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

27 August 2026

BNK Banking Corporation Limited – Full Year Final Report (Appendix 4E) for the year ended 30 June 2026

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 2026 as follows:

Results for announcement to the market

Extracted from the audited Financial Statements for the year ended	Movement	$'000 30 June 2026	$'000 30 June 2025
Revenue from operations	(17%)	75,255	91,153
(Loss)/profit after tax attributable to members	(389%)	(3,706)	1,283
(Loss)/profit after tax attributable to Members (excl Impairment)	(116%)	(206)	1,283

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 2026.

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

	30 June 2026	30 June 2025
Net Tangible Assets per share	$0.99	$1.00

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 27 August 2026.

There were no subsidiaries disposed of during the year ended 30 June 2026.

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

Jenny Spicer
Company Secretary

BNK Banking Corporation Limited
Annual Financial Report

ABN: 63 087 651 849

30 June 2026

Contents

CORPORATE INFORMATION

ACN: 087 651 849

Directors:

Mr. Jon Denovan	(Chairman and 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)
Mr. Raj Venga	(Independent Non-Executive Director) (Appointed 26 November 2025)

Company Secretary:
Ms Jenny Eickmeyer

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:
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/

MESSAGE FROM OUR CHAIRMAN, JON DENOVAN

Dear Shareholder,

This financial year was a year where BNK continued to transition towards fulfilling its aim to be the bank for Enterprising Australians. The economic environment was one of heightened uncertainty with geopolitical tension, persistent inflationary pressures and rapid changes in the technological landscape. Our focus has remained on finding the right balance of growth and profitability within a highly competitive market.

We have also seen a transition of leadership with the appointment of our new CEO, Steve Kinsella, and we thank Allan Savins for his many years of service to the organisation.

To add to the repositioning of the balance sheet over the last couple of years, we are also focusing investment on a major refresh of our technology platform which will provide significant improvements to the experience of our customers and broker partners.

FY26 Results
Our statutory result reflects a combination of a write down of the last remaining element of goodwill on the balance sheet and the early stages of investment in our technology replatforming.

Underlying profitability reflects the continued success of our balance sheet repositioning with improved total income, notwithstanding the absence of any significant transactions which, by their nature, will have variable impacts on overall profitability. Net interest income increased by 9.9% to $24.0 million, supported by an improved net interest margin of 1.96% (up from 1.52% in FY25) as our portfolio mix continued to favour higher-return assets. Non-interest income declined to $4.9 million, reflecting the absence of any significant transactions, while net commission expenses fell by 55% due in part to the sale of the Adelaide bank wholesale loan book.

Our capital adequacy ratio was a strong 24.6%, providing a platform to support future growth. The loan book grew by over 10% with pleasing results in our Commercial Loan offering and the initial investments in our Senior Secured lending. Our off-balance sheet managed lending portfolio reduced to $1.01 billion following the sale of the Adelaide bank wholesale book. Deposits grew to $1.06 billion supporting our loan growth.

During the year we received our investment grade rating from Standard & Poors at BBB-, enabling us to launch our Negotiable Certificates of Deposit (NCD) program. This provides BNK with another source of funding enabling us to further optimise and balance liquidity and margin needs.

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

Significant Achievements
We continued to grow our presence in selected lending segments, sustaining the momentum built in FY25. 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 further partnership arrangements.

Our improved net interest margin and revenue diversification support the strategic direction underway. Our technology transformation continues with a focus on significantly upgrading the platform from loan and deposit origination through to settlement and reporting. While this remains a medium-term initiative and is a complex piece of work, significant work has been underway with targeted milestones to be achieved through the course of FY27.

Future growth in our business will require a keen focus on risk management. We have invested, and will continue to invest, in this area given the emerging threats from technological developments and the standards expected across the community.

CHAIRMAN'S MESSAGE CONTINUED

Challenges and Opportunities Ahead

While our FY26 results support our strategic direction, we operate in a complex and challenging environment. We face a highly competitive marketplace, a continually evolving regulatory landscape, and persistent uncertainties in the global economy that are creating pressures on many households.

Notwithstanding these headwinds, we also see opportunity for BNK to grow the business and leverage our flexibility whilst pursuing disciplined execution.

We remain confident in our strategic direction, while staying realistic about the challenges and are committed to navigating them with clarity and purpose. A strong focus on customer experience, with targeted products and services, will enable us to compete more effectively in areas we feel we can outperform as a small ADI.

Board Changes

In November 2025 the board farewelled Non-Executive Director Elizabeth Aris. I would like to extend my thanks to Ms Aris for her contribution to the business.

Also in November, the board welcomed Mr Raj Venga to the BNK Board. We Look forward to Mr Venga's contributions and expertise in helping to guide the business through its next period of success.

Summary

We continue to build the business and see key opportunities to grow through disciplined execution, a defined product and service range, and focusing on customer experience. A continued and meaningful investment in our technology platform will provide the foundation to support our strategy and profitable growth in a meaningful, risk-conscious way. Investment in our people, who are committed to supporting Enterprising Australians with their financial needs, will help us deliver a strong and growing business.

On behalf of the Board I wish to thank our people for their ongoing dedication and efforts, our shareholders for their patience and confidence, and our customers for their business and support.

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 2026 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
Mr Calvin Ng	Non-Executive Director
Mr David Gration	Non-Executive Director
Mr Warren McLeland	Non-Executive Director
Mr. Raj Venga	Independent Non-Executive Director (Appointed 26 November 2025)
Ms. Elizabeth Aris	Independent Non-Executive Director (Resigned 26 November 2025)

CURRENT DIRECTORS

Jon Denovan (Chairman and Independent Non-Executive Director)
Mr Denovan is a lawyer with significant banking, commercial, and property experience. He has acted as a lawyer for many leading banks and non-banks, and is recognised as a leading lawyer in financial services regulation in Australia

Mr Denovan was appointed Chairman of the BNK Board on 18th 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.

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 approx. 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 previously 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 Remuneration Committee and a member of 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 the Risk and Compliance Committee.

DIRECTORS' REPORT (continued)

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 both the Audit Committee and Remuneration Committee.

Raj Venga (Independent Non-Executive Director)
Mr Venga was appointed an Independent Non-Executive Director on 26 November 2025.

Mr Venga has been involved in banking and financial services for over 37 years, including 25 years in C suite roles. He is a seasoned financial services lawyer with a deep understanding of credit-related regulation, risk management, compliance and consumer protection. Most recently, he held senior roles at the Commonwealth Bank of Australia and ING Bank.

Before that, Mr Venga was the Chief Executive Officer and Ombudsman of the Credit and Investments Ombudsman (CIO) for 12 years. Earlier in his career, he was the Executive Director of the Australian Association of Permanent Building Societies and Chairman of the Institute of Financial Services.

Mr Venga is a Member of the Australian Institute of Company Directors (MAICD) and a Fellow of the Governance Institute of Australia (FGIA). He holds Bachelor of Laws (Honours) and Master of Laws degrees from the University of London. He is admitted as a Solicitor in New South Wales.

Mr Venga is Chair of both the Audit Committee and the Risk and Compliance Committee and a member of the Remuneration Committee.

FORMER DIRECTORS

Elizabeth Aris (Previous Independent Non-Executive Director)
Ms Aris was appointed a Director on 18 June 2021 and resigned on the 26 November 2025.

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. Ms Aris commenced her career in banking and was a member of the Retail Bank executive team at Westpac.

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.

COMPANY SECRETARY

Jenny Eickmeyer
Ms Eickmeyer 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 Eickmeye was Senior Legal Counsel and Company Secretary for an Australian digital lender affiliated with ANZ Bank.
Ms Eickmeyer 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:

	FY26	FY25	% change
Statutory Net (Loss)/ Profit After Tax ($'000s)	**(3,706)**	**1,283**	**(388.7%)**
Expense adjustments			
• Net trail commission income on Adelaide Wholesale Book Sale	(1,862)	-	
• CBS Replacement Project implementation costs	1,326	1,073	
Non-Cash Elements			
• Movement in Contract Assets/Contract Liabilities	2,339	2,442	
• Impairment of Goodwill	3,500	-	
Tax effect of adjustments	(603)	(1,044)	
Underlying earnings (key metric below)	**994**	**3,754**	**(73.5%)**

The adjustments above reflect the current year (FY26) impact of:

- Net trail commission income on Adelaide Wholesale Book Sale
- Core Banking System Replacement Project implementation costs
- Impairment of remaining Goodwill held

Adjustments for the prior year (FY25) reflect the impact of:

- Core Banking System Replacement Project implementation costs

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

Key Metric *Amounts in thousands of AUD*	**30 June 2026 ($'000s)**	**30 June 2025 ($'000s)**	**Movement**
Net interest income	24,042	21,882	9.9%
Net-commission (expense)/income	(2,114)	(4,654)	(54.6%)
Non-interest income/(expense)	4,911	8,882	(44.7%)
Statutory net (loss)/profit after tax	(3,706)	1,283	(388.7%)
Underlying earnings (adjusted for tax)	994	3,754	(73.5%)
Total assets	1,284,523	1,233,688	4.1%
On balance sheet lending (net ECL)	998,231	899,798	10.9%
Off balance sheet managed lending portfolio[2]	1,016,238	1,262,599	(19.5%)
Deposits	1,060,293	1,008,308	5.2%
Other key metrics			
Net interest margin (average)	1.96%	1.52%	44 bps
Cost to income ratio (underlying earnings)	[1]92.5%	[1]93.0%	(51 bps)
Capital adequacy ratio	24.59%	28.71%	(412 bps)

[1] Cost to income ratio in the table above is based on underlying earnings elements. On a statutory basis the C:I ratio for FY26 is 99.3% (FY25: 92.4%).
[2] Managed loan portfolios refer to the Group's serviced loan portfolios that are funded by third parties.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW

The Group recorded a net loss after tax for the year ended 30 June 2026 of $3.7m (2025: profit of $1.3m) after the Board approved to impair the remaining goodwill of $3.5m driven by sensitives within key drivers. The Group delivered underlying earnings of $1.0m (2025: $3.8m). Earnings per share for 30 June 2026 is (3.12c) (2025: +1.08c).

Settlements and loan-book portfolio

On balance sheet lending increased 11% during FY2026. Whilst the Group continues to focus on higher margin lending it commenced lending through risk assessed senior secured programs in alignment with its strategic plan. Deposit balances decreased by 5% resulting in a deposit to loan ratio of 106.6% (2025: 111.7%).

At 30 June 2026, the Bullion Trust warehouse loan book was $70.4m. The warehouse 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 $434.4m at 30 June 2026 (2025: $189.9m). The total portfolio originated through the Goldman Sachs program at 30th June 2026 is $598.4m (2025: $449.6m) which includes the Robusta 2024-1 Trust, securitised in November 2024. Loans originated into the Goldman Sachs and Robusta warehouses are not recognised on balance sheet. BNK receives servicing, origination and management fees and a post term out profit share.

During FY2026, the Group's total lending settlements achieved $635.8m (2025: $454.2m). On balance sheet settlements of $300.8m (for directly funded loans) represent a 117% increase on FY2025 encompassing both Residential and Commercial lending.

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 71% (2025: 85%) residential mortgages, whilst the whole portfolio has an average loan to valuation ratio of 62.3% (2025: 54.8%).
Credit quality across the whole portfolio remains sound with loans more than 90 days in arrears equating to 0.58% (2025: 1.12%) of total on balance sheet loans. There were no credit write-offs incurred during the year.

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 2026 totaled $112.8m (2025: $107.3m).

Income

Total income increased to $26.8m, comprising a $2.2m (9.9%) increase in Net Interest Income offset by a reduction in fee and other income of $4.0m (44.7%) due to Bullion Trust and Goldman Sachs Warehouse sale transactions in the prior year.

Operating expenses

The Group operating expenses (including Core Banking System Replacement costs) increased by 10.1% to $26.6m.

Capital

The Capital Adequacy Ratio at 30 June 2026 of 24.59% 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	33,548	-
Calvin Ng	5,812,606	-
David Gration	-	-
Warren McLeland	-	-
Raj Venga	-	-

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
C Ng			Chair	Member
D Gration		Member		Chair
R Venga	Chair	Chair	Member	
W McLeland	Member		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	
	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
J Denovan	13	14	4	4	4	4	-	-	2	2
C Ng	13	14	-	-	1	1	4	4	2	2
D Gration	13	14	-	-	2	4	1	1	2	2
W McLeland	10	14	2	4	-	-	3	3	-	-
R Venga	7	7	2	2	3	3	3	3	-	-
E Aris	3	7	1	2	-	-	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.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR
On the 4th August 2026 the group redeemed $8.75m of Tier 2 subordinated notes after receiving approval from APRA in line with the terms and conditions of the instrument.

DIRECTORS' REPORT (continued)

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (continued)
On the 14th August 2026, BNK permanently appointed Steve Kinsella to the role of CEO and Judith Newman to the role of CFO having previously both been interim appointments since 2 April 2026. In addition, on the 6th August, Manish M commenced in the role of CRO.

There have been no others 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.

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 2026 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 2026.
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 2026.

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 30th June 2026.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED)

This Remuneration Report for the year ended 30 June 2026 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 2026 (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 any relevant changes during the year ended 30 June 2026:

Non-Executives

Director	Position	Appointment date	Resignation/ completion date
Jon Denovan	Non-Executive Director/Chairman	2 September 2019	-
Calvin Ng	Non-Executive Director	15 July 2021	-
David Gration	Non-Executive Director	27 April 2023	-
Warren McLeland	Non-Executive Director	11 December 2023	-
Raj Venga	Non-Executive Director	26 November 2025	-
Elizabeth Aris	Non-Executive Director	18 June 2021	26 November 2025

Executives

Executive	Position	Appointment date	Resignation/ completion date
Allan Savins[1]	Chief Executive Officer	17 January 2022	2 July 2026
Stephen Kinsella[2]	Interim Chief Executive Officer	2 April 2026	-
Stephen Kinsella	Chief Financial Officer	1 November 2023	1 April 2026
Joe Mittiga	Chief Operating Officer	28 April 2025	-
Chen Lin	Chief Information Officer	5 August 2025	-
Dara Wettner	Chief Risk Officer	11 January 2021	6 March 2026
Judith Newman[3]	Interim Chief Financial Officer	2 April 2026	-
Diane Osborne[4]	Interim Chief Risk Officer	27 March 2026	-

[1] Allan Savins resigned as Chief Executive Officer on 2 April 2026 with transitional arrangements through to 2 July 2026.
[2] Stephen Kinsella commenced the role of Interim Chief Executive Officer on 2 April 2026
[3] Judith Newman commenced the role of Interim Chief Financial Officer on 2 April 2026
[4] Diane Osborne commenced the role of Interim Chief Risk Officer on 27 March 2026

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 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

During FY2026 the Board engaged with Godfrey Remuneration Group Pty Ltd for the purpose of reviewing the existing variable remuneration incentive plans for Executives and recommending a new structure that covers long term incentives. The plan is proposed to encompass Executive positions and other specific key roles within the Group.
The cost of this program of works was $34,400 (inc GST).

Remuneration Report approval at 2025 Annual General Meeting (AGM)

The 2025 Remuneration Report received positive shareholder support at the 2025 AGM with a vote of 99.92%.

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).

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)[1]	Performance rights.	Rewards executives and key employees for their contribution to the creation of shareholder value over the longer term.	Performance is measured against documented market and performance outcomes annually over a specified period (eg 4 years).

[1] 2026 LTI plan was approved by the Board in June 2026.

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).

Long-term incentive (LTI)
On 2nd June 2026, the Board approved the introduction of a new LTI Plan. The rules for the new plan are currently under documentation and will target key measurable criteria to assess the individual's contribution to growth. Participants of the 2026 LTI plan will include the Group's executive team and those other key employees that are directly able to shape and drive the performance of BNK. The 2026 LTI Plan will ensure that all equity and cash incentives are awarded in accordance with the requirements of the Financial Accountability Regime (FAR).

Alignment to the Financial Accountability Regime (FAR)
FAR has established 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. FAR results in a proportion of variable remuneration for any year being deferred for a further period of 3 years from grant date.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

3.3 Detail of incentive plans (continued)

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.

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 2026 (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:

	2026	2025	2024	2023	2022
Profit/(Loss)	($3,705,663)	$1,283,464	($6,701,124)[2]	($3,934,654)	$59,787,040
Underlying NPAT	$994,120	$3,754,113	($917,379)	($1,531,109)	($2,146,368)
Dividends paid	Nil	Nil	Nil	$40,358,931	Nil
Share price at balance date	$0.24	$0.30	$0.345	$0.485	$0.96
Return on capital employed	(3.13%)[1]	1.1%	(5.5%)[2]	(3.1%)	31.4%[3]

[1] 2026 Profit/(loss) includes Goodwill impairment of $3.5m. Adjusting for impairment FY26 ROCE (0.17%)
[2] 2024 Profit/(loss) includes Goodwill impairment of $3.6m. Adjusting for impairment FY24 ROCE (2.5%)
[3] 2022 ROCE for continuing operations equates to (10.48%)

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, or prior period, no dividends were paid by the Company.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED)

4.3 Remuneration of key management personnel

			Short-term benefits			Post-employ-ment	Other long term		Term-ination	Total	Performance related
		Salary & fees	Cash bonus	Non-cash benefits	Total	Super-annuation	Long service leave	Cash bonus			
		$	$	$	$	$	$	$	$	$	%
Current Executives	**Year**										
Allan Savins[7]	**2026**	**582,287**	**-**	**712[8]**	**582,999**	**30,000**	**15,330**	**-**	**417,300**	**1,045,629**	**0%**
	2025	509,067	-	8,910[8]	517,977	30,000	11,765	149,760	-	709,502	21%
Stephen Kinsella[3]	**2026**	**417,276**	**100,000**	**-**	**517,276**	**30,000**	**3,484**	**-**	**-**	**550,760**	**0%**
	2025	380,000	93,750	-	473,750	29,932	459	-	-	504,141	19%
Joe Mittiga[1]	**2026**	**320,140**	**33,000**	**-**	**353,140**	**30,000**	**323**	**-**	**-**	**383,463**	**0%**
	2025	55,220	-	-	55,220	5,838	26	-	-	61,084	0%
Chen Lin[2]	**2026**	**289,199**	**22,000**	**-**	**311,199**	**26,123**	**379**	**-**	**-**	**337,701**	**0%**
Judith Newman[4]	**2026**	**66,800**	**36,000**	**-**	**102,800**	**7,500**	**11,877**	**-**	**-**	**122,177**	**0%**
Diane Osborne[5]	**2026**	**63,210**	**-**	**-**	**63,210**	**6,475**	**560**	**-**	**-**	**70,245**	**0%**
Former Executives											
Dara Wettner[6]	**2026**	**212,675**	**-**	**173[8]**	**212,848**	**22,500**	**(10,542)**	**-**	**-**	**224,806**	**0%**
	2025	330,450	50,000	4,436[8]	384,886	30,000	5,806	-	-	420,692	12%
Total KMP remuneration	**2026**	**1,951,587**	**191,000**	**885[8]**	**2,143,472**	**152,598**	**21,411**	**-**	**417,300**	**2,734,781**	**0%**
	2025	1,274,737	143,750	13,346[8]	1,431,833	95,770	18,056	149,760	-	1,695,419	9%

[1] Appointed Chief Operating Officer from 28 April 2025.
[2] Appointed Chief Information Officer from 5 August 2025
[3] Appointed Interim Chief Executive Officer 2 April 2026. Previous Chief Financial Officer to 1 April 2026
[4] Appointed Interim Chief Financial Officer 2 April 2026
[5] Appointed Interim Chief Risk Officer 27 March 2026
[6] Resigned as Chief Risk Officer 6 March 2026
[7] Completing transitional arrangements through to 2 July 2026.
[8] Disclosure of benefit purposes only. Expense was previously reported and disclosed at the time of actual expenditure within the FY2022 Remuneration Report.

Cash bonuses have been realigned to the Performance year they relate 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 FY2025 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:

	Cash Bonus Remuneration FY2026	FY 2026 Deferred Remuneration under Policy	Cumulative Deferred Remuneration held under Policy
Allan Savins	-	-	$46,640
Stephen Kinsella	-	-	$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 22 August 2026. 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

At the reporting date, there were no further equity incentives due to participants.

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	-	6,025

(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 FY26, there were no new performance rights granted.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED)

4.5.5 Summary of performance rights holdings

Current key management personnel

Participant	Held at 1 July 2025	Granted as remuneration	Exercised	Lapsed	Held at 30 June 2026	Vested during the year	Vested and un-exercisable at 30 June 2026
Allan Savins	20,625	-	(20,625)	-	-	20,625	-

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	$556,400 plus superannuation	None	Continuing with 3 month notice by either party
Stephen Kinsella[1]	$556,400 plus superannuation	None	Continuing with 3 months' notice by either party
Stephen Kinsella[2]	$401,250 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
Chen Lin	$310,000 plus superannuation	None	Continuing with 3 months' notice by either party
Judith Newman	$300,000 plus superannuation	None	Continuing with 4 weeks' notice by either party
Diane Osborne[3]	$338,000 plus superannuation	None	Continuing with 4 weeks' notice by either party

[1] Contract effective 2 April 2026 and relates to Interim Chief Executive Officer. Subsequent to Mr Kinsella's permanent appointment to the CEO position in August 2026, his notice period has increased to 6 months.
[2] Contract up to 1 April 2026 and relates to Chief Financial Officer.
[3] Ms Osborne is employed at 0.80 FTE which equates to $270,400 pa plus superannuation.

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.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED)

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 2026:

Type of Fee	Amount per annum up to 31 August 2025	Amount per annum effective 1 September 2025
Chairman base fee	$136,500	$140,595
Non-executive Director base fee	$73,500	$75,705
Chair of Board sub-committees	$10,500 per committee	$10,815 per committee
Membership of Board sub-committees	$ 5,250 per committee	$ 5,408 per committee

NEDs receive superannuation contributions of 12.0% of earnings but do not receive any other retirement benefits, nor do they participate in any incentive programs.

6.1 Non-executive director remuneration arrangements – Audited (continued)

The remuneration of NEDs for the years ended 30 June 2026 and 30 June 2025 is detailed in table below.

		Short-term benefits			Post-employment	Long-term benefits	
		Salary & fees $	Non-monetary benefits $	Other $	Superannuation $	Long service leave $	Total $
Non-executive directors							
Jon Denovan[1]	**2026**	**156,056**	**-**	**-**	**18,727**	**-**	**174,783**
	2025	151,042	-	-	17,370	-	168,412
Calvin Ng	**2026**	**93,708**	**-**	**-**	**11,245**	**-**	**104,953**
	2025	89,854	-	-	10,333	-	100,187
David Gration	**2026**	**93,708**	**-**	**-**	**11,245**	**-**	**104,953**
	2025	93,750	-	-	10,781	-	104,531
Warren McLeland	**2026**	**83,873**	**-**	**-**	**10,065**	**-**	**93,938**
	2025	82,021	-	-	9,432	-	91,453
Raj Venga[1]	**2026**	**61,218**	**-**	**-**	**7,346**	**-**	**68,564**
	2025	-	-	-	-	-	-
Former directors							
Elizabeth Aris[2]	**2026**	**40,084**	**-**	**-**	**4,810**	**-**	**44,894**
	2025	93,750	-	-	10,781	-	104,531
Total	**2026**	**528,647**	**-**	**-**	**63,438**	**-**	**592,085**
	2025	510,417	-	-	58,697	-	569,114

[1] Raj Venga was appointed 26 November 2025
[2] Elizabeth Aris resigned 26 November 2025

Only Directors employed during the current reporting period have been included in the comparable data for FY2025 as required under the Corporations Act.

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.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED)

Shareholdings of key management personnel

2026	Balance at the start of the year or commencement date	Acquired	Other movement	Balance at the end of the year or date of resignation
Directors				
Jon Denovan	-	33,548	-	33,548
Raj Venga	-	-	-	-
Calvin Ng	5,712,736	99,870	-	5,812,606
David Gration	-	-	-	-
Warren McLeland	-	-	-	-
Executives				
Allan Savins[1]	1,480,658	20,625	(55,898)	1,445,385
Stephen Kinsella	25,000	27,306	-	52,306
Joe Mittiga	-	-	-	-
Chen Lin	-	-	-	-
Judith Newman	5,000	-	-	5,000
Diane Osborne	-	-	-	-

[1] Completing transitional arrangements through to 2 July 2026.

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

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 $350,345 (FY25: $438,395) and $35,374 (FY25: $46,176) respectively of trail income commissions to the Group during FY26 (incl GST).

During the reporting period, one KMPs held loans through BNK;
1. Mr Allan Savins held residential loan accounts through BNK totalling $2,569,140 as at 30 June 2026.

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

Jon Denovan - Chairman
Dated this 27th day of August 2026

Grant Thornton

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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 2026, 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

Claire Scott

C L Scott
Partner – Audit & Assurance

Sydney, 27 August 2026

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2026

		Consolidated		Bank	
In thousands of AUD	**Note**	**2026**	**2025**	**2026**	**2025**
		$	**$**	**$**	**$**
ASSETS					
Cash and cash equivalents	4.1.1	112,775	107,329	106,470	104,374
Due from other financial institutions	4.2	50,490	75,764	50,490	75,764
Other financial assets	4.2	115,109	129,061	115,109	129,061
Loans and advances	3.1	996,504	905,634	994,248	903,483
Commissions and other receivables	4.4.1	3,423	3,201	3,358	2,500
Contract assets	4.4.3	4,484	7,784	-	-
Investment in subsidiaries	6.1.1	-	-	19,896	19,896
Property, plant and equipment	7.1	1,416	1,162	988	609
Goodwill and other intangible assets	7.2	236	3,753	236	253
Current tax asset		224	-	-	-
Deferred tax assets/liabilities net	2.5.2	86	-	1,608	1,595
TOTAL ASSETS		**1,284,747**	**1,233,688**	**1,292,403**	**1,237,535**
LIABILITIES					
Deposits	4.3	1,060,293	1,008,308	1,060,293	1,008,308
Other financial liabilities	4.5	95,838	90,449	94,549	88,052
Commissions and other payables	4.4.2	7,661	6,964	6,830	5,792
Trail commission payable	4.4.3	1,377	2,338	-	-
Current tax liability		-	1,881	3,333	6,725
Provisions	7.3	1,244	1,084	1,244	1,084
Deferred tax assets/liabilities net	2.5.2	-	624	-	-
TOTAL LIABILITIES		**1,166,413**	**1,111,648**	**1,166,249**	**1,109,961**
NET ASSETS		**118,334**	**122,040**	**126,154**	**127,574**
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS					
Contributed equity					
Issued capital, net of raising costs	5.2.3	100,370	100,353	100,370	100,353
Reserves		1,240	1,257	1,240	1,257
Retained earnings		16,724	20,430	24,544	25,964
TOTAL EQUITY		**118,334**	**122,040**	**126,154**	**127,574**

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 2026

		Consolidated		Bank	
In thousands of AUD	**Note**	**2026 $**	**2025 $**	**2026 $**	**2025 $**
Interest income from banking activities	2.3	67,375	81,136	65,731	77,519
Interest expense from banking activities	2.3	(43,333)	(59,254)	(43,406)	(60,108)
Net interest income	2.3	24,042	21,882	22,325	17,411
Commission income	2.3	2,969	1,135	-	-
Commission expense	2.3	(5,083)	(5,789)	(1,246)	(1,714)
Net commission (expense)/income		(2,114)	(4,654)	(1,246)	(1,714)
Other income	2.3	4,911	8,882	2,337	6,737
Total net income		**26,839**	**26,110**	**23,416**	**22,434**
Operating expenses	2.4	(26,648)	(24,204)	(25,034)	(22,282)
Impairment of goodwill	7.2	(3,500)	-	-	-
Impairment of loans, advances and other receivables		(575)	84	(570)	(152)
(Loss)/profit before income tax		**(3,884)**	**1,990**	**(2,188)**	**-**
Income tax benefit/(expense)	2.5.1	178	(707)	768	304
(Loss)/profit for the period attributable to equity holders of the parent		**(3,706)**	**1,283**	**(1,420)**	**304**
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss, net of income tax		**-**	**-**	**-**	**-**
Total comprehensive income for the period		**(3,706)**	**1,283**	**(1,420)**	**304**
Earnings per share – continuing operations					
Basic earnings per share (cents)	5.3	(3.12)	1.08	-	-
Diluted earnings per share (cents)	5.3	(3.12)	1.08	-	-

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

STATEMENTS OF CHANGES IN EQUITY
For the year ended 30 June 2026

In thousands of AUD — **Consolidated**

Attributable to equity holders	Note	Issued Capital	Equity Raising Costs	Liquidity Reserve	Share-based Payments Reserve	Retained Earnings	Total Equity
		$	$	$	$	$	$
Balance at 1 July 2024		**103,664**	**(3,335)**	**360**	**1,281**	**19,147**	**121,117**
Profit for the period		-	-	-	-	1,283	1,283
Total comprehensive income						**1,283**	**1,283**
Transactions with owners of the Company							
Issue of share capital	5.2.3	24	-	-	(24)	-	-
Equity raising costs, net of tax	5.2.4	-	-	-	-	-	-
SPV reserve movement		-	-	(360)	-	-	(360)
Balance at 30 June 2025		**103,688**	**(3,335)**	**-**	**1,257**	**20,430**	**122,040**
Balance at 1 July 2025		**103,688**	**(3,335)**	**-**	**1,257**	**20,430**	**122,040**
Loss for the period		-	-	-	-	(3,706)	(3,706)
Total comprehensive income						**(3,706)**	**(3,706)**
Transactions with owners of the Company							
Issue of share capital	5.2.3	17	-	-	(17)	-	-
Equity raising costs, net of tax	5.2.4	-	-	-	-	-	-
SPV reserve movement		-	-	-	-	-	-
Balance at 30 June 2026		**103,705**	**(3,335)**	**-**	**1,240**	**16,724**	**118,334**

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

STATEMENTS OF CHANGES IN EQUITY
For the year ended 30 June 2026

In thousands of AUD **Bank**

Attributable to equity holders	Note	Issued Capital	Equity Raising Costs	Share-based Payments Reserve	Retained Earnings	Total Equity
		$	$	$	$	$
Balance at 1 July 2024		**103,664**	**(3,335)**	**1,281**	**25,660**	**127,270**
Profit for the period					304	304
Total comprehensive income					**304**	**304**
Transactions with owners of the Company						
Issue of share capital	5.2.3	24	-	(24)	-	-
Equity raising costs, net of tax	5.2.4	-	-	-	-	-
Balance at 30 June 2025		**103,688**	**(3,335)**	**1,257**	**25,964**	**127,574**
Balance at 1 July 2025		**103,688**	**(3,335)**	**1,257**	**25,964**	**127,574**
Loss for the period					(1,420)	(1,420)
Total comprehensive income					**(1,420)**	**(1,420)**
Transactions with owners of the Company						
Issue of share capital	5.2.3	17	-	(17)	-	-
Equity raising costs, net of tax	5.2.4	-		-	-	-
Balance at 30 June 2026		**103,705**	**(3,335)**	**1,240**	**24,544**	**126,154**

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

STATEMENTS OF CASH FLOWS
For the year ended 30 June 2026

		Consolidated		Bank	
	Note	**2026**	**2025**	**2026**	**2025**
In thousands of AUD		**$**	**$**	**$**	**$**
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		67,969	82,148	66,325	78,532
Fees and commissions received		11,283	10,485	2,337	3,510
Interest and other costs of finance paid		(43,202)	(59,213)	(43,318)	(60,088)
Other income received		-	3,227	-	3,227
Payments to suppliers and employees		(34,314)	(25,319)	(28,197)	(9,700)
Net (Increase)/decrease in loans, advances and other receivables		(51,422)	469,763	(51,422)	469,762
Net increase/(decrease) in deposits and other borrowings		51,985	(262,335)	51,985	(262,335)
Net (payments)/receipts for financial securities		(898)	(36,738)	(898)	(36,738)
Income taxes paid		(756)	(100)	(756)	(100)
Net cash provided by/(used in) operating activities	4.1.2	645	181,918	(3,944)	186,070
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(64)	(267)	(64)	(232)
Net cash (used in)/from investing activities		(64)	(267)	(64)	(232)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments for lease liabilities		(523)	(325)	(393)	(175)
Repayment of borrowings		-	(231,475)	-	(230,475)
Proceeds of borrowings		5,388	126	6,497	126
Net cash from / (used in) financing activities		4,865	(231,674)	6,104	(230,524)
Net increase / (decrease) in cash held		5,446	(50,023)	2,096	(44,686)
Cash and cash equivalents at beginning of the year		107,329	157,352	104,374	149,060
Total cash and cash equivalents		**112,775**	**107,329**	**106,470**	**104,374**

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 2026 was authorised for issue in accordance with a resolution of the directors on 27th August 2026.

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:

	Reference
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

(i) AASB 18 Presentation and Disclosure in Financial Statements (AASB 18)

In June 2024, the Australian Accounting Standards Board (AASB) issued AASB 18. This new standard will be effective for the Group from 1 July 2027 and will be applied retrospectively.

1. BASIS OF PREPARATION

1.4 Accounting policies and new standards (continued)

AASB 18 will replace AASB 101 Presentation of Financial Statements. While it does not impact the recognition and measurement of items in the financial statements, it introduces new requirements for the presentation and disclosure of information in general purpose financial statements.

The Group is assessing the presentation and disclosure impacts of adopting AASB 18.

(ii) Certain amendments to accounting standards that have been published are not mandatory for 30 June 2026 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.

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 2026 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 ($121m).

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.

NOTES TO THE FINANCIAL REPORT

2. FINANCIAL PERFORMANCE

2.3 Income

Net interest income

In thousands of AUD	Consolidated 2026 $	Consolidated 2025 $	Bank 2026 $	Bank 2025 $
Interest income				
Loans and advances	54,282	67,314	52,755	63,858
From other financial institutions	13,093	13,822	12,976	13,661
Total interest income	67,375	81,136	65,731	77,519
Interest expense				
Deposits	38,049	45,396	38,049	45,396
Negotiable certificates of deposit	97	-	97	-
Lease liabilities	131	41	88	20
Securitisation liabilities	2,944	11,545	3,060	12,422
Subordinated debt	2,112	2,270	2,112	2,270
Other	-	2	-	-
Total interest expense	43,333	59,254	43,406	60,108
Net interest income	24,042	21,882	22,325	17,411

Net commission income

	Note	Consolidated 2026 $	Consolidated 2025 $	Bank 2026 $	Bank 2025 $
Commission income					
Upfront commission		1,723	1,633	-	-
Trail commission income	2.3.1	1,246	(498)	-	-
Total commission income		2,969	1,135	-	-
Commission expense					
Upfront commission expense		3,006	3,746	-	-
Trail commission expense	2.3.1	2,077	2,043	1,246	1,714
Total commission expense		5,083	5,789	1,246	1,714
Net commission (expense)/income		(2,114)	(4,654)	(1,246)	(1,714)

Other income

	Consolidated 2026 $	Consolidated 2025 $	Bank 2026 $	Bank 2025 $
Service fees and other residual income	3,166	3,812	568	552
Lending fees	823	916	675	664
Transaction fees	922	927	922	934
Trust distributions	-	-	172	1,359
Other	-	3,227[1]	-	3,228[1]
Total other income	4,911	8,882	2,337	6,737

[1] Includes premium achieved on the Bullion Trust whole loan sale to Bendigo Bank and Goldman Sachs warehouse sale transaction.

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:

2. FINANCIAL PERFORMANCE

2.3 Income (continued)

Accounting policy - recognition and measurement (continued)

Origination commissions
The Group provides loan origination commissions which 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

		Consolidated		Bank
In thousands of AUD	**2026**	**2025**	**2026**	**2025**
	$	**$**	**$**	**$**
Trail commission receipts (net GST)	670	533	-	-
Change in net present value of future trail commissions receivable[1]	576	(1,031)	-	-
Trail commission income	1,246	(498)	-	-
Commission expense				
Trail commission paid (net GST)	1,916	2,247	1,246	1,714
Change in net present value of future trail commission payable[1]	161	(204)	-	-
Trail commission expense	2,077	2,043	1,246	1,714

[1] 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.

2. FINANCIAL PERFORMANCE

2.4 Operating Expenses

In thousands of AUD	Consolidated 2026 $	Consolidated 2025 $	Bank 2026 $	Bank 2025 $
Employee benefits	17,292	14,674	17,090	14,549
Information technology	4,985	4,182	4,365	3,460
Other administration expenses	1,582	1,576	1,211	1,196
Professional services	1,325	1,943	1,255	1,877
Depreciation, amortisation and impairment	606	337	481	188
Banking services delivery	273	405	274	405
Occupancy	219	363	138	253
Marketing	184	454	78	207
Securitisation operating expenses	182	270	142	147
Total operating expenses	26,648	24,204	25,034	22,282

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:

In thousands of AUD	Consolidated 2026 $	Consolidated 2025 $	Bank 2026 $	Bank 2025 $
Recognised in profit or loss				
Current tax	293	1,881	(994)	443
Deferred tax	(393)	(1,266)	301	(835)
Adjustments in respect of previous income tax	(78)	92	(75)	88
Income tax (benefit)/expense on continuing operations recognised in Profit or Loss	(178)	707	(768)	(304)
Tax reconciliation				
(Loss)/profit before tax	(3,884)	1,990	(2,360)	(1,359)
Prima facie income tax (benefit)/expense on (loss)/profit before income tax at 30% (2025:30%)	(1,165)	597	(708)	(408)
Adjust for tax effect of:				
Non-assessable income	-	-	-	-
Non-deductible expenses	1,065	18	15	16
Prior period adjustments	(78)	92	(75)	88
Income tax expense/(benefit) on continuing operations recognised in Profit or Loss	(178)	707	(768)	(304)

2. FINANCIAL PERFORMANCE

2.5 Income tax (continued)

2.5.2 Deferred tax assets and liabilities

In thousands of AUD	Consolidated 2026 $	2025 $	Bank 2026 $	2025 $
Deferred tax assets comprise temporary differences attributable to:				
Provision for doubtful debts	1,119	947	1,097	926
Accrued expenses	970	983	895	928
Provisions	373	325	373	325
Equity raising and s.40-880 costs	-	29	-	29
Lease liabilities	395	279	263	121
Net present value of trail commission payable	413	701	-	-
Carry forward losses	108	151	108	151
Total deferred tax assets	3,378	3,415	2,736	2,480
Deferred tax liabilities comprise temporary differences attributable to:				
Prepayments and other assets	3	3	3	3
Right of use assets	366	271	246	118
Net present value of trail commission receivable	1,345	2,335	-	-
Deferred commission expense	1,578	1,430	879	764
Property, plant and equipment	-	-	-	-
Total deferred tax liabilities	3,292	4,039	1,128	885
Set-off	(3,378)	(3,415)	(2,736)	(2,480)
Net deferred tax asset/(liability)	86	(624)	1,608	1,595

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.

NOTES TO THE FINANCIAL REPORT

3. LOANS AND ADVANCES

3.1. Loans and advances

In thousands of AUD	Consolidated 2026 $	Consolidated 2025 $	Bank 2026 $	Bank 2025 $
Residential loans	707,049	766,789	707,049	766,789
Commercial loans	247,239	136,038	247,239	136,038
Personal loans	32	47	32	47
Overdrafts	56	81	56	81
Senior secured lending	40,123	-	40,123	-
	994,499	902,955	994,499	902,955
Add: Unamortised broker commissions	5,262	4,768	2,932	2,548
Unamortised premium	475	1,068	475	1,068
Gross loans and advances	1,000,236	908,791	997,906	906,571
Provision for credit losses – refer note 3.2	(3,732)	(3,157)	(3,658)	(3,088)
Loans and advances net of provisions	996,504	905,634	994,248	903,483
Maturity analysis – gross loans and advances				
Overdrafts	68	94	68	94
Not longer than 1 year	40,128	39	40,128	39
Longer than 1 and not longer than 5 years	522	1,102	522	1,102
Longer than 5 years	959,518	907,556	957,188	905,336
	1,000,236	908,791	997,906	906,571

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

In thousands of AUD	Consolidated 2026 $	Consolidated 2025 $	Bank 2026 $	Bank 2025 $
Expected credit loss provision				
Opening balance	3,157	3,268	3,088	2,964
Specific debt provided for during the year	-	112	-	112
Bad debts provided for during the year	575	(223)	570	12
Bad debts written off during the year	-	-	-	-
Closing balance	3,732	3,157	3,658	3,088

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

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.

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 2026.

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% (2025: 25%) likelihood of a full loss of an average top-20 (2025: top-20) 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 $871,713 or 9.3bps of total portfolio (excluding the BEN Warehouse) for the period to 30 June 2026 (2025: $661,802 or 7.4bps).

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 $250,000 or 2.7bps of total portfolio (excluding the BEN Warehouse) for the period to 30 June 2026, (2025: $400,000 or 4.5 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.

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

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 30th June 2026.

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	Long Run	Moderate Downturn	Severe Downturn	Concentration Overlay $	Other Overlay $	Model Outcome $	Variance $
Model Used	60%	30%	10%	872	524	3,394	-
Scenario 1	80%	20%	-	872	421	2,535	(859)
Scenario 2	70%	20%	10%	872	504	3,277	(167)
Scenario 3	50%	35%	15%	872	576	3,824	430

NOTES TO THE FINANCIAL REPORT

3. LOANS AND ADVANCES

3.2 Provision for credit losses (continued)

Movements of expected credit loss provision

In thousands of AUD	**Consolidated**							
	Stage 1		**Stage 2**		**Stage 3**		**Total**	
	Gross exposure	**Provision**	**Gross exposure**	**Provision**	**Gross exposure**	**Provision**	**Gross exposure**	**Provision**
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
Opening balance – 1 July 2025	886,815	1,764	7,951	321	14,025	1,072	908,791	3,157
Transfers to/(from)								
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Specific Provision	-	-	-	-	-	-	-	-
Movement in year	96,636	822	(4,210)	(38)	(6,718)	(209)	85,708	575
Bad debts written off	-	-	-	-	-	-	-	-
Closing balance – 30 June 2026	983,451	2,586	3,741	283	7,307	863	994,499	3,732

3. LOANS AND ADVANCES

3.2 Provision for credit losses (continued)

Movement of expected credit loss provision

In thousands of AUD	Bank							
	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	Provision	Gross exposure	Provision	Gross exposure	Provision	Gross exposure	Provision
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
Opening balance – 1 July 2025	822,958	1,695	7,950	321	14,025	1,072	844,933	3,088
Transfers to/(from)								
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Specific Provision	-	-	-	-	-	-	-	-
Movement in year	90,283	817	(4,210)	(38)	(6,718)	(209)	79,355	570
Bad debts written off	-	-	-	-	-	-	-	-
Closing balance – 30 June 2026	913,241	2,512	3,740	283	7,307	863	924,288	3,658

4. LIQUIDITY AND FUNDING

4.1.1 Cash and cash equivalents

In thousands of AUD	Consolidated 2026 $	2025 $	Bank 2026 $	2025 $
Cash at bank and on hand	71,589	66,589	67,948	65,441
Cash at bank - restricted	41,186	40,740	38,522	38,933
Total cash and cash equivalents	112,775	107,329	106,470	104,374

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

In thousands of AUD	Consolidated 2026 $	2025 $	Bank 2026 $	2025 $
Operating (loss)/profit after income tax	(3,706)	1,283	(1,420)	304
Non-cash items				
Depreciation and amortisation	606	338	481	188
Change in fair value of NPV asset	3,300	3,636	-	-
Change in fair value of NPV liability	(961)	(1,194)	-	-
Impairment of financial assets	575	(83)	570	152
Impairment of goodwill	3,500	-	-	-
Leave provisions	(161)	(98)	(161)	(98)
Movement in assets and liabilities				
Loans and receivables	(51,422)	469,763	(51,422)	469,762
Investments	(898)	(36,738)	(898)	(36,738)
Deposits	51,985	(262,335)	51,985	(262,335)
Trade Receivables and other assets	(347)	5,605	(648)	8,298
Deferred tax assets	37	165	(256)	(236)
Deferred tax liabilities	(747)	(1,440)	243	(607)
Current tax payable	756	100	756	100
Trade Payables	(2,033)	2,818	(3,335)	7,182
Provisions	161	98	161	98
Net cash flow from operating activities	**645**	181,918	**(3,944)**	186,070

4. LIQUIDITY AND FUNDING

4.2 Financial assets

	Consolidated		Bank	
In thousands of AUD	**2026 $**	**2025 $**	**2026 $**	**2025 $**
Due from other financial institutions at amortised cost	50,490	75,764	50,490	75,764
Investment securities at amortised cost (a)	115,109	129,061	115,109	129,061
	165,599	204,825	165,599	204,825
Maturity analysis				
Due from other financial institutions				
- Not longer than 3 months	34,015	58,144	34,015	58,144
- 3 months to 1 year	8,855	10,000	8,855	10,000
- 1 year to 5 years	7,620	7,620	7,620	7,620
	50,490	75,764	50,490	75,764
Investment securities				
- Not longer than 3 months	-	6,139	-	6,139
- 3 months to 1 year	13,023	17,910	13,023	17,910
- 1 year to 5 years	102,086	89,986	102,086	89,986
- More than 5 years	-	15,026	-	15,026
	115,109	129,061	115,109	129,061

(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.

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.

4. LIQUIDITY AND FUNDING

4.2 Financial assets (continued)

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

	Consolidated		Bank	
In thousands of AUD	**2026**	**2025**	**2026**	**2025**
	$	**$**	**$**	**$**
Call deposits	522,140	709,491	522,140	709,491
Term deposits	527,221	298,817	527,221	298,817
Negotiable certificates of deposit	10,932	-	10,932	-
	1,060,293	1,008,308	1,060,293	1,008,308
Maturity analysis				
- At call	522,140	709,491	522,140	709,491
- Not longer than 3 months	257,433	153,909	257,433	153,909
- Longer than 3 months but less than 12 month	275,395	135,062	275,395	135,062
- Longer than 12 months but less than 5 years	5,325	9,846	5,325	9,846
	1,060,293	1,008,308	1,060,293	1,008,308

During the year, the Company established a Negotiable Certificate of Deposit (NCD) program following the receipt of an Investment Grade Credit Rating from S&P Global Ratings and commenced issuing NCDs in April 2026.

Accounting policy - Recognition and measurement
Deposits and NCDs 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

	Consolidated		Bank	
In thousands of AUD	**2026**	**2025**	**2026**	**2025**
	$	**$**	**$**	**$**
Accrued commission income	81	183	-	-
Prepayments	2,143	1,948	2,678	2,349
Other debtors	1,199	1,070	680	151
Total commissions and other receivables	3,423	3,201	3,358	2,500

4. LIQUIDITY AND FUNDING

4.4 Receivables and payables (continued)

4.4.2 Commissions and other payables

In thousands of AUD	Consolidated 2026 $	2025 $	Bank 2026 $	2025 $
Accrued commission payable	27	65	-	-
Lease liabilities - refer to note 7.4	1,316	930	877	402
Trade creditors and accrued expenses	6,318	5,969	5,953	5,390
Total commissions and other payables	7,661	6,964	6,830	5,792

4.4.3 Contract assets and trail commission payable

In thousands of AUD	Consolidated 2026 $	2025 $	Bank 2026 $	2025 $
Contract assets (trail commission income)				
Net present value of future trail commission receivable	4,484	7,784	-	-
Trail commission payable (Contract liability)				
Net present value of future trail commission payable	1,377	2,338	-	-

Reconciliation of the written down values;	Consolidated		Bank	
In thousands of AUD	Contract Asset $	Trail commission payable $	Contract Asset $	Trail commission payable $
Opening net present value at 1 July 2025	7,784	2,338	-	-
Additions	-	-	-	-
Amortisation provided	(3,300)	(961)	-	-
Closing net present value at 30 June 2026	4,484	1,377	-	-

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.

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:

	2026	2025
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	8.1 years	8.9 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

	Consolidated		Bank	
In thousands of AUD	**2026 $**	**2025 $**	**2026 $**	**2025 $**
Securitisation liabilities - loans	-	-	70,393	64,006
Securitisation liabilities - notes	71,682	66,403	-	-
Subordinated debt	24,156	24,046	24,156	24,046
Total borrowings	95,838	90,449	94,549	88,052

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) where it remains at 30 June 2026.

	Consolidated		Bank	
In thousands of AUD	**2026 $**	**2025 $**	**2026 $**	**2025 $**
Securitisation warehouse funding facilities - utilised	-	-	70,393	64,006
Securitisation warehouse funding facilities - unutilised	-	-	50,607	56,994
Securitisation warehouse funding approval limit	**-**	**-**	**121,000**	**121,000**

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. In line with the terms and conditions, BNK applied to APRA for approval to redeem these notes, which was provided with the notes being repaid on 4 August 2026.

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. The next available early redemption date for this tranche is 1 November 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.

4. LIQUIDITY AND FUNDING

4.5 Other financial liabilities (continued)

Securitisation liabilities - notes

In thousands of AUD ***30 June 2026***	**Margin range above BBSW** **%**	**Accrued Interest** **$**	**Principal Notes** **$**	**Total** **$**
Class A Notes	1.20	142	67,210	67,352
Class B Notes	4.80	4	965	969
Class C1 Notes	7.25	6	1,251	1,257
Class D1 Notes	8.25	4	871	875
Class E1 Notes	9.00	3	643	646
Class F1 Notes	11.00	3	580	583
Securitisation liabilities –notes totals		**162**	**71,520**	**71,682**

In thousands of AUD ***30 June 2025***	**Margin range above BBSW** **%**	**Accrued Interest** **$**	**Principal Notes** **$**	**Total** **$**
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
Securitisation liabilities –notes totals		**181**	**66,222**	**66,403**

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

Self-Securitised 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;

In thousands of AUD ***30 June 2026***	**Margin above BBSW** **%**	**Accrued Interest** **$**	**Principal Notes** **$**	**Total** **$**
Class A Notes	0.5	285	270,500	270,785
Class B Notes	0.5	28	27,000	27,028
Securitisation liabilities funding totals		**313**	**297,500**	**297,813**

30 June 2025	**Margin above BBSW** **%**	**Accrued Interest** **$**	**Principal Notes** **$**	**Total** **$**
Class A Notes	0.5	-	270,500	270,500
Class B Notes	0.5	-	27,000	27,000
Securitisation liabilities funding totals		**-**	**297,500**	**297,500**

At 30 June 2026, the value of the loans held within the PRIMUS Trust was $260,264,739 (2025: $258,672,448).
On group consolidation all balances between BNK and the PRIMUS trust are fully eliminated.

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 Board 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 (NFRC)

The NFRC 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.

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.

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)

In thousands of AUD	Consolidated							
	Floating interest rate	Fixed interest rate					Non-interest bearing	Amount per Statement of Financial Position
2026		1 year or less	1 to 2 years	2 to 3 years	3 to 5 years	> 5 years		
Financial assets								
Cash and cash on hand	112,766	-	-	-	-	-	9	112,775
Due from other financial institutions	-	42,870	-	7,620	-	-	-	50,490
Investment securities	-	63,063	37,188	9,822	5,036	-	-	115,109
Loans and advances	993,801	666	-	32	-	-	-	994,499
Commission and other receivables	-	-	-	-	-	-	5,764	5,764
Total financial assets	1,106,567	106,599	37,188	17,474	5,036	-	5,773	1,278,637
Financial liabilities								
Deposits	522,140	522,507	1,104	3,610	-	-	-	1,049,361
Lease liabilities	-	448	410	362	96	-	-	1,316
Commission and other payables	-	-	-	-	-	-	7,721	7,721
Securitisation liabilities	-	71,682	-	-	-	-	-	71,682
Subordinated notes	-	24,156	-	-	-	-	-	24,156
Negotiable certificates of deposit	-	10,932	-	-	-	-	-	10,932
Total financial liabilities	522,140	629,725	1,514	3,972	96	-	7,721	1,165,168
Net financial assets/(liabilities)	**584,427**	**(523,126)**	**35,674**	**13,502**	**4,940**	**-**	**(1,948)**	**113,469**
2025								
Financial assets								
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	-	-	-	-	-	-	-	-
Total financial assets	1,001,926	144,814	13,675	39,878	9,754	5,043	9,057	1,224,147
Financial liabilities								
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
Total financial liabilities	709,491	367,669	18,315	384	3,828	-	8,371	1,108,058
Net financial assets/(liabilities)	**292,435**	**(222,855)**	**(4,640)**	**39,494**	**5,926**	**5,043**	**686**	**116,089**

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)

In thousands of AUD	Bank							
	Floating	Fixed interest rate					Non-interest	Amount per
2026	interest	1 year or less	1 to 2 years	2 to 3 years	3 to 5 years	> 5 years	bearing	Statement of
Financial assets	rate							Financial Position
Cash and cash on hand	106,470	-	-	-	-	-	-	106,470
Due from other financial institutions	-	42,870	-	7,620	-	-	-	50,490
Investment securities	-	63,063	37,188	9,822	5,036	-	-	115,109
Loans and advances	993,801	666	-	32	-	-	-	994,499
Commission and other receivables	-	-	-	-	-	-	680	680
Total financial assets	1,100,271	106,599	37,188	17,474	5,036	-	680	1,267,248
Financial liabilities								
Deposits	522,140	533,439	1,104	3,610	-	-	-	1,060,293
Lease liabilities	-	345	291	241	-	-	-	877
Creditors and other payables	-	-	-	-	-	-	5,952	5,952
Securitisation liabilities	-	70,393	-	-	-	-	-	70,393
Subordinated notes	-	24,156	-	-	-	-	-	24,156
Negotiable certificates of deposit	-	10,932	-	-	-	-	-	10,932
Total financial liabilities	522,140	639,265	1,395	3,851	-	-	5,952	1,172,603
Net financial assets/(liabilities)	**578,131**	**(532,666)**	**35,793**	**13,623**	**5,036**	**-**	**(5,272)**	**94,645**
2025								
Financial assets								
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	-	-	-	-	-	-	-	-
Total financial assets	998,990	144,814	13,675	39,878	9,754	5,043	151	1,212,305
Financial liabilities								
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
Total financial liabilities	709,491	365,184	18,212	265	3,610	-	5,390	1,102,152
Net financial assets/(liabilities)	**289,499**	**(220,370)**	**(4,537)**	**39,613**	**6,144**	**5,043**	**(5,239)**	**110,153**

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 (2025: +/- 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)**	
	2026	**2025**	**2026**	**2025**
100 basis points increase (2025: 100bps)	1,745	1,201	1,745	1,201
100 basis points decrease (2025: 100bps)	(1,745)	(1,201)	(1,745)	(1,201)

5.1.3 Market risk - Equity investments

The Group held no equity investments at 30 June 2026 or 30 June 2025.

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 2026, the Group repossessed one property for which no losses were incurred (2025: 1 property with no loss). At the reporting date, the group had no loans under Mortgagee in Possession (2025: Nil).

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:

In thousands of AUD	Consolidated 2026 $	2025 $	Bank 2026 $	2025 $
Owner occupier home loans	466,892	504,540	466,892	504,540
Investment home loans	240,157	262,253	240,157	262,253
Commercial loans	247,239	136,039	247,239	136,039
Secured personal loans	-	7	-	7
Unsecured personal loans	32	35	32	35
Overdrafts	56	81	56	81
Senior Secured lending	40,123	-	40,123	-
	994,499	902,955	994,499	902,955

As at 30 June 2026 there were no borrowers (2025: 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:

In thousands of AUD	Consolidated 2026 $	2025 $	Bank 2026 $	2025 $
Past due but not impaired				
30 days & less than 90 days	4,572	8,832	4,572	8,832
90 days & less than 182 days	1,224	4,613	1,224	4,613
182 days or more	3,240	4,518	3,240	4,518
	9,036	17,963	9,036	17,963
Impaired – mortgage loans	631	631	631	631
Impaired – overdrafts	-	-	-	-
Neither past due or impaired	984,832	884,361	984,832	884,361
Total loans and advances	994,499	902,955	994,499	902,955

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:

Type of credit exposure	Percentage of exposure that is subject to collateral requirements 2026	2025	Principal type of collateral held
Deposits with banks and short-term securities	-	-	Marketable securities
Investment securities	-	-	Marketable securities
Residential loans	100	100	Residential property
Personal loans	-	14	Residential property and/or motor vehicles
Overdrafts	99	99	Residential property
Commercial loans	98	98	Commercial and/or residential property, floating charges over business assets
Senior secured lending	100	-	Eligible securities

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 and commercial mortgages. Valuation amounts used in these calculations are based on the security value taken at the time the loans were originated or subsequent revaluation.

In thousands of AUD	Consolidated 2026 $	2025[1] $	Bank 2026 $	2025[1] $
Loan To Value Ratio				
0 – 60.0%	355,166	358,834	355,166	358,834
60.01 – 80.0%	542,782	495,805	542,782	495,805
80.01 – 90.0%	53,256	44,559	53,256	44,559
>90.01%	3,084	3,634	3,084	3,634
	954,288	902,832	954,288	902,832

[1] This disclosure now incorporates both residential and commercial lending. FY2025 has been restated to include commercial lending as a comparison to FY2026.

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

In thousands of AUD	Consolidated 2026 $	2025 $	Bank 2026 $	2025 $
Long Term Credit Rating				
1 (AAA to AA-)*	106,519	91,807	106,519	91,807
2 (A+ to A-)*	25,975	73,557	25,975	73,557
3 (BBB+ to BBB-)*	30,150	33,428	30,150	33,428
Unrated	2,956	6,033	2,956	6,033
	165,600	204,825	165,600	204,825

Accrued commission receivable and other debtors

In thousands of AUD	Consolidated 2026 $	2025 $	Bank 2026 $	2025 $
Long Term Credit Rating				
1 (AAA to AA-)*	-	-	-	-
2 (A+ to A-)*	380	3,214	-	-
3 (BBB+ to BBB-)*	-	-	-	-
Unrated	5,384	5,824	680	151
	5,764	9,038	680	151

** Or equivalent rating by other rating agencies*

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.

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 2026 there were no deposits greater than 10% of total liabilities (2025: nil).

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

In thousands of AUD	Consolidated 2026 $	2025 $	Bank 2026 $	2025 $
High quality liquid assets	234,850	288,756	231,209	287,608
Adjusted liability base for regulatory purposes	1,152,391	1,091,745	1,151,998	1,091,101
Liquidity ratio (As at 30 June)	20.38%	26.45%	20.07%	26.36%

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

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.

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)

	Consolidated			
	Fair value		Carrying amount	
In thousands of AUD	**2026 $**	**2025 $**	**2026 $**	**2025 $**
Financial assets				
Cash and cash equivalents	112,775	107,329	112,775	107,329
Accrued commission receivable	81	183	81	183
Due from other financial institutions	50,490	75,764	50,490	75,764
Investment securities	113,309	127,644	115,109	129,061
Loans and advances	996,949	905,639	996,505	905,634
Total financial assets	1,273,604	1,216,559	1,274,960	1,217,971
Financial liabilities				
Deposits	1,060,075	1,007,955	1,060,293	1,008,308
Accrued commission payable	27	65	27	65
Other financial liabilities	95,838	90,449	95,838	90,449
Creditors and other payables	6,317	5,969	6,317	5,969
Total financial liabilities	1,162,257	1,104,438	1,162,475	1,104,791
	Bank			
Financial assets				
Cash and cash equivalents	106,470	104,374	106,470	104,374
Due from other financial institutions	50,490	75,764	50,490	75,764
Investment securities	113,309	127,644	115,109	129,061
Loans and advances	994,692	903,490	994,248	903,483
Other receivables	680	151	680	151
Total financial assets	1,265,641	1,211,423	1,266,997	1,212,833
Financial liabilities				
Deposits	1,060,075	1,007,955	1,060,293	1,008,308
Other financial liabilities	-	88,052	-	88,052
Creditors and other payables	5,952	5,390	5,952	5,390
Total financial liabilities	1,066,027	1,101,397	1,066,245	1,101,750

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. For senior secured notes, the fair values reflect indicative process as quoted on Bloomberg,

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.

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. During FY2026 this requirement was withdrawn by APRA. At 30 June 2025 this amounted to $1.4m.

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.

	Consolidated (Level 2)		Bank (Level 1)	
In thousands of AUD	**2026**	**2025**	**2026 $**	**2025 $**
Tier 1 capital	106,127	104,955	97,946	101,372
Tier 2 capital	27,457	26,781	27,384	26,712
Total regulatory capital	133,584	131,736	125,330	128,084
Risk weighted assets	543,244	458,795[1]	540,742	458,479[2]
Capital adequacy ratio	24.59%	28.71%	23.18%	27.94%

[1] Retrospective update to FY2025 Risk weighted assets resulted in CAR reduction of 0.28% (FY2025 disclosed 28.99%)
[2] Retrospective update to FY2025 Risk weighted assets resulted in CAR reduction of 0.27% (FY2025 disclosed 28.21%)

5.2.3 Share capital

		Consolidated	
In thousands of AUD	**Note**	**2026 $**	**2025 $**
Share capital		100,370	100,353

Movements in ordinary shares on issue	Note	Number of shares	2026 $	Number of shares	2025 $
Beginning of the financial year		118,759,405	103,688	118,719,405	103,664
Issued during the year in a placement		-	-	-	-
Exercise of performance rights		20,625	17	40,000	24
		118,780,030	103,705	118,759,405	103,688
Less equity raising costs	5.2.4	-	(3,335)	-	(3,335)
		118,780,030	100,370	118,715,405	100,353

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.

5. FINANCIAL RISK AND CAPITAL MANAGEMENT

5.2 CAPITAL MANAGEMENT

5.2.4 Equity raising costs

	Consolidated	
In thousands of AUD	**2026 $**	**2025 $**
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:

	Consolidated	
In thousands of AUD	**2026 $**	**2025 $**
Net (loss)/profit attributable to ordinary share holders	(3,706)	1,283
Basic earnings per share (cents)	(3.12)	1.08
Diluted earnings per share (cents)	(3.12)	1.08

Weighted average number of ordinary shares	**2026**	**2025**
Issued Share Capital 1 July	118,759,405	118,719,405
Effect of performance rights exercised	15,878	5,151
Weighted average ordinary shares for basic earnings per share 30 June	118,775,283	118,724,556
Effect of performance rights exercised	4,690	34,739
Weighted average ordinary shares for diluted earnings per share 30 June	118,779,973	118,759,295

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.

5. FINANCIAL RISK AND CAPITAL MANAGEMENT

5.4 DIVIDENDS PAID OR PROPOSED AND FRANKING ACCOUNT (Continued)

Franking credit balance

In thousands of AUD	**2026 $**	**2025 $**
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% (2025: 30%)	5	2,837
Franking credits that arise from additional tax paid/(refunded) in prior financial years	2,120	(2,832)
Franking credits that will arise from the payment/(receipt) of income tax payable/receivable as at the end of the financial year	516	-
Franking credits available for subsequent reporting periods at 30% (2025: 30%)	2,641	5

6. GROUP STRUCTURE

6.1.1 Investments in subsidiaries

		Bank	
In thousands of AUD	**Note**	**2026 $**	**2025 $**
Investments in subsidiaries at cost		19,896	19,896

Subsidiaries

Subsidiary name	**Segment**	**Ownership 2026**	**2025**
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.

7. OTHER NOTES

7.1 Property, plant and equipment

In thousands of AUD	Note	Consolidated 2026 $	Consolidated 2025 $	Bank 2026 $	Bank 2025 $
Office equipment and leasehold improvements		318	306	154	142
Accumulated depreciation		(246)	(205)	(111)	(83)
		72	101	43	59
Computer equipment and IT hardware		390	339	364	313
Accumulated depreciation		(265)	(180)	(239)	(154)
		125	159	125	159
Right of use assets		1,805	1,026	1,248	469
Accumulated depreciation		(586)	(124)	(428)	(78)
		1,219	902	820	391
Total property, plant and equipment		1,416	1,162	988	609

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

Consolidated ***In thousands of AUD***	Right of Use Asset $	Office Equip & L/H imp $	Computer equip & IT hardware $	Total $
Opening written down value at 1 July 2025	902	101	159	1,162
Additions	779	12	51	842
Disposals	-	-	-	-
Depreciation	(462)	(41)	(85)	(588)
Closing written down value at 30 June 2026	1,219	72	125	1,416

Bank ***In thousands of AUD***	Right of Use Asset $	Office Equip & L/H imp $	Computer equip & IT hardware $	Total $
Opening written down value at 1 July 2025	391	59	159	609
Additions	780	12	51	843
Disposals	-	-	-	-
Depreciation	(351)	(28)	(85)	(464)
Closing written down value at 30 June 2026	820	43	125	988

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.

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	3-5 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.

7. OTHER NOTES

7.2 Goodwill and other intangible assets

In thousands of AUD	Consolidated 2026 $	Consolidated 2025 $	Bank 2026 $	Bank 2025 $
Goodwill	-	3,500	-	-
Brand names, trademarks and domain names	170	170	170	170
Other intangible assets	176	176	176	176
Accumulated amortisation	(110)	(93)	(110)	(93)
	66	83	66	83
Total goodwill and other intangibles	236	3,753	236	253

Reconciliation of intangible assets

In thousands of AUD	Consolidated Goodwill $	Brand names & Trademarks $	Other Intangible $	Total $
Balance at 1 July 2024	3,500	170	101	3,771
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation/Impairment	-	-	(18)	(18)
Balance at 1 July 2025	3,500	170	83	3,753
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation/Impairment	(3,500)	-	(17)	(3,517)
Closing balance at 30 June 2026	-	170	66	236

In thousands of AUD	Bank Brand names & trademarks $	Other Intangible $	Total $
Balance at 1 July 2024	170	101	271
Additions	-	-	-
Amortisation	-	(18)	(18)
Balance at 1 July 2025	170	83	253
Additions	-	-	-
Amortisation	-	(17)	(17)
Closing balance at 30 June 2026	170	66	236

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.

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.

Impairment

During FY2026, a Goodwill assessment was performed to assess the recoverability using the future cash flows of the Group's cash generating unit (CGU) under AASB 136. The sensitivities within the revenue drivers identified that the remaining goodwill was no longer supported resulting in a full impairment of $3.5m being recognised.

Following this impairment, no further goodwill is recognised within the CGU of the Group.

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

Prior to the full impairment in FY2026, goodwill was allocated to the Group's cash generating units (CGUs) as follows:

In thousands of AUD	**2026**	**2025**
	$	**$**
Banking	-	3,500
Total goodwill	-	3,500

Impairment testing of the CGU was performed using the value in use approach, by discounting future cash flows (5 years), estimated from the continuing use of the CGU.

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	**2026**	**2025**
Discount rates (post-tax)	11.0%	11.1%
Terminal value growth rate	2.5%	2.5%
Budgeted net income growth rate (average of next 5 years)	15%	22%
Budgeted cost rates (average of next 5 years)	6%	12%

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.

7. OTHER NOTES

7.3 Provisions

In thousands of AUD	Note	Consolidated 2026 $	Consolidated 2025 $	Bank 2026 $	Bank 2025 $
Provision for annual leave		872	748	872	748
Provision for long service leave		372	336	372	336
Total provisions		1,244	1,084	1,244	1,084

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 ($) Future minimum lease payments	Consolidated ($) Interest	Consolidated ($) Present value of lease payments	Bank ($) Future minimum lease payments	Bank ($) Interest	Bank ($) Present value of lease payments
Less than one year	541	92	449	404	59	345
Between one and five years	918	74	844	555	38	517

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 contact 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.

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.

7. OTHER NOTES

7.4 Leases (continued)

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 contact 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.

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:

In thousands of AUD	**2026** **$**	**2025** **$**
Short-term employee benefits	2,672	2,255
Post-employment benefits	216	187
Other long-term benefits	21	169
Termination benefits	417	27
	3,326	2,638

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 6.1 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. OTHER NOTES

7.5.2 Share-Based Payments

Shareholders of the Company approved the continuation of the BNK Equity Incentive Plan at the 2019 Annual General Meeting. Pursuant to the terms of this 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

Grant Date	Name	Rights #	Employee #	Vesting Date	Exercised	Exercised held in Escrow	Forfeited	Balance
1/09/2021	FY21 Bonus	287,500	6	1/09/2021	194,885	-	-	-
				1/09/2025	59,065	-	5,000	-

There have been no new Share Options /Performance Rights granted during the reporting period to 30 June 2026.

Performance rights – fair value and vesting conditions

The Group had no Performance Rights expensed in the period to 30 June 2026.

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.

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.

	2026 $	2025
Total value of term and savings deposits from KMP at reporting date	4,047,998	20,704,678
Total interest paid/payable on deposits to KMP	717,584	617,556
Total value of loans to KMP at reporting date	2,369,140	2,369,500
Total interest received/receivable on loans from KMP	137,451	155,497

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. OTHER NOTES

7.5.5 Related party transactions with director related entities

During the reporting period 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 $350,345 (FY25: $438,395) and $35,374 (FY25: $46,176) respectively of trail income commissions to the Group during FY26 (incl GST).

7.6 Auditor's remuneration

Auditors of the Group

The below disclosure reflects the total fees paid to Grant Thornton across each Financial year of 2026 and 2025.

In AUD	**2026 $**	**2025 $**
Audit and review of the financial statements	391,184	407,320
Regulatory audit services	130,395	135,774
Total audit and assurance services paid to Grant Thornton Audit Pty Ltd	521,579	543,094
Non-audit services		
Accounting and tax advisory services paid to Grant Thornton Australia Limited	68,228	21,470
Total amounts paid to Grant Thornton Group entities (incl GST)	589,807	564,564
Total audit and assurance services	521,579	543,094
Total accounting and tax advisory services	68,228	21,470
Total amounts paid to Grant Thornton Group entities (incl GST)	589,807	564,564

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 (2025: $10,000,000) with CUSCAL Ltd which is secured by a cash deposit. As at 30 June 2026, the entire facility was unused (2025: $nil).

7. OTHER NOTES

7.8 Commitments and contingencies

In thousands of AUD	**2026 $**	**2025 $**
(a) Capital expenditure	-	-
(b) Outstanding loan commitments		
Loans approved not advanced	6,887	486
Loan funds available for redraw	60,326	56,510
Unutilised overdraft limits	151	286
(c) Undrawn credit commitments		
Financial guarantees	2,400	-
Total lending commitments	69,764	57,282

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

On the 4th August 2026 the group redeemed $8.75m of Tier 2 subordinated notes (GMLY01) after receiving approval from APRA in line with the terms and conditions of the instrument.

On the 14th August 2026, BNK permanently appointed Steve Kinsella to the role of CEO and Judith Newman to the role of CFO having previously both been interim appointments since 2 April 2026. In addition, on the 6th August, Manish M commenced in the role of CRO.

There have been no other 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

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As at 30 June 2026

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.

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 2026 are in accordance with the Corporations Act 2001, including:
        i. Giving a true and fair view of its financial position as at 30 June 2026 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 30th June 2026.

    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 2026.

On behalf of the Board

Jon Denovan

Jon Denovan
Chairman

27th August 2026

For personal use only

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Independent Auditor's Report

To the Shareholders of BNK Banking Corporation Ltd

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 2026, 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 2026 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.

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 BNK's loan assessment and origination process, collections and factors external to the bank, such as macro-economic conditions. In accordance with AASB 9 *Financial Instruments* (AASB 9), the Group performs a forward-looking analysis using internal and external factors that may impact expected credit losses. This analysis requires significant management judgement. Management also uses assumptions around the current macro-economic environment to apply overlays where relevant to compensate for modelling limitations. This is a key audit matter due to the inherent complexity and significant auditor judgement required to challenge management's judgements.	Our procedures included: • Obtaining an understanding of BNK's processes, and evaluating the design, implementation and operating effectiveness of relevant internal controls including those relating to: – loan approvals; – identifying loans in arrears; and – the completeness and accuracy of data used in the ECL model. • Performing sensitivity analysis on the model by varying assumptions within a reasonable range to identify significant assumptions to focus our further procedures; • With the assistance of our internal credit risk modelling experts, assessing the application of credit risk modelling methodologies against the requirements of AASB 9 and evaluating the mathematical accuracy of the models used; • Assessing the reasonableness of assumptions used in the model, by comparing to historical loan book performance, assumptions disclosed by other financial institutions and market commentary; • Assessing the reasonableness of management overlays by comparing assumptions used to publicly available data. • Assessing the disclosures against the requirements of Australian Accounting Standards.
Goodwill - impairment (Note 7.2)	
AASB 136 *Impairment of Assets* (AASB 136) requires goodwill acquired in a business combination to be tested for impairment on at least an annual basis. In determining whether an impairment exists, 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 (VIU). Management uses a VIU model to determine the recoverable amount and any corresponding impairment. During the period, the VIU model indicated that the recoverable amount was below the carrying value of the CGU, resulting in an impairment charge.	Our procedures included: • Obtaining management's VIU model and assessing the reasonableness of the key assumptions used in determining the recoverable amount, including forecast cash flows, growth rates and discount rates, by comparing to approved budgets, historical performance and external market data; • Challenging the appropriateness of management's inputs and assumptions in the VIU model by: – Verifying the mathematical accuracy of the underlying model calculations;

This area is a key audit matter due to the auditor judgement involved in assessing management's estimate of the recoverable amount.	– 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 assess the impact of reasonably possible changes in these assumptions on the recoverable amount; • Assessing the allocation of impairment loss to the goodwill balance in accordance with AASB 136; and • Assessing the disclosures against the requirements of Australian Accounting Standards.
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 and a corresponding contract liability (representing amounts payable to brokers via Better Choice). Accordingly, BNK's recognised balances reflect gross receivables and payables, with no net income impact. The value of the trail commissions receivable and the corresponding payable is determined using a net present value (NPV) approach which includes assumptions of discount rates, run-off rates and average loan life. This is a key audit matter due to the significant auditor judgement required to assess management's estimation of the net present value of the contract assets and contract liabilities.	Our procedures included: • Obtaining an understanding of the model methodology applied by management; • Evaluating the appropriateness of key assumptions used in the trail commissions valuation model, including average life of loans, run off rates and discount rates, by comparing these assumptions to historical experience and current portfolio; • Performing sensitivity analysis over key assumptions and inputs to evaluate the impact of reasonably possible changes in assumptions or inputs on the valuation of the trail commission asset; and • Assessing the disclosures against the requirements of Australian Accounting Standards.

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 2026, 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.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 2026.

In our opinion, the Remuneration Report of BNK Banking Corporation Ltd., for the year ended 30 June 2026 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

Claire Scott

C L Scott
Partner – Audit & Assurance

Sydney, 27 August 2026

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 27th August 2026.

(a) Distribution of equity securities

Spread of holdings	Number of holders	Number of units	Percentage of total issued capital
1 - 1,000	112	46,027	0.04%
1,001 - 5,000	1,515	3,637,010	3.06%
5,001 - 10,000	92	746,188	0.63%
10,001 - 100,000	205	7,751,839	6.53%
100,001 +	71	106,598,966	89.74%
TOTAL	**1,995**	**118,780,030**	**100%**

(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	21,388,569	18.01%
2	TODLAW PTY LTD <CANNON A/C>	12,801,512	10.78%
3	SF LEGACY INVESTMENTS LIMITED	11,269,346	9.49%
4	FIRSTMAC LIMITED	10,823,650	9.11%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,378,786	6.21%
6	PILGRIM PTY LTD <THE JW & MF OFFER A/C>	3,188,179	2.68%
7	INGOT CAPITAL INVESTMENTS PTY LTD	3,150,578	2.65%
8	CITICORP NOMINEES PTY LIMITED	2,874,700	2.42%
9	HOLDING CORPORATION PTY LTD <NG FAMILY SUPER FUND A/C>	2,647,339	2.23%
10	CARPE DIEM ASSET MANAGEMENT PTY LTD <LOWE FAMILY A/C>	2,430,190	2.05%
11	NG CAPITAL MANAGEMENT PTE LTD	2,272,560	1.91%
12	AOYIN GROUP LIMITED	1,921,407	1.62%
13	PYRAMID CAPITAL PTY LTD	1,581,969	1.33%
14	BOSS LADY HOLDING PTY LTD	1,153,333	0.97%
15	NOAH JAMES INVESTMENTS PTY LTD <ROCCO VENEZIANO FAMILY A/C>	1,133,721	0.95%
16	SHEFFIELD MANAGEMENT PTY LTD <MARK S HANCOCK S/F A/C>	1,120,548	0.94%
17	MR JOHN PHILIP POWELL & MS GEORGIA LOUISE RASMUSSEN <THE ROW 34 SUPER FUND A/C>	1,120,000	0.94%
18	SAVOT 1 PTY LTD <THE SAVINS FAMILY A/C>	1,062,719	0.89%
19	MR SUNNY YANG & MRS CONNIE YANG <YANG'S FAMILY A/C>	887,413	0.75%
20	ZACH VENEZIANO PTY LTD <VENEZIANO SF A/C>	855,531	0.72%
			76.66%