

ASX Release, 29 April 2025

BNK GROUP Q3 FY25 - TRADING UPDATE

BNK IMPROVES MARGINS AND PROFIT

BNK Banking Corporation Limited (ASX: **BBC**) (“**BNK**” or the “**Company**”) today provides a trading update for the third quarter of FY25 (“**Quarter**” “**Q3 FY25**”).

HIGHLIGHTS

- Underlying (unaudited) Q3 FY25 profit after tax of \$1,728k, compared to a loss of \$414k in Q3 FY24
- Underlying (unaudited) YTD profit after tax of \$3,516k, improving from a loss of \$1,603k YTD FY24
- Statutory (unaudited) Q3 FY25 profit after tax of \$1,293k, compared to a loss of \$794k in Q3 FY24
- Statutory (unaudited) YTD profit after tax of \$1,613k, improving from a loss of \$2,610k YTD FY24
- Sale of ~\$220 million in loans to Bendigo Bank, generating \$2.0m in net revenue and ongoing servicing fees; total loan book reduced to \$0.9bn
- Commercial loan book surpassed \$100 million as selective growth continues
- Net Interest Margin (NIM) of 1.65% in Q3 leading to a YTD NIM of 1.47%, up from 1.39% for first half FY25
- Total deposits of \$1.0 billion, a 4% decrease from H1 FY25
- \$26 million in higher-margin lending settlements in Q3; these now comprise 29% of the loan book
- Deposit to Loan Ratio of 114%
- 90+ day residential home loan arrears at 0.80%, down from 0.97% in Q3 FY24
- Strong capital position; capital adequacy ratio increased to 29.10%, from 26.98% as at 31 December 2024
- \$42 million in off-balance sheet settlements with Goldman Sachs for the quarter
- Net Tangible Assets (unaudited) per share: \$1.00

The March quarter represents another important step in BNK's strategic evolution with strong progress across margin improvement, profitability, and portfolio optimisation.

Higher-margin originations increased significantly, with applications and settlements up more than 400% compared to Q3 FY24.

The strategic sale of ~\$220 million in prime residential mortgages to Bendigo Bank was an important milestone in optimising the balance sheet and generating \$2.0 million in net revenue, alongside recurring servicing income on this portfolio. Combined with the Robusta trade in the previous quarter, this demonstrates BNK's focus on identifying value accretive transactions and opportunities to enable sustainable profit.

BNK will continue to manage its balance sheet assets to optimise return on capital and is focussed on identifying further opportunities to effectively deploy available capital in the near term. The continued improvement in Net Interest Margin reflects this as well as the bank's effective margin management strategy and ability to adapt in a competitive environment.

90-day arrears in the residential book have seen a seasonal uptick from Q2 FY25, consistent with experience in the previous year, nonetheless overall provision coverage is viewed as appropriate.

Commenting on the quarter, BNK CEO Allan Savins said:

"Our approach to optimising portfolio composition has proven effective, as evidenced by establishing a profitable baseline and the capacity to further invest in the business. We remain focused on controlling our cost of funds and operating expenses. Our strategic shift towards higher-margin lending, combined with realising value from the portfolio, is not just about immediate gains but about establishing sustainable, long-term profitability in areas where BNK can create shareholder value."

"BNK is positioned well to navigate the evolving economic landscape with strong capital and liquidity ratios whilst we explore new asset opportunities and evaluate potential partnerships for profitable growth."

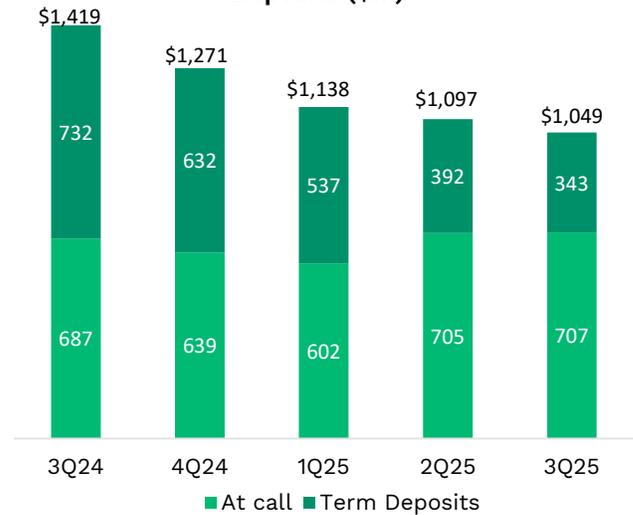
"This quarter's results underscore BNK's strategic direction and commitment to delivering ongoing value to its shareholders through disciplined execution, identification of profitable opportunities and strategic agility."

Q3 FY25 Results

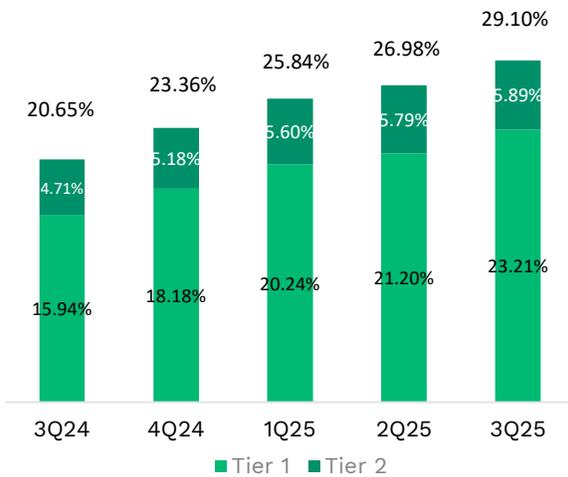
On Balance Sheet Loan Portfolio (\$m)



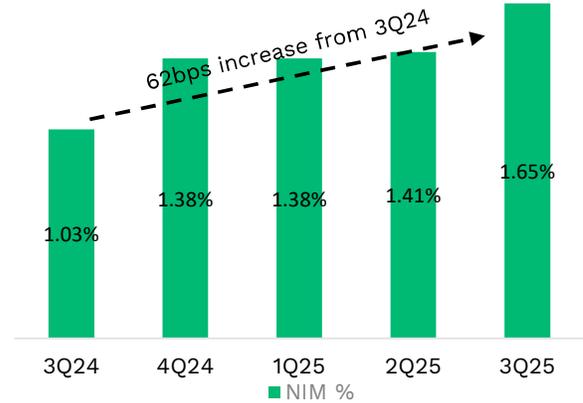
Deposits (\$m)



Capital Adequacy Ratio



Net Interest Margin %



This announcement has been authorised for release by the Board of Directors.

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