

ASX Release, 25 February 2022

BNK DELIVERS 36% INCREASE IN UNDERLYING NET PROFIT

BNK Banking Corporation Limited (ASX:BBC) (“BNK” or the “Group”) BNK Banking Corporation Limited (ASX:BBC) (“BNK” or the “Group”) today released its financial results for the half year ended 31 December 2021.

BNK delivered a solid financial result while at the same time has continued to implement its strategic review to enhance returns to shareholders.

Underlying Net Profit After Tax (NPAT) was \$3 million representing an increase of 36% on the prior corresponding period.

Reported NPAT was \$2.7 million compared to \$1.9 million for the prior corresponding half, on a restated basis.

Financial Highlights

- Underlying NPAT of \$3.0m, up 36%
- Cash NPAT of \$1.0m compared to (\$0.2)m
- Underlying earnings per share 2.6 cents, up 6%
- Net Income of \$21.2m, up 21%
- Net interest margin 132 basis points compared to 147 basis points as at 30 June 2021
- BNK-funded loan book growth of 107% to \$631m
- Deposit growth of 112% to \$829 million
- Capital Adequacy Ratio of 21.4%, up 2.8 ppts

Commentary

“The half year was a transformative period for the BNK Group,” said Chairman, Don Koch.

“As part of our strategic review, we were pleased to announce the sale of our aggregation business, Finsure to MA Financial for proceeds of \$152 million, which results in a gain on sale of approximately \$100 million before tax, which will be reflected in BNK’s second half results.

“The sale delivers significant value creation to BNK shareholders and the Board continues to assess capital management options with our continued expectation of a material distribution of proceeds being made to shareholders in Q3 of this calendar year.

“In the meantime, BNK remains a strongly capitalised bank which continues to strengthen its competitive platform for future growth. On a proforma basis, the

Group's Capital Adequacy Ratio at 31 December 2021 including the Finsure sale proceeds is approximately 60%.

"We continue to transform our lending capability and have commenced origination of specialist loans through our alliance with Goldman Sachs with \$385 million in applications received as at 31 December 2021.

"The bank remains in a strong position with BNK-funded loan book growth over 100% over the year to 31 December 2021 to \$631 million.

"Meanwhile, we continue to deliver significant growth in deposits which more than doubled to \$829 million over the year to 31 December 2021.

"The Board is continuing its strategic review of BNK and Better Choice with a focus on further maximising shareholder value and we will update shareholders on any developments," Mr Koch said.

The sale of Finsure, which was completed on 7 February 2022, means that BNK's previous FY22 earnings guidance and outlook statements are no longer applicable for the BNK Group.

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

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Investor Enquiries

Martin Cole
Investor Relations
Email: martin.cole@capitalmarketcommunications.com.au
Telephone: +61 403 332 977

Media Enquiries

David Maher
Head of Marketing
Telephone: +61 407 382 976