2024 Financial Report

Bank Australia

Acknowledgement of Country

At Bank Australia we respectfully acknowledge the Traditional Owners of all the lands on which we live and work, and we pay our respects to Elders past and present. We recognise their continued connection to the land, waters and culture and we acknowledge their sovereignty has never been ceded. Our head office is located on the land of the Wurundjeri people of the Kulin Nation.

We share a belief with our customers that money can be used to create a world where people and the planet thrive.

Contents

Introduction

About Bank Australia and this report

Bank Australia started in 1957 as the CSIRO Cooperative Credit Society and has grown and evolved, adding 72 credit unions and cooperatives to become Australia's first customer owned bank.

As a customer-owned bank, we are committed to taking action on the issues that matter most to our customers. That's why we provide customers with competitive rates and fees and our investments are used to create positive social and environmental change.

This report highlights our financial performance for the year ending 30 June 2024. We produce this report in part to meet our obligations under the Corporations Act 2001. This report also shows how we use the business of banking to create a positive impact for people and the planet, while delivering positive social and environmental outcomes for our customers. This is responsible banking in action.

Commitment to our customers

As a mutual organisation, Bank Australia is committed to operating for the benefit of our customers. We use the business of banking to support our customers and create positive impact for people and the planet.

This is responsible banking in action

1. Customers deposit funds

Our customers deposit money into transaction and savings accounts and term deposits.

See Financial liabilities on page 46

2. Where we lend

We lend that money to others for purposes outlined in our Responsible Banking Policy; some is lent to projects that benefit people and the planet.

See Financial assets on page 49

3. Members benefits

We manage these funds to generate profits for the benefit of our customers and communities and to ensure competitive rates and lower fees.

See Financial performance on page 65

4. Risk Management

We manage risk and capital responsibly to continue operations as an authorised deposit-taking institution and successfully achieve our purpose.

See Capital and risk management on page 75

Key highlights

Financial position

Total assets

$11.7 billion

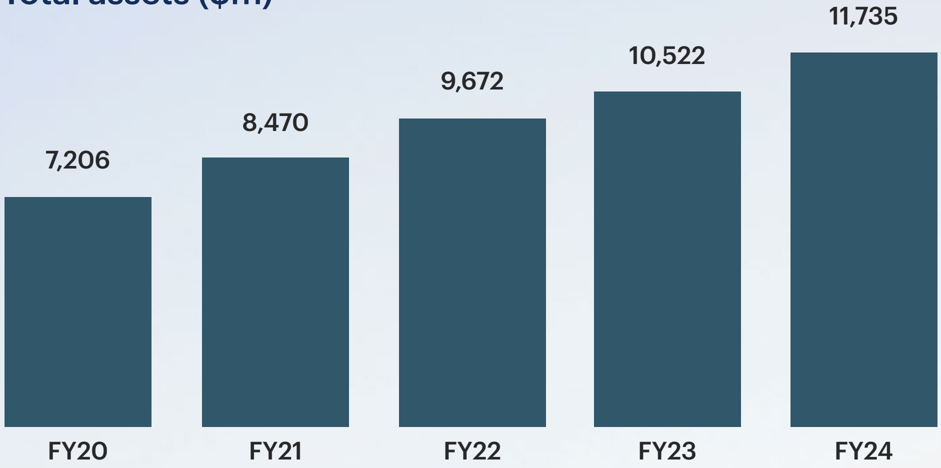
(FY23: $10.5b)

Total deposits

$8.4 billion

(FY23: $7.7b)

Total assets ($m)



Total customer loans

$9.3 billion

(FY23: $8.1b)

Impact assets

$2.2 billion

(FY23: $1.8b)

Key highlights

Performance

Net profit after tax

$26.8 million

(FY23: $52.3m)

Impact fund contribution

$0.5 million

(FY23: $2.1m)

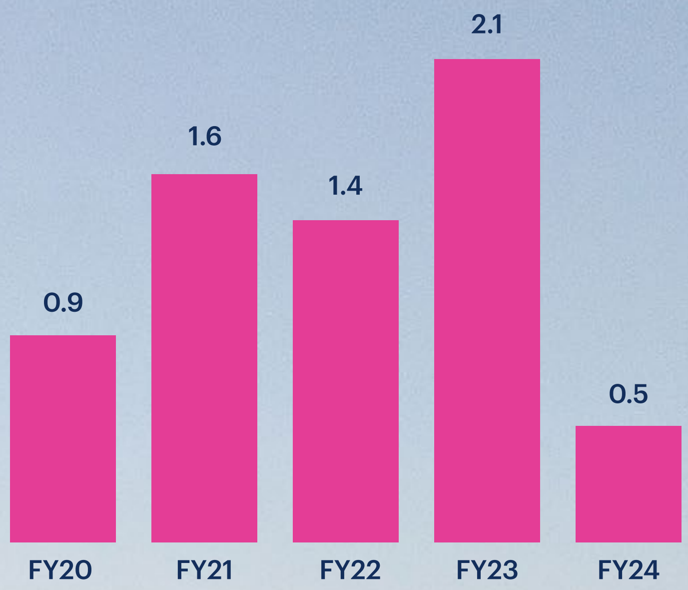
Net interest margin

1.62%

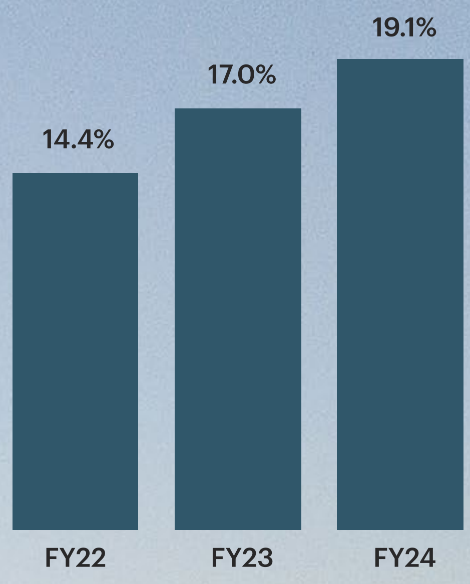
(FY23: 2.02%[1])

1 Net interest margin is presented on a normalised basis and excludes the impact of the fixed rate lock derivative and the lease liability interest expense.

Impact fund contributions ($m)



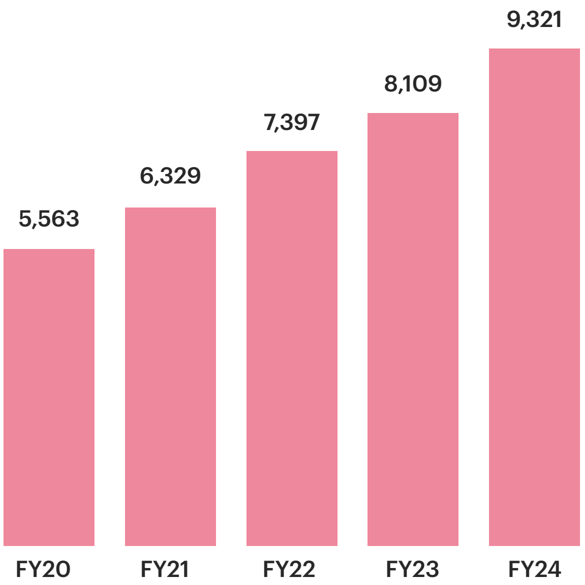
Impact assets (%)



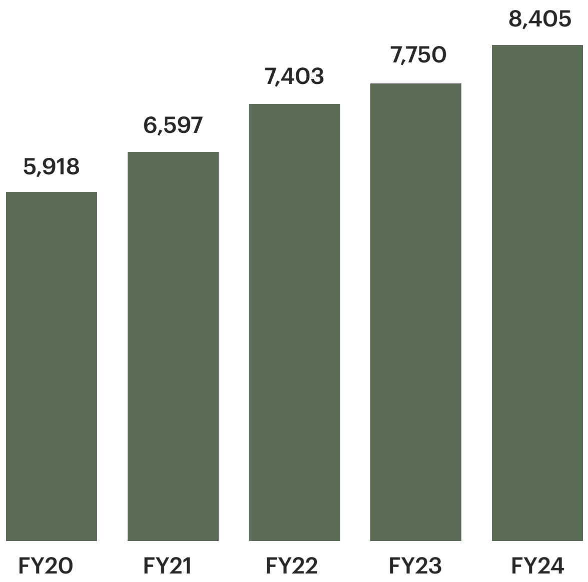
Key highlights

Our performance over the past 5 years

Loans ($m)

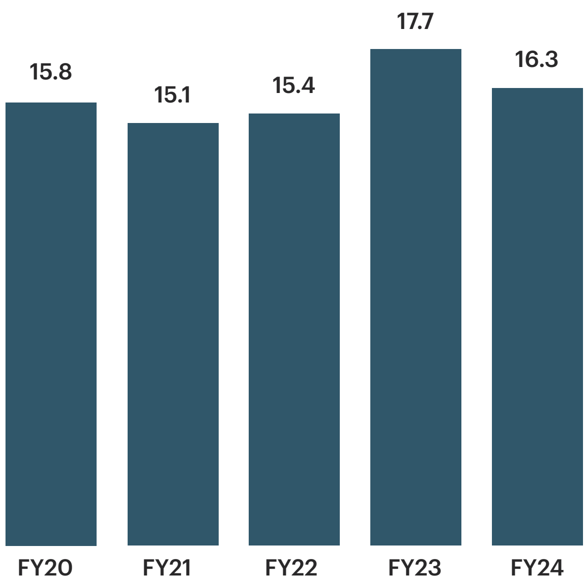


Customer deposits ($m)

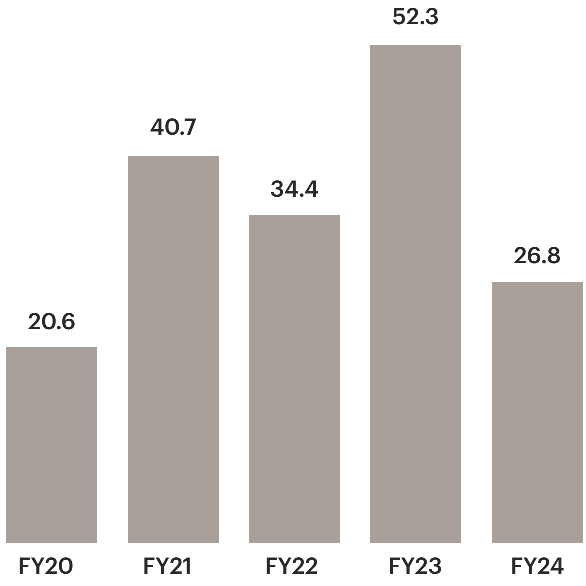


Customer owners' funds ($m)

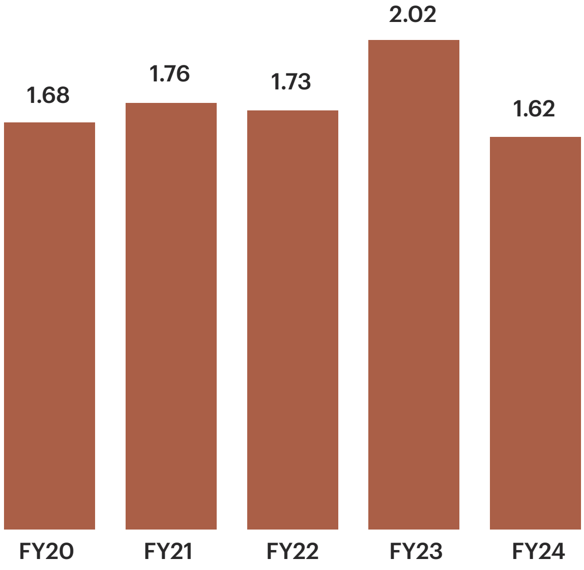
Capital adequacy ratio (%)



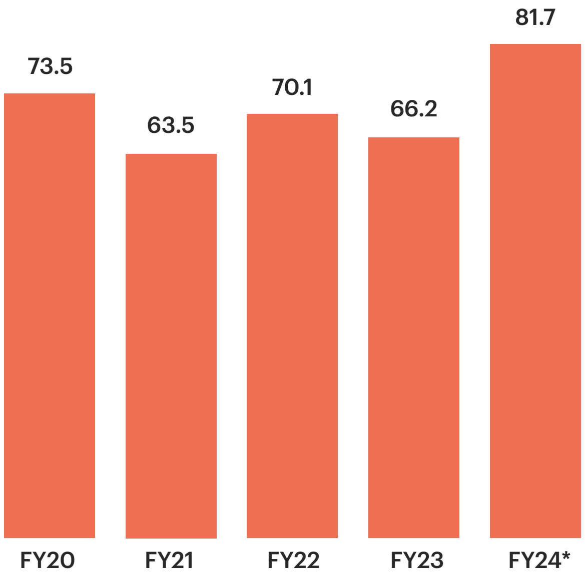
Net profit after tax ($m)



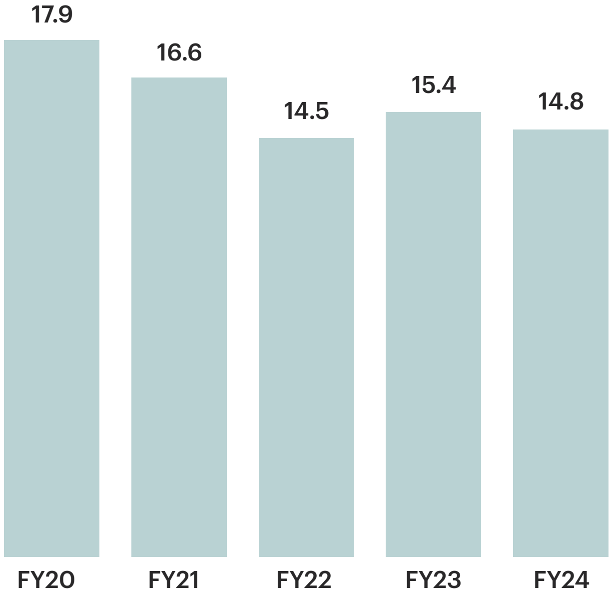
Net interest margin (%)



Cost to income (%)



Liquidity (%)



* FY24 Cost to income excludes Qudos merger exploration costs.

Directors' report

The following section of the report includes the Directors' report together with the financial report of Bank Australia Limited and the consolidated financial report of the Consolidated Entity, being the Company and its controlled entities, for the year ended 30 June 2024.

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

Name and qualifications

S J Ferguson

BComm, GAICD, ACA

Independent: Yes

Term of office: Director since November 2020. Chair since November 2023.

Skills and Experience:

Steve is an Independent Director of QBE Insurance Group, General Reinsurance Australia, BackTrack Youth Works and Parkinson's Australia. He is also an external member of the University of New South Wales' Audit and Safety Committee and Risk Committee.

Steve has extensive experience in financial auditing and assurance having retired from professional services firm EY (Ernst & Young) as a Senior Partner in 2018. Throughout his career, Steve advised and led the audits of a wide range of large Australian and international businesses in the banking and financial services, infrastructure, telecommunications and retail sectors.

Directorships of listed entities within the last three years, other directorships and offices (current and recent):

- Non-Executive Director QBE Insurance Group Limited (since 2023) and Chair of the Audit Committee (since 2024)
- Non-Executive Director and Chair of the Audit Committee, General Reinsurance Australia Ltd (since 2021)
- Non-Executive Director and Chair of the Audit Committee, General Reinsurance Life Australia Ltd (since 2021)
- Non-Executive Director BackTrack Youth Works Ltd and BackTrack Works Ltd (since 2024) Chief Financial Officer (part-time), BackTrack Youth Works Ltd (2021 to 2023)
- Non-Executive Director and Chair of the Audit and Risk Committee, Parkinson's Australia (since 2017)
- External Member, University of New South Wales Audit and Safety Committee (since 2020) and Risk Committee (since 2021)

Board Committee membership:

Member of Audit Committee (since 2020 and Chair from 2021 to 2023)

Member of the Governance and Remuneration Committee (since 2021)

Ex officio member of the Risk Committee (since 2023)

Chair of the Corporate Actions Committee (2023 to 2024)

Member of the Nominations Committee (since 2023)

Directors' report

Name and qualifications

J S Downes *BA (Hons), DipEd, GradDipBus (Acct), FAICD, FCPA, FCA, FRSVex*	**Independent:** Yes **Term of office:** Director since March 2012. Appointed Chair March 2014. Retired in November 2023. **Skills and Experience:** Judith is a Non-Executive Director with extensive experience in finance, banking and accounting. She has over 25 years' experience as a company Director. Judith has worked in senior Executive and Non-Executive roles in banking, funds management, life insurance, medical technology, mining and property. She held senior roles in ANZ for 12 years, including Chief Financial Officer and Chief Operating Officer Institutional Division and Group General Manager Finance. Prior to working as an accountant, Judith taught secondary mathematics. Judith has been a member of both international and Australian bodies that are involved with the development of accounting standards. Other past positions include Director, ING Australia and Director, Australian Mathematical Science Institute. **Directorships of listed entities within the last three years, other directorships and offices (current and recent):** • Non-Executive Director and Chair, Sentient Impact Group (2023 to 2024) • Non-Executive Director, Victorian Academy of Teaching and Leadership (since 2022) • Non-Executive Director, ImpediMed Limited (2017 to 2022) • Non-Executive Director, Clean TeQ Holdings Limited (2018 to 2021) • Member, AICD APRA Forum (2016 – 2023) • Member, Global Alliance for Banking on Values Governing Board Forum (2015 to 2023, Chair 2017 – 2019) **Board Committee membership:** Member of the Nominations Committee (2015 to 2023) Member of the Audit Committee (2023 to 2023) Member of the Governance and Remuneration Committee (2023 to 2023) Chair of the Corporate Actions Committee (2023 to 2023)

Name and qualifications	
M J Bastian *LLB(Hons), GDLP, BBus(Mgt), RN, FAICD, A Fin*	**Independent:** Yes **Term of office:** Director since November 2012. **Skills and Experience:** Melissa has a diverse background and experience in a variety of industries including banking, law, health, local and federal government, education, insurance and leadership development. She has advanced leadership and communication skills and extensive management, business planning, compliance, strategy development, financial management and corporate governance experience. She is currently the Managing Director of Just Better Care Gippsland. **Directorships of listed entities within the last three years, other directorships and offices (current and recent):** • Executive Director, Backwater House Pty Ltd (since 2022) • Non-Executive Director, Medais Pty Ltd (since 2022) • Non-Executive Director, Gippsland Primary Health Network (2019 to 2022) • Executive Director, MJB Enterprises Pty Ltd (since 2017) • Non-Executive Director, Lewian Holdings Pty Ltd (since 2015) **Board Committee membership:** Member of the Governance and Remuneration Committee (since 2020) Member of the Risk Committee (since 2017)

Directors' report

Name and qualifications	
A-M O'Loghlin *BA, DipEd, BEd, Diploma of Superannuation Management (part), GAICD*	**Independent:** Yes **Term of office:** Director since November 2015. **Skills and Experience:** Anne-Marie has extensive experience in strategic planning, corporate governance, financial management, stakeholder management and managing organisational growth. Anne-Marie has over 30 years' experience as a company Director and Chair for a range of organisations including the Peter MacCallum Cancer Centre, Utilities Trust of Australia, Northern Health, Netball Australia, Victorian Superannuation Board and Australian Council for Superannuation Investors and was a trustee on the MCG Trust. Anne-Marie was CEO of HESTA, an industry superannuation fund and Company Secretary to its trustee company HEST Australia Ltd from 1998 to 2015. Immediately prior to this role she was Victorian Branch Secretary of the Australian Education Union and before that a primary school teacher. **Directorships of listed entities within the last three years, other directorships and offices (current and recent):** • Chair, Telstra Super (since 2019) • Chair, Telstra Super Financial Planning (since 2019) • Deputy Chair, Ovarian Cancer Research Foundation Committee (since 2019) • Member, Australian Commonwealth Games Foundation Investment Committee (2019 to 2024) **Board Committee membership:** Chair of the Governance and Remuneration Committee (Member since 2015 and Chair since 2017) Member of the Audit Committee (since 2021)

Name and qualifications	
H L Gluer *BComm, MBA, FCPA, FAICD*	**Independent:** Yes **Term of office:** Director since 5 February 2018 **Skills and Experience:** Helen has a diverse professional background, having commenced her career with Commonwealth Bank before moving into corporate recovery roles with Queensland Industry Development Corporation and Suncorp-Metway. Helen then took up finance roles with Brisbane City Council and Chief Executive roles with Tarong Energy Corporation and Stanwell Corporation, Under Treasurer for Queensland Treasury and Trade and Chief Executive Officer for Queensland Rail. Helen also has over 15 years' experience as a Non-Executive Director including Gladstone Ports Corporation (Chair, Central Queensland Ports Authority), City Super, Queensland Resources Council and Translink Transit Authority (Chair of Audit Committee). **Directorships of listed entities within the last three years, other directorships and offices (current and recent):** • No other directorships and offices **Board Committee memberships:** Chair of the Audit Committee (Member since 2018 and Chair from 2020 to 2021 and since 2023) Member of the Risk Committee (since 2019)

Name and qualifications	
A J Healy BSc, GDipEco GDipFin, GAICD	**Independent:** Yes **Term of office:** Director since 1 January 2022. Appointed Deputy Chair 29 June 2023. **Skills and Experience:** Anthony's career covers a broad range of financial services sectors, predominantly serving SME businesses, financial markets, wealth management, investment and funds management. Sought out as a change agent, Anthony has led start-ups, growth businesses and turnaround situations, with a strong focus on growth, innovation, and cultural transformation. Anthony has worked in senior executive roles in banking, including Chief Customer Officer for Business and Private Bank at National Australia Bank and Chief Executive Officer and Managing Director of Bank of New Zealand. **Directorships of listed entities within the last three years, other directorships and offices (current and recent):** • CEO & Managing Director, Australian Business Growth Fund (since 2020) • Non-Executive Director, Chair of Finance, Audit & Risk Committee and Chair of Property, Investment and Asset Committee, Good Shepherd Aust & NZ (since 2021) • Member Global Alliance for Banking on Values, Board Forum (since 2023) **Board Committee membership:** Chair of the Risk Committee (Member since 2022 and Chair since 2022) Member of the Governance & Remuneration Committee (since 2023) Member of the Corporate Actions Committee (2023 to 2024) Member of the Audit Committee (2022 to 2023)

Name and qualifications	
M Thompson AM BE (elec) Hons, BBus (Info Sys), MDefStud, MA (Strat Stud), PhD, GAICD, FIEAUST	**Independent:** No **Term of office:** Director since 16 January 2023. **Skills and Experience:** Marcus is currently the Director of Cyber Compass Pty Ltd, an independent advisory focused on improving cybersecurity across a variety of industries – including banking and finance. Marcus' diverse experience, and deep knowledge across cybersecurity will play a critical role in the continued oversight of cybersecurity risk management and evolving challenges in banking. Marcus was appointed a Member of the Order of Australia in the 2014 for his distinguished career in the Australian Defence Force where he served in a variety of command, regimental and Special Operations appointments. Marcus is a Non-Executive Director of Penten, and a Non-Executive Director of Data Action. **Directorships of listed entities within the last three years, other directorships and offices (current and recent):** • Non-Executive Director, ParaFlare Holdings Pty Ltd (and group companies) (Chair from 2022 to 2024) • Non-Executive Director, Penten (Chair from 2021 to 2024) • Non-Executive Director, Data Action (since 2024) • Strategic advisor – Macquarie Technology Group (since 2021) • Advisor – HyprFire (since 2022) • Advisor – Conceal (USA) (since 2022) • Director, Cyber Compass Pty Ltd (since 2021) **Board Committee membership:** Member of the Risk Committee (since 2023) Member of the Audit Committee (since 2023)

Name and qualifications	
D K Wakeley *BEc, FCA, FAICD*	**Independent:** Yes **Term of office:** Director since 1 January 2017. **Skills and Experience:** David has a diverse background and over 30 years' experience in a variety of industries including professional accounting, pharmaceuticals, motoring services, education and financial services. Until March 2017, David was CEO of Autopia Management Pty Ltd and prior to this David was CEO of AIM NSW and ACT Pty Ltd and Virgin Money Australia Pty Ltd. David is currently engaged in a range of activities including coaching, mentoring, as an advisor to a number of private companies in the technology space and a Board member of a number of organisations. **Directorships of listed entities within the last three years, other directorships and offices (current and recent):** • Non-Executive Director, Auto-UX (and subsidiaries) (since 2024) • Non-Executive Director, ParaFlare Holdings Pty Ltd (and group companies) (2019 to 2024) • Non-Executive Director, UrbnSurf Pty Ltd (and group companies) (2019 to 2024) • Non-Executive Director, Robert Menzies College at Macquarie University (since 2018) • Non-Executive Director, Streem Pty Ltd (2019 to 2022) **Board Committee membership:** Member of the Risk Committee (Member since 2017 and Chair from 2021 to 2022) Member of the Governance and Remuneration Committee (since 2019)

Name and qualifications	
D G Walsh *BBus (Acct), MBA, FAICD, FFIN, FCA, FCPA*	**Independent:** No **Term of office:** Appointed CEO on 1 September 2011 and Managing Director on 22 September 2011. **Skills and Experience:** Damien became Managing Director on 22 September 2011, after serving as General Manager of Corporate Services for eight years and also as Company Secretary. Damien has over 30 years of experience in the mutual banking sector. Damien is responsible for and manages the Bank's group operations. He works with the Board in setting group strategy, monitoring group performance and budget, and ensuring the bank adheres to all prudential, legal and compliance matters. **Directorships of listed entities within the last three years, other directorships and offices (current and recent):** • Non-Executive Director Global Alliance for Banking on Values (since 2020 to 2023) • Council member, Australian Banking Association (2015 to 2020 and since 2021) • Alternate Director, Data Action Ltd (2013 to 2021)

2. Nominations Committee

The function of the Nominations Committee is to provide the Board with its determinations on the fitness and propriety of potential candidates for the office of Director of the Company, in accordance with the Fit and Proper Policy and Constitution. The Committee is comprised of three members with a requirement that the majority of members are independent of the Company and the Board of Directors. The Nominations Committee met once during the year ending 30 June 2024.

F Raymond, Independent Chair

Fran has been a member and Chair of the Nominations Committee since 2023. Her career has been as Chief Financial Officer and Chief Operating Officer in the federal Government and as a Non-Executive Director in banking, reinsurance and health sectors.

Fran's extensive experience as a Non-Executive Director includes chairmanship, governance, audit and risk, nomination, and governance and remuneration committee experience of APRA regulated entities.

Her current roles include as a member of various government audit and risk committees and as a Non-Executive Director of the Australian Reinsurance Pool Corporation and Annecto where she is Chair of the Governance Committee.

R W Goudswaard, Independent Member

Rob has been a member of the Nominations Committee since 2022.

Rob was at ANZ for 30 years, working in Australia and internationally. He ran various businesses and then Become the Chief Risk Officer for the Institutional Bank. Following ANZ he became CEO of Rural Finance Victoria. Following this, Rob was appointed CEO of CUA, Australia's largest member-owned bank.

Today, he chairs the advisory Board for the Australian presence of the global neobank Revolut and is a Non-Executive Director for ANZ's Loan Mortgage Insurance business in Australia. He is on the Board of IT scaleup Centelon Solutions and Buildxact. Rob also serves as Chair of Cornerstone Healthcare Funds Management Real Estate Investment Trust.

He's an advisor for startups MyCall and Jane's Weather.

S J Ferguson, Chair of the Board

Steve has been on the Board of Bank Australia since November 2020 (Chair since 2023) and a member of the Nominations Committee since 2024.

J S Downes, Chair of Board

Judith was a member of the Board of Bank Australia from 2012 to 2023 (Chair from 2014 to 2023) and a member of the Nominations Committee from 2014 to 2023.

3. Company Secretary

C M Varro

CA

Claire was appointed Company Secretary in 2023.

L B O'Brien

BComm, MAppFin, CA, MAICD

Louise was Company Secretary from 2016 to 2023.

R M Salisbury

BSc (Hons), ACA, CTA

Robert was appointed Company Secretary in 2021.

Robert's international career spans 25 plus years as a Chartered Accountant and Chartered Tax Adviser in the Accounting profession and the Financial Services industry. A proficient financial and product controller, company secretary, project manager, mentor and coach managing large businesses and teams in a multi-cultural environment.

4. Executive leadership team

P R Ashkettle, Chief Risk Officer

BCA, MBA

Patrick was appointed Chief Risk Officer in 2014.

He previously spent 24 years working across superannuation, institutional and retail banking.

Patrick has senior executive responsibility for the management of the Bank Australia Risk Division, subject to the directions of the Bank Australia Board and Managing Director.

Patrick has an MBA and has studied at the London Business School. He is also a member of the Risk Management Institute of Australasia.

S Clancy AM, Chief Corporate Services Officer

BA, FAICD, FAIM, FAHRI

Sonya was appointed Chief People Officer in 2018 and then Chief Corporate Services Officer in 2024. Sonya is an experienced senior leader having previously held executive roles in human resource, marketing and communication.

Sonya has senior executive responsibility for the management of Bank Australia's People & Culture, Impact Management, Corporate Affairs & Strategy and Procurement and Infrastructure Divisions, subject to the directions of the Bank Australia Board and Managing Director.

Sonya is a Fellow of the Australian Institute of Company Directors and a Fellow of Australian HR Institute.

Sonya holds the positions of Chair of the Board for both The Big Issue and Homes for Homes.

S Courville, Chief Impact Officer

BES, MSc, PhD

Sasha was appointed Chief Impact Officer in 2022. She has over 20 years of experience in business and sustainability strategy development across a range of industry sectors and sustainability issues working in diverse organisation types and sizes.

Sasha held senior executive responsibility for the management of Bank Australia's Marketing, Corporate Affairs & Strategy and Impact Management, subject to the directions of the Bank Australia Board and Managing Director.

Sasha has a PhD from the School of Resources, Environmental and Society, ANU and an MSc from the London School of Economics. Sasha is a Commissioner for International Agricultural Research, a member of the Advisory Council at Monash Sustainable Development Institute and an independent Non-Executive Director and Chair of the Board at Aluminium Stewardship Initiative.

Sasha ceased employment in April 2024.

B E Jordon, Chief Operating Officer

BEc (Hons), MAICD

Brad was appointed Chief Operating Officer in 2019. He is an experienced executive having held senior roles across the social welfare, banking and finance sectors with VincentCare, Computershare, and ANZ Bank.

The Chief Operating Officer held senior executive responsibility for the Operations and Technology Division of Bank Australia, subject to the directions of the Bank Australia Board and Managing Director.

Brad holds a Bachelor of Economics (Honours) from Monash University and is a member of the Australian Institute of Company Directors.

Brad ceased employment in March 2024.

L B O'Brien, Chief Financial Officer

BComm, MAppFin, CA, MAICD

Louise was appointed Chief Finance Officer in 2016. Louise has over 25 years of experience in banking and finance in both Australia and the UK.

Louise held senior executive responsibility for the management of Bank Australia's Finance Division, subject to the directions of the Bank Australia Board and Managing Director.

Louise has a Masters of Applied Finance and is a member of Chartered Accountants Australia and New Zealand and the Australian Institute of Company Directors.

Louise resigned in October 2023.

S Odgers, Chief Customer Officer

BSc, MBA, GAICD

Steve was appointed Chief Customer Officer in 2023. Steve has over 25 years banking experience across Australia and Asia. Steve is responsible for leading Bank Australia's customer service function, consisting of retail distribution and retail operations.

Steve is a Graduate of the AICD, holds an MBA from the Australian Graduate School of Management and has completed the Executive Program in Digitisation and Industrialisation at MIT Sloan School of Management in Boston.

C M Varro, Chief Financial Officer

CA

Claire was appointed Acting Chief Financial Officer in 2023 and Chief Financial Officer effective 1 September 2024.

Claire has close to 20 years of experience in financial services, both in Australia and the UK.

Claire has senior executive responsibility for the management of Bank Australia's Finance Division, subject to the directions of the Bank Australia Board and Managing Director.

Claire is a member of the Institute of Chartered Accountants in England & Wales.

S Wall, Chief Technology Officer

BSc, MBA

Scott was appointed Chief Transformation Officer in 2022 and then Chief Technology Officer in 2024. Scott has 30 years' experience as a technology leader who has worked primarily in finance and customer focused businesses both in Australia and the UK.

Scott has senior executive responsibility for the management of Bank Australia's Technology Division, consisting of Enterprise Architecture, Transformation Strategy Execution, Enterprise Excellence, Enterprise Data Strategy and Digital Services, Project and Change Management and Information Technology, subject to the directions of the Bank Australia's Board and Managing Director.

Scott has a Bachelor of Science in Computer Science, an MBA from London Business School, and is currently studying for his Masters of Artificial Intelligence at RMIT.

J P Yardley, Deputy Chief Executive Officer

MBA, GAICD

John was appointed Deputy Chief Executive Officer in 2016. John is an experienced Executive who has held senior roles in banking, politics and management consulting.

John has senior executive responsibility for the development of Bank Australia's strategic objectives and business plan as well as management of the marketing and Lending function, consisting of retail and impact lending, lending operations, customer support and recoveries and product & pricing, subject to the directions of the Bank Australia Board and Managing Director.

John has an MBA and is a graduate of the Australian Institute of Company Directors.

5. Directors' meetings

Director	Board		Audit Committee		Risk Committee		Governance and Remuneration Committee		Nomination Committee		Corporate Actions Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
J S Downes	2	2	1	1	–	–	1	1	1	1	2	2
M J Bastian	9	9	–	–	6	6	3	3	–	–	–	–
S J Ferguson	9	9	4	4	3	3	3	3	–	–	2	2
H L Gluer	9	9	4	4	6	6	–	–	–	–	2	2
A J Healy	8	9	–	–	5	6	2	2	–	–	2	2
A-M O'Loghlin	9	9	4	4	–	–	3	3	–	–	–	–
M Thompson	9	9	4	4	6	6	–	–	–	–	–	–
D K Wakeley	9	9	–	–	6	6	3	3	–	–	–	–
D G Walsh	9	9	4	4	6	6	3	3	–	–	1	2
Independent Member of Nominations Committee												
R W Goudswaard	–	–	–	–	–	–	–	–	1	1	–	–
F Raymond	–	–	–	–	–	–	–	–	1	1	–	–

A – Number of meetings attended.

B – Number of meetings held during the time that the Director was a member of the committee.

The Board dissolved the Corporate Actions Committee on 29 February 2024.

6. Remuneration

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel comprise the Non-Executive Directors, the Managing Director and senior executives of the Company.

Remuneration levels for key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced Directors and Executives.

The Board Governance and Remuneration Committee obtains independent advice on remuneration packages given trends in comparable companies. The Company does not provide incentive payments, such as bonus payments, as part of remuneration packages for key management personnel and secretaries of the Company.

Remuneration paid

	Financial year	Short term benefits Fees	Post employment benefits Super contribution	Total remuneration
Current Non-Executive Directors				
S J Ferguson	2024	126,413	13,884	140,297
	2023	91,517	9,610	101,127
J S Downes (retired Nov 2023)	2024	59,479	6,510	65,989
	2023	137,275	14,414	151,689
M J Bastian	2024	81,244	8,919	90,163
	2023	76,264	8,008	84,272
H L Gluer	2024	90,884	9,979	100,863
	2023	76,264	8,008	84,272
A J Healy	2024	97,493	10,703	108,196
	2023	88,986	9,344	98,330
A-M O'Loghlin	2024	108,204	–	108,204
	2023	101,126	–	101,126
M Thompson (joined January 2023)[1]	2024	81,244	8,919	90,163
	2023	34,089	4,091	38,180
D Wakeley	2024	81,244	8,919	90,163
	2023	78,801	8,275	87,076
Total Non-Executive Directors	**2024**	**726,205**	**67,833**	**794,038**
	2023	**684,322**	**61,750**	**746,072**

The aggregate remuneration for Non-Executive Directors of the Board, as approved by members at the 2023 Annual General Meeting, is $871,726 per year on a pro rata basis. This sum represents total Board remuneration for the Non-Executive Directors, including fees, superannuation and all relevant taxes payable by either the Company or the Directors. The base remuneration for a Director in 2024 was $92,737, inclusive of superannuation. The Chairs of the three Board Committees received a 20% loading of $18,547 taking their total remuneration to $111,284, inclusive of superannuation. The Chair of the Board received an 80% loading of $74,189 taking their total remuneration to $166,926, inclusive of superannuation.

Each director is expected to undertake professional development pertaining to their role at the Company and is provided a training allowance. The training must be approved by the Chair of the Board, or, in the case of the Chair, the training is approved by the Chair of the Governance and Remuneration Committee. The Company will pay up to $100,000 each year to cover professional development costs of all Directors.

1 In May 2024, Marcus was appointed Bank Australia's Nominee Director of Data Action Pty Ltd. As the Bank's nominee, Marcus receives a 20% loading of $18,547 taking his total remuneration to $111,284. This was approved by the Board on the 27th June 2024 with an effective date 1st June 2024.

Executive Leadership Team

The following table lists the remuneration bands based on base salary plus superannuation for the bank's Executives, including the Managing Director, for the year ended 30 June 2024:

	No. of Executives
Less than $500,000	7
$500,000 – $1,000,000	3
More than $1,000,000	1
Total	**11**

7. Principal activities

The principal activities of the Company during the year remained unchanged and were the raising of funds as authorised by the Prudential Standards administered by the Australian Prudential Regulation Authority (APRA) and the Banking Act 1959, and the use of those funds in providing financial services to its customers, while delivering positive social and environmental impact.

8. Review of operations

The Consolidated Entity reported a net profit after tax for the financial year ended 30 June 2024 of $26.8 million (FY23: $52.3 million). The reduction in profit was driven by downward pressure on net interest margin as a result of strong competition for deposits across the banking sector, an increase in the entity's wholesale borrowing requirements and the repayment of the Term Funding Facility received from the Reserve Bank of Australia in 2020 and 2021. The entity's cost base also increased, in particular technology licensing costs in line with the Bank's digital investment strategy and employee expenses.

The entity's total assets increased to $11.7 billion. Lending and deposit growth remained strong, growing by 14.9% and 8.5% respectively, both well above budget targets. Lending growth was almost three times that of the wider banking system.

Our impact finance business continued to grow with our portfolio of impact assets increasing to $2.2 billion (FY23: $1.8 billion). Impact finance assets, which include retail and commercial loans and investments in green and sustainable bonds, now represent 19.1% of total assets and sees us progressing well towards our 2025 goal of 20%.

The impact finance portfolio includes financing to support the development of sustainable properties and sustainable renovations, community and affordable housing developments that assist people who can't access the private rental market and specialist disability accommodation developments. In 2024, the Bank launched its Electrify Your Home pilot to assist customers with the transition off gas. More information on our impact finance strategy and achievements can be found in Section 3 of our Impact Report.

Directors' report

This year the Bank's customer base grew to 192,261 customers, with 54.9% of new customers from our socially aware target market. Customer retention of target market customers also remained high and now represent 51.9% of our total customer base and 57.2% of total banking value. Customer satisfaction dropped marginally by 0.4% to 88.2% and our Net Promoter Score (NPS) dropped 26.4 percentage points to +12, which we expect reflects our decisions to remove cheques and telephone banking, technology outages and contact centre call wait times.

In 2024, financial hardship assistance provided to customers increased from 93 accounts to 155 accounts. Our customer support and recovery team also assisted 23 customers with loans restructured during the year. Our assistance included options such as loan repayment pauses, reduced repayments, loan term extensions and arrears capitalisation. While the numbers are still relatively small, the impact of the current economic environment, including multiple mortgage interest rate rises and cost of living pressures, contributed to this year's increase.

Despite the underlying economic challenges, the Bank has continued to make significant investment and progress in our transformation program to enhance customer experience. A new cloud-based telephony system has enabled the Bank to serve customers more efficiently. A new biometric digital customer onboarding process has provided new customers with a faster, more secure process to open an account, requiring fewer identity documents and reducing the risk of fraudulent activity, including identity theft. Our new loan origination system has also gone live providing customers with a better experience when they apply for loans.

The Bank also launched a new anti-money laundering platform that improves our ability to prevent money laundering, criminal and terrorist financing and block mule accounts that are used to transfer the proceeds of fraud and scams. Further, the Bank joined the Scam Safe Accord led by the Australian Banking Association (ABA) and the Customer Owned Banking Association (COBA). The Accord puts added pressure on scammers by implementing six priority initiatives that make banking safer for Australian consumers. More information on our fraud and scam support can be found in Section 3 of our Impact Report.

The Bank has also made upgrades to our presence in the Latrobe Valley with a new, modern branch at Moe and a newly refurbished contact centre and operation centre at Traralgon. The upgrades brings these premises into line with those in Melbourne, Sydney, Canberra, Bendigo and Ballarat to support our growing customer base across the country.

In April 2024, the Bank merged with Lithuanian Co-Operative Credit Society 'Talka' Limited (Talka). The market and regulatory compliance environment has become increasingly difficult for smaller credit unions and mutual banks to operate. As a result, Talka undertook a process to identify a merger partner to ensure the best outcome for its members and in April 2024, the Bank welcomed 681 customers from Talka.

In February 2024, Bank Australia and Qudos Bank announced an agreement to explore a potential merger. A merger would create one of Australia's largest customer owned banks supporting 300,000 customers with total assets exceeding $17 billion. A merged entity would benefit customers through increased scale and greater ability to invest in enhanced products, services and digital banking technology. Regulatory approval is expected to be sought later this year and, if approved, both Banks' members will be asked to vote on the proposed merger in 2025.

Our annual employee engagement survey, based on Kincentric's engagement model, identified an overall engagement score of 66% (FY23: 70%). The score is above their Australia Diversified Financial Services Index of 62%.

In 2024, 21 employees participated in our leadership coaching circles program. We also ran a Leadership Masterclass series for 146 people. These programs provide a series of small group sessions to enable leaders to connect, learn and develop together and explore the role of the leader at Bank Australia. Further, 57 people attended programs at the Australian Institute of Management.

The Bank is committed to maintaining both safe workplaces and work practices. Manager specific versions of workplace health and safety, and bullying, harassment and discrimination training was completed by 149 employees. We also published a Respect@Work toolkit on our intranet which provides a comprehensive framework to prevent workplace sexual discrimination by establishing guidelines to create a safe, inclusive and respectful environment for everyone. More information on how we supported and invested in our people can be found in Section 4 of our Impact Report.

As a customer-owned bank, we prioritise using our customers' money to have an impact on the areas they care about most. Every year we allocate up to 4% of our after-tax profit into the fund to invest in projects and initiatives that generate clear and measurable social and environmental outcomes. This year, we made the difficult decision to set our contribution to the impact fund at 2% of our after-tax profit ($0.5m). It is our intent to again reach a 4% contribution when economic conditions allow. In 2024, we provided funding for several partners and programs that align with our impact priorities, including our three-year partnership with Seed Mob, Australia's first Indigenous led youth climate justice network, helping local councils take climate action through our partnership with Cities Power Partnership and continuing to support our community customer Environment Victoria's Just Transition Program in the Latrobe Valley.

In 2024, our community grant program provided $195,560 in grant funding to 12 customer community organisations, social enterprises and small businesses. Our grant program has provided over $2 million in funding to 149 projects since it began in 2016. More information on our community grant program can be found in Section 5 of our Impact Report.

For further information on performance and how the Company has worked towards achieving the best possible outcomes for customers while remaining true to our purpose during the 2024 financial year, please refer to our 2024 Impact Report.

9. Credit rating

During the year ended 30 June 2024, the Consolidated Entity was rated by both Standard & Poor's and Moody's.

Standard & Poor's updated the long-term credit rating to 'BBB+' with a stable outlook. The short-term rating was maintained at 'A-2'.

Moody's maintained Bank Australia's long-term credit rating of Baa1 with a stable outlook and kept the short-term rating of 'P-2'.

10. Dividends

The Directors do not recommend a dividend and no dividends were declared or paid during the year.

11. Events subsequent to balance date

The Directors have considered events subsequent to the balance date and, in accordance with applicable accounting standards, have disclosed within the financial statements of the Consolidated Entity and the Company as at 30 June 2024 those events where relevant.

12. Likely developments and expected results

Other than those displayed in the accounts, the Directors are not aware of any other likely developments in financial years subsequent to 30 June 2024 that may significantly affect the operation and expected results of the Company.

13. Directors' interests

During or since the end of the financial year, no Directors have received or become entitled to any benefits (other than the remuneration listed above) from a contract between the Company and themselves, their firm or a company in which they have a substantial interest.

14. Indemnification of officers and auditors

The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses contracts. The Company has not indemnified the current external auditors, EY (Ernst & Young). The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

15. Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 130 and forms part of the Directors' report for the financial year ended 30 June 2024.

16. Financial accommodation to Directors and associates

The provision of financial accommodation to Directors and associates of Directors does not contravene the Prudential Standards administered by APRA and is shown in the Company's accounts in accordance with applicable accounting standards.

17. Basis of preparation

The Company is of a kind referred to in Australian Securities and Investment Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the financial report and Directors' report have been rounded off to the nearest million dollars, unless otherwise stated. The Directors have applied the relief available under ASIC Class Order 10/654 Inclusion of parent entity financial statements in financial reports effective 29 July 2010 to continue to present full parent entity financial statements as part of the consolidated financial report.

This report is made in accordance with a resolution of the Directors:

Steve Ferguson, Director
Signed on 26 September 2024

Damien Walsh, Managing Director
Signed on 26 September 2024

Consolidated entity disclosure statement

The Company's controlled entities consolidated into the Consolidated Entity Financial Statements are Australian Tax Residents and include the following:

Entity Name	Entity Type	% of Share Capital Held
Bank Australia Limited	Body Corporate	
Buloke Funding Trust No.1	Trust	90.9

External Auditor's Independence Declaration

External Auditor's Independence Declaration

Building a better working world

As lead auditor for the audit of the financial report of Bank Australia Limited for the financial year ended 30 June 2024, I declare 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;

b) No contraventions of any applicable code of professional conduct in relation to the audit; and

c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bank Australia Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Justin McKenzie

Justin McKenzie, Partner
26 September 2024

Financial statements

Statement of financial position

as at 30 June 2024

	Note	**Consolidated Entity 2024 $m**	Consolidated Entity 2023 $m	**The Company 2024 $m**	The Company 2023 $m
Assets					
Cash and liquid assets	5	170.8	240.3	170.8	240.3
Due from other financial institutions	5	–	1.1	–	1.1
Investment securities	6	2,020.0	1,901.6	2,020.0	1,901.6
Current tax receivable		2.0	10.4	2.0	10.4
Other assets	22	47.0	42.8	47.0	42.8
Held for sale	23	1.1	1.1	1.1	1.1
Net deferred tax assets	15	3.9	–	3.9	–
Derivative assets	17	92.1	144.5	92.1	144.5
Net loans and advances	7	9,321.1	8,108.6	9,321.1	8,108.6
Investment in associate	8	7.5	6.6	7.5	6.6
Other investments	9	36.1	36.1	36.1	36.1
Property, plant and equipment	23	33.4	28.4	33.4	28.4
Total assets		**11,735.0**	**10,521.5**	**11,735.0**	**10,521.5**
Liabilities					
Due to other financial institutions	5	65.4	102.3	65.4	102.3
Deposits	3	8,405.2	7,749.6	8,405.2	7,749.6
Borrowings	4	2,398.4	1,844.5	2,398.4	1,844.5
Derivative liabilities	17	25.0	40.3	25.0	40.3
Net deferred tax liabilities	15	–	6.3	–	6.3
Other liabilities	24	115.4	65.4	115.4	65.4
Provisions	24	13.4	11.2	13.4	11.2
Total liabilities		**11,022.8**	**9,819.6**	**11,022.8**	**9,819.6**
Net assets		**712.2**	**701.9**	**712.2**	**701.9**
Customer owners' funds					
Reserves	25	712.2	701.9	712.2	701.9
Total customer owners' funds		**712.2**	**701.9**	**712.2**	**701.9**

The statement of financial position is to be read in conjunction with the notes to the financial statements.

Statement of profit or loss and other comprehensive income

for the year ended 30 June 2024

	Note	**Consolidated Entity 2024 $m**	Consolidated Entity 2023 $m	**The Company 2024 $m**	The Company 2023 $m
Revenue					
Interest revenue	11	603.1	411.7	603.1	411.7
Interest expense	12	(422.0)	(207.1)	(422.0)	(207.1)
Net interest revenue		**181.1**	**204.6**	**181.1**	**204.6**
Share of profit in associate	8	0.7	0.1	0.7	0.1
Other income	13	21.7	17.0	21.7	28.8
Total revenue		**203.5**	**221.7**	**203.5**	**233.5**
Expenses					
Credit impairment (write-back) / charge	10	(1.0)	–	(1.0)	–
Operating expenses	14	167.1	146.8	167.1	146.8
Total expenses		**166.1**	**146.8**	**166.1**	**146.8**
Profit before income tax		**37.4**	**74.9**	**37.4**	**86.7**
Income tax expense	15	(10.6)	(22.6)	(10.6)	(22.6)
Profit for the period		**26.8**	**52.3**	**26.8**	**64.1**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation of property, plant and equipment		–	(0.5)	–	(0.5)
Income tax attributable to this item		–	–	–	–
Items that may be reclassified to profit or loss					
Net gain / (loss) on cash flow hedges		(30.2)	(28.1)	(30.2)	(28.1)
Income tax attributable to this item		9.2	10.6	9.2	10.6
Total comprehensive income for the period attributable to customer owners		**5.8**	**34.3**	**5.8**	**46.1**

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Statement of changes in customer owners' funds

for the year ended 30 June 2024

	Retained earnings $m	General reserves $m	Asset revaluation reserve $m	Cash flow hedge reserve $m	Fair value reserve $m	Total customer owners' funds $m
Consolidated Entity						
As at 30 June 2023	–	**672.4**	**2.5**	**10.9**	**16.1**	**701.9**
Profit for the period	26.8	–	–	–	–	26.8
Other comprehensive income	–	–	–	(21.0)	–	(21.0)
Total comprehensive income	**26.8**	–	–	**(21.0)**	–	**5.8**
Transfer of business[1]	–	4.5	–	–	–	4.5
Transfers between reserves	(26.8)	26.8	–	–	–	–
As at 30 June 2024	–	**703.7**	**2.5**	**(10.1)**	**16.1**	**712.2**
As at 30 June 2022	–	**619.9**	**3.0**	**28.4**	**16.1**	**667.4**
Profit for the period	52.3	–	–	–	–	52.3
Other comprehensive income	–	–	(0.5)	(17.5)	–	(18.0)
Total comprehensive income	**52.3**	–	**(0.5)**	**(17.5)**	–	**34.3**
Movement from associate	–	0.2	–	–	–	0.2
Transfers between reserves	(52.3)	52.3	–	–	–	–
As at 30 June 2023	–	**672.4**	**2.5**	**10.9**	**16.1**	**701.9**

1 Relates to voluntary transfer of business for Lithuanian Co-operative Credit Society "Talka" Limited (Talka) under the Financial Sector (Transfer and Restructure) Act1999 (Cth)

	Retained earnings $m	General reserves $m	Asset revaluation reserve $m	Cash flow hedge reserve $m	Fair value reserve $m	Total customer owners' funds $m
Company						
As at 30 June 2023	**–**	**672.4**	**2.5**	**10.9**	**16.1**	**701.9**
Profit for the period	26.8	–	–	–	–	26.8
Other comprehensive income	–	–	–	(21.0)	–	(21.0)
Total comprehensive income	**26.8**	**–**	**–**	**(21.0)**	**–**	**5.8**
Transfer of business[1]	–	4.5	–	–	–	4.5
Transfers between reserves	26.8	26.8	–	–	–	–
As at 30 June 2024	**–**	**703.7**	**2.5**	**(10.1)**	**16.1**	**712.2**

	Retained earnings $m	General reserves $m	Asset revaluation reserve $m	Cash flow hedge reserve $m	Fair value reserve $m	Total customer owners' funds $m
As at 30 June 2022	**–**	**608.1**	**3.0**	**28.4**	**16.1**	**655.6**
Profit for the period	64.1	–	–	–	–	64.1
Other comprehensive income	–	–	(0.5)	(17.5)	–	(18.0)
Total comprehensive income	**64.1**	**–**	**(0.5)**	**(17.5)**	**–**	**46.1**
Movement from associate	–	0.2	–	–	–	0.2
Transfers between reserves	(64.1)	64.1	–	–	–	–
As at 30 June 2023	**–**	**672.4**	**2.5**	**10.9**	**16.1**	**701.9**

The statement of changes in customer owners' funds is to be read in conjunction with the notes to the financial statements.

1 Relates to voluntary transfer of business for Lithuanian Co-operative Credit Society "Talka" Limited (Talka) under the Financial Sector (Transfer and Restructure) Act1999 (Cth)

Statement of cash flows

for the year ended 30 June 2024

	Notes	**Consolidated Entity 2024 $m**	Consolidated Entity 2023 $m	**The Company 2024 $m**	The Company 2023 $m
Cash flows from operating activities					
Inflows					
Interest received from customer loans		417.4	275.4	417.4	275.4
Interest received from investments		130.8	81.6	130.8	81.6
Net increase in deposits		655.6	346.5	655.6	329.2
Fees and commission received		27.5	21.9	27.5	23.2
Dividends received		1.4	1.2	1.4	1.2
Income tax refund		10.5	0.3	10.5	0.3
Other income		3.2	0.6	3.2	13.1
Total inflows		**1,246.4**	**727.5**	**1,246.4**	**724.0**
Outflows					
Interest paid to customers		(254.8)	(116.4)	(254.8)	(116.4)
Interest paid to other corporations		(125.8)	(50.7)	(125.8)	(50.7)
Net increase in loans and advances		(1,211.4)	(711.7)	(1,211.4)	(711.7)
Payments to suppliers and employees		(148.1)	(145.9)	(148.1)	(145.9)
Income tax paid		(17.2)	(40.3)	(17.2)	(40.3)
Total outflows		**(1,757.3)**	**(1,065.0)**	**(1,757.3)**	**(1,065.0)**
Net cash from operating activities	**31(c)**	**(510.9)**	**(337.5)**	**(510.9)**	**(341.0)**
Cash flows from investing activities					
Acquisition of investment securities		(1,247.8)	(865.9)	(1,247.8)	(862.3)
Proceeds from sale of investment securities		1,139.1	801.7	1,139.1	801.7
Acquisition of non-current assets		(3.1)	(8.6)	(3.1)	(8.7)
Total outflows from investing activities		**(111.8)**	**(72.8)**	**(111.8)**	**(69.3)**

	Notes	**Consolidated Entity 2024 $m**	Consolidated Entity 2023 $m	**The Company 2024 $m**	The Company 2023 $m
Cash flows from financing activities[1]					
Increase in borrowings		6,619.6	7,297.6	6,619.6	7,297.6
Decrease in borrowings		(6,589.3)	(7,140.9)	(6,589.3)	(7,140.9)
Increase in debt issuance		525.6	450.3	525.6	450.3
Decrease in debt issuance		(1.5)	(136.4)	(1.5)	(136.4)
Lease liability payments		(1.2)	(1.4)	(1.2)	(1.4)
Other Changes		–	–	–	–
Total inflows from financing activities		**553.2**	**469.2**	**553.2**	**469.2**
Net increase (decrease) in cash held		(69.5)	58.9	(69.5)	58.9
Cash at the beginning of the year		240.3	181.4	240.3	181.4
Cash at the end of the year	5	**170.8**	**240.3**	**170.8**	**240.3**

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

1 Financing activities for 2023 have been restated to reflect values on a gross basis.

Notes to the financial statements

About the financial statements

This section summarises how the 30 June 2024 Financial Report has been prepared in accordance with the accounting standards issued by the Australia Accounting Standards Board and other regulatory requirements. This includes company information, significant judgements and accounting policy interpretations.

Key accounting policies and key judgements and estimates which relate directly to a statement have been clearly outlined as such within each of the relevant notes.

Notes to the financial statements

for the year ended 30 June 2024

1. Reporting entity

Bank Australia Limited (the Company) is a customer owned, mutual company, limited by shares, which is domiciled and incorporated in Australia. The address of the Company's registered office, as at 30 June 2024, is 54 Wellington Street, Collingwood, Victoria, 3066.

The Company is a for profit entity operating for the benefit of its customers and is primarily involved in the raising of funds, as authorised by the Prudential Standards administered by APRA and the Banking Act 1959, and the use of those funds in providing financial services to its customers while delivering positive social and environmental outcomes.

The consolidated financial statements for the financial year ended 30 June 2024 comprises the accounts of the Company and its subsidiaries (together referred to as the 'Consolidated Entity'). Controlled entities Ed Credit Services Pty Ltd and ECS Unit Trust were deregistered and determined respectively in FY23 and are disclosed in the prior year comparatives.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The Directors have applied the relief available under ASIC Class Order 10/654 Inclusion of parent entity financial statements in financial reports effective 29 July 2010 to continue to present full parent entity financial statements as part of the consolidated financial statements.

The consolidated financial statements were authorised for issue by the Directors on 26 September 2024.

(b) Basis of measurement

The financial statements have been prepared and presented in Australian dollars and on a cost basis except property, derivatives and some investments, which are stated at fair value.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the financial statements and Directors' report have been rounded off to the nearest million dollars, unless otherwise stated.

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historic experience and various other factors that are considered reasonable under the circumstances. These estimates and judgements inform the decisions about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates in the event of realisation of the asset or liability. These accounting policies have been consistently applied by each entity in the Consolidated Entity. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that materially affects the financial statements are included in the following notes:

- Note 8 – Investment in associates;
- Note 9 – Other investments;
- Note 10 – Expected credit losses;
- Note 15 – Income tax;
- Note 17 – Derivative financial instruments and hedging;
- Note 18 – Measurement categories of financial instruments;
- Note 19 – Fair value of financial instruments;
- Note 23 – Property, plant and equipment;
- Note 24 – Other liabilities

(d) Basis of consolidation

Business combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date control is transferred to the Company. For every business combination, the Consolidated Entity identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses.

Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. The acquisition date is the date on which control is transferred to the acquirer.

Measuring goodwill
The Company measures goodwill as the fair value of the consideration transferred less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. Consideration includes the fair value of the assets transferred, liabilities incurred and equity interests.

Transaction costs
Transaction costs that the Company incurs in connection with a business combination, such as legal fees, due diligence fees and other professional consulting fees are expensed as incurred.

Subsidiaries and special purpose entities
Subsidiaries and special purpose entities are entities controlled by the Company. Control exists when an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

Investments in subsidiaries are recognised at cost in the Company's financial statements.

The consolidated financial statements of the Company comprise the accounts of Bank Australia Limited and its special purpose entity Buloke Funding Trust No. 1.

Transactions eliminated on consolidation
Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(e) New standards and interpretations

New accounting standards that have become effective and standards and interpretations that are not yet effective and have not been early adopted by the Consolidated Entity for the reporting period ended 30 June 2024, are outlined in the table below.

Reference	Nature of change to accounting policy	Impact to the Company	Application date of standard	Application date for the Company
AASB 18 *Presentation and Disclosure in Financial Statements*	AASB 18 has been issued to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss. The key presentation and disclosure requirements established by AASB 18 are: • The presentation of newly defined subtotals in the statement of profit or loss; • The disclosure of management-defined performance measures (MPM); and • Enhanced requirements for grouping information (i.e. aggregation and disaggregation).	The company and the consolidated entity are considering the impact of the new standard	1 January 2027	1 January 2027

Financial liabilities

As an Authorised Deposit Taking Institution (ADI), the Company accepts the deposits of our customers through transactional accounts, savings accounts and term deposits. The Company also raises funds through wholesale borrowings as and when required

The Company uses these deposits for lending to help create positive impact for people and the planet.

3. Deposits

Accounting policy

All deposits are initially recognised at fair value. After initial recognition, deposits are subsequently measured at amortised cost using the effective interest method.

Interest is calculated on the daily balance and posted to the accounts periodically, or on maturity of the term deposit. Interest on deposits is calculated on an accrual basis. The amount of the accrual is shown as a part of trade creditors and accruals.

	Consolidated Entity 2024 $m	Consolidated Entity 2023 $m	**The Company 2024 $m**	The Company 2023 $m
Call deposits	5,595.7	5,548.1	5,595.7	5,548.1
Term deposits	2,809.5	2,201.5	2,809.5	2,201.5
Total deposits	**8,405.2**	**7,749.6**	**8,405.2**	**7,749.6**

4. Borrowings and debt issuance

Accounting policy

Wholesale funding

Borrowings and debt issuances are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Interest is accrued over the period it becomes due and is recorded as part of trade creditors and accruals.

Repurchase agreements

Financial instruments sold under a repurchase agreement, under which substantially all the risks and rewards of ownership are retained by the Company, continue to be recognised on the statement of financial position and the sale proceeds are recognised as a financial liability within borrowings. The Company simultaneously agrees to buy back the securities at a pre-agreed price on a future date. Over the life of the repurchase agreement, we recognise the difference between the sale price and the repurchase price and charge it to interest expense in the statement of profit or loss using the effective interest method.

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
(a) Borrowings		
Wholesale term deposits	4.5	3.0
Negotiable certificates of deposit	361.6	251.3
Warehouse securitised funding	660.2	380.7
Repurchase agreements	299.2	660.7
Total borrowings	**1,325.5**	**1,295.7**

The Warehouse Facility provides the Company with access to secured funding backed by part of the mortgage portfolio beyond that provided by customer deposits. The funding from the Warehouse Facility is provided by Australia and New Zealand Banking Group Limited (ANZ). The Warehouse Facility was established in April 2017, expires in April 2025, and can be renewed with the agreement of the relevant parties. Refer to Note. 16 (b) Liquidity risk for further information regarding the use of standby arrangements and Note 20. Standby arrangements for details of arrangements held.

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
(b) Debt issuance		
Floating rate notes	524.9	–
Sustainability bonds	508.0	508.8
Subordinated debt	40.0	40.0
Total debt issuance	**1,072.9**	**548.8**

During the year, the Company issued two floating rate notes totalling $525 million, $225 million on 30 October 2023 and $300 million on 21 February 2024 under the Company's $2 billion Debt Issuance Programme (2021). These bonds have a maturity of 3 years and 4 years respectively. No senior or subordinated note issuances matured during the year (2023 $135m).

Under its Debt Issuance Programme the Company has previously issued sustainability bonds, which are used to finance eligible assets that help contribute to one of the following United Nations Sustainable Development Goals (SDGs): affordable and clean energy, reduced inequalities, sustainable cities and communities and life on land. For more information about the sustainability bond and our approach to Impact Finance please see the 2024 Impact Report.

Financial assets

As an ADI, the Company accepts the deposits of our customers to achieve the Company's purpose.

The acceptance of deposits and raising of external borrowings identified in the Financial Liabilities section allows the Company to help create positive impact for people and the planet.

We do this by lending money:

- **to individual customers;**
- **for affordable housing;**
- **for housing for people with disability;**
- **for renewable energy projects; and**
- **to not-for-profit organisations.**

The Company will also lend to organisations which align with the Company's Responsible Banking Policy.

For more information refer to the 2024 Impact Report which explains how the Company has lived up to its responsible banking promise in financial year 2024.

5. Cash and balances with other financial institutions

Accounting policy

Cash and liquid assets comprise notes and coins, cash on hand and deposits at call with financial institutions and are stated at the gross value of the outstanding balance less any unpresented cheques.

Receivables from and payables to financial institutions comprises variation margin in relation to derivative transactions and are stated at the gross value of the outstanding balance.

For the purposes of the statement of cash flows, cash and liquid assets consist of cash and liquid assets as defined above, net of any outstanding bank overdrafts. Cash and liquid assets are carried at amortised cost in the statement of financial position.

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
(a) Cash and liquid assets		
Cash on hand	4.5	5.5
Cash at bank	117.1	173.6
Deposit at call	49.2	61.2
Total cash and liquid assets	**170.8**	**240.3**

Cash and liquid assets of the Consolidated Entity includes $137.4 million (2023: 107.8 million) that is held in the Buloke Funding Trust No.1. This amount represents a intercompany receivable to Company from the Trust.

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
(b) Due from other financial institutions		
Collateral paid	–	1.1
Total due from other financial institutions	–	**1.1**
(c) Due to other financial institutions		
Collateral received	65.4	102.3
Total due to other financial institutions	**65.4**	**102.3**

Cash collateral balances are held against the fair value of the derivative portfolio.

6. Investment securities at amortised cost

Accounting policy

The Company recognises investment securities on the date at which it becomes a party to the contractual provisions of the instrument.

Investments are initially measured at fair value including direct transaction costs and are subsequently measured at amortised cost, net of any impairment losses, using the effective interest method. Investments are measured at amortised cost because (a) they are held to collect contractual cash flows and (b) their contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Impairment

An allowance for expected credit losses (ECLs) is recognised for financial assets not held at fair value through profit or loss. ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Impairment cost has been calculated utilising observable inputs and the credit rating of the counterparty.

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Term deposits	54.7	52.7
Negotiable certificates of deposits	200.1	158.8
Asset backed securities	240.1	368.5
Floating rate notes	508.2	398.1
Fixed rate bonds	1,096.5	1,009.8
Fair value hedge adjustment	(79.6)	(86.3)
Total Investment Securities	**2,020.0**	**1,901.6**

7. Net loans and advances

Accounting policy

Loans and advances are financial assets with fixed or determinable payments that are not quoted in an active market and are facilities the Company provides directly to customers. Loans and advances are initially recognised at fair value plus transaction costs directly attributable to the issue of the loan or advance. These are primarily brokerage or mortgage origination fees and these are amortised over the estimated average life of the loan. Subsequently, loans and advances are measured at amortised cost using the effective interest rate method, net of any provision for credit impairment.

Securitisation

The Company enters into securitisation transactions in which it transfers financial assets that are recognised on its statement of financial position. When the Company retains substantially all of the risks and rewards of the transferred assets, the transferred assets remain on the Consolidated Entity's statement of financial position; however, if substantially all the risks and rewards are transferred, the Company derecognises the asset.

Securitisation is the process of taking an illiquid asset, or group of assets, such as residential mortgages, and transforming it (or them) into a liquid security. The Company uses securitisation for funding and liquidity purposes. Details of each of the securitisations entered into by the Company are summarised in the following sections.

Net loans and advances

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Net loans and advances		
Home loans	8,801.8	7,677.6
Business lending[1]	451.0	369.9
Personal loans	37.3	29.2
Overdrafts and revolving credit	41.2	40.4
Directors and related parties	3.2	6.9
Fair value hedge adjustment	(4.2)	(5.0)
Gross loans and advances[2]	**9,330.3**	**8,119.0**
Less provision for impairment	(9.2)	(10.4)
Net loans and advances	**9,321.1**	**8,108.6**

1 Business lending includes exposures to incorporated entities, associations, partnerships, proprietorships, trusts and funds. A breakdown of on and off balance sheet business lending exposures is included in Note 16 Risk Management.

2 In prior years, net deferred loan fees and costs were disclosed separately below gross loan and advances. In the current year, net deferred loan fees and costs have been included within the respective gross loans and advances categories. The 2023 comparative information has been restated.

(i) Contingent liquidity facility

The Company has established a repurchase obligation trust (Buloke Funding Trust No. 1) for securing the ability to obtain liquid funds from the Reserve Bank of Australia (RBA). The Trust enables the Company to access liquid funds if normal operational liquidity requirements cannot be satisfied. To support the liquidity arrangement loan contractual benefits have been transferred to the Trust and the Company has purchased secured notes from the trust which may be sold to the RBA. The notes are secured by residential mortgage backed securities.

The loan contractual benefits transferred to the trust have not been de-recognised in the Company's financial statements as the Company retains the benefits of the Trust until the liquidity facility is drawn upon. The credit risk associated with the transferred loans remains with the Company.

The value of loans which do not qualify for de-recognition as at 30 June 2024 was $1,913 million (2023: $1,458.6 million). The value of associated liabilities, including floating rate notes and accrued interest payable on the notes as at 30 June 2024 was $2,007 million (2023: $1,541.1 million).

(ii) Residential Mortgage Backed Security (RMBS) warehouse

The Consolidated Entity has a Residential Mortgage Backed Security (RMBS) Warehouse Facility with Australia and New Zealand Banking Group Limited (ANZ) through Buloke Funding Trust No. 1. The facility forms part of the Company's funding strategy, enabling the Company to finance Australian prime residential mortgage home loans. Buloke Funding Trust No. 1 has issued Senior notes to ANZ and Junior notes to the Company, the proceeds from which have been used to purchase loan contractual benefits from the Company.

The loan contractual benefits transferred to the Trust have not been de-recognised in the Company's financial statements because the Company retains the benefits of the Trust. The credit risk associated with the transferred loans remains with the Company. The Company holds income and capital units in the trust which entitle the Company to any residual income of the trust after all required coupons to investors and servicing and managing fee payments have been met. The value of loans that do not qualify for de-recognition as at 30 June 2024 was $715.6 million (2023: $401.4 million). The value of associated liabilities in the Consolidated Entity, including floating rate notes and accrued interest payable on the notes at 30 June 2024 was $724.0 million (2023: $414.4 million). These associated liabilities in the Company represent the continuing obligation due to the non-derecognition of transferred assets, reflecting that the risks and rewards of the assets remain with the Company. The liabilities were $724.0 million as at 30 June 2024 (2023: $414.4 million).

8. Investment in associates

Accounting policy

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Interests in associates are accounted for using the equity method.

The equity method is a method of accounting whereby, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investors' share of the investees' net assets. The investors' statement of profit or loss includes its share of the investees' statement of profit or loss and the investors' other comprehensive income includes its share of the investees' other comprehensive income. The Company's share of equity represents the carrying value of the investment at the balance date. Distributions received, such as dividends from an investee, reduce the carrying amount of the investment.

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Investment in Data Action Pty Ltd	7.5	6.6
Total investments in associate	**7.5**	**6.6**

The Company has a 28.3% (2023: 28.3%) interest in Data Action Pty Ltd (Data Action), a provider of computer facilities management and associated support services based in Adelaide. As the Company has representation on the Board and has determined it has significant influence over Data Action, the interests in the associate are accounted for using the equity method.

Data Action recorded an unaudited gain for the financial year of $2.6 million and the entity has recorded its share. The entity is of the opinion that the value of its investment in Data Action is not impaired beyond its carrying value.

The table below illustrates the summarised financial information of the investment in Data Action.

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Current assets	34.7	28.4
Non-current assets	22.9	26.2
Current liabilities	(16.6)	(14.5)
Non-current liabilities	(14.6)	(16.7)
Equity	**26.4**	**23.4**
Proportion of the Company's ownership	28.3%	28.3%
Carrying amount of the investment	**7.5**	**6.5**
Movement in share of equity for the year	**0.8**	**0.2**
Total revenue	72.2	65.0
Total expenses	(68.5)	(64.4)
Profit / (loss) before tax	3.7	0.6
Tax	(1.1)	(0.2)
Profit / (loss) after tax	**2.6**	**0.4**
Share of profit / (loss) for the year	**0.7**	**0.1**

During the year the Company received no dividends from Data Action (2023: NIL) Other disclosures in relation to Data Action are as follows:

- Note 26 – Related party disclosures; and
- Note 28 – Commitments for expenditure.

9. Other investments

Accounting policy

Other investments are measured at fair value with all changes in fair value recognised through other comprehensive income. The fair value of equity holdings is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

For investments in equity instruments, the Company has elected at initial recognition to present fair value gains and losses in other comprehensive income because the instruments are not held for trading.

For instruments measured at fair value through other comprehensive income, unrealised gains and losses are never reclassified to the statement of profit or loss and no impairments are recognised in the statement of profit or loss and other comprehensive income.

Dividends earned from such investments are recognised in the statement of profit or loss and other comprehensive income unless the dividends clearly represent a recovery of part of the cost of the investment.

Key judgements and estimates

Judgement is required when the fair value of assets are not measured using quoted market prices, particularly when using valuation techniques for which all significant inputs are not readily observable. For certain financial instruments, we may use data that is not readily observable in current markets. When using unobservable market data, we are required to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation.

The Company has determined the fair value of its shares in Cuscal Limited (Cuscal) using level 3 unobservable fair value quantitative techniques based on the recent financial performance, yields of similar investments and recent share transactions. The Company's determination of fair value was also made with reference to external independent valuations provided by a valuer with appropriate recognised professional qualifications and experience. The valuations were performed on a market value basis in accordance with the guidance provided under Australian Accounting Standards 13 Fair Value Measurement (AASB 13) and APES 225 Valuation Services.

	Consolidated Entity 2024 $m	Consolidated Entity 2023 $m	**The Company 2024 $m**	The Company 2023 $m
Shares at fair value				
Shares in Cuscal	36.1	36.1	36.1	36.1
Total other investments	**36.1**	**36.1**	**36.1**	**36.1**

During the year, the Company received $1.4 million of dividends from Cuscal which has been recognised in the profit or loss (2023: $1.2 million).

10. Expected credit losses

Accounting policy

The Company establishes an allowance for impairment losses that represents the lifetime expected credit losses (ECLs) in its loan portfolio. ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls, discounted at the effective interest rate of the financial instrument.

Loans are assessed at each reporting date to determine whether credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the asset. Exposures are assessed on an individual and collective basis.

Individual basis

Where sufficient evidence exists that one or more events associated with an exposure could have a detrimental impact on estimated future cash flows, the exposure is assessed on an individual basis.

Collective basis

Exposures are assessed on a collective basis by placing them into portfolios of assets with similar risk characteristics. The Company applies a three-stage approach to measuring ECLs for loans:

Stage	Measurement Basis
Stage 1	Financial instruments that are performing on initial recognition and have not experienced a significant increase in credit risk since initial recognition are classified in this stage. A 12-month collective provision is held against these financial instruments to reflect ECLs from default events that may occur within the following 12 month period, or over the remaining time to maturity if the financial instrument matures within the next 12 months.
Stage 2	Financial instruments that are performing but have experienced a significant increase in credit risk since initial recognition are classified in this stage. A lifetime collective provision is held against these financial instruments to reflect ECLs from default events that may occur over the expected life of the financial instrument. If the credit risk of the financial instrument were to improve such that the deterioration in credit risk since origination was no longer significant, the financial instrument returns to a stage 1 classification.
Stage 3	Financial instruments that have objective evidence of being non-performing are classified in this stage. Either a specific provision or a lifetime collective provision is held against these financial instruments. If the credit risk of the financial instrument were to improve such that the financial instrument is no longer non-performing, the financial instrument returns to a stage 1 or stage 2 classification.

Calculation of expected credit losses

ECLs are calculated at the facility level using three main parameters: exposure at default (EAD), probability of default (PD), and loss given default (LGD). These parameters are derived from statistical models combined with historical, current, forward-looking information and forecasts of future economic conditions.

The EAD represents the expected balance at the time of default and considers the repayment of principal and interest together with any expected drawdown of a facility. EAD is the current balance plus undrawn funds plus funds available for redraw, less scheduled repayments projected out by month. This methodology is applied consistently across all financial instruments except for overdrafts, credit cards and bank guarantees where the EAD represents the credit limit.

The 12-month and lifetime PD represents the expected point-in-time probability of a default over the next 12 months and the remaining lifetime of the financial instrument respectively. The PD is calculated using a roll rate methodology incorporating historical movements of accounts between arrears bands over the observation period. This methodology is used for all financial instruments.

The LGD represents expected loss conditional on default. LGD is determined with reference to the loss rate incurred in each segment of the portfolio over the observation period and the actual loss incurred (i.e. write-off) following a default. This methodology is applied consistently across all financial instruments, except for home loans, commercial loans and self-managed superannuation fund loans where a benchmark LGD is applied given the limited historical write-offs incurred for these financial instruments. The ECL calculation is discounted using the effective interest rate to incorporate the time value of money.

Expected life

The expected life of a facility is required to calculate the ECL for facilities in stage 2 and stage 3.

A range of approaches have been applied by the Company to estimate a facilites expected life.

For home loans, the expected lifetime is the average behavioural lifetime calculated as the average lifetime on closed accounts. For term loans that are not home loans, the expected lifetime is the remaining contractual lifetime. For overdrafts, credit cards and bank guarantees the expected lifetime is the average remaining behavioural lifetime.

Definition of default

The probability of default (PD), both over a 12-month period and over its lifetime, is a key input to the measurement of ECL. Default has occurred when there is evidence that the counterparty is unlikely to pay a credit obligation in full or where the counterparty is greater than or equal to 90 days past due on a credit obligation. The definition of default adopted by the Company is consistent with the Company's approach to credit risk management, prudential standards and the rebuttable presumption in AASB 9, which states that default occurs no later than when a payment is 90 days past due. The Company regularly monitors its exposures for potential indicators of default.

A default is considered to have occurred when:

i) it is considered unlikely that a counterparty will pay its credit obligations in full, or

ii) the counterparty is ≥ 90 days past due on a credit obligation.

Write-off policy
The Company writes off a loan, including any related impairment allowance, when all reasonable efforts to reduce the loss to the Company have been pursued. Any recoveries of amounts previously written-off are recorded in the income statement as a release to the credit impairment charge.

Significant Increase in Credit Risk (SICR)
Financial instruments which have experienced a SICR since origination are classified as stage 2.

The Company uses specific counterparty and facility details to determine whether there has been a deterioration in the credit position of the counterparty. The Company also uses a 30 day past due backstop criteria with all facilities > 30 days past due and ≤ 90 days past due being classified as stage 2.

Forward looking information
The measurement of ECL considers information about current conditions, past events, as well as reasonable and supportable forecasts of future economic conditions.

The macroeconomic model uses GDP and unemployment as macroeconomic variables, with inputs updated on an annual basis. The macroeconomic variables are applied by considering three probability-weighted economic scenarios:

- Base case scenario – The base case scenario is developed using the average of economic forecasts provided by the four major banks in Australia, Barrenjoey and the Reserve Bank of Australia.
- Downside and severe downside scenarios

Given the limited official data sources available to benchmark economic variables on a forward-looking basis, management have exercised judgement to develop the economic forecasts for any scenarios. The methodologies and assumptions used to develop the economic forecasts are reviewed on an annual basis and the Company's Risk Committee is responsible for reviewing and approving the economic scenarios.

Key judgements and estimates

Significant increase in credit risk
Determining whether a SICR since origination has occurred or whether this has reversed requires judgement. As this determination moves a facility from a stage 1 12-month ECL to a stage 2 lifetime ECL, the impact on the overall ECL could be material. The Company monitors the SICR triggers on a regular basis.

Benchmark LGDs
Due to limited historical write-offs incurred for home loans, commercial loans and self-managed superannuation fund loans; benchmark LGDs are applied to calculate the ECL. The benchmark LGDs are developed using information provided in the Pillar 3 reports of the four major banks in Australia. Expert judgement is used to develop the benchmark LGDs. The methodologies and assumptions used to develop the benchmark LGDs are reviewed on a semi-annual basis.

Probability weightings of economic scenarios
In assigning probabilities to the economic scenarios, management has applied judgment based on internal specialist input and publicly available economic outlooks and commentary.

Economic forecast assumptions

In the current economic environment, the Company has developed three scenarios

Given the range of possible scenarios and economic outcomes and the uncertainty of the social and economic conditions, these scenarios represent plausible forward-looking views as at the reporting date.

Future economic conditions may differ to the scenarios outlined, the impact of which will be accounted for in future reporting periods.

Scenario	Expectation
Base case	The base case forecast is outlined in the table below. In order to bring inflation within the Reserve Bank of Australia's (RBA) target range, the cash rate will remain at the current rate into 2025. As a result, the economic slowdown will continue before recovering in 2025 and 2026 and unemployment will increase in 2025 before decreasing in 2026.
Downside	The downside scenario represents a more prolonged economic slowdown with economic parameters recovering after 12 months. The cash rate remains at the current level or is increased due to persistent high inflation, prolonging the economic downturn while inflation remains high (stagflation).
Severe downside	The downside scenario represents a recession with recovery after two years. The recession is driven by a combination of the RBA cutting the cash rate too soon, the Commonwealth and State governments over stimulating the economy, responses to global economic or geopolitical events or for domestic electoral reasons. This events lead to an increase in inflation, resulting in the RBA increasing interest rates and the government reducing discretionary expenditure as welfare and interest costs increase. Business and consumer confidence falls and households continue to face into continued cost of living pressures, further depleting demand in the economy.

Base case economic forecast

	Forecast, as at 31 December		
	2024	2025	2026
GDP (annual % change)	1.5%	2.4%	2.4%
Unemployment rate	4.3%	4.5%	4.3%

Probability weightings

	Consolidated Entity and the Company 2024	Consolidated Entity and the Company 2023
Base	50%	60%
Downside	35%	30%
Severe downside	15%	10%

ECL–Sensitivity analysis as at 30 June 2024

	Consolidated Entity and the Company ECL collective provision $m	Consolidated Entity and the Company Impact $m
100% Base scenario	6.4	(2.4)
100% Downside scenario	9.8	1.0
100% Severe downside scenario	14.4	5.6

Notes to the financial statements

for the year ended 30 June 2024

Credit impairment charge

The following table shows the expenses incurred in the statement of profit or loss and other comprehensive income relating to the impairment of loans.

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Net new and increased provisions[1]	(1.2)	(0.1)
Write offs	0.2	0.1
Recoveries of amounts previously written off	–	–
Total credit impairment (write-back) / charge	**(1.0)**	**–**

[1] Net of provision write-backs

Provision for impairment

The tables below outlines provisions and how the collective provision has moved between stages during the year.

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Individual provision for impairment	0.4	0.4
Collective provision for impairment	8.8	10.0
Provision for impairment	**9.2**	**10.4**

Exposure at default movement by stage

	Consolidated Entity and the Company			
	Stage 1 $m	Stage 2 $m	Stage 3 $m	Total $m
Balance as at 30 June 2023	**9,047.1**	**401.9**	**14.0**	**9,463.0**
Transferred to stage 1	184.3	(180.5)	(3.8)	–
Transferred to stage 2	(85.9)	86.2	(0.3)	–
Transferred to stage 3	(9.3)	(3.0)	12.3	–
New and increased/(Reduced)	1,314.5	(48.6)	(6.1)	1,259.8
Balance as at 30 June 2024	**10,450.7**	**256.0**	**16.1**	**10,722.8**
Balance as at 30 June 2022	**8,227.7**	**451.7**	**22.5**	**8,701.9**
Transferred to stage 1	254.4	(239.3)	(15.1)	–
Transferred to stage 2	(84.4)	85.0	(0.6)	–
Transferred to stage 3	(9.2)	(0.9)	10.1	–
New and increased/(Reduced)	658.6	105.4	(2.9)	761.1
Balance as at 30 June 2023	**9,047.1**	**401.9**	**14.0**	**9,463.0**

Collective provision movement by stage

	Consolidated Entity and the Company			
	Stage 1 $m	Stage 2 $m	Stage 3 $m	Total $m
Balance as at 30 June 2023	**1.6**	**7.9**	**0.5**	**10.0**
Transferred to stage 1	1.8	(1.7)	(0.1)	–
Transferred to stage 2	–	–	–	–
Transferred to stage 3	–	–	–	–
New and increased/(Write Back)	(1.0)	1.3	0.6	0.9
Model risk reserve and macro-economic adjustment	0.1	(2.3)	0.1	(2.1)
Balance as at 30 June 2024	**2.5**	**5.2**	**1.1**	**8.8**
Balance as at 30 June 2022	**1.8**	**5.3**	**2.9**	**10.0**
Transferred to stage 1	5.0	(2.4)	(2.6)	–
Transferred to stage 2	–	0.1	(0.1)	–
Transferred to stage 3	–	–	–	–
New and increased provisions (net of repayments)	(5.6)	1.3	0.7	(3.6)
Forward looking and other adjustments	0.4	3.6	(0.4)	3.6
Balance as at 30 June 2023	**1.6**	**7.9**	**0.5**	**10.0**

Non-Performing Exposures

Non-performing facilities are those facilities for which the Company determines that it is probable that it will be unable to collect all principal, interest and fees due according to the contractual terms of the agreement.

There are two categories of non-performing facilities:

Non-accrual facilities
Non-accrual facilities are those facilities where the Company has set the future income of the facility to zero or has suspended interest or income. It also includes loans where the counterparty is ≥ 90 days past due on their obligation to the Company, and overdrafts and credit cards where the counterparty has been in excess of the contractual limit for ≥ 14 days.

A non-accrual facility will return to performing status when the loan is < 90 days past due, and the overdraft or credit card has been in excess of the contractual limits for <14 days.

Restructured facilities
Restructured facilities are facilities where the Company has modified the original contractual terms to provide for concessions of interest or principal or other payments due, or for an extension in maturity for a non- commercial period for reasons related to the financial difficulties of the counterparty.

A restructured facility will return to performing status once the revised contractual terms have been made in a timely manner over a continuous six month period and the situation of the counterparty has improved so that full repayment of the loan is likely.

The following table provides details on non-performing exposures.

The following table provides details on gross impaired facilities.

	Non-performing exposures 2024 $m	Individual provision 2024 $m	Collateral[1] 2024 $m	Non-performing exposures 2023 $m	Individual provision 2023 $m	Collateral[1] 2023 $m
Consolidated Entity and the Company						
Non-accrual facilities	8.3	0.7	19.3	11.1	0.7	33.1
Restructured facilities	7.6	0.8	17.0	3.4	0.1	6.5
Total	**15.9**	**1.5**	**36.3**	**14.5**	**0.8**	**39.6**

1 Collateral held against non-accrual facilities and restructured facilities was primarily registered first mortgages over property. Property valuations for restructured loans are as at origination, whilst property values from non-accrual loans are updated once the account becomes non-accrual.

Financial performance

The Company generates revenue through the provision and management of the disclosed financial assets. The revenue is offset by the cost of the Company's financial liabilities which in association with other operating revenue and costs results in the profit of the Company.

11. Interest revenue

Accounting policy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is reported net of the amount of goods and services tax (GST). Revenue is not recognised if there are significant uncertainties regarding recovery of the consideration due or where the costs incurred or to be incurred cannot be measured reliably.

Interest revenue on loans is calculated on the daily balance outstanding and is charged in arrears to a customer's account monthly. Interest revenue is recognised in the statement of profit or loss as it accrues, using the effective yield interest method. Loan establishment fees and costs including upfront broker commission are also included in the effective yield interest method and are amortised over the average life of the loan.

Due to the short-term nature and reviewability of revolving credit facilities, all associated fees and costs, including establishment fees, are recognised at the time the related service is performed.

Interest revenue on deposits with other financial institutions, derivatives and investment securities are calculated on an accruals basis using the effective interest method.

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Deposits with other financial institutions	7.6	3.9
Investment securities	77.0	57.6
Derivatives[1]	57.6	46.7
Loans and advances	460.9	303.5
Total interest revenue	**603. 1**	**411.7**

1 In 2024, derivative revenue represents interest revenue. The revenue representing market to market movements has been classified as Other Income, as disclosed in Note 13. The 2023 comparatives have been restated.

12. Interest expense

Accounting policy

Interest payable on customer deposits is calculated on the daily balance outstanding and is credited in arrears periodically. Interest expense is recognised in the statement of profit or loss as it accrues, using the effective interest method. Interest payable on borrowings is calculated on an accruals basis using the effective interest method.

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Borrowings from other financial institutions	115.6	48.4
Derivatives[1]	18.4	10.4
Deposits	287.1	147.6
Leases	0.9	0.7
Total interest expense	**422 .0**	**207.1**

1 In 2024, derivative expense represents interest expense. The expense representing the market to market movements has been classified as Other Income, as disclosed in Note 13. The 2023 comparatives have been restated.

13. Other income

Accounting policy

The Company applies AASB 15 Revenue from Contracts with Customers which became effective from 1 July 2018. The core principle of AASB 15 is that an entity recognises revenue progressively as services are delivered rather than when the consideration the entity expects to receive for those services can be reliably estimated.

The Company recognises revenue from contracts with customers in accordance with that core principle by applying the following steps:

Step 1: Identify the contract with the customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the amount of consideration in the contract;

Step 4: Allocate the consideration to each of the identified performance obligations; and Step 5: Recognise revenue when (or as) each performance obligation is satisfied.

Fee income

Fee income primarily comprises account transaction and monthly fees, processing fees, credit card fees and loan package and overdraft fees.

The Company has determined that revenue associated with account and processing fees are recognised at the point in time the transaction occurs or service is performed. Credit card fees and loan package and overdraft fees should be recognised over time as the service has been provided. Those costs deferred under AASB 15 are capitalised and amortised over the estimated cardholder relationship, which in all cases is 12 months.

Commission income

Commission income comprises insurance commissions received under an agency agreement held with Allianz Australia Insurance Limited as well as financial planning and VISA interchange commissions. The Company has determined that performance obligations associated with commissions are met at the time the insurance policy is written, customer has been referred to financial planner or VISA debit or credit card is used by a customer.

Dividends

Dividend income is recognised under AASB 9: Financial instruments and is recorded as income on the date the Company's right to receive payments is established.

	Consolidated Entity 2024 $m	Consolidated Entity 2023 $m	The Company 2024 $m	The Company 2023 $m
Fee income	3.8	3.6	3.8	3.6
Commissions	13.9	11.7	13.9	11.7
Dividends	1.4	1.2	1.4	1.2
Miscellaneous income	2.2	0.4	2.2	0.4
Distribution income	–	–	–	11.8
Hedge relationship mark to market[1]	0.4	0.1	0.4	0.1
Total other income	**21.7**	**17.0**	**21.7**	**28.8**

14. Operating expenses

Accounting policy

Operating expenses

Operating expenses are recognised as services are provided to the Company over the period in which an asset is consumed or once a liability is created.

Wages, salaries and related personnel expenses

Wages and salaries, annual leave and other employee entitlements expected to be paid or settled within twelve months of employees rendering service are measured at their nominal amounts using remuneration rates that the Company expects to pay when the liabilities are settled.

The Company's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The Company accrues employee entitlements relating to long service leave using an actuarial calculation. It includes assumptions regarding staff departures, leave utilisation and future salary increases. The result is then discounted using market yields at the reporting date.

Refer to Note 30 Employee benefits for balances of employee benefit related provisions.

1 Other income represents the mark to market movements on derivatives and the underlying hedged items.

	Consolidated Entity 2024 $m	Consolidated Entity 2023 $m	The Company 2024 $m	The Company 2023 $m
Personnel				
Salaries and related costs	76.3	65.7	76.3	65.7
Other staff related costs	10.6	10.0	10.6	10.0
	86.9	**75.7**	**86.9**	**75.7**
Customer services				
Fees and commissions	22.8	19.4	22.8	19.4
Other product and service delivery costs	4.3	4.4	4.3	4.4
	27.1	**23.8**	**27.1**	**23.8**
Information technology				
Applications, licences and outsourced services	19.2	16.6	19.2	16.6
Telecommunications	2.2	1.5	2.2	1.5
Depreciation and amortisation	0.4	0.6	0.4	0.6
	21.8	**18.7**	**21.8**	**18.7**
Occupancy expenses				
Depreciation of property, plant and equipment	2.2	2.1	2.2	2.1
Depreciation of right of use assets	3.2	2.0	3.2	2.0
Other occupancy expenses	3.6	2.9	3.6	2.9
	9.0	**7.0**	**9.0**	**7.0**
Other operating expenses				
Marketing and development	7.6	10.3	7.6	10.3
General administration costs	14.7	11.3	14.7	11.3
	22.3	**21.6**	**22.3**	**21.6**
Total operating expenses	**167.1**	**146.8**	**167.1**	**146.8**

15. Income tax

Accounting policy

Income tax

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity. Income tax on equity items is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Tax for current and prior years is recognised as a liability to the extent that it is unpaid.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. Nor is it recognised for the differences relating to investments in subsidiaries if they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or included in the item of the expense. Receivables and payables are stated with the amount of GST included.

Key judgements and estimates

The Company estimates the amount expected to be paid to tax authorities based on its understanding and interpretation of relevant tax laws. The effect of uncertainty over income tax treatments is reflected in determining the relevant taxable profit or tax loss, tax bases, unused tax losses and unused tax credits or tax rates. Uncertain tax positions are presented as current or deferred tax assets or liabilities as appropriate.

Notes to the financial statements

for the year ended 30 June 2024

	Consolidated Entity 2024 $m	Consolidated Entity 2023 $m	The Company 2024 $m	The Company 2023 $m
Income tax expense				
Profit before income tax	37.4	74.9	37.4	86.7
Income tax at Australia's statutory tax rate of 30%	11.2	22.5	11.2	26.0
Tax effect of amounts which are not deductible / assessable in calculating taxable income:				
Fully franked dividends received	(0.6)	(0.5)	(0.6)	(0.5)
Other assessable income	–	0.3	–	(3.2)
Under/(over) provision of income tax in prior years	–	0.3	–	0.3
Income tax expense	**10.6**	**22.6**	**10.6**	**22.6**
Income tax expense comprises:				
Current income tax	11.5	21.8	11.5	21.8
Decrease / (increase) in deferred tax assets	1.0	3.8	1.0	3.8
(Decrease) / increase in deferred tax liabilities	(1.9)	(3.3)	(1.9)	(3.3)
Under / (over) provision of income tax in prior years	–	0.3	–	0.3
	10.6	**22.6**	**10.6**	**22.6**
Income tax expense recognised in Other Comprehensive Income				
Deferred tax relating to cash flow hedge derivatives	(9.2)	(10.6)	(9.2)	(10.6)
Total income tax expense recognised in other comprehensive income	**(9.2)**	**(10.6)**	**(9.2)**	**(10.6)**
Franking credits	**241.6**	**236.8**	**241.6**	**236.8**

Franking credits held by the Company are after adjusting for franking credits that will arise from the payment of income tax at the end of the financial year.

	Consolidated Entity 2024 $m	Consolidated Entity 2023 $m	The Company 2024 $m	The Company 2023 $m

Deferred tax assets

The balance comprises temporary differences attributable to:

	Consolidated Entity 2024 $m	Consolidated Entity 2023 $m	The Company 2024 $m	The Company 2023 $m
Amounts recognised in the income statement:				
Provision for impairment of loans and advances	2.8	3.1	2.8	3.1
Provision for employee entitlements	2.8	2.6	2.8	2.6
Sundry provisions	1.1	0.7	1.1	0.7
Leased liabilities	5.1	3.5	5.1	3.5
Building depreciation	0.4	0.4	0.4	0.4
Trade creditors and accruals	0.5	0.5	0.5	0.5
Derivative financial instruments	2.2	5.2	2.2	5.2
Total amounts recognised in the income statement	**14.9**	**16.0**	**14.9**	**16.0**
Amounts recognised directly in other comprehensive:				
Derivative financial instruments	3.4	–	3.4	–
Total amounts recognised directly in other comprehensive	**3.4**	–	**3.4**	–
Gross deferred tax assets	**18.3**	**16.0**	**18.3**	**16.0**
Set-off of deferred tax assets and deferred tax liabilities	(14.4)	(16.0)	(14.4)	(16.0)
Net deferred tax assets	**3.9**	–	**3.9**	–

	Consolidated Entity 2024 $m	Consolidated Entity 2023 $m	The Company 2024 $m	The Company 2023 $m
Deferred tax liabilities				
The balance comprises temporary differences attributable to:				
Amounts recognised in the income statement:				
Plant and equipment depreciation	0.7	1.1	0.7	1.1
Derivative financial instruments	1.5	4.4	1.5	4.4
Right of Use asset	4.3	3.0	4.3	3.0
Total amounts recognised in the income statement	**6.5**	**8.5**	**6.5**	**8.5**
Amounts recognised directly in other comprehensive income:				
Land and buildings	1.1	1.1	1.1	1.1
Other investments	6.8	6.9	6.8	6.9
Derivative financial instruments	–	5.8	–	5.8
Total amounts recognised directly in other comprehensive income	**8.0**	**13.8**	**8.0**	**13.8**
Gross deferred tax liabilities	**14.4**	**22.3**	**14.4**	**22.3**
Set-off of deferred tax assets and deferred tax liabilities	(14.4)	(16.0)	(14.4)	(16.0)
Net deferred tax liabilities	–	**6.3**	–	**6.3**
Movements				
Opening balance	(6.3)	(15.3)	(6.3)	(15.3)
Prior-year adjustment	0.1	(0.9)	0.1	(0.9)
Recognised in income statement	0.9	(0.6)	0.9	(0.6)
Recognised in other comprehensive income	9.2	10.5	9.2	10.5
Closing balance	**3.9**	**(6.3)**	**3.9**	**(6.3)**

Tax Transparency Code

The Tax Transparency Code (TTC) is an Australian Taxation Office set of principles and minimum standards to guide medium and large businesses on public disclosure of tax information. Adoption of the TTC is voluntary and intended to complement Australia's existing tax transparency measures. The Company has prescribed to TTC reporting in order to contribute towards greater tax transparency and the enhancement of community understanding of tax compliance. Details of our TTC report for the year ended 30 June 2024 can be found on our website.

Capital and risk management

The success of the Company's strategy to deliver on its purpose is underpinned by sound management of the Company's risks. All of the Company's activities involve the analysis, evaluation, acceptance and management of risks or combinations of risks.

16. Risk management

Overview

The Company has exposure to financial risk, non-financial risk, strategic and governance risk arising from its operations. The Company manages these risks through it risk management framework, which evolves to accommodate changes in the business operating environment, better practices, and regulatory expectations. The Company's risk management is in line with APRA Prudential Standard CPS 220 Risk Management.

The risk management framework is the totality of systems, structures, policies, processes and people that identify, measure, evaluate, monitor, report and control or mitigate internal and external sources of material risks. This framework aligns with the Company's strategic objectives and business plan and embeds risk management as part of the Company's culture.

Further quantitative disclosures are included throughout the notes to the financial statements.

Key material risks	Key sections applicable to this risk
Credit risk	• Overview, management and control activities • Exposure to credit risk • Credit quality • Concentration of credit risk
Liquidity risk	• Overview, management and control activities • Residual contractual maturities
Non-Traded Market risk	• Overview, management and control activities
Interest rate risk	• Overview, management and control activities • Effective interest rate and repricing analysis • Sensitivity to interest rate risk
Operational risk	• Overview, management and control activities

The Company's exposure to financial risk (credit risk, liquidity risk, non-traded market risk and interest rate risk), are considered significant given financial instruments held by the Company constitute the core contributors of financial performance and position.

Risk management framework

- **Risk management policy** defines and documents roles, responsibilities and formal reporting structures for the management of material risks throughout the Company.
- **Risk appetite statement** documents the amount of risk the Board is willing to accept in pursuit of strategic objectives and business plans. The purpose of this statement is to help support the setting and management of the Company's strategy whilst also bringing structure and relevance to the Company's risk management process.
- **Risk management strategy** describes the Company’s strategy for managing risk and the key elements of the framework that give effect to this strategy. This includes a description of each material risk, the approach to managing risks and information on how the Company identifies, measures, evaluates, monitors, reports and controls or mitigates material risks.

The Board has established the Risk Committee, which provides an objective oversight of the implementation and on-going operation of the risk management framework, oversees and monitors risk identification, assessment and control methodologies; and ensures prudential and statutory requirements in relation to the risk management framework are met. The Committee reports regularly to the Board of Directors on its activities.

The Company’s risk management structure has been designed in line with the ‘three lines of defence’ framework. The responsibility of each line of defence is as follows:

Line of defence	Key sections applicable to this risk
First	Each operational area of the Company is responsible for identifying and managing risks in a way that is consistent with the risk management framework and risk appetite set by the Board. The Company, through its training and management standards and procedures aims to maintain a disciplined and robust control environment in which all employees understand their roles and responsibilities.
Second	A central risk and compliance group, led by our Chief Risk Officer, forms our second line of defence, and is responsible for the development and maintenance of the Company’s risk management framework and reports to the Board, Committees and senior management.
Third	Internal audit provides our third line of defence, providing independent assurance on the effectiveness of the risk management framework. The Company’s internal auditors reports directly to the Audit Committee.

The Audit Committee oversees the effectiveness of internal controls and is assisted in its role by internal audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities.

(a) Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from loans and advances, as well as debt and investment securities. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss if a counterparty defaults.

The Company's activities may also give rise to risk at the time of settlement of transactions. Settlement risk is the risk of financial loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed.

Management of credit risk

The Board of Directors has implemented policies to mitigate and manage credit risk. Credit risk policies aim to:

- ensure counterparties can service their facilities;
- control and mitigate the risk of financial loss associated with delinquent credit facilities and deteriorating credit quality;
- establish collateral requirements, credit assessment, risk grading, reporting, documentary and legal procedures;
- ensure compliance with regulatory and statutory requirements; and
- establish the authorisation structure for the approval, renewal and extension of credit facilities.

Exposure to credit risk

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk is the carrying amount. In certain circumstances there are differences between the carrying amount reported on the statement of financial position and the amount reported in the tables below. Principally, these differences arise in respect of financial assets that are subject to risks other than credit risk, such as, equity investments which are primarily subject to market risk.

For off balance sheet commitments, the maximum exposure to credit risk is the full amount of undrawn committed facilities and the maximum amount the Company would have to pay if a bank guarantee was called upon.

The table below shows our maximum exposure to credit risk for on balance sheet financial assets and off balance sheet commitments before taking into account any collateral held or other credit risk mitigation techniques.

	Consolidated Entity 2024 $m	Consolidated Entity 2023 $m	The Company 2024 $m	The Company 2023 $m
Credit risk exposures relating to on balance sheet assets:				
Cash and liquid assets	170.8	240.3	170.8	240.3
Due from other financial institutions	–	1.1	–	1.1
Investment securities at amortised cost	2,020.0	1,901.6	2,020.0	1,901.6
Other assets[1]	39.0	38.5	39.0	38.5
Derivative assets	92.1	144.5	92.1	144.5
Gross loans and advances[2]	9,330.2	8,119.0	9,330.2	8,119.0
Total on balance sheet	**11,652.1**	**10,445.0**	**11,652.1**	**10,445.0**
Credit risk exposures relating to off balance sheet assets:				
Credit-related commitments	1,396.0	1,345.2	1,396.0	1,345.2
Bank guarantees	6.2	5.6	6.2	5.6
Total off balance sheet	**1,402.2**	**1,350.8**	**1,402.2**	**1,350.8**
Total credit risk exposure	**13,054.3**	**11,795.8**	**13,054.3**	**11,795.8**

Credit quality

An analysis of the Company's credit exposure is presented in the following tables without taking account of the effects of any collateral held or other credit risk mitigation techniques:

1 Credit risk exposure for other assets consists of accrued income and sundry debtors.

2 Gross loans and advances includes deferred loan fees and costs and excludes provision for impairment.

Investment securities – by external rating grade

The following table summarises the credit quality by external third party rating grades:

	2024 AAA+ to A $m	2024 BBB+ to B $m	2024 Unrated $m	2024 Total $m	2023 AAA+ to A $m	2023 BBB+ to B $m	2023 Unrated $m	2023 Total $m
Consolidated Entity and the Company								
ADIs	885.3	383.6	–	1268.9	873.1	216.5	–	1,089.6
Government investments	511.0	–	–	511.0	443.5	–	–	443.5
Other	240.1	–	–	240.1	368.5	–	–	368.5
Total investments at amortised cost	**1,636.4**	**383.6**	**–**	**2,020.0**	**1,685.1**	**216.5**	**–**	**1,901.6**

Loans and advances – by expected credit loss stage

The following table sets out information of the distribution of loans and advances by staging as defined in note 10:

	2024 Stage 1 $m	2024 Stage 2 $m	2024 Stage 3 $m	2024 Total $m	2023 Stage 1 $m	2023 Stage 2 $m	2023 Stage 3 $m	2023 Total $m
Consolidated Entity and the Company								
Home loans	9,678.3	207.0	15.0	9,900.3	8,414.5	336.8	13.1	8,764.4
Business lending[1]	555.5	47.8	0.1	603.4	416.5	64.3	0.4	481.2
Personal loans	38.7	0.2	0.3	39.2	30.5	0.1	0.3	30.9
Overdrafts and revolving credit	178.2	1.0	0.7	179.9	185.4	0.7	0.2	186.3
Total credit risk exposure	**10,450.7**	**256.0**	**16.1**	**10,722.8**	**9,046.9**	**401.9**	**14.0**	**9,462.8**

The credit exposures on loans and advances will not reconcile to gross loans and advances and off balance sheet items in the table above as credit exposure excludes internal Bank Australia facilities and includes interest on non-accrual loans.

Refer to Note 10. Expected credit losses for information on exposure, portfolio segmentation and staging.

1 Business lending includes exposures to incorporated entities, associations, partnerships, proprietorships, trusts and funds.

Concentration of credit risk

Concentration risk is managed by counterparty, geographical region, and industry sector. The Company implements certain exposure and concentration limits in order to mitigate these risks.

Loans and advances – by counterparty

As at 30 June 2024, one individual counterparty had exposure which represented 10% or more of Tier 1 capital (2023: Nil).

Loans and advances – by counterparty geographic location

The table below details the geographic concentration of loans and advances:

	Carrying amount 2024 $m	Off balance sheet 2024 $m	Total credit exposure 2024 $m	Carrying amount 2023 $m	Off balance sheet 2023 $m	Total credit exposure 2023 $m
Consolidated Entity and the Company						
Geographic areas						
Victoria	4,236.8	765.6	5,002.4	3,880.9	709.6	4,590.5
New South Wales	1,950.6	237.2	2,187.8	1,705.1	258.8	1,963.9
Queensland	1,122.3	152.3	1,274.6	975.7	148.3	1,124.0
Australian Capital Territory	629.7	85.3	715.0	574.0	87.5	661.5
Western Australia	742.9	77.6	820.5	491.1	65.7	556.8
South Australia	378.3	51.2	429.5	285.5	46.7	332.2
Tasmania	132.3	19.5	151.8	112.2	21.3	133.5
Northern Territory	64.8	9.1	73.9	52.4	6.4	58.8
Non Resident	62.9	4.4	67.3	34.9	6.7	41.6
Total credit exposure	**9,320.6**	**1,402.2**	**10,722.8**	**8,111.8**	**1,351.0**	**9,462.8**

Loans and advances – by collateral geographic location

The table below details the geographic concentration of collateral held against loans and advances:

	Carrying amount 2024 $m	Off balance sheet 2024 $m	Total credit exposure 2024 $m	Carrying amount 2023 $m	Off balance sheet 2023 $m	Total credit exposure 2023 $m
Consolidated Entity and the Company						
Geographic areas						
Victoria	4,156.8	545.5	4,702.3	3,831.0	546.5	4,377.5
New South Wales	1,970.1	236.7	2,206.8	1,690.3	171.7	1,862.0
Queensland	1,173.2	124.8	1,298.0	1,004.6	142.9	1,147.5
Australian Capital Territory	600.5	63.5	664.0	554.3	64.0	618.3
Western Australia	749.1	59.8	808.9	486.6	39.6	526.2
South Australia	422.5	38.9	461.4	329.7	34.9	364.6
Tasmania	145.3	16.9	162.2	125.2	16.8	142.0
Northern Territory	50.4	5.1	55.5	43.4	4.3	47.7
Approved but undrawn secured loans	–	188.6	188.6	–	205.7	205.7
Unsecured	52.7	122.4	175.1	46.7	124.6	171.3
Total credit exposure	**9,320.6**	**1,402.2**	**10,722.8**	**8,111.8**	**1,351.0**	**9,462.8**

Credit exposure to businesses[1] – by industry sector

The table below details the industry sector concentration of business lending exposures:

	Carrying amount 2024 $m	Off balance sheet 2024 $m	Total credit exposure 2024 $m	Carrying amount 2023 $m	Off balance sheet 2023 $m	Total credit exposure 2023 $m
Consolidated Entity and the Company						
Industry sector						
Rental, hiring and real estate services	364.8	125.9	490.7	277.2	90.8	368.0
Financial and insurance services	22.1	7.9	30.0	28.7	5.9	34.6
Construction	23.6	5.9	29.5	21.8	3.1	24.9
Other services	7.7	2.3	10.0	7.8	2.5	10.3
Health care and social assistance	6.9	2.0	8.9	7.1	2.2	9.3
Manufacturing	6.3	0.5	6.8	6.8	0.5	7.3
Administrative and support services	5.8	0.5	6.3	5.1	0.4	5.5
Agriculture, forestry and fishing	4.8	0.4	5.2	4.6	0.4	5.0
Transport, postal and warehousing	3.4	0.5	3.9	3.5	0.4	3.9
Arts and recreation services	2.4	0.5	2.9	3.0	0.5	3.5
Professional, scientific and technical services	1.2	1.7	2.9	1.1	2.0	3.1
Education and training	2.0	0.6	2.6	1.7	0.4	2.1
Retail trade	1.0	0.7	1.7	1.0	0.7	1.7
Wholesale trade	0.3	0.4	0.7	0.5	0.3	0.8
Public administration and safety	0.2	0.3	0.5	0.3	0.3	0.6
Accommodation and food services	0.4	0.2	0.6	0.2	0.1	0.3
Information media and telecommunications	0.1	–	0.1	0.1	0.1	0.2
Electricity, gas, water and waste services	0.1	–	0.1	–	0.1	0.1
Total credit exposure	**453.1**	**150.3**	**603.4**	**370.5**	**110.7**	**481.2**

1 Business lending includes exposures to incorporated entities, associations, partnerships, proprietorships, trusts and funds. Corporate exposures in the above table does not include deferred loan fees and costs included in the Note 7 equivalent.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities as they fall due.

The key measure used by the bank to manage liquidity risk is the minimum liquidity holdings approach. For this purpose, liquid assets are considered to include cash and cash equivalents and investment grade debt securities which must be free of encumbrance and able to be liquidated within two business days. The calculation is used to ensure compliance with the minimum level of liquidity prescribed by APRA in APS 210. The Company complied with all APRA liquidity requirements throughout the year.

Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Board of Directors has implemented policies to mitigate and manage liquidity risk. Liquidity risk policies aim to measure, monitor and manage liquidity risk.

The management process incorporates specific liquidity management strategies and liquidity contingency plans that manage liquidity on a daily basis and includes regular stress testing under normal situations and assumed adverse scenarios. The liquidity strategy requires the holding of surplus funds in liquid assets classified as MLH (per APS 210) or non-MLH securities that are RBA repo eligible, the availability of appropriate standby lines of funding, maintenance of reliable sources of funding and daily, medium and longer term liquidity projections.

The following table summarises the maturity profile of the consolidated entities financial liabilities based on contractual undiscounted repayment obligations.

Repayments subject to notice are treated as if notice is given immediately, which is not a reflection of the expected maturity profile or a reflection of payment history. As amounts represent undiscounted principal and interest cash flows they may differ to the carrying amounts on the statement of financial position.

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for the year ended 30 June 2024

Maturity analysis

	0–3 months $m	3–12 months $m	1–5 years $m	> 5 years $m	Total $m
Consolidated Entity 2024					
Financial liabilities					
Due to other financial institutions	65.4	–	–	–	65.4
Deposits	7,076.9	1,768.6	75.3	–	8,920.8
Lease liabilities	0.3	0.8	12.3	8.7	22.1
Borrowings	660.4	776.3	1,133.9	47.1	2,617.7
Total Financial Liabilities	**7,803.0**	**2,545.7**	**1,221.5**	**55.8**	**11,626.0**
Derivative Financial Instruments					
Interest rate swaps (assets & liabilities)	(9.3)	(14.6)	(31.9)	(26.1)	(81.9)
Total Cash Flows	**7,793.7**	**2,531.1**	**1,189.6**	**29.7**	**11,544.1**
Irrevocable loan commitments and guarantees	1,226.2	–	–	–	1,226.2
Total irrevocable loan commitments and guarantees	**1,226.2**	**2,531.1**	**1,189.6**	**29.7**	**1,226.2**

	0–3 months $m	3–12 months $m	1–5 years $m	> 5 years $m	Total $m
Consolidated Entity 2023					
Financial liabilities					
Due to other financial institutions	102.3	–	–	–	102.3
Deposits	6,458.9	1,280.1	71.9	–	7,810.9
Lease liabilities	0.2	0.7	6.4	8.9	16.2
Borrowings	792.6	558.8	577.1	49.6	1,978.1
Total Financial Liabilities	**7,354.0**	**1,839.6**	**655.4**	**58.5**	**9,907.5**
Derivative Financial Instruments					
Interest rate swaps (assets & liabilities)	(11.0)	(32.0)	(52.0)	(35.0)	(130.0)
Total Cash Flows	**7,343.0**	**1,807.6**	**603.4**	**23.5**	**9,777.5**
Irrevocable loan commitments and guarantees	1,168.3	–	–	–	1,168.3
Total irrevocable loan commitments and guarantees	**1,168.3**	**–**	**–**	**–**	**1,168.3**

Maturity analysis

	0–3 months $m	3–12 months $m	1–5 years $m	> 5 years $m	Total $m
The Company 2024					
Financial liabilities					
Due to other financial institutions	65.4	–	–	–	65.4
Deposits	7,076.9	1,768.6	75.3	–	8,920.8
Lease liabilities	0.3	0.8	12.3	8.7	22.1
Borrowings	660.4	776.3	1,133.9	47.1	2,617.7
Total Financial Liabilities	**7,803.0**	**2,545.7**	**1,221.5**	**55.8**	**11,626.0**
Derivative Financial Instruments					
Interest rate swaps (assets & liabilities)	(9.3)	(14.6)	(31.9)	(26.1)	(81.9)
Total Cash Flows	**7,793.7**	**2,531.1**	**1,189.6**	**29.7**	**11,544.1**
Irrevocable loan commitments and guarantees	1,226.2	–	–	–	1,226.2
Total irrevocable loan commitments and guarantees	**1,226.2**	**2,531.1**	**1,189.6**	**29.7**	**1,226.2**
The Company 2023					
Financial liabilities					
Due to other financial institutions	102.3	–	–	–	102.3
Deposits	6,458.9	1,280.1	71.9	–	7,810.9
Lease liabilities	0.2	0.7	6.4	8.9	16.2
Borrowings	792.6	558.8	577.1	49.6	1,978.1
Total Financial Liabilities	**7,354.0**	**1,839.6**	**655.4**	**58.5**	**9,907.5**
Derivative Financial Instruments					
Interest rate swaps (assets & liabilities)	(11.0)	(32.0)	(52.0)	(35.0)	(130.0)
Total Cash Flows	**7,343.0**	**1,807.6**	**603.4**	**23.5**	**9,777.5**
Irrevocable loan commitments and guarantees	1,168.3	–	–	–	1,168.3
Total irrevocable loan commitments and guarantees	**1,168.3**	**–**	**–**	**–**	**1,168.3**

(c) Non-traded market risk

Non-traded market risk is the risk of loss inherent in the Company's ordinary business activities due to changes in the general level of market prices or interest rates.

The Company is not exposed to any traded market risk or foreign exchange risk, because it does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes and does not deal in foreign exchange contracts. The use of financial derivatives is governed by the Company's policies, as approved by the Board.

Management of non-traded market risk
The Company's approach to managing non-traded market risk is to ensure that a detailed framework for identifying, managing, measuring, monitoring, overseeing and reporting non-traded market risk is maintained.

The Board of Directors has implemented policies to mitigate and manage non-traded market risk. Non-traded market risk policies aim to establish a methodology for the calculation, examination, management and reporting of the interest rate risk position on a regular basis.

Management of non-traded market risk is vested in the Asset and Liability Committee (ALCO). The ALCO meets monthly to review the interest rate risk position and measures taken to manage that position.

(d) Interest rate risk

Interest rate risk is the risk of loss the Company is exposed to in relation to changes in market interest rates on its net interest income. This risk arises from mismatches between the repricing profiles of assets and liabilities.

The Board has established policies to manage interest rate risk to achieve stable and sustainable net interest income over the long term.

Management of interest rate risk
The Company measures interest rate risk by monitoring the sensitivity of the Company's financial assets and liabilities to various standard and non-standard interest rate scenarios, and managing the exposure within the limits set out in the Board Risk Appetite Statement.

During the year, the Company entered into a number of interest rate swaps to reduce the variability in cash flows, and changes in the economic values of assets and liabilities, associated with changes in market interest rates.

Effective interest rates and repricing analysis
In respect of income earning financial assets and interest bearing financial liabilities, the following tables indicates their effective interest rates at the reporting date and the periods in which they reprice.

	0–3 months $m	3–12 months $m	1–2 years $m	2–5 years $m	> 5 years $m	Carrying amount $m	Weighted average effective interest rate %
Consolidated Entity 2024							
Interest earning assets							
Deposits at call	170.9	–	–	–	–	170.9	4.03
Investment securities	993.4	124.1	149.5	321.4	511.1	2,099.5	4.03
Gross loans and advances[1]	7,548.3	915.6	413.0	437.3	6.2	9,320.4	5.67
Total interest earning assets	**8,712.6**	**1,039.7**	**562.5**	**758.7**	**517.3**	**11,590.8**	**5.35**
Interest bearing liabilities							
Due to other financial institutions	65.4	–	–	–	–	65.4	4.33
Deposits	6,654.8	1,646.7	60.6	43.1	–	8,405.2	3.79
Borrowings	2,327.1	55.4	20.0	–	–	2,402.5	5.47
Leases	–	0.1	0.1	3.2	13.5	16.9	6.07
Total interest bearing liabilities	**9,047.3**	**1,702.2**	**80.7**	**46.3**	**13.5**	**10,890.0**	**4.16**
Derivative financial instruments							
Interest rate swaps – notional principal	(614.9)	880.0	(90.0)	343.9	(519.0)	–	–

1 Investment securities and gross loans and advances exclude fair value hedge adjustments of and respectively, which are offset in the derivative asset and liability balances on the balance sheet.

	0–3 months $m	3–12 months $m	1–2 years $m	2–5 years $m	> 5 years $m	Carrying amount $m	Weighted average effective interest rate %
Consolidated Entity 2023							
Income earning assets							
Deposits at call	240.3	–	–	–	–	240.3	3.79
Due from other financial institutions	1.1	–	–	–	–	1.1	4.07
Investment securities	995.9	96.7	155.5	253.4	486.4	1,987.9	3.71
Gross loans and advances[1]	5,042.2	1,258.1	1,275.2	493.6	42.8	8,111.9	4.80
Total interest earning assets	**6,279.5**	**1,354.8**	**1,430.7**	**747.0**	**529.2**	**10,341.2**	**4.57**
Interest bearing liabilities							
Due to other financial institutions	102.3	–	–	–	–	102.3	4.07
Deposits	6,073.7	1,384.0	217.5	74.4	–	7,749.6	2.91
Borrowings	1,676.3	148.2	–	20.0	–	1,844.5	4.20
Leases	–	–	0.4	0.5	10.7	11.6	6.00
Total interest bearing liabilities	**7,852.3**	**1,532.2**	**217.9**	**94.9**	**10.7**	**9,708.0**	**3.17**
Derivative financial instruments							
Interest rate swaps – notional principal	461.6	415.0	(840.0)	486.4	(523.0)	–	–

1 Investment securities and gross loans and advances exclude fair value hedge adjustments of $79.6 million and $4.2 million respectively, which are offset in the derivative asset and liability balances on the balance sheet.

	0–3 months $m	3–12 months $m	1–2 years $m	2–5 years $m	> 5 years $m	Carrying amount $m	Weighted average effective interest rate %
The Company 2024							
Interest earning assets							
Deposits at call	170.9	–	–	–	–	170.9	4.03
Investment securities	993.4	124.1	149.5	321.4	511.1	2,099.5	4.03
Gross loans and advances[1]	7,548.3	915.6	413.0	437.3	6.2	9,320.4	5.67
Total interest earning assets	**8,712.6**	**1,039.7**	**562.5**	**758.7**	**517.3**	**11,590.8**	**5.35**
Interest bearing liabilities							
Due to other financial institutions	65.4	–	–	–	–	65.4	4.33
Deposits	6,654.8	1,646.7	60.6	43.1	–	8,405.2	3.79
Borrowings	2,327.1	55.4	20.0	–	–	2,402.5	5.47
Leases	–	0.1	0.1	3.2	13.5	16.9	6.07
Total interest bearing liabilities	**9,047.3**	**1,702.2**	**80.7**	**46.3**	**13.5**	**10,890.0**	**4.16**
Derivative financial instruments							
Interest rate swaps – notional principal	(614.9)	880.0	(90.0)	343.9	(519.0)	–	–

1 Investment securities and gross loans and advances exclude fair value hedge adjustments of $79.6 million and $4.2 million respectively, which are offset in the derivative asset and liability balances on the balance sheet.

	0–3 months $m	3–12 months $m	1–2 years $m	2–5 years $m	> 5 years $m	Carrying amount $m	Weighted average effective interest rate %
The Company 2023							
Interest earning assets							
Deposits at call	240.3	–	–	–	–	240.3	3.79
Due from other financial institutions	1.1	–	–	–	–	1.1	4.07
Investment securities[1]	995.9	96.7	155.5	253.4	486.4	1,987.9	3.71
Gross loans and advances[1]	5,042.2	1,258.1	1,275.2	493.6	42.8	8,111.9	4.80
Total income earning assets	**6,279.5**	**1,354.8**	**1,430.7**	**747.0**	**529.2**	**10,341.2**	**4.57**
Interest bearing liabilities							
Due to other financial institutions	102.3	–	–	–	–	102.3	4.07
Deposits	6,073.7	1,384.0	217.5	74.4	–	7,749.6	2.91
Borrowings	1,676.3	148.2	–	20.0	–	1,844.5	4.20
Leases	–	–	0.4	0.5	10.7	11.6	6.00
Total interest bearing liabilities	**7,852.3**	**1,532.2**	**217.9**	**94.9**	**10.7**	**9,708.0**	**3.17**
Derivative financial instruments							
Interest rate swaps – notional principal	461.6	415.0	(840.0)	486.4	(523.0)	–	–

1 Investment securities and gross loans and advances exclude fair value hedge adjustments of $80m and $4.2m respectively, which are offset in the derivative asset and liability balances on the balance sheet.

Fair value sensitivity analysis for fixed rate instruments
With the exception of items designated in fair value hedge relationships the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity to interest rate risk
On a monthly basis, the Company measures the sensitivity of forecast net interest income over a twelve month period to movements in market interest rates. The calculation is performed in two stages. First, the interest rate repricing profile is calculated by allocating all assets and liabilities to maturity buckets based on their interest rate repricing characteristics.

Second, the net interest income impact of a plus and minus 2% parallel shock to the yield curve over a twelve month period is calculated.

The main classes of financial assets and liabilities that are subject to interest rate variation are loans to customers, cash with banks, investments and deposits from customers. The interest rates on the major proportion of these assets and liabilities can be adjusted in the short term to minimise any significant impact of mismatch on interest margins.

The table below presents the results of the above described calculations for the consolidated entity as at 30 June 2024.

Interest rate movement

	Consolidated Entity and the Company			
	+2% 2024 $m	+2% 2023 $m	**-2% 2024 $m**	-2% 2023 $m
Pre-tax earnings at risk	7.0	6.1	(12.2)	(15.7)

(e) Operational risk management

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure. It can also arise from external factors other than credit, market and liquidity risk such as those arising from legal, regulatory requirements, natural disasters or climatic events and generally accepted standards of corporate behaviour.

Management of operational risk
The Company's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and is managed through the monthly Operational Risk Committee.

17. Derivative financial instruments and hedging

Accounting policy

The Company uses interest rate swaps to manage its interest rate risk exposure. At inception of all hedge relationships the Company documents the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. There are two types of hedge relationship that the Company utilises:

	Cash flow hedge	Fair value hedge
Objective	Cash flow hedges are used to manage the Company's exposure to variability in floating rate cash flows from recognised assets or liabilities or highly probable future transactions. The Company uses interest rate swaps to manage this risk.	Fair Value hedges are used to manage the Company's exposure to the change in value of recognised fixed rate assets or liabilities arising from interest rate movements. The Company uses interest rate swaps to manage this risk.
Risk components	In many of its hedge relationships, the Company designates the benchmark interest rate component of the hedged item in the hedge relationship. For example the Cash Rate or Benchmark Bank Bill Rate component. This results in other risks such as credit, margin and liquidity being excluded from the hedge relationship.	
Recognition of the effective portion	The effective portion of the gain or loss on the hedging instrument is recognised in the cash flow hedge reserve in other comprehensive income.	Fair value changes of the hedging instrument and those arising from the hedged risk on the hedged item are recognised in the statement of profit or loss.
Recognition of the ineffective portion	Recognised in the statement of profit or loss immediately when ineffectiveness arises.	
Methods for assessing hedge ineffectiveness	When critical terms of the hedged item and the hedge instrument match (or are closely aligned), it is sometimes possible to conclude on a qualitative basis of assessment that an economic relationship exists (meaning that the value of the hedged item and hedge instrument will generally move in opposite directions due to changes in the hedged risk). When there is an increased level of uncertainty, a quantitative assessment of the economic relationship using a tool such as regression analysis.	
Sources of ineffectiveness	Sources of hedge ineffectiveness primarily relate to mismatches between the key contractual terms of the hedged item and the hedged instrument. Hedge ineffectiveness may also arise from the use of derivatives at off market rates.	
Hedge instrument expires, is sold, or when hedging criteria is no longer met	Cumulative gains or losses are transferred to the statement of profit or loss as or when the hedge item impacts the profit or loss. If the hedge item is no longer expected to occur the effective portion accumulated in customer owners' funds is transferred to the statement of profit or loss as it arises.	Cumulative hedge adjustments to the hedged item is amortised to the statement of profit or loss on an effective yield basis.

The Company presents the fair value of its derivative assets and derivative liabilities on a gross basis.

All derivatives, including those designated in hedge relationships, are disclosed in the statement of financial position as derivative assets when their fair value is positive and as derivative liabilities when their fair value is negative.

Key judgements and estimates

The valuation of derivative financial instruments is derived from discounted cash flow models based on observable yield curves.

Derivative financial instruments

The table below sets out derivative assets and liabilities by the hedged risk and type of hedging relationship in which they are designated.

	Hedging instrument	Interest rate risk	2024 Carrying Amount $m	2024 Notional Amount $m	2023 Carrying Amount $m	2023 Notional Amount $m
Consolidated Entity and the Company						
Derivative Assets						
Cash flow hedge	Interest rate swap	Interest rate risk	10.9	1,480.0	47.8	1,640.0
Fair value hedge	Interest rate swap	Interest rate risk	78.4	755.1	84.7	626.6
Other	Interest rate swap		2.8	159.7	11.9	460.8
Total Derivative assets			**92.1**	**2,394.8**	**144.4**	**2,727.4**
Derivative Liabilities						
Cash flow hedge	Interest rate swap	Interest rate risk	22.2	4,225.0	28.3	2,685.0
Fair value hedge	Interest rate swap	Interest rate risk	–	–	–	–
Other	Interest rate swap		2.8	159.7	11.9	460.8
Total Derivative liabilities			**25.0**	**4,384.7**	**40.2**	**3,145.8**
Total derivative financial instruments			**67.1**	**6,779.5**	**104.2**	**5,873.2**

Other derivatives consist of back-to-back swaps used to manage the interest rate risk associated with the transfer of fixed rate loans into the internal securitisation vehicle. These swaps are not designated in hedge relationships but perfectly offset one another.

The following table shows the average rates of hedging instruments and the maturity profile for hedging instruments by notional amount.

		Notional amounts		
	Weighted average fixed interest rate %	Within 1 year $m	1 to 5 years $m	Over 5 years $m
Consolidated Entity and the Company 2024				
Cash flow hedges	3.60%	4,155.0	1,550.0	–
Fair value hedges	2.44%	–	261.6	493.5
Consolidated Entity and the Company 2023				
Cash flow hedges	2.64%	2,470.0	1,855.0	–
Fair value hedges	2.03%	20.0	83.6	523.0

Hedged items

The balance of the cash flow hedge reserve, which represents the effective portion of the movements in the hedging instrument, is presented in Note 25 Reserves. The movements in hedging instruments recognised in other comprehensive income are reported in the Company's statement of profit or loss and other comprehensive income.

The following table displays the gross value of the gains and losses in the cash flow hedge reserve split by type of hedged item.

	2024 Continuing hedges $m	2024 Discontinued hedges $m	2023 Continuing hedges $m	2023 Discontinued hedges $m
Consolidated Entity and the Company				
Cash Flow Hedges of:				
Floating rate loans and advances	(21.7)	(3.2)	(28.3)	(6.7)
Floating rate deposits	10.5	0.8	47.8	3.9
Total	**(11.2)**	**(2.4)**	**19.5**	**(2.8)**

The following table shows the carrying amount of hedged items in fair value hedge relationships, and the accumulated fair value hedge adjustments included within the carrying amount. The Company does not hedge its exposure to an entire class of financial instruments and as such, the carrying amounts below do not equal the total carrying amounts disclosed in other notes.

		2024 Carrying amount of hedged item $m	2024 Fair value hedge adjustment $m	2023 Carrying amount of hedged item $m	2023 Fair value hedge adjustment $m
Consolidated Entity and the Company					
Hedged Items	**Balance Sheet Classification**				
Fixed rate loans and advances	Loans and advances	35.6	(2.5)	35.2	(2.9)
Fixed rate investments	Investments	634.1	(77.1)	508.3	(83.4)
Total		**669.7**	**(79.6)**	**543.5**	**(86.3)**

The cumulative amount of fair value hedge adjustments relating to ceased hedge relationships remaining on the statement of financial position is $4.2m (2023: 5.0m).

Hedge ineffectiveness

The table below details the effectiveness of the Company's hedges by type of hedge relationships:

	Change in value of hedged item $m	Change in value of instrument $m	Hedge ineffectiveness recognised in statement of profit or loss[1] $m	Reclassifications from the Cash flow hedge reserve to statement of profit or loss[2] $m
Consolidated Entity and the Company 2024				
Cash flow hedges	30.7	(30.7)	–	0.3
Fair value hedges	6.7	(6.3)	0.4	–
Total	**37.4**	**(37.0)**	**0.4**	**0.3**

	Change in value of hedged item $m	Change in value of instrument $m	Hedge ineffectiveness recognised in statement of profit or loss[1] $m	Reclassifications from the Cash flow hedge reserve to statement of profit or loss[2] $m
Consolidated Entity and the Company 2023				
Cash flow hedges	35.2	(35.2)	–	2.2
Fair value hedges	(0.3)	0.4	0.1	–
Total	**34.9**	**(34.8)**	**0.1**	**2.2**

1 Hedge ineffectiveness is recognised in the Statement of profit or loss in other income.

2 Amounts reclassified from the Cash flow hedge reserve in other comprehensive income are recognised in interest expense in the profit or loss. All amounts reclassified out of the Cash flow hedge reserve have been transferred as the original hedged item affected the profit or loss.

Notes to the financial statements

for the year ended 30 June 2024

18. Measurement categories of financial instruments

Accounting policy

Initial recognition of financial instruments

The Company recognises financial instruments on the date at which it becomes a party to the contractual provisions of the instrument.

A financial instrument is initially recognised at fair value. The carrying value of the instrument on initial recognition is adjusted for transaction costs that are directly attributable to the acquisition or issuance of the financial instrument and fees that are an integral part of the effective interest rate, except for instruments measured at fair value through profit or loss where transaction costs and fees paid or received are recorded in the income statement.

Classification and measurement of financial instruments

Financial instruments are subsequently measured either at amortised cost or fair value depending on their classification.

Classification of financial assets is determined by the Company's business model for managing the asset and the contractual cash flows of the asset.

A financial asset is subsequently measured at amortised cost where the asset is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, those cash flows are solely payments of principal and interest on the principal amount outstanding and the asset has not been classified as fair value through profit or loss.

A financial asset is subsequently measured at fair value through other comprehensive income where the asset is held within a business model whose objective is to both collect contractual cash flows and to sell the asset, those cash flows are solely payments of principal and interest on the principal amounts outstanding and the asset has not been classified as fair value through profit or loss. Subsequent changes in fair value are recognised in other comprehensive income, with the exception of interest, which is recognised as part of interest income.

Financial assets that do not meet the criteria to be measured at amortised cost or fair value through other comprehensive income are subsequently measured at fair value through profit or loss. The Company will elect to measure a financial asset at fair value through profit or loss if such measurement significantly reduces or eliminates an accounting mismatch.

Financial liabilities, with the exception of derivative liabilities, are subsequently measured at amortised cost unless the Company elects to measure the financial liability at fair value through profit of loss. The Company will elect to measure a financial liability at fair value through profit or loss if such measurement significantly reduces or eliminates an accounting mismatch.

Derivative financial instruments are subsequently measured at fair value. The Company uses derivative instruments to manage its interest rate risk exposure and, as such, derivatives are designated as a hedging instrument. The recognition of the resulting gain or loss on a derivative depends on the nature of the item being hedged. Refer to Note 17. Derivative financial instruments and hedging.

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to cash flows have expired or it transfers its rights to receive contractual cash flows such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability from the balance sheet when the obligation specified in the contract is discharged, cancelled or expires.

The following table contains information relating to the measurement categories of financial instruments; these being Fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortised cost.

The methods and significant assumptions that have been applied in determining the fair values of financial instruments are also disclosed in Note 19 Fair value of financial instruments.

	Financial Instruments carried at					Fair value of financial instruments carried at	
	FVTPL $m	FVTOCI $m	Amortised Cost $m	Non-financial instruments $m	Statement of financial position $m	Fair Value $m	Amortised Cost $m
Consolidated Entity 2024							
Assets							
Cash and liquid assets	–	–	170.8	–	170.8	–	170.8
Investment securities	–	–	2,020.0	-	2,020.0	–	2,015.6
Current tax receivable	–	–	–	2.0	2.0	–	–
Other assets	–	–	47.0	–	47.0	–	47.0
Held for sale	–	–	–	1.1	1.1	–	–
Net deferred tax assets	–	–	–	3.9	3.9	–	–
Derivative assets[1]	81.2	10.9	–	–	92.1	92.1	–
Net loans and advances	–	–	9,321.1	–	9,321.1	–	9,262.3
Investment in associate	–	–	–	7.5	7.5	–	–
Other investments	–	36.1	–	–	36.1	36.1	–
Property, plant and equipment	–	–	–	33.4	33.4	–	–
Total assets	**81.2**	**47.0**	**11,558.9**	**47.9**	**11,735.0**	**128.2**	**11,495.7**
Liabilities							
Due to other financial institutions	–	–	65.4	–	65.4	–	65.4
Deposits	–	–	8,405.2	–	8,405.2	–	8,400.0
Borrowings	–	–	2,398.4	–	2,398.4	–	2,419.8
Current tax payable	–	–	–	–	–	–	–
Derivative liabilities[1]	2.8	22.2	–	–	25.0	25.0	–
Other liabilities	–	–	16.8	98.6	115.4	–	16.8
Provisions	–	–	–	13.4	13.4	–	–
Total liabilities	**2.8**	**22.2**	**10,885.8**	**112.0**	**11,022.8**	**25.0**	**10,902.0**

1 Derivatives valued as FVTOCI relate to cash flow hedges that are part of an effective hedge relationship between hedged item and hedged instrument.

	Financial Instruments carried at					Fair value of financial instruments carried at	
	FVTPL $m	FVTOCI $m	Amortised Cost $m	Non-financial instruments $m	Statement of financial position $m	Fair Value $m	Amortised Cost $m
Consolidated Entity 2023							
Assets							
Cash and liquid assets	–	–	240.3	–	240.3	–	240.3
Due from other financial institutions	–	–	1.1	–	1.1	–	1.1
Investment securities	–	–	1,901.6	–	1,901.6	–	1,892.1
Current tax receivable	–	–	–	10.4	10.4	–	–
Other assets	–	–	42.8	–	42.8	–	42.8
Held for sale	–	–	–	1.1	1.1	–	–
Derivative assets[1]	96.6	47.8	–	–	144.5	144.5	–
Net loans and advances	–	–	8,108.6	–	8,108.6	–	7,979.7
Investment in associate	–	–	–	6.6	6.6	–	–
Other investments	–	36.1	–	–	36.1	36.1	–
Property, plant and equipment	–	–	–	28.4	28.4	–	–
Total assets	**96.6**	**83.9**	**10,294.4**	**46.5**	**10,521.5**	**180.6**	**10,156.0**
Liabilities							
Due to other financial institutions	–	–	102.3	–	102.3	–	102.3
Deposits	–	–	7,749.6	–	7,749.6	–	7,729.7
Borrowings	–	–	1,844.5	–	1,844.5	–	1,838.7
Derivative liabilities[1]	11.9	28.4	–	–	40.3	40.3	–
Net deferred tax liabilities	–	–	–	6.3	6.3	–	–
Other liabilities	–	–	11.7	53.7	65.4	–	11.7
Provisions	–	–	–	11.2	11.2	–	–
Total liabilities	**11.9**	**28.4**	**9,708.1**	**71.2**	**9,819.6**	**40.3**	**9,682.4**

1 Derivatives valued as FVTOCI relate to cash flow hedges that are part of an effective hedge relationship between hedged item and hedged instrument.

	Financial Instruments carried at					Fair value of financial instruments carried at	
	FVTPL $m	FVTOCI $m	Amortised Cost $m	Non-financial instruments $m	Statement of financial position $m	Fair Value $m	Amortised Cost $m
The Company 2024							
Assets							
Cash and liquid assets	–	–	170.8	–	170.8	–	170.8
Investment securities	–	–	2,020.0	–	2,020.0	–	2,015.6
Current tax receivable	–	–	–	2.0	2.0	–	–
Other assets	–	–	47.0	–	47.0	–	47.0
Held for sale	–	–	–	1.1	1.1	–	–
Net deferred tax assets	–	–	–	3.9	3.9	–	–
Derivative assets[1]	81.2	10.9	–	–	92.1	92.1	–
Net loans and advances	–	–	9,321.1	–	9,321.1	–	9,262.3
Investment in associate	–	–	–	7.5	7.5	–	–
Other investments	–	36.1	–	–	36.1	36.1	–
Property, plant and equipment	–	–	–	33.4	33.4	–	–
Total assets	**81.2**	**47.0**	**11,558.9**	**47.9**	**11,735.0**	**128.2**	**11,495.7**
Liabilities							
Due to other financial institutions	–	–	65.4	–	65.4	–	65.4
Deposits	–	–	8,405.2	–	8,405.2	–	8,400.0
Borrowings	–	–	2,398.4	–	2,398.4	–	2,419.8
Current tax payable	–	–	–	–	–	–	–
Derivative liabilities[1]	2.8	22.2	–	–	25.0	25.0	–
Other liabilities	–	–	16.8	98.6	115.4	–	16.8
Provisions	–	–	–	13.4	13.4	–	–
Total liabilities	**2.8**	**22.2**	**10,885.8**	**112.0**	**11,022.8**	**25.0**	**10,902.0**

1 Derivatives valued as FVTOCI relate to cash flow hedges that are part of an effective hedge relationship between hedged item and hedged instrument.

	Financial Instruments carried at					Fair value of financial instruments carried at	
	FVTPL $m	FVTOCI $m	Amortised Cost $m	Non-financial instruments $m	Statement of financial position $m	Fair Value $m	Amortised Cost $m
The Company 2023							
Assets							
Cash and liquid assets	–	–	240.3	–	240.3	–	240.3
Due from other financial institutions	–	–	1.1	–	1.1	–	1.1
Investment securities	–	–	1,901.6	–	1,901.6	–	1,892.1
Current tax receivable	–	–	–	10.4	10.4	–	–
Other assets	–	–	42.8	–	42.8	–	42.8
Held for sale	–	–	–	1.1	1.1	–	–
Derivative assets[1]	96.6	47.8	–	–	144.5	144.5	–
Net loans and advances	–	–	8,108.6	–	8,108.6	–	7,979.7
Investment in associate	–	–	–	6.6	6.6	–	–
Other investments	–	36.1	–	–	36.1	36.1	–
Property, plant and equipment	–	–	–	28.4	28.4	–	–
Total assets	**96.6**	**83.9**	**10,294.4**	**46.5**	**10,521.5**	**180.6**	**10,156.0**
Liabilities							
Due to other financial institutions	–	–	102.3	–	102.3	–	102.3
Deposits	–	–	7,749.6	–	7,749.6	–	7,729.7
Borrowings	–	–	1,844.5	–	1,844.5	–	1,838.7
Derivative liabilities[1]	11.9	28.4	–	–	40.3	40.3	–
Net deferred tax liabilities	–	–	–	6.3	6.3	–	–
Other liabilities	–	–	11.7	53.7	65.4	–	11.7
Provisions	–	–	–	11.2	11.2	–	–
Total liabilities	**11.9**	**28.4**	**9,708.1**	**71.2**	**9,819.6**	**40.3**	**9,682.4**

1 Derivatives valued as FVTOCI relate to cash flow hedges that are part of an effective hedge relationship between hedged item and hedged instrument..

19. Fair value of financial instruments

Accounting policy

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.

The fair value measurement technique of each class of instrument is described below.

Instrument	Fair value measurement technique
Investment securities	Calculated based on quoted market prices where available. The fair value of other investment securities has been determined using a discounted cash flow model, where the future cash flows of the financial asset have been discounted using observable market interest rates appropriate for the type of instrument and the remaining term to maturity.
Loans and advances	The carrying value of loans and advances is net of the provision for impairment. Interest rates on loans equate to comparable products in the marketplace. The fair value of variable rate loans is therefore approximate to their carrying value. The fair value of fixed rate loans has been determined using a discounted cash flow model using prevailing market rates for similar loans with a similar term to maturity.
Derivatives	The fair value of derivative financial instruments are from quoted closing market prices at the balance date, discounted cash flow models or option pricing models as appropriate. Where there is no market value, the fair value is determined using valuation techniques for which all inputs that have a significant effect on the recorded fair value are observable either directly or indirectly.
Other investments	Fair value of other investments is based on quoted prices in active markets for identical assets. If no quoted price is available and there is no observable market data to ascertain fair value, the price ascertained through valuation techniques in accordance with AASB 13 Fair Value Measurement has been used to determine the fair value of the investment. For investments disclosed as Level 3 financial assets, the unobservable input has been determined to be the share price. The company has one level 3 investment being shares with Cuscal, which is disclosed in Note 9.
Other assets	The carrying values of receivables, being financial assets within Other assets (see note 22), approximate their fair value because they are short term in nature or are receivable on demand.
Deposits	Deposits with no specified maturity are assumed to have a fair value that approximates their current carrying value. We do not adjust fair value for any value we expect to derive from retaining these deposits for a future period. Fixed maturity deposits are valued by discounting cash flows using a market interest rate for an equivalent instrument with a similar term to maturity.
Borrowings	Public debt issuances are valued based on quoted market prices. The fair value of other borrowings has been determined using a discounted cash flow model, where the future cash flows of the financial liability have been discounted using observable market interest rates appropriate for the type of instrument and the remaining term.
Other liabilities	The carrying values of payables, being financial liabilities within Other liabilities (see note 24), approximate their fair value because they are short term in nature or are payable on demand.

The carrying values of cash and liquid assets, as well as amounts due from or to other financial institutions, approximate their fair value because they are short term in nature or are receivable on demand.

The interest rates used to discount estimated cash flows, when applicable, are based on equivalent market rates at the reporting date.

Key judgements and estimates

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the year ending 30 June 2024.

Where applicable, the fair value of a financial instrument is calculated using the quoted price in an active market for that instrument. A market is regarded as active if all transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of financial instruments that are not quoted in an active market is determined by using valuation techniques. Management uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Where unobservable market data is used, more judgement is required to determine the fair value.

Fair value hierarchy

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: valuations based on quoted prices (unadjusted) in active markets for identical instruments.

Level 2: valuations for which all significant inputs, other than quoted prices included within Level 1, are based on observable market data for a similar instrument, either directly or indirectly.

Level 3: valuations for which significant unobservable inputs are used to determine fair value of the instrument.

The following table summarises the fair value of financial instruments measured at fair value, including the level within the fair value hierarchy:

	Fair value			
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**
Consolidated Entity 2024				
Financial assets				
Derivative assets	–	92.1	–	92.1
Other investments	–	–	36.1	36.1
Total financial assets	**–**	**92.1**	**36.1**	**128.2**
Financial liabilities				
Derivative liabilities	–	25.0	–	25.0
Total financial liabilities	**–**	**25.0**	**–**	**25.0**
Consolidated Entity 2023				
Financial assets				
Derivative assets	–	144.4	–	144.4
Other investments	–	–	36.1	36.1
Total financial assets	**–**	**144.4**	**36.1**	**180.5**
Financial liabilities				
Derivative liabilities	–	40.3	–	40.3
Total financial liabilities	**–**	**40.3**	**–**	**40.3**

Notes to the financial statements

for the year ended 30 June 2024

	Fair value			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
The Company 2024				
Financial assets				
Derivative assets	–	92.1	–	92.1
Other investments	–	–	36.1	36.1
Total financial assets	**–**	**92.1**	**36.1**	**128.2**
Financial liabilities				
Derivative liabilities	–	25.0	–	25.0
Total financial liabilities	**–**	**25.0**	**–**	**25.0**
The Company 2023				
Financial assets				
Derivative assets	–	144.4	–	144.4
Other investments	–	–	36.1	36.1
Total financial assets	**–**	**144.4**	**36.1**	**180.5**
Financial liabilities				
Derivative liabilities	–	40.3	–	40.3
Total financial liabilities	**–**	**40.3**	**–**	**40.3**

The following table summarises the fair value of financial instruments measured at amortised cost, including the level within the fair value hierarchy:

	Fair value			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Consolidated Entity 2024				
Financial assets				
Investment securities	1,760.8	254.8	–	2,015.6
Net loans and advances	–	–	9,262.3	9,262.3
Total financial assets	**1,760.8**	**254.8**	**9,262.3**	**11,277.9**
Financial liabilities				
Deposits	–	–	8,400.0	8,400.0
Borrowings	984.4	1,435.4	–	2,419.8
Total financial liabilities	**984.4**	**1,435.4**	**8,400.0**	**10,819.8**

	Fair value			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Consolidated Entity 2023				
Financial assets				
Investment securities	1,680.7	211.4	–	1,892.1
Net loans and advances	–	–	7,979.7	7,979.7
Total financial assets	**1,680.7**	**211.4**	**7,979.7**	**9,871.8**
Financial liabilities				
Deposits	–	–	7,729.7	7,729.7
Borrowings	451.3	1,387.4	–	1,838.7
Total financial liabilities	451.3	**1,387.4**	**7,729.7**	**9,568.4**
The Company 2024				
Financial assets				
Investment securities	1,760.8	254.8	–	2,015.6
Net loans and advances	–	–	9,262.3	9,262.3
Total financial assets	**1,760.8**	**254.8**	**9,262.3**	**11,277.9**
Financial liabilities				
Deposits	–	–	8,400.0	8,400.0
Borrowings	984.4	1,435.4	–	2,419.8
Total financial liabilities	**984.4**	**1,435.4**	**8,400.0**	**10,819.8**
The Company 2023				
Financial assets				
Investment securities	1,680.7	211.4	–	1,892.1
Net loans and advances	–	–	7,979.7	7,979.7
Total financial assets	**1,680.7**	**211.4**	**7,979.7**	**9,871.8**
Financial liabilities				
Deposits	–	–	7,729.7	7,729.7
Borrowings	451.3	1,387.4	–	1,838.7
Total financial liabilities	**451.3**	**1,387.4**	**7,729.7**	**9,568.4**

20. Standby arrangements

The Company has arranged the following standby credit facilities:

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Cuscal overdraft facility	15.0	15.0
ANZ warehouse facility	750.0	450.0
Amount drawn	660.2	380.7
Total undrawn facilities available	**104.8**	**84.3**

21. Capital management

The Company monitors capital requirements for the Company as a whole in accordance with the requirements set by the Company's regulator, APRA. In implementing the capital requirements, APRA requires the Company to maintain a prescribed ratio of total capital to total risk weighted assets.

Regulatory capital is classified into two tiers:

- Tier 1 capital includes general reserves, retained earnings, asset revaluation reserves and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes; and
- Tier 2 capital consists of capital instruments that combine the features of debt and equity in that they are structured as debt instruments, but exhibit some of the loss absorption and funding flexibility features of equity. There are a number of criteria that capital instruments must meet for inclusion in Tier 2 capital as set out by Australian Prudential Standards. Tier 2 capital generally includes general reserves for credit losses and subordinated debt.

Risk weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures plus an allowance for operational risk as prescribed by APRA.

	Consolidated Entity 2024 $m	Consolidated Entity 2023 $m	**The Company 2024 $m**	The Company 2023 $m
Tier 1 capital (net of deductions)	663.7	636.0	663.7	636.0
Tier 2 capital (net of deductions)	43.5	46.0	43.5	46.0
Total Capital	**707.2**	**682.0**	**707.2**	**682.0**
Risk weighted assets	4,333.7	3,852.1	4,333.7	3,852.1
Tier 1 capital ratio	15.3%	16.5%	15.3%	16.5%
Total capital ratio	**16.3%**	**17.7%**	**16.3%**	**17.7%**

Other disclosures

22. Other assets

Accounting policy

Accrued income (relates to accrued interest) are measured at amortised cost using the effective interest method and net of any impairment loss, because (a) the asset is held within a business model with an objective to hold assets to collect contractual cash flows and (b) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Sundry debtors and prepayments are stated at cost.

	Consolidated Entity 2024 $m	Consolidated Entity 2023 $m	**The Company 2024 $m**	The Company 2023 $m
Accrued income	30.6	26.7	30.6	26.7
Sundry debtors	8.4	11.8	8.4	11.8
Prepayments	8.0	4.3	8.0	4.3
Total other assets	**47.0**	**42.8**	**47.0**	**42.8**

23. Property, plant and equipment

Accounting policy

Land and buildings

Land and buildings are measured at fair value less accumulated depreciation. Management determined that land and buildings constitute one class of asset under AASB 13, based on the nature, characteristics and risks of the property. Valuations are carried out on a triennial basis or when there is a significant change in fair value. Revaluations are recorded through the Asset Revaluation Reserve.

Property	**Last revaluation date**	**Revaluation method**	**Appropriation of revaluation reserve $m**	**FY24 revaluations $m**	**Carrying amount $m**
Bendigo	2022	Fair market value	3.3	–	6.2
Moe	2022	Fair market value	0.9	–	2.6
Morwell	2024	Fair market value	0.9	–	1.1

Right-of-use assets

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

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Company recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability 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 the underlying asset, or to restore the underlying asset, or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of twelve months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Leasehold improvements, plant and equipment

Leasehold improvements, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'other income' in the statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss as incurred.

Depreciation

With the exception of freehold land and artworks, depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and artworks are not depreciated.

The estimated useful lives in the current and comparative periods are as follows:

Category	Depreciation period
Freehold building	40 years
Leasehold improvement	lease term
Right-of-use assets	lease term
Plant and equipment	3 to 5 years

The residual value, the useful life and the depreciation method applied to an asset, are reassessed at least annually.

Key judgements and estimates

Determining fair value of land and buildings

Fair value is determined with reference to external independent valuations provided by valuation companies with appropriate recognised professional qualifications and experience. The fair values are based on market values, being the estimated amount for which a property could be exchanged on date of valuation between a willing buyer and willing seller in an arm's length transaction.

The valuation is classified as Level 3 in the fair value hierarchy.

Determining the terms of lease contracts

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. The Company has a number of leases with extension and termination options and exercises judgement in evaluating if it is reasonably certain whether or not to exercise the option to renew or terminate each lease. All relevant factors that create an economic incentive to exercise an option to extend or terminate a lease are considered including, but not limited to:

- the relevant cost of lease payments at the time of the option vs expected market rates;
- the cost of the relevant leasehold improvements and their carrying value;
- the cost of terminating and relocating; and
- the importance of the underlying leased asset to the Company.

	Land and buildings $m	Property held for sale[1] $m	Leasehold improvements $m	Right-of-use assets $m	Plant and equipment $m	Total $m
Consolidated Entity 2024						
At cost / fair value	9.3	1.1	11.1	19.3	10.8	51.6
Accumulated depreciation	(0.4)	–	(4.7)	(5.1)	(6.9)	(17.1)
Carrying amount	**8.9**	**1.1**	**6.4**	**14.2**	**3.9**	**34.5**
Consolidated Entity 2023						
At cost / fair value	10.4	–	9.2	13.3	9.9	42.8
Accumulated depreciation	(0.2)	–	(4.2)	(3.2)	(5.7)	(13.3)
Transfer	(1.1)	1.1	–	–	–	–
Carrying amount	**9.1**	**1.1**	**5.0**	**10.1**	**4.2**	**29.5**
The Company 2024						
At cost / fair value	10.4	–	11.1	19.3	10.8	51.6
Accumulated depreciation	(0.4)	–	(4.7)	(5.1)	(6.9)	(17.1)
Transfer[1]	(1.1)	1.1	–	–	–	–
Carrying amount	**8.9**	**1.1**	**6.4**	**14.2**	**3.9**	**34.5**
The Company 2023						
At cost / fair value	10.4	–	9.2	13.3	9.9	42.8
Accumulated depreciation	(0.2)	–	(4.2)	(3.2)	(5.7)	(13.3)
Transfer[1]	(1.1)	1.1	–	–	–	–
Carrying amount	**9.1**	**1.1**	**5.0**	**10.1**	**4.2**	**29.5**

The Company holds short term leases for rented premises and ATM machines. The total expense incurred for these leases for the year ended 30 June 2024 was $1.2 million (2023: $0.7 million).

1 Assets held for sale relate to the land and building at Morwell. The land and building is expected to be sold during the next financial year.

24. Other liabilities

Accounting policy

Trade and sundry creditors and accruals
Trade and sundry creditors and accruals are on contractual terms and are generally payable within one to three months.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise:

- Fixed payments less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured in line with AASB 16. The carrying amounts are remeasured if there is a change in the future lease payments arising from a change in an index or a rate used, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is determined through reference to internal cost of funds rates to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Provisions
A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Key judgements and estimates

Incremental borrowing rate
When calculating incremental borrowing rates where the Company cannot readily determine the interest rate implicit in the lease, the Company uses its incremental borrowing rate ("IBR") to discount future payments in measuring lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore requires estimation when no observable rates are available or when adjustments are required to reflect the terms and conditions of the lease. The Company estimates the IBR for each lease using observable inputs, such as market interest rates, when available.

Long service leave
The liabilities for long service leave are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. The discount for long service leave is the yield proximate to the reporting date on the Australian Corporate Bond market.

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Trade creditors and accruals	82.2	48.7
Leases	16.8	11.7
Sundry creditors	15.1	3.8
Deferred income	1.3	1.2
Other liabilities	**115.4**	**65.4**
Provision for employee entitlements	9.7	8.8
Sundry provisions	3.7	2.4
Provisions	**13.4**	**11.2**

25. Reserves

	Consolidated Entity 2024 $m	Consolidated Entity 2023 $m	**The Company 2024 $m**	The Company 2023 $m
General reserves	703.7	672.4	703.7	672.4
Asset revaluation reserve	2.5	2.5	2.5	2.5
Cash flow hedge reserve	(10.1)	10.9	(10.1)	10.9
Fair value reserve	16.1	16.1	16.1	16.1
Total reserves	**712.2**	**701.9**	**712.2**	**701.9**

Nature and purpose of general reserves

General reserve

The general reserve relates to accumulated retained earnings, net assets acquired through acquisitions and the redeemed capital reserve, which represents the amount of redeemable preference shares redeemed since 1 July 1999.

Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of property.

Cash flow hedge reserve

The cash flow hedge reserves relates to the effective portion of the gain or loss on the hedging instrument.

Fair value reserve

The fair value reserve relates to the fair valuation of equity investments not held for trading under AASB 9 Financial Instruments.

Dividends

There were no dividends declared or paid during the financial year.

26. Related party disclosures

(a) Transactions with key Management personnel

Key Management personnel comprises eight Non-Executive Directors, a Managing Director and seven Executive managers during the year to 30 June 2024.

	Consolidated Entity and the Company 2024 $'000	Consolidated Entity and the Company[1] 2023 $'000
Short-term employee benefits	5,463.6	4,762.5
Long-term employee benefits	59.3	163.3
Post-employment benefits	314.6	281.9
Termination benefits	453.4	–
	6,290.9	**5,207.7**

Post-employment benefits are payments to defined contribution superannuation plans under which an entity pays fixed contributions to separate entities and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution plans are recognised as an expense in the statement of profit or loss as incurred.

1 Amounts for the year ended 30 June 2023 have been redistributed to include long-service leave within long-term employee benefits and superannuation within post-employment benefits, the total value for the year is unchanged.

(b) Loans to key management personnel

Aggregate value of loans and credit facilities to key management personnel and related parties at balance date amounted to:

	Consolidated Entity and the Company 2024 $'000	Consolidated Entity and the Company 2023 $'000
Key management personnel	3,233.2	6,873.4
Related parties	–	5.7
Total	**3,233.2**	**6,879.1**
Loans made during the financial year by the Company to key management personnel and related parties:	1,762.4	3,706.7

All loans disbursed were approved in accordance with standard lending policies for each class of loan. Repayments against loans and interest charged to key management personnel and related parties amounted to:

	Consolidated Entity and the Company 2024 $'000	Consolidated Entity and the Company 2023 $'000
Repayments	2,838.4	2,068.2
Interest charged	145.6	208.3

During the year repayments were made on all loans to key management personnel and related parties in accordance with terms and conditions.

All transactions between key management personnel and related parties and the Company were conducted in accordance with normal terms and conditions. The terms and conditions in respect of all loans to key management personnel and related parties have not been breached.

There has been no significant increase in credit risk in key management personnel loans during the year and the 12 month expected credit loss amount for these loans are included in Note 10.

(c) Other key management personnel transactions with the Company

There are no other transactions or contracts to which key management personnel or related entities are a related party.

(d) Amounts paid to associates

The Company has an agreement with Data Action Pty Ltd for the provision of computer facilities and associated support services. The arrangements with Data Action Pty Ltd are disclosed in note 8. The table below illustrates the payments made to Data Action for these services:

	Consolidated Entity and the Company 2024 $'000	Consolidated Entity and the Company 2023 $'000
Amounts paid to associates	11,123.5	11,185.2

Amounts owed to Data Action at the end of the year totalled $181k (2023: $204k) and was settled post year end in line with agreed payment terms.

27. Auditor's remuneration

The auditor of the Consolidated Entity and the Company is EY (Ernst & Young).

	Consolidated Entity and the Company 2024 $'000	Consolidated Entity and the Company 2023 $'000
Audit services		
Audit and review of financial reports	309	264
Other regulatory audit services	133	130
	442	**394**
Other services		
Taxation services	22	38
Assurance services	128	119
Non-Audit Services[1]	402	–
	552	**157**

1 Non-Audit Services relates to due dilligence regarding the potential merger between the Company and Qudos Mutual Limited.

28. Commitments for expenditure

The Company has contracts with Data Action to provide core banking and loan origination systems, Cuscal for payment services, Macquarie Telecom for hosting and cloud enablement services, Microsoft for software solutions, QRM for treasury analytical solutions and Cloudcase for the development of the Company's new enterprise loan origination platform. The balance of fees payable under the contracts are payable over the following periods:

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Within one year	27.1	22.9
1–2 years	15.3	18.4
2–5 years	2.7	12.4
Greater than 5 years	–	–
Total material service contract commitments	**45.1**	**53.7**

29. Forward commitments and contingent liabilities

(a) Outstanding loan commitments

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Loans approved but not fully funded	348.0	326.9
Undrawn credit commitments	176.0	182.5
Loans available for redraw	872.0	835.9
Total outstanding loan commitments	**1,396.0**	**1,345.3**

Generally, there are no restrictions to withdrawal of funds under undrawn credit commitments, provided normal repayments are maintained. All such commitments are, however, cancellable at the discretion of the Company.

(b) Contingent tax risk

The tax affairs of the Consolidated Entity are subject to reviews by the ATO and Revenue Offices of various Australian States and Territories. These reviews cover all facets of tax affairs including prior tax returns lodged and compliance with various customer data reporting regimes, and may result in additional tax-related liabilities (including interest and penalties). Where appropriate, provisions have been made. The potential outcome and total costs associated with these activities remain uncertain.

(c) Bank guarantees

To meet the financial needs of customers, the Company enters into various irrevocable commitments and contingent liabilities consisting of bank guarantees. Even though these obligations are not recognised on the statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Company. Bank guarantees commit the Company to make payments on behalf of customers in the case of a specific event.

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Nominal value of Bank Guarantees	6.2	5.6

(d) Liquidity support scheme

The Company is party to CUFSS Limited. CUFSS Limited is a voluntary emergency liquidity support scheme that mutual banks, credit unions and building societies participate in. CUFSS Limited is a company limited by guarantee, each participant's guarantee is the lower of 3% of participant total assets or $100.0 million.

As a participant to the CUFSS Limited scheme, the Company:

- May be required to advance funds of 3% or up to $100.0 million of total assets (whichever is less) as a non-permanent loan to another mutual ADI requiring financial support; and
- Agrees, in conjunction with other participants, to fund the operating costs of CUFSS Limited.

30. Employee benefits

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Salaries and wages accrued	2.0	1.8
Liability for long service leave	6.4	5.4
Liability for annual leave	3.5	3.3
Liability for purchased annual leave	0.1	–
Total employee benefits	**12.0**	**10.5**

(a) Superannuation

The Company contributes on behalf of its employees into superannuation funds under normal conditions of employment and in satisfaction of the requirements of the Superannuation Guarantee Scheme. During the year, the Company contributed to various superannuation funds with the main fund being NGS Super.

(b) Contributions paid and payable to superannuation plans

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Employer contributions	7.9	6.3

(c) Employees

	Consolidated Entity and the Company 2024	Consolidated Entity and the Company 2023
Full-time equivalent employees	575	542

31. Reconciliation of cash flows from operating activities

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash means cash on hand and cash equivalents. Cash equivalents are highly liquid investments with short periods to maturity (one to two days) that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, as well as borrowings that are integral to the cash management function and that are not subject to a term facility.

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated Entity and the Company 2024 $m	Consolidated Entity and the Company 2023 $m
Cash on hand	4.5	5.5
Cash at bank	117.1	173.6
Deposit at call	49.2	61.2
Total cash and liquid assets	**170.8**	**240.3**

(b) Cash flows presented on a net basis

Cash flows arising from the following activities are presented on a net basis in the statement of cash flows:

- deposits, shares and withdrawals from savings and investment accounts;
- loans and repayments; and
- borrowings and repayments.

(c) Cash flows from operating activities

	Consolidated Entity 2024 $m	Consolidated Entity 2023 $m	**The Company 2024 $m**	The Company 2023 $m
Operating profit after income tax	**26.8**	**52.3**	**26.8**	**64.1**
Adjustments for:				
Depreciation	5.3	4.1	5.3	4.1
Amortisation	0.4	0.6	0.4	0.6
(Profit) / loss on disposal of non-current assets	0.4	–	0.4	–
(Profit) / loss on disposal of investment securities	(0.1)	–	(0.1)	–
Bad debts written off	0.2	0.1	0.2	0.1
Charge for loan impairment	(1.2)	(0.1)	(1.2)	(0.1)
Share of profit in associate	(0.7)	(0.1)	(0.7)	(0.1)
Cash flows from operating activities before changes in operating assets and liabilities	**31.1**	**56.9**	**31.1**	**68.7**
Increase / (decrease) in employee entitlements	0.9	1.0	0.9	1.0
Increase / (decrease) in deposits	655.6	346.6	655.6	329.2
Increase / (decrease) in loans and advances	(1,246.9)	(734.6)	(1,246.9)	(734.6)
Increase / (decrease) in sundry provisions	1.3	0.1	1.3	0.1
(Increase) / decrease in accrued income	(3.9)	(18.2)	(3.9)	(17.5)
(Increase) / decrease in prepayments	(3.7)	(0.2)	(3.7)	(0.2)
Increase / (decrease) in trade creditors and accruals	33.5	29.3	33.5	29.3
Increase / (decrease) in net deferred income	0.1	0.7	0.1	0.7
(Increase) / decrease in sundry debtors	3.4	1.3	3.4	2.6
(Increase) / decrease in deferred tax assets	(1.0)	–	(1.0)	–
Increase / (decrease) in deferred tax liabilities	–	1.4	–	1.5
Increase / (decrease) in provision for income tax	8.4	(18.9)	8.4	(18.9)
Increase / (decrease) in leases	0.8	1.9	0.8	1.9
Increase / (decrease) in sundry creditors	9.5	(4.8)	9.5	(4.8)
Net cash provided by operating activities	**(510.9)**	**(337.5)**	**(510.9)**	**(341.0)**

32. Controlled entities

Details of controlled entities consolidated into the Consolidated Entity financial statements are as follows:

Name	Country of incorporation	2024 % owned	Investment at cost 2024 $m	Contribution to operating profit after tax 2024 $m
Buloke Funding Trust No. 1	Australia	90.9	–	–

The Company has full accounting control over Buloke Funding Trust No 1. The Company holds the sole participation unit and holds 9 of 10 residual units on issue.

Notes to the financial statements

for the year ended 30 June 2024

33. Business combination

Lithuanian Co-operative Credit Society “Talka” Limited (Talka)

On 1 April 2024, Talka voluntarily transferred its business to the Company under the Financial Sector (Transfer and Restructure) Act1999 (Cth). There was no consideration transferred or purchase price related to the transfer of business. APRA approved the transfer of business in February 2024.

The members of Talka ceased to be members of Talka and, where applicable, were issued a new share and became a member of the Company.

The fair value of the identifiable assets and liabilities of Talka assumed at the date of transfer were:

	1-Apr-24 $m
Assets	
Cash and liquid assets	2.0
Investment securities	10.4
Other assets	0.1
Net loans and advances	12.6
Total assets	**25.0**
Liabilities	
Deposits	20.0
Current tax payable	0.1
Other liabilities	0.4
Total liabilities	20.5
Net assets	**4.5**
Customer owners' funds	
Reserves	4.5
Total customer owners' funds	**4.5**

Qudos Mutual Limited

On 1 February 2024, Bank Australia and Qudos Bank signed a memorandum of understanding (MOU) to explore a merger. Qudos Bank has over 99,000 customers and total assets of $5.5bn as at 30 June 2023.

In signing the MOU, the Boards of both banks have identified strong cultural and values alignment and an enduring commitment to customer ownership that puts customers' best interests at the heart of their operations.

34. Subsequent events

Subsequent to the balance date, the Company sold the held for sale property asset in Morwell. The fair value of the property at the balance date was $1.1m and was sold for $915k.

Other than the matter above there have been no events subsequent to balance date that would have a material effect on either the Consolidated Entity's, or the Company's financial statements as at 30 June 2024.

Directors' declaration

Directors' declaration

for the year ended 30 June 2024

In the opinion of the Directors of Bank Australia Limited (the Company),

(a) the Financial Statements and notes set out on pages 33 to 127 are in accordance with the Corporations Act 2001, including:

 (i) giving a true and fair view of the Company's financial position as at 30 June 2024 and of their performance, for the financial year ended on that date

 (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a)

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

(d) the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct

This declaration is made in accordance with a resolution of the Directors:

Steve Ferguson, Director

Signed on 26th September 2024

Damien Walsh, Director

Signed on 26th September 2024

Independent Auditor's Report

Independent Auditor's Report

to the members of Bank Australia Limited

Opinion

We have audited the financial report of Bank Australia Limited (the Company) and its subsidiaries (collectively the Group), which comprises:

- The Group consolidated and Company statements of financial position as at 30 June 2024;
- The Group consolidated and Company statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended;
- Notes to the financial statements, including material accounting policy information; and
- The consolidated entity disclosure statement; and
- The directors' declaration.

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

a) Giving a true and fair view of the Company's and the Group's financial position as at 30 June 2024 and of their financial 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.

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

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly 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.

Independent Auditor's Report

to the members of Bank Australia Limited

Responsibilities of the directors for the financial report

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

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

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- 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 Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young

Justin McKenzie

Justin McKenzie, Partner
Melbourne
26 September 2024

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Photo taken on the Rodna Homelands and used with permission from Traditional Custodians.