

# Annual Report **2024**



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## Environmental Sustainability

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# Board of Directors



**SANDRA (SAM) ANDERSEN**  
**CHAIR**

Sam was appointed to the Beyond Bank Australia Board in November 2013 and appointed Chair in 2018. She has more than 19 years' executive experience in the finance sector and 10 years' experience as an executive in the technology and health services industries. Sam's prior executive experience includes senior executive roles in NAB, ANZ and CBA, and C-Suite roles in listed and unlisted technology, superannuation and health care corporations.

 | Chair Nomination Committee, Member Board Governance and Remuneration Committee, Member Board Audit Committee.

 | LLB, CPA, SF FIN, FAICD

 | Melbourne, Victoria



**JOANNE (JODIE) BAKER**  
**DIRECTOR**

Jodie was appointed to the Beyond Bank Australia Board in November 2017. She has over 30 years' experience in banking and funds management, specialising in risk. Jodie's prior executive roles include Managing Partner at governance and risk advisory firm, Blackhall & Pearl, CEO of Morgij Analytics, and senior executive risk roles at ANZ, Société Générale and BT Funds Management.

 | Chair Board Risk Committee


 | BCom(Acc), GradDipAppFin, TFASFA, GAICD

 | Sydney, New South Wales



**DARYL JOHNSON**  
**DIRECTOR**

Daryl was appointed to the Beyond Bank Australia Board in February 2019. He has over 40 years' banking and finance experience in Australia, Asia and New Zealand. Daryl's executive roles included CEO New Zealand for Rabobank and CEO Asia, Executive General Manager NAB Business and General Manager Corporate Banking for National Australia Bank.

 | Member Board Governance and Remuneration Committee, Member Board Risk Committee

 | BBus(FinEc), MBA, GAICD




 | Melbourne, Victoria

# Board of Directors



**TRENT BARTLETT**  
**DIRECTOR**




Trent was appointed to the Beyond Bank Australia Board in September 2016. He has over 25 years of CEO leadership and board experience in listed public companies, large private companies, not-for-profits and 'for benefit' focused enterprises operating with diverse business models and scale across many industry sectors. Trent has a speciality in member-owned/member-governed businesses and is a Fellow and Faculty Member of the Australian Institute of Company Directors.

-  | Chair Board Governance and Remuneration Committee
-  | GradDipBus, GradDipCom, FAICD, IDP-C, GCB-D
-  | Perth, Western Australia



**JOHN EVANS**  
**DIRECTOR**




John was appointed to the Beyond Bank Australia Board in 2022. He was a former audit and assurance partner with global accounting firm KPMG and has over 40 years of Australian and international experience in business, finance, assurance and risk management. John specialised in financial services and has worked extensively with boards and mutual organisations in the financial services sector.

-  | Chair Board Audit Committee
-  | BCompt, ACA, MAICD
-  | Buderim, Queensland



**STEVEN (STEVE) COLES**  
**DIRECTOR**

Steve was appointed to the Beyond Bank Australia Board in 2022. He has nearly 30 years' experience of operating at C-level across global financial services businesses. Steve's prior executive roles include the Global CTO for Allianz. He has a passion for improving and protecting member services through technology and effectively managing cyber risk.

-  | Member Board Audit Committee, Member Board Risk Committee
-  | GAICD
-  | Sydney, New South Wales

# Directors' Report

The directors submit their report together with the financial statements of Beyond Bank Australia Limited (the Company) and the Consolidated Entity comprising the Company and its controlled entities and the Group's interest in associates for the financial year ended 30 June 2024, the Independent Audit Report thereon and the Auditor's Independence Declaration. The financial statements have been prepared in accordance with the requirements of the *Corporations Act, 2001*.

## Principal activities

The principal activities of the Company and the activities within the Consolidated Entity in the course of the financial year were to provide financial services to members and this remained unchanged.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year not otherwise disclosed in the financial statements of the Consolidated Entity.

## Review of operations

The Consolidated Entity had a successful year in providing financial services to members. Mergers with both First Choice Credit Union (FCCU) and AWA Mutual Limited (AWA) were undertaken during the period, and on 1 June 2024, Beyond Bank Australia signed a Memorandum of Understanding with Police and Nurses Limited (PNL) to explore a possible merger.

The Consolidated Entity's Loans under management grew at 16.7% or \$1.234b, which was well above system growth with \$369m of growth attributable to the mergers and with lending of \$2.242b for the year. Deposits from members grew by 11.6% or \$801m, with \$206m attributable to mergers. Total Operating Income was consistent with the prior year growing by 0.9%, with our interest margin reducing due to a combination of factors including; rising funding costs, repayment of the Reserve Bank of Australia's (RBA) cheap Treasury Funding Facility, strong balance sheet growth needing to be funded at higher rates, members fixing maturing loans at competitive rates, and members moving balances from lower yielding Transaction, Community and Internet Savings accounts into the higher yielding Purple Bonus Saver, Offset and Term Deposit accounts.

Operational integration with FCCU was completed during the year following the merger on 1 February 2024. Similarly, the Consolidated Entity merged with AWA on 1 March 2024, but with the system integration scheduled to occur in September 2024. Undertaking two mergers virtually simultaneously required significant effort from across the organisation and incurred substantial costs (\$3.290m) with a small amount of these costs relating to finalisation of the South West Credit Union merger from the prior year and early preparation work for assessment of the potential PNL merger.

Net Profit for the year (after tax) was \$25.7m, which was \$9.7m lower than the 2022/23 result of \$35.5m. As discussed above, net interest income growth was moderate while operating expenditure grew by 9.0%, which ultimately were the key drivers of the reduction in profit.

Over the year, BBA invested in major projects for mergers and IT utilising both internal and external resources, to achieve an uplift in the sustainability and resilience of your Bank. Of significance, increased spending on Cybersecurity (\$0.5m), loan origination systems (\$0.9m), banking technology (\$1.9m) and mergers (\$3.3m) are included in the recorded operating expenses. In addition, \$5.7m was invested in software development and capitalised as assets on the balance sheet to improve business and services systems. This expenditure represents a significant increase in IT expenditure for BBA and is designed to improve operational efficiency, security, resilience and customer experience.

Ongoing operational expenditure has been impacted by increases in wages, and additional staff joining through mergers and to support strategic activities. IT operational costs have also increased on an ongoing basis through supplier cost inflation. Separating the strategic investment cost from ongoing activity expenses would result in an ongoing Cost to Income of 78.4% in business as usual, excluding expenses for strategic activities.

Underlying profit therefore reflects a solid result in light of the continued low interest rate environment in Australia with a reconciliation of reported profit to unaudited underlying profit set out in Table 1.

# Directors' Report

**Table 1 – Consolidated Underlying Earnings**

**For the Year Ended 30 June 2024**

	<b>Before Tax</b>	<b>Tax</b>	<b>After Tax</b>
	\$m	\$m	\$m
Per Statement of Profit or Loss	36.4	10.7	25.7
Business Combination costs	3.3	1.0	2.3
Share of net profit of associate	1.2	0.3	0.9
Consolidated Entity Underlying Profit	40.9	12.0	28.9

**For the Year Ended 30 June 2023**

	<b>Before Tax</b>	<b>Tax</b>	<b>After Tax</b>
	\$m	\$m	\$m
Per Statement of Profit or Loss	50.2	14.7	35.5
Business Combination costs - SWCU Merger	1.5	0.5	1.0
Impairment losses on equity accounted investments	0.3	0.1	0.2
Share of net profit of associate	(0.3)	(0.1)	(0.2)
AASB 15 revenue standard income adjustment	0.1	0.0	0.1
Consolidated Entity Underlying Profit	51.8	15.2	36.6

In addition, the effective portion of changes in the fair value of cash flow hedges of \$2.5m was recognised via Other Comprehensive Income.

## Climate change

This year, the Australian Treasury Department proposed mandatory Australian Sustainability Reporting Standards (ASRS) for Australian companies that meet certain threshold requirements. The Consolidated Entity is expected to be captured within the first tranche of companies required to report against these standards during the 2025-26 financial year which will focus on climate-related financial disclosures.

Over the course of the year, the Consolidated Entity continued its preparations to meet its climate-related reporting obligations, driven by a cross-functional internal project team. Actions taken include; reviewing its Climate Risk Policy and Climate Risk Profile, conducting a gap analysis of its current readiness to report on climate-related governance and risk requirements against the proposed ASRS requirements, as well as consideration of data needed to improve quantification of climate risk including how it may be obtained. The Climate Risk Profile review resulted in updates to the future time periods and controls associated with some climate-related risks which will continue to be monitored closely.

Additionally, part way through the year, the Consolidated Entity began participating in a monthly Sustainability Community of Practice facilitated by the Customer Owned Banking Association.

This collaborative initiative facilitates sharing on Environmental, Social and Governance (ESG) topics, with a strong focus on climate change. This forum has provided practical advice and approaches that the Consolidated Entity can consider in preparing for and complying with its impending climate-related reporting requirements.

Planned activities for the coming period include calculating the Consolidated Entity's carbon inventory to inform the development of near-term and 2050 emissions reduction targets. In line with the Climate Risk Policy, the physical risk assessment will also be refreshed to obtain more granular information on physical risk impacts to credit exposures and include transition risk scenario analysis to inform the measurement of climate risk in financial terms.

The review of the Climate Risk Profile identified limited material financial impacts from climate change on the 2024 financial report that could be reliably measured or any material climate-related risks in the short term (< 5 years). The Company is also working through what, if any, longer-term impacts there might be and expect to have more clarity on this once our physical and transition risks are reassessed.

# Directors' Report

## Dividends

During the year dividends of \$10,242 were paid on D Class shares.

## Significant events after the balance date

On 1 June 2024, the Company signed a Memorandum of Understanding with Police and Nurses Limited (PNL) to explore a merger. PNL comprises P&N Bank, based in Perth, and BCU Bank in Northern NSW and southeast Queensland. They are a leading customer-owned bank with \$8.9 billion in assets, approximately 180,000 members, and members' equity of approximately \$589m. A merger would be subject to the approval of both APRA, PNL's members and the Company's members. No other matters or circumstances have arisen since the end of the financial year which have significantly affected, or may significantly affect the operations of the consolidated entity in the financial year ending after 30 June 2024.

## Likely developments

The Company and Consolidated Entity will continue to change the lives of our customers and communities through financial wellbeing, by providing financial services to members and other clients of the Consolidated Entity. Further information about likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Consolidated Entity.

## Indemnification and insurance of officers

During the year, the Company paid an insurance premium to insure officers of the Company and its controlled entities against liability. The liabilities insured are for losses arising from any claim against an officer for any civil or criminal proceeding in their capacity as an officer of the entities. The contract also covers officers of the wholly owned controlled entities.

Disclosure of the amount of insurance premium payable under, and a summary of the nature of liabilities covered by the insurance contract is prohibited by a confidentiality clause in the contract. The Company has not otherwise, during the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred as such an officer or auditor.

## Directors

Individual Directors' details are set out on pages 4-5.

## Directors' meetings

The names of directors holding office as at the date of this report and during the year, and attendance at Board and Standing Board Committee meetings held are set out in Table 2. Where non-attendance at meetings was recorded, apologies were received or leave of absence was granted in most instances.

**Table 2 – Board and Standing Board Committee Meetings**

Directors	Board		Board Audit		Board Risk		Board Governance and Remuneration	
	Eligible to Attend	Meetings Attended	Eligible to Attend	Meetings Attended	Eligible to Attend	Meetings Attended	Eligible to Attend	Meetings Attended
Sam Andersen	11	11	3	3	-	-	6	6
Trent Bartlett	10	10	-	-	-	-	6	6
Jodie Baker	11	11	-	-	8	8	-	-
Steve Coles	11	11	6	6	8	8	-	-
John Evans	11	11	6	6	-	-	-	-
Daryl Johnson	11	11	-	-	8	8	6	5
Liz Westcott <i>Resigned - Oct 23</i>	3	2	2	2	-	-	-	-



# Directors' Report

## Company Secretaries

Kristyn Verrall (appointed 22 July 2024) has over 25 years experience advising clients on complex commercial and legal matters and over 15 years experience working in the financial services industry. Kristyn was the General Counsel and Company Secretary of Statewide Super from 2016 until the fund's successful merger with Hostplus in 2022 when she took up the role of General Counsel for the merged entity. Prior to this, Kristyn worked as an accountant and, following her admission in 2006, as a Senior Associate at top-tier international law firm Minter Ellison.

Wayne Matters joined Beyond Bank in 2001 as the Chief Finance Officer and was appointed Deputy Chief Executive Officer in 2013. Wayne manages a number of our corporate support functions, including data, finance, wealth and treasury. He is a Fellow of Chartered Accountants Australia and New Zealand, and a Graduate of the Australian Institute of Company Directors with over 30 years' experience in finance, treasury, risk management and administration. Wayne added the role of Company Secretary to his portfolio on 29 March 2024.

## Rounding off

The amounts contained in this report and in the financial statements have been rounded off to the nearest one million dollars (unless otherwise stated) in accordance with Corporation's (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by Australian Securities and Investments Commission as the Company has total assets greater than \$10b.

## Auditor's Independence Declaration

The auditor's independence declaration is included on page 10.

## Board Committees

In addition to providing general governance through Board meetings, directors are involved in providing specific guidance through the operation of three standing Board committees. Committees are structured to ensure they have the qualifications and experience to execute their responsibilities. Membership of each committee comprises at least two directors. The Chief Executive Officer attends all Board Committee meetings. Details of Board Committees are contained in the Corporate Governance Statement in our Corporate Report, available on our website.

Signed this 27th day of August 2024, in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.



**Sandra (Sam) Andersen**  
Chair



**John Evans**  
Director

# Lead Auditor's Independence Declaration and Directors' Declaration



*Lead Auditor's Independence Declaration under  
Section 307C of the Corporations Act 2001*

**To the Directors of Beyond Bank Australia Limited:**

I declare that, to the best of my knowledge and belief, in relation to the audit of Beyond Bank Australia Limited for the financial year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



**Darren Ball**  
Partner

Adelaide  
27 August 2024

*Beyond Bank Australia Limited  
Directors' Declaration  
For the year ended 30 June 2024*

**In the opinion of the directors of Beyond Bank Australia Limited (the "Company"):**

- a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- b) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards, the *Corporations Regulations 2001*, International Financial Reporting Standards (as disclosed in Note 1b) and giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2024 and their performance for the financial year ended on that date; and
- c) the Consolidated Entity Disclosure Statement is true and correct as at 30 June 2024.

Signed this 27th day of August 2024, in accordance with a resolution of the Directors, made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors.



**Sandra (Sam) Andersen**  
Chair



**John Evans**  
Director

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# Independent Auditor's Report



## To the members of Beyond Bank Australia Limited

### Opinion

We have audited the consolidated Financial Report of Beyond Bank Australia Limited (the Group Financial Report). We have also audited the Financial Report of Beyond Bank Australia Limited (the Company Financial Report).

In our opinion, the accompanying Financial Reports gives a true and fair view, including of the Group's and Company's financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with Australian Accounting Standards and the *Corporations Regulations 2001*.

The respective Financial Reports of the Group and the Company comprise:

- Statements of Financial Position as at 30 June 2024;
- Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows for the year then ended;
- Consolidated Entity Disclosure Statement and accompanying basis of preparation as at 30 June 2024;
- Notes including material accounting policies; and
- Directors' Declaration.

The Group consists of Beyond Bank Australia Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audits in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audits of the Financial Reports section of our report.

We are independent of the Group and the Company in accordance with 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 audits of the Financial Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of Beyond Bank Australia Limited, would be in the same terms if given to the Directors as at the time of this Auditor's Report.

### Other Information

Other Information is financial and non-financial information in Beyond Bank Australia Limited's annual report which is provided in addition to the Financial Reports and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Reports does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports, or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Reports

The Directors are responsible for:

- preparing the Financial Reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group and Company, and in compliance with Australian Accounting Standards and the *Corporations Regulations 2001*;
- implementing necessary internal control to enable the preparation of Financial Reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group and Company, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Group's and the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audits of the Financial Reports

Our objective is:

- to obtain reasonable assurance about whether the Financial Reports 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 Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Reports.

A further description of our responsibilities for the audits of the Financial Reports is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf) This description forms part of our Auditor's Report.



Darren Ball  
Partner

Adelaide  
28 August 2024

# Statements of Profit or Loss and Other Comprehensive Income

	Note	CONSOLIDATED		COMPANY	
		2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>FOR THE YEAR ENDED 30 JUNE 2024</b>					
Interest revenue	2	467	324	467	324
Interest expense	3	293	154	296	156
Net interest revenue		174	170	171	168
Net fair value adjustment on interest rate swaps	2	(1)	-	16	3
Non interest operating income	2	29	30	30	28
<b>Total operating income</b>		<b>202</b>	200	<b>217</b>	199
Business combination costs	3	3	1	3	1
Other expenses	3	162	149	162	144
<b>Profit before income tax expense</b>		<b>37</b>	50	<b>52</b>	54
Income tax expense	4	11	15	15	16
<b>Net Profit for the period</b>		<b>26</b>	35	<b>37</b>	38
Other comprehensive income, net of tax					
Items that may be reclassified to profit or loss:					
Effective portion of changes in fair value cash flow hedges		(2)	2	(2)	2
<b>Total comprehensive income for the period</b>		<b>24</b>	37	<b>35</b>	40

The Statements of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the notes to the financial statements.

# Statements of Financial Position

	Note	CONSOLIDATED		COMPANY	
		2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>AS AT 30 JUNE 2024</b>					
<b>Assets</b>					
Cash and cash equivalents	5	219	155	219	155
Prepayments and other receivables	6	52	75	51	75
Current tax assets	4	4	-	4	-
Other financial assets	20	6	25	-	3
Investment instruments	7	1,210	1,195	1,210	1,195
Other investments	12	27	22	29	24
Loans and advances	8,9	8,655	7,417	8,655	7,417
Equity accounted investments	11	-	5	-	5
Right of use assets	13	20	21	20	21
Property, plant and equipment	14	18	17	18	17
Intangible assets	15	4	-	4	-
Net deferred tax assets	4	8	5	11	13
<b>Total assets</b>		<b>10,223</b>	<b>8,937</b>	<b>10,222</b>	<b>8,925</b>
<b>Liabilities</b>					
Deposits from members	16	7,736	6,935	7,760	6,944
Trade and other payables	17	31	12	31	12
Lease liabilities	18	25	28	25	28
Borrowings	19	1,691	1,256	1,691	1,256
Other financial liabilities	20	7	23	7	23
Employee benefits	24	15	13	15	13
<b>Total liabilities</b>		<b>9,505</b>	<b>8,267</b>	<b>9,529</b>	<b>8,276</b>
<b>Net assets</b>		<b>718</b>	<b>670</b>	<b>693</b>	<b>649</b>
<b>Equity</b>					
Reserves	21	209	187	194	187
Retained earnings	22	509	483	499	462
<b>Total equity</b>		<b>718</b>	<b>670</b>	<b>693</b>	<b>649</b>

The Statements of Financial Position are to be read in conjunction with the notes to the financial statements.

# Statements of Changes in Equity

<b>FOR THE YEAR ENDED 30 JUNE 2024</b>	Fair Value Reserve (FVOCI Equity Instruments)	Hedging Reserve	Asset Revaluation Reserve	Redeemed Share Reserve	Transfer of Business Reserve	Retained Earnings	Total Equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Consolidated</b>							
Balance at 30 June 2022	5	-	6	2	172	448	633
Net profit for the period	-	-	-	-	-	35	35
Effective portion of changes in fair value cash flow hedges through other comprehensive income	-	2	-	-	-	-	2
Total comprehensive income	-	2	-	-	-	35	37
Balance at 30 June 2023	5	2	6	2	172	483	670
Net profit for the period	-	-	-	-	-	26	26
Effective portion of changes in fair value cash flow hedges through other comprehensive income	-	(2)	-	-	-	-	(2)
Total comprehensive income	-	(2)	-	-	-	26	24
Attributable to business combinations	-	-	-	-	24	-	24
<b>Balance at 30 June 2024</b>	<b>5</b>	<b>-</b>	<b>6</b>	<b>2</b>	<b>196</b>	<b>509</b>	<b>718</b>
<b>Company</b>							
<b>Balance at 30 June 2022</b>	5	-	6	2	172	424	609
Net profit for the period	-	-	-	-	-	38	38
Effective portion of changes in fair value cash flow hedges through other comprehensive income	-	2	-	-	-	-	2
Total comprehensive income	-	2	-	-	-	38	40
Balance at 30 June 2023	5	2	6	2	172	462	649
Net profit for the period	-	-	-	-	-	37	37
Effective portion of changes in fair value cash flow hedges through other comprehensive income	-	(2)	-	-	-	-	(2)
Total comprehensive income	-	(2)	-	-	-	37	35
Attributable to business combinations	-	-	-	-	9	-	9
<b>Balance at 30 June 2024</b>	<b>5</b>	<b>-</b>	<b>6</b>	<b>2</b>	<b>181</b>	<b>499</b>	<b>693</b>

The Statements of Changes in Equity are to be read in conjunction with the notes to the financial statements

# Statements of Cash Flows

	Note	CONSOLIDATED		COMPANY	
		2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>FOR THE YEAR ENDED 30 JUNE 2024</b>					
<b>Cash flows from operating activities</b>					
Interest received		466	318	466	318
Net (increase) in loans, advances and other receivables		(869)	(614)	(870)	(614)
Net decrease/(increase) in investment instruments		35	(26)	23	(26)
Other non interest income received		29	32	31	29
Interest and other costs of finance paid		(268)	(119)	(271)	(122)
Net increase in deposits from members		558	348	571	349
Payments to suppliers and employees		(105)	(126)	(103)	(122)
Income tax paid		(16)	(18)	(17)	(17)
<b>Net cash from operating activities</b>	23 (a)	<b>(170)</b>	<b>(205)</b>	<b>(171)</b>	<b>(205)</b>
<b>Cash flows from investing activities</b>					
Payment for property, plant and equipment	14	(2)	(2)	(2)	(2)
Proceeds from sale of property, plant and equipment		-	1	-	1
Payment for intangible assets - capitalised software	15	(5)	-	(5)	-
Payment for expenses directly attributable to business combinations		(4)	(2)	(3)	(2)
Increase in cash balances via business combination	10	7	-	7	-
Payment for businesses	10	(188)	-	(188)	-
<b>Net cash from/(used in) investing activities</b>		<b>(192)</b>	<b>(3)</b>	<b>(191)</b>	<b>(3)</b>
<b>Cash flows from financing activities</b>					
Net increase/(decrease) in borrowings		434	239	434	239
Payment of lease liabilities		(8)	(8)	(8)	(8)
<b>Net cash from/(used in) financing activities</b>		<b>426</b>	<b>231</b>	<b>426</b>	<b>231</b>
Net increase in cash and cash equivalents		64	23	64	23
Cash and cash equivalents at the beginning of the financial year		155	132	155	132
<b>Cash and cash equivalents at the end of the financial year</b>	23 (b)	<b>219</b>	<b>155</b>	<b>219</b>	<b>155</b>

The Statements of Cash Flows are to be read in conjunction with the notes to the financial statements

# Consolidated Entity Disclosure Statement

## AS AT 30 JUNE 2024

### Investment in controlled entities

Set out below is a list of entities that are consolidated in this set of consolidated financial statements

All controlled entities are domiciled in Australia.

Investment in controlled entities and tax residency comprises:

Name	Body corporate, partnership or trust	Place of incorporation	Consolidated Entity Interest		Australian or Foreign Resident	Jurisdiction for Foreign Resident
			2024	2023		
			%	%		
AWA Mutual Ltd	Body Corporate	Australia	100	-	Australian	N/A
Eastwoods Wealth Management Pty Ltd	Body Corporate	Australia	100	100	Australian	N/A
Eastwoods Group Ltd	Body Corporate	Australia	100	100	Australian	N/A
Beyond Employee Benevolent Fund Pty Ltd	Body Corporate	Australia	100	100	Australian	N/A
Community CPS Services Pty Ltd	Body Corporate	Australia	100	100	Australian	N/A
Beyond Bank Australia Foundation Ltd (Trustee*)	Body Corporate	Australia	100	100	Australian	N/A
Beyond Bank Australia Foundation Master Support Fund	Trust	N/A	100	100	Australian	N/A
Beyond Bank Australia Foundation Master DGR Fund	Trust	N/A	100	100	Australian	N/A
The Barton W Warehouse Trust	Trust	N/A	100	100	Australian	N/A
The Barton A Warehouse Trust	Trust	N/A	100	100	Australian	N/A
The Barton Series 2013-1R Trust	Trust	N/A	100	100	Australian	N/A
The Barton Series 2014-1 Trust	Trust	N/A	100	100	Australian	N/A
The Barton Series 2017-1 Trust	Trust	N/A	100	100	Australian	N/A
The Barton Series 2019-1 Trust	Trust	N/A	100	100	Australian	N/A
The Barton Series 2023-1 Trust	Trust	N/A	100	-	Australian	N/A

The Consolidated Entity Disclosure Statement is to be read in conjunction with the notes to the financial statements.

\*Beyond Bank Australia Foundation Ltd is the Trustee of the Beyond Bank Australia Foundation Master Support Fund and the Beyond Bank Australia Foundation Master DGR Fund. Refer Note 1(c) Material accounting policies for details of basis of preparation of Consolidated Entity Disclosure Statement.



# Notes to the Financial Statements

## 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### (a) Financial Reporting

Beyond Bank Australia Limited (“the Company”) is a company domiciled in Australia. The consolidated financial report for the year ended 30 June 2024 comprises the Company and its controlled entities (together referred to as the “Consolidated Entity”). The Consolidated Entity is a for profit entity and primarily is involved in providing a range of financial services including personal and business banking, insurance, and financial planning services. The financial report was authorised for issue by the directors on 27 August 2024.

### (b) Statement of Compliance

This financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Consolidated Entity and the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

### (c) Basis of Preparation and Areas of Estimation

The financial report has been prepared in Australian dollars and in accordance with the accruals basis of accounting using historical costs except where described otherwise in the notes to the accounts. Cost is based on the fair values of the consideration given in exchange for assets.

ASIC Corporation’s (Rounding in Financial/Directors’ Reports) Instrument 2016/191 dated 24 March 2016 permits the rounding of amounts in financial statements and directors reports. In accordance with that Instrument, all financial information has been rounded to the nearest one million unless otherwise stated. The Company holds an Australian Financial Services Licence and has therefore applied ASIC Corporation’s (Parent Entity Financial Statements) Instrument 2021/195 and has presented both parent company and consolidated entity financial statements in this financial report.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances; the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Consolidated Entity and the Company. These 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 period affected.

In particular, areas of estimation uncertainty and critical areas where judgement has been applied are as follows:

- Loans and receivables are carried at amortised cost, requiring estimates to be made of their expected life. The expected life of mortgage secured loans is estimated at 62 months (2023: 57 months) while other loans have an estimated expected life of 30 months (2023: 28 months). In addition, loans and receivables are carried net of impairment provisions that are determined based on estimates of default probabilities and the loss incurred in the event of default. The impairment provision estimates are uncertain with an analysis of the sensitivity of the recognised impairment provision to changes in the estimates is provided at Note 1(p).
- Judgement has been exercised in assessing that not all the risks and rewards of ownership of securitised loans have been transferred.
- The obligation for long-term employee benefits is determined based on statistical estimates of the amount and timing of related future cash flows with Australian high-quality corporate bond rates applied to discount cash flows.
- Investment instruments are carried at fair value which is based on an estimate of the amount which would be exchanged between willing parties in an arm’s length transaction.

Section 295(3A) of the *Corporation Acts 2001* requires that the tax residency of each entity that is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity that was an Australian resident, ‘Australian resident’ has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as it is highly fact dependent and there are currently several different interpretations that could be adopted, and that could give rise to a different conclusion on residency.

The Company has determined that each entity included in its CEDS is an Australian tax resident. In determining Australian tax residency, the Consolidated Entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation’s public guidance in Tax Ruling IR 2018/5.

Australian tax law does not contain specific residency tests for trusts. Generally, those entities are taxed on a flow-through basis, so there is no need for a general residence test. There are some provisions that treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

AASB 101 Presentation of Financial Statements allows assets and liabilities to be presented in order of their relative liquidity. As this presentation provides information that is more relevant, assets and liabilities are not presented as current and non-current on the face of the Statements of Financial Position.

# Notes to the Financial Statements

## 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (d) Principles of Consolidation

The consolidated financial statements are prepared by including the financial statements of all the entities that comprise the Consolidated Entity, being the Company (the parent entity) and its controlled entities as defined in AASB 10 Consolidated Financial Statements. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its powers over the entity.

A list of controlled entities appears in the Consolidated Entity Disclosure Statement. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the Company obtains control and until such time as the control ceases. In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the Consolidated Entity are eliminated in full.

#### i) Business Combinations

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Consolidated Entity.

The identifiable assets and liabilities of the acquiree are recognised at their fair value at acquisition date. Goodwill is recognised if, and to the extent that, the consideration transferred exceeds the fair value of the acquiree's identifiable assets acquired and liabilities assumed.

Transaction costs that the Consolidated Entity incurs in connection with a business combination are expensed as incurred.

#### ii) Interests in Equity Accounted Investees

The Consolidated Entity's interest in equity accounted investees comprises interest in an Associate. Associates are those entities in which the Consolidated Entity has significant influence, but not control, over financial and operating policies.

Interest in the Associate is accounted for using the equity method. The interest is initially recognised at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Consolidated Entity's share of the Associate's profit or loss and other comprehensive income until the date on which significant influence ceases or when the asset becomes available for sale and is reclassified.

The Interest in the Associate is subject to annual testing as to whether there is objective evidence of impairment (refer Note 1(i)). If assessed as impaired, any loss is recognised in the Statements of Profit and Loss and Other Comprehensive Income. Any subsequent recovery in the fair value of an impaired investment security would also be recognised in other comprehensive income.

### (e) New and amended standards adopted by the Group

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 1 Summary of Material Accounting Policies (2023: Summary of Significant Accounting Policies) in certain instances in line with the amendments. A number of other new accounting standards are also effective from 1 July 2023 but they do not have a material effect on the Group's financial statements.

The Consolidated Entity has not early adopted any accounting standards. The following material accounting policies have been adopted in the preparation and presentation of the financial report.

### (f) Borrowings

Interest on wholesale borrowings and other interest-bearing liabilities is brought to account on an effective yield basis. The amount of the accrual is measured on a nominal basis and recognised as a liability in the Statements of Financial Position. These liabilities are initially recognised at fair value and subsequently measured at amortised cost.

### (g) Cash and Cash equivalents

Cash and cash equivalents comprise cash at branches plus deposits at call with Approved Deposit-taking Institutions. Interest income on cash and cash equivalents is recognised using the effective interest method in the Statements of Profit or Loss and Other Comprehensive Income. Cash and cash equivalents are recognised at amortised cost. Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Entity's cash management are included as a component of cash and cash equivalents for the purpose of the Statements of Cash Flows, but as part of Borrowings in the Statements of Financial Position.

### (h) Deposits

Interest on deposits is credited in accordance with the terms of each deposit and brought to account on an effective yield basis. Interest is accrued as part of the deposit balances which are carried at amortised cost.

# Notes to the Financial Statements

## (i) Derivative Financial Instruments

The Consolidated Entity enters into interest rate swap agreements for the sole purpose of managing interest rate risk exposures in the Statements of Financial Position and not for speculative (trading) purposes. Derivative financial instruments are recognised at fair value. Realised gains and losses on interest rate swaps are recognised immediately in the Statements of Profit or Loss and Other Comprehensive Income via inclusion in the determination of interest revenue. Where not classified as a cash flow hedge, unrealised changes in the fair value of interest rate swaps is included as Other Income.

Derivatives are initially measured at fair value and are subsequently re-measured to fair value at each reporting date with movements recorded in the Statements of Profit or Loss and Other Comprehensive Income. Fair values are calculated by discounted cash flow models using yield curves that are based on observable market data or are based on valuations from counterparties. All derivatives are classified as assets where their fair value is positive and liabilities where their fair value is negative. Where there is the legal ability and intention to settle net, the derivative is classified appropriately as a net asset or liability.

Interest rate swaps that do not qualify for hedge accounting, or have been de-designated, are accounted for at fair value and any changes in fair value are recognised immediately in profit or loss. Further details of derivative financial instruments are disclosed in Note 30(i).

### Cash flow hedges

The Consolidated Entity enters into floating for fixed interest rate swap transactions that are designated as an effective hedging instrument against a specified dollar value of floating rate borrowings exposures which will reprice in the same specified month and year. Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. When the forecast transaction subsequently results in the recognition of a non-financial asset or liability, the associated cumulative gain or loss is removed from other comprehensive income, and included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or liability, then the associated gains or losses that were recognised directly in other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects the Statements of Profit or Loss and Other Comprehensive Income (i.e., when the interest income is recognised).

Effectiveness tests are performed on derivative financial instruments to determine if they are still providing the protection originally intended when entered into by the Consolidated Entity. Hedge accounting is discontinued when the hedge instrument

expires, is sold, terminated, exercised, or no longer qualifies for hedge accounting. Where a derivative financial instrument that was previously considered to be effective no longer satisfies the effectiveness test criteria, any gain or loss on the instrument previously recognised in other comprehensive income is reversed through profit or loss with all subsequent gains or losses recognised through profit or loss.

## (j) Employee Benefits

A defined contribution plan is a post-employment benefits plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations to defined contribution plans are recognised as a personnel expense in profit or loss when they are due.

### Long-term employee benefits

The Consolidated Entity's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods plus related on-costs and that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Australian high quality corporate bonds that have maturity dates approximating the terms of the Consolidated Entity's obligations.

### Termination benefits

Termination benefits are recognised as an expense when the Consolidated Entity is committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer encouraging voluntary redundancy, it is probable that the offer will be accepted.

### Short-term benefits

Liabilities for employee benefits for wages, salaries, and annual leave represent present obligations resulting from employees' services provided to reporting date and are expected to be settled in full within 12 months, and hence are calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as payroll tax. Non-accumulating non-monetary benefits, such as motor vehicles or free or subsidised goods and services, are expensed based on the net marginal cost to the Consolidated Entity as the benefits are taken by the employees.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Consolidated Entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

# Notes to the Financial Statements

## 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (k) Financial Assets and Liabilities

The Consolidated Entity initially recognises loans and advances, deposits, debt securities issued, and subordinated liabilities at fair value on the date they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument. These financial assets and liabilities are subsequently measured at amortised cost using the effective interest method unless otherwise stated in the notes to the accounts.

The Consolidated Entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. An interest in transferred financial assets that are created or retained by the Consolidated Entity is recognised as a separate asset or liability.

The Consolidated Entity derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Consolidated Entity enters into transactions whereby it transfers assets recognised in its Statements of Financial Position but retains either all the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the Statements of Financial Position.

The Consolidated Entity securitises various consumer financial assets, which generally results in the sale of these assets to special-purpose entities, which in turn issue securities to investors.

### (l) Impairment of Non-Financial Assets

The carrying amounts of the Consolidated Entity's non-financial assets, other than deferred tax assets, are reviewed at each balance date to determine whether there is any indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset (either in its own right or as part of a cash-generating unit) exceeds its recoverable amount. Impairment losses are recognised in the Statements of Profit or Loss and Other Comprehensive Income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal of the previous revaluation with any excess recognised through the Statements of Profit or Loss and Other Comprehensive Income.

### (m) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base of those items. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantially enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be used.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are not recognised if the temporary differences affect neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

The Company's disclosed available franking credits are based on the balance of its franking account at year end adjusted for:

- (a) franking credits that will arise from the payment of current tax liabilities or franking debits that will arise from the receipt of current tax asset refunds;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at year end;
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at year end, and
- (d) franking credits that the Company may be prevented from distributing in subsequent years.

The controlled entities of the Consolidated Entity are not part of a tax consolidation group and are taxed as individual entities. As a result, the individual entities continue to recognise current and deferred tax amounts in their own right that are then consolidated into the accounts of the Consolidated Entity.

### (n) Intangible Assets

#### Goodwill

Goodwill, representing the excess of the cost of acquisition of a business over the fair value of the identifiable net assets acquired, is recognised as an asset and not amortised, but tested for impairment annually. Refer to Note 1(p) in relation to impairment.

# Notes to the Financial Statements

## Computer Software

For Software to be recognised as an intangible asset, it needs to be both identifiable and the entity must have control over the asset. Software that meets this criterion and that is acquired by the Consolidated Entity is stated at cost less accumulated amortisation. Amortisation is charged from the date the asset is available for use on a straight line basis over a period of 2-3 years.

Software-as-a-Service (SaaS) arrangements provide the Consolidated Entity with the right to access the provider's application software over the contract period and, as such, the Consolidated Entity does not recognise an intangible asset for such services.

## The Barton Securitisation Program

Costs associated with establishing the program and each Series issue are amortised over the weighted average life of the notes for each Series. This generally results in amortisation over 3-5 years on a straight-line basis and is reflected as part of borrowing costs.

## Other Intangible Assets

Other intangible assets, including customer relationships, that are acquired by the Consolidated Entity and have finite useful lives are measured at cost less accumulated amortisation and any impairment losses. Amortisation is charged from the date the asset is acquired on a straight-line basis over the estimated useful life of the asset.

## (o) Other Investments

Other Investments securities are measured at fair value through other comprehensive income (FVOCI). For Equity investments, AASB 9 requires the Consolidated Entity to consider whether those assets are held for trading. As our Equity investments are not held for trading, the Consolidated Entity has irrevocably elected to designate the instruments at FVOCI. In the Company's financial statements, investments in controlled entities are carried at cost.

Other Investments securities are subject to annual testing as to whether there is objective evidence of impairment (refer Note 1(l)). If assessed as impaired, any loss is recognised in profit or loss. Any subsequent recovery in the fair value of an impaired investment security would also be recognised in profit or loss.

## (p) Loans and Advances

Loans and advances are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, after assessing required provisions for impairment. Loan and credit limit interest is calculated on the daily balance outstanding and is charged to members' accounts on the last day of each month. Overdraft interest is calculated on the daily balance outstanding and is charged in arrears to members' accounts at the beginning of the following month. Housing loans are secured by registered mortgages.

## Impairment

All loans and advances are subject to regular management review to assess whether there is any objective evidence of impairment. Impairment of a loan is recognised when there is reasonable doubt that not all the principal and interest can be collected in accordance with the terms of the loan agreement.

Bad debts are written off when identified. Bad loans are written off against the Provision for Impaired Loans. Adjustments to the Provision for Impaired Loans are taken to the Statements of Profit or Loss and Other Comprehensive Income and reported with Impairment Losses. Recovery of loans previously written off is recognised in the Statements of Profit or Loss and Other Comprehensive Income only when the recovery amount has been received from the debtor.

## Statutory reporting requirements for Impaired Loans

All loans and advances are reviewed and graded according to the anticipated level of credit risk. *AASB 7 Financial Instruments: Disclosures* prescribes specific reporting requirements of impaired loans, acquired assets and past-due loans.

The following classifications have been adopted:

**Restructured loans** are those where the original contractual terms have been modified to provide for concessions of interest, principal or repayment for reasons related to financial difficulties of the member and the revised terms are not comparable to new facilities.

**Past-due loans** are loans where the borrower has failed to make a repayment when contractually due. Provision for these loans is made according to the period of arrears and with regard to the underlying security.

**Assets acquired through the enforcement of security** are assets acquired in full or partial settlement of a loan or similar facility through the enforcement of security arrangements.

## Loans and Advances – Provision for Impairment

The components of the aggregate provision as set out in Note 9 are described in the following paragraphs.

### Specific Provision

The specific provision against impaired loans exists to provide for loans that are 90 days or more in arrears (being a loss event) and for which there is evidence based on past history that a loss will occur and impact future cash flows.

### Collective Provision

The Expected Credit Loss (ECL) provision is calculated based on current credit delinquency, historical default probabilities and rates of loss in the event of default. The provision is calculated on all loan and credit limit balances, and on committed, undrawn exposures, including credit cards and loan commitments, except exposures for which a specific provision has been raised. The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure. For credit-impaired exposures that are modelled collectively, ECL is measured as the product of the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), based on a range of possible scenarios for the future value of security held and adjusted for forward looking macro-economic information.

# Notes to the Financial Statements

## 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

The ECL is determined with reference to the following stages:

### **Stage 1: 12-month ECL**

At initial recognition, and for financial assets for which there has not been a significant increase in credit risk (SICR) or for those financial assets for which the credit risk is considered to be low, ECL is determined based on the PD over the next 12 months and the life time losses associated with such PD, adjusted for forward-looking macroeconomic information.

### **Stage 2: Lifetime ECL not credit-impaired**

When there has been an SICR, the ECL is determined with reference to the financial asset's lifetime PD and the lifetime losses associated with that PD, adjusted for forward-looking macroeconomic information. The Consolidated Entity assesses whether there has been an SICR since initial recognition. This assessment is based on qualitative information but primarily relies on AASB 9's rebuttable backstop of a credit balance being greater than 30 days past due as the most reasonable and effective way of consistently determining when a significant increase in credit risk has occurred. Use of alternative criteria could result in significant changes to the timing and amount of ECL to be recognised.

### **Stage 3: Lifetime ECL credit-impaired**

Financial assets are classified as Stage 3, where they are determined to be credit impaired, which generally matches the Australian Prudential Regulatory Authority (APRA) definition of default and includes exposures that are at least 90 days past due.

The measurement of ECL for credit impaired financial assets is based on estimates that are inherently uncertain. PD and LGD rates are calculated from the Consolidated Entity's actual default and loss experience over the last 5 years which may not accurately reflect its future default and loss experience. EAD is calculated as the maximum available exposure amount at balance date, net of available security at its most recently recorded valuation estimate (but not less than zero). Lenders' Mortgage Insurance, if any, is not factored into the EAD calculation. Forward-looking security value scenarios and macro-economic factors are estimated from a range of publicly available economic sources but, by their nature, are not certain.

The statutory collective component of the provision is contingent upon the length of time loan repayments are in arrears and the security held. The provision varies according to the type of security attached to the loan and the number of days each loan is in arrears.

### **Reversals of Impairment Losses**

An impairment loss in respect of Loans and Advances measured at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

## **(q) Member Share Capital**

Withdrawable member share capital (redeemable preference shares) is classed as a liability (at amortised cost) and is therefore reported under the classification of Deposits from members (Note 16). Each member holds one redeemable preference share.

The Redeemed Share Reserve represents the amount of Preference Shares redeemed by the Company during the period 1 July 1999 to the date of this financial report. The Corporations Act 2001 requires that redemption of these shares is to be made out of retained profits or through a new issue of shares for the purpose of the redemption. Since the value of the shares redeemed have been paid to the members in accordance with the terms and conditions of the share issue, the account balance represents the amount of profits appropriated to the account for the period stated above.

## **(r) Investment Instruments**

Investment Instruments are initially recognised at fair value and subsequently measured at amortised cost. An ECL provision is calculated based on current credit delinquency, historical default probabilities and rates of loss in the event of default. Because credit risk for these assets is considered to be low, the ECL is determined based on the PD over the next 12 months and the life time losses associated with such PD, adjusted for forward-looking macroeconomic information.

Investments in Bank Bills and Bank Bonds are initially recognised at fair value and subsequently measured at amortised cost. Discounts or premiums are amortised over the period of investment through the Statements of Profit or Loss so that the investments attain their redemption values by maturity date.

The Company's *Counterparties and Credit Limits* policy limits the Company to investing in counterparties with a Credit Rating Grade (CRG) above 3 as defined under Prudential Standard 112 Capital Adequacy. The *Counterparties and Credit Limits* policy also sets exposure limits for each counterparty type and investment grade.

## **(s) Property, Plant and Equipment**

Assets acquired are initially recognised at the cost of acquisition, being the fair value of the consideration provided plus costs incidental and directly attributable to the acquisition.

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Consolidated Entity in future years, otherwise the costs are expensed as incurred.

Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is provided on property, plant and equipment and is calculated on a straight line basis from the date the asset is held ready for use so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

# Notes to the Financial Statements

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The following estimated useful lives are used in the calculation of depreciation:

	<b>For Current and Comparable Period</b>
Buildings	40 years
Fit-out and leasehold improvements	5 to 10 years
Plant and equipment	3 to 7 years

## Held for sale assets

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Company's accounting policies. Thereafter, the assets are generally measured at the lower of their carrying amount or fair value less cost to sell. Impairment losses on initial classification as held for sale, and subsequent gains and losses are recognised in profit or loss.

## (t) Leases

AASB 16 removes the classification of leases as either operating leases or finance leases (for lessee) effectively treating all leases as finance leases and, subject to limited exceptions, require all leases to be capitalised on the balance sheet.

The Consolidated Entity is required to assess at the inception of a contract whether a contract is or contains a lease. To assess whether a contract is, or contains, a lease, the Consolidated Entity applies judgement as to whether:

- the contract involves the use of an identified asset
- the Consolidated Entity has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and
- the Consolidated Entity has the right to direct the use of the asset.

## Recognition

The Consolidated Entity recognises a right-of-use asset and a lease liability 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 an estimate of costs associated with restoring the underlying asset or the site on which it is located.

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. In addition, the right-of-use asset is tested for impairment, and if there is an indicator, it is adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Consolidated Entity's incremental borrowing rate. The lease liability is remeasured when there is a change in future lease payments. This includes adjusting for variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date.

The carrying amounts are remeasured if there is a change in any of the future lease payments arising from a change in an index rate used, lease term, and termination penalties. When a lease liability is remeasured, an adjustment is made for 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.

The incremental borrowing rate is determined by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease. The Consolidated Entity has elected not to recognise right-of-use assets and lease liabilities for low-value assets.

## (u) Provisions

Provisions are recognised when the Consolidated Entity has a present, legal or constructive obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the expected consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation and those cash flows are discounted to the present value where appropriate.

## (v) Revenue Recognition

Revenue arises mainly from interest on loans to members, fees for services provided, dividends, commission from the sale of insurance products, and the rendering of wealth management services.

To determine whether to recognise revenue, the Consolidated Entity follows a five step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Consolidated Entity satisfies performance obligations by transferring the promised goods or services to its members.

# Notes to the Financial Statements

## 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

The Consolidated Entity recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Consolidated Entity satisfies a performance obligation before it receives the consideration, the Consolidated Entity recognises either a contract asset or a receivable in its Statement of Financial Position, depending on whether something other than the passage of time is required before the consideration is due.

### Dividend income

Dividend income is recognised when the right to receive the dividend has been established, which in the case of unlisted securities is when the dividend is declared.

### Interest income and expense

Interest income and expense on all financial instruments is recognised in interest revenue or expense in the Statements of Profit or Loss and Other Comprehensive Income. Interest income and expense is calculated using the effective interest method for financial assets and liabilities held at amortised cost and at FVOCI.

The effective interest method is a method of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument.

Specifically, for mortgage assets, the effect of this policy is to spread the impact of loan establishment fees and costs directly attributable and incremental to setting up the loan, over the expected life of the mortgage. Other transactions related loan fees, including loan break fees, are recognised at the point of rendering the service to the member and reported as part of Other Income.

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

### Sale of assets

Income from the sale of assets is recognised when the significant risks and rewards of ownership of the asset passes from the Consolidated Entity to the buyer.

## 2 REVENUE

Revenue from operations consisted of the following items:

	CONSOLIDATED		COMPANY	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Interest revenue</b>	<b>467</b>	324	<b>467</b>	324
<b>Fair value adjustment on interest rate swaps</b>	<b>(1)</b>	-	<b>16</b>	3
<b>Other income</b>				
Fees and commissions				
- Loan fee income	8	7	8	7
- Wealth management income	-	3	-	-
- Member fee income	7	6	7	6
- Insurance commissions	5	5	5	5
- Other commissions	7	7	7	7
Dividend income	1	1	1	1
Other	1	1	2	2
<b>Total other income</b>	<b>29</b>	30	<b>30</b>	28
<b>Total revenue</b>	<b>495</b>	354	<b>513</b>	355



# Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>3 EXPENSES</b>				
Profit before income tax expense has been arrived at after charging the following expenses:				
<b>Interest Expense</b>	<b>293</b>	154	<b>296</b>	156
Bad debts written off	1	1	1	1
Increase/(decrease) in loans and advances impairment provisions	(1)	(1)	(1)	(1)
Impairment losses on loans and advances	-	-	-	-
<b>Business combination costs</b>	<b>3</b>	1	<b>3</b>	1
<b>Other expenses</b>				
Depreciation				
- Plant and equipment	1	2	1	2
- Right of use assets - property	7	7	7	7
- Right of use assets - motor vehicles	-	1	-	1
- Leasehold improvements	2	2	2	2
	<b>10</b>	12	<b>10</b>	12
Amortisation				
- Software	1	-	1	-
	<b>1</b>	-	<b>1</b>	-
Staff costs	<b>74</b>	71	<b>74</b>	68
Contributions to defined contribution superannuation funds	7	6	7	6
Employee entitlements expense	3	2	3	2
General administrative expenses				
- Fee and commission expense	20	17	20	17
- Information technology	27	21	27	20
- Occupancy	5	5	5	5
- Brand & marketing	4	3	4	3
- Communication	3	3	3	3
Other operating expenses	8	9	8	8
<b>Total other expenses</b>	<b>162</b>	149	<b>162</b>	144
<b>Total non interest expense</b>	<b>165</b>	150	<b>165</b>	145
<b>Total expenses</b>	<b>458</b>	304	<b>461</b>	301

# Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>4 INCOME TAXES</b>				
<b>(a) Income tax recognised in the Statements of Profit or Loss and Other Comprehensive Income</b>				
Tax expense comprises:				
<b>Current tax expense</b>				
Current year	12	15	12	15
	12	15	12	15
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(1)	-	3	1
	(1)	-	3	1
<b>Total tax expense</b>	<b>11</b>	<b>15</b>	<b>15</b>	<b>16</b>
The prima facie income tax on profit from operations reconciles to the income tax provided in the financial statements as follows:				
Profit from operations	38	50	52	54
Income tax expense calculated at 30% (2023: 30%)	11	15	15	16
Fixed assets	1	-	1	-
Change in recognised temporary differences	(1)	-	(1)	-
	-	-	-	-
<b>Income tax expense</b>	<b>11</b>	<b>15</b>	<b>15</b>	<b>16</b>
<b>(b) Income tax recognised directly in equity</b>				
The following deferred amounts were charged directly to equity during the period:				
Deferred tax arising from business combinations	(1)	-	-	-
Deferred tax arising from fair value adjustments	(1)	1	(1)	1
	(2)	1	(1)	1
<b>(c) Current tax balances</b>				
Current tax assets comprise:				
Tax refund receivable	4	-	4	-
	4	-	4	-

# Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>4 INCOME TAXES (CONTINUED)</b>				
<b>(d) Deferred tax balances</b>				
Deferred tax assets comprise:				
Other financial assets	1	-	4	7
Property, plant and equipment	6	4	6	4
Intangible assets	-	2	-	2
Trade and other payables	1	1	1	1
Loans and advances – specific provisions	2	2	2	2
Employee benefits	4	4	4	4
Lease liabilities	28	26	28	26
Black hole expenditure (s40-880)	1	-	1	1
	<b>43</b>	<b>39</b>	<b>46</b>	<b>47</b>
Deferred tax liabilities comprise:				
Equity accounted investments	5	5	5	5
Remeasurement of contract receivable	1	1	1	1
Right of use assets	26	25	26	25
Property, plant and equipment	2	2	2	2
Intangible assets	1	1	1	1
	<b>35</b>	<b>34</b>	<b>35</b>	<b>34</b>
Net deferred tax assets	<b>8</b>	<b>5</b>	<b>11</b>	<b>13</b>
<b>(e) Franking credits</b>				
Adjusted franking account balance (tax provision basis)			<b>273</b>	249
<b>5 CASH AND CASH EQUIVALENTS</b>				
Cash on hand and deposits at call	<b>219</b>	155	<b>219</b>	155
<b>Cash on hand and deposits at call</b>	<b>219</b>	<b>155</b>	<b>219</b>	<b>155</b>
<b>6 PREPAYMENTS AND OTHER RECEIVABLES</b>				
Prepayments and other receivables	<b>22</b>	32	<b>22</b>	32
The Barton Trust liquidity buffer swap deposits	<b>10</b>	28	<b>10</b>	28
Future trailing commission receivable	<b>4</b>	4	<b>4</b>	4
Interest receivable	<b>16</b>	11	<b>16</b>	11
	<b>52</b>	<b>75</b>	<b>52</b>	<b>75</b>

# Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>7 INVESTMENT INSTRUMENTS</b>				
Bank deposits	26	41	26	41
Negotiated certificates of deposit and floating rate notes	1,002	908	1,002	908
Bonds	79	158	79	158
Other deposits	104	89	104	89
	<b>1,211</b>	1,196	<b>1,211</b>	1,196
Provision for impairment	(1)	(1)	(1)	(1)
	<b>1,210</b>	1,195	<b>1,210</b>	1,195
<b>8 LOANS AND ADVANCES</b>				
Revolving credit loans	76	78	76	78
Term loans	8,585	7,345	8,585	7,345
Gross loans and advances	8,661	7,423	8,661	7,423
Provision for impairment	(6)	(6)	(6)	(6)
<b>Net loans and advances</b>	<b>8,655</b>	7,417	<b>8,655</b>	7,417
<b>(a) Concentration of risk</b>				
The loan portfolio of the Consolidated Entity includes no loans, or groups of loans that represent greater than 10% of capital. An analysis of the concentration of the Consolidated Entity's loans and advances by geographic location is provided below:				
- South Australia	2,273	2,096	2,273	2,096
- Western Australia	1,299	1,139	1,299	1,139
- Australian Capital Territory	1,210	1,057	1,210	1,057
- New South Wales	1,523	1,357	1,523	1,357
- Victoria	1,418	976	1,418	976
- Other	938	798	938	798
<b>Gross loans and advances</b>	<b>8,661</b>	7,423	<b>8,661</b>	7,423

## (b) Securitised loans

The Company has established The Barton securitisation program to provide a diversified and longer term source of funding compared to previous wholesale funding options. The Company sells the rights to future cashflows of eligible residential home loans into The Barton program and receives funds equal to the aggregated outstanding balances on all loans which The Barton program has purchased and then subsequently issued Notes for investors to invest in. Whilst the cashflows have been transferred, the Company has been appointed to service the loans. In practical terms, the Company's obligation is to continue to manage the loans as if it were the lender.

The transfer of a financial asset is dependant upon the extent to which the risks and rewards of ownership are transferred. In the case of loans securitised with The Barton program, it has been determined that the Company substantially retains the risks and rewards of ownership and hence continues to recognise the assets for financial reporting purposes. The balance at year end is separately disclosed below with a liability to Barton Trusts for the equivalent amount being recognised under Note 19 – Borrowings.

The risks associated with The Barton securitised loans relate to the potentially variable nature of the cashflows received by the Company for servicing the loans. In addition, the Company is exposed to first loss credit risk in respect of Barton loans. These risks are managed by the Company.

# Notes to the Financial Statements

## 8 LOANS AND ADVANCES (CONTINUED)

Securitised Loan Funding is provided through Perpetual Corporate Trust Limited ('Perpetual'), as Trustee of the Barton Series Trusts.

In addition to The Barton program, the Company has used Bendigo and Adelaide Bank (Bendigo) to provide funding for lending. The sale of loans to Bendigo by South West Credit Union Co-Operative Limited prior to the Business combination in April 2022 is considered to be a clean sale of loan receivables that effectively transfers the risks and rewards of ownership, and hence these loans are treated as off-balance sheet.

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
On-Balance sheet securitised loans (The Barton program)	1,605	994	1,605	994
Associated funding received from notes issued	1,563	964	1,563	964
The fair value of securitised loans and the associated bank facilities are substantially the same as the carrying amount.				
Off-Balance sheet securitised loans	2	3	2	3

## 9 IMPAIRMENT OF LOANS AND ADVANCES

The policy covering impaired loans and advances is set out in Note 1.

### Specific provision for impairment

Balance at beginning of financial year	1	2	1	2
Increase/(decrease) in the provision	-	(1)	-	(1)
Closing specific provision for impairment	1	1	1	1

### Collective provision for impairment

Balance at beginning of financial year	5	5	5	5
Closing collective provision for impairment	5	5	5	5
<b>Total provision for impairment</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>

### Restructured loan balances

With provision for impairment	-	-	-	-
Collective provision for impairment	-	-	-	-
Without provision for impairment	-	-	-	-
<b>Net restructured loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(a) Interest revenue on non-accrual and restructured loans	-	-	-	-
(b) Interest foregone on non-accrual and restructured loans	1	-	1	-
(c) Net fair value of assets acquired through the enforcement of security during the financial year	-	4	-	4
(d) Forced sale proceeds	4	-	4	-

# Notes to the Financial Statements

## 10 BUSINESS COMBINATIONS

The Company accepted a total voluntary transfer of First Choice Credit Union (trading as First Choice) on 1 February 2024 under the Financial Sector (Business Transfer and Group Restructure) Act 1999 (Cth). No consideration was paid under this transaction. First Choice's business was assessed for Identifiable Intangible Assets and none were recognised by the Company because their values are not material.

The Company accepted a transfer of AWA Mutual Limited ('AWA' trading as AWA Alliance Bank) on 1 March 2024 under a Scheme of Arrangement in which the Company acquired AWA's assets, liabilities and employees and AWA became a wholly owned subsidiary of the Company. AWA's business was assessed for Identifiable Intangible Assets and none were recognised by the Company because their values are not material.

As part of the AWA transfer, a partial transfer of End Transfer Products from Bendigo and Adelaide Bank Limited ('Bendigo') was undertaken. The End Transfer Products being the loan and deposit products sold by AWA and held on the balance sheet of Bendigo. These loan assets and deposit liabilities were acquired at their fair value.

Business combinations enable the Consolidated Entity to offer its members enhanced access and a broader range of products and services. In addition, its increased scale will enhance its ability to pursue its strategic goals, further spread its geographic risks, improve operating efficiency and provide increased opportunities for its staff.

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Details of business combinations are as follows:				
<b>Consideration</b>				
Cash	188	-	188	-
	<b>188</b>	-	<b>188</b>	-
<b>Fair value of net assets acquired</b>				
<b>Assets</b>				
Cash and cash equivalents	7	-	7	-
Prepayments and other receivables	4	-	4	-
Investment instruments	38	-	38	-
Loans and advances	369	-	368	-
Right of use assets	1	-	-	-
Property, plant and equipment	2	-	2	-
Deferred tax assets	1	-	-	-
<b>Liabilities</b>				
Deposits from members	207	-	220	-
Trade and other payables	1	-	1	-
Provisions	1	-	1	-
Employee benefits	1	-	-	-
Net assets acquired	212	-	197	-
<b>Equity</b>				
Retained earnings	24	-	9	-
Net assets less equity acquired	188	-	188	-
Goodwill on acquisition	-	-	-	-

# Notes to the Financial Statements

## 11 EQUITY ACCOUNTED INVESTMENTS

The Company is a shareholder in Data Action Pty Ltd ("DA"). Upon initial adoption of revised Accounting Standard AASB 128 Investments in Associates and Joint Ventures, it was determined that significant influence exists.

The Company has determined that significant influence exists because it has representation on the Board of DA, along with meeting additional criteria for assessing influence including holding more than 20% of the voting power of DA.

The Interest in the Associate is subject to annual testing as to whether there is objective evidence of impairment. In the year ended 30 June 2022, evidence of impairment was found to exist and the investment was written down by \$0.9m. A further Impairment adjustment of \$0.3m was made in 2023.

Profit sharing is based on relative shareholding.

In the current year, DA is actively working through a business sale process. As a consequence, this investment has been reclassified to Other Investments – Held-for-sale investment securities.

	CONSOLIDATED		COMPANY	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Investment in associate</b>				
Balance at beginning of financial year	5	5	5	5
Transfer to Other Investments	(5)	-	(5)	-
<b>Balance at end of financial year</b>	-	5	-	5
<b>Profit share interest</b>	<b>28.30%</b>	28.30%	<b>28.30%</b>	28.30%
<b>Share of associate's balance sheet</b>				
Current assets	-	8	-	8
Non-current assets	-	7	-	7
	-	15	-	15
Current liabilities	-	4	-	4
Non-current liabilities	-	5	-	5
	-	9	-	9
<b>Net assets</b>	-	6	-	6
<b>Share of associate's profit or loss</b>				
Revenue	-	18	-	18
<b>Profit/(loss) after income tax</b>	-	-	-	-
Dividends received	-	-	-	-
<b>Total share of net profit/(loss) of associates</b>	-	-	-	-

# Notes to the Financial Statements

	Note	CONSOLIDATED		COMPANY	
		2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>12 OTHER INVESTMENTS</b>					
Controlled entities		-	-	2	2
Held-for-sale investment securities – transferred from Equity Accounted Investments	11	5	-	5	-
Equity securities at fair value through other comprehensive income		22	22	22	22
Total investment securities		27	22	29	24

## Consolidated Entity disclosure – Equity Securities at FVOCI

The Consolidated Entity has designated the investments shown above as equity securities at FVOCI because these equity securities represent investments that the Consolidated Entity intends to hold for the long term for strategic purposes.

Under Australian Accounting Standards, the Consolidated Entity is obliged to assess the fair value of its equity investments at each reporting date. This assessment as at 30 June 2024 concluded that the fair values previously stated were still appropriate and no adjustments to the carrying amounts have been made during the current financial year.

## Controlled Entities

Eastwoods Wealth Management Pty Ltd is wholly owned by Eastwoods Group Ltd.

Beyond Bank Australia Foundation Ltd is a public company limited by guarantee with the Company being the sole \$100 guarantor.

Beyond Bank Australia Foundation Master Support Fund, Beyond Bank Australia Foundation Master DGR Fund, and Beyond Employee Benevolent Fund Pty Ltd are not-for-profit entities primarily involved in administering charitable donations.

In April 2011, the Company established a residential mortgage-backed securitisation (RMBS) program, The Barton program.

Under The Barton program the Company has subsequently established the following facilities: The Barton W Warehouse in February 2012 and The Barton A Warehouse in August 2011, The Barton Series 2014-1 Trust in November 2014, The Barton Series 2017-1 in July 2017, The Barton Series 2019-1 in November 2019, The Barton Series 2023-1 in September 2023, and internal securitisation program The Barton Series 2013-1R Trust in May 2013.

Community CPS Services Pty Ltd was established in 2011 to manage the activity of the securitisation trusts.

## Assets held for sale

In the current financial year, the Data Action Board commenced actively working through a business sale process. As a consequence, this investment has been reclassified from Equity Accounted Investments. The value of the investment, as previously calculated under Equity Accounting at the time it was reassessed as held for sale, is considered to be lower than its fair value less costs to sell.



# Notes to the Financial Statements

## 13 RIGHT OF USE ASSETS

		Property	Motor Vehicles	Total
Consolidated	Note	\$m	\$m	\$m
Balance at 30 June 2022		21	1	22
Net additions		7	-	7
Depreciation expense	3	(7)	(1)	(8)
Balance at 30 June 2023		21	-	21
Net additions		5	1	6
Depreciation expense	3	(7)	-	(7)
<b>Balance at 30 June 2024</b>		<b>19</b>	<b>1</b>	<b>20</b>

### Company

Balance at 30 June 2022		21	1	22
Net additions		7	-	7
Depreciation expense	3	(7)	(1)	(8)
Balance at 30 June 2023		21	-	21
Net additions		5	1	6
Depreciation expense	3	(7)	-	(7)
<b>Balance at 30 June 2024</b>		<b>19</b>	<b>1</b>	<b>20</b>

## 14 PROPERTY, PLANT AND EQUIPMENT

		Land & Buildings at deemed cost	Fit-out & Leasehold Improvements at cost	Plant & Equipment at cost	Total
Consolidated	Note	\$m	\$m	\$m	\$m
<b>Gross Carrying Amount</b>					
Balance at 30 June 2022		9	24	16	49
Additions		-	1	1	2
Disposals		(1)	(1)	-	(2)
Balance at 30 June 2023		8	24	17	49
Acquisitions through business combinations	10	2	-	-	2
Additions		-	1	1	2
Disposals		-	-	-	-
<b>Balance at 30 June 2024</b>		<b>10</b>	<b>25</b>	<b>18</b>	<b>53</b>
<b>Accumulated Depreciation</b>					
Balance at 30 June 2022		3	14	12	29
Disposals		(1)	-	-	(1)
Depreciation expense	3	-	2	2	4
Balance at 30 June 2023		2	16	14	32
Depreciation expense	3	-	2	1	3
<b>Balance at 30 June 2024</b>		<b>2</b>	<b>18</b>	<b>15</b>	<b>35</b>
<b>Net book value</b>					
As at 30 June 2023		6	8	3	17
<b>Balance at 30 June 2024</b>		<b>8</b>	<b>7</b>	<b>3</b>	<b>18</b>

# Notes to the Financial Statements

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		Land & Buildings at deemed cost	Fit-out & Leasehold Improvements at cost	Plant & Equipment at cost	Total
Company	Note	\$m	\$m	\$m	\$m
<b>Gross Carrying Amount</b>					
Balance at 30 June 2022		9	24	16	49
Additions		-	1	1	2
Disposals		(1)	(1)	-	(2)
Balance at 30 June 2023		8	24	17	49
Acquisitions through business combinations	10	2	-	-	2
Additions		-	1	1	2
<b>Balance at 30 June 2024</b>		<b>10</b>	<b>25</b>	<b>18</b>	<b>53</b>
<b>Accumulated Depreciation</b>					
Balance at 30 June 2022		3	14	12	29
Disposals		(1)	-	-	(1)
Depreciation expense	3	-	2	2	4
Balance at 30 June 2023		2	16	14	32
Depreciation expense	3	-	2	1	3
<b>Balance at 30 June 2024</b>		<b>2</b>	<b>18</b>	<b>15</b>	<b>35</b>
<b>Net Book Value</b>					
As at 30 June 2023		6	8	3	17
<b>Balance at 30 June 2024</b>		<b>8</b>	<b>7</b>	<b>3</b>	<b>18</b>

An independent valuation of the Consolidated Entity's land and buildings at Mawson, ACT, was performed on 10 March 2022 by Ms A Galvin and Mr I Robertson of Jones Lang LaSalle Advisory Services Pty Ltd to determine the fair value of the land and buildings. The valuation was performed on the basis of current tenancies and vacant possession for the owner occupied floor area that valued the property at \$5.230m.

An independent valuation was obtained for the land and buildings at Sale, VIC, in June 2023 by Mr Christopher Kirkland of Preston Rowe Paterson to determine the fair value of the land and buildings. The valuation of \$1.050m was based on the market value subject to vacant possession.

An independent valuation was obtained for the building at Leeton, NSW, in July 2023 by Mr Scott McLean of Preston Rowe Paterson to determine the fair value of the buildings. The valuation of \$0.260m was based on the market value subject to vacant possession.

An independent valuation was obtained for the land and buildings at Warrnambool, VIC, in June 2023 by Mr Les Speed of Preston Rowe Paterson to determine the fair value of the land and buildings. The valuation of \$2.350m was based on the market value subject to vacant possession.

An independent valuation was obtained for the land and buildings at Orange, NSW, acquired as a result of Consolidated Entity's merger with First Choice Credit Union Ltd in May 2023 by Mr Andrew Saunders of Saunders Property to determine the fair value of the land and buildings. The valuation with vacant possession interest of the subject commercial property, for purchase consideration and superannuation purposes, was \$1.450m, which was approximately the written down value (WDV) of the building at merger date, and hence the WDV was used as the basis of the Fair Value in the Business Combination entry on 1 February 2024.

Capital expenditure commitments for plant and equipment contracted for but not provided for and payable within one year are \$nil (2024: \$nil). There are no capital commitments payable after one year (2024: \$nil).

# Notes to the Financial Statements

	Note	CONSOLIDATED		COMPANY	
		2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>15 INTANGIBLE ASSETS</b>					
<b>Gross carrying amount - capitalised software</b>					
Balance at beginning of the financial year		10	11	10	11
Additions		5	-	5	-
Disposals		-	(1)	-	(1)
<b>Balance at end of financial year</b>		<b>15</b>	<b>10</b>	<b>15</b>	<b>10</b>
<b>Accumulated amortisation</b>					
Balance at beginning of the financial year		10	10	10	10
Disposals		-	(1)	-	(1)
Amortisation expense	3	1	1	1	1
<b>Balance at end of financial year</b>		<b>11</b>	<b>10</b>	<b>11</b>	<b>10</b>
<b>Net book value</b>					
Balance at beginning of the financial year		-	-	-	-
<b>Balance at end of financial year</b>		<b>4</b>	<b>-</b>	<b>4</b>	<b>-</b>

## 16 DEPOSITS FROM MEMBERS

Withdrawable member shares	1	1	1	1
Deposits from controlled entities at call	-	-	18	8
Call deposits	4,457	4,240	4,457	4,240
Term deposits	3,278	2,694	3,284	2,695
	<b>7,736</b>	<b>6,935</b>	<b>7,760</b>	<b>6,944</b>

Each member share entitles the holder to vote at a meeting of members (except if the member is a minor), to participate equally in any surplus upon winding up and to request its redemption at any time. The shares are not transferable and have no dividend entitlement.

The number of member shares at 30 June 2024 is 323,636 (2023: 290,503).

### (a) Concentration of deposits

The deposit portfolio of the Company does not include any deposits or groups of deposits that represents a material concentration in terms of the source of liability.

## 17 TRADE AND OTHER PAYABLES

Unearned loan fee obligation	1	1	1	1
Trade and other creditors	30	11	30	11
	<b>31</b>	<b>12</b>	<b>31</b>	<b>12</b>

# Notes to the Financial Statements

	Note	CONSOLIDATED		COMPANY	
		2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>18 LEASE LIABILITIES</b>					
Balance at the beginning of the financial year		28	29	28	29
Interest expense		1	1	1	1
Lease payments made		(9)	(9)	(9)	(9)
Net change from financing cash flows		(8)	(8)	(8)	(8)
Net additions		5	7	5	7
Acquisitions through business combinations		-	-	-	-
<b>Balance at the end of the financial year</b>		<b>25</b>	<b>28</b>	<b>25</b>	<b>28</b>
<b>Lease liability maturity analysis</b>					
Less than 1 year		8	7	8	7
Between 1 and 5 years		17	20	17	20
Beyond 5 years		-	1	-	1
		<b>25</b>	<b>28</b>	<b>25</b>	<b>28</b>

<b>19 BORROWINGS</b>					
Negotiated certificates of deposit		126	108	126	108
Term funding facility (RBA)		-	182	-	182
Subordinated debt		2	2	2	2
Securitised loan funding		1,563	964	1,563	964
		<b>1,691</b>	<b>1,256</b>	<b>1,691</b>	<b>1,256</b>
<b>Reconciliation of borrowings</b>					
Balance at the beginning of the financial year		1,256	1,017	1,256	1,017
Net change from financing cash flows		434	239	434	239
Other changes		1	-	1	-
<b>Balance at the end of the financial year</b>		<b>1,691</b>	<b>1,256</b>	<b>1,691</b>	<b>1,256</b>

Securitized loan funding is provided through Perpetual Corporate Trust Limited ('Perpetual').

Funding provided through Perpetual is in its capacity as Trustee for the The Barton Series Trusts. Under the transaction documents for these facilities, The Barton Series Trusts acquire residential mortgages originated by the Company. The acquisition of these residential mortgages by each of the Series Trusts is funded by Notes issued from those Trusts. The Master Trust Deed established for each structure does not have an expiry date. The maturity profile of the issued notes are effectively tied to the maturity profile of the associated securitized loans and has been disclosed accordingly at Note 30(b).

Warehouse securitisation funding under The Barton Trust program is also provided by Perpetual in its capacity as Trustee of The Barton A Warehouse Trust and The Barton W Warehouse Trust. The Barton A Warehouse Trust was established in August 2011, expires in October 2024, and, under its transaction documents, acquires residential mortgages originated by the Company with funding provided by Australia and New Zealand Banking Group. The Barton W Warehouse Trust was established in February 2012, expires in June 2025 and, under its transaction documents acquires residential mortgages originated by the Company with funding provided by Westpac Banking Corporation. Both warehouse facilities can be renewed with the agreement of the relevant parties.

# Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>20 OTHER FINANCIAL ASSETS (LIABILITIES)</b>				
At fair value:				
Cash flow hedge assets	-	3	-	3
Interest rate swap assets	6	22	-	-
Total other financial assets	6	25	-	3
Interest rate swap liabilities	(7)	(23)	(7)	(23)
Total other financial assets (/liabilities)	(1)	2	(7)	(20)

In certain circumstances, the Company has the right to set-off the amounts due to/owed from interest rate counterparties for the above interest rate swap instruments.

The impact of netting off would not have a material impact on the reported financial position of the Company.

## 21 RESERVES

### Asset revaluation reserve

Upward (or subsequent downward) adjustments to the carrying value of assets are recorded in the asset revaluation reserve.

### Redeemed share reserve

Upon a member ceasing membership with the Company or redeeming a D Class Share out of retained profits, the redeemed share reserve is used.

### Fair value through other comprehensive income reserve - equity instruments

The fair value reserve comprises the cumulative net change in the fair value of equity securities measured at FVOCI.

### Hedging Reserve

Gains or losses on a hedging instrument that are recognised directly in other comprehensive income are recorded in this cash flow hedge reserve.

### Transfer of business reserve

Mergers with other mutual entities are accounted for by recognising the identifiable assets and liabilities of the transferring entity on the Statements of Financial Position at their fair value at the date of merger. The excess of the fair value of assets taken up over liabilities assumed is taken directly to equity as a reserve.

<b>22 RETAINED EARNINGS</b>				
Balance at beginning of financial year	483	448	462	424
Net profit for the period	26	35	37	38
<b>Balance at end of financial year</b>	<b>509</b>	<b>483</b>	<b>499</b>	<b>462</b>

# Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>23 NOTES TO THE STATEMENTS OF CASH FLOWS</b>				
<b>(a) Reconciliation of profit to net cash flows from operating activities:</b>				
Profit for the period	26	35	37	38
Depreciation and amortisation of non current assets	11	12	11	12
Business combination costs classified as cash flows from investing activities	3	1	3	1
<b>Changes in assets and liabilities</b>				
Decrease/(Increase) in loans, advances and other receivables	(870)	(614)	(871)	(614)
Decrease/(Increase) in investment instruments	35	(26)	22	(27)
Decrease/(Increase) in interest receivable	(1)	(6)	(1)	(6)
Decrease/(Increase) in prepayments and other receivables	29	18	29	17
Decrease/(Increase) in other financial assets	1	-	(15)	(3)
Decrease/(Increase) in deferred tax assets	(1)	(1)	2	1
Increase/(Decrease) in deposits from members	558	348	571	348
Increase/(Decrease) in interest payable	25	35	25	35
Increase/(Decrease) in employee entitlements	1	1	2	1
Increase/(Decrease) in current tax liabilities	(4)	(2)	(4)	(2)
Increase/(Decrease) in other creditors	17	(6)	18	(6)
<b>Net cash from operating activities</b>	<b>(170)</b>	<b>(205)</b>	<b>(171)</b>	<b>(205)</b>

## (b) Reconciliation of cash and cash equivalents

For the purposes of the Statements of Cash Flows, cash and cash equivalents includes cash on hand and in financial institutions, net of outstanding overdrafts.

Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:

Cash and cash equivalents (Note 5)	219	155	219	155
<b>Closing cash balance</b>	<b>219</b>	<b>155</b>	<b>219</b>	<b>155</b>

## (c) Cashflows presented on a net basis

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

- i) member deposits to and withdrawals from deposit accounts
- ii) borrowings and repayments on loans, advances and other receivables
- iii) membership shares purchased and redeemed
- iv) dealings with other financial institutions

# Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>23 NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)</b>				
<b>(d) Financing facilities</b>				
The Company has access to the following financing facilities with Cuscal Ltd, Bendigo and Adelaide Bank Limited and The Barton Warehouse Trusts.				
The overdraft facility from Cuscal Ltd is secured by security deposits totalling \$40.0m.				
<b>Overdraft facility - Cuscal Ltd</b>				
Approved limit (committed)	50	40	50	40
Balance at end of financial year	-	-	-	-
Unused credit at end of financial year	50	40	50	40
<b>Standby facility - Bendigo and Adelaide Bank Limited</b>				
Approved limit (committed)	25	25	25	25
Balance at end of financial year	-	-	-	-
Unused credit at end of financial year	25	25	25	25
<b>Loan securitisation funding - Barton W Warehouse Trust</b>				
Approved limit (committed)	450	225	450	225
Balance at end of financial year	432	205	432	205
Unused credit at end of financial year	18	20	18	20
<b>Loan securitisation funding - Barton A Warehouse Trust</b>				
Approved limit (committed)	450	400	450	400
Balance at end of financial year	447	398	447	398
Unused credit at end of financial year	3	2	3	2

All facilities are reviewed annually and therefore contractually mature within one year.

# Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>24 EMPLOYEE BENEFITS</b>				
<b>(a) Employee entitlements</b>				
Provision for employee benefits - current				
- Termination benefits	1	-	1	-
- Annual leave	7	6	7	6
- Long service leave - current	1	1	1	1
	9	7	9	7
Provision for employee benefits - non current				
- Long service leave - non current	6	6	6	6
Total provision for employee benefits	15	13	15	13
Accrued staff costs included in trade and other payables (Note 17)	3	3	3	3
Aggregate employee benefit and related on-cost liabilities	18	16	18	16

## 25 COMMITMENTS TO EXTEND CREDIT

Binding commitments to provide loan funding are agreements to lend to the member as long as there is no violation of any condition established in the contract. The total commitment amounts do not necessarily represent future cash requirements. The balance of undrawn credit limits are commitments which can be unconditionally revoked at any time without notice and are subject to review at least annually.

Approved but undrawn loans	148	228	148	228
Approved but undrawn credit limits	164	173	164	173
	312	401	312	401

## 26 SIGNIFICANT ALLIANCES

The Company has significant alliances with the following suppliers of services:

### Cuscal Ltd

This entity supplies the Company with rights to member cheques, Redi and Visa cards in Australia and provides services in the form of settlement with bankers for member cheques, electronic funds deposit, and Visa card transactions and provides the link for all member electronic funds transactions to the computer bureau which services the Company. The Company is a shareholder in Cuscal Ltd.

### Data Action Pty Ltd

The Company is a shareholder in Data Action Pty Ltd, the computer bureau which provides the Company with a range of computing services.

### Allianz Insurance Ltd

The Company is an agent of Allianz Australia Insurance Limited for the purpose of offering their specialised range of insurance products to members.

### Network Solutions Group

This entity provides the Company with managed network services for data communications nationally.

### NextGen.Net Pty Ltd

This entity provides the Company with the software application for the end-to-end processing of credit applications for mortgage and consumer loans.

### QBE Lenders' Mortgage Insurance Limited Pty Ltd

The Company is an agent of QBE Lenders' Mortgage Insurance Limited for the purpose of offering their Lenders mortgage insurance products to members.



# Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$	\$	\$	\$
<b>27 AUDITOR'S REMUNERATION</b>				
Amounts received or due and receivable by the auditors of the Consolidated Entity - KPMG :				
- auditing the financial report	303,960	254,300	218,066	198,600
- other regulatory activities	116,498	98,475	107,289	85,130
- other assurance services	128,224	97,070	122,338	97,070
- taxation services	58,479	62,872	58,479	62,872
	<b>607,161</b>	<b>512,717</b>	<b>506,172</b>	<b>443,672</b>

The Board is satisfied that the provision of non-audit services has not compromised auditor independence.

No audit or other services were provided by practices related to the auditor of the Consolidated Entity.

## 28 KEY MANAGEMENT PERSONNEL DISCLOSURES

The following were key management personnel of the Company at any time during the reporting period.

### Non-Executive Directors

S D Andersen (Chair)  
D C Johnson  
E Westcott - Retired September 2023  
J Baker  
J Evans  
S Coles  
T Bartlett

### Executives

J Bromwich (Chief Executive Officer) - commenced 18 September 2023  
R Keogh (Chief Executive Officer) - ceased 30 November 2023  
W Matters (Deputy CEO, Chief Financial Officer and Company Secretary)  
P Rutter (Chief Community and Strategy Officer)  
N May (Chief Customer Officer)  
M Coelho (Chief People and Culture Officer)  
G Heathcote (General Manager - Business Banking) - commenced 1 March 2024  
B Markwart (Chief Risk Officer)  
S Dovico (Chief Information Officer) - commenced 26 February 2024  
F Floyd (Chief Information Officer) - ceased 11 August 2023  
A Maughan (Chief Operating Officer) - commenced 17 July 2023  
R O'Brien (General Manager Strategic Projects Support and Group Company Secretary) - ceased 4 November 2023

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$	\$	\$	\$
<b>Key management personnel compensation</b>				
The aggregate compensation of the key management personnel of the Company at any time during the reporting period.				
Short term employee benefits	5,340,793	4,402,896	5,338,569	4,344,999
Other long term benefits	(260,152)	157,028	(260,152)	157,028
Post employment benefits	352,418	309,068	346,443	303,093
	<b>5,433,059</b>	<b>4,868,992</b>	<b>5,424,860</b>	<b>4,805,120</b>

The key management personnel compensation detailed above is included in staff costs (Note 3) with \$ 864,742 (2023: \$902,092) relating to directors included in Other Operating Expenses (Note 3).

# Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$	\$	\$	\$
<b>28 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)</b>				
<b>Other transactions with key management personnel - financial instruments</b>				
<b>Loans to key management personnel and their related parties</b>				
Loans and overdrafts outstanding	7,459,160	8,449,436	7,459,160	8,449,436
<p>Loans totalling \$4,221,000 (2023: \$55,130) were made to key management personnel during the year.</p> <p>During the year key management personnel repaid \$5,478,675 (2023: \$4,233,278) of the balance outstanding on their loan.</p> <p>Loans are either unsecured or secured, and if secured they are secured by registered mortgage over the borrower's residences.</p> <p>Interest received on the loans during the year totalled \$267,399 (2023: \$228,958).</p>				
<b>Deposits from key management personnel and their related parties</b>				
Deposit balances	3,237,880	2,888,250	3,237,880	2,885,665

Financial instrument transactions between key management personnel and the Company during the financial year were in the nature of normal personal banking, investment and deposit transactions. These transactions occurred on an arm's length basis and on normal commercial terms and conditions materially no more favourable than those given to other employees or members generally.

These terms and conditions have not been breached, and no amounts have been written down or recorded as allowances as the balances are considered fully collectible.

#### Other transactions with key management personnel

Each key management member holds one Member share in the Company.

## 29 OTHER RELATED PARTY DISCLOSURES

#### Other related party transactions - ultimate parent entity

Beyond Bank Australia Limited is the parent entity in the Consolidated Entity and the ultimate parent entity in the wholly-owned group.

#### Other related party transactions - equity interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in the Consolidated Entity Disclosure Statement.

#### Other related party transactions - equity accounted associates

Data Action Pty Ltd provides a range of services, including computing services and communication, and received \$13,835,185 (2023: \$12,475,990) for services provided.

#### Other related party transactions - transactions within the wholly-owned group

The wholly-owned group includes:

- the ultimate parent entity in the wholly-owned group, and
- Controlled entities, listed in the Consolidated Entity Disclosure Statement.

Amounts receivable and payable to entities in the wholly-owned group are disclosed in Note 6 to the financial statements.

Other transactions that occurred during the financial year between entities in the wholly-owned group were:

- Interest charged on receivables during the year from Eastwoods Wealth Management Pty Ltd \$nil (2023: \$nil)
- The Company provides administrative support to its controlled entities across a range of services, including accounts payable processing, marketing support, property maintenance, Information Technology etc. The extent of this support is not material to the Company and no charges are levied for their provision.

# Notes to the Financial Statements

## 29 OTHER RELATED PARTY DISCLOSURES (CONTINUED)

- The Company made donations totalling \$671,437 (2023: \$375,000) to the Beyond Bank Australia Foundation Master Support Fund and the Beyond Bank Australia Foundation Master DGR Fund
- A management fee of \$2,698 (2023: \$16,914) was charged by Eastwoods Group Ltd to Eastwoods Wealth Management Pty Ltd for management services provided
- A management fee of \$2,404,933 (2023: \$2,021,183) was paid to Community CPS Services Pty Ltd for trust management services in relation to The Barton Trusts.

Payments received by the Company from each of the individual Barton Trusts are summarised in the following table:

Trust Name	Servicing Fees \$	Residual Income \$	Eligible Facilities \$	Total \$
<b>30 June 2024</b>				
The Barton W Warehouse Trust	857,796	-	-	857,796
The Barton A Warehouse Trust	1,241,709	1,296,098	-	2,537,807
The Barton Series 2013-1R Trust	4,862,460	17,945,840	(12,724,659)	10,083,641
The Barton Series 2014-1 Trust	112,163	287,468	(28,089)	371,542
The Barton Series 2017-1 Trust	274,323	837,654	(271,380)	840,597
The Barton Series 2019-1 Trust	452,205	1,715,822	(201,423)	1,966,604
The Barton Series 2023-1 Trust	864,518	1,504,180	755,151	3,123,849
<b>30 June 2023</b>				
The Barton W Warehouse Trust	468,173	127,895	-	596,068
The Barton A Warehouse Trust	870,798	444,681	-	1,315,479
The Barton Series 2013-1R Trust	4,633,965	14,686,260	(7,216,375)	12,103,850
The Barton Series 2014-1 Trust	143,551	333,626	58,711	535,888
The Barton Series 2017-1 Trust	356,412	1,483,970	(563,647)	1,276,735
The Barton Series 2019-1 Trust	573,491	2,734,071	(859,937)	2,447,625

## 30 FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives

The Company and Consolidated Entity as part of its daily operations is exposed to a range of risks. The management of these risk exposures involves a number of activities including the identification of particular risks, quantifying the risk exposure, implementing procedures to control and mitigate the risks, and risk reporting.

The Company and Consolidated Entity has in place an enterprise-wide risk management process. The process is managed through its Board Risk Committee, the Board Audit Committee, and the Management Assets and Liabilities Committee, and is supported by a documented risk management plan, risk policies and strategies, internal controls and procedures, and a Business Risk and Continuity Plan.

The risk management process involves establishing the context and identifying, analysing, evaluating, treating, communicating, and monitoring risks. A risk database has been established as part of the risk management process that utilises internationally recognised software enabling a structured and logical assessment and reporting of identified risks including their consequences and likelihood, and the assessment of established risk mitigation controls.

Risks of financial instruments are reported for the Consolidated Entity only as they are not materially different to those of the Company.

The Company does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Company's policies, as approved by the Board. Compliance with policies is reviewed by the risk management structure in place on a continuous basis, as discussed above.

# Notes to the Financial Statements

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Liquidity risk management

Liquidity risk is the risk that the Consolidated Entity will encounter difficulties meeting obligations from its financial liabilities. The Consolidated Entity's approach to managing liquidity risk 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 its reputation.

The Consolidated Entity has in place policies, information systems and a structured process to measure, monitor and manage liquidity risk. The key measure used by the Consolidated Entity for managing liquidity risk is the ratio of high quality liquid assets to its liabilities base, as defined in APRA Prudential Standards. The management process incorporates specific liquidity management strategies and liquidity contingency plans that manage liquidity on a daily basis under normal situations and assumed adverse scenarios. The liquidity strategy requires the holding of surplus funds in high-quality liquid assets, the availability of appropriate standby lines of funding, maintenance of reliable sources of funding (retail and wholesale) and daily, medium and longer term liquidity projections.

APRA Prudential Standards place specific management and reporting requirements on banks in relation to liquidity risk. The Prudential Standards provide that liquidity strategies and liquidity holdings can be based on either a scenario analysis or on a minimum liquidity holdings basis. APRA has approved the adoption by the Company of a minimum liquidity holdings basis whereby the Company is required to maintain a minimum holding of 9% of its liabilities in specified high-quality liquid assets at all times. The Company and the Consolidated Entity complied with all APRA liquidity requirements throughout the year.

	<b>CONSOLIDATED</b>	
	<b>2024</b>	2023
	%	%
Liquidity holdings	<b>13.65</b>	14.46

An analysis of residual contractual maturities of the Consolidated Entity's financial liabilities, which are not materially different to that of the Company, is set out below. Liability balances set out below include all interest obligations at maturity and hence will differ from the carrying amount on the balance sheet.

Financial Instruments	Not later than one month	Later than one month but not later than three months	Later than three months but not later than one year	Later than one year but not later than five years	Later than five years	No maturity specified	Total	Carrying Value
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Financial liabilities - 2024</b>								
Deposits from members	4,884	1,074	1,850	49	-	1	7,858	7,736
Trade and other payables	31	-	-	-	-	-	31	31
Lease Liabilities	1	1	6	19	-	-	27	25
Borrowings	66	87	1,108	455	105	-	1,821	1,691
<b>Total financial liabilities</b>	<b>4,982</b>	<b>1,162</b>	<b>2,964</b>	<b>523</b>	<b>105</b>	<b>1</b>	<b>9,737</b>	<b>9,483</b>
<b>Commitments to extend credit</b>	<b>312</b>	-	-	-	-	-	<b>312</b>	
<b>Financial liabilities - 2023</b>								
Deposits from members	4,608	945	1,377	83	-	1	7,014	6,935
Trade and other payables	13	-	-	-	-	-	13	13
Lease Liabilities	1	1	6	22	1	-	31	28
Borrowings	32	142	791	358	-	-	1,323	1,256
<b>Total financial liabilities</b>	<b>4,654</b>	<b>1,088</b>	<b>2,174</b>	<b>463</b>	<b>1</b>	<b>1</b>	<b>8,381</b>	<b>8,232</b>
<b>Commitments to extend credit</b>	<b>400</b>	-	-	-	-	-	<b>400</b>	

# Notes to the Financial Statements

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

### (c) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Consolidated Entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statements of Financial Position. The maximum credit exposure does not take into account the value of any collateral or other security held in the event other entities/parties fail to perform their obligations under the financial instruments in question. Collateral held takes the form of mortgage interests over real property, other registered securities, and guarantees. The value of collateral held against individual exposures is generally only assessed at the time of borrowing or when a specific review of that exposure is undertaken in accordance with policy.

The Company and Consolidated Entity minimise concentrations of credit risk in relation to loans receivable by undertaking transactions with a large number of members within the specified categories. Credit risk in loans receivable is managed through both up-front and ongoing risk assessment processes applied for all members, including affordability and security requirements, approval authorities and the securing of credit insurance for higher risk loans. Loan provisions are calculated as disclosed under Note 1 – Summary of significant accounting policies.

The Company and Consolidated Entity hold collateral against loans and advances to members in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral usually is not held against investment securities, and no such collateral was held at 30 June 2024 or 2023.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating of at least investment grade.

Exposure to credit risk	CONSOLIDATED AND COMPANY			
	Loans and advances to members		Investment Instruments	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Carrying amount				
Individually impaired				
- Mortgage secured	24	17	-	-
- Other loans	2	1	-	-
Gross amount	26	18	-	-
Less: Allowance for impairment	1	1	-	-
Carrying amount	25	17	-	-
Collectively impaired:				
- Mortgage secured	25	17	-	-
- Other loans	1	-	-	-
- Overdrawn and overlimit savings	6	6	-	-
Gross amount	32	23	-	-
Less: allowance for impairment	5	5	1	1
Carrying amount	27	18	(1)	(1)
Past due but not impaired				
- less than 30 days	103	121	-	-
Carrying amount	103	121	-	-
Neither past due nor impaired				
Carrying amount	8,500	7,261	1,210	1,195
Total carrying amount	8,655	7,417	1,209	1,194

# Notes to the Financial Statements

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

### (d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain member, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Consolidated Entity's medium term target is to achieve a return on equity of greater than 5.5%; during the year ended 30 June 2024, the return was 3.8% (2023: 5.4%). There were no changes in the Consolidated Entity's approach to capital management during the year.

### (e) Capital adequacy

The management of the capital of a financial institution is a fundamental part of its risk management process as an essential element of capital is its availability to absorb future, unexpected and unidentified losses. As a mutual organisation, the Company and Consolidated Entity's primary source of capital is retained earnings. An Internal Capital Adequacy Assessment Process is maintained to provide assurance that capital holdings are commensurate with risk exposures, and future capital needs are identified in advance with plans in place to respond to unexpected capital deficiencies. Note 32 provides an outline of capital adequacy.

### (f) Market risk management

Market risk is the risk of exposure to changes to financial prices affecting the value of positions held as part of its normal trading activities. As neither the Company nor the Consolidated Entity deal in foreign exchange contracts or commodities, market risk consists solely of interest rate risk.

Interest rate risk is managed in the following ways:

The Board has in place a market risk policy which establishes a methodology for the calculation, examination and reporting of the interest rate risk position on a regular basis. The policy sets risk limits above which the Company is required to actively hedge its exposure through the use of on-balance sheet methods or through financial instruments such as interest rate swaps.

Overall daily management of interest rate risk is vested in the Assets and Liabilities Committee (ALCO). The ALCO meets monthly and reviews the interest rate risk position and measures taken to manage that position. The ALCO is also responsible for reviewing all policies associated with market risk and treasury matters, making recommendations to the Board as required.

Two methods are used to measure interest rate risk, namely Market Value of Equity (MVE) and Net Interest Income (NII) volatility with the MVE the preferred measure. The MVE method encompasses the price sensitivity of assets and liabilities and the value of the cash flows to maturity. The calculations are obtained through the use of specific modelling software using actual and projected financial information within defined interest rate scenarios of upward and downward shocks of 100 basis points. The NII approach is derived from the same modelling software utilising simulated income projections. A gap analysis methodology is also employed. Refer to Note 30(h).

### (g) Interest rate risk management

The Company's activities primarily expose the Consolidated Entity to the financial risks of changes in interest rates. The Company and Consolidated Entity utilise financial modelling techniques to identify the value at risk to net interest income and the market value of equity, given a number of assumed changes in market interest rates. The Board has in place a market risk policy which sets risk limits above which the Company and Consolidated Entity actively hedge exposures through the use of on-balance sheet methods or through financial instruments such as interest rate swaps.

The Consolidated Entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities at the balance date, which is not materially different to that of the Company, are as follows:

# Notes to the Financial Statements

Financial Instruments	Variable int. rate	Fixed interest rate maturing in:						Non interest bearing	Total	Weighted av. effective int. rate
		< 1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	> 5 yrs			
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>i) Financial assets - 2024</b>										
Cash and deposits at call	213	-	-	-	-	-	-	6	219	4.10%
Other receivables	-	-	-	-	-	-	-	31	31	n/a
Other financial assets/ (liabilities)	-	-	-	-	-	-	-	6	6	
Investment instruments	24	1,095	27	12	50	-	2	-	1,210	4.63%
Loans and advances	6,768	1,292	333	182	52	23	11	-	8,661	5.37%
Other Investments	-	-	-	-	-	-	-	27	27	n/a
<b>Total financial assets</b>	<b>7,005</b>	<b>2,387</b>	<b>360</b>	<b>194</b>	<b>102</b>	<b>23</b>	<b>13</b>	<b>71</b>	<b>10,154</b>	
<b>ii) Financial liabilities - 2024</b>										
Deposits from members	4,457	3,168	28	4	5	6	-	68	7,736	3.06%
Trade and other payables	-	-	-	-	-	-	-	31	31	n/a
Borrowings	-	1,691	-	-	-	-	-	-	1,691	5.62%
Other financial liabilities	-	-	-	-	-	-	-	7	7	n/a
<b>Total financial liabilities</b>	<b>4,457</b>	<b>4,859</b>	<b>28</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>-</b>	<b>106</b>	<b>9,465</b>	
Interest rate swaps - notional principal	-	900	-	-	-	-	-	-	900	0.06%

Financial Instruments	Variable int. rate	Fixed interest rate maturing in:						Non interest bearing	Total	Weighted av. effective int. rate
		< 1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	> 5 yrs			
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>i) Financial assets - 2023</b>										
Cash and deposits at call	150	-	-	-	-	-	-	5	155	4.10%
Other receivables	-	-	-	-	-	-	-	59	59	n/a
Other financial assets/ (liabilities)	-	-	3	-	-	-	-	22	25	3.47%
Investment instruments	41	1,010	61	27	12	40	2	2	1,195	3.68%
Loans and advances	4,069	2,079	940	194	102	30	9	-	7,423	4.59%
Other Investments	-	-	-	-	-	-	-	21	21	n/a
<b>Total financial assets</b>	<b>4,260</b>	<b>3,089</b>	<b>1,004</b>	<b>221</b>	<b>114</b>	<b>70</b>	<b>11</b>	<b>109</b>	<b>8,878</b>	
<b>ii) Financial liabilities - 2023</b>										
Deposits from members	4,240	2,577	59	11	1	4	-	43	6,935	2.46%
Trade and other payables	-	-	-	-	-	-	-	13	13	n/a
Borrowings	-	1,256	-	-	-	-	-	-	1,256	4.50%
Other financial liabilities (net)	-	-	-	-	-	-	-	23	23	n/a
<b>Total financial liabilities</b>	<b>4,240</b>	<b>3,833</b>	<b>59</b>	<b>11</b>	<b>1</b>	<b>4</b>	<b>-</b>	<b>79</b>	<b>8,227</b>	
Interest rate swaps - notional principal	-	-	200	-	-	-	-	-	200	0.64%

The Consolidated Entity has disclosed the above information in relation to financial assets and liabilities based on the expected repricing dates. These dates may differ significantly from the contractual dates; however, this basis provides a more accurate measure for evaluating the interest rate risk to which the entity is exposed.

The Company provides mortgage secured loans to its members at interest rates that can be fixed for terms of one to five years. The member retains an option to break their loan contract during the fixed rate period upon payment of the prescribed fee. This fee is calculated based on the economic loss of the Company and should offset the loss incurred due to the breaking of the contract.

# Notes to the Financial Statements

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

### (h) Market risk sensitivity analysis

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Company's and Consolidated Entity's net interest revenue and net financial assets or 'market value of equity' to standard interest rate scenarios. Standard interest rate scenarios considered on a monthly basis include either a 100 or 200 basis point (bp) parallel falls and rises in all yield curves depending on the prevailing interest rate environment. Sensitivity outcomes are assessed relative to either 12-month forecast net interest revenue, in respect of net interest revenue sensitivity, or the current capital base, for market value of equity sensitivity.

	30 June 2024		30 June 2023	
	100 bp rise	100 bp fall	100 bp rise	100 bp fall
Market Value of Equity Sensitivity				
Average for the period	1.10%	-1.18%	-0.81%	0.79%
Maximum for the period	1.69%	-0.38%	0.22%	1.75%
Minimum for the period	0.34%	-1.79%	-1.73%	-0.26%
Net Interest Revenue Sensitivity				
Average for the period	1.79%	-1.78%	0.44%	-0.45%
Maximum for the period	2.31%	-0.99%	1.00%	0.12%
Minimum for the period	0.99%	-2.30%	-0.13%	-1.00%

### (i) Interest rate swap contracts

The Company and Consolidated Entity may use various types of interest rate contracts in managing interest rate exposure, including interest rate swap contracts.

Under interest rate swap contracts, the Company and/or Consolidated Entity agree to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts to mitigate the risk of changing interest rates.

Interest rate swap agreements are entered into for the sole purpose of managing interest rate exposures in the balance sheet and not for speculative purposes.

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Interest rate swap contracts exchanging fixed rate interest for floating rate interest are designated and assessed as effective fair value hedges.				
Fair value movements on financial instruments recognised in the Statements of Profit or Loss and Other Comprehensive Income comprised the following:				
- Net gains/(losses) on derivatives not hedge accounted - other	(1)	-	(1)	-
- Net gains/(losses) on derivatives not hedge accounted - securitisation	-	-	17	3
Total fair value movements recognised in the Statements of Profit or Loss and Other Comprehensive Income	(1)	-	16	3



# Notes to the Financial Statements

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

### (j) Financial assets and liabilities by classification

The table below sets out the Consolidated Entity's classification of each class of financial assets and liabilities and their fair values (excluding accrued interest), which are not materially different from that of the Company.

	Note	At fair value \$m	Amortised Cost \$m	Total Carrying Amount \$m	Fair Value \$m	Fair Value Hierarchy Level
<b>30 June 2024</b>						
Cash and cash equivalents	5	-	219	219	219	1
Other financial assets/ (liabilities)	20	-	-	-	-	2
Investment instruments	7	-	1,210	1,210	1,205	2
Loans and advances	8,9	-	8,655	8,655	8,623	3
Other investments	12	22	-	22	22	3
Deposit from members	16	-	7,736	7,736	7,652	2
Borrowings	19	-	1,691	1,691	1,691	2
<b>30 June 2023</b>						
Cash and cash equivalents	5	-	155	155	155	1
Other financial assets/ (liabilities)	20	2	-	2	2	2
Investment instruments	7	-	1,195	1,195	1,182	2
Loans and advances	8,9	-	7,417	7,417	7,396	3
Other investments	12	22	-	22	22	3
Deposit from members	16	-	6,935	6,935	6,881	2
Borrowings	19	-	1,256	1,256	1,250	2

# Notes to the Financial Statements

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

### (k) Fair value of financial instruments

The following methods are used to determine the fair values of financial assets and liabilities based on the assumptions in the summary of significant accounting policies at Note 1.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: inputs for the asset or liability that are not based on observable market data.

The fair value hierarchy applied to each category of financial asset and liability is noted in brackets below.

#### Cash and cash equivalents (Level 1)

As the assets are at call, the carrying amount equates to fair value.

#### Other receivables (Level 2)

The carrying amount of trade debtors and other receivables is estimated to approximate fair value.

#### Investment instruments (Level 2)

The fair values of other deposits are estimated using discounted cash flow analysis, based on current market rates for investments having substantially the same terms and conditions. Bank-accepted bills of exchange and bank-negotiable certificates of deposit held are not intended to be traded but held until maturity. The fair value of these assets is based on the quoted market price at balance date.

#### Loans and advances (Level 3)

The fair values of loans receivable are estimated using discounted cash flow analysis based on current incremental lending rates for similar types of lending arrangements.

#### Other financial assets/liabilities (Level 2)

The fair value of interest rate swaps are determined as the net present value of the future cash flows.

#### Other investments (Level 3)

Equity investments are not held for trading, and the Consolidated Entity has irrevocably elected to designate the instruments at fair value through other comprehensive income. Fair value has been measured via reference to recent market transaction prices where available, and where not available, a range of high-level values were determined using various valuation methodologies based on underlying cash flow assumptions for these entities.

#### Deposits from other financial institutions (Level 2)

The fair values of deposits from other financial institutions are estimated using discounted cash flow analysis, based on current market rates for deposits having substantially the same terms and conditions.

#### Deposits from members (Level 2)

The carrying amount approximates fair value for savings account balances as they are at call.

The fair value of members' term deposits are estimated using discounted cash flow analysis based on current market rates for term deposits having substantially the same terms and conditions.

#### Other payables (Level 2)

This includes interest payable and accrued expenses payable for which the carrying amount is considered to be a reasonable estimate of net fair value.

#### Borrowings (Level 2)

The fair values of borrowings are estimated using discounted cash flow analysis based on current market rates for borrowings having substantially the same terms and conditions.

The aggregate net fair values of financial assets and financial liabilities at the balance date are detailed in the table above under note 30(j).

# Notes to the Financial Statements

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

### (k) Fair value of financial instruments (Continued)

	<b>CONSOLIDATED</b>	
	<b>2024</b>	2023
	<b>\$m</b>	\$m
The following table shows a reconciliation from the beginning balances to the ending balances for financial instruments measured at fair value in Level 3 of the fair value hierarchy:		
Other Investments		
Balance at beginning of the financial year	<b>22</b>	22
Balance at end of financial year	<b>22</b>	22

Although the Consolidated Entity considers that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value at Level 3. The adoption of alternative methodologies might produce fair value estimates within a range from \$16.5m to \$24.8m. Changing one or more of the inputs to reasonably possible alternative assumptions would not change the fair value of Level 3 financial instruments materially relative to total assets or equity.

## 31 TRANSFERS OF FINANCIAL ASSETS

In the ordinary course of business, the Company enters into transactions that result in the transfer of financial assets that consist primarily of loans and advances to members. In accordance with Note 1(m), the transferred financial assets continue to be recognised in their entirety to the extent of the Company's continuing involvement or are derecognised in their entirety.

The Company transfers financial assets primarily through securitisation activities in which loans and advances to members are transferred to investors in the notes issued by consolidated special purpose entities ("SPEs"), ie, The Barton Trust. The notes issued are collateralised by the purchased assets.

A transfer of such financial assets arises when the Company sells assets to a consolidated SPE, then the transfer is from the Consolidated Entity (that includes the consolidated SPE) to investors in the notes. The transfer is in the form of the Consolidated Entity assuming an obligation to pass cash flows from the underlying assets to investors in the notes.

Although the Company does not own more than half the voting power, it controls these SPEs because it is exposed to the majority of ownership risks and rewards of the SPEs, and hence, these SPEs are consolidated.

The SPEs that are part of the Consolidated Entity transfer substantially all the economic risks and rewards of ownership of the transferred assets to investors in the notes. Derecognition of the transferred assets is prohibited because the cashflows that it collects from the transferred assets on behalf of the investors are not passed through to them without material delay.

In these cases, the consideration received from the investors in the notes in the form of cash is recognised as a financial asset and a corresponding financial liability is recognised.

The investors in the notes have recourse only to the cash flows from the transferred financial assets.

When the Company transfers assets as part of the securitisation transactions it does not have the ability to use the assets during the term of the arrangement.

The total of both on and off balance sheet securitised loans is disclosed at Note 8(b) Loans and advances - securitised loans.

# Notes to the Financial Statements

32 CAPITAL ADEQUACY	CONSOLIDATED	
	2024	2023
	%	%
Capital Adequacy - per APRA prudential standards calculation methodology	<b>16.36</b>	16.91

Capital	CONSOLIDATED	
	2024	2023
	\$m	\$m
Reserves	<b>209</b>	187
Retained Earnings including current year earnings	<b>509</b>	483
<b>Common Equity Tier 1 and Total Tier 1 capital</b>	<b>718</b>	670
Equity ineligible as regulatory capital	<b>9</b>	10
Specific adjustments relating to securitisation	<b>2</b>	4
Net fair value gains (losses) on effective cash flow hedges	-	3
Capitalised expenses	<b>18</b>	10
Deferred tax assets dependant on future profitability	<b>8</b>	5
Investments in banking and financial entities, Consolidated entity owns <10%	<b>27</b>	22
Equity investments in commercial entities	-	5
Regulatory adjustment to common equity Tier 1	<b>64</b>	59
<b>Common Equity Tier 1 Capital - net of deductions</b>	<b>654</b>	611
Transitional tier 2 capital	<b>2</b>	3
<b>Total Capital</b>	<b>656</b>	614

APRA Prudential Standards require banks to maintain at all times a minimum ratio of capital to risk-weighted assets of 8%.

As part of its risk management process, the Company has developed a methodology with financial modelling to assist in determining the optimum level of capital that is consistent with assessed risk exposure and business activity. The optimum capital is managed within a range well above the 8% minimum required by APRA and incorporates an assessment of the combined risk exposure for operations, market and credit risk. The Company and the Consolidated Entity complied with all APRA capital adequacy requirements throughout the year.

# Notes to the Financial Statements

## 33 CONTINGENT LIABILITIES

### Credit Union Financial Support System (CUFSS):

The Company is a party to the Credit Union Financial Support System and has executed an Industry Support Contract (ISC) with CUFSS. CUFSS is a voluntary scheme that many Credit Unions and Mutual Banks agreed to participate in. The purpose of the CUFSS scheme is to provide members with emergency liquidity support in accordance with the terms of the ISC, a contract which has been certified by APRA under the Banking Act.

CUFSS is a company limited by guarantee, each member's guarantee being \$100.

As a member of CUFSS, the Company:

- May be required to advance funds of up to 3% of total assets to a CUFSS member requiring financial support, capped at \$100,000,000.
- Agrees, in conjunction with other members, to fund the operating costs of CUFSS.

No such direction has, at balance date, been given to the Company.

### Financial guarantees provided on behalf of members:

At balance date, the Company had financial guarantees in place that it had provided on behalf of members, totalling \$8,592,293 (2023: \$6,972,048).

The Company has not received any directions in relation to these guarantees to balance date.

The fair value of these guarantees is \$nil as they are secured by either registered mortgage or term deposit and no loss is anticipated even in the event of directions.

## 34 SUBSEQUENT EVENTS

On 1 June, 2024, Beyond Bank Australia signed a Memorandum of Understanding with Police and Nurses Limited (PNL) to explore a merger. PNL comprises P&N Bank, based in Perth, and BCU Bank in Northern NSW and southeast Queensland. They are a leading customer-owned bank with \$8.9 billion in assets, approximately 180,000 members, and members' equity of approximately \$589m. A merger would be subject to the approval of both APRA, PNL's and the Company's members.

There have been no other events subsequent to balance date which would have a material effect on the Consolidated Entity's financial statements as at 30 June 2024.

# Glossary of Terms and Acronyms

## APRA

Australian Prudential Regulation Authority.

## ASIC

Australian Securities and Investments Commission.

## Capital Adequacy Ratio

A ratio used to measure the prudential strength of a financial institution. Prudential strength is calculated as total retained earnings and other equity divided by total assets, weighted to reflect the relative risks associated with our operations.

## Consolidated

The combined accounts of Beyond Bank Australia and its controlled entities.

## Contingent Liability

A possible liability that arises from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain future events not wholly within Beyond Bank Australia's control.

## Controlled Entity

An entity for which Beyond Bank Australia is able to control its decision-making, to ensure it operates for the benefit of Beyond Bank Australia.

## Deferred Tax Amounts

Deferred Tax Assets and Deferred Tax Liabilities reflect the tax effect of timing differences, being items which are brought to account in different periods for income tax and accounting purposes.

## Derivative Financial Instrument

Derivative financial instruments create rights and obligations that have the effect of transferring between the parties to the instrument one or more of the financial risks inherent in an underlying primary financial instrument, but without the transfer of the underlying primary instrument.

## Equity

The excess of Beyond Bank Australia's assets over its liabilities, which is the amount owned by members. Also referred to as Members' Funds.

## Equity Accounted Investments

An investment of more than 20% and less than 100% ownership interest over which Beyond Bank Australia is able to exert 'significant influence'. Significant influence normally stems from the investor's voting power which is linked to ownership interest and is evidenced by existence of factors such as representation on the board of the investee and participation in policy-making processes for that entity.

## Fair Value

The amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

## Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## Franking Credit

Tax credits arising largely from the payment of tax by Beyond Bank Australia that are available for attachment to eligible distributions by Beyond Bank Australia to its members.

## Interest Rate Swap

A type of Derivative Financial Instrument under which Beyond Bank Australia agrees to exchange interest cash flows with another party for an agreed period of time.

## Lease Liability

A financial obligation to make the payments arising from a lease, measured on a discounted basis.

## Liability

A debt or obligation to another party, e.g., a savings account held on behalf of a Beyond Bank Australia member.

## Liquid Assets

A monetary asset that can be readily converted to cash at Beyond Bank Australia's option without significant change in value.

## Provisions

An amount set aside out of profits of Beyond Bank Australia for an expense which has been incurred, but the amount and timing of payment can only be estimated (e.g., long service leave or bad debts).

## Receivables

Amounts owed by members and other external parties for which payment is expected soon.

## Reserves

Several reserves exist within equity and have been derived from specific transactions such as the net change in value of revalued assets still held (Asset Revaluation Reserve), the Equity transferred to Beyond Bank Australia from another credit union upon merger (Transfer of Business Reserve), and the value of shares redeemed out of retained profits (Redeemed Share Reserve).

## Right-of-use asset

A lessee's right to use an asset over the life of a lease.

## Securitisation

A financing technique whereby one party can convert an illiquid asset (such as a member's loan) into a liquid asset (such as cash) through the equitable assignment of its ownership interest (essentially the sale of the illiquid asset).



## Registered Office

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**Melbourne** Level 10, 664 Collins Street, Docklands VIC 3008

**Perth** 3 Loftus Street, West Leederville WA 6007

**Sydney** Shop 7.4, 2 Dawn Fraser Avenue, Sydney Olympic Park NSW 2127

## Branches

Branches are located across the Australian Capital Territory, New South Wales, South Australia, Victoria and Western Australia.