

ASX Release

26 February 2025

BNK BANKING CORPORATION REPORTS 1H25 RESULTS

BNK Banking Corporation Limited (ASX:**BBC**) (“**BNK**” or the “**Company**”), the bank with over 40 years of experience, today reports its financial results for the first half of 2025 (1H25).

HIGHLIGHTS

- Underlying NPAT of \$1.8m, up \$3.0m on 1H24
- Net Interest Income of \$11.1m, up 29% on 1H24
- Net Interest Margin improved by 47 bps on 1H24 to 1.39%
- Other Income has increased by \$2.6m (187%) on 1H24
- Lending settlements dropped 29% on 1H24, in line with BNK’s strategic focus on selective high margin lending business
- Customer Deposit to Total Loan Ratio of 93%, providing a stable funding base
- Higher margin lending now accounts for nearly 22% of the total portfolio
- Phase 2 of the technology transformation continues, with key foundations being developed to support continued progress
- Capital Adequacy Ratio of 26.98%

ELEVATING GROWTH AND PROFITABILITY

Commenting on the first half results, BNK chief executive Allan Savins, said:

“BNK’s strategic move towards higher-margin lending is delivering results and our growth trajectory is shifting. The focus on selective, capital-efficient growth is driving stronger returns, reflected in increased net interest income and improved margins.”

“While lending settlements have declined in line with this strategy, the quality and profitability of the portfolio continue to strengthen. With a solid capital position, BNK is well-placed to sustain its strategic direction and long-term profitability.”

PROGRESS TOWARDS STRATEGIC GOALS

“We continue to make progress towards our strategic goals, with higher margin lending now comprising close to 22 per cent of our total portfolio.”

“Our fee income has also increased significantly, primarily due to the fee income from the Robusta transaction and an increase in our Goldman Sachs off-balance sheet volumes.”

“We are also advancing phase two of our technology transformation, prioritising long-term value while aligning with the company’s risk, compliance, and operational goals.”

“Looking ahead, with the Reserve Bank of Australia implementing its official rate cut in February, we anticipate a further reduction in funding costs, supported by the effective positioning of our funding composition. Despite the continued intensity of competition for loans across all segments, the reduction in our prime residential book has continued to create capacity, enabling us to manage our overall margins.”

“Our focus on asset mix optimisation, high-margin lending and cost-effective funding, coupled with disciplined expense management continues to pay off, and we will continue to strengthen our competitive positioning in line with customer demand.”

“Considering the current market dynamics, we anticipate BNK’s diversified income streams and strategic portfolio shifts will support sustainable underlying profit generation, though the rate of progression may vary over time.”

“We are pleased to observe the continued resilience of our customer base amid the challenges of high interest rates and inflation, with approximately forty five percent of our loan customers ahead in their repayments, up two percent from a year ago”.

“This resilience is further reflected in our improving residential arrears trends, even as the loan book has reduced and our longer-term arrears for the commercial portfolio have improved over the same period. We remain well provisioned and confident in our ability to navigate the evolving economic environment.”

“We will continue to explore opportunities in new deposit and asset classes, while also evaluating potential inorganic growth and distribution partnerships where suitable.”

INVESTOR PRESENTATION

CEO Allan Savins and CFO Stephen Kinsella will host a conference call commencing at 11:00 am (AEDT) / 8:00 am (AWST) on Wednesday, 26 February, giving a presentation on the results followed by a question and answer session.

Details and audio of the conference call can be accessed via the link:
<https://webcast.openbriefing.com/bbc-hyr-2025/>

In order to pre-register for the conference call, please follow the link above.

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

ENDS**Media & Investor Enquiries**

Mike Lovesey
Cannings Strategic Communication
Email: mike.lovesey@canningscomms.com
Telephone: +61 449 607 636

About BNK

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