, with his last executive role being General Manager, Sales and Operations.
- Has been a Director of Firstmac Limited since April 2023.
- Holds Law and Science degrees from Monash University and a Diploma in Financial Planning.



Elizabeth Aris - Non-Executive Director

- Former Group Executive at TPG Telecom and held senior executive positions at Tasmanet, Trujillo Technology Group, Alcatel-Lucent and Telstra, and consulting roles with Microsoft.
- Former member of the Westpac Retail Bank executive team.
- Served as a Non-Executive Director in both publicly listed and private companies and has been a technology entrepreneur building a start up in New York.



Warren McLeland - Non-Executive Director

- Former stockbroker and investment banker with over 35 years of experience in domestic and international financial services.
- Acts as an adviser in funds management and business strategy to companies operating in the Asia Pacific region.
- Current Non- Executive Chairman of Resimac Group Limited (ASX: RMC) and former Executive Chairman of Resimac Limited.



Calvin Ng - Non-Executive Director

- Significant investment banking, M&A and funds Mgmt experience.
- Co-founder & MD of the Aura Group, a funds and wealth management firm managing and advising over A\$1.27B in assets.
- Co-founder of Finsure, which merged with Goldfields Money Limited in 2018 to form BNK.
- Former director of Catapult (2014-2019) playing an integral role in the IPO and ongoing capital management and M&A activities.

Summary & Outlook

Building a strong foundation for SME growth

- ✓ Deliver sustainable underlying profitable growth.
- ✓ Strategically pursue high margin and/or high return of capital opportunities.
- ✓ Optimise and reallocate Risk-Weighted Assets: Reducing low-profit residential loans to fund high-margin opportunities.
- ✓ Maintain cost discipline in an inflationary environment.
- ✓ Continue to transform the technology stack to drive efficiencies and improve the customer experience.
- ✓ Facilitate the continued growth and maturity of the Goldman Sachs off balance sheet warehouse.

Enquiries

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