BNK Banking Corporation Limited
Level 14, 191 St Georges Terrace
Perth WA 6000

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BNK Banking Corporation Limited – Half Year Report
(Appendix 4D) for the half year ended 31 December 2024

The Directors of BNK Banking Corporation Limited (the "Company") are pleased to announce the results of the Company for the half year ended 31 December 2024 as follows:

Results for announcement to the market

Extracted from the Interim Financial Statements for the half year ended	**Movement**	**$'000 31 December 2024**	**$'000 31 December 2023**
Revenue from operations	58%	12,757	8,065
Profit/(loss) after tax attributable to Members	118%	320	(1,816)

No dividend was paid or declared by the Company in the period and up to the date of this report. No dividends were paid or declared by the Company in respect of the previous half year

	31 December 2024	**31 December 2023**
Net Tangible Assets per share	$0.99	$1.00

The remainder of the information requiring disclosure to comply with Listing Rule 4.2A is contained in the attached copy of the Interim Financial Statements and comments on performance of the Company included in the Investor Presentation dated 26 February 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.

Yours faithfully

Jennifer Spicer
Company Secretary

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BNK Banking Corporation Limited
ABN 63 087 651 849

Interim Financial Report
For the six months ended 31 December 2024

CONTENTS

CORPORATE INFORMATION 3
DIRECTORS' REPORT 4
AUDITOR'S INDEPENDENCE DECLARATION 6
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 7
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 8
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 9
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS 10
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 11
DIRECTORS' DECLARATION 21
INDEPENDENT AUDITOR'S REVIEW REPORT 22

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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 Jenifer Spicer

The registered office and principal place of business of the Company is:
Level 14, 191 St George's Terrace
Perth WA 6000
Phone: +61(8) 9438 8888

Other Locations:

Gold Coast Office
Level 5, 50 Cavill Avenue
Surfers Paradise Qld 4217
Sydney Office
Level 11, 9 Castlereagh Street
Sydney NSW 2000

Share Registry:
Automic 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

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/

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DIRECTORS' REPORT

The Directors present their report on the consolidated entity comprising BNK Banking Corporation Limited ("BNK" or the "Company") and the entities it controlled ("the Group") as at or during the half-year ended 31 December 2024.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Mr J Denovan	Chairman and Non-Executive Director
Ms E A Aris	Non-Executive Director
Mr K W Ng	Non-Executive Director
Mr D Gration	Non-Executive Director
Mr W McLeland	Non-Executive Director

PRINCIPAL ACTIVITIES

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

The Group provides 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 ($300m) along with a self-securitisation warehouse of $300m.
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 Group earns net interest income and service fees from providing a range of services to its retail and small business customers.

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 to reflect a management reported basis of the underlying performance of the business, unless otherwise stated. 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 reports.
The reconciliation between the statutory results (IFRS) and the management/underlying reported (non-IFRS) results is presented below:

	1H25	1H24	Change
Statutory Net Profit/(Loss) After Tax ($'000s)	**320**	**(1,816)**	**118%**
Expense adjustments			
• CBS Replacement Project implementation costs	845	-	
Non-Cash Elements			
• Movement in Contract Assets/Contract Liabilities	1,252	899	
Tax effect of adjustments	(631)	(258)	
Underlying Net Profit/(Loss) after Tax ($'000s) (Management-reported results)	**1,786**	**(1,175)**	**252%**

DIRECTORS' REPORT (cont'd)

REVIEW AND RESULTS OF OPERATIONS

The Group recorded an underlying net profit after tax from operations of $1.79 million for the half-year ended 31 December 2024, an improvement of $3.0m (252.0%) on the prior comparative period. Statutory net profit after tax of $0.3m resulted in earnings per share of 0.27 cents per share, an increase of 118% from H1 FY24: (loss of (1.53) cents per share).

Net interest income of $11.1m resulted in a 29% uplift from H1 FY24 being $8.6m, whilst operating expenses increased by 18.8% to $12.2m. Within operating expenses, the group has incurred $0.8m of contracted costs in relation to the replacement of a Core Banking System (excluded from Underlying net profit).

The Group's Average Net Interest Margin (NIM) for the 6 months to 31 December 2024 was 1.39%, up from 1.06% for the 12-month period to 30 June 2024 and 0.92% for the comparable six-month period to 31 December 2023. The increase in NIM has been driven by shifts in the composition of the Group's assets and liabilities.

Lending settlements dropped 29% during the half year to $261m compared to the period to 31 December 2023. This was expected as the Group continues its focus on selective higher margin lending and a reduced focus on prime residential loans. The total managed loan book, excluding offset balances, decreased to $2.3bn (30 June 2024: $2.5bn) of which the directly funded loan book decreased 14% to $1.18bn (30 June 2024: $1.37bn).

The loan book comprises 92% residential mortgages with an average weighted loan to valuation ratio of 60.45%. The Commercial loan book increased 24.3% from 30 June 2024 to $95.0m at 31 December 2024 with average weighted loan to valuation of 61.74%. Credit quality remains strong with loans more than 90 days in arrears equating to 0.6% of total loans.

The Group maintained a capital adequacy ratio of 26.98% compared to 23.36% at 30 June 2024 and 19.85% at 31 December 2023.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs during the reporting period.

EVENTS SUBSEQUENT TO BALANCE DATE

On 21/02/2025, Bendigo Bank reached an agreement with the Bullion Trust to purchase $220.6m of Residential Home Loans. The transaction will generate a net profit of approximately $2m, subject to finalisation of treatment, to be reflected in H2 FY25. On the effective date of settlement, the loans being sold will cease to be held on the balance sheet but will continue to be serviced by the Group, for which the Group will receive Servicing Fee income.

In the opinion of the Directors, there have been no other matters arising in the period between the end of the reporting period and the date of this report that are likely to significantly affect the operations of the Group.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

ROUNDING

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency. The Group is of 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 to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Jon Denovan
Chairman and Non-executive Director
Dated this 26th day of February 2025

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Grant Thornton Audit Pty Ltd
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Grosvenor Place
225 George Street
Sydney NSW 2000
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Queen Victoria Building NSW 1230

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Auditor's Independence Declaration

To the Directors of BNK Banking Corporation Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of BNK Banking Corporation Limited for the half-year ended 31 December 2024. 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 review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Claire Scott

C L Scott
Partner – Audit & Assurance

Sydney, 26 February 2025

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

In thousands of AUD	Note	31 Dec 2024	30 Jun 2024
		$	$
Assets			
Cash and cash equivalents	11	129,078	118,352
Due from other financial institutions	12	108,012	91,972
Other financial assets	14	113,210	115,113
Loans and advances	15	1,185,042	1,378,211
Trade and other receivables	13	3,000	5,881
Contract assets		9,518	11,421
Property, plant and equipment		63	189
Goodwill and other intangible assets	16	3,762	3,771
Total Assets		**1,551,685**	**1,724,910**
Liabilities			
Deposits	17	1,097,091	1,270,643
Other financial liabilities	19	321,696	321,438
Trade and other payables	18	5,807	5,296
Trail commission payable		2,881	3,532
Provisions		1,055	985
Deferred tax liabilities (net of assets)		2,079	1,899
Total Liabilities		**1,430,609**	**1,603,793**
Net Assets		**121,076**	**121,117**
Equity Attributable to Equity Holders			
Contributed equity			
Issued capital, net of raising costs	20	100,329	100,329
Reserves		1,281	1,641
Retained earnings		19,466	19,147
Total Equity		**121,076**	**121,117**

The accompanying notes should be read in conjunction with the financial statements

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER

In thousands of AUD	Note	31 Dec 2024	31 Dec 2023
		$	$
Interest revenue from banking activities	6	45,749	46,784
Interest expense on banking activities	6	(34,699)	(38,229)
Net interest income		11,050	8,555
Commission income	7	1,064	3
Commission expense	7	(3,326)	(1,877)
Net commission expense		(2,262)	(1,874)
Other income	8	3,969	1,384
Total net revenue		**12,757**	**8,065**
Operating expenses	9	(12,242)	(10,307)
Impairment of loans, advances and other receivables	15	85	(352)
Profit/(Loss) before income tax		**600**	**(2,594)**
Income tax (expense)/benefit	10	(280)	778
Profit/(Loss) for the period		**320**	**(1,816)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss		-	-
Total comprehensive profit/(loss) for the period		**320**	**(1,816)**
Earnings per share			
Basic earnings per share (cents)	25	0.27	(1.53)
Diluted earnings per share (cents)	25	0.27	(1.53)

The accompanying notes should be read in conjunction with the financial statements

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER

In thousands of AUD

Attributable to equity holders	Issued Capital	Equity Raising Costs	Treasury Shares	Liquidity Reserve	Share-based Payments Reserve	Retained Earnings	Total Equity
	$	$	$	$	$	$	$
Balance at 30 June 2024	**103,664**	**(3,335)**	**-**	**360**	**1,281**	**19,147**	**121,117**
Profit for the period	-	-	-	-	-	320	320
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**320**	**320**
Transactions with owners of the Company							
Special purpose vehicle reserve	-	-	-	(360)	-	-	(360)
Issue of share capital	-	-	-	-	-	-	-
Balance at 31 December 2024	**103,664**	**(3,335)**	**-**	**-**	**1,281**	**19,466**	**121,076**
Balance at 30 June 2023	**103,664**	**(3,335)**	**(103)**	**725**	**1,281**	**25,951**	**128,183**
(Loss)/Profit for the period	-	-	-	-	-	(1,816)	(1,816)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(1,816)**	**(1,816)**
Transactions with owners of the Company							
Special purpose vehicle reserve	-	-	-	(267)	-	-	(267)
Issue of share capital	-	-	-	-	-	-	-
Balance at 31 December 2023	**103,664**	**(3,335)**	**(103)**	**458**	**1,281**	**24,135**	**126,100**

The accompanying notes should be read in conjunction with the financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER

In thousands of AUD	Note	31 Dec 2024 $	31 Dec 2023 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		45,749	46,784
Fees and commissions received		6,965	3,445
Interest and other costs of finance paid		(34,175)	(37,781)
Payments to suppliers and employees		(11,527)	(15,279)
Net decrease/(increase) in loans, advances and other receivables		191,831	(125,927)
Net (decrease)/ increase in deposits		(173,553)	296,242
Payment of income taxes		(100)	-
Net payments for investments		(14,136)	(103,169)
Net cash from operating activities		**11,054**	**64,315**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts for sale of property, plant and equipment		-	15
Payment for property, plant and equipment		(34)	(18)
Net cash used in investing activities		**(34)**	**(3)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		257	10,527
Repayment of borrowings		(361)	(14,089)
Payments for lease liabilities		(190)	(182)
Net cash used in financing activities		**(294)**	**(3,744)**
Net increase in cash held		10,726	60,568
Cash and cash equivalents at 1 July		118,352	92,573
Cash and cash equivalents at the end of the period		**129,078**	**153,141**

The Consolidated Statement of Cash Flows includes all cash flows of the Group.

The accompanying notes should be read in conjunction with the financial statements

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

BNK Banking Corporation Limited ("the Company") is a company incorporated and domiciled in Australia. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as "the Group"). The principal activities of the Company are the provision of retail banking and wholesale mortgage management.

2. BASIS OF PREPARATION

These interim financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standard (AASB) 134 'Interim Financial Reporting' and the Corporations Act 2001, and with IAS 34 'Interim Financial Reporting'.

The interim financial statements do not include all the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2024.

These interim financial statements were authorised for issue by the Company's Board of Directors on 26th February 2025.

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

Changes in Accounting Standards

A. Changes adopted in the current period.

There are no new accounting standards becoming effective during the reporting period that have resulted in changes to the preparation of these condensed consolidated interim financial statements.

B. Changes to be adopted in future periods.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. The Group has not adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

The preparation of these interim financial statements that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements at 30 June 2024.

The Company's application and measurement of fair values is explained in note 24.

4. CHANGE IN ACCOUNTING POLICY

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2024. The policy for recognising and measuring income taxes in the interim period is consistent with that applied in the previous interim period and is described in note 10.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
In thousands of AUD

5. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal information provided to the chief operating decision makers, the Board of Directors, in relation to the Group's business activities.

All elements within this interim financial report to December 2024 relate to the single reporting segment of the Bank.

6. INTEREST INCOME AND EXPENSE

	31 Dec 2024	31 Dec 2023
	$	$
Interest income		
Loans and advances	38,717	38,808
Deposits with other institutions	7,032	7,976
Total interest income	45,749	46,784
Interest expense		
Deposits	24,810	29,730
Securitisation liabilities	8,728	7,343
Subordinated debt	1,157	1,123
Lease liabilities	2	10
Other	2	23
Total interest expense	34,699	38,229

7. COMMISSION INCOME AND EXPENSE

	31 Dec 2024	31 Dec 2023
	$	$
Upfront commission income	1,303	30
Trail commission income	1,664	1,997
Movement in net present value of future trail commission receivable	(1,903)	(2,024)
Total commission income	1,064	3
Upfront commission expense	2,278	1,030
Trail commission expense	1,699	1,973
Movement in net present value of future trail commission payable	(651)	(1,126)
Total commission expense	3,326	1,877

8. OTHER INCOME

	31 Dec 2024	31 Dec 2023
	$	$
Service fees and residual income	2,564	478
Lending fees	582	512
Transaction fees	463	388
Other	360	6
Total other income	3,969	1,384

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
In thousands of AUD

9. OPERATING EXPENSES

	31 Dec 2024 $	31 Dec 2023 $
Employee benefits	7,321	7,046
Information technology	2,010	1,147
Professional services	1,195	325
Other administration expenses	795	1,052
Banking services delivery	204	201
Marketing	244	99
Depreciation and amortisation	168	166
Occupancy	163	157
Securitisation expenses	142	114
Total operating expenses	12,242	10,307

10. INCOME TAX

	31 Dec 2024 $	31 Dec 2023 $
The major components of income tax benefit recognised are:		
Current income tax expense	100	-
Deferred income tax expense/(benefit)	180	(778)
Income tax expense/(benefit)	280	(778)

Income tax expense is recognised at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by the annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period.

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

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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
In thousands of AUD

11. CASH AND CASH EQUIVALENTS

	31 Dec 2024	30 Jun 2024
	$	$
Reconciliation of cash:		
Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank and on hand	94,160	81,750
Cash at Bank – restricted	34,918	36,602
	129,078	118,352

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.

12. DUE FROM OTHER FINANCIAL INSTITUTIONS

	31 Dec 2024	30 Jun 2024
	$	$
Security deposits	17,620	17,620
Negotiable certificate of deposit and term deposits	70,434	34,528
Other ADI deposits	19,958	39,824
	108,012	91,972

13. TRADE AND OTHER RECEIVABLES

	31 Dec 2024	30 Jun 2024
	$	$
Accrued commission income	213	242
Prepayments	1,603	1,802
Trade and other receivables	1,184	3,837
	3,000	5,881

14. OTHER FINANCIAL ASSETS

	31 Dec 2024	30 Jun 2024
	$	$
Investments in debt securities (measured at amortised cost)	113,210	115,113
	113,210	115,113

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
In thousands of AUD

15. LOANS AND ADVANCES

	31 Dec 2024 $	30 Jun 2024 $
(a) Classification		
Residential loans	1,082,552	1,291,483
Commercial loans	95,038	76,485
Personal loans	59	35
Overdrafts	3,239	4,716
Total gross loans and advances	1,180,888	1,372,719
Add: Unamortised broker commissions	5,777	6,679
Unamortised premium	1,560	2,081
Gross loans and receivables	1,188,225	1,381,479
Provision for impairment	(3,183)	(3,268)
	1,185,042	1,378,211

(b) Provision for impairment
Expected credit loss provision

	Stage1 $	Stage 2 $	Stage 3 $	Total $
Opening balance at 1 July 2024	1,978	242	1,048	3,268
Movements during the period:				
Residential loans	(122)	(81)	(153)	(356)
Commercial loans	104	65	96	265
Bullion warehouse	6	-	-	6
Closing balance at 31 December 2024	1,966	226	992	3,183

The decrease in the expected credit loss provision is partly due to the decrease in the gross carrying amount of loans and advances, reflecting a redirection towards Commercial lending, as well as a reduction in the delinquency rates observed and outlined below.

(c) Credit quality – loans and advances	31 Dec 2024 $	30 Jun 2024 $
Past due but not impaired		
30 days & less than 90 days	4,251	6,589
90 days & less than 182 days	2,486	6,066
182 days or more	3,556	3,973
	10,293	16,628
Impaired - mortgage loans		
Mortgage loans greater than 90 days	644	644
Overdrafts greater than 90 days	29	56
	673	700
Total past due and impaired	10,966	17,328
Neither past due nor impaired	1,169,922	1,355,391
Total gross loans and advances	1,180,888	1,372,719

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
In thousands of AUD

16. GOODWILL AND OTHER INTANGIBLE ASSETS

	31 Dec 2024	30 Jun 2024
	$	$
Goodwill	3,500	3,500
Brand names, trademarks and domain names	170	170
Other intangible assets (less accum amortisation)	92	101
Total goodwill and other intangible assets	3,762	3,771

At 31 December 2024, 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. The recoverable amount for the CGU was determined to be above the carrying amount.

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.

Input	Dec 2024	Jun 2024
Discount rates (post-tax)	11.9%	11.8%
Terminal value growth rate	2.5%	2.5%
Budgeted net income growth rate (average of next 5 years)	25%	29%
Budgeted cost rates (average of next 5 years)	9%	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 revenue was based on the Group's five year forward looking plans for the CGU taking into account past experience and adjustments regarding expectations of future outcomes including economic conditions.

No impairment loss has been recognised for the CGU at 31 December 2024.

Sensitivity Scenario
Management have 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.

The two factors stress tested are Discount rate and Net Income growth rate.

Input	Standard	Stressed movement +/
Discount rates (post-tax)	11.9%	6.69%
Budgeted NPAT growth rate (average of years 4-5)	40.6%	50.6%

The outcomes of these sensitivity tests are;

- An increase in the discount rate of 6.69% to 18.61% would result in impairment of the CGU
- A reduction in the growth rates in Yrs. 4 and 5 by 50.6% to 4.2% would result in impairment of the CGU

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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
In thousands of AUD

17. DEPOSITS

	31 Dec 2024	30 Jun 2024
	$	$
Call deposits	704,655	638,999
Term deposits	392,436	631,644
	1,097,091	1,270,643

18. TRADE AND OTHER PAYABLES

	31 Dec 2024	30 Jun 2024
	$	$
Trade creditors and accrued expenses	5,710	5,014
Accrued commission payable	97	94
Lease liabilities	-	188
	5,807	5,296

19. OTHER FINANCIAL LIABILITIES

	31 Dec 2024	30 Jun 2024
	$	$
Securitisation liabilities	297,707	297,517
Subordinated debt	23,989	23,921
Total borrowings	321,696	321,438

The Subordinated debt characteristics remain unchanged from the annual financial statements to 30 June 2024.

Securitisation liabilities represent the continued utilisation of the securitisation warehouse funding facility established in 2021. The securitisation warehouse has a facility limit of $300 million.

20. SHARE CAPITAL

	Number of shares	31 Dec 2024
Issued capital		$
Beginning of the interim period	118,719,405	103,664
Movements in the period		
Exercise of performance rights	-	-
Issue Share Options	-	-
Balance at the end of the interim period	118,719,405	103,664
Equity raising costs		
Balance at the beginning of the interim period		(3,335)
Costs incurred from exercise of performance rights		-
Balance at the end of the interim period		(3,335)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
In thousands of AUD

21. DIVIDENDS

No dividends were paid or proposed during the interim period.

22. SHARE-BASED PAYMENTS

During the interim period ended 31 December 2024, no new share-based payment arrangements were entered into.

23. COMMITMENTS AND CONTINGENT LIABILITIES

	31 Dec 2024 $	30 Jun 2024 $
At the reporting date, the company had the following loan and overdraft commitments outstanding:		
Loans approved but not advanced	331	2,681
Loan funds available for redraw	59,071	57,064
Unutilised overdraft limits	247	301
	59,649	60,046

24. FINANCIAL INSTRUMENTS

A. ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

In thousands of AUD	Fair value		Carrying amount	
	31 Dec 2024 $	30 Jun 2024 $	31 Dec 2024 $	30 Jun 2024 $
Financial assets				
Cash and cash equivalents	129,078	118,352	129,078	118,352
Due from other financial institutions	108,012	91,972	108,012	91,972
Other financial assets	110,288	110,895	113,210	115,113
Loans and advances	1,185,382	1,380,566	1,185,042	1,378,211
Other receivables	214	242	214	242
Total financial assets	1,532,974	1,702,027	1,535,556	1,703,890
Financial liabilities				
Deposits	1,096,756	1,269,584	1,097,091	1,270,643
Accrued commission payable	97	94	97	94
Other financial liabilities	321,695	321,438	321,695	321,438
Creditors and other payables	5,710	5,013	5,710	5,013
Total financial liabilities	1,424,258	1,596,129	1,424,593	1,597,188

B. FAIR VALUE MEASUREMENT

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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
In thousands of AUD

24. FINANCIAL INSTRUMENTS (CONT'D)
B. FAIR VALUE MEASUREMENT (Cont'd)

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.

There were no reclassifications between the levels during the interim reporting period or the previous reporting period.

25. EARNINGS PER SHARE

The following reflects the net income and share information used in the calculation of basic and diluted earnings per share:

	31 Dec 2024	31 Dec 2023
	$	$
Profit/(Loss) for the period ($'000s)	320	(1,816)
	Number	**Number**
Weighted average number of ordinary shares used in the calculation of basic earnings per share:	118,719,405	118,719,405
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	118,785,030	118,785,030
Basic earnings per share (cents)	0.27	(1.53)
Diluted earnings per share (cents)	0.27	(1.53)

26. 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 expense paid during the reporting period totaled $43,021 (H1 Dec 2023: $47,676). There was no balance payable at 31 December 2024 (2023: Nil).

The group also paid Commissions to FirstMac Limited for commissions on deposits raised through BNK (David Gration as BNK Director). During H1 FY25 BNK paid $66,368 and $125,747 in H1 FY24 (Dec 2023). This arrangement transitioned to an in house BNK solution effective 1 November 2024.

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 $192,273 and $25,123 respectively of trail income commissions to the Group during H1 FY25 (incl GST). (H1 FY24 $242,017 and $44,932 respectively).

All related party transactions are made on terms equivalent to an arm's length transaction.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
In thousands of AUD

27. EVENTS SUBSEQUENT TO BALANCE DATE

On 21/02/2025, Bendigo Bank reached an agreement with the Bullion Trust to purchase $220.6m of Residential Home Loans. The transaction will generate a net profit of approximately $2m, subject to finalisation of treatment, to be reflected in H2 FY25. On the effective date of settlement, the loans being sold will cease to be held on the balance sheet but will continue to be serviced by the Group, for which the Group will receive Servicing Fee income.

In the opinion of the Directors, there have been no other matters arising in the period between the end of the reporting period and the date of this report that are likely to significantly affect the operations of the Group.

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DIRECTORS' DECLARATION

In accordance with a resolution of directors of BNK Banking Corporation Limited, I state that:

In the opinion of the directors:

(a) The consolidated financial statements and notes set out on pages 7 to 20 of BNK Banking Corporation Limited for the half-year ended 31 December 2024 are in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the six month period ended on that date; and
   (ii) complying with Accounting Standard AASB 134 *'Interim Financial Reporting'* the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Jon Denovan
Chairman and Non-executive Director
Dated this 26th day of February 2025
Sydney

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Independent Auditor's Review Report

To the Shareholders of BNK Banking Corporation Limited

Report on the interim financial report

Conclusion

We have reviewed the accompanying interim financial report of BNK Banking Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2024, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, including material accounting policy information, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of BNK Banking Corporation Limited does not comply with the *Corporations Act 2001* including:

a giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half year ended on that date; and

b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Directors' responsibility for the interim financial report

The Directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Claire Scott

C L Scott
Partner – Audit & Assurance

Sydney, 26 February 2025