

ASX Release, 9 May 2024

COFFEE MICROCAPS INVESTOR PRESENTATION

BNK Banking Corporation Limited (ASX: **BBC**) ("**BNK**" or the "**Company**"), the brokers' bank with over 40 years of experience, attaches an investor presentation that the CEO, Allan Savins, will deliver to the Coffee Microcaps conference later this morning, for release on ASX.

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

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INVESTOR PRESENTATION

COFFEE MICROCAPS CONFERENCE

BNK Banking Corporation Ltd

May 2024

BNK – The Bank for Enterprising Australians



ASX-listed bank with more than 40 years of experience



Direct to consumer deposits and post settlement brand for broker originated BNK loans



Better Choice
Award-winning non-bank home and commercial loan origination platform

Business established as Goldfields Credit Union

2012
MAY

Goldfields Money demutualises and lists on ASX

2018
SEPT

Goldfields Money merges with Finsure and Better Choice
Goldfields subsequently rebrands to BNK Banking Corporation in March 2019

2020
MAR

BNK transitions to a 100% online bank with the closure of the last remaining branch in Kalgoorlie

2021

BNK establishes a \$250m prime and \$500m specialist residential securitisation warehouse with Bendigo / Blackstone and Goldman Sachs respectively

2022
FEB

BNK Banking Corporation announces the sale of Finsure for \$152m

2022
AUG

BNK expands its residential home loans strategy with higher margin, SME market

2023
MAR

BNK Banking Corporation buys \$150m of Goldman Sachs high margin loans

2023
Q4

BNK reports maiden quarterly cash profit in Q4 FY2023

2024
MAR

BNK Banking Corporation buys \$80m of Goldman Sachs high margin loans

The case for investing in BNK Bank

The bank for Enterprising Australians

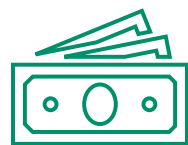


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Track record of accelerated lending growth

- \$1.5 billion loan portfolio consisting of ~85% prime residential home loans.
- Compound annual growth rate (CAGR) in loans of 41% over the last two financial years to 31 December 2023.
- Consistent growth in Net Interest Income (NII).



Diversified funding base

- Loan book funded through a combination of deposits, prime warehouse and subordinated debt.
- ~\$1.5 billion of customer deposits.
- Deposit to Direct loan ratio of 127% as at 31 December 2023, demonstrating our ability to raise deposits to fund growth, despite the current environment.
- Capital Adequacy Ratio of 19.9%, 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.
- Better Choice is the winner of the 'Best Non-Bank Lender' of the year for 2 consecutive years.



Focus on SME market

- Strategic expansion into higher margin, SME market to increase returns.
- Now offer an extended suite of SME banking products: commercial SMSF, transaction accounts & term loans.
- Distribution through our existing and proven third-party broker network consisting of ~12,000 brokers.

BNK Bank at a glance

Financial highlights (as at 31 December 2023)



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Lending book

\$1.5bn

30.9% YoY Growth

Deposit book

\$1.5bn

26.8% YoY Growth

Net Interest Margin

1.01%

Down (0.32)% on 1H'23

1H'24 Cash NPAT

\$(1.2)m

Up \$0.2m on 1H'23

Prime Residential
Home Loans

~85%

Deposit to Direct
Loan Ratio

127%

Net Interest Income

\$8.6mn

Down \$(0.1)m on 1H'23

Operating Expenses

\$9.9mn

Down 13% or \$1.5mn
on pcp

Strategic highlights

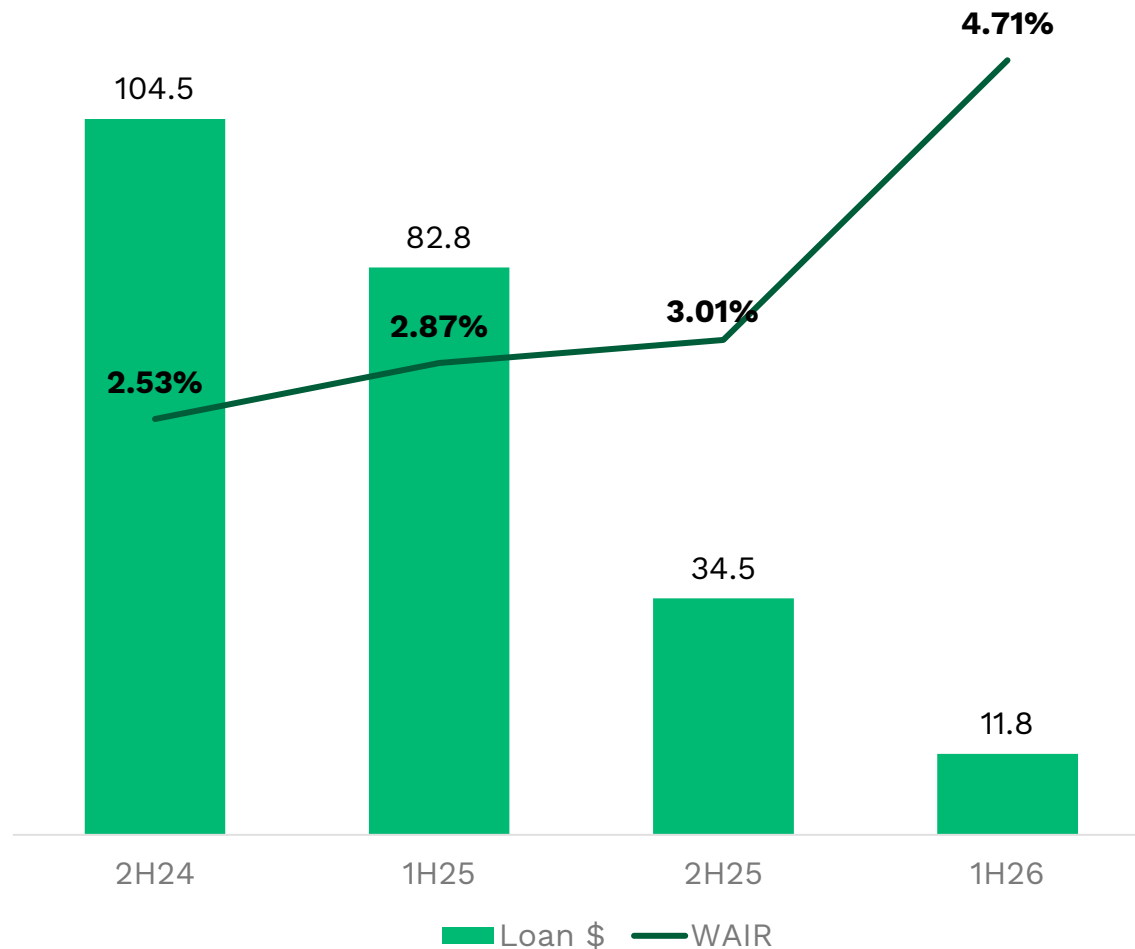
- Delivered three years of consistent, sustainable growth with record highs in loans and deposits and a strong focus on cost management.
- For the second consecutive year, exceeded our target of \$100m in higher margin assets by FY24.
- Successful completion of first stage of the technology transformation to drive efficiencies and simplify processes in higher-margin commercial business.
- Actively pursuing relationships with commercial brokers to further enhance our distribution base.
- Implement digital marketing strategies to target the broader business market and establish brand credibility.
- Continue to seek and execute on opportunities for new deposit classes, new asset classes, and inorganic growth.

Fixed Rate Home Loans

Fixed Rate maturities will provide potential for margin uplift



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- Approximately 80% of the remaining Fixed Rate HL book due to rollover up to December 2024.
- Current pricing and active retention should provide upside to NIM given the Weighted Average Interest Rate (WAIR) on the portfolio.

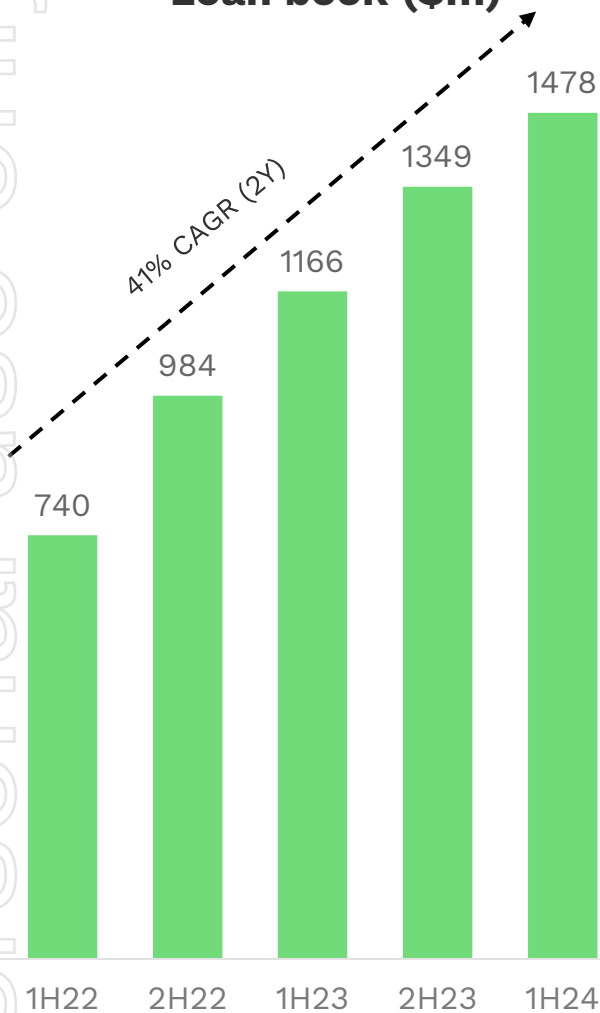
BNK Loan Book, Deposits & Net Interest Income

Record highs achieved across lending and deposits

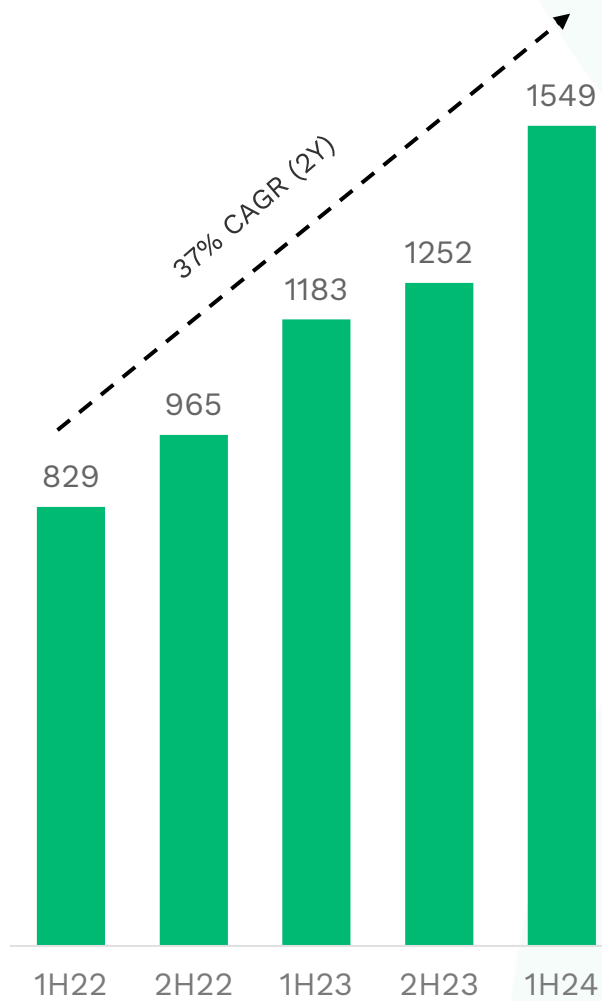


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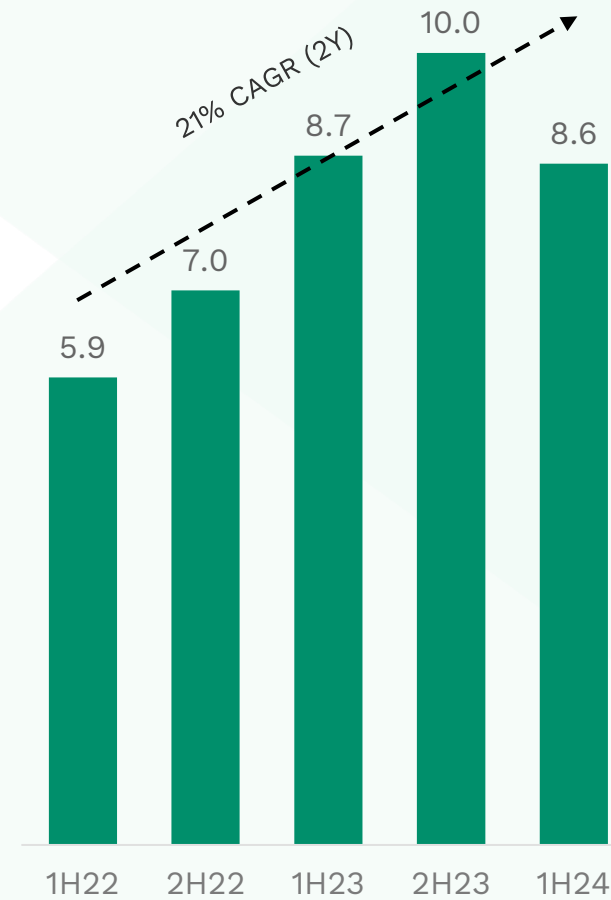
Loan book (\$m)



Deposit book (\$m)



Net Interest Income (\$m)



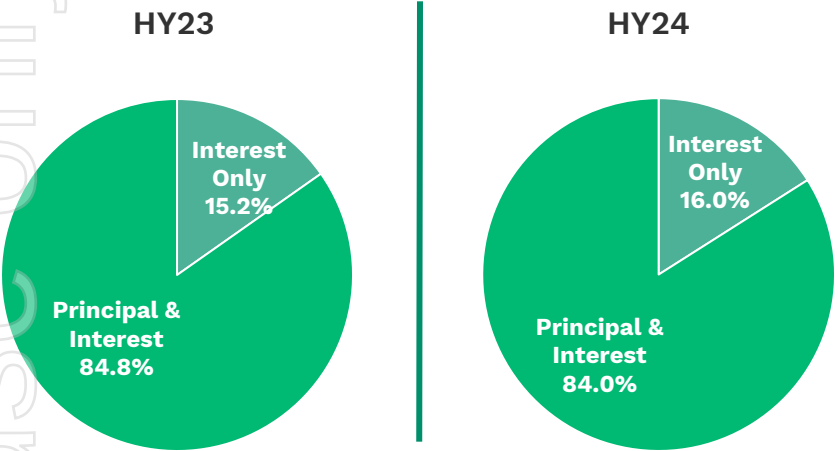
Managed growth and diversification in BNK-funded lending portfolio

Stable risk profile despite steady increase in higher margin loans



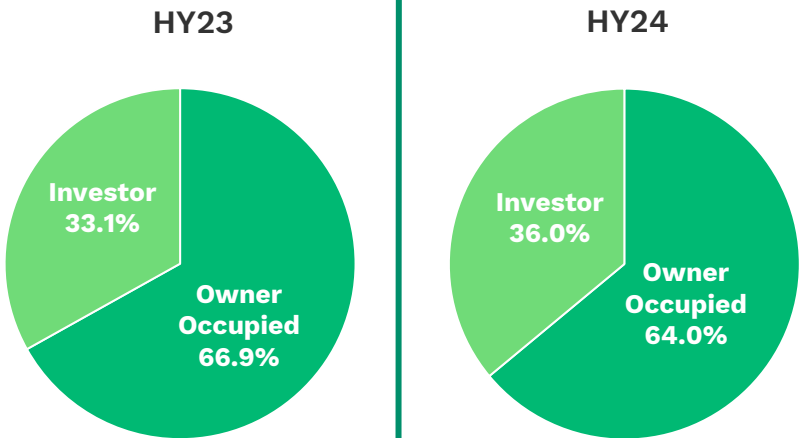
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Portfolio by Payment Type



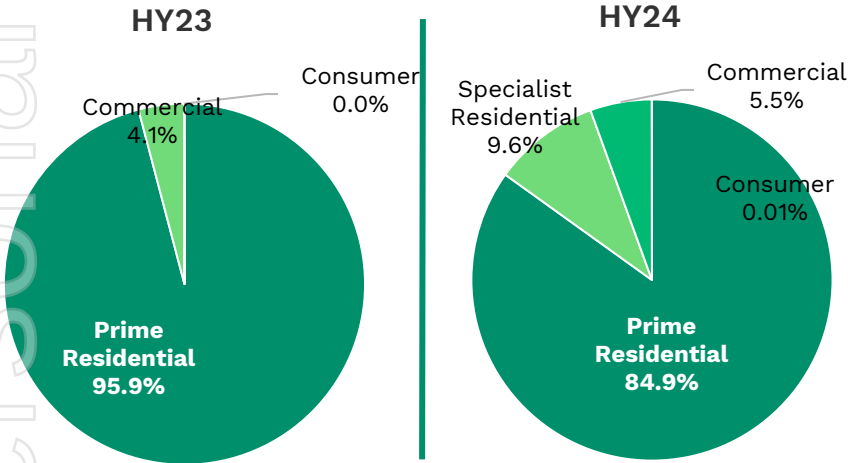
Stable position with borrower equity continuing to accumulate.

Portfolio By Loan Type



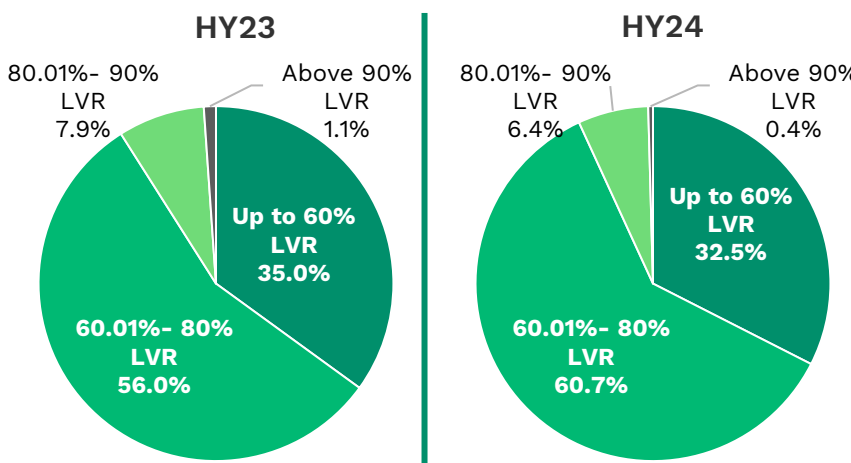
Modest increase in investor lending supports margin expansion.

Portfolio Mix By Loan Category



Higher margin assets now comprise 15% of the portfolio.

Portfolio Mix By LVR



Maintained strong LVR mix at settlement despite expansion into higher margin loans.

Strong Cornerstone Portfolio

Delivered growth while maintaining strength in underlying loan portfolio



Loan quality control maintained

- Retained interest rate servicing buffer of 3.0% for Prime home loans in FY24.



High quality customers

- Increase in offset account balances from \$99m in 1H'23 to \$107.8m in 1H'24.
- Approx. half of all loan accounts (49.9%) are ahead in their payments.
- Mortgagee-in-possession rates remained at zero.
- No credit write-offs recorded for 1H'24.



Loan size increased

- Average loan size increased from \$357k to \$386k from 1H'23 to 1H'24, while maintaining a strong LVR mix.

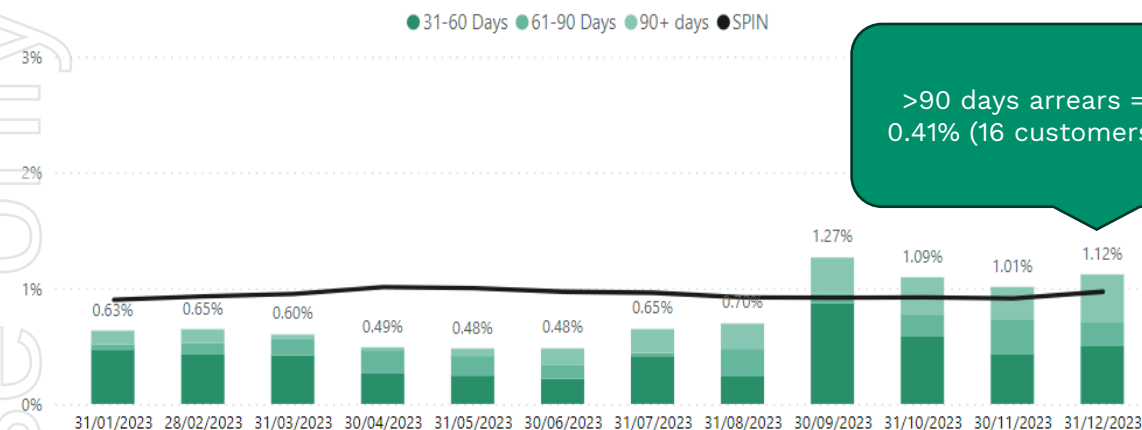
Credit Quality & Loss Protection

Portfolio remains resilient despite increase in arrears

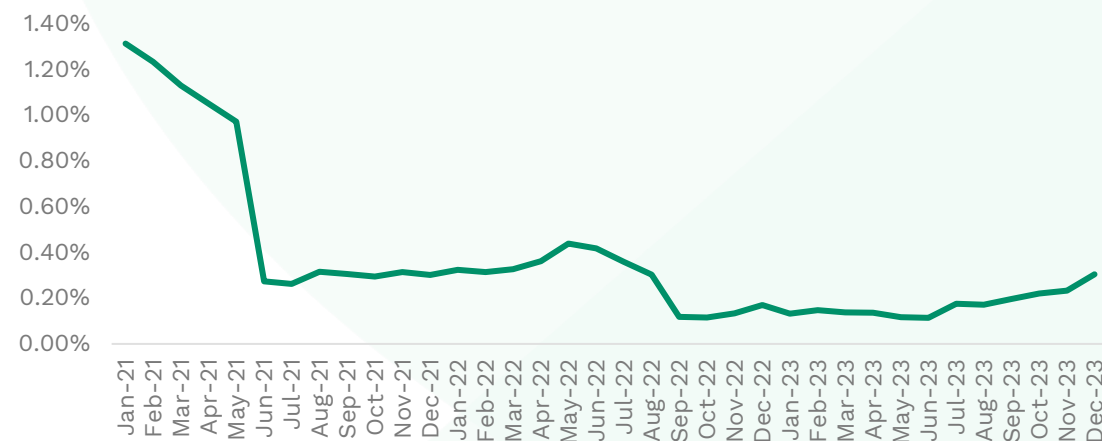


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Prime Portfolio Delinquency Rate vs Prime SPIN



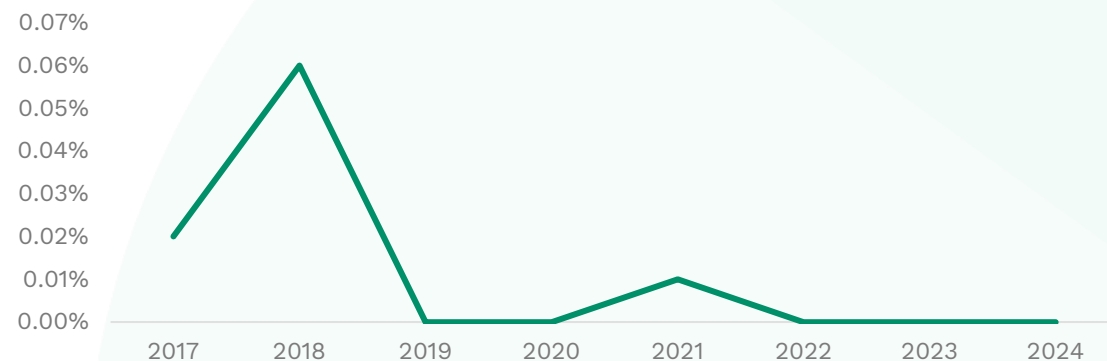
Portfolio Hardship Rate (% of customers)



ECL Changes Jun-23 to Dec-23 (\$ 000's)



Write-offs (% of loan book)



Expansive product range

From an award-winning lender

Diverse product range to assist a larger market



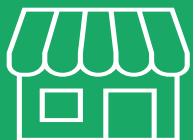
'One-stop' shop for brokers

- Network consisting of ~12,000 brokers



Consumers

- Home loans (prime and specialist)
- Cash management and term deposits
- Everyday accounts



High margin SME product range

- Term Loan (Full Doc)
- Term Loan (Alt Doc)
- Commercial SMSF
- Lease Doc
- Broker Trail book loan

Management with a Proven Track Record

In implementing and executing expansion strategies



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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.



Andrew Bell – Chief Information Officer

- Strategically focused IT leader who has worked across a range of disciplines and industries.
- Has specifically focused on Banking and Finance in his most recent roles and has been responsible for two core banking migrations, one bank merger and one of the largest core banking platform upgrades performed in the country.
- Former Head of Technology at ME Bank, responsible for day-to-day operations of the core banking platform, platform development, upgrades and compliance.
- Former Head of Technology at Bank Australia overseeing all aspects of IT operations, projects and governance.

Highly Experienced Board

Driving the next stage of growth



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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 Gration - 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.

BNK is executing on its strategy

Becoming a market leading SME bank



GROWTH

TARGET: Selectively increase BNK's balance sheet loan book to over \$3bn over the medium term

- Maintain strong residential portfolio as the foundation for growth.
- Focus on higher margin loan writers.
- Transform technology stack to enhance capability, open new markets to support growth, and drive efficiencies for customers and staff alike.
- Execute digital marketing initiatives to reach the wider business market and build brand credibility.
- Support the continued maturity of the Goldman Sachs warehouse.

MARGIN

TARGET: Increase BNK's Net Interest Margin to 2% over the medium term

- Achieved our goal of having 20% of total annual settlements in higher margin assets in FY24.
- Retention and repricing of fixed rate loan maturities over the next 12 months.
- Diversify distribution entry points to expand into the competitive lending and deposit space.
- Sustainably grow our suite of products.

PROFITABILITY

TARGET: Focus on achieving steady, sustainable growth with a Cost to Income ratio of <60% over the medium term

- Focus on cost discipline to help drive sustainable profitability.
- Attain optimal profitability by having a greater concentration of higher-margin assets to reduce the necessity for a larger loan book.
- Strategically pursue opportunities for new deposit and asset classes, inorganic growth, and distribution partnerships.

Helping Enterprising Australians

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