

28 August 2025

**BNK Banking Corporation Limited – Full Year Final Report  
(Appendix 4E) for the year ended 30 June 2025**

The Directors of BNK Banking Corporation Limited (the “Company”) are pleased to announce the audited results of the Company for the year ended 30 June 2025 as follows:

**Results for announcement to the market**

<b>Extracted from the audited Financial Statements for the year ended</b>	<b>Movement</b>	<b>\$'000 30 June 2025</b>	<b>\$'000 30 June 2024</b>
Revenue from operations	(7%)	91,153	98,213
Profit/(loss) after tax attributable to members	119%	1,283	(6,701)
Profit/(loss) after tax attributable to Members (excl Impairment)	141%	1,283	(3,101)

No dividend was paid or declared by the Company in the period and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend, for the financial year ended 30 June 2025.

No dividends were paid or declared by the Company in respect of the previous year.

	<b>30 June 2025</b>	<b>30 June 2024</b>
Net Tangible Assets per share	\$1.00	\$0.99

The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached copy of the Financial Statements and comments on performance of the Company included in the Investor Presentation dated 28 August 2025.

There were no subsidiaries disposed of during the year ended 30 June 2025.

Further information regarding BNK Banking Corporation Limited and its business activities can be obtained by visiting the Company's website at [bnk.com.au](http://bnk.com.au)

Yours faithfully



Jenny Spicer  
Company Secretary



BNK Banking Corporation Limited  
Annual Financial Report

ABN: 63 087 651 849

**30 June 2025**

## Contents

CORPORATE INFORMATION.....	3
MESSAGE FROM OUR CHAIRMAN, JON DENOVAN .....	4
DIRECTORS' REPORT .....	6
REMUNERATION REPORT (AUDITED) .....	12
INDEPENDENT AUDITOR'S DECLARATION .....	21
STATEMENTS OF FINANCIAL POSITION .....	22
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	23
STATEMENTS OF CHANGES IN EQUITY .....	24
STATEMENTS OF CASH FLOWS .....	26
NOTES TO THE FINANCIAL REPORT.....	27
CONSOLIDATED ENTITY DISCLOSURE STATEMENT .....	72
DIRECTORS' DECLARATION.....	73
INDEPENDENT AUDITOR'S REPORT .....	74
ADDITIONAL ASX INFORMATION .....	78

For personal use only

## **CORPORATE INFORMATION**

**ACN:** 087 651 849

### **Directors**

Mr. Jon Denovan (Chairman and Non-Executive Director)  
Ms. Elizabeth Aris (Independent, Non-Executive Director)  
Mr. Calvin Ng (Independent, Non-Executive Director)  
Mr. David Gration (Non-independent, Non-Executive Director)  
Mr. Warren McLeland (Non-Independent Non-Executive Director)

### **Company Secretary**

Ms Jenny Spicer

### **The registered office and principal place of business of the Company is:**

Level 14, 191 St George's Terrace  
Perth WA 6000  
Phone: +(618) 9438 8888

### **Other Locations:**

Gold Coast Office  
Level 5, 50 Cavill Avenue  
Surfers Paradise Qld 4217

Sydney Office  
Suite 15.03, Level 15, 15 Castlereagh Street  
Sydney NSW 2000

### **Share Registry:**

Automatic Group  
Level 5, 126 Phillip Street  
Sydney NSW 2000  
Tel +61 2 9698 5414  
Tel 1300 288 664

### **Exchange Listing**

Australian Securities Exchange Limited  
Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000  
ASX Code: BBC

### **Auditors:**

Grant Thornton Audit Pty Ltd  
Grosvenor Place  
Level 26, 225 George Street  
Sydney NSW 2000

### **Website Address:**

[www.bnk.com.au](http://www.bnk.com.au)

### **Corporate Governance:**

A copy of the Corporate Governance Policy Statement can be located using the following website address:  
<https://bnk.com.au/investor-centre/corporate-governance/>

For personal use only

**MESSAGE FROM OUR CHAIRMAN, JON DENOVAN**



Dear Shareholder,

FY25 was a landmark year for BNK, marking a return to full-year statutory profitability and a substantial improvement in underlying earnings. The deliberate shift in recent years towards higher margin, assets, coupled with disciplined balance sheet management, has delivered a statutory NPAT of \$1.28 million compared to a loss of \$6.7 million in FY24, and underlying earnings rising to \$3.75 million from a loss of \$0.92 million last year.

This performance was underpinned by strong growth in net interest revenue, improved non-interest income, a significantly stronger capital position to support growth, and continued focus on disciplined cost management with ongoing investment in strategic projects.

**FY25 Results**

The turnaround in statutory and underlying profitability reflects the continued success of our strategic repositioning. Net interest revenue increased by 13.4% to \$21.88 million, supported by an improved net interest margin of 1.52% (up from 1.06% in FY24) as our portfolio mix continued to favour higher-return assets. Non-interest revenue grew sharply to \$8.88 million, more than doubling from the prior year, while net commission expenses fell by 10.9%.

Our capital adequacy ratio strengthened to 28.99% (up from 23.36%), providing a robust platform to support future growth. While total assets and on-balance sheet loans contracted — reflecting deliberate run-off in lower-margin lending portfolios and continued focus on higher-margin business — our off-balance sheet managed lending portfolio grew to \$1.26 billion. Deposits reduced in line with balance sheet optimisation.

The year also saw continued investment in our regulatory & compliance framework and initial steps in the Core Banking System Replacement Project, which will position BNK to deliver a wider range of efficient, digitally-led products.

**Significant Achievements Across the Business**

We continued to grow our presence in higher-margin lending segments, sustaining the momentum built in FY24. The business achieved sound settlement volumes in our Ultimate product range (funded by Goldman Sachs), continued to expand BNK-branded commercial lending, and strengthened our product offering in bank guarantees through our partnership with Assuro.

FY25 also saw two significant strategic transactions. The first was our inaugural participation in the Robusta structured credit transaction, which involved the securitisation of Goldman Sachs warehouse assets into the capital markets further diversifying our earnings base. The second was the sale of a portion of our Bendigo and Adelaide Bank prime warehouse assets back to Bendigo, successfully realising value from the balance sheet and further strengthening our capital position. Importantly, BNK continues to service the assets and receives ongoing servicing fees, maintaining a recurring income stream post sale.

Our improved net interest margin and revenue diversification are clear signs that our strategy is delivering. Operationally, the organisation laid important groundwork for our technology transformation, including the early stage preparation for a new core banking platform. While the platform remains a longer term initiative, foundational planning and capability development are underway to support future scalability, efficiency, and customer experience improvements.

**Challenges Ahead**

While FY25's results demonstrate the strength of our strategy, we continue to operate in a complex and rapidly evolving environment. We face a highly competitive marketplace, a continually evolving regulatory landscape that can be both disruptive and costly, and persistent uncertainties in the global economy.

These structural headwinds mean that sustaining and building on FY25's result will require continued discipline, adaptability and focus. Profit growth may not be linear year-on-year, and FY26 will demand strong execution

For personal use only

**CHAIRMAN'S MESSAGE CONTINUED**

across the organisation to deliver a comparable outcome. We remain confident in our strategic direction, while staying realistic about the challenges and committed to navigating them with clarity and purpose.

**Board Changes**

During the year there were no changes to the Board's composition; the stability has allowed the leadership team to focus on executing the strategic plan and positioning BNK for sustainable growth.

**Summary**

FY25 marked a turning point for BNK, with a return to statutory profitability and a significant lift in underlying earnings. These results show the positive impact of the strategic and operational changes made over recent years. We believe BNK is now in a stronger position to navigate market conditions and pursue opportunities that align with our long-term objectives.

Thank You

For personal use only

## **DIRECTORS' REPORT**

Your Directors present their report on the consolidated entity comprising BNK Banking Corporation Limited (“BNK” or the “Company”) and the entities it controlled (“the Group”) together with the consolidated financial report for the year ended 30 June 2025 and the auditor’s report thereon.

## **DIRECTORS**

The details of the Company’s Directors in office at any time during or since the end of the year up to the date of this report are as follows. Directors were in office for the entire period unless otherwise stated below.

Mr Jon Denovan	Chairman and Non-Executive Director
Ms Elizabeth Aris	Non-Executive Director
Mr Calvin Ng	Non-Executive Director
Mr David Gratton	Non-Executive Director
Mr Warren McLeland	Non-Executive Director

## **CURRENT DIRECTORS**

### **Jon Denovan (Chairman and Independent Non-Executive Director)**

Mr Denovan is a lawyer with significant banking, commercial, and property experience. Mr Denovan is a Special Counsel with leading national law firm Dentons having previously been the Managing Director/Partner of that firm (then known as Gadens Lawyers Australia Limited).

Mr Denovan is recognised as a leading lawyer in financial services regulation in Australia.

Mr Denovan was appointed Chairman of the BNK Board on 18<sup>th</sup> September 2023. He is also chair of Sydney Bus Museum, and a director of numerous other finance and property private companies. He was previously chair of Trainworks Limited (a NSW government instrumentality), a director of Aussie Home Loans Limited, the Credit and Investments Ombudsman Limited (CIO), and the Mortgage & Finance Association of Australia (MFAA). Mr Denovan was the first honorary member of the Mortgage & Finance Association of Australia in recognition of his contribution to the mortgage industry. Complementing Mr Denovan’s skills in the finance industry is his significant experience in the property industry having worked with many leading property companies.

Mr Denovan, is also a member of the Audit Committee, the Risk & Compliance Committee and the Board Credit Committee.

### **Elizabeth Aris (Independent Non-Executive Director)**

Ms Aris was appointed a Director on 18 June 2021 and is a senior business executive with experience in the US, China and Australia. Ms Aris is Chairman of Astrotel, a next generation cloud and AI native telecommunications company operating in Asia, North America and Europe, and of Open Union, a telecommunications hardware and software distributor.

Ms Aris was previously Group Executive, Enterprise & Government at TPG Telecom, CEO and Managing Director of TasmaNet, and a senior executive at Trujillo Technology Group, Alcatel-Lucent (now Nokia) and Telstra. She has been a corporate advisor to the CEO of Sprint in the USA and to Microsoft Australia. Ms Aris commenced her career in banking and was a member of the Retail Bank executive team at Westpac.

Ms Aris has served as a Non-Executive Director in both publicly listed and private companies and spent 5 years in New York establishing a technology start up from concept to operations. Ms Aris holds a Bachelor of Commerce (UWA) and a Post Graduate Diploma of Corporation Finance (UNSW) and is an Adjunct Professor of the University of Technology Sydney. During the last four years, Ms Aris has served on the Board of Vivid Technology Limited (Non-Executive Director from October 2018 to July 2019), and EP&T Global from March 2024.

Ms Aris is the Chair of both the Audit Committee and the Remuneration Committee.

For personal use only

## DIRECTORS' REPORT (continued)

### Calvin Ng (Independent Non-Executive Director)

Mr Ng was appointed a Director on 15 July 2021.

Mr Ng has significant investment banking, mergers & acquisitions and funds management experience. Mr Ng is a co-founder and Managing Director of the Aura Group, an independent corporate advisory, funds and wealth management firm managing and advising over A\$1.5b in assets. He was also a co-founder of Finsure, which merged with Goldfields Money Limited in 2018 to form BNK. Finsure was sold in 2022 to MA Financial Group for \$152m. Mr Ng holds a Bachelor of Commerce and Bachelor of Laws (UNSW) and was admitted to practice in the Supreme Court of NSW in 2010.

Mr Ng has served on the Board of listed company Aura FAT Projects Acquisition Corp (Non-Executive Director from April 2022 to June 2025).

Mr Ng is Chair of the Risk and Compliance Committee and a member of both the Remuneration Committee and the Board Credit Committee.

### David Gration (Non independent Non-Executive Director)

Mr Gration was appointed a Director on 27 April 2023.

Mr Gration is a highly experienced financial services executive with over 30 years of retail banking experience, including senior management roles at National Australia Bank, Suncorp and Firstmac Limited. Mr Gration was a senior member of the Firstmac executive team for over 10 years with his last executive role being General Manager, Sales and Operations.

Mr Gration has Law and Science degrees from Monash University and a Diploma in Financial Planning. Mr Gration is a Director of Firstmac Limited.

Mr Gration is Chair of the Board Credit Committee and a member of both the Remuneration Committee and the Risk and Compliance Committee.

### Warren McLeland (Non independent Non-Executive Director)

Mr McLeland was appointed a Director on 11 December 2023.

Mr McLeland is a former stockbroker and investment banker with over 35 years of experience in domestic and international financial services. He acts as an adviser in funds management and business strategy to companies operating in the Asia Pacific region. Mr McLeland is the current Non-Executive Deputy Chairman of Resimac Group Limited (ASX: RMC) and was formally the Executive Chairman of the Resimac Board. Mr McLeland was chair of the Thorn Group Australia for four years up until January 2024.

Mr McLeland is a member of the Audit Committee.

## FORMER DIRECTORS

There were no former Directors for reporting purposes during the year to 30 June 2025.

## COMPANY SECRETARY

### Jenny Spicer

Ms Spicer was appointed as Company Secretary of BNK Bank on 19 July 2024.

A lawyer with over 20 years of experience in both private practice and in-house roles, she brings experience in corporate governance, banking and finance, commercial law, risk management, and regulatory compliance. Prior to joining BNK Bank, Ms Spicer was Senior Legal Counsel and Company Secretary for an Australian digital lender affiliated with ANZ Bank.

Ms Spicer supports the BNK Board and executive team in her dual role as Company Secretary and Senior Legal Counsel.

## PRINCIPAL ACTIVITIES

The principal activities of the Group were the provision of retail and commercial banking and mortgage management.

**DIRECTORS' REPORT (continued)**

**RECONCILIATION BETWEEN THE STATUTORY RESULTS (IFRS) AND THE MANAGEMENT REPORTED (NON IFRS) RESULTS**

The discussion of operating performance in the Operating and Financial Review section of this report is presented on a statutory basis under IFRS with certain adjustments made to reflect a management reported basis of the underlying performance of the business, unless otherwise stated. These adjustments are made where the Directors believe non-recurring transactions within each reporting period may distort the comparison results within the Group's standard operating environment. Management reported results are non-IFRS financial information and are not directly comparable to the statutory results presented in other parts of this financial report. A reconciliation between the two is provided in this section and the guidance provided in Australian Securities and Investments Commission Regulatory Guide 230 'Disclosing non IFRS financial information' ('RG 230') has been followed when presenting the management reported results. Non-IFRS financial information has not been audited by the external auditor but has been sourced from the financial records of the Group. The reconciliation between the statutory results (IFRS) and the management/underlying reported (non-IFRS) results is presented below:

	FY25	FY24	% change
<b>Statutory Net Profit/(Loss) After Tax (\$'000s)</b>	<b>1,283</b>	<b>(6,701)</b>	<b>119.2%</b>
Expense adjustments			
• CBS Replacement Project implementation costs	1,073	199	
• Impairment of Goodwill	-	3,600	
Non-Cash Elements			
• Movement in Contract Assets/Contract Liabilities	2,442	2,940	
Tax effect of adjustments	(1,044)	(955)	
<b>Underlying earnings (key metric below)</b>	<b>3,754</b>	<b>(917)</b>	<b>509.4%</b>

The adjustments above reflect the current year (FY25) impact of:

- Core Banking System Replacement Project implementation costs

Adjustments for the prior year (FY24) reflect the impact of:

- Core Banking System Replacement Project implementation costs
- Impairment of Goodwill

Key operating and financial metrics for the period were as follows:

Key Metric <i>Amounts in thousands of AUD</i>	30 June 2025 (\$'000s)	30 June 2024 (\$'000s)	Movement
<b>Net interest income</b>	21,882	19,290	13.4%
<b>Net-commission (expense)/income</b>	(4,654)	(5,223)	(10.9%)
<b>Non-interest income/(expense)</b>	8,882	3,368	163.7%
<b>Statutory net profit/(loss) after tax</b>	1,283	(6,701)	119.2%
<b>Underlying earnings (adjusted for tax)</b>	3,754	(917)	509.2%
<b>Total assets</b>	1,233,688	1,724,910	(28.5%)
<b>On balance sheet loans (net ECL)</b>	899,798	1,369,167	(34.3%)
<b>Off balance sheet managed lending portfolio<sup>2</sup></b>	1,263,599	1,078,774	17.0%
<b>Deposits</b>	1,008,308	1,270,643	(20.6%)
<b>Other key metrics</b>			
<b>Net interest margin (average)</b>	1.52%	1.06%	46 bps
<b>Cost to income ratio (underlying earnings)</b>	<sup>1</sup> 93.0%	<sup>1</sup> 105.0%	(120 bps)
<b>Capital adequacy ratio</b>	28.99%	23.36%	563 bps

<sup>1</sup> Cost to income ratio in the table is based on underlying earnings elements. On a statutory basis the C:I ratio for FY25 is 92.4% (FY24: 125.11%).

<sup>2</sup> Managed loan portfolios refer to the Group's serviced loan portfolios that are funded by third parties.

For personal use only

## **DIRECTORS' REPORT (continued)**

### **OPERATING AND FINANCIAL REVIEW**

The Group recorded a net profit after tax for the year ended 30 June 2025 of \$1.3m (2024: loss of \$6.7m). Underlying earnings of \$3.8m compared to a loss of \$0.9m for the year ended 30 June 2024. Earnings per share for 30 June 2025 is 1.08c (2024: loss (5.64c)).

#### **Settlements and loan-book portfolio**

On balance sheet loans decreased by 34% year on year. This was consistent with the strategic move to higher margin lending and reduction of lower margin assets. Deposit balances decreased by 21% resulting in a deposit to loan ratio of 120.6% (2024: 118.1%).

At 30 June 2025, the Bullion Trust warehouse loan book was \$66.0m following a sale of loans from the warehouse to Bendigo Bank in February 2025 of \$220.0m. The warehouse, although currently lower, continues to diversify the Group's funding sources in a capital efficient manner. Loans held in the warehouse are accounted for on balance sheet, but the Group receives regulatory capital relief for the structure.

The Group continues to provide origination and management services to the Goldman Sachs warehouse. This lending book is \$189.9m at 30 June 2025. In November 2024 Challenger Life sold their portfolio back to the warehouse and One Managed Investment Funds Limited [Realm] acquired warehouse loans totalling \$324.8m. At 30 June 2025 this total warehouse portfolio is \$449.6m. Loans originated into the warehouse are not recognised on balance sheet. BNK receives servicing, origination and management fees and a post term out profit share.

Following the Group's strategic move to focus on higher margin lending, the Group's total lending settlements reached \$454.2m. On balance sheet settlements of \$138.9m (for directly funded loans) represented a 58% decrease on the comparative year with the reduction in origination of prime residential loans in line with the Group's strategic focus. Commercial lending growth achieved internal targets.

Section 5.1 of the annual report provides details on the key material risks the Group is facing including market, interest rate, credit, liquidity and operational risk. An overview of risk management, including roles and responsibilities is also included.

#### **Sound credit quality**

The loan book comprises 85% (2024:96%) residential mortgages with an average loan to valuation ratio of 54.8% (2024: 55.8%).

Credit quality remains sound with loans more than 90 days in arrears equating to 1.12% (2024: 1.3%) of total on balance sheet loans. One credit write-off occurred during the year for \$28k, however this account had been fully provisioned.

#### **Cash and investments**

The Group's cash and liquidity investments predominantly comprise physical cash, at call deposits, negotiable certificates of deposits, government (including semi-government) bonds, and floating rate notes. Liquidity management falls under the remit of the Asset & Liability Committee (ALCO), which ensures the Group operates within its policy settings. Cash and cash equivalents have remained strong throughout the year and at 30 June 2025 totaled \$107.3m.

#### **Income**

Total income increased by 49.8% to \$26.1m, comprising a \$2.6m (13.4%) increase in Net Interest Income and an increase in fee and other income of \$5.5m (163%) largely due to the Bullion Trust and Goldman Sachs Warehouse sale transactions.

#### **Operating expenses**

The Group operating expenses (including Core Banking System Replacement costs) increased by 12.1% to \$24.2m.

#### **Capital**

The Capital Adequacy Ratio at 30 June 2025 of 28.99% presents the Group with growth opportunity for both on-balance sheet lending assets as well as investment in technology and operational infrastructure.

No additional capital was issued during the financial year.

**DIRECTORS' REPORT (continued)**

**DIVIDENDS**

No dividends were paid or proposed during the year.

**INTEREST IN SHARES AND OPTIONS OF THE COMPANY**

As at the date of this report, the Directors hold shares in the Company in their own name or a related body corporate, as notified by the Directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001* as follows:

	Number of ordinary shares	Number of options or performance rights over ordinary shares
Jon Denovan	-	-
Elizabeth Aris	10,000	-
Calvin Ng	5,712,736	-
David Gration	-	-
Warren McLeland	-	-

Interests in ordinary shares noted above were acquired by the Directors at their own expense and do not form part of their remuneration.

**INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

The Company has paid or agreed to pay a premium in relation to a contract insuring the Directors and Officers listed in this report against those liabilities for which insurance is permitted under S199B of the *Corporations Act 2001*. The terms of the policy prohibit disclosure of details of the amount of the insurance cover and the premium paid.

The Company has not otherwise, during or since the relevant period, indemnified or agreed to indemnify an Officer or auditor of the Company or of any related body corporate against a liability incurred as such an Officer or auditor.

**BOARD COMMITTEE COMPOSITION**

	Audit	Risk and Compliance	Remuneration	Credit
J Denovan	Member	Member		Member
E Aris	Chair		Chair	
C Ng		Chair	Member	Member
D Gration		Member	Member	Chair
W McLeland	Member			

**MEETINGS OF DIRECTORS**

The number of Board and Committee meetings held during the financial year, and attendance by each Director is as follows:

	Board		Audit Committee		Risk & Compliance Committee		Remuneration Committee		Credit Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
J Denovan	13	12	4	4	4	4	-	-	1	1
E Aris	13	13	4	4	-	-	3	3	-	-
C Ng	13	11	-	-	4	4	3	3	-	-
D Gration	13	12	-	-	4	4	3	3	1	1
W McLeland	13	11	4	3	-	-	-	-	1	1

**CHANGES IN THE STATE OF AFFAIRS**

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

For personal use only

**DIRECTORS' REPORT (continued)**

**EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

There have been no matters or circumstances of a material nature that have arisen since the end of the financial year which in the opinion of the Directors significantly affected or may significantly affect the operations of the Company, the results of the operations or the state of affairs of the Group in future financial years.

**PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court under S237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**ENVIRONMENTAL REGULATIONS AND ADDRESSING CLIMATE RISK**

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Group acknowledges the global threat posed by climate change to the environment and economy, and supports initiatives to minimise the threat. The Group primarily services individuals through the provision of residential loans for the construction or purchase of houses, and mortgage brokers through the provision of aggregation services.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

No other matter, circumstance or likely development in the operations has arisen since the end of the financial year that has significantly affected or may significantly affect:

- (i) The operations of the Company; or
- (ii) The results of those operations; or
- (iii) The state of affairs of the Company

in the financial years subsequent to this financial year.

**AUDIT SERVICES**

Details of the amounts paid or payable to the auditor of the Company, Grant Thornton Audit Pty Limited for audit and non-audit services for the year ended 30 June 2025 are disclosed in note 7.6 Auditor remuneration.

The company may decide to employ the auditor on assignments additional to the statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

**AUDITORS INDEPENDENCE DECLARATION**

The lead auditor's independence declaration provided in accordance with S307C of the Corporations Act 2001 is set out on page 21 and forms part of the Directors' report for the financial year ended 30 June 2025.

The Remuneration Report commencing on the following page forms part of this Directors' Report.

**ROUNDING OFF**

The Group is a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the consolidated financial statements and directors' report have been rounded off the nearest thousand dollars, unless otherwise stated.

**DECLARATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

The Chief Executive Officer and the Chief Financial Officer have provided the required declarations to the Board in accordance with section 295A of the Corporations Act 2001 and recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations in relation to the financial records and financial statements for the year ended 30 June 2025.

To support the declaration, formal risk management and financial statement due diligence and verification processes were undertaken. This assurance is provided every six months in conjunction with the Bank's half year and full year financial reporting obligations. The financial statements are made on the basis that they provide a reasonable but not absolute level of assurance and do not imply a guarantee against adverse circumstances that may arise in future periods.

In accordance with the Corporations Act 2001, The Chief Executive Officer and the Chief Financial Officer also declare that the consolidated entity disclosure statement is true and correct at the 30<sup>th</sup> June 2025.

**DIRECTORS' REPORT (continued)**

**REMUNERATION REPORT (AUDITED)**

This Remuneration Report for the year ended 30 June 2025 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This report complies with the disclosure requirements under CPS 511 Remuneration. This information has been audited as required by section 308(3C) of the Act. The Remuneration Report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
  - A. Remuneration principles and philosophy
  - B. Approach to setting remuneration
  - C. Detail of incentive plans
4. Executive remuneration outcomes for 2025 (including link to performance)
5. Executive contracts
6. Non-executive director remuneration (including statutory remuneration disclosures)
7. Additional disclosures relating to options, performance rights and shares
8. Loans and other transactions to key management personnel and their related parties
9. Remuneration incentives approved subsequent to balance date

**1. Introduction**

The Remuneration Report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The table below outlines the KMP of the Group and their relevant changes during the year ended 30 June 2025:

Non-Executives

Director	Position	Appointment date	Resignation/ completion date
Jon Denovan	Non-Executive Director/Chairman	2 September 2019	-
Elizabeth Aris	Non-Executive Director	18 June 2021	-
Calvin Ng	Non-Executive Director	15 July 2021	-
David Gration	Non-Executive Director	27 April 2023	-
Warren McLeland	Non-Executive Director	11 December 2023	-

Executives

Executive	Position	Appointment date	Resignation/ completion date
Allan Savins	Chief Executive Officer	17 January 2022	-
Dara Wettner	Chief Risk Officer	11 January 2021	-
Andrew Bell	Chief Information Officer	11 May 2023	11 October 2024
Stephen Kinsella	Chief Financial Officer	1 November 2023	-
David Thorn	Chief Operating Officer	26 February 2024	27 April 2025
Joe Mittiga	Chief Operating Officer	28 April 2025	-

For personal use only

**DIRECTORS' REPORT (continued)**

**REMUNERATION REPORT (AUDITED)**

**2. Remuneration governance**

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Remuneration Committee assists the Board in meeting its responsibilities to ensure that remuneration practices are appropriate with regards to the Group's size and scale of operations, and to ensure that the Group can continue to attract and retain high caliber individuals to key executive roles.

**Remuneration Committee**

The Remuneration Committee comprises three Non-Executive Directors (NEDs), two being independent and one non-independent. The Remuneration Committee meets periodically and is required to make recommendations to the board on matters related to the remuneration arrangements for NEDs and executives. The Chief Executive Officer attends certain Remuneration Committee meetings by invitation, where management input is required. Executives are not present during any discussions related to their own remuneration arrangements.

The Board approves the remuneration arrangements of the executive leadership team and all awards including incentive plans and other employee benefit programs. The Board also sets the aggregate remuneration of NEDs, which is then subject to shareholder approval, and NED fee levels.

Further information on the remuneration committee's role, responsibilities and membership can be found on the company website at <https://bnk.com.au/investor-centre/corporate-governance/>.

**Use of remuneration consultants**

No remuneration consultants were engaged by the Company in relation to remuneration for the year ended 30 June 2025.

**Remuneration Report approval at 2023 Annual General Meeting (AGM)**

The 2024 Remuneration Report received positive shareholder support at the 2024 AGM with a vote of 84.24%.

**3. Executive remuneration arrangements**

**3.1 Remuneration principles and philosophy**

The objective of the Group's remuneration strategy is to attract and retain executives who will create shareholder value and fairly and responsibly reward them for performance. The Board believes it is critical to consider how long-term sustainable value is created in the Group and link remuneration structures to this value creation. The Group's remuneration policy is also intended to encourage behaviours that support an improvement in the financial performance of the business over time, sound risk management practices and positive customer service experiences.

To this end, the Group applies the following principles to its remuneration framework:

- Provide competitive rewards to attract and retain high-calibre people;
- Link executive rewards to shareholder value; and
- Provide for a significant proportion of the executive remuneration to be "at risk" – that is, dependent upon meeting predetermined performance indicators.

In accordance with best practice corporate governance, the structure of NED remuneration is separate and distinct from executive remuneration (refer to section 6 of this Remuneration Report for information on NED remuneration).

For personal use only

**DIRECTORS' REPORT (continued)**

**REMUNERATION REPORT (AUDITED)**

Remuneration is comprised of three distinct components within BNK, these are described below:

Remuneration component	Vehicle	Purpose	Link to performance
Fixed remuneration	Represented by total employment cost (TEC). Comprises base salary, superannuation contributions and other benefits.	To provide competitive fixed remuneration set with reference to role, market and experience.	Group and individual performance are considered during the annual remuneration review.
Short term performance based incentive (STI)	Paid in cash	Rewards executives for their contribution towards achievement of Company outcomes, as well as their performance against individual key performance indicators (KPIs).	Linked to other internal financial measures, strategic objectives, risk management, compliance and leadership.
Long term incentive plan (LTI) <sup>1</sup>	Performance rights.	Rewards executives for their contribution to the creation of shareholder value over the longer term.	Performance is measured against documented market outcomes over a specified period (eg 3 years).

<sup>1</sup> LTI scheme ceased to be active in February 2022 following the sale of Finsure from the Group

At the time of writing a review of the STI and LTI plans are underway through external consultants.

**3.2 Approach to setting remuneration**

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and aligned with market practice of entities of a similar size, nature and complexity.

Remuneration levels are considered annually through a remuneration review that considers the performance of the Group and individual, and the broader economic environment.

**3.3 Detail of incentive plans**

**Short-term incentive (STI)**

In determining the extent of any performance based incentive the Board assesses the achievement of an individual's performance in context of the overall Group result. Equity and cash incentives are awarded in accordance with the requirements of the Financial Accountability Regime (FAR) and before March 2024 (when FAR was introduced) the Banking Executive Accounting Regime (BEAR). FAR and BEAR establish clear and heightened expectations of accountability for directors and executives of Authorised Deposit-taking Institutions, to ensure there are clear consequences in the event of a material failure to meet those expectations. BEAR (applicable from 1 July 2019), and FAR (applicable from 15 March 2024) results in a proportion of variable remuneration for a year being deferred for a period of 4 years from grant date. For STIs within the Group, only service vesting conditions are applied.

**Long-term incentive (LTI)**

The previous LTI Plan was concluded following the sale of Finsure from the Group in February 2022. At that time all remaining Performance rights were either modified for release (as noted in the 2022 Annual report) or held awaiting vesting criteria to be reached.

**Termination and change of control provisions**

Where a participant ceases employment prior to their award vesting due to resignation or termination for cause, awards will be forfeited unless otherwise agreed by the Board. Where a participant ceases employment for any other reason, they may retain a portion of the unvested benefit pro-rated to reflect participant's period of service during the STI and LTI grant performance period. These unvested benefits only vest subject to meeting the relevant LTI performance measures, subject to the Board's discretion.

For personal use only

**DIRECTORS' REPORT (continued)**

**REMUNERATION REPORT (AUDITED) (continued)**

**3.3 Detail of incentive plans (continued)**

In the event of a change of control of the Group, the performance period end date will generally be brought forward to the date of the change of control and awards will vest subject to performance over this shortened period, subject to ultimate Board discretion.

**Hedging of equity awards**

The Group has a policy prohibiting executives from entering into arrangements to protect the value of the equity awards. The prohibition includes entering into contracts to hedge their exposure to options awarded as part of their remuneration package.

**4.1 Executive remuneration outcomes for 2025 (including link to performance)**

**Group performance and its link to short-term incentives**

In considering the Group's performance and benefits for shareholder wealth, the remuneration committee has regard to the following:

	2025	2024	2023	2022	2021
Profit/(loss)	1,283,464	(6,701,124) <sup>2</sup>	(3,934,654)	59,787,040	5,659,000
Underlying NPAT	3,754,113	(917,379)	(1,531,109)	(2,146,368)	2,121,179
Dividends paid	Nil	Nil	40,358,931	Nil	Nil
Share price at balance date	\$0.30	\$0.345	\$0.485	\$0.96	\$0.735
Return on capital employed	1.1%	(5.5%) <sup>2</sup>	(3.1%)	31.4% <sup>1</sup>	4.42%

<sup>1</sup> 2022 ROCE for continuing operations equates to (10.48%)

<sup>2</sup> 2024 Profit/(loss) includes Goodwill impairment of \$3.6m. Adjusting for impairment FY24 ROCE (2.5%)

Profitability is one of the financial performance targets considered in setting remuneration for executives and has been calculated based on financial information prepared in accordance with Australian Accounting Standards. Performance to budget is another key measure considered by the BNK Board when appropriate to the business objectives.

**4.2 Dividends**

During the reporting period, no dividends were paid by the Company.

For personal use only

**DIRECTORS' REPORT (continued)**

**REMUNERATION REPORT (AUDITED)**

**4.3 Remuneration of key management personnel**

	Year	Short-term benefits				Post-employment	Other long term		Termination	Total	Performance related
		Salary & fees	Cash bonus	Non-cash benefits	Total	Super-annuation	Long service leave	Cash bonus			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Current Executives</b>											
Allan Savins	<b>2025</b>	<b>509,067</b>	-	<b>8,910<sup>5</sup></b>	<b>517,977</b>	<b>30,000</b>	<b>11,765</b>	<b>149,760</b>	-	<b>709,502</b>	<b>21%</b>
	2024	486,553	-	15,178 <sup>5</sup>	501,731	27,500	3,254	67,500 <sup>6</sup>	-	599,985	11%
Stephen Kinsella <sup>1</sup>	<b>2025</b>	<b>380,000</b>	<b>93,750</b>	-	<b>473,750</b>	<b>29,932</b>	<b>459</b>	-	-	<b>504,141</b>	<b>19%</b>
	2024	242,683	-	-	242,683	19,326	104	45,000 <sup>6</sup>	-	307,113	15%
Dara Wettner	<b>2025</b>	<b>330,450</b>	<b>50,000</b>	<b>4,436<sup>5</sup></b>	<b>384,886</b>	<b>30,000</b>	<b>5,806</b>	-	-	<b>420,692</b>	<b>12%</b>
	2024	299,293	-	4,449 <sup>5</sup>	303,742	27,500	4,467	36,000 <sup>6</sup>	-	371,709	10%
Joe Mittiga <sup>2</sup>	<b>2025</b>	<b>55,220</b>	-	-	<b>55,220</b>	<b>5,838</b>	<b>26</b>	-	-	<b>61,084</b>	<b>0%</b>
	2024	-	-	-	-	-	-	-	-	-	0%
<b>Former Executives</b>											
David Thorn <sup>3</sup>	<b>2025</b>	<b>213,127</b>	-	-	<b>213,127</b>	<b>23,812</b>	<b>1,441</b>	-	-	<b>238,380</b>	<b>0%</b>
	2024	93,405	12,500	-	105,905	8,990	234	-	-	115,129	11%
Andrew Bell <sup>4</sup>	<b>2025</b>	<b>99,254</b>	-	-	<b>99,254</b>	<b>8,898</b>	<b>0</b>	-	<b>26,666</b>	<b>134,818</b>	<b>0%</b>
	2024	328,531	-	-	328,531	27,399	328	-	-	356,258	0%
<b>Total KMP remuneration</b>	<b>2025</b>	<b>1,587,118</b>	<b>143,750</b>	<b>13,346<sup>5</sup></b>	<b>1,744,214</b>	<b>128,480</b>	<b>19,497</b>	<b>149,760</b>	<b>26,666</b>	<b>2,068,617</b>	<b>14%</b>
	2024	1,450,465	12,500	19,627 <sup>5</sup>	1,482,592	110,715	8,387	148,500 <sup>6</sup>	-	1,750,194	9%

<sup>1</sup> Appointed Chief Financial Officer from 1 November 2023

<sup>2</sup> Appointed Chief Operating Officer from 28 April 2025

<sup>3</sup> Appointed Chief Operating Officer from 26 February 2024 (resigned effective 27 April 2025)

<sup>4</sup> Appointed Chief Information Officer from 11 May 2023 (resigned effective 11 October 2024)

<sup>5</sup> Disclosure of benefit purposes only. Expense was previously reported and disclosed at the time of actual expenditure within the FY2022 Remuneration Report.

<sup>6</sup> Cash bonuses have been realigned to the Performance year they related to rather than the year they were paid in.

Only KMPs employed during the current reporting period have been included in the comparable data for FY2024 as required under the Corporations Act.

**DIRECTORS' REPORT (continued)**

**REMUNERATION REPORT (AUDITED)**

**4.4 Analysis of cash bonuses included in remuneration – audited**

Details of the vesting profile of the long-term incentive cash bonuses awarded as remuneration to each key management personnel are detailed below:

	<b>Cash Bonus Remuneration FY2025</b>	<b>FY 2025 Deferred Remuneration under Policy</b>	<b>Cumulative Deferred Remuneration held under Policy</b>
Allan Savins	\$149,760	16,640	\$46,640
Dara Wettner	\$50,000	-	\$13,913
Stephen Kinsella	\$93,750	-	\$5,000

The amounts above represent the amounts related to performance for the previous financial year based on achievements, as approved by the Remuneration Committee on 26 August 2025. In determining the extent of any performance-based incentive, the Board assesses the achievement of an individual's performance in context of the overall Group result.

Cash Bonus deferment elements will be recognised within the Remuneration report disclosures on release in line with the deferment periods prescribed within FAR and / or BNK's own Remuneration Policy.

**4.5 Equity instruments - audited**

Performance rights refer to rights over ordinary shares of BNK, which vest on a one-for-one basis under the BNK Equity Incentive Plan and the Transformational Long Term Incentive Plan (TLTIP).

**4.5.1 Rights over equity instruments granted as compensation – audited**

During the reporting period no rights over ordinary shares in the Company were granted as remuneration to key management personnel.

**4.5.2 Performance rights granted**

During the reporting period no performance rights were granted to key management personnel.

**4.5.3 Details of equity incentives affecting current and future remuneration – audited**

Details of the vesting profiles of the performance rights held by current and former executives of the Group are detailed below:

<b>Participant</b>	<b>Number</b>	<b>Grant date</b>	<b>% vested FY25</b>	<b>% forfeited FY25</b>	<b>Financial years in which grant Vests</b>
Allan Savins	20,625	1 September 2021	0%	0%	2026
Dara Wettner	5,000	1 September 2021	0%	0%	2026

All remaining equity incentives due to participants under the previous LTI program that was closed in May 2022 were full expensed in FY2022.

For personal use only

**DIRECTORS' REPORT (continued)**

**REMUNERATION REPORT (AUDITED)**

**4.5.4 Analysis of movements in equity instruments – audited**

The value of performance rights in the Company granted during and vested during the reporting period is detailed below:

*Current key management personnel*

Participant	Granted in year \$ (A)	Value of rights exercised in year \$ (B)
Allan Savins	-	12,729

(A) The value of rights granted in the year is the fair value of the rights calculated at grant date. This amount is allocated to remuneration over the vesting period.

(B) The value of rights exercised during the year is calculated at the market price of shares of the Company as at close of trading on the date the rights are exercised.

During FY25, there were no new performance rights granted.

**4.5.5 Summary of performance rights holdings**

*Current key management personnel*

Participant	Held at 1 July 2024	Granted as remuneration	Exercised	Lapsed	Held at 30 June 2025	Vested during the year	Vested and un- exercisable at 30 June 2025
Allan Savins	60,625	-	(40,000)	-	20,625	40,000	-
Dara Wettner	5,000	-	-	-	5,000	-	-

**5. Executive Contracts**

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below:

Executives	Salary per annum	Term for cause	Term of agreement and notice period
Allan Savins	\$520,000 plus superannuation	None	Continuing with 3 month notice by either party
Stephen Kinsella	\$375,000 plus superannuation	None	Continuing with 3 months' notice by either party
Dara Wettner	\$325,000 plus superannuation	None	Continuing with 3 months' notice by either party
Joe Mittiga	\$330,000 plus superannuation	None	Continuing with 3 months' notice by either party

For personal use only

**DIRECTORS' REPORT (continued)**

**REMUNERATION REPORT (AUDITED)**

**6. Non-executive director remuneration arrangements - Audited**

**Remuneration policy**

The board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest caliber, whilst incurring a cost that is acceptable to shareholders. The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NEDs.

The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2021 AGM held on 25 November 2021 when shareholders approved an aggregate fee pool of \$800,000 per year.

**Structure**

The remuneration of NEDs consists of directors' fees. The table below summarises the base NED fees excluding superannuation contributions for the financial year ended 30 June 2025:

Type of Fee	Amount per annum up to 31 August 2024	Amount per annum effective 1 September 2024
Chairman base fee	\$130,000	\$136,500
Non-executive Director base fee	\$70,000	\$73,500
Chair of Board sub-committees	\$10,000 per committee	\$10,500 per committee
Membership of Board sub-committees	\$ 5,000 per committee	\$ 5,250 per committee

NEDs receive superannuation contributions of 11.5% (12.0% from 1 July 2025) of earnings but do not receive any other retirement benefits, nor do they participate in any incentive programs.

The remuneration of NEDs for the years ended 30 June 2025 and 30 June 2024 is detailed in table below.

		Short-term benefits			Post-employment	Long-term benefits	Total \$
		Salary & fees \$	Non-monetary benefits \$	Other \$	Superannuation \$	Long service leave \$	
<b>Non-executive directors</b>							
Jon Denovan <sup>1</sup>	<b>2025</b>	<b>151,042</b>	-	-	<b>17,370</b>	-	<b>168,412</b>
	2024	126,338	-	-	13,897	-	140,235
Elizabeth Aris	<b>2025</b>	<b>93,750</b>	-	-	<b>10,781</b>	-	<b>104,531</b>
	2024	84,794	-	-	9,327	-	94,121
Calvin Ng	<b>2025</b>	<b>89,854</b>	-	-	<b>10,333</b>	-	<b>100,187</b>
	2024	75,679	-	-	8,325	-	84,004
David Gration	<b>2025</b>	<b>93,750</b>	-	-	<b>10,781</b>	-	<b>104,531</b>
	2024	80,994	-	-	8,909	-	89,903
Warren McLeland <sup>2</sup>	<b>2025</b>	<b>82,021</b>	-	-	<b>9,432</b>	-	<b>91,453</b>
	2024	44,762	-	-	4,924	-	49,686
<b>Total</b>	<b>2025</b>	<b>510,417</b>	-	-	<b>58,697</b>	-	<b>569,114</b>
	2024	412,567	-	-	45,382	-	457,949

<sup>1</sup> Jon Denovan was appointed Chairman 18 September 2023

<sup>2</sup> Warren McLeland was appointed 11 December 2023

Only Directors employed during the current reporting period have been included in the comparable data for FY2024 as required under the Corporations Act.

For personal use only

**DIRECTORS' REPORT (continued)**

**REMUNERATION REPORT (AUDITED)**

**7. Additional disclosures relating to options and shares**

The numbers of shares in the Company held during the financial year by each director of the Company and other key management personnel, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

**Shareholdings of key management personnel**

2025	Balance at the start of the year or commencement date	Acquired	Other movement	Balance at the end of the year or date of resignation
<b>Directors</b>				
Jon Denovan	-	-	-	-
Elizabeth Aris	10,000	-	-	10,000
Calvin Ng	4,894,454	818,282	-	5,712,736
David Gration	-	-	-	-
Warren McLeland	-	-	-	-

2025	Balance at the start of the year or commencement date	Acquired through exercise of vested performance rights	Other movement	Balance at the end of the year or date of resignation
<b>Executives</b>				
Allan Savins	1,480,658	40,000	(40,000)	1,480,658
Dara Wettner	25,425	-	-	25,425
Stephen Kinsella	-	-	25,000	25,000
Joe Mittiga	-	-	-	-

**8. Other transactions and balances with key management personnel and their related parties**

During the reporting period the Group sub-leased office space from AURA Group Services, a related entity of Mr Calvin Ng (Director). Rental income (inc GST) paid during the reporting period totaled \$102,960 (2024: \$90,577). There was no balance receivable at 30 June 2025 (2024: Nil).

The group received trail commission income from two wholesale related parties where BNK Directors hold key positions. Resimac Limited (Warren McLeland as BNK Director) and FirstMac Services Pty Ltd (David Gration as BNK Director), contributed \$438,395 (FY24: \$550,478) and \$46,176 (FY24: \$76,177) respectively of trail income commissions to the Group during FY25 (incl GST).

The group also pays Commissions to FirstMac Limited for commissions on deposits raised through BNK (David Gration as BNK Director), during FY25 BNK paid \$50,375 and \$243,917 in FY24.

During the reporting period, two KMPs held loans through BNK;

1. Chief Executive Officer Mr Allan Savins held residential loan accounts through BNK totalling \$2,369,500 as at 30 June 2025.
2. Chief Operating Officer Mr David Thorn held a personal loan account through BNK totalling \$35,497 as at 27 April 2025 (his date of ceasing to be a KMP).

These loans were originally assessed and granted in accordance with BNK's governance framework and lending standards applicable at the time. All decisions were made using consistent criteria and oversight, with no preferential treatment provided.

**End of Remuneration Report**

Signed in accordance with a Resolution of Directors



Jon Denovan - Chairman  
Dated this 28th day of August 2025

---

**Grant Thornton Audit Pty Ltd**  
Level 26  
Grosvenor Place  
225 George Street  
Sydney NSW 2000  
Locked Bag Q800  
Queen Victoria Building NSW  
1230  
T +61 2 8297 2400

## Auditor's Independence Declaration

To the Directors of BNK Banking Corporation Ltd.

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of BNK Banking Corporation Ltd. for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Claire L Scott  
Partner – Audit & Assurance

Sydney, 28 August 2025

**[www.grantthornton.com.au](http://www.grantthornton.com.au)**  
ACN-130 913 594

---

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

**STATEMENTS OF FINANCIAL POSITION**  
**As at 30 June 2025**

<i>In thousands of AUD</i>	Note	Consolidated		Bank	
		2025	2024	2025	2024
		\$	\$	\$	\$
<b>ASSETS</b>					
Cash and cash equivalents	4.1.1	107,329	157,352 <sup>1</sup>	104,374	149,060 <sup>1</sup>
Due from other financial institutions	4.2	75,764	52,972 <sup>1</sup>	75,764	52,972 <sup>1</sup>
Other financial assets	4.2	129,061	115,113	129,061	115,113
Loans and advances	3.1	905,634	1,378,211	903,483	1,376,744
Commissions and other receivables	4.4.1	3,201	5,881	2,500	7,424
Contract assets	4.4.3	7,784	11,421	-	-
Investment in subsidiaries	6.1.1	-	-	19,896	19,896
Property, plant and equipment	7.1	1,162	189	609	79
Goodwill and other intangible assets	7.2	3,753	3,771	253	271
Deferred tax assets/liabilities net	2.5.2	-	-	1,595	752
<b>TOTAL ASSETS</b>		<b>1,233,688</b>	<b>1,724,910</b>	<b>1,237,535</b>	<b>1,722,311</b>
<b>LIABILITIES</b>					
Deposits	4.3	1,008,308	1,270,643	1,008,308	1,270,643
Other financial liabilities	4.5	90,449	321,438	88,052	318,402
Commissions and other payables	4.4.2	6,964	5,296	5,792	5,011
Trail commission payable	4.4.3	2,338	3,532	-	-
Current tax liability		1,881	-	6,725	-
Provisions	7.3	1,084	985	1,084	985
Deferred tax assets/liabilities net	2.5.2	624	1,899	-	-
<b>TOTAL LIABILITIES</b>		<b>1,111,648</b>	<b>1,603,793</b>	<b>1,109,961</b>	<b>1,595,041</b>
<b>NET ASSETS</b>		<b>122,040</b>	<b>121,117</b>	<b>127,574</b>	<b>127,270</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>					
<b>Contributed equity</b>					
Issued capital, net of raising costs	5.2.3	100,353	100,329	100,353	100,329
Reserves		1,257	1,641	1,257	1,281
Retained earnings		20,430	19,147	25,964	25,660
<b>TOTAL EQUITY</b>		<b>122,040</b>	<b>121,117</b>	<b>127,574</b>	<b>127,270</b>

<sup>1</sup> FY 2024 Reclassification of \$39m from due from other financial institutions to Cash and Cash equivalents

The above financial statement should be read in conjunction with the accompanying notes

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the year ended 30 June 2025

<i>In thousands of AUD</i>	Note	Consolidated		Bank	
		2025 \$	2024 \$	2025 \$	2024 \$
Interest income from banking activities	2.3	81,136	95,912	77,519	92,011
Interest expense from banking activities	2.3	(59,254)	(76,622)	(60,108)	(76,761)
Net interest income	2.3	21,882	19,290	17,411	15,250
Commission income	2.3	1,135	(1,067)	-	-
Commission expense	2.3	(5,789)	(4,156)	(1,714)	(2,030)
Net commission (expense)/income		(4,654)	(5,223)	(1,714)	(2,030)
Other income	2.3	8,882	3,368	6,737	1,944
<b>Total net income</b>		<b>26,110</b>	<b>17,435</b>	<b>22,434</b>	<b>15,164</b>
Operating expenses	2.4	(24,204)	(21,584)	(22,282)	(17,802)
Impairment of goodwill	7.2	-	(3,600)	-	-
Impairment of loans, advances and other receivables		84	(300)	(152)	(243)
<b>Profit/(Loss) before income tax</b>		<b>1,990</b>	<b>(8,049)</b>	<b>-</b>	<b>(2,881)</b>
Income tax (expense)/benefit	2.5.1	(707)	1,348	304	1,122
<b>Profit/(Loss) for the period attributable to equity holders of the parent</b>		<b>1,283</b>	<b>(6,701)</b>	<b>304</b>	<b>(1,759)</b>
<b>Other comprehensive income</b>					
<b>Items that are or may be reclassified subsequently to profit or loss, net of income tax</b>		-	-	-	-
Total comprehensive income for the period		<b>1,283</b>	<b>(6,701)</b>	<b>304</b>	<b>(1,759)</b>
<b>Earnings per share – continuing operations</b>					
Basic earnings per share (cents)	5.3	1.08	(5.64)	-	-
Diluted earnings per share (cents)	5.3	1.08	(5.64)	-	-

The above financial statement should be read in conjunction with the accompanying notes

**STATEMENTS OF CHANGES IN EQUITY**  
For the year ended 30 June 2025

Attributable to equity holders	Note	Issued Capital	Equity Raising Costs	Liquidity Reserve	Treasury Shares	Share-based Payments Reserve	Retained Earnings	Total Equity
		\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2023</b>		<b>103,664</b>	<b>(3,335)</b>	<b>725</b>	<b>(103)</b>	<b>1,281</b>	<b>25,951</b>	<b>128,183</b>
Loss for the period		-	-	-	-	-	(6,701)	(6,701)
<b>Total comprehensive income</b>							<b>(6,701)</b>	<b>(6,701)</b>
<b>Transactions with owners of the Company</b>								
Issue of share capital	5.2.2	-	-	-	-	-	-	-
Equity raising costs, net of tax	5.2.3	-	-	-	-	-	-	-
Treasury share movement		-	-	-	103	-	(103)	-
SPV reserve movement		-	-	(365)	-	-	-	(365)
<b>Balance at 30 June 2024</b>		<b>103,664</b>	<b>(3,335)</b>	<b>360</b>	<b>-</b>	<b>1,281</b>	<b>19,147</b>	<b>121,117</b>
<b>Balance at 1 July 2024</b>		<b>103,664</b>	<b>(3,335)</b>	<b>360</b>	<b>-</b>	<b>1,281</b>	<b>19,147</b>	<b>121,117</b>
Profit for the period		-	-	-	-	-	1,283	1,283
<b>Total comprehensive income</b>							1,283	1,283
<b>Transactions with owners of the Company</b>								
Issue of share capital	5.2.2	24	-	-	-	(24)	-	-
Equity raising costs, net of tax	5.2.3	-	-	-	-	-	-	-
SPV reserve movement		-	-	(360)	-	-	-	(360)
<b>Balance at 30 June 2025</b>		<b>103,688</b>	<b>(3,335)</b>	<b>-</b>	<b>-</b>	<b>1,257</b>	<b>20,430</b>	<b>122,040</b>

The above financial statement should be read in conjunction with the accompanying notes

**STATEMENTS OF CHANGES IN EQUITY**  
For the year ended 30 June 2024

*In thousands of AUD*

Attributable to equity holders	Note	Bank						Total Equity
		Issued Capital	Equity Raising Costs	General Reserve for Credit Losses	Treasury Shares	Share-based Payments Reserve	Retained Earnings	
		\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2023</b>		<b>103,664</b>	<b>(3,335)</b>	<b>-</b>	<b>(103)</b>	<b>1,281</b>	<b>27,522</b>	<b>129,029</b>
Loss for the period							(1,759)	(1,759)
<b>Total comprehensive income</b>							<b>(1,759)</b>	<b>(1,759)</b>
<b>Transactions with owners of the Company</b>								
Issue of share capital	5.2.2	-	-	-	-	-	-	-
Equity raising costs, net of tax	5.2.3	-	-	-	-	-	-	-
Treasury share movement		-	-	-	103	-	(103)	-
<b>Balance at 30 June 2024</b>		<b>103,664</b>	<b>(3,335)</b>	<b>-</b>	<b>-</b>	<b>1,281</b>	<b>25,660</b>	<b>127,270</b>
<b>Balance at 1 July 2024</b>		<b>103,664</b>	<b>(3,335)</b>	<b>-</b>	<b>-</b>	<b>1,281</b>	<b>25,660</b>	<b>127,270</b>
Profit for the period							304	304
<b>Total comprehensive income</b>							<b>304</b>	<b>304</b>
<b>Transactions with owners of the Company</b>								
Issue of share capital	5.2.2	24	-	-	-	(24)	-	-
Equity raising costs, net of tax	5.2.3	-	-	-	-	-	-	-
<b>Balance at 30 June 2025</b>		<b>103,688</b>	<b>(3,335)</b>	<b>-</b>	<b>-</b>	<b>1,257</b>	<b>25,964</b>	<b>127,574</b>

The above financial statement should be read in conjunction with the accompanying notes

**STATEMENTS OF CASH FLOWS**  
**For the year ended 30 June 2025**

	Note	Consolidated		Bank	
		2025	2024	2025	2024
<i>In thousands of AUD</i>		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Interest received		82,148	96,835	78,532	92,934
Fees and commissions received		10,485	7,716	3,510	1,938
Interest and other costs of finance paid		(59,213)	(76,603)	(60,088)	(76,753)
Other income received		3,227	-	3,227	-
Payments to suppliers and employees		(25,319)	(30,266)	(9,700)	(23,419)
Net decrease/(Increase) in loans, advances and other receivables		469,763	(21,058)	469,763	(21,058)
Net (decrease)/increase in deposits and other borrowings		(262,335)	57,383 <sup>1</sup>	(262,335)	57,383 <sup>1</sup>
Net (payments)/receipts for financial securities		(36,738)	(4,888)	(36,738)	(4,888)
Income taxes paid		(100)	-	(100)	-
<b>Net cash provided by/(used in) operating activities</b>	4.1.2	181,918	29,119	186,070	26,137
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of property, plant and equipment		-	15	-	15
Payments for property, plant and equipment		(267)	(20)	(232)	(11)
<b>Net cash from/(used in) investing activities</b>		(267)	(5)	(232)	4
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from the issue of capital	5.2.2	-	-	-	-
Payments for equity raising costs	5.2.3	-	-	-	-
Payments for lease liabilities		(325)	(375)	(175)	(174)
Repayment of borrowings		(231,475)	(14,187)	(230,475)	(13,823)
Proceeds of borrowings		126	50,227	126	46,406
<b>Net (used in)/cash from financing activities</b>		(231,674)	35,665	(230,524)	32,409
Net (decrease)/increase in cash held		(50,023)	64,779	(44,686)	58,550
Cash and cash equivalents at beginning of the year		157,352	92,573	149,060	90,510
<b>Total cash and cash equivalents</b>		<b>107,329</b>	<b>157,352<sup>1</sup></b>	<b>104,374</b>	<b>149,060<sup>1</sup></b>

<sup>1</sup> FY 2024 Reclassification of \$39m from due from other financial institutions to Cash and Cash equivalents

The accompanying notes form part of these financial statements

**NOTES TO THE FINANCIAL REPORT**

**1. BASIS OF PREPARATION**

**1.1 Reporting entity**

BNK Banking Corporation Limited (the “Company”, “the Bank” or “BNK”) is a for-profit entity and provides a range of retail banking products and financial services directly and through third party intermediaries.

The Company is a publicly listed company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 14, 191 St George’s Terrace, Perth 6000, Western Australia. BNK is listed on the Australian Securities Exchange (ASX:BBC).

The financial report for BNK and its controlled entities (the Group) for the year ended 30 June 2025 was authorised for issue in accordance with a resolution of the directors on 28th August 2025.

**1.2 Basis of accounting**

**(a) Basis of preparation**

The financial report includes the consolidated and stand-alone financial statements of the Group and the Bank, respectively. This financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a going concern basis and is stated at historical costs, except where stated.

The report is presented in Australian dollars with all values rounded to the nearest thousand dollars (\$’000) in accordance with ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191, unless otherwise indicated.

The Company presents its statement of financial position in order of liquidity.

**(b) Statement of compliance**

The financial report complies with the Corporations Act 2001, Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

**1.3 Significant accounting judgements and estimates**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and adjusted as required. Revisions to accounting estimates are recognised in the period on which the estimate is revised and in any future periods affected. Specific adjustments to inputs and assumptions are explained in the relevant notes to this financial report as referenced below:

	<u>Reference</u>
Identification and measurement for impairment of loans and receivables	3.2
Net present value of future trail commissions receivable and payable	4.4
Impairment of goodwill and other intangibles	7.2

**1.4 Accounting policies and new standards**

**(a) New and amended standards adopted by the group**

There were no new material accounting standards that have significantly impacted the Group during the reporting period.

**(b) New standards and interpretations not yet adopted**

Certain amendments to accounting standards have been published that are not mandatory for 30 June 2025 reporting periods and have not been early adopted by the group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

For personal use only

NOTES TO THE FINANCIAL REPORT

**2. FINANCIAL PERFORMANCE**

**2.1 Operating segments**

AASB 8 requires operating segments to be identified on the basis of internal information provided to the chief decision maker, the Board of Directors, in relation to the Group's business activities. The Group operates under a single segment of Bank for which information is provided regularly to the Board of Directors.

All elements within this Financial Report to June 2025 relate to the single reporting segment of Bank.

**Bank**

The Group's banking business refers to the provision of banking products and services such as loans and deposits under the BNK, Goldfields Money and Better Choice brands.

Loans are distributed through the Better Choice business, via online applications with the accredited broker network, and may be funded by deposits, securitisation vehicles or third-party funders. Existing securitised funding warehouses remain in place with Goldman Sachs (\$500m) and Bendigo & Adelaide Bank (decreased to \$121m in February 2025 from \$300m following a whole loan sale to Bendigo Bank).

Introducer broker channels receive commissions for loan origination and ongoing trail. Better Choice Wholesale earns and pays commissions on the loan books from the white label funders.

Deposits are originated under the Goldfields Money / BNK brand directly and through third party deposit brokers. The Bank earns net interest income and service fees from providing a range of services to its retail and small business customers.

Banking segment equates to the consolidated position within these Financial Statements.

For personal use only

NOTES TO THE FINANCIAL REPORT

2. FINANCIAL PERFORMANCE

2.3 Income

Net interest income

<i>In thousands of AUD</i>	Consolidated		2025 \$	Bank 2024 \$
	2025 \$	2024 \$		
<b>Interest income</b>				
Loans and advances	67,314	80,668	63,858	76,831
From other financial institutions	13,822	15,244	13,661	15,180
Total interest income	81,136	95,912	77,519	92,011
<b>Interest expense</b>				
Deposits	45,396	58,537	45,396	58,537
Lease liabilities	41	19	20	9
Securitisation liabilities	11,545	15,773	12,422	15,942
Subordinated debt	2,270	2,258	2,270	2,269
Other	2	35	-	4
Total interest expense	59,254	76,622	60,108	76,761
Net interest income	21,882	19,290	17,411	15,250

Net commission income

<b>Commission income</b>				
Upfront commission		1,633	554	-
Trail commission income	2.3.1	(498)	(1,621)	-
Total commission income		1,135	(1,067)	-
<b>Commission expense</b>				
Upfront commission expense		3,746	2,785	-
Trail commission expense	2.3.1	2,043	1,371	1,714
Total commission expense		5,789	4,156	1,714
Net commission (expense)/income		(4,654)	(5,223)	(1,714)

Other income

Service fees and other residual income		3,812	1,631	552	412
Lending fees		916	878	664	506
Transaction fees		927	853	934	853
Trust distributions		-	-	1,359	167
Other		3,227 <sup>1</sup>	6	3,228	6
Total other income		8,882	3,368	6,737	1,944

<sup>1</sup> Includes premium achieved on the Bullion Trust whole loan sale to Bendigo Bank and Goldman Sachs warehouse sale transaction.

For personal use only

NOTES TO THE FINANCIAL REPORT

**2. FINANCIAL PERFORMANCE**

**2.3 Income (continued)**

**Accounting policy - recognition and measurement**

*Interest income and expense*

Interest income and expense is recognised in profit or loss using the effective interest rate method. This is the rate that exactly discounts the estimated future cash receipts or payments over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. The calculation of the effective interest rate includes transaction costs (such as payments made to brokers for the introduction of loans) and fees and points paid or received that are an integral part of the interest rate. Transaction costs include incremental costs that are directly attributable to acquisition or issue of a financial asset or financial liability.

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

*Commission income and expense*

Fee and commission income and expense from first party loans that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (refer above note on Interest income and expense).

Other fees and commission income and expense (including third party funded loans), including account servicing fees, cash convenience income is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

*Other income, service fees and residual income*

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of AASB 9 Financial Instruments and partially in the scope of AASB 15 Revenue from Contracts with Customers. If this is the case, then the Group first applies AASB 9 to separate and measure the part of the contract that is in the scope of AASB 9 and then applies AASB 15 to the residual.

Service fees and residual income arises from the management of loans and receivables which have previously been originated by BNK and sold to other parties. Service fees are recognised from rendering of services principally for the management of the loans, and residual income is recognised from the residual amount collected from customers after transferring to the legal owner of the loans a contractually agreed return.

Other income is recognised on completion of a specific transaction and derived through contractual agreements.

Trust Distributions have been recognised from the Bullion Warehouse No.1 Trust as unit holder.

*Commission income*

The Group provides loan origination services and receives upfront origination commission on the settlement of loans funded through the Goldman Sachs program. Additionally the lender normally pays a trailing commission over the life of the loan. These trailing commissions are paid to the Group from all funders where the Group continues to service customers and their loans. Commission income is recognised as follows:

For personal use only

NOTES TO THE FINANCIAL REPORT

**2. FINANCIAL PERFORMANCE**

**2.3 Income (continued)**

**Accounting policy - recognition and measurement (continued)**

*Origination commissions*

Origination commissions are recognised at the point of the loans being settled, net of any offset balance (drawdown). Commissions' claw-backs are recognised upon receipt where loans have been discharged within contractual timeframes.

*Trailing commissions*

The Group receives trailing commissions from lenders on settled loans over the life of the loans based on the individual loan balance outstanding. Contractually, where loans fall into delinquency, trailing commissions may be reduced or held for such a period until loans are repaired to non-delinquent status. The Group also makes trailing commission payments to authorised mortgage originators (brokers) based on the individual loan balance outstanding.

On initial recognition, the Group recognises a contract asset under AASB 15 which represents the Group's estimate of the variable consideration to be received from lenders on the settled loans. The Group used the expected value method of estimating the variable consideration which requires significant judgment. The measurement of variable consideration is subject to a constraining principle whereby income will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative income recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. In estimating the variable consideration, the Group assesses observed historical data in determining the extent that it is highly probable that a significant reversal in the amount of cumulative income recognised will not occur. In addition, a corresponding expense and payable to the relevant brokers is also recognised, initially measured at fair value being the net present value of expected future trailing commission payable to relevant brokers.

The value of trail commission receivable from lenders and the corresponding payable to brokers is determined by using a discounted cash flow valuation to determine the expected value. These calculations require the use of assumptions which are determined using a variety of inputs including analysis of historical information. Key assumptions underlying the calculation include the average loan life, discount rate and percentage paid to brokers. Refer to 4.4.3.

*Goods and services tax (GST)*

Income, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**2.3.1 Trail commission**

<i>In thousands of AUD</i>	<b>2025</b>	<b>Consolidated</b>	<b>2025</b>	<b>Bank</b>
	<b>\$</b>	<b>2024</b>	<b>\$</b>	<b>2024</b>
		<b>\$</b>		<b>\$</b>
Trail commission receipts (net GST)	533	336	-	-
Change in net present value of future trail commissions receivable <sup>1</sup>	(1,031)	(1,957)	-	-
Trail commission income	(498)	(1,621)	-	-
<b>Commission expense</b>				
Trail commission paid (net GST)	2,247	2,365	1,714	2,030
Change in net present value of future trail commission payable <sup>1</sup>	(204)	(994)	-	-
Trail commission expense	2,043	1,371	1,714	2,030

<sup>1</sup> Under AASB 15, Revenue from Contracts with Customers, trail commissions received and paid during the period are applied against the contract asset/liability held by the Group.

For personal use only

NOTES TO THE FINANCIAL REPORT

**2. FINANCIAL PERFORMANCE**

**2.4 Operating Expenses**

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	\$	\$	\$	\$
Employee benefits	14,674	14,107	14,549	12,175
Information technology	4,182	2,631	3,460	1,949
Professional services	1,943	1,190	1,877	1,124
Other administration expenses	1,576	2,013	1,196	1,443
Marketing	454	330	207	197
Banking services delivery	405	413	405	413
Occupancy	363	315	253	232
Depreciation, amortisation and impairment	337	331	188	161
Securitisation operating expenses	270	254	147	108
<b>Total operating expenses</b>	<b>24,204</b>	<b>21,584</b>	<b>22,282</b>	<b>17,802</b>

**Accounting policy - recognition and measurement**

The Group recognises an expense when it has an obligation to settle for goods or services received.

**2.5 Income tax**

**2.5.1 The major components of income tax expense/(benefit) are:**

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	\$	\$	\$	\$
<i>Recognised in profit or loss</i>				
Current tax	1,881	-	443	-
Deferred tax	(1,266)	(1,331)	(835)	(913)
Adjustments in respect of previous income tax	92	(17)	88	(209)
<b>Income tax expense/(benefit) on continuing operations recognised in Profit or Loss</b>	<b>707</b>	<b>(1,348)</b>	<b>(304)</b>	<b>(1,122)</b>
<i>Recognised in OCI</i>				
Financial instruments at fair value through OCI	-	-	-	-
Equity raising costs	-	-	-	-
<b>Income tax expense/(benefit) on continuing operations recognised in Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tax reconciliation</b>				
Profit/(Loss) before tax	1,990	(8,050)	(1,359)	(3,048)
Prima facie income tax expense/(benefit) on profit before income tax at 30% (2024:30%)	597	(2,415)	(408)	(914)
Adjust for tax effect of:				
Non-assessable income	-	-	-	-
Non-deductible expenses	18	1,084	16	1
Prior period adjustments	92	(17)	88	(209)
<b>Income tax expense/(benefit) on continuing operations recognised in Profit or Loss</b>	<b>707</b>	<b>(1,348)</b>	<b>(304)</b>	<b>(1,122)</b>

For personal use only

NOTES TO THE FINANCIAL REPORT

**2. FINANCIAL PERFORMANCE**

**2.5 Income tax (continued)**

**2.5.2 Deferred tax assets and liabilities**

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	\$	\$	\$	\$
Deferred tax assets comprise temporary differences attributable to:				
Provision for doubtful debts	947	981	926	890
Accrued expenses	983	751	928	596
Provisions	325	296	325	296
Equity raising and s.40-880 costs	29	103	29	103
Lease liabilities	279	56	121	26
Net present value of trail commission payable	701	1,060	-	-
Carry forward losses	151	334	151	334
<b>Total deferred tax assets</b>	<b>3,415</b>	<b>3,581</b>	<b>2,480</b>	<b>2,245</b>
Deferred tax liabilities comprise temporary differences attributable to:				
Prepayments and other assets	3	-	3	-
Right of use assets	271	49	118	20
Net present value of trail commission receivable	2,335	3,427	-	-
Deferred commission expense	1,430	2,004	764	1,473
Property, plant and equipment	-	-	-	-
<b>Total deferred tax liabilities</b>	<b>4,039</b>	<b>5,480</b>	<b>885</b>	<b>1,493</b>
Set-off	(3,415)	(3,581)	(2,480)	(2,245)
<b>Net deferred tax asset/(liability)</b>	<b>(624)</b>	<b>(1,899)</b>	<b>1,595</b>	<b>752</b>

**Accounting policy - Recognition and measurement**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income) recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which the Group expects to recover or settle the carrying amount of the related asset or liability.

The Company has formed a tax consolidated group (TCG) under the tax consolidation regime. The members of the TCG have entered into tax funding and tax sharing agreements, which set out the funding obligations and members. Any current tax liabilities/assets and deferred tax assets from unused tax losses from subsidiaries in the tax consolidated group are recognised by the Bank as utilised and funded in line with the tax funding agreement. The measurement and disclosure of deferred tax assets and liabilities have been performed on a “separate taxpayer within a group” approach in accordance with UIG 1052 *Tax Consolidation Accounting*.

**2.5.2 Deferred tax assets and liabilities (continued)**

**Use of judgements and estimates**

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. The Group assesses the probability through the consideration of factors leading to losses and the preparation of forecasts that indicate the Group’s ability to generate taxable profits in the future.

For personal use only

NOTES TO THE FINANCIAL REPORT

**3. LOANS AND ADVANCES**

**3.1. Loans and advances**

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Residential loans	766,789	1,291,483	766,789	1,291,483
Commercial loans	136,038	76,485	136,038	76,485
Personal loans	47	35	47	35
Overdrafts	81	4,716	81	4,716
	902,955	1,372,719	902,955	1,372,719
Add: Unamortised broker commissions	4,768	6,679	2,548	4,908
Unamortised premium	1,068	2,081	1,068	2,081
Gross loans and advances	908,791	1,381,479	906,571	1,379,708
Provision for credit losses – refer note 3.2	(3,157)	(3,268)	(3,088)	(2,964)
Loans and advances net of provisions	905,634	1,378,211	903,483	1,376,744
<b>Maturity analysis – gross loans and advances</b>				
Overdrafts	94	4,726	94	4,726
Not longer than 1 year	39	2,001	39	2,001
Longer than 1 and not longer than 5 years	1,102	2,522	1,102	2,522
Longer than 5 years	907,556	1,372,230	905,336	1,370,459
	908,791	1,381,479	906,571	1,379,708

Gross loans and advances stated above includes securitisation warehouse loans recognised for accounting purposes. Refer to note 4.5 for further information of the warehouse facility.

**Accounting policy - Recognition and measurement**

All loans are initially recognised at fair value, net of transaction costs incurred and inclusive of loan origination fees. Loans are subsequently measured at amortised cost based on the Group's business model objective; this is to originate loans and advances on its balance sheet and hold to collect repayments of principal and interest. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the loans using the effective interest method.

Loans acquisitions, such as the Goldman Sachs purchase, are recognised at fair value onto the balance sheet at date of acquisition. Any variation between fair value and purchase price would result in a fair value adjustment being recognised.

All loans and advances greater than 30 days in arrears are reviewed individually and assessed for recoverability with reference to the valuation of collateral held. Expected credit loss provisions are recognised as set out in note 3.2.

Refer to note 5.1.4 for further information regarding credit risk.

**3.2 Provision for credit losses**

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2025</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Expected credit loss provision</b>				
Opening balance	3,268	2,969	2,964	2,720
Specific debt provided for during the year	112	28	112	28
Bad debts provided for during the year	(223)	271	12	216
Bad debts written off during the year	-	-	-	-
Closing balance	3,157	3,268	3,088	2,964

Refer to note 5.1.4 for further information on the expected credit loss provisions recognised at balance date.

For personal use only

NOTES TO THE FINANCIAL REPORT

**3. LOANS AND ADVANCES**

**3.2 Provision for credit losses (continued)**

**Accounting policy - Recognition and measurement**

**Financial assets**

**Expected credit loss (ECL) provision**

Financial assets at amortised cost consist of cash and cash equivalents, amounts due from other financial institutions, investment securities and loans and advances.

Under AASB 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date (Stage 1); and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument (Stages 2 and 3).

If the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available in determining to reclassify it from Stage 1 to Stage 2 or 3. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. During the period the level of loan restructures completed were not considered to have a material effect on the provision.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Upon determination that a customer is in default, an assessment is made whether the loan is to be classified as past due or impaired. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated for each facility and for each of the three economic scenarios (described within the scenarios and sensitivity analysis below) by multiplying the 12-month point in time PD, EAD and LGD with the corresponding scenario economic assumptions applied in the models. The final Stage 1 ECL is a probability weighted average of the three scenario-based estimates.

Similarly, lifetime ECL is calculated at a facility-level for each scenario and combined into a probability weighted average of the three scenario-based estimates, however the point in time PD for stage 2 is calculated over a 5-year horizon to reflect an approximate remaining lifetime estimate. For stage 3 PD is set to 100% as the facilities are already in default.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on industry benchmarks of recovery rates of claims against defaulted counterparties. The model applies industry risk weightings based upon key variables including collateral, LMI, ownership type, number of payments ahead, counterparty industry and recovery costs. For loans secured by residential properties, LVR ratios are a key parameter in determining LGD. These are used to determine an expected LGD for the three different economic scenarios described below.

For personal use only

NOTES TO THE FINANCIAL REPORT

**3. LOANS AND ADVANCES**

**3.2 Provision for credit losses (continued)**

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

PD represents the likelihood of a loan experiencing a default (90 days or more in arrears) in the future. Utilising the risk framework within the model, probabilities are applied to PD Segments based upon arrears history and LVRs of each loan. This is then applied to the exposure amount as at 30 June 2025.

Subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower’s extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

**Concentration Risk Overlay**

The concentration risk overlay is calculated based on a 25% (2024: 20%) likelihood of a full loss of an average top-20 (2024: top-10) exposure occurring in the severe downturn scenario with a sliding scale of probabilities based on weighting towards downturn scenarios. Management believes this overlay represents the increased risk of a loss based on each scenario whilst the portfolio grows. For BNK that equates to \$661,802 or 7.4bps of total portfolio (excluding the BEN Warehouse) for the period to 30 June 2025 (2024: \$467,804 or 4.1bps).

**Data, Model and other Risk Overlays**

The ECL Model effective from FY23 includes a data and model risk overlay, applied on top of the model outcomes, whilst the model and portfolio experience matures. This overlay addresses the part proxy data being used from portfolios of a similar nature and with similar credit risk/lending criteria to BNK. This isn’t considered in the model therefore the risk is addressed by an overlay. For BNK that equates to \$400,000 or 4.5bps of total portfolio (excluding the BEN Warehouse) for the period to 30 June 2025, (2024: \$400,000 or 3.5 bps).

*Forward looking information*

Forward looking information is incorporated into Expected Credit Loss estimates via underlying cycle-dependent or “point in time” PD and LGD models, which vary, based on projected property price changes and state of the cycle indicator. Forecast PD and LGD are estimated under three economic scenarios representing a cycle average, a moderate downturn and a severe downturn. The likelihood of each scenario going forward is captured by probability weighting towards each scenario, which are set based on judgement.

*Scenarios and Sensitivity Analysis*

The key drivers for sensitivity analysis relate to the change in property prices and the impact of future economic events occurring.

<b>Economic condition</b>	<b>Change in Property Price</b>	<b>Event Frequency (1-in-x year)</b>
Long Run Average	0%	-
Moderate Downturn	-10%	1 in 15
Severe Downturn	-30%	1 in 50

For personal use only

NOTES TO THE FINANCIAL REPORT

**3. LOANS AND ADVANCES**

**3.2 Provision for credit losses (continued)**

By applying different weightings to each of the above three economic conditions the model provides sensitivity outcomes comparable to the actual model outcomes derived for the Group in the reporting period to 30<sup>th</sup> June 2025.

Within each of these scenarios, LGD and PD rates are flexed according to benchmarking data. The combination of each weighting matrix results in the following outcomes;

*In thousands of AUD*

	<b>Long Run</b>	<b>Moderate Downturn</b>	<b>Severe Downturn</b>	<b>Concentration Overlay</b> \$	<b>Other Overlay</b> \$	<b>Model Outcome</b> \$	<b>Variance</b> \$
Model Used	60%	30%	10%	661	428	2,824	-
Scenario 1	80%	20%	-	661	418	2,216	(608)
Scenario 2	70%	20%	10%	661	426	2,722	(102)
Scenario 3	50%	35%	15%	661	432	3,128	304

For personal use only

NOTES TO THE FINANCIAL REPORT

**3. LOANS AND ADVANCES**

**3.2 Provision for credit losses (continued)**

Movements of expected credit loss provision

<i>In thousands of AUD</i>	Consolidated							
	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	Provision						
Opening balance – 1 July 2023	1,351,869	2,208	7,111	483	1,509	278	1,360,489	2,969
Transfers to/(from)								
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Specific Provision	-	-	(644)	(124)	673	152	29	28
Movement in year	10,676	(230)	(1,680)	(117)	11,965	618	20,961	271
Bad debts written off	-	-	-	-	-	-	-	-
Closing balance – 30 June 2024	1,362,545	1,978	4,787	242	14,147	1,048	1,381,479	3,268
Opening balance – 1 July 2024	1,362,545	1,978	4,787	242	14,147	1,048	1,381,479	3,268
Transfers to/(from)								
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Specific Provision	-	-	-	-	(28)	112	(28)	112
Movement in year	(475,730)	(214)	3,164	79	(94)	(88)	(472,660)	(223)
Bad debts written off	-	-	-	-	-	-	-	-
Closing balance – 30 June 2025	886,815	1,764	7,951	321	14,025	1,072	908,791	3,157

NOTES TO THE FINANCIAL REPORT

**3. LOANS AND ADVANCES**

**3.2 Provision for credit losses (continued)**

Movement of expected credit loss provision

<i>In thousands of AUD</i>	Bank							
	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	Provision						
Opening balance – 1 July 2023	1,103,143	1,959	7,111	483	1,509	278	1,111,763	2,720
Transfers to/(from)								
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Specific Provision	-	-	(644)	(124)	673	152	29	28
Movement in year	(35,080)	(285)	(1,681)	(117)	11,965	618	(24,796)	216
Bad debts written off	-	-	-	-	-	-	-	-
Closing balance – 30 June 2024	1,068,063	1,674	4,786	242	14,147	1,048	1,086,996	2,964
Opening balance – 1 July 2024	1,068,063	1,674	4,786	242	14,147	1,048	1,086,996	2,964
Transfers to/(from)								
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Specific Provision	-	-	-	-	(28)	112	(28)	112
Movement in year	(245,105)	21	3,164	79	(94)	(88)	(242,035)	12
Bad debts written off	-	-	-	-	-	-	-	-
Closing balance – 30 June 2025	822,958	1,695	7,950	321	14,025	1,072	844,933	3,088

NOTES TO THE FINANCIAL REPORT

**4. LIQUIDITY AND FUNDING**

**4.1.1 Cash and cash equivalents**

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>2025</b>	<b>Bank 2024</b>
	<b>2025</b>	<b>2024</b>		
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	66,589	120,750 <sup>1</sup>	65,441	119,604 <sup>1</sup>
Cash at bank - restricted	40,740	36,602	38,933	29,456
<b>Total cash and cash equivalents</b>	<b>107,329</b>	<b>157,352</b>	<b>104,374</b>	<b>149,060</b>

<sup>1</sup> FY 2024 Reclassification of \$39m from due from other financial institutions to Cash and Cash equivalents

Restricted Cash is the cash reserves maintained in accordance with the Bullion Trust Deed and the Primus Trust Deed and is available to meet certain shortfalls in respect to losses and liquidity. The cash is not available as free cash for the operations of the Group without certain predefined conditions being met.

**Recognition and measurement**

Cash and cash equivalents include cash on hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

*Cash flows on net basis*

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash flows arising from loans, deposits, and investments are presented on a net basis in the Statement of Cash Flows.

**4.1.2 Reconciliation to the Statement of Cash Flows**

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>2025</b>	<b>Bank 2024</b>
	<b>2025</b>	<b>2024</b>		
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Operating profit/(loss) after income tax	1,283	(6,701)	304	(1,759)
<i>Non-cash items</i>				
Depreciation and amortisation	338	330	188	161
Change in fair value of NPV asset	3,636	5,338	-	-
Change in fair value of NPV liability	(1,194)	(2,398)	-	-
Impairment of financial assets	(83)	300	152	243
Impairment of goodwill	-	3,600	-	-
Leave provisions	(98)	191	(98)	(457)
<i>Movement in assets and liabilities</i>				
Loans and receivables	469,763	(21,058)	469,763	(21,058)
Investments	(36,738)	(4,888)	(36,738)	(4,888)
Deposits	(262,335)	18,383	(262,335)	18,383
Other assets	5,605	(2,952)	8,298	379
Deferred tax assets	165	3,801	(236)	2,668
Deferred tax liabilities	(1,440)	(2,339)	(607)	(935)
Current tax payable	100	-	100	-
Payables	2,818	(1,297)	7,182	(6,057)
Provisions	98	(191)	98	457
<b>Net cash flow from operating activities</b>	<b>181,918</b>	<b>(9,881)</b>	<b>186,070</b>	<b>(12,863)</b>

For personal use only

NOTES TO THE FINANCIAL REPORT

**4. LIQUIDITY AND FUNDING**

**4.2 Financial assets**

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>2025</b>	<b>Bank</b>
	<b>2025</b>	<b>2024</b>		
	\$	\$	\$	\$
Due from other financial institutions at amortised cost	75,764	52,972 <sup>1</sup>	75,764	52,972 <sup>1</sup>
Investment securities at amortised cost (a)	129,061	115,113	129,061	115,113
	204,825	168,085	204,825	168,085
<b>Maturity analysis</b>				
Due from other financial institutions				
- Not longer than 3 months	58,144	25,596 <sup>1</sup>	58,144	25,596 <sup>1</sup>
- 3 months to 1 year	10,000	19,756	10,000	19,756
- 1 year to 5 years	7,620	7,620	7,620	7,620
	75,764	52,972	75,764	52,972
Investment securities				
- Not longer than 3 months	6,139	12,111	6,139	12,111
- 3 months to 1 year	17,910	5,124	17,910	5,124
- 1 year to 5 years	89,986	92,829	89,986	92,829
- More than 5 years	15,026	5,049	15,026	5,049
	129,061	115,113	129,061	115,113

<sup>1</sup> FY 2024 Reclassification of \$39m from due from other financial institutions to Cash and Cash equivalents

(a) Investment securities are investments in debt securities comprising floating rate notes issued by other banks, and bonds issued by Commonwealth and state-governments, initially recognised at fair value and subsequently at amortised cost.

**Accounting policy - Recognition and measurement**

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For personal use only

NOTES TO THE FINANCIAL REPORT

**4. LIQUIDITY AND FUNDING**

**4.2 Financial assets (continued)**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, a gain or loss is recognised based on the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of:  
(i) the consideration received (including any new asset obtained less any new liability assumed) and  
(ii) any cumulative gain or loss that had been recognised in OCI.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. The cumulative gain/loss recognised in OCI is transferred from OCI to retained earnings. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Refer to notes 5.1.2, 5.1.4 and 5.1.5 for further details on interest rate risk, credit risk and liquidity risk.

**4.3 Deposits**

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>2025</b>	<b>Bank 2024</b>
	<b>2025</b>	<b>2024</b>		
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Call deposits	709,491	638,999	709,491	638,999
Term deposits	298,817	631,644	298,817	631,644
	1,008,308	1,270,643	1,008,308	1,270,643
<b>Maturity analysis</b>				
- At call	709,491	638,999	709,491	638,999
- Not longer than 3 months	153,909	289,001	153,909	289,001
- Longer than 3 months but less than 12 months	135,062	328,492	135,062	328,492
- Longer than 12 months but less than 5 years	9,846	14,151	9,846	14,151
	1,008,308	1,270,643	1,008,308	1,270,643

**Accounting policy - Recognition and measurement**

Call deposits and term deposits are initially recognised at fair value, net of any directly attributable transaction costs. Subsequent to initial measurement, they are measured at amortised cost using the effective interest rate method.

**4.4 Receivables and payables**

**4.4.1 Commission and other receivables**

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>2025</b>	<b>Bank 2024</b>
	<b>2025</b>	<b>2024</b>		
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accrued commission income	183	242	-	-
Prepayments	1,948	1,802	2,349	4,880
Other debtors	1,070	13,837	151	2,544
Total commissions and other receivables	3,201	5,881	2,500	7,424

<sup>1</sup> Includes ATO refund received July 2024 \$2.8m.

For personal use only

NOTES TO THE FINANCIAL REPORT

4. LIQUIDITY AND FUNDING

4.4 Receivables and payables (continued)

4.4.2 Commissions and other payables

<i>In thousands of AUD</i>	Consolidated		2025	Bank 2024
	2025	2024		
	\$	\$	\$	\$
Accrued commission payable	65	94	-	-
Lease liabilities - refer to note 7.4	930	188	402	88
Trade creditors and accrued expenses	5,969	5,014	5,390	4,923
Total commissions and other payables	6,964	5,296	5,792	5,011

4.4.3 Contract assets and trail commission payable

<i>In thousands of AUD</i>	Consolidated		2025	Bank 2024
	2025	2024		
	\$	\$	\$	\$
<b>Contract assets (trail commission income)</b>				
Net present value of future trail commission receivable	7,784	11,421	-	-
<b>Trail commission payable (Contract liability)</b>				
Net present value of future trail commission payable	2,338	3,532	-	-

<i>In thousands of AUD</i>	Consolidated		Contract Asset	Bank Trail commission payable
	Contract Asset	Trail commission payable		
	\$	\$	\$	\$
Reconciliation of the written down values;				
Opening net present value at 1 July 2024	11,421	3,532	-	-
Additions	-	-	-	-
Amortisation provided	(3,637)	(1,194)	-	-
Closing net present value at 30 June 2025	7,784	2,338	-	-

The net Contract Asset is a reducing pool of loans due to no further third party funded loans being originated by the Group.

**Accounting policy - Recognition and measurement**

The Group receives trailing commissions from lenders on settled loans over the life of the loans based on the individual loan balance outstanding. Contractually, where loans fall into delinquency, trailing commissions may be reduced or held for such a period until loans are repaired to non-delinquent status. The Group also makes trailing commission payments to authorised mortgage originators (brokers) based on the individual loan balance outstanding.

On initial recognition, the Group recognises a contract asset under AASB 15 which represents the Group's estimate of the variable consideration to be received from lenders on the settled loans. The Group used the expected value method of estimating the variable consideration which requires significant judgment. In addition, a corresponding expense and payable to the relevant brokers is also recognised, initially measured at fair value being the net present value of expected future trailing commission payable to relevant brokers.

The value of trail commission receivable from lenders and the corresponding payable to brokers is determined by using a discounted cash flow valuation to determine the expected value. These calculations require the use of assumptions which are determined using a variety of inputs including analysis of historical information. Key assumptions underlying the calculation include the average loan life, discount rate and percentage paid to brokers.

For personal use only

NOTES TO THE FINANCIAL REPORT

**4. LIQUIDITY AND FUNDING**

**4.4.3 Contract assets and trail commission payable (continued)**

The key assumptions underlying the estimate calculations of trailing commission receivable and the corresponding payable to brokers at the reporting date is summarised in the following table:

	<b>2025</b>	<b>2024</b>
Discount rate per annum	Between 1.5% and 7.0%	Between 1.5% and 7.0%
Percentage paid to brokers	Between 0% and 100%	Between 0% and 100%
Weighted average life – Total portfolio	8.9 years	7.9 years

Liabilities for trade creditors and other amounts are non-interest bearing and carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received. The terms and conditions for creditors and other liabilities are payable between 7 and 30 days.

**4.5 Other financial liabilities**

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	\$	\$	\$	\$
Securitisation liabilities - loans	-	-	64,006	294,481
Securitisation liabilities - notes	66,403	297,517	-	-
Subordinated debt	24,046	23,921	24,046	23,921
<b>Total borrowings</b>	<b>90,449</b>	<b>321,438</b>	<b>88,052</b>	<b>318,402</b>

**Accounting policy - Recognition and measurement**

All borrowings are initially recognised at cost, being the fair value of the consideration received net of any issue costs associated with the borrowings. Subsequent to initial measurement, they are measured at amortised cost using the effective interest rate method.

*Securitisation liabilities - loans*

During 2021 the Group launched its first prime residential warehouse funding facility. This was facilitated through the establishment of the Bullion Warehouse No.1 Trust (the Trust). Loans originated and funded by the warehouse continue to be recognised by the Group with the rights to the cashflows from the loans equitably assigned to the Trust. In February 2025 the funding facility within the Trust was decreased to \$121m (from \$300m).

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	\$	\$	\$	\$
Securitisation warehouse funding facilities - utilised	64,006	294,481	64,006	294,481
Securitisation warehouse funding facilities - unutilised	56,994	5,519	56,994	5,519
<b>Securitisation warehouse funding approval limit</b>	<b>121,000</b>	<b>300,000</b>	<b>121,000</b>	<b>300,000</b>

*Subordinated debt*

On 1 February 2021, the Group issued \$8.75 million of subordinated floating rate notes. The notes are fully paid, unsecured with a maturity date of 1 February 2031, with an option to redeem the notes early on or after 1 February 2026, subject to APRA's approval.

On 12 May 2021, the Group issued a further tranche of subordinated floating rate notes totalling \$1.25 million. The notes have the same terms and conditions as the first tranche with a maturity date of 12 May 2031 and an optional early redemption date of 1 August 2026, subject to APRA's approval.

On 30 September 2021, the Group issued a further tranche of subordinated floating rate notes totalling \$14 million. The notes have the same terms and conditions as the first tranche with a maturity date of 30 September 2031 and an optional early redemption date of 30 September 2026, subject to APRA's approval.

NOTES TO THE FINANCIAL REPORT

4. LIQUIDITY AND FUNDING

4.5 Other financial liabilities (continued)

Securitisation liabilities - notes

<i>In thousands of AUD</i>	Margin range above BBSW	Accrued Interest	Principal Notes	Total
<b>30 June 2025</b>				
	%	\$	\$	\$
Class A Notes	1.20	163	62,252	62,415
Class B Notes	4.80	3	875	878
Class C1 Notes	7.25	5	1,176	1,181
Class D1 Notes	8.25	4	801	805
Class E1 Notes	9.00	3	578	581
Class F1 Notes	11.00	3	540	543
<b>Securitisation liabilities –notes totals</b>		<b>181</b>	<b>66,222</b>	<b>66,403</b>

<i>In thousands of AUD</i>	Margin range above BBSW	Accrued Interest	Principal Notes	Total
<b>30 June 2024</b>				
	%	\$	\$	\$
Class A Notes	1.15	459	279,000	279,459
Class B Notes	4.80	10	4,190	4,200
Class C1 Notes	7.25	17	5,226	5,243
Class D1 Notes	8.25	12	3,576	3,588
Class E1 Notes	9.00	9	2,608	2,617
Class F1 Notes	11.00	10	2,400	2,410
<b>Securitisation liabilities –notes totals</b>		<b>517</b>	<b>297,000</b>	<b>297,517</b>

In February 2025, notes held were partially repaid in order of seniority on the completion of the loan sale transaction from Bullion Trust to Bendigo Bank.

In July 2023, B and C1 notes held by BXAMH Sub TC Pty Ltd were repaid and replaced in the funding structure through notes B, C1, D1, E1, F1 held by Realm Investment Management Pty Ltd.

BNK holds the notes under C2, D2, E2 and F2 and as such these amounts are fully eliminated on Group consolidation.

*Self-Securitized Trust*

In July 2023, the Group established a self-securitisation Trust, “PRIMUS 2023-1R”, through the issuance of Class A and B notes. The Class A notes are structured such that they will be eligible for collateral for the RBA term repo facility. The notes are secured by a pool of first ranking, full doc residential mortgage loans meeting eligibility requirements, assessed and originated by BNK and equitably assigned to the Trust.

The note structure is as follows;

<i>In thousands of AUD</i>	Margin above BBSW	Accrued Interest	Principal Notes	Total
<b>30 June 2025</b>				
	%	\$	\$	\$
Class A Notes	0.5	-	270,500	270,500
Class B Notes	0.5	-	27,000	27,000
<b>Securitisation liabilities funding totals</b>		<b>-</b>	<b>297,500</b>	<b>297,500</b>

NOTES TO THE FINANCIAL REPORT

4. LIQUIDITY AND FUNDING

4.5 Other financial liabilities (continued)

<i>In thousands of AUD</i>	<b>Margin above BBSW %</b>	<b>Accrued Interest \$</b>	<b>Principal Notes \$</b>	<b>Total \$</b>
<b>30 June 2024</b>				
Class A Notes	0.5	-	270,500	270,500
Class B Notes	0.5	-	27,000	27,000
<b>Securitisation liabilities funding totals</b>		<b>-</b>	<b>297,500</b>	<b>297,500</b>

At 30 June 2025, the value of the loans held within the PRIMUS Trust was \$258,672,448 (2024: \$268,758,683).  
On group consolidation all balances between BNK and the PRIMUS trust are fully eliminated.

For personal use only

NOTES TO THE FINANCIAL REPORT

**5. FINANCIAL RISK AND CAPITAL MANAGEMENT**

**5.1.1 Introduction and overview**

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Group has exposure from its use of financial instruments to market, interest rate, credit, liquidity and operational risk. This note presents information about the Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing those risks, and the Company's management of capital.

**Risk management framework**

The Group's activities expose it to a variety of risks. Maintaining a robust risk management framework is critical to the Group's continued success and remains at the forefront of the Group's processes and business activities. The Group's risk management framework includes a dedicated risk function, relevant committees referenced within this section, risk appetite statements and limits and attestation processes.

**Risk management roles and responsibilities**

*Board of Directors*

The Board of Directors is responsible for the overall risk management framework and approving risk appetite, strategies and principles. The Prudential Standards issued by the Australian Prudential Regulation Authority (APRA) addresses risk management requirements and the Board carries out its responsibilities in ensuring the Group maintains appropriate risk settings relative to the size and the maturity of the Group's businesses.

*Board Risk & Compliance Committee*

Risk management is overseen by the Risk & Compliance Committee comprising non-executive directors of the Company. It assists the Board in the development of the risk strategy, managing and monitoring relevant risk decisions including policies and limits.

*Chief Executive Officers & Executive Management*

The Chief Executive Officer is responsible for the ongoing management of the risk management framework including its periodic review and renewal subject to requisite Board direction and approvals. Executive Management are responsible for implementing the Board-approved risk management strategy and for developing policies, procedures, processes and controls for identifying and managing risks.

*Chief Risk Officer*

The Chief Risk Officer is responsible for managing the risk management function. This includes assisting the Board, Board committees and divisional management risk committees to develop and maintain the risk management framework. The position has reporting lines to the Board, Board committees and senior management to conduct risk management activities in an effective and independent manner.

*Internal Audit*

Risk management and other processes in the Group are audited annually by outsourced internal audit organisations, which examines both the adequacy of the procedures and compliance with the procedures. The results of the work of internal audit are tabled to management and to the Audit Committee.

*Asset & Liability Committee (ALCO)*

The management ALCO meets regularly to review the Group's interest rate risk, market risk, liquidity, credit quality and capital settings. The Committee monitors trends in the economy and funding markets, reports risk metrics against Board defined triggers and forecasts movements in balance sheet positions to manage liquidity and optimise risk and financial outcomes.

*Non-Financial Risk Committee (NFR)*

The NFR assists the Board Risk & Compliance Committee in overseeing the implementation of BNK's risk management and compliance frameworks, focusing particularly on non-financial risks. The Committee monitors the appropriateness, adequacy and effectiveness of BNK's:

- Risk Management Strategy ("RMS") in managing the enterprise-wide risks it faces in achieving its strategic and business objectives; and
- Compliance framework to ensure compliance obligations are met at all times.

For personal use only

NOTES TO THE FINANCIAL REPORT

**5. FINANCIAL RISK AND CAPITAL MANAGEMENT**

**5.1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**5.1.1 Introduction and overview (continued)**

**Risk Measurement and Reporting Systems**

Monitoring and controlling risks is primarily performed based on limits established by the Board of the Company. These limits reflect the business strategy and market environment of the Group as well as the level of risk the Group is willing to accept.

Information is compiled, examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Risk & Compliance Committee and/or the Board. The reporting includes aggregate counterparty credit exposures, delinquency summary, loan security summary, loan type exposures, liquidity ratios, value at risk (VaR), and significant changes to risk profile. The Board and/or Risk & Compliance Committee receive summarised risk reporting on key risk measures.

**Market risk**

The objective of the Group's market risk management is to minimise risk and optimise desired return by managing and controlling market risk. Market risk is the risk that changes in interest rates, foreign exchange rates or other prices and volatilities that will have an adverse effect on the Group's financial condition or results. Management of market risk is the responsibility of senior management through the Asset & Liability Committee (ALCO), who report directly to the Board Risk & Compliance Committee. The Group does not operate a trading book or involve itself actively in foreign exchange, commodities or equity markets.

**Interest rate risk**

Interest rate risk is the risk of variability of the fair value of future cash flows arising from financial instruments due to the changes in interest rates. The Company is exposed to interest rate risk arising from changes in market interest rates (Interest Rate Risk in the Banking Book).

**5.1.2 Interest rate risk in the banking book**

The Company is exposed to interest rate risk in its banking book due to mismatches between the repricing dates of assets (loans and advances and investments) and liabilities (deposits and borrowings). The interest rate risk in the banking book is monitored by management. The level of mismatch on the banking book is set out in the tables below which displays the period that each asset and liability will reprice as at the balance date.

The major classes of financial assets and liabilities that are subject to interest rate variation are loans and advances, cash with banks, investments, deposits, borrowings and securitisation notes. The fundamental principles that the Company applies to mitigate interest rate risk are:

- Board approved risk appetite and limits include Net Interest Income at Risk and Economic Value Sensitivity;
- Forecasting and scenario modelling of growth and interest rates;
- Monitoring current and future interest rate yields on its loans and savings portfolio and cash and investments and effect on profit and equity; and the interest rates on the major proportion of these assets and liabilities can be adjusted in the short-term to minimise any significant mismatch of interest margins;
- Monitoring market rates for loans and savings and amending the Company's interest rates to remain competitive; and
- Regular meetings to measure and monitor the impact of movements in interest rates.

For personal use only

NOTES TO THE FINANCIAL REPORT

5. RISK AND CAPITAL MANAGEMENT

5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

5.1.2 Interest rate risk in the banking book (continued)

Consolidated								
<i>In thousands of AUD</i>	Floating	Fixed interest rate					Non-	Amount per
	interest	1 year or less	1 to 2 years	2 to 3	3 to 5 years	> 5 years	interest	Statement of
	rate			years			bearing	Financial Position
<b>2025</b>								
<b>Financial assets</b>								
Cash and cash on hand	107,310	-	-	-	-	-	19	107,329
Due from other financial institutions	-	68,144	-	7,620	-	-	-	75,764
Investment securities	-	69,043	12,998	32,258	9,719	5,043	-	129,061
Loans and advances	894,616	7,627	677	-	35	-	-	902,955
Commission and other receivables	-	-	-	-	-	-	9,038	9,038
Other financial assets	-	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>1,001,926</b>	<b>144,814</b>	<b>13,675</b>	<b>39,878</b>	<b>9,754</b>	<b>5,043</b>	<b>9,057</b>	<b>1,224,147</b>
<b>Financial liabilities</b>								
Deposits	709,491	289,854	5,175	178	3,610	-	-	1,008,308
Lease liabilities	-	235	271	206	218	-	-	930
Commission and other payables	-	-	-	-	-	-	8,371	8,371
Securitisation liabilities	-	66,403	-	-	-	-	-	66,403
Subordinated notes	-	11,177	12,869	-	-	-	-	24,046
<b>Total financial liabilities</b>	<b>709,491</b>	<b>367,669</b>	<b>18,315</b>	<b>384</b>	<b>3,828</b>	<b>-</b>	<b>8,371</b>	<b>1,108,058</b>
<b>Net financial assets/(liabilities)</b>	<b>292,435</b>	<b>(222,855)</b>	<b>(4,640)</b>	<b>39,494</b>	<b>5,926</b>	<b>5,043</b>	<b>686</b>	<b>116,089</b>
<b>2024</b>								
<b>Financial assets</b>								
Cash and cash on hand	118,352	-	-	-	-	-	-	118,352
Due from other financial institutions	-	84,352	-	7,620	-	-	-	91,972
Investment securities	14,024	17,235	23,902	12,973	41,930	5,049	-	115,113
Loans and advances	1,271,270	88,533	12,229	687	-	-	-	1,372,719
Commission and other receivables	-	-	-	-	-	-	15,500	15,500
Other financial assets	-	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>1,403,646</b>	<b>190,120</b>	<b>36,131</b>	<b>21,280</b>	<b>41,930</b>	<b>5,049</b>	<b>15,500</b>	<b>1,713,656</b>
<b>Financial liabilities</b>								
Deposits	638,999	618,316	9,718	-	3,610	-	-	1,270,643
Lease liabilities	-	188	-	-	-	-	-	188
Commission and other payables	-	-	-	-	-	-	8,640	8,640
Securitisation liabilities	-	297,517	-	-	-	-	-	297,517
Subordinated notes	-	-	9,931	13,990	-	-	-	23,921
<b>Total financial liabilities</b>	<b>638,999</b>	<b>916,021</b>	<b>19,649</b>	<b>13,990</b>	<b>3,610</b>	<b>-</b>	<b>8,640</b>	<b>1,600,909</b>
<b>Net financial assets/(liabilities)</b>	<b>764,647</b>	<b>(725,901)</b>	<b>16,482</b>	<b>7,290</b>	<b>38,320</b>	<b>5,049</b>	<b>6,860</b>	<b>112,747</b>

NOTES TO THE FINANCIAL REPORT

5. RISK AND CAPITAL MANAGEMENT

5.1.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

5.1.2 Interest rate risk in the banking book (continued)

<i>In thousands of AUD</i>	Bank							Non-interest bearing	Amount per Statement of Financial Position
	Floating interest rate	Fixed interest rate							
		1 year or less	1 to 2 years	2 to 3 years	3 to 5 years	> 5 years			
<b>2025</b>									
<b>Financial assets</b>									
Cash and cash on hand	104,374	-	-	-	-	-	-	104,374	
Due from other financial institutions	-	68,144	-	7,620	-	-	-	75,764	
Investment securities	-	69,043	12,998	32,258	9,719	5,043	-	129,061	
Loans and advances	894,616	7,627	677	-	35	-	-	902,955	
Commission and other receivables	-	-	-	-	-	-	151	151	
Other financial assets	-	-	-	-	-	-	-	-	
<b>Total financial assets</b>	<b>998,990</b>	<b>144,814</b>	<b>13,675</b>	<b>39,878</b>	<b>9,754</b>	<b>5,043</b>	<b>151</b>	<b>1,212,305</b>	
<b>Financial liabilities</b>									
Deposits	709,491	289,854	5,175	178	3,610	-	-	1,008,308	
Lease liabilities	-	147	168	87	-	-	-	402	
Creditors and other payables	-	-	-	-	-	-	5,390	5,390	
Securitisation liabilities	-	64,006	-	-	-	-	-	64,006	
Subordinated notes	-	11,177	12,869	-	-	-	-	24,046	
<b>Total financial liabilities</b>	<b>709,491</b>	<b>365,184</b>	<b>18,212</b>	<b>265</b>	<b>3,610</b>	<b>-</b>	<b>5,390</b>	<b>1,102,152</b>	
<b>Net financial assets/(liabilities)</b>	<b>289,499</b>	<b>(220,370)</b>	<b>(4,537)</b>	<b>39,613</b>	<b>6,144</b>	<b>5,043</b>	<b>(5,239)</b>	<b>110,153</b>	
<b>2024</b>									
<b>Financial assets</b>									
Cash and cash on hand	110,038	-	-	-	-	-	22	110,060	
Due from other financial institutions	-	84,352	-	7,620	-	-	-	91,972	
Investment securities	14,024	17,235	23,902	12,973	41,930	5,049	-	115,113	
Loans and advances	1,271,270	88,533	12,229	687	-	-	-	1,372,719	
Commission and other receivables	-	-	-	-	-	-	2,545	2,545	
Other financial assets	-	-	-	-	-	-	-	-	
<b>Total financial assets</b>	<b>1,395,332</b>	<b>190,120</b>	<b>36,131</b>	<b>21,280</b>	<b>41,930</b>	<b>5,049</b>	<b>2,567</b>	<b>1,692,409</b>	
<b>Financial liabilities</b>									
Deposits	638,999	618,316	9,718	-	3,610	-	-	1,270,643	
Lease liabilities	-	88	-	-	-	-	-	88	
Creditors and other payables	-	-	-	-	-	-	4,923	4,923	
Securitisation liabilities	-	294,481	-	-	-	-	-	294,481	
Subordinated notes	-	-	9,931	13,990	-	-	-	23,921	
<b>Total financial liabilities</b>	<b>638,999</b>	<b>912,885</b>	<b>19,649</b>	<b>13,990</b>	<b>3,610</b>	<b>-</b>	<b>4,923</b>	<b>1,594,056</b>	
<b>Net financial assets/(liabilities)</b>	<b>756,333</b>	<b>(722,765)</b>	<b>16,482</b>	<b>7,290</b>	<b>38,320</b>	<b>5,049</b>	<b>(2,356)</b>	<b>98,353</b>	

NOTES TO THE FINANCIAL REPORT

**5. FINANCIAL RISK AND CAPITAL MANAGEMENT**

**5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**5.1.2 Interest rate risk in the banking book (continued)**

*Interest rate sensitivity*

Taking into account past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, the Group believes the impact on profit or loss and the impact on equity in the following table are 'reasonably possible' over the next 12 months, if interest rates had changed by +/- 100 basis points (2024: +/- 100 basis points) from the year-end rates, with all other variables held constant.

Judgement of reasonably possible movements (amounts in thousands of AUD):	Consolidated higher (lower)		Bank higher (lower)	
	2025	2024	2025	2024
100 basis points increase (2024: 100bps)	1,201	2,216	1,201	2,216
100 basis points decrease (2024: 100bps)	(1,201)	(2,216)	(1,201)	(2,216)

**5.1.3 Market risk - Equity investments**

The Group held no equity investments at 30 June 2025 or 30 June 2024.

**5.1.4 Credit risk**

Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations. New or potential exposures are subject to the Group's credit risk management framework. The credit risk management framework includes delegated limits, approval levels, collateral requirements, servicing criteria, concentration limits as well as other principles designed to manage the level of credit risk exposure.

*Maximum exposures to credit risk*

The maximum exposure to credit risk in the Bank equals the drawn down portion in the Statement of Financial Position and the undrawn portion of all committed facilities of loans and receivables as listed in Note 7.8. The maximum exposure to credit risk in the Wholesale business is in respect of accrued commission receivable and trade debtors. The major classes of financial assets that expose the Group to credit risk are loans to customers (including undrawn and unused credit commitments), cash with banks, investments and amounts due from other financial institutions and accrued commission receivable.

*Collateral and other credit enhancements*

Loans and advances, except unsecured overdrafts, are backed by collateral. The amount and type of collateral required depends on the assessment of the credit risk of the customer. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For retail lending; mortgages over residential properties and consumer assets such as motor vehicles
- For commercial lending; mortgages over real estate properties and equitable charges over business assets
- For all lending; personal guarantees may be sought and held

Management monitors the market value of collateral however collateral is generally not revalued except in some circumstances where a loan is individually assessed as impaired or a customer seeks an increased loan against existing collateral. For residential lending the Group may also require the customer to acquire Mortgage Insurance where the loan does not meet a specified criteria, usually determined by the loan to value ratio. Commercial lending is already limited to lower LVR levels than residential lending.

The terms and conditions of collateral are specific to individual loan and security types. It is the Group's policy to dispose of repossessed collateral in an orderly fashion and the proceeds used to repay or reduce the outstanding claim. During the year ended 30 June 2025, the Group repossessed one property (2024: Nil) of which no losses were incurred. At the reporting date, the group had no loans under Mortgagee in Possession.

For personal use only

NOTES TO THE FINANCIAL REPORT

**5. FINANCIAL RISK AND CAPITAL MANAGEMENT**

**5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**5.1.4 Credit risk (continued)**

Concentrations of credit risk – Banking activities

The Group monitors concentration of credit risk by security held. An analysis of concentrations of credit risk at the reporting date is shown below:

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>2025</b>	<b>Bank 2024</b>
	<b>2025</b>	<b>2024</b>		
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Owner occupier home loans	504,540	830,025	504,540	830,025
Investment home loans	262,253	461,475	262,253	461,475
Commercial loans	136,039	76,682	136,039	76,682
Secured personal loans	7	10	7	10
Unsecured personal loans	35	8	35	8
Overdrafts	81	4,519	81	4,519
	902,955	1,372,719	902,955	1,372,719

As at 30 June 2025 there were no borrowers (2024: nil) who individually have facilities which represent 10% or more of the regulatory capital base.

i. Credit quality – loans and advances

The credit quality of the Group's loans and advances is summarised in the tables below:

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>2025</b>	<b>Bank 2024</b>
	<b>2025</b>	<b>2024</b>		
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Past due but not impaired				
30 days & less than 90 days	8,832	6,589	8,832	6,589
90 days & less than 182 days	4,613	6,066	4,613	6,066
182 days or more	4,518	3,973	4,518	3,973
	17,963	16,628	17,963	16,628
Impaired – mortgage loans	631	644	631	644
Impaired – overdrafts	-	56	-	56
Neither past due or impaired	884,361	1,355,391	884,361	1,355,391
Total loans and advances	902,955	1,372,719	902,955	1,372,719

ii. Collateral – loans and advances

The Group holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets:

<b>Type of credit exposure</b>	<b>Percentage of exposure that is subject to collateral requirements</b>		<b>Principal type of collateral held</b>
	<b>2025</b>	<b>2024</b>	
Deposits with banks and short-term securities	-	-	Marketable securities
Investment securities	-	-	Marketable securities
Residential loans	100	100	Residential property
Personal loans	14	39	Residential property and/or motor vehicles
Overdrafts	99	99	Residential property
Commercial loans	98	95	Commercial and/or residential property, floating charges over business assets

For personal use only

NOTES TO THE FINANCIAL REPORT

5. FINANCIAL RISK AND CAPITAL MANAGEMENT

5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

5.1.4 Credit risk (continued)

The following table shows the Group's Loan to Value Ratio (LVR) on its residential mortgages. Valuation amounts used in these calculations are based on the security value taken at the time the loans were originated or subsequent revaluation.

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>2025</b>	<b>Bank</b>
	<b>2025</b>	<b>2024</b>		
	\$	\$	\$	\$
<b>Loan To Value Ratio</b>				
0 – 60.0%	315,119	496,843	315,119	496,843
60.01 – 80.0%	411,353	717,919	411,353	717,919
80.01 – 90.0%	37,952	71,297	37,952	71,297
>90.01%	2,365	5,424	2,365	5,424
	766,789	1,291,483	766,789	1,291,483

iii. Credit quality – Amounts due from other financial institutions and investment securities

The Group invests in short term securities and investment securities issued by other Australian banks as part of its liquidity management process (refer to note 5.1.5). The Group's liquidity investments are held with a range of Australian banks or Government agencies and are selected with reference to credit ratings determined by Standard & Poors, Moody's or Fitch credit rating agencies.

Other deposits with banks and investment securities

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>2025</b>	<b>Bank</b>
	<b>2025</b>	<b>2024</b>		
	\$	\$	\$	\$
Long Term Credit Rating				
1 (AAA to AA-)*	91,807	91,845	91,807	91,845
2 (A+ to A-)*	73,557	104,245	73,557	104,245
3 (BBB+ to BBB-)*	33,428	-	33,428	-
Unrated	6,033	10,995	6,033	10,995
	204,825	207,085	204,825	207,085

Accrued commission receivable and other debtors

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>2025</b>	<b>Bank</b>
	<b>2025</b>	<b>2024</b>		
	\$	\$	\$	\$
Long Term Credit Rating				
1 (AAA to AA-)*	-	-	-	-
2 (A+ to A-)*	3,214	380	-	-
3 (BBB+ to BBB-)*	-	4,500	-	-
Unrated	5,824	10,620	151	2,545
	9,038	15,500	151	2,545

\* Or equivalent rating by other rating agencies

For personal use only

NOTES TO THE FINANCIAL REPORT

**5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**5.1.4 Credit risk (continued)**

The Group's other outstanding receivables arise from transactions with customers located within Australia. The amounts owing from other financial institutions include the net present value (NPV) of future trail commission receivable and accrued commission income.

**Accounting policy - Recognition and measurement**

As set out in note 3.1, loans are initially reviewed when they reach 30 days in arrears, and individually assessed for recoverability. They are then considered to be in default when they reach 90 days past due. An assessment is then made to determine whether loans are classified as impaired or past due.

*Impaired loans*

Loans for which the Company determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

*Past due but not impaired loans*

Loans where contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Group.

*Loans with renegotiated terms*

The Group renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of loss. Loans that have been restructured due to deterioration in the borrower's financial position are considered on a selective basis where the borrower has demonstrated reasonable efforts to meet their commitments, and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category for 12 months independent of satisfactory performance after restructuring. There have been no instances of loan restructures during this reporting period or the comparable period.

*Allowances for impairment*

Refer to note 3.2 for the Group's policy with respect to provisioning for expected credit losses.

*Write-off policy*

Bad debts are written off as determined by management and recommended to the Board of Directors when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off as expenses in the Income Statement or against the provision for impairment.

Where the Group holds collateral against loans and advances, it is in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing. These estimates are generally only updated when loan is individually assessed as impaired.

**5.1.5 Liquidity risk**

Liquidity risk is the risk that the company will be unable to meet its payment obligations when they fall due under normal and stress circumstances.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds available to meet its liabilities under both normal and stressed conditions, without incurring unacceptable losses. Sources of liquidity risk include unforeseen withdrawals of demand deposits, increased demand for loans and drawdown on available credit limits, and inability to liquidate a marketable asset. The Group maintains a portfolio of short term liquid assets to ensure that sufficient liquidity is maintained for daily operational requirements.

For personal use only

NOTES TO THE FINANCIAL REPORT

**5. FINANCIAL RISK AND CAPITAL MANAGEMENT**

**5.1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**5.1.5 Liquidity risk (continued)**

The Group has documented its strategy to manage liquidity risk in a liquidity policy and liquidity management plan which includes the following activities by Management:

- On a daily basis, an assessment is made of the daily cash position and the investment action to be undertaken.
- On a daily basis, a summary of the Group's liquidity position, including movements in major liquid assets and liabilities is reviewed.
- On a monthly basis, the liquidity position is reported to the Board, including an explanation of significant movements and corrective action taken, where applicable.
- Regularly reporting current and emerging liquidity management trends to the Board and highlighting risk areas and relevant market conditions/expectations.

Deposits are the liability class that presents the major source of risk to the Group's liquidity management. Concentrations within this class of financial liability are measured in terms of exposures to individual depositors and groups of related depositors. As at 30 June 2025 there were no deposits greater than 10% of total liabilities (2024: nil).

The liquidity ratio is calculated based on the formula prescribed by APRA in APS 210 as summarised below:

<i>In thousands of AUD</i>	<b>Consolidated</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
High quality liquid assets	288,756	302,441	287,608	301,296
Adjusted liability base for regulatory purposes	1,091,745	1,351,720	1,091,101	1,350,976
Liquidity ratio (As at 30 June)	26.45%	22.37%	26.36%	22.30%

**5.1.6 Operational risk**

Operational risk is a risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks (such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour). Operational risks arise from all of the Company's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the avoidance of financial loss and damage to the Group's reputation, against excessive cost and control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of the Company's overall standards for management of operational risk in the following areas:

- Compliance with regulatory and other legal requirements
- Third party supplier relationships including the risk of modern slavery
- Business continuity and contingency planning
- People and key person risk including training and professional development
- Outsourcing risk associated with materially outsourced services
- Competition risk
- Fraud risk
- Requirements for appropriate segregation of duties, including independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Documentation of controls and procedures
- Anti-money laundering (AML)/Know your customer (KYC) protocols
- IT security and vendor management
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified

For personal use only

NOTES TO THE FINANCIAL REPORT

**5. FINANCIAL RISK AND CAPITAL MANAGEMENT**

**5.1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**5.1.6 Operational risk (Continued)**

- Requirements for the reporting of operational losses and proposed remedial action
- Ethical and business standards
- Risk mitigation, including insurance where this is effective

Resources for operations are reviewed regularly to ensure appropriate investment occurs in people, technology and processes to enhance the operational risk management framework. Security of data and restriction of access to IT systems is a key area of focus to ensure the Group continues to function and service customers and brokers effectively, without increasing risk of data breaches.

**5.1.7 Fair value of financial assets and liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Wherever possible, fair values are calculated by the Group using unadjusted quoted market prices in active markets for identical instruments. A quoted price in an active market provides the most reliable evidence of fair value. For all other financial instruments, the fair value is determined by using other valuation techniques.

As part of the fair value measurement, the Group classifies its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the hierarchy are described below:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable in an active market
- Level 3 — Valuation techniques for which significant inputs to the fair value measurement are not based on observable market data

The Group measures most financial instruments at amortised cost, however disclosure of fair value is made throughout these financial statements.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value is determined on the basis of the present value of expected future cash flows under the terms and conditions of each financial asset or liability. Significant assumptions used in determining the cash flows are that the cash flows will be consistent with the contracted cash flows under the respective contracts. The information is only relevant to circumstances at the reporting date and will vary depending on the contractual rates applied to each asset or liability, relative to market rates and conditions at the time. No assets held are regularly traded by the Group. Investments in listed entities are tradeable on public markets and are classified as Level 1 financial assets in the fair value hierarchy. At the reporting date, the Group does not hold any Level 1 financial assets.

For personal use only

NOTES TO THE FINANCIAL REPORT

5. FINANCIAL RISK AND CAPITAL MANAGEMENT

5.1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

5.1.7 Fair value of financial assets and liabilities (continued)

<i>In thousands of AUD</i>	Consolidated			
	Fair value		Carrying amount	
	2025	2024	2025	2024
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	107,329	157,352 <sup>1</sup>	107,329	157,352 <sup>1</sup>
Accrued commission receivable	183	242	183	242
Due from other financial institutions	75,764	52,972 <sup>1</sup>	75,764	52,972 <sup>1</sup>
Investment securities	127,644	110,895	129,061	115,113
Loans and advances	905,639	1,380,566	905,634	1,378,211
Total financial assets	1,216,559	1,702,027	1,217,971	1,703,890
<b>Financial liabilities</b>				
Deposits	1,007,955	1,269,584	1,008,308	1,270,643
Accrued commission payable	65	94	65	94
Other financial liabilities	90,449	321,438	90,449	321,438
Creditors and other payables	5,969	5,013	5,969	5,013
Total financial liabilities	1,104,438	1,596,129	1,104,791	1,597,188
	Bank			
<b>Financial assets</b>				
Cash and cash equivalents	104,374	149,060 <sup>1</sup>	104,374	149,060 <sup>1</sup>
Due from other financial institutions	75,764	52,972 <sup>1</sup>	75,764	52,972 <sup>1</sup>
Investment securities	127,644	110,895	129,061	115,113
Loans and advances	903,490	1,378,883	903,483	1,376,744
Other receivables	151	2,545	151	2,545
Total financial assets	1,211,423	1,694,355	1,212,833	1,696,434
<b>Financial liabilities</b>				
Deposits	1,007,955	1,269,584	1,008,308	1,270,643
Other financial liabilities	88,052	318,402	88,052	318,402
Creditors and other payables	5,390	4,923	5,390	4,923
Total financial liabilities	1,101,397	1,592,909	1,101,750	1,593,968

<sup>1</sup> FY 2024 Reclassification of \$39m from due from other financial institutions to Cash and Cash equivalents

For personal use only

NOTES TO THE FINANCIAL REPORT

**5. FINANCIAL RISK AND CAPITAL MANAGEMENT**

**5.1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**5.1.7 Fair value of financial assets and liabilities (continued)**

The fair value estimates were determined by the following methodologies and assumptions:

*Cash and Amounts Due from other financial institutions*

The carrying values of cash and liquid assets and receivables due from other financial institutions redeemable within 12 months approximate their fair value as they are short term in nature or are receivable on demand.

*Accrued commission receivable and other receivables*

The carrying values of receivables approximate fair value as they are short term in nature and collected within 12 months.

*Loans and advances*

The carrying value of loans and advances is net of provisions for doubtful debts. For variable rate loans, (excluding impaired loans) the amount shown in the statement of financial position is considered to be a reasonable estimate of fair value. For fixed rate loans the fair values are based on cash flows discounted at a rate reflecting current market rates adjusted for counterparty credit risk.

*Investment Securities*

Investment Securities comprise floating rate notes issued by Australian banks and bonds issued by the Commonwealth and state governments. These securities can be traded in secondary markets and fair value has been determined by indicative prices as quoted on Bloomberg.

*Deposits*

The fair value of call and variable rate deposits, and fixed rate deposits repricing within 12 months, is the amount shown in the statement of financial position. Discounted cash flows were used to calculate the fair value of other term deposits, based upon the deposit type and the rate applicable to its related period maturity.

*Accrued commission payable, creditors and other payables*

The carrying values of payables approximate fair value as they are short term in nature.

*Other financial liabilities*

Refer to note 4.5. Recognised at amortised cost, the other financial liabilities comprise securitisation liabilities and subordinated floating rate notes.

**5.2 CAPITAL MANAGEMENT**

**5.2.1 Overview**

The Group is licensed as an Authorised Deposit-taking Institution (ADI) under the Banking Act 1959 and is subject to prudential supervision by APRA.

**5.2.2 Capital management**

The Company's regulator, the Australian Prudential Regulation Authority (APRA) prescribes minimum capital requirements for the Company (Level 1) and the Group (Level 2). The Board determines the minimum capital adequacy ratio (CAR) applicable to both Level 1 and 2 in order to ensure sufficient buffer is maintained above the APRA prescribed minimums. Regulatory capital comprises eligible capital instruments, retained earnings and reserves less prescribed deductions. The CAR is determined as the percentage of regulatory capital to risk weighted assets. Risk weighted assets are determined by applying prescribed risk weights to individual assets, with the risk weights set according to Basel III standard methodology, reflecting the risk attached to each asset.

The Group has documented its strategy to manage capital in its internal capital adequacy assessment process which includes the capital management plan. Capital management is an integral part of the Group's risk management framework.

For personal use only

NOTES TO THE FINANCIAL REPORT

**5. FINANCIAL RISK AND CAPITAL MANAGEMENT**

**5.2 CAPITAL MANAGEMENT**

**5.2.2 Overview (continued)**

The APRA Prudential Standards include APS 110 Capital Adequacy which:

- Imposes on the Board a duty to ensure that the Company and Group maintains an appropriate level and quality of capital commensurate with the level and extent of the risks to which the Company and Group is exposed from its activities; and
- Obliges the Company and Group to have in place an Internal Capital Adequacy Assessment Process (ICAAP).

During 2023, APRA determined BNK, in regard to APS 111, should deduct from Common Equity Tier 1 Capital, the amount of the cumulative unrealised fair value losses on its debt securities portfolio. At 30 June 2025 this amounted to \$1.4m (2024: \$4.2m).

In accordance with the Group's capital management objectives, the Company's and Group's regulatory minimum capital requirements were exceeded at all times throughout the year.

<i>In thousands of AUD</i>	<b>Consolidated (Level 2)</b>		<b>Bank (Level 1)</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
			<b>\$</b>	<b>\$</b>
Tier 1 capital	104,955	94,260	101,372	91,304
Tier 2 capital	26,781	26,863	26,712	26,559
Total regulatory capital	131,736	121,123	128,084	117,863
Risk weighted assets	454,361	518,577	454,045	521,133
Capital adequacy ratio	28.99%	23.36%	28.21%	22.62%

**5.2.3 Share capital**

<i>In thousands of AUD</i>	<b>Note</b>	<b>Consolidated</b>	
		<b>2025</b>	<b>2024</b>
		<b>\$</b>	<b>\$</b>
Share capital		100,353	100,329
		<b>2025</b>	<b>2024</b>
		<b>Number of shares</b>	<b>Number of shares</b>
Movements in ordinary shares on issue		<b>\$</b>	<b>\$</b>
Beginning of the financial year		118,719,405	118,719,405
Issued during the year in a placement		-	-
Exercise of performance rights		40,000	-
		118,759,405	118,719,405
Less equity raising costs	5.2.4	-	-
		(3,335)	(3,335)
		118,759,405	118,719,405

**Terms and conditions of ordinary shares**

The Company does not have authorised capital nor par value in respect of its issued capital.

Ordinary fully paid shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary fully paid shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

For personal use only

NOTES TO THE FINANCIAL REPORT

**5. FINANCIAL RISK AND CAPITAL MANAGEMENT**

**5.2 CAPITAL MANAGEMENT**

**5.2.4 Equity raising costs**

<i>In thousands of AUD</i>	Consolidated	
	2025	2024
	\$	\$
Balance at the beginning of the year	3,335	3,335
Equity raising costs incurred	-	-
Deferred tax recognised directly in equity	-	-
Balance at the end of the year	3,335	3,335

**Accounting policy - Recognition and measurement**

The transaction costs of a new equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. Transaction costs include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties.

**5.3 EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing the net profit or loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit or loss attributable to ordinary equity holders of the Company adjusted for the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

<i>In thousands of AUD</i>	Consolidated	
	2025	2024
	\$	\$
Net profit/(loss) attributable to ordinary share holders	1,283	(6,701)
Basic earnings per share (cents)	1.08	(5.64)
Diluted earnings per share (cents)	1.08	(5.64)
Weighted average number of ordinary shares	<b>2025</b>	<b>2024</b>
Issued Share Capital 1 July	118,719,405	118,719,405
Effect of performance rights exercised	5,151	-
Weighted average ordinary shares for basic earnings per share 30 June	118,724,556	118,719,405
Effect of performance rights exercised	34,739	-
Weighted average ordinary shares for diluted earnings per share 30 June	118,759,295	118,719,405

**5.4 DIVIDENDS PAID OR PROPOSED AND FRANKING ACCOUNT**

No dividend was paid or declared by the Group in the reporting period or comparable period.

For personal use only

NOTES TO THE FINANCIAL REPORT

**5. FINANCIAL RISK AND CAPITAL MANAGEMENT**

**5.4 DIVIDENDS PAID OR PROPOSED AND FRANKING ACCOUNT (Continued)**

Franking credit balance

<i>In thousands of AUD</i>	<b>2025</b>	<b>2024</b>
	\$	\$
The amount of franking credits available for the subsequent financial years are:		
Franking account balance as at the end of the financial year at 30% (2024: 30%)	2,837	2,837
Franking credits that arise from additional tax paid/(refunded) in prior financial years	(2,832)	-
Franking credits that will arise from the payment/(receipt) of income tax payable/receivable as at the end of the financial year	-	-
Franking credits available for subsequent reporting periods at 30% (2024: 30%)	5	2,837

**6. GROUP STRUCTURE**

**6.1.1 Investments in subsidiaries**

<i>In thousands of AUD</i>	Note	Bank	
		<b>2025</b>	<b>2024</b>
		\$	\$
Investments in subsidiaries at cost		19,896	19,896

Subsidiaries

Subsidiary name	Segment	Ownership	
		<b>2025</b>	<b>2024</b>
Iden Holdings Pty Ltd	Banking	100%	100%
Better Choice Home Loans Pty Ltd	Banking	100%	100%
Pioneer Mortgage Holdings Pty Ltd	Banking	100%	100%
Bullion Trust No.1	Banking	100%	100%
Primus Trust 2023-1R	Banking	100%	100%

**Accounting policy - Recognition and measurement**

‘Subsidiaries’ are entities controlled by the Group. The Group ‘controls’ an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee. Consolidated structured entities (CSEs) are established for specific pre-defined purposes operating within a contractual framework.

The financial statements of subsidiaries and CSEs are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Non-controlling interests are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition, and not considered material to the Group. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisitions is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

For personal use only

NOTES TO THE FINANCIAL REPORT

**7. OTHER NOTES**

**7.1 Property, plant and equipment**

<i>In thousands of AUD</i>	Note	Consolidated		2025 \$	Bank 2024 \$
		2025 \$	2024 \$		
Office equipment and leasehold improvements		306	206	142	78
Accumulated depreciation		(205)	(180)	(83)	(66)
		101	26	59	12
Computer equipment and IT hardware		339	171	313	145
Accumulated depreciation		(180)	(171)	(154)	(145)
		159	-	159	-
Right of use assets		1,026	1,581	469	761
Accumulated depreciation		(124)	(1,418)	(78)	(694)
		902	163	391	67
Total property, plant and equipment		1,162	189	609	79

Reconciliations of the carrying value for each class of property, plant and equipment are set out below:

<i>Consolidated In thousands of AUD</i>	Right of Use	Office	Computer	Total
	Asset	Equip & L/H imp	equip & IT hardware	
	\$	\$	\$	\$
Opening written down value at 1 July 2024	162	26	-	188
Additions	1,026	100	167	1,293
Disposals	-	-	-	-
Depreciation	(286)	(25)	(8)	(319)
Closing written down value at 30 June 2025	902	101	159	1,162

<i>Bank In thousands of AUD</i>	Right of Use	Office	Computer	Total
	Asset	Equip & L/H imp	equip & IT hardware	
	\$	\$	\$	\$
Opening written down value at 1 July 2024	67	12	-	79
Additions	469	64	167	700
Disposals	-	-	-	-
Depreciation	(144)	(18)	(8)	(170)
Closing written down value at 30 June 2025	392	58	159	609

**Accounting policy - Recognition and measurement**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

**Plant and Equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

For personal use only

NOTES TO THE FINANCIAL REPORT

**7. OTHER NOTES**

**7.1 Property, plant and equipment (continued)**

The cost of fixed assets within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

**Right of use assets**

The Group has recognised right of use assets relating to its leases pursuant to AASB 16 Leases. During 2025, the Group renewed leases for its Perth and Gold Coast corporate offices, resulting in an increase in asset value as demonstrated in the disclosure above.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (refer to note 7.4) adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

**Depreciation**

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate	Method of Depreciation
Office plant and equipment and Leasehold improvements	2-5 years	Straight-line
Right of use assets	3-6 years	Straight-line
Computer equipment and programs	2-3 years	Straight-line

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to profit or loss.

For personal use only

NOTES TO THE FINANCIAL REPORT

7. OTHER NOTES

7.2 Goodwill and other intangible assets

<i>In thousands of AUD</i>	2025 \$	Consolidated 2024 \$	2025 \$	Bank 2024 \$
Goodwill	3,500	3,500	-	-
Brand names, trademarks and domain names	170	170	170	170
Other intangible assets	176	176	176	176
Accumulated amortisation	(93)	(75)	(93)	(75)
	83	101	83	101
<b>Total goodwill and other intangibles</b>	<b>3,753</b>	<b>3,771</b>	<b>253</b>	<b>271</b>

Reconciliation of intangible assets

<i>In thousands of AUD</i>	Goodwill \$	Consolidated Brand names & Trademarks \$	Other Intangible \$	Total \$
Balance at 1 July 2023	7,100	170	119	7,389
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation/Impairment	(3,600)	-	(18)	(3,618)
Balance at 1 July 2024	3,500	170	101	3,771
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation/Impairment	-	-	(18)	(18)
Closing balance at 30 June 2025	3,500	170	83	3,753

<i>In thousands of AUD</i>	Bank Brand names & trademarks \$	Other Intangible \$	Total \$
Balance at 1 July 2023	170	119	289
Additions	-	-	-
Amortisation	-	(18)	(18)
Balance at 1 July 2024	170	101	271
Additions	-	-	-
Amortisation	-	(18)	(18)
Closing balance at 30 June 2025	170	83	253

Goodwill and other intangible assets with a finite life recognised upon acquisition of subsidiaries are measured at cost less accumulated impairment losses.

Costs incurred in acquiring software or developing software, that is not cloud based Software as a Service (SaaS) that will contribute to future period financial benefits through income generation and/or cost reduction are capitalised to computer software. Costs capitalised include external direct costs of materials, service, consultants spent on the project and internal costs of employees directly engaged in delivering the project. For software in the course of development, amortisation commences once development is complete and the software is in use.

For personal use only

NOTES TO THE FINANCIAL REPORT

7. OTHER NOTES

7.2 Goodwill and other intangible assets (continued)  
Accounting policy - recognition and measurement

Other intangible assets are recognised at cost less accumulated amortisation and impairment losses.

Subsequent expenditure is recognised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands is recognised in profit or loss.

Amortisation

Amortisation is calculated to write-off the asset less its estimated residual value using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised, but tested annually for impairment.

The estimate useful lives of intangible assets with a finite useful life are as follows:

- Other 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

Impairment testing for CGUs containing goodwill

For the purpose of impairment testing, goodwill has been allocated to the Group's cash generating units (CGUs) as follows:

<i>In thousands of AUD</i>	<b>2025</b>	<b>2024</b>
	\$	\$
Banking	3,500	3,500
Total goodwill	3,500	3,500

Bank CGU was tested for impairment using the value in use approach, by discounting future cash flows (5 years), estimated from the continuing use of the CGU. This resulted in a terminal value in use of \$46.9m.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent the Group's best estimates of future CGU performance, after considering internal and external sources of information.

<b>Input</b>	<b>2025</b>	<b>2024</b>
Discount rates (post-tax)	11.1%	11.8%
Terminal value growth rate	2.5%	2.5%
Budgeted net income growth rate (average of next 5 years)	22%	29%
Budgeted cost rates (average of next 5 years)	12%	7%

Discount rates were determined after assessing the Group's weighted average cost of capital and adjusting for risks specific to the CGU and/or the risks inherent to the cash flow forecasts. The cash flow projections include specific estimates from companies considered comparable over five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term growth rate, consistent with the assumptions that a market participant would expect.

Budgeted income was based on the Group's plans for the CGU taking into account past experience and adjustments regarding expectations of future outcomes including economic conditions.

For personal use only

NOTES TO THE FINANCIAL REPORT

7. OTHER NOTES

7.2 Goodwill and other intangible assets (continued)

*Sensitivity Scenario*

Management has reviewed both the Long-term growth and discount rate included in the impairment testing. In order to demonstrate the sensitivities within the impairment testing, management has stress tested these two key assumptions to the point at which impairment would be triggered.

Input	Standard	Stressed movement +/-
Discount rates (post-tax)	11.1%	2.8%
Budgeted NPAT growth rate (average of years 4-5)	79.0%	28.8%

Based on the above stress testing, management is satisfied that levels are appropriate and sufficient headroom remains given the approach already taken during the core testing and the stress testing performed. Management will continue to assess the carrying value of goodwill against forward forecasts and economic conditions.

7.3 Provisions

In thousands of AUD	Note	Consolidated		Bank	
		2025 \$	2024 \$	2025 \$	2024 \$
Provision for annual leave		748	700	748	700
Provision for long service leave		336	285	336	285
Total provisions		1,084	985	1,084	985

**Accounting policy - recognition and measurement**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits that are due to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the Group to employee nominated superannuation funds and are charged as expenses when incurred.

7.4 Leases

Lease liabilities are payable as follows.

In thousands of AUD	Consolidated (\$)			Bank (\$)		
	Future minimum lease payments	Interest	Present value of lease payments	Future minimum lease payments	Interest	Present value of lease payments
Less than one year	306	70	236	175	28	147
Between one and five years	782	88	694	271	16	255

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

For personal use only

NOTES TO THE FINANCIAL REPORT

**7. OTHER NOTES**

**7.4 Leases (continued)**

*Group acting as a lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Group recognises a right-of-use asset (refer to note 7.1) and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments; or
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets within 'property, plant and equipment' and lease liabilities in 'commission and other payables' in the Consolidated Statement of Financial Position.

*Short-term leases and leases of low-value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

*Group acting as a lessor*

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Group acts as lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

**7.5 Related Party Disclosures**

Information regarding individual Directors and Executive compensation and some equity instrument disclosures as required by the Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' report. Disclosure of the compensation and other transactions with key management personnel (KMP) is required pursuant to the requirements of Australian Accounting Standard AASB 124 Related Party Disclosures. The KMP of the Company comprises the Non-Executive Directors and Executives.

For personal use only

NOTES TO THE FINANCIAL REPORT

**7. OTHER NOTES**

**7.5.1 Key Management Personnel (KMP)**

The aggregate compensation of KMP during the year comprising amounts paid or payable or provided for was as follows:

<i>In thousands of AUD</i>	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	2,255	2,018
Post-employment benefits	187	171
Other long-term benefits	169	176
Termination benefits	27	131
	<b>2,638</b>	<b>2,496</b>

In the above table, remuneration shown as short term benefits means (where applicable) wages, salaries and other contributions, paid annual leave and paid sick leave, and bonuses, value of fringe benefits received, but excludes out of pocket expense reimbursements. The above details will differ to those detailed in notes 4.3 and 6.0 of the Remuneration report for the comparable year as only KMP's in the current year are included under the comparable period in the remuneration report.

**7.5.2 Share-Based Payments**

Shareholders of the Company approved the continuation of the BNK Equity Incentive Plan or ("the Plan") at the 2019 Annual General Meeting. Pursuant to the terms of the Plan, executives and employees may be offered performance rights that entitle the executive to the Company delivering fully paid ordinary shares, either issued by the Company or acquired on market at the election of the Board. Additionally, the Plan enables the Company to grant fully paid ordinary shares to employees from time to time.

*Performance rights – grant dates*

<b>Grant Date</b>	<b>Name</b>	<b>Rights #</b>	<b>Employee #</b>	<b>Vesting Date</b>	<b>Exercised</b>	<b>Exercised held in Escrow</b>	<b>Forfeited</b>	<b>Balance</b>
1/09/2021	FY21 Bonus	287,500	6	1/09/2021 1/09/2025	194,885 -	- 38,440 <sup>1</sup>	- 28,550	- 25,625

<sup>1</sup> Options held in Escrow and will be released in line with remaining rights being 4 years from grant date.

There have been no new Share Options /Performance Rights granted during the reporting period to 30 June 2025.

*Performance rights – fair value and vesting conditions*

The Group had no Performance Rights expensed in the period to 30 June 2025.

**Accounting policy - recognition and measurement**

The grant date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense with a corresponding increase in equity over the vesting period of the awards. The amount recognised is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the awards that meet the related service and non-market performance conditions at the vesting date.

For personal use only

NOTES TO THE FINANCIAL REPORT

**7. OTHER NOTES**

**7.5.3 Transactions with KMP**

The Company's policy for lending to Directors and management is that all loans are approved and deposits accepted on the same terms and conditions that applied to the general public for each class of loan or deposit. There are no loans that are impaired in relation to the loan balances with Directors or other KMPs.

The Company's policy for receiving deposits from KMP is that all transactions are approved and deposits accepted on the same terms and conditions that applied to the general public for each type of deposit.

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Total value of term and savings deposits from KMP at reporting date	20,704,678	94,513
Total interest paid/payable on deposits to KMP	617,556	1,569
Total value of loans to KMP at reporting date	2,369,500	2,658,140
Total interest received/receivable on loans from KMP	155,497	159,675

During the reporting period, one new loan was provided to David Thorn (COO) whilst he was a KMP.

**7.5.4 Transactions with other related parties**

Other transactions between related parties include deposits from Director related entities or close family members of Directors, and other KMP. The Company's policy for receiving deposits from related parties is that all transactions are approved and deposits accepted on the same terms and conditions that applied to customers for each type of deposit. There are no benefits paid or payable to the close family members of the KMP.

**7.5.5 Related party transactions with director related entities**

During the reporting period the Group sub-leased office space from AURA Group Services, a related entity of Mr Calvin Ng (Director). Rental income (inc GST) paid during the reporting period totaled \$102,960 (2024: \$90,577). There was no balance receivable at 30 June 2025 (2024: Nil).

The group received trail commission income from two wholesale related parties where BNK Directors hold key positions. Resimac Limited (Warren McLeland as BNK Director) and FirstMac Services Pty Ltd (David Gration as BNK Director), contributed \$438,395 (FY24: \$550,478) and \$46,176 (FY24: \$76,177) respectively of trail income commissions to the Group during FY25 (incl GST).

The group also pays Commissions to FirstMac Limited for commissions on deposits raised through BNK (David Gration as BNK Director), during FY25 BNK paid \$50,375 and \$243,917 in FY24.

For personal use only

NOTES TO THE FINANCIAL REPORT

**7. OTHER NOTES**

**7.6 Auditor's remuneration**

**Auditors of the Group**

During FY2024, Grant Thornton Audit Pty Ltd (Grant Thornton) was appointed as Auditor of BNK. The below disclosure reflects the total fees paid to both the outgoing Auditor, KPMG and Grant Thornton across each Finance year of 2025 and 2024.

<i>In AUD</i>	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Audit and review of the financial statements	407,320	133,703
Regulatory audit services	135,774	44,568
Total audit and assurance services paid to Grant Thornton	543,094	178,271
Audit and review of the financial statements	-	375,573
Regulatory audit services	-	125,191
Total audit and assurance services paid to KPMG <sup>1</sup>	-	500,764
Accounting and tax opinions		
Tax advisory services	21,470	74,296
Total amounts paid to Grant Thornton Audit Pty Ltd	564,564	252,567
Non-audit services	-	-
Total audit and assurance services	543,094	679,035
Total tax advisory services	21,470	74,296
Total amounts paid to Grant Thornton Audit Pty Ltd and KPMG	564,564	753,331

<sup>1</sup> Payments made to KPMG during FY24 were in relation to the FY23 external audits fully accrued during FY23.

Pursuant to the Company's policy, the Chair of the Audit Committee approves non-audit services prior to their commencement. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants. The Directors are satisfied the provision of non-audit services has complied with the auditor independence requirements in Australia.

**7.7 Standby borrowing facilities**

The Company has an overdraft facility of \$10,000,000 (2024: \$10,000,000) with CUSCAL Ltd which is secured by a cash deposit. As at 30 June 2025, the entire facility was unused (2024: \$nil).

For personal use only

NOTES TO THE FINANCIAL REPORT

**7. OTHER NOTES**

**7.8 Commitments and contingencies**

<i>In thousands of AUD</i>	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
(a) Capital expenditure	-	-
(b) Outstanding loan commitments		
Loans approved not advanced	486	2,681
Loan funds available for redraw	56,510	57,064
Unutilised overdraft limits	286	301
Total lending commitments	57,282	60,046

**Accounting policy - recognition and measurement**

Transactions are classified as contingent liabilities where the Group's obligations depend on uncertain future events and principally consist of obligations to third parties. Items are classified as commitments where the Company has irrevocably committed itself to future transactions. These transactions will either result in the recognition of an asset or liability in future periods.

**7.9 Events subsequent to balance date**

There have been no matters or circumstances of a material nature that have arisen since the end of the financial year which in the opinion of the Directors significantly affected or may significantly affect the operations of the Company, the results of the operations or the state of affairs of the Group in future financial years.

For personal use only

**CONSOLIDATED ENTITY DISCLOSURE STATEMENT**

**As at 30 June 2025**

Set out below is a list of entities that are consolidated in this set of Consolidated financial statements at the end of the financial year.

Name of entity	Type of entity	Trustee, partner, or participant in joint venture	Place incorporated	% of share capital held	Australian or Foreign resident	Foreign tax jurisdiction of foreign residents
BNK Banking Corporation Limited	Body Corporate	n/a	Australia	100%	Australian	n/a
Iden Holdings Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Better Choice Home Loans Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Pioneer Mortgage Holdings Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Bullion Trust No.1	Trust	n/a	Australia	NA	Australian	n/a
Primus Trust 2023-1R	Trust	n/a	Australia	NA	Australian	n/a

**Basis of preparation**

This consolidated entity disclosure statement has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

For personal use only

## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of BNK Banking Corporation Limited, I declare that:

1. In the opinion of the Directors:
  - a. The consolidated financial statements and notes of BNK Banking Corporation Limited for the financial year ended 30 June 2025 are in accordance with the Corporations Act 2001, including:
    - i. Giving a true and fair view of its financial position as at 30 June 2025 and performance for the financial year ended on that date;
    - ii. Complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
  - b. The consolidated entity disclosure statement is true and correct as at the 30<sup>th</sup> June 2025.
  - c. The Directors draw attention to Note 1.2(b) to the consolidated financial statements which include a statement of compliance with International Financial Reporting Standards.
  - d. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2025.

On behalf of the Board



Jon Denovan

Jon Denovan  
Chairman

28th August 2025

For personal use only

# Independent Auditor's Report

To the Shareholders of BNK Banking Corporation Ltd

**Grant Thornton Audit Pty Ltd**  
Level 26  
Grosvenor Place  
225 George Street  
Sydney NSW 2000  
Locked Bag Q800  
Queen Victoria Building NSW  
1230  
T +61 2 8297 2400

## Report on the audit of the financial report

### Opinion

We have audited the financial report of BNK Banking Corporation Ltd. (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[www.grantthornton.com.au](http://www.grantthornton.com.au)  
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

**Key audit matter****How our audit addressed the key audit matter****Loans and advances - recoverability (Note 3.2)**

The recoverability of the loan carrying values is impacted by the quality of the loan assessment and origination process, the value of security held, the performance of the loan book and factors external to the Bank, such as macro-economic conditions.

The expected credit loss (ECL) model is reliant on data inputs and assumptions, including historical data the Group used to determine probabilities of default and incorporating forward-looking information reflecting potential future economic events. This involves significant judgement applied by the Group and required by us in challenging these assumptions.

This area is a key audit matter due to the following:

- Significance of the loans and advances balance; and
- Degree of complexity and judgement applied by the Group in determining the expected credit loss (ECL) provisions, including post-model adjustments.

Our procedures included, amongst others:

- Performing a detailed walkthrough of the model and supporting scenario analysis with relevant management personnel;
- Engaging credit risk modelling experts to assess the appropriateness of the model methodology in meeting the requirements of AASB 9 *Financial Instruments*;
- Reviewing and challenging changes in assumptions year on year as well as on the management overlay;
- Recalculating management's arrears staging of the loan portfolio based on ECL stage;
- Checking the completeness & accuracy of key loan data input into the model and mathematical accuracy;
- Testing a sample of loans across each of the stages to verify that the classification is consistent with the model;
- Performing additional data analysis over the loan portfolio to corroborate our discussions with management and further assess any areas of emerging risk for evaluation. This includes reviewing funding during the year, loan-to-value ratio (LVR), postcodes and other attributes such as Interest only and broker loans; and
- Assessing the adequacy of the financial statement disclosures.

**Goodwill - impairment (Note 7.2)**

AASB 136 *Impairment of Assets* (AASB 136) requires goodwill acquired in a business combination and any intangible assets with an indefinite useful life to be tested for impairment on at least an annual basis. Intangible assets with a finite life are to be tested for impairment only when an indicator exists.

In calculating impairment, AASB 136 requires an entity to calculate the recoverable amount of an asset. The recoverable amount is the higher of its fair value less the cost of disposal and its value in use. Management uses a model in order to determine this amount and any corresponding impairment.

Due to the judgements and estimates required in determining the recoverable amount of intangible assets held, along with the market capitalisation being lower than reported net assets, we have considered this a key audit matter.

Our procedures included, amongst others:

- Reviewing management's impairment assessment on goodwill;
- Assessing management's determination of cash generating units (CGUs) against the requirements of the accounting standards.
- Obtaining management's discounted cash flow model;
- Inquiring with management around the projections and expected future performance;
- Considering the appropriateness of inputs under AASB 136;
- Verifying the mathematical accuracy of the underlying model calculations;
- Performing a retrospective review to verify the accuracy of prior forecasts;
- Evaluating the cash flow projections and the process by which they were developed;

- Performing sensitivity analysis over the cash flow projections, discount and growth rate assumptions on CGUs to identify assumptions which are more likely to result in reduction in headroom and focus our testing in this area;
- Engaging our internal valuation specialists to determine the reasonableness of the impairment methodology adopted, review of the cash flow assumption, review of terminal year calculations and discount rates and breakeven scenario analysis; and
- Assessing the adequacy of the financial statement disclosures.

---

#### Trail commission - valuation (Note 4.4.3)

---

The Group receives trail commissions from lenders on loans funded externally via Better Choice Home Loans Pty Ltd. Upon initial recognition, a contract asset is recognised in accordance with AASB 15 *Revenue from Contracts with Customers* and represents the estimate of the variable consideration to be received.

The value of the trail commissions receivable and the corresponding payable is determined using a net present value (NPV) approach which includes assumptions such as discount rates, run-off rates and average loan life.

Given significant judgements and estimates are involved in estimating the net present value of the contract assets and contract liabilities, we consider this to be a key audit matter.

Our procedures included, amongst others:

- Reviewing Management's NPV assessment in line with the requirements of the accounting standards;
  - Inquiring with management to understand model methodology;
  - Evaluating the reasonableness of management's key judgements in estimating the NPV balances, including selection and application of methods/models, significant assumptions, and data sources and selection of point estimate;
  - Evaluating the completeness, accuracy and relevance of data; and
  - Assessing the adequacy of the financial statement disclosures.
- 

#### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the financial report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 (other than the consolidated entity disclosure statement); and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/media/bwvjcgre/ar1\\_2024.pdf](https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf). This description forms part of our auditor's report.

#### **Report on the remuneration report**

##### **Opinion on the remuneration report**

We have audited the Remuneration Report included in pages 12 to 20 of the Directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of BNK Banking Corporation Ltd., for the year ended 30 June 2025 complies with section 300A of the *Corporations Act 2001*.

#### **Responsibilities**

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



C L Scott  
Partner – Audit & Assurance

Sydney, 28 August 2025

**ADDITIONAL ASX INFORMATION**

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 28th August 2025.

**(a) Distribution of equity securities**

Spread of holdings	Number of holders	Number of units	Percentage of total issued capital
1 - 1,000	112	48,884	0.04%
1,001 - 5,000	1,539	3,715,369	3.13%
5,001 - 10,000	103	856,146	0.72%
10,001 - 100,000	232	8,448,559	7.11%
100,001 +	74	105,690,447	89.00%
<b>TOTAL</b>	<b>2,058</b>	<b>118,759,405</b>	<b>100%</b>

**(b) Twenty largest holders of quoted equity securities**

Rank	Shareholder	Number of units	Percentage of issued capital
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	20,536,224	17.29%
2	SF LEGACY INVESTMENTS LIMITED	11,269,346	9.49%
3	TODLAW PTY LTD <CANNON A/C>	10,917,388	9.19%
4	FIRSTMAC LIMITED	10,823,650	9.11%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,688,841	7.32%
6	INGOT CAPITAL INVESTMENTS PTY LTD	3,150,578	2.65%
7	CITICORP NOMINEES PTY LIMITED	2,875,933	2.42%
8	HOLDING CORPORATION PTY LTD <NG FAMILY SUPER FUND A/C>	2,547,469	2.15%
9	CARPE DIEM ASSET MANAGEMENT PTY LTD <LOWE FAMILY A/C>	2,430,190	2.05%
10	NG CAPITAL MANAGEMENT PTE LTD	2,272,560	1.91%
11	AOYIN GROUP LIMITED	1,921,407	1.62%
12	NATIONALE SMSF PTY LTD <THE NATIONALE SUPER FUND A/C>	1,884,124	1.59%
13	KOLEET PTY LTD <KOLENDA FAMILY A/C>	1,663,274	1.40%
14	PYRAMID CAPITAL PTY LTD	1,581,969	1.33%
15	LAZARUS SECURITIES PTY LTD <CLIENT A/C>	1,271,902	1.07%
16	BOSS LADY HOLDING PTY LTD	1,153,333	0.97%
17	NOAH JAMES INVESTMENTS PTY LTD <ROCCO VENEZIANO FAMILY A/C>	1,133,721	0.95%
18	SAVOT 1 PTY LTD <THE SAVINS FAMILY A/C>	1,062,719	0.89%
19	MR JOHN PHILIP POWELL & MS GEORGIA LOUISE RASMUSSEN <THE ROW 34 SUPER FUND A/C>	1,059,269	0.89%
20	SHEFFIELD MANAGEMENT PTY LTD <MARK S HANCOCK S/F A/C>	1,038,120	0.87%
			<b>75.18%</b>

For personal use only