regional australia bank

2024 ANNUAL REPORT

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Emeritus Professor Alison Sheridan
David Johnson
Sally Mackenzie
Neville Parsons (Retired 23/11/23)
Kate James (Retired 23/11/23)
Julie Osborne (Commenced 23/11/23)
Jennifer Leslie (Commenced 23/11/23)
David Rootes (Commenced 1/4/2024)

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About us

Regional Australia Bank is committed to regional Australians. We take pride in calling regional Australia our home.

At Regional Australia Bank we live and breathe the regional Australian spirit. We want to play an active and influential role in our communities, and empower the people and businesses of regional Australia to achieve great things. Every time we help an individual person grow financially, every time we help a regional business succeed, we're helping our communities grow and succeed – and that's our measure of success. By delivering quality, competitively priced products, superior service and by investing back into our communities, we are focused every single day on what's important: the prosperity of regional Australia.

Our dedicated staff are specialists in their fields and have been carefully selected to deliver on our promise to our members. They all have a deep understanding of their local areas, and get a real kick out of helping individuals achieve their lifestyle and financial goals. They share the desire to see our communities succeed, which is why you'll often see them coaching the soccer team, working on committees or helping raise money for the next big community project.

Whether it's giving back to the community through our Community Partnership Program, which financially supports 2176 community organisations this year, keeping our branches open, or choosing not to pass on full interest rate rises to our members, we do everything we can to support you and your community, every step of the way. We're driven by doing right by our members.

Letter from our Chief Executive Officer and Chairman

David Heine,
Chief Executive Officer
Regional Australia Bank

Graham Olrich,
Chairman
Regional Australia Bank

The 2023-2024 financial year has been one of significant progress, marked by investment into a wide range of strategic initiatives, our commitment to expanding face to face banking services, and building stronger regional communities through the power of money.

Perhaps the highlight of the last 12 months has been our merger with Macquarie Credit Union. This strategic partnership has strengthened our footprint in the central west and helped us better serve our combined membership. Our two organisations are built on the same commitment to community, ensuring strong alignment as we work together.

Our commitment to expanding face to face banking services was demonstrated with the opening of our Wagga Wagga branch and new sales office in Warners Bay. While many of our banking peers believe that they can close branches and retain the custom of our regional communities, we believe that commitment as an employer and banker within these communities is important to helping our regional communities thrive and grow.

There is no better demonstration of our regional commitment than our Community Partnership Program. This year we gave $2.7m to over 2,176 community organisations that serve regional Australians. No other bank prioritises this grass roots investment in our communities like we do.

This year, we focussed our investment activity into staff training initiatives, account fee removal, scam and fraud protection for our members, building a first-class broker channel, and launching our Banking as a Service product with our first client, Thriday. These investments, and our ongoing commitment to high quality service have underpinned our exceptionally strong growth performance. Overall, our financial results for the year reflect our growth focussed investments while continuing to demonstrate class leading profitability and cost management.

We would like to acknowledge Director Dr Alison Sheridan, who after 21 years of service will leave the Board following this year's AGM. Alison been a staunch advocate of regionally focussed mutual banking and her guidance will be greatly missed. Thank you, Alison, for your wonderful service.

In closing, we extend our sincere gratitude to our members, employees, and partners for their unwavering support and dedication. Together, we will continue to build on our successes and work towards earning the right to be chosen by more regional Australians to be their bank.

2023-2024 Highlights

This year has been a remarkable period of growth and advancement for Regional Australia Bank. As we reflect on the 2023-2024 financial year, we are proud to highlight the key achievements that have solidified our position as a trusted partner for communities across regional Australia.

1. Strong Financial Performance

A **net profit** before tax of **$37.89 million** and loan growth of **14.8%** was achieved during the year.

2. Member Growth

Welcomed **5,041 new members**, expanding our community to a total of **100,608 members.**

3. Community Impact

Contributed over **$2.7 million** to community programs, supporting local initiatives and fostering community development.

4. Member Benefits

Removal of account access fees, **saving our members $1.25 million** each year.

Community Partnership Program

Meet our Board of Directors

Graham Olrich

Graham has extensive knowledge and experience in banking spanning over 40 years, with many of those as CEO / Managing Director of Credit Union Australia (CUA). Graham has served as a Non-executive Director on many boards over the past 20 years. Key responsibilities on the Board include Ex-officio member of the Audit Committee, Corporate Governance Committee and Risk Committee.

Mike Fenech

Mike has considerable banking industry knowledge, including a deep knowledge of risk management, leadership, and strategy. Mike also has substantial executive management experience in the banking sector across Australia, operating in roles at Chief Executive level. Mike is actively involved as a consultant to many financial institutions and holds various Board positions. Key responsibilities on the Board include member of the Risk Committee, Audit Committee and Chair of the Corporate Governance Committee.

Emeritus Professor Alison Sheridan

Through her extensive experience as a business educator and researcher, Alison brings a deep knowledge of leadership, strategy, and risk management to the Board. She has lived and worked in the New England region for more than three decades and is an experienced non-executive Director. Key responsibilities on the Board include Chair of the Risk Committee and member of the Corporate Governance Committee.

David Johnson

David has extensive experience working in the banking and business sectors at the senior management and company secretary level. Now retired, David brings extensive Board experience in the areas of financial performance, audit, risk, and governance and has been a Director on boards in varied industries since 1995. David is a graduate of the Australian Institute of Company Directors. Key responsibilities on the Board include being a member of the Risk Committee and Audit Committee.

Sally Mackenzie

Sally brings experience in corporate social responsibility, strategy, stakeholder engagement, regulatory policy, and risk management to the Board. She has over two decades of experience across a range of public and private sector roles including senior executive roles at Australia Post and Telstra. She is CEO & Founder of Delta Advisory – a public policy and government relations boutique consulting firm and the host of FutureScape podcast. Sally is Vice President of the Australian Professional Government Relations Association and has been Deputy Chair of the Domestic Violence Crisis Service and Canberra Rape Crisis Centre. Key responsibilities on the Board include being a member of the Audit Committee and a member of the Risk Committee.

Jennifer Leslie

Jennifer is a non-executive Director with fifteen years of board-level experience and a diverse career forged in the Hunter Region. Jennifer is a Chartered Accountant who has held senior positions with national consulting firms, Pitcher Partners and PwC. She has held board and committee positions with some of the regional NSW's most significant organisations including Newcastle Permanent, University of Newcastle, Hunter New England Local Health District and Maitland City Council. She is also a Director of the national not for profit organisation, Job Futures Limited trading as CoAct.

Julie Osborne

Julie has a strong background in banking, finance, insurance and the not-for-profit sector, and in excess of 25 years in financial services. In her 15 years at Westpac Banking Corporation, Julie led the Structured Finance business within the Treasury Division and served on various Westpac Group subsidiary companies in Australia and the United States. More recently, Julie consulted to KPMG in the Audit, Assurance and Risk Consulting practice with a focus on the financial services industry. She currently serves on the boards of various companies in Australia.

David Rootes *(joined the Board 1 April 2024)*

David brings 17+ years of regional mutual ADI board experience, most recently as Chair of Macquarie Credit Union for the past 3+ years. He also has 35 years' experience as an IT professional and currently runs his own consulting business. David has spent the majority of his career across multiple IT and management roles in the electricity distribution industry and has consulted to State Government and Not-for-Profit organisations. He has a passion for regional development and community involvement. Key responsibilities on the Board include member of the Corporate Governance Committee.

Neville Parsons *(retired at 2023 AGM)*

Neville spent over 31 years as CEO of Holiday Coast Credit Union before retiring 1 July 2019 and as a result brings extensive mutual financial institution experience to the Board. Neville has also served as a member of the Mid North Coast Local Area Health Board from 2011 to 2021 including as Deputy Chair and Chair of the Finance & Performance Committee. In February 2022 Neville was appointed as the Independent Chair of the Clarence Valley Council Audit Risk and Improvement Committee. For the period 1 July 2022 to 30 June 2023 Neville served as District Governor for Rotary District 9660. Key responsibilities on the Regional Australia Bank Board include being Chair of the Corporate Governance Committee and member of the Risk Committee.

Kate James *(retired at 2023 AGM)*

Kate has experience in small business and corporate governance. She has participated in several agriculture and government related consultative committees. As a small businessperson and agricultural producer, Kate is aware of the challenges that face small businesses, particularly in regional and rural areas. Key responsibilities on the Board include being a member of the Corporate Governance Committee and Risk Committee.

Meet our Executive Team

David Heine
Chief Executive Officer

David brings extensive experience to Regional Australia Bank having worked across the finance and banking sectors for over 30 years. David has held executive positions at Cuscal Ltd, eftpos, Cardtronics and Linfox Armaguard specialising in innovation, technology, financial markets, balance sheet management and payment systems. He has served as a Director at eftpos, Australian Payments and Clearing Association (now AusPayNet) and Credit Union Financial Support System (CUFSS).

Michelle Edmonds
Deputy Chief Executive Officer

Having over 27 years' experience in the financial sector, 24 of these spent in various Management roles, Michelle brings an extensive wealth of knowledge to the Executive Management team. Responsible for the Customer portfolio, she holds formal qualifications in Business (majoring in Human Resources) from the University of New England, and qualifications in Positive Psychology and Advanced Management.

Julie Armstrong
Chief Information Officer

With over 25 years experience in Financial Services and Banking, Julie offers extensive experience in leading and developing high performing teams across multi-disciplinary functions including operations, sales and risk. Passionate about developing and delivering outstanding customer experiences, Julie has a proven track record in scaling organisations and has been instrumental in growing successful, thriving and mature businesses.

Les Bailey
Chief Operations Officer

With over 20 years' experience within the customer-owned banking sector, Les has held numerous non-executive Director and senior executive roles specialising in Strategy, Governance, Risk Management, Compliance and Retail Distribution. Les holds a Master's degree in Business Administration (MBA) and is also a graduate of the Australian Institute of Company Directors.

James Harris
Chief Financial Officer

James has extensive financial management and executive experience across banking and financial services in Australia, Europe and North America. James has accountability across the Treasury and Finance functions of the bank and is a Fellow of Certified Practising Accountants (FCPA), holding formal qualifications in accounting and finance from the University of New England and FINSIA.

Rachel Mitchell
Chief People and Culture Officer

Rachel Mitchell has a passion for people and seeing them reach their full potential, with 17 years of people and culture experience from Higher Education and organisational psychology consultancy. Rachel is committed to making a meaningful difference in the lives of others and has formal qualifications in Business Management and Psychology from the University of Queensland.

David Munday
Chief Governance & Legal Officer and Company Secretary

David Munday has extensive executive management experience in the banking sector. David has accountability for the bank's corporate governance, company secretariat, compliance and legal matters. David also holds the position of Company Secretary. He has formal qualifications in business, law and is a Chartered Company Secretary. David is a graduate of the Harvard Business School and the Australian Institute of Company Directors.

Campbell Nicoll
Chief Risk Officer

Having over 20 years' experience in Credit and Non-Financial Risk Management, Campbell brings a strong risk management background to the Executive Management Team. Campbell is both a Chartered Banker and a Fellow of FINSIA. Prior to his role at Regional Australia Bank, Campbell's experience within the financial sector includes General Manager positions at ASB Bank (New Zealand) and Bank of South Pacific (Fiji).

Chris Stace
Chief Product Officer

Chris leads Regional Australia Bank's product portfolio with responsibility for strategic product direction to build great products for customers that deliver sustainable value for the bank. With a background in business planning, marketing, operations, strategy and delivery of transformational change programs, Chris brings over 17 years of banking and finance leadership experience to the executive management team. Before this role, Chris was the Chief Operations Officer at Regional Australia Bank. Chris has a Bachelor of Business in Management from the University of New England.

Empowering
Regional Business

From small business, to big dreamers.

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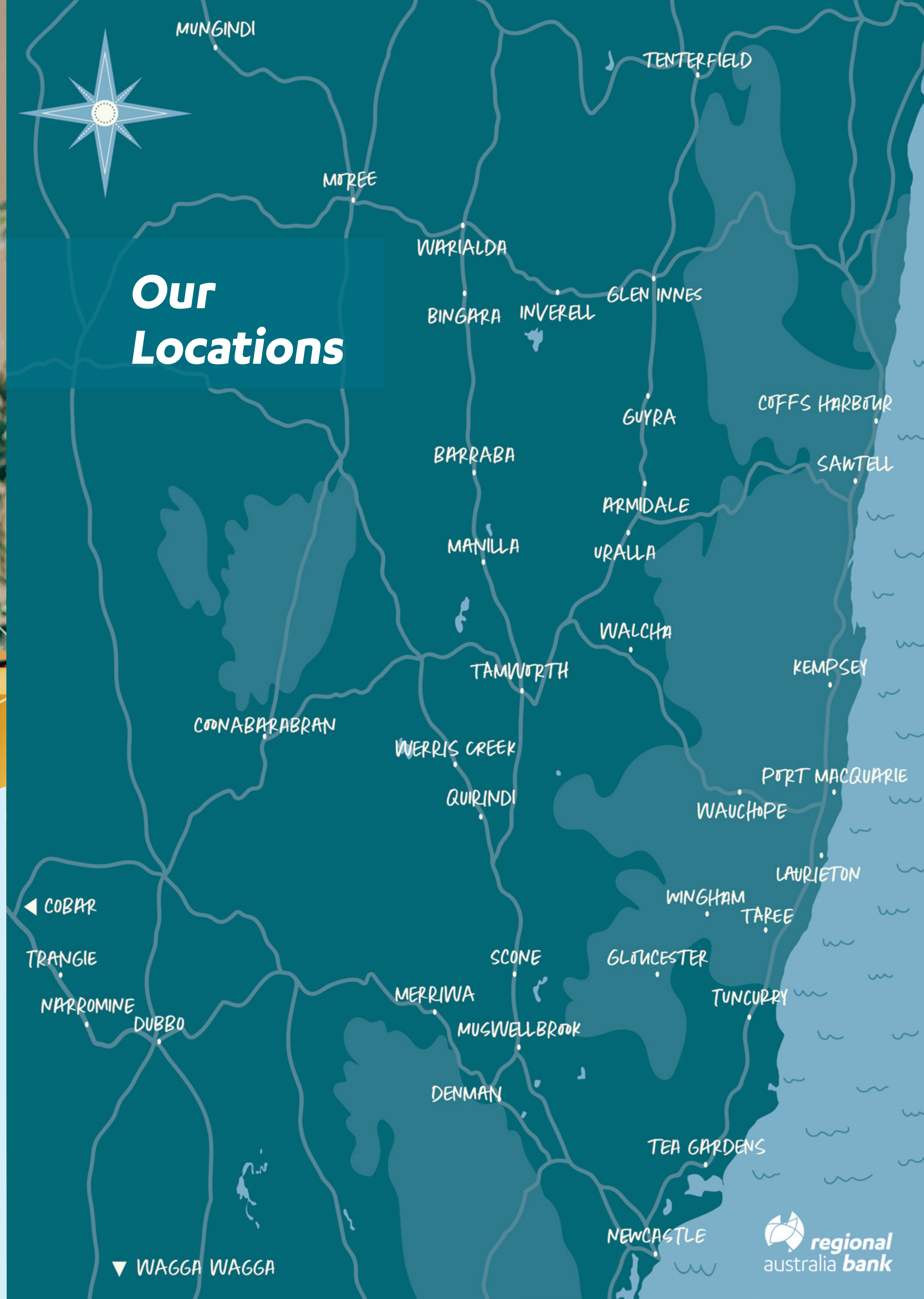
Our Locations



Community Partnership Spotlight

COMMUNITY PARTNERSHIP PROGRAM

EMPOWERING **THE VILOMAH COMMUNITY**

Regional Australia Bank's dedication to supporting the Vilomah Community.

With a shared ethos of community empowerment and compassion, Regional Australia Bank has forged a meaningful partnership with Vilomah, recognising the invaluable work they do in offering comfort, resources, and understanding to those affected by the heartbreaking loss of newborns.

In an exclusive interview with the founders of Vilomah, Megan Gaffney & Bek Baker, we delve into their inspiring journey, the vital role of support networks in times of adversity, and the transformative impact of collaborative efforts in fostering healing and resilience within the Vilomah community.

Where did the Vilomah Community begin?

In 2019, Bek went through the heartbreaking loss of daughter, Mia, and reached out for support. Megan quickly realised that in the time between the loss of her own daughter, Ruby in 2010, to Mia's passing in 2019, not much had changed in terms of support for women dealing with pregnancy loss.

The gap seemed even wider. As we talked to other families, it was obvious that everyone in our local area was struggling with the same lack of guidance on how to grieve, what resources were available, and how to move forward.

One day, we were chatting and realized how much we wished there was something out there to help these women and families. That's when the idea of creating a community focused on this issue was born.

Since creating The Vilomah Community we have supported over 35 families from not only Wagga Wagga but Leeton, Narrandera, Forbes, Trundle, Murrumbateman, & surrounds.

How did you come up with the name for your organisation?

We were looking for a name that truly captured the essence of our mission and identity. After much consideration, we came across Vilomah, which perfectly embodies the idea that a parent should never have to bury their child. In fact, a parent who has lost a child is known as a 'Vilomah'.

How long has the community group been running and where does your passion come from?

The Vilomah Community was established in 2021. We are passionate about supporting bereaved parents because we have been in their shoes. We understand the pain of having our world shattered and having to break the news to our loved ones that our baby has passed away. We know the struggle of trying to hold onto precious memories while navigating through the grief. We have experienced the ups and downs of emotions firsthand, and we want to provide the support that we didn't have when we lost our own babies.

Scan here

Read the full story here

The Vilomah Community

Regional Business Spotlight

BEHIND THE SCENES
THE GOLDFISH BOWL - AN ARMIDALE INSTITUTION

Situated on the corner of the city's Rusden Street and Jessie Street, The Goldfish Bowl cafe bakery has been an Armidale institution for more than a decade.

It's a hugely important focal point for many in the region. As well as having a strong regular clientele who prize its coffee, sourdough, pastries and woodfired pizzas, The Goldfish Bowl – a creative space with good vibes – is often high on the list of places for those from outside of Armidale to visit when in the city, too.

Importantly, it also provides employment to 32 wonderfully talented and passionate locals, sources its produce from suppliers from the region, who provide fresh, sustainable, organic ingredients for its delicious range of food and drinks, and supports a range of community activities, sporting clubs and associations. No wonder it's an Armidale must-visit!

The Realisation of a Long-term Dream

Since 2016, The Goldfish Bowl has been owned and operated by Trent Rush, whose interest in food began at an early age.

"I left school to embark on a baking/pastry cooking apprenticeship at the local bakery in Merriwa, and after the completion of the apprenticeship, I ventured to Newcastle, then onto Armidale, learning the trade and absorbing as much knowledge from whomever I came across in the industry," he explains.

"In 2016, I felt confident enough in myself to take the big step of purchasing The Goldfish Bowl, realising my lifelong dream of owning my own bakery.

"I surrounded myself with skilled and passionate staff, some of whom are still with me today, and together, we've grown The Goldfish Bowl into the business it is today."

Supporting Local Businesses

Managing and growing a business isn't an easy task, however, and since purchasing The Goldfish Bowl in 2016, Trent has had his fair share of challenges to contend with – however, he's grateful for the support he has received from the local business community and customers, too.

> *"Being a small business owner in regional Australia has provided me with access to such a large network of industry experts who are willing to share guidance and support to help me overcome such massive hurdles like the pandemic lockdowns," he says.*

"As well as that, we have amazing people who are not only loyal customers but have become such great friends who I can constantly lean on for advice and support."

Scan here

Read the full story here

Our Commitment to Community

REGIONAL AUSTRALIA BANK **EMBARKED ON AN INSPIRING JOURNEY - 2024 TOUR DE ROCKS**

Tour de Rocks isn't just a cycling event. It's a transformative journey that empowers individuals and unites communities in the fight against cancer. Once again, we proudly embarked on this life-affirming adventure, driven by our unyielding passion to make a lasting impact, to help raise funds for cancer research and support services.

Over the course of 3 exhilarating days, we conquered an astounding 263 kilometers, pushing our limits and surpassing all expectations. From the charming town of Armidale to the enchanting landscapes of Ebor, Hernani to Ulong, and finally to the vibrant shores of Woolgoolga, we experienced the true essence of determination and resilience.

We extend our deepest gratitude to the remarkable individuals who joined us on this life-changing adventure and to all those who wholeheartedly supported this incredible event.

Together, we helped achieve an unprecedented milestone, ***raising an inspiring $372,050*** *that will revolutionise cancer services and research.*

REGIONAL AUSTRALIA BANK JOINS COUNTRY HOPE IN CELEBRATING 20 YEARS OF SUPPORTING REGIONAL FAMILIES AND THEIR SICK CHILDREN IN WAGGA WAGGA

Regional Australia Bank was delighted to have the opportunity to contribute as a major sponsor to the Country Hope Gala Event, a local organization devoted to assisting families with children who are confronting life-threatening illnesses.

For the past 20 years, Country Hope has been a vital source of emotional and financial assistance for regional families. To commemorate their 20th anniversary, a joyous celebration took place at the Range Function Centre, attended by 200 individuals.

The event featured exciting activities, including charity auctions, a mesmerizing magic show, and live music entertainment. Regional Australia Bank's active participation in this event underscores our unwavering commitment to uplifting communities and supporting families in regional Australia.

As we remain steadfast in our dedication to helping make a positive impact on the lives of those around us. This event is just one example of our ongoing efforts to help create a brighter future for regional families.

REGIONAL AUSTRALIA BANK **CELEBRATING INTERNATIONAL WOMEN'S DAY**

We were proud to celebrate the incredible women who are making a difference in our community every day. On International Women's Day this year, we honour the strength, resilience, and achievements of women from all walks of life. From business leaders to community advocates, to women who play a vital role in sport.

We are privileged to be a part of events such as Northern Inland Academy of Sport (NIAS) Girls & Goalposts - International Women's Day High Tea Event in Tamworth. With guest speakers Kezie Apps, Eloise Sohier Dr. Rachel Horton, who inspired and empowered us with their stories! Along with Gen Collective to celebrate International Women's Day Luncheon alongside the incredible Jelena Dokic in Newcastle.

As we celebrate International Women's Day, let us reaffirm our commitment to breaking down barriers and creating a more inclusive and equitable community while celebrating the strength, resilience, and achievements of women in not only regional Australia but all over the world. A big thank you to all who joined us at these events to celebrate International Women's Day with us.

Corporate Governance Statement

This Corporate Governance Statement describes Regional Australia Bank's key governance functions and articulates how decision making is undertaken to ensure the sustainability of its banking performance and long-term value to its communities, members and employees.

BOARD OVERSIGHT

The Board has been focused on setting the 'tone at the top' and being more visible with staff, at various levels, and members at community events. This has assisted the Board to enhance a culture of frank and open discussion. These practices have assisted the Board with strengthening their view on the business environment and strengthening engagement.

Regional Australia Bank's Corporate Governance Framework guides effective decision making across all aspects of the bank. This corporate governance framework outlines the operational alignment between the Board and management and is designed to ensure a clear structure of oversight of key controls and effective leadership.

The Board and Chief Executive Officer (CEO) instil a culture of acting lawfully, ethically and responsibly, which is supported by the long-held values of Integrity, Respect, and Fairness. These values and behaviours underpin the bank's operational activities and the transparency to protect members interests and to ensure there is a strong risk culture in place.

The Board ensures effective control of the corporate governance framework through delegation, risk management and a system of independent assurance regarding financial and non-financial reporting.

Regional Australia Bank's Corporate Governance Framework is designed to effectively manage the bank and is outlined as follows:

GOVERNANCE FRAMEWORK

Role of the Board

The Board's role and responsibilities are set out in the Board Corporate Governance Policy, which also adopts the Corporate Governance Framework. The Board has a broad range of policies which detail the purpose, specific roles and responsibilities, delegations, operation, and performance of the Board.

Key elements of the Board's responsibilities are described as follows:

- Set the strategic direction, and approve major initiatives and objectives;
- Monitor financial and strategic performance;
- Maintain a direct and ongoing dialogue with external and internal auditors;
- Approve the bank's risk appetite, risk policies and risk management strategy;
- Monitor compliance with regulatory and statutory requirements and the implementation of associated policies;
- Approve and monitor the values, culture, reputation and ethical standards;
- Set the performance standards for the Chief Executive Officer (CEO) and monitor ongoing performance;
- Undertake Board and Director performance assessments; and
- Participate in member engagement and events.

In addition, the Board Chair meets with key regulators.

The Board carries out its role in accordance with the values of Integrity, Respect, and Fairness. To ensure these values are adhered to, the Board has established guidelines designed around skills, competency, knowledge, experience and values for the nomination and selection of Directors and for the operation of the Board.

Meetings of the Board are held regularly. Board committees meet as often as required (no less than four times per year) to carry out their respective functions to support and advise the Board. During FY2024, the Board and committees continued to enable virtual attendance at Board and Board committee meetings as needed to respond to flexible ways of working and achieving environmental cost savings.

Importantly, the Board has delegated day to day management of Regional Australia Bank to the CEO. The scope of this delegation is outlined in the Board Delegation of Authority Policy to ensure effective oversight with appropriate empowerment, accountability, and performance. The management committees assist in the exercise of the CEO's delegated authority.

Review of Performance

The Board undertakes an annual performance evaluation process designed to assess the performance and effectiveness of the Board, the Board committees, and each individual Director.

Evaluating the performance of each individual Director is based on the expectation they are performing their duties in the best interest of members, in accordance with Regional Australia Bank's values, their respective duties and obligations as a Director and the bank's strategic objectives. Outcomes from the individual Director reviews is then reflected in the Board Skills and Assessment Matrix so that there is an understanding of the collective skills of the Board and skills of respective Directors.

During FY2024 the Board used an external governance specialist to assist it with providing an independent review of the Board's performance.

During FY2024 the Board's focus on governance activities included:

- Board renewal and succession planning development.
- Implementation of changes to regulatory standards that focus on strengthening governance and risk management.
- Meeting with staff and members as part of the bank's ongoing engagement.

The Board approves the performance objectives and measures of the CEO, with the Chair undertaking a bi-annual review of the CEO's performance. The CEO has a similar structured process which periodically evaluates the performance of each individual Executive Manager.

For the purposes of the Financial Accountability Regime (FAR), Regional Australia Bank has registered all Directors, the CEO and Executive Management as 'Accountable Persons' with the Australian Prudential Regulation Authority (APRA). The FAR is a performance and accountability regime and has strengthened clarity on accountabilities and decision-making processes across the bank.

STRUCTURING THE BOARD TO ADD VALUE

Board Skills, Experience and Diversity

The Board comprises high quality Directors with an appropriate mix and diversity of relevant financial, industry experience and other necessary skills, and expertise. This is considered essential to the effectiveness of the Board and its committees and to also meet the bank's strategic objectives.

Each year the Board reviews its collective skills against the Board's skills, experience and knowledge requirements to ensure these address the bank's existing and emerging strategic, business and governance issues. The Board Skills Matrix also assists with guiding the identification of potential Director candidates. The election of Directors is determined in accordance with Regional Australia Bank's Constitution, and other statutory and regulatory requirements. Directors are either member elected or are appointed by the Board, allowing the Board the flexibility to source appropriate skills and expertise onto the Board when necessary.

The Board Corporate Governance Committee has been delegated responsibility to review and make recommendations to the Board regarding Board diversity, and to assist in the Director nomination process. The Board requires that each of its Directors and executive management undertake fit and proper and FAR accountability character assessments to ensure compliance with APRA's Prudential Standard CPS 520 Fit and Proper as well as the FAR regime requirements.

Details of the Directors' experience and qualifications are set out in the Directors report.

Board Tenure

12 Years or more	**37.5%**
7 - 11 Years	**25%**
3-6 Years	**12.5%**
Less than 3 Years	**25%**

Half

of the Directors are female

Collectively a strong balance of experience, skills and diversity to deliver long term value creation

	Board Experience, Skills & Diversity	
Experience	Financial Performance	
	Legal and Compliance	
	People, Culture, Conduct	
	Experience with a Regional Context	
	Experience in the role as a Director	
	Leadership	
	Strategy	
	Customer Service	
Skills	Risk Management	
	Technology, Digitisation and Cyber	
	Contemporary Banking Skills	
	Governance	
Tenure	12 years or more	3
	7 to 11 years	2
	3 to 6 years	1
	Less than 3 years	2
Diversity	Female (4 out of 8)	50%
	Male (4 out of 8)	50%
	Composition 5 member elected 3 Board appointed	

Board Committees

Regional Australia Bank's three (3) Board Committees assist the Board in its oversight role. These committees are the Board Audit Committee, Board Risk Committee, and the Board Corporate Governance Committee. Directors have access to all Board committee meeting papers and may attend any Board committee meeting.

Each of the Board committees has its own terms of reference that sets out its purposes, authority, duties, and responsibilities. The Board and its committees are structured to ensure that they are of a size that facilitates effective and efficient decision making; comprise Directors with a broad range of skills and experience from a diverse range of backgrounds appropriate to Regional Australia Bank's business; and that the Board Chair, Audit Committee Chair and Risk Committee Chair are independent Directors.

The following table provides an overview of the role of the Board Committees.

Board Committee	Role
Audit Committee	Assists the Board in fulfilling its statutory and fiduciary duties with its oversight and review of the reporting of financial information and the internal control environment, including an understanding of the financial, tax and accounting risks. The Audit Committee reviews reports from the Internal Auditor and the External Auditor and also monitors their performance and effectiveness.
Corporate Governance Committee	Assists the Board in ensuring that Regional Australia Bank operates in accordance with a clear, consistent and effective governance framework that conforms to Regional Australia Bank's legal, regulatory and governance obligations and the required standards of corporate behaviour. The committee monitors legal and regulatory developments relating to the governance framework to ensure it is operating against best practice. The Board Corporate Governance Committee also undertakes the responsibility of assessing all persons, including existing Directors, prior to their appointment or election as a Director as to their fitness and propriety and their FAR regime accountability. The committee makes recommendations to the Board on candidates for appointment as Director. The Board Corporate Governance Committee also comprises the Board Remuneration Committee. This committee makes recommendations to the Board on the remuneration to be paid to Directors, the CEO and Executive Managers, to ensure it remains market-competitive, adheres to legislative and prudential requirements and that risk outcomes are appropriately reflected.
Risk Committee	Assists the Board in ensuring there is an efficient and effective risk framework to bring transparency, focus and independent judgement to oversee Regional Australia Bank's operations. This involves evaluating the adequacy and effectiveness of Regional Australia Bank's risk management framework, risk appetite and the appropriateness of the risk culture.

Directors' Independence

APRA's Prudential Standard CPS 510 on governance mandates that Authorised Deposit Taking Institutions (ADI's) must have a majority of independent Directors at all times. All the Directors of Regional Australia Bank serve in a non-executive capacity and the Board has adopted specific principles in determining Directors' independence.

The Board assesses independence annually in accordance with its Governance Policy, requiring each Director to disclose all information that could reasonably be considered to influence their capacity to act as an independent non-executive Director.

100%

of the Board are Independent Directors

Access to Independent Information and Advice

In order to fulfil their responsibilities, the Board collectively, and each Director individually, has the right to engage independent professional advice whenever it is considered necessary. Individual Directors may seek independent professional advice on any matter connected with the discharge of their responsibilities to ensure they exercise their objective, unfettered and independent judgement as a Director.

In addition, the Board, the Board's committees, and individual Directors, at the expense of Regional Australia Bank, may obtain relevant professional advice, as required, to assist in undertaking their role. All Directors have unrestricted access to records and information of Regional Australia Bank to assist with discharging their fiduciary duty.

ACTING ETHICALLY AND RESPONSIBLY – *OUR GUIDING PRINCIPLES*

The Board, CEO, Executive Management, and all employees are responsible for adhering to, and promoting, high standards of ethical behaviour, values and decision making.

Code of Conduct

The Board operates in a manner reflecting Regional Australia Bank's values and behaviours. To support this, the Board sets the 'tone from the top' and has developed a Code of Conduct which is reviewed annually to ensure it reflects and instils the highest standards and level of behaviour and practices as well as providing a guideline for ethical behaviour and decision making expected by all Regional Australia Bank employees.

Regional Australia Bank's culture is built on living the values of:

Conflict of Interest

The Board recognises that conflicts of interest or potential conflicts of interest may arise from time to time for its Directors. In accordance with the Corporations Act 2001 (Cth) and Regional Australia Bank's Constitution and Conflicts of Interest Policy, each Director must ensure that no action or decision is taken that places their interest in front of the interests of Regional Australia Bank. Directors and Executive Management are required to disclose to the Board any material matter (whether actual or potential) in which they may have an interest.

The Board has established a process for the handling of actual or potential conflicts of interest with respect to the activities or decision-making responsibilities of Regional Australia Bank's Directors and Executive Management. Directors are also given the opportunity to declare any interest as a standing item in each of the respective Board Committees and Board meeting agendas.

Management Delegation

The CEO is responsible for day-to-day leadership and management of Regional Australia Bank's business activities and implementation of Board-approved strategies, policies, resolutions, and directions.

As a key operation of the Governance Framework to ensure responsible decision making, the CEO has a structure of management committees, as well as Executive Management to make decisions in relation to operational matters. Delegations from the CEO to management are clearly documented. They are designed to enhance the empowerment of decision-making by individuals and to improve efficiency in member service and experience as well as managing business risks.

Whistle-blower Protection

The bank is committed to a culture of risk management and compliance, ethical behaviour, and good corporate governance. The bank's whistle-blower protection policy enables individuals to voice concerns or escalate serious matters on a confidential basis, without fear of reprisal, dismissal, or discriminatory treatment.

REMUNERATE FAIRLY AND RESPONSIBLY

Regional Australia Bank seeks to ensure that remuneration programs have regard to performance and financial soundness, satisfy governance, legal and regulatory requirements, encourage behaviours that mitigate against all risks and do not reward conduct that is contrary to the bank's values, culture or risk appetite.

The Board recognises that to achieve the bank's strategic objectives, it must attract, motivate and retain exceptional people with the relevant industry and specialist experience. The Board, through the oversight of the Board Corporate Governance Committee, is responsible for remuneration practices that assist in attracting and retaining Executive Management and other individuals who are critical to Regional Australia Bank's success.

It is Regional Australia Bank's objective to provide maximum member benefit from the retention of a high-quality Board and leadership team by remunerating fairly and responsibly by reference to prevailing market benchmarks and performance.

In accordance with the requirements of APRA's Prudential Standard CPS 510 on governance, Regional Australia Bank has a structure for managing approval of remuneration for Board, the CEO, and Executive Management. The CEO has designed the Executive Management remuneration to provide the necessary motivation to grow the business over the medium to long term.

The Board regularly undertakes an independent review of remuneration to ensure that remuneration practices are prudent and consistent with competitive market practices.

SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Board of Regional Australia Bank is committed to ensuring that the financial reports present a true and fair view and are constructed in accordance with applicable accounting rules and policies. The Board, through the responsibility of the Board Audit Committee, maintain a close focus to ensure the external auditor is independent and serves member's interests by accessing the true financial position of Regional Australia Bank.

ENVIRONMENTAL AND SOCIAL IMPACT

The Board of Regional Australia Bank is committed to managing the environmental and social impacts of the bank's business activities and operations. This is achieved through long term decisions to serve members / customers well and help our communities grow into the future.

The Board Environmental Policy Framework focuses on the commitment to act as a responsible partner to all the bank's stakeholders and to ensure that Regional Australia Bank manages its business in an environmentally sustainable manner.

The board also maintains a strong focus on supporting regional Australian communities, particularly in addressing social issues, to assist with building long-term community resilience and wellbeing.

RECOGNISE AND MANAGE RISK

A strong risk culture is critical to Regional Australia Bank's business. The responsibility for risk management at Regional Australia Bank is at the business level. The Board has delegated to the CEO the responsibility for implementing a system of internal controls to identify and manage these risks.

The Board is responsible for overseeing the establishment and ongoing monitoring of risk management systems and frameworks and for setting the bank's risk appetite, as well as overseeing risks inherent in Regional Australia Bank's business.

Each Executive Manager has clearly outlined accountabilities in their respective roles and are accountable to the CEO that the systems of risk management and internal controls under their respective business areas operate effectively to manage the risks of Regional Australia Bank.

There are established systems, frameworks, policies, processes and people that have oversight and management of material risks. These are embedded as controls to manage Regional Australia Bank's material business risks. Further explanatory notes on the management of risks are included throughout the financial report.

Regional Australia Bank operates using a Three Lines of Defence approach to risk management which assists in ensuring a strong risk culture. All employees at Regional Australia Bank are responsible for managing risk and operating within the set risk profile of the bank.

The approach of the Three Lines of Defence operating structure is outlined in the diagram below:

3 LINES OF DEFENCE, RISK GOVERNANCE MODEL

Financial Review

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of Regional Australia Bank Ltd ("the Company"), and the CMG Funding Trust No.1 ("the Trust") for the financial year ended 30 June 2024 and the auditor's report.

The Company is a public company registered under the *Corporations Act 2001 (Cth)* limited by shares.

The Trust is a Special Purpose Vehicle deemed under the Accounting Standards to be controlled by the Company for the year ended 30 June 2024 (together referred to as "the Group").

Principal Activities

The principal activities of the Group during the year were the provision of retail and commercial financial services to customers in the form of taking deposits and giving financial accommodation as prescribed by Regional Australia Bank's Constitution.

Results

The profit of the Group for the year before income tax is $37,888,000 (2023: $45,821,000) representing a strong result in a period of strong inflation and high interest rates. These results include impairment provisions relating to economic conditions and climate related natural disasters.

Directors' Qualifications, Experience and Special Responsibilities

At the date of this report, the Board comprises seven Non-Executive Directors. The names of the Directors in office at any time during or since the end of the year, together with details of their qualifications, experience and special responsibilities are as follows:

Name	Qualifications	Position	Experience and Special Responsibilities
Graham Olrich	Dip FS, Dip FS (Credit Union Directorship), FAICD	Non-Executive Director	- Director since 2011 - Chair since November 2014 - Ex-officio Member of the Audit Committee - Ex-officio Member of the Corporate Governance Committee - Ex-officio Member of the Risk Committee
Michael Fenech	BEc, GAICD	Non-Executive Director	- Director since 2014 - Deputy Chair since November 2022 - Chair of Audit Committee to 24 November 2023 & Member of Audit Committee - Member & Chair of the Corporate Governance Committee
Emeritus Professor Alison Sheridan	BAgEc (Hons), PhD, GAICD	Non-Executive Director	- Director since 2003 - Member & Chair of the Risk Committee - Member of the Corporate Governance Committee
David Johnson	BA, CPA, GAICD	Non-Executive Director	- Director since 2016 - Member of the Risk Committee - Chair of the Audit Committee from 24 November 2023 & Member of Audit Committee
Sally Mackenzie	BA, MCom, GAICD	Non-Executive Director	- Director since March 2022 - Member of the Audit Committee until November 2023 - Member of the Risk Committee - Member of the Corporate Governance Committee
Jennifer Leslie	BCom, FCA (Aust), MAICD, FGIA	Non-Executive Director	- Director since November 2023 - Member of the Audit Committee - Member of the Risk Committee
Julie Osborne	BEc, LLB, LLM, GAICD, FGIA	Non-Executive Director	- Director since November 2023 - Member of the Audit Committee - Member of the Risk Committee
David Rootes	B. IT (Dist)	Non-Executive Director	- Director since 1 April 2024 - Member of the Corporate Governance Committee
Neville Parsons	BEc, LLB, FAIM, MAICD, FIPS	Non-Executive Director	- Director since 2007 (Retired 23 November 2023) - Member & Chair of the Corporate Governance Committee (Retired 23 November 2023) - Member of the Risk Committee (Retired 23 November 2023)
Kate James	BRurSci, GAICD	Non-Executive Director	- Director since 2008 (Retired 23 November 2023) - Member of the Corporate Governance Committee (Retired 23 November 2023) - Member of the Audit Committee (Retired 23 November 2023)

David Rootes was appointed as a Non-Executive Director of the Board on 1 April 2024 as a result of the merger with Macquarie Credit Union Limited.

DIRECTORS' REPORT

Information on Company Secretary

The Company Secretary is David Munday, LLB, BComm, Grad Dip Applied Corporate Governance, AGIA, GAICD who was appointed to the position in 2004. Andrew Gahan, LLB, BComm, Diploma Financial Planning was appointed Assistant Company Secretary in 2022.

Directors' Benefits

No Director has received or become entitled to receive, during, or since the end of the financial year, a benefit because of a contract made by the Company with a Director, a firm of which a Director is a member, or an entity in which a Director has a substantial financial interest, other than that disclosed in Note E2 of the financial report.

Information on Board and Committee Meetings for the financial year ended 30 June 2024

	Board		Corporate Governance		Audit		Risk	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Graham Olrich	13	12	5	5	4	4	5	5
Emeritus Professor Alison Sheridan	13	13	5	5	-	-	5	5
Michael Fenech	13	13	5	5	4	4	-	-
David Johnson	13	13	-	-	4	4	5	5
Sally MacKenzie	13	13	5	5	4	1	5	4
Jennifer Leslie	9	9	-	-	3	3	5	5
Julie Osborne	9	9	-	-	3	3	5	5
David Rootes	3	3	2	2	-	-	-	-
Neville Parsons (Retired 23/11/23)	3	3	1	1	-	-	2	2
Kate James (Retired 23/11/23)	3	3	1	1	1	1	-	-

Directors, Officers or Auditors Insurance Indemnity

Insurance premiums have been paid to insure each of the Directors and Officers of the Company, against any costs and expenses incurred by them in defending any legal proceeding arising out of their conduct while acting in their capacity as an officer of the Company. In accordance with normal commercial practice, disclosure of the premium amount and the nature of the insured liabilities is prohibited by a confidentiality clause in the contract.

No insurance premiums have been paid to provide insurance for the benefit of the auditors of the Company.

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying, against a liability, any person who is or has been an officer or auditor of the Group.

Significant Changes in State of Affairs

On 1 April 2024 Macquarie Credit Union Limited merged with Regional Australia Bank Ltd. The merger provided greater capacity to deliver more for members through services, digital capabilities, products and competitive pricing. On this date Macquarie Credit Union Limited, with approval from the Australian Prudential Regulation Authority (APRA), voluntarily transferred its assets and liabilities to Regional Australia Bank Limited under the Financial Sector (Transfer and Restructure) Act 1999 (Cth). Macquarie Credit Union Limited members ceased to be members of Macquarie Credit Union and each member was automatically issued a new share and became a member of Regional Australia Bank Limited.

S&P Global Ratings has assigned the Company a public entity credit rating of 'BBB+/Stable/A-2' .

Significant Events After the Balance Date

There have been no further significant events occurring after balance date which may affect the company's operations or results of those operations.

Likely Developments and Expected Results

No matter, circumstance or likely development in the operations has arisen since the end of the financial year that has significantly affected or may significantly affect:

(a) the operations of the Group;

(ii) the results of those operations; or

(iii) the state of affairs of the Company

in the financial years subsequent to this financial years.

Rounding

The financial report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC *Corporations (Rounding in financial / directors' reports) Instruments 2016/191*.

Non-Audit Services

The following non-audit services were provided by the Company's auditor, KPMG. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

KPMG received or are due to receive the following amounts for the provision of non-audit services for the year ended 30 June 2024:

	$
Taxation services	72,889
Total	72,889

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out following the Directors' Report.

Public Prudential Disclosures

Regional Australia Bank (RAB) is classed as a Non-Significant Financial Institution under the revised Prudential Standard APS 330 Public Disclosure that applies from 1st January 2023.

Please refer to the APRA website for published statistics that are relevant to RAB (Monthly Authorised Deposit-taking Institution Statistics | APRA and Quarterly authorised deposit-taking institution statistics | APRA).

Monthly Authorised Deposit-taking Institution Statistics | APRA

Quarterly authorised deposit-taking institution statistics | APRA

Signed in accordance with a resolution of the Board of Directors.

Graham Olrich
Director

David Johnson
Director

Date: 27 September 2024

KPMG

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

To the Directors of Regional Australia Bank Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Regional Australia Bank Ltd 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

Nicholas Buchanan
Partner

Sydney
27 September 2024

Statements of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2024

	Notes	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Interest income using the effective interest method	B1	**184,939**	134,315	**213,652**	156,733
Interest expense using the effective interest method	B1	**(80,226)**	(35,886)	**(114,890)**	(63,985)
Net interest income		**104,713**	98,429	**98,762**	92,748
Non-interest income	B2	**6,738**	7,774	**12,886**	13,320
Net operating income		**111,451**	106,203	**111,648**	106,068
Loan impairment expense and bad debts written off	C2 (b)	**(957)**	(1,140)	**(957)**	(1,140)
Employee benefits expense	E1 (a)	**(38,116)**	(30,828)	**(38,116)**	(30,828)
Occupancy expense		**(3,358)**	(2,969)	**(3,358)**	(2,969)
Depreciation and amortisation expense		**(1,423)**	(1,682)	**(1,423)**	(1,682)
Information technology and communication expense		**(10,454)**	(8,317)	**(10,454)**	(8,317)
Member transaction costs		**(8,978)**	(7,325)	**(8,978)**	(7,325)
Other operating expenses		**(10,277)**	(8,121)	**(10,474)**	(7,986)
Total operating expenses		**(73,563)**	(60,382)	**(73,760)**	(60,247)
Profit before income tax		**37,888**	45,821	**37,888**	45,821
Income tax expense	B3 (a)	**(11,387)**	(13,761)	**(11,387)**	(13,761)
Net profit after tax attributable to members		**26,501**	32,060	**26,501**	32,060
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Revaluation of Other Financial Assets		**-**	(100)	**-**	(100)
Income tax relating to revaluation of Other Financial Assets	B3 (b)	**-**	30	**-**	30
		-	(70)	**-**	(70)
Items that will be reclassified to profit and loss					
Revaluation of Land and Buildings		**955**	-	**955**	-
Income tax relating to revaluation of Land and Buildings	B3 (b)	**(287)**	-	**(287)**	-
		668	**-**	**668**	**-**
Other comprehensive income for the year, net of tax		**668**	(70)	**668**	(70)
Total comprehensive income for the year		**27,169**	31,990	**27,169**	31,990

The accompanying notes should be read in conjunction with these financial statements

Statement of Financial Position
As at 30 June 2024

	Notes	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
ASSETS					
Cash and cash equivalents	B4	**249,725**	296,979	**212,173**	249,894
Receivables from financial institutions	B5	**-**	35,000	**-**	35,000
Investments at amortised cost	C4	**382,084**	365,494	**382,084**	365,494
Loans, advances and notes from securitisation trust at amortised cost	C2	**2,839,698**	2,473,787	**3,454,698**	3,088,787
Trade and other receivables	C6	**3,828**	6,500	**7,564**	10,269
Other Financial Assets	C3	**2,403**	2,225	**2,403**	2,225
Land and buildings	F5	**5,450**	4,630	**5,450**	4,630
Plant and equipment	C7	**4,566**	3,266	**4,566**	3,266
Intangible Assets - computer software		**378**	265	**378**	265
Right of use assets	F2	**3,804**	4,422	**3,804**	4,422
Net deferred tax assets	B3 (b)	**3,491**	3,235	**3,491**	3,235
Total Assets		**3,495,427**	3,195,803	**4,076,611**	3,767,487
LIABILITIES					
Deposits	C1	**3,104,797**	2,700,507	**3,104,797**	2,700,507
Trade and other payables	C8	**43,463**	27,823	**43,457**	27,816
Term Funding Facility	C9	**-**	212,958	**-**	212,958
Lease Liabilities		**4,217**	4,630	**4,217**	4,630
Current tax liabilities		**574**	6,096	**574**	6,096
Employee Benefits	E1 (b)	**5,881**	4,804	**5,881**	4,804
Provisions		**136**	136	**136**	136
Other Borrowings	C10	**55,112**	-	**636,302**	571,691
Total Liabilities		**3,214,180**	2,956,954	**3,795,364**	3,528,638
Net Assets		**281,247**	238,849	**281,247**	238,849
MEMBERS FUNDS					
Contributed Equity		**63,227**	47,998	**63,227**	47,998
Capital Reserve Account	D2	**1,137**	1,126	**1,137**	1,126
Reserves	D3	**1,532**	863	**1,532**	863
Retained earnings		**215,351**	188,862	**215,351**	188,862
Total Members Funds		**281,247**	238,849	**281,247**	238,849

The accompanying notes should be read in conjunction with these financial statements

Statements of Changes in Members Funds
For the year ended 30 June 2024

Group	Contributed Equity $'000	Capital Reserve Account $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2022	47,998	1,143	933	156,785	206,859
Total Net profit after tax attributable to members	-	-	-	32,060	32,060
Revaluation of Other Financial Assets	-	-	(70)	-	(70)
Revaluation of Property, Plant and Equipment	-	-	-	-	-
Transfer to/ (from) Reserves	-	(17)	-	17	-
Balance at 30 June 2023	47,998	1,126	863	188,862	238,849
Balance at 1 July 2023	**47,998**	**1,126**	**863**	**188,862**	**238,849**
Total Net profit after tax attributable to members	**-**	**-**	**-**	**26,501**	**26,501**
Revaluation of Other Financial Assets	**-**	**-**	**-**	**-**	**-**
Revaluation of Property, Plant and Equipment	**-**	**-**	**669**	**-**	**669**
Transfer of Reserves on Merger of MCU	**15,229**	**47**	**-**	**-**	**15,276**
Transfer to/ (from) Reserves	**-**	**(36)**	**-**	**(11)**	**(47)**
Balance at 30 June 2024	**63,227**	**1,137**	**1,532**	**215,351**	**281,247**

Company	Contributed Equity $'000	Capital Reserve Account $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2022	47,998	1,143	933	156,785	206,859
Total Net profit after tax attributable to members	-	-	-	32,060	32,060
Revaluation of Other Financial Assets	-	-	(70)	-	(70)
Revaluation of Property, Plant and Equipment	-	-	-	-	-
Transfer to/ (from) Reserves	-	(17)	-	17	-
Balance at 30 June 2023	47,998	1,126	863	188,862	238,849
Balance at 1 July 2023	**47,998**	**1,126**	**863**	**188,862**	**238,849**
Total Net profit after tax attributable to members	**-**	**-**	**-**	**26,501**	**26,501**
Revaluation of Other Financial Assets	**-**	**-**	**-**	**-**	**-**
Revaluation of Property, Plant and Equipment	**-**	**-**	**669**	**-**	**669**
Transfer of Reserves on Merger of MCU	**15,229**	**47**	**-**	**-**	**15,276**
Transfer to/ (from) Reserves	**-**	**(36)**	**-**	**(11)**	**(47)**
Balance at 30 June 2024	**63,227**	**1,137**	**1,532**	**215,351**	**281,247**

The accompanying notes should be read in conjunction with these financial statements

Statements of Cash Flows
For the year ended 30 June 2024

		Group		Company	
		2024	2023	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**
Interest received		**184,939**	134,315	**213,652**	156,733
Dividends received		**22**	30	**22**	30
Fees and commissions received		**5,407**	7,033	**5,407**	6,673
Other income		**2,103**	258	**8,251**	6,164
Interest paid		**(68,297)**	(25,223)	**(102,961)**	(53,322)
Payments to suppliers and employees		**(63,704)**	(62,778)	**(63,867)**	(64,913)
Income taxes paid		**(17,165)**	(10,805)	**(17,166)**	(10,805)
(Increase) / decrease in operating assets					
Receivables from financial institutions		**35,000**	(35,000)	**35,000**	(35,000)
Member loans		**(264,646)**	(119,296)	**(264,646)**	(119,296)
Increase/(Decrease) in operating liabilities					
Member deposits		**288,312**	1,408	**288,312**	1,408
Term funding facility		**(212,958)**	-	**(212,958)**	-
Other Borrowings (incl self securitisation)		**55,112**	-	**64,611**	56,356
Net cash used in operating activities	B4 (c)	**(55,875)**	(110,058)	**(46,343)**	(55,972)
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from investments at amortised cost		**8,641**	129,644	**8,641**	129,644
Payments for other financial assets		**(512)**	180	**(511)**	180
Proceeds from sale of property, plant and equipment		**14**	146	**14**	146
Payments for property, plant and equipment		**(2,071)**	(1,194)	**(2,071)**	(1,194)
Purchase of intangible assets		**(267)**	(82)	**(267)**	(82)
Cash Transferred in as part of MCU Merger		**4,158**	-	**4,158**	-
Net cash provided by investing activities		**9,963**	128,694	**9,964**	128,694
CASH FLOW FROM FINANCING ACTIVITIES					
Payment of lease liabilities		**(1,342)**	(1,209)	**(1,342)**	(1,209)
Net cash used in financing activities		**(1,342)**	(1,209)	**(1,342)**	(1,209)
Total net increase (decrease) in cash held		**(47,254)**	17,427	**(37,721)**	71,513
Cash and cash equivalents at 1 July		**296,979**	279,552	**249,894**	178,381
Cash and cash equivalents at 30 June	B4 (a)	**249,725**	296,979	**212,173**	249,894

The accompanying notes should be read in conjunction with these financial statements

A ABOUT THIS REPORT

Corporate Information

The financial statements of Regional Australia Bank Ltd ("the Company") for the year ended 30 June 2024 were authorised for issuance in accordance with a resolution of the Directors on 27 September 2024.

The consolidated financial statements as at and for the year ended 30 June 2024 comprise Regional Australia Bank Ltd ("the Company"), and the CMG Funding Trust No.1 ("the Trust"), a Special Purpose Vehicle deemed under the Accounting Standards to be controlled by the Company for the year ended 30 June 2024 (together referred to as "the Group").

The registered office is at Technology Park, Madgwick Drive, Armidale NSW 2350.

The Company is a public company registered under the *Corporations Act 2001 (Cth)* limited by shares.

The principal activities of the Group are the provision of retail and commercial financial products and services to members in the form of taking deposits and giving financial accommodation as prescribed by Regional Australia Bank's Constitution. The members are the owners of the Company.

Basis of Preparation

The consolidated financial statements of the Company are general purpose financial statements which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have been prepared on a historical cost basis, except for land and buildings and other financial assets, which have been measured at fair value.

Amounts are presented in Australian dollars, which is the Group's presentation currency. These amounts have been rounded to the nearest thousand dollars ('000), or in certain cases to the nearest dollar, as allowed by ASIC *Corporations Instrument 2016/191*.

Comparative figures have been adjusted to conform to changes in presentation for the current financial year

Statement of Compliance with IFRS

The financial statements comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis of Consolidation

The consolidated financial statements include those of the Company and a Special Purpose Vehicle (the CMG Funding Trust No. 1, the securitisation trust) which relates to the issuance of residential mortgage-backed securities (RMBS). RMBS are issued by the securitisation trust and held by the Company for entering into potential repurchase agreement with the Reserve Bank of Australia for short term funding requirements. The securitisation trust is consolidated, as the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. The securitisation trust's underlying assets, liabilities, revenues, expenses and cash flows are reported in the Statements of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statements of Changes in Equity and Statements of Cash Flows. All inter-company transactions and balances have been eliminated on consolidation including any unrealised profit.

Material Accounting Policies

(i) Financial Assets

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

A financial asset is derecognised where:

- the rights to receive cash flows from the asset have expired; and
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party unless under a 'pass-through' arrangement; or
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Impairment of non financial assets

The Group assesses at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and the difference is recognised as the impairment loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of the asset is increased to its recoverable amount.

A ABOUT THIS REPORT (continued)

(iii) Financial instruments

Classification and measurement of financial instruments

Cash and cash equivalents

Cash and cash equivalent include cash on hand, deposits at call with ADIs along with restricted cash held on deposit by the CMG Funding Trust No 1.
Cash and cash equivalents are measured at amortised cost.

Receivables from financial institutions

Receivables from financial institutions are short term deposits less than twelve months held with ADIs for the purpose of managing liquidity. The receivables from financial institutions are measured at amortised cost.

Investments at amortised cost

Investments at amortised cost are held by the Group in separate portfolios to provide interest income and meet liquidity requirements. The Group considers these securities are held within a business model whose objective is achieved by collecting contractual cash flows, however, sales may occur that would be incidental to the business model. The financial assets have a maturity no longer than 5 years and contractual terms of these assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Investments are held at amortised cost.

Loans and advances to members

Loans and advances to members are classified at amortised cost. The Group considers these securities are held within a business model whose objective is achieved by collecting contractual cash flows. The financial assets have a maturity no longer than 30 years and contractual terms of these assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets therefore have been classified as financial assets held at amortised cost.

Trade and other receivables

Trade and other receivables are classified at amortised cost as they are held to collect under the Group's business model.

Other financial assets

Other Financial assets are equity securities that represent investments the Group intends to hold for long term strategic purposes. As permitted by AASB 9, the Group has designated these investments at the date of initial application as measured at fair value through other comprehensive income (FVOCI).

Impairment of financial assets recorded at amortised cost

Investments recorded at amortised cost AASB 9 requires the recognition of 12 month expected credit losses (the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition ("Stage 1"), and lifetime expected credit losses for financial instruments for which the credit risk has significantly increased since initial recognition ("Stage 2"), or which are credit impaired ("Stage 3").

Calculation of expected credit losses (ECL)

Expected credit losses (ECLs) are calculated using three main parameters i.e. a probability of default (PD), a loss given default (LGD) and an exposure at default (EAD). These parameters are generally derived from statistical models combined with historical, current and forward looking information, including macro economic data.

For accounting purposes, the 12 months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance date and future economic conditions that affect the credit risk.

The LGD represents expected loss conditional on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money.

The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the balance date to the default event together with any expected drawdown of a facility.

The 12-months ECL is equal to the discounted sum of monthly PD over the next 12 months of monthly PD multiplied by LGD and EAD. Lifetime ECL is calculated using the discounted sum of monthly PD over the full expected remaining life multiplied by LGD and EAD.

Determining a significant increase in credit Risk (SICR)

The Group assess when a significant increase in credit risk has occurred using qualitative and quantitative information. Information used includes internal risk grade indicators, hardship applications and loan segment information. As a backstop, financial instruments that are 30 days or more past due are treated as "Stage 2". Exposures move back to "Stage 1" once they no longer meet the criteria for a significant increase in credit risk.

Definition of default

The Group uses the definition of default aligned to the internal credit risk management framework. Default is generally defined as the point in time when the borrower is unlikely to meet its credit obligations in full, without recourse by the Group to take realisation of collateral; or the borrower is 90 days or more past due. When this occurs the loan is placed in stage 3 and a specific provision (or impairment) is estimated against the loan. This provision is measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's effective interest rate. For impaired financial assets drawn and undrawn components, expected credit loss also reflects any credit losses related to the portfolio of the loan commitment that is expected to be drawn down over the remaining life of the instrument. When a financial asset is credit impaired, interest ceases to be recognised on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, interest income is calculated by applying the original effective interest rate to the amortised cost of the asset, which is the gross carrying amount less the related loan loss provision. The best estimate of a loan loss is calculated using the weighted average of the shortfall gross carrying amount minus discounted expected future cash flow. Cash flows from collateral are included in the measurement of the expected credit losses of the related financial asset. The estimation of future cash flows are subject to significant estimation, uncertainty and assumptions.

Write off

Loans and the related ECL are written off, either partially or in full, when there is no realistic prospect of recovery. Indicators which trigger a write-off may include: bankruptcy, restructuring where there is a high improbability of recovery of part of the remaining exposure or when there is a high improbability of recovery of the remaining loan exposure or certainty that no recovery can be realised. If a provision for impairment has been recognised in relation to a loan, write offs are made against the provision. If no provision for impairment has previously been recognised, write offs are recognised as expenses in the Statement of Profit or Loss and Other Comprehensive Income.

A ABOUT THIS REPORT (continued)

(iii) Financial instruments (continued)

Incorporation of Forward Looking information

The Group uses a range of relevant forward looking data, including macro economic forecasts and assumptions, for the determination of unbiased general economic adjustments and any idiosyncratic or targeted portfolio / geographical adjustments, in order to support the calculation of ECLs.

Forward looking adjustments for both macro-economic adjustments and more targeted portfolio / geographical adjustments, reflect reasonable and supportable forecasts of potential future conditions that are not captured in a base ECL calculation.

Macro-economic factors taken into consideration include, but are not limited to, unemployment, interest rates, gross domestic product, and residential property prices. Portfolio and geographical adjustment taken into consideration include, but are not limited to, portfolio composition, and environmental conditions. The factors require an evaluation of both the current and forecast direction of the economic and environmental cycle.

Incorporating forward looking information, including macro-economic forecasts increases the degree of judgement required to assess how the changes in these data points, will affect ECLs. The methodologies and assumptions, including any forecasts of future economic and environmental conditions are reviewed regularly.

Whilst Cash and cash equivalents, Investments at amortised cost and trade receivables are subject to the impairment requirements of AASB 9, the identified impairment loss is immaterial.

Additional information about how the Group measures the allowance for impairment is described in Note C2.

(iv) Leases

At inception of a contract the Group assesses whether a contract is, or contains a lease based on the definition of a lease, as explained in Note F2.

As a lessee, the Group leases assets including property and equipment. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most of these leases - i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

The Group 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 to dismantle and remove the underlying asset or to restore 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 end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted at the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Other significant accounting policies can be found next to the note to which they relate.

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has used its judgements, assumptions and applied estimates of future events. Some of these include areas involving:

- impairment assessment and charges on loans and advances (C2a);
- fair value of financial assets and liabilities (C3);
- recoverability of deferred tax assets (B3);

Further information on specific judgements, assumptions made and estimates applied, are contained within the notes to the financial statements.

New accounting standards and interpretations not yet adopted

AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2] AASB 2021-2 became effective for annual reporting periods beginning on or after 1 January 2023. The amendments require the disclosure of material accounting policies rather than significant accounting policies and clarify the distinction between accounting policies and accounting estimates. The amendments do not result in any changes to the accounting policies.

The Australian Accouting Standards Board approved a new standard AASB 18 Presentation and Disclosure of Financial Statements for application by Australian entities preparing financial statements in accordance with Australian Accounting Standards. The new standard will commence for annual periods beginning on or after 1 January 2027. The new standard will require income and expenses to be classified into one of five categories including investing, financing, income taxes, discontinued operations and operating.

B OUR BUSINESS PERFORMANCE

B1 INTEREST INCOME AND EXPENSE

(i) Interest income and expense

All Interest income and interest expense is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial instrument over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

Loan interest is calculated on the basis of daily balance outstanding and is charged in arrears to a member's account on the last day of each month. Interest income on impaired loans is recognised using the original effective interest rate.

	Group		Company	
	2024	2023	2024	2023
Interest Income using the effective interest method	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	**18,025**	12,611	**14,670**	10,385
Investments at Amortised Cost	**15,972**	10,135	**15,972**	10,135
Loans and advances to members	**150,636**	111,380	**150,685**	111,380
Interest income accrued on impaired financial assets	**306**	189	**306**	189
Interest income on notes receivable from securitisation trust	**-**	-	**32,019**	24,644
Total interest income using the effective interest method	**184,939**	134,315	**213,652**	156,733
Interest Expense using the effective interest method				
Deposits	**79,530**	35,672	**79,530**	35,672
Other Borrowings	**696**	214	**35,360**	28,313
Total interest expense using the effective interest method	**80,226**	35,886	**114,890**	63,985
Net Interest Income	**104,713**	98,429	**98,762**	92,748

B2 NON-INTEREST INCOME

(i) Fees and commission income

The Group earns fee and commission income from a diverse range of services it provides to its members. Under AASB 15, the assessment is based on whether the Group has satisfied its performance obligations under the contract.

Loan fee income earned or expenses incurred which are associated with the origination of loans and advances or financial liabilities are deferred and form part of the amortised cost of the asset or liability and result in an adjustment to the effective interest rate method.

Transaction fees, payment service income, write-offs recovered and other non interest income are recognised at a point in time in which the transaction takes place and the related performance obligation has been completed or when an amount previously written off is recorded.

Insurance commissions are recognised once the performance obligation is satisfied. Insurance commissions which are earned on an on-going basis after an initial successful customer referral are required to be recognised as a contract asset under AASB 15, Note C3. The Group's performance obligations are to introduce or refer successful insurance policy applications. The performance obligations are therefore satisfied at the point in time the policy is placed by the provider. Cash is received each month based on the premium paid by the client in the previous month. Trail ceases once the policy is terminated.

	Group 2024	Group 2023	Company 2024	Company 2023
Non-Interest Income				
Loan fees	**1,367**	1,771	**1,702**	1,771
Transaction fees	**1,458**	2,999	**1,123**	2,639
Insurance commissions	**925**	572	**925**	572
Payment services income	**1,657**	1,691	**1,657**	1,691
Write-offs recovered	**138**	146	**138**	146
Other non-interest income	**1,193**	595	**7,341**	6,501
Total non-interest income	**6,738**	7,774	**12,886**	13,320

B3 TAX

(a) Income Tax

The income tax expense or income for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses, if available, only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

	Group		Company	
	2024	2023	2024	2023
Numerical reconciliation of income tax expense to prima facie tax payable:	$'000	$'000	$'000	$'000
Profit from continuing operations before income tax expense	**37,888**	45,821	**37,888**	45,821
Prima facie tax calculated at 30% payable on the profit (2023: 30%)	**11,366**	13,746	**11,366**	13,746
Add tax effect of:				
Imputation credits	**(6)**	(9)	**(6)**	(9)
Sundry items	**28**	96	**28**	96
(over)/under provision for income tax in prior year(s)	**(1)**	(72)	**(1)**	(72)
Income tax attributable to profit	**11,387**	13,761	**11,387**	13,761
Current tax charge	**11,930**	14,155	**11,930**	14,155
Deferred tax benefit	**(543)**	(394)	**(543)**	(394)
	11,387	13,761	**11,387**	13,761

(b) Deferred Tax Assets and Liabilities

Deferred tax assets				
Plant, property and equipment	**406**	268	**406**	268
Loan provisions	**1,987**	1,766	**1,987**	1,766
Employee leave benefits	**1,764**	1,441	**1,764**	1,441
Accrued expenses	**114**	53	**114**	53
Right of Use Asset	**1,694**	1,449	**1,694**	1,449
Other	**44**	52	**44**	52
	6,009	5,029	**6,009**	5,029
Deferred tax liabilities				
Asset Revaluation Reserve - Land & Buildings	**(497)**	-	**(497)**	-
Right of Use Asset	**(1,570)**	(1,387)	**(1,570)**	(1,387)
Contract Asset	**(451)**	(399)	**(451)**	(399)
Other	**0**	(9)	**0**	(9)
	(2,518)	(1,795)	**(2,518)**	(1,795)
Net deferred tax assets	**3,491**	3,235	**3,491**	3,235
Movements:				
Opening balance at 1 July	**3,235**	2,811	**3,235**	2,811
Credited/(charged) to the income statement	**543**	394	**543**	394
Credited/(charged) to other comprehensive income	**(287)**	30	**(287)**	30
Closing balance at 30 June	**3,491**	3,235	**3,491**	3,235
Deferred tax assets to be recovered after more than 12 months	**6,009**	5,029	**6,009**	5,029
Deferred tax liabilities to be recovered after more than 12 months	**2,518**	1,795	**2,518**	1,795

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

B3 TAX (continued)

(c) Franking Account	Group		Company	
	2024	2023	2024	2023
The amount of franking credits available for the subsequent financial year are:	$'000	$'000	$'000	$'000
Franking account balance as at the end of the financial year at 30% (2023: 30%)	**86,749**	75,942	**86,749**	75,942
Franking credits that will arise from payment of income tax instalments as at the end of the financial year	**17,431**	11,001	**17,431**	11,001
Franking credits that will arise from receipt of dividends recognised as receivables as at the end of the financial year	**9**	30	**9**	30
Franking debits that will arise from the receipt of income tax refunds as at the end of the financial year	**-**	(225)	**-**	(225)
Franking account balance for future reporting periods	**104,189**	86,749	**104,189**	86,749

B4 CASH AND CASH EQUIVALENTS

Cash on hand, deposits at call and short-term deposits in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in values. For the purposes of the Cash Flow Statements, cash and cash equivalents consist of cash and cash equivalents net of outstanding bank overdrafts.

Cash includes deposits in the CMG Funding Trust No. 1 (Trust) that is cash held as part of the normal operations of the internal securitisation facility. The total cash held in the Trust at 30 June 2024 is $37,322,316 (2023: $47,084,932).

(a) Company and Group Reconciliations of cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand, cash equivalents and 'at call' deposits, net of overdrafts with other financial institutions. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash on hand	**7,333**	8,046	**7,333**	8,046
Deposits at call	**242,392**	234,433	**204,840**	187,348
Short-term deposits	**-**	54,500	**-**	54,500
Total cash and cash equivalents	**249,725**	296,979	**212,173**	249,894

Cash includes deposits in the CMG Funding Trust No. 1 that is cash held as part of the normal operations of the internal securitisation facility. The total cash held in the Trust at 30 June 2024 is $37,322,316 (2023: $47,084,932).

The Group's exposure to interest rate risk is discussed in Note C5. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

B4 CASH AND CASH EQUIVALENTS (continued)

(b) Cash flows presented on a net basis

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

- customer deposits in and withdrawals from savings and at call, term and other deposit accounts;
- purchases and proceeds of net investments at amortised cost; and
- provision of member loans and the repayment of such loans.

	Group		Company	
	2024	2023	2024	2023
(c) Reconciliation of cash flow from operations with profit after income tax	**$'000**	**$'000**	**$'000**	**$'000**
Profit after income tax	**26,501**	32,060	**26,501**	32,060
Non-cash flows in profit after income tax:				
Amortisation of Intangible Assets	**154**	760	**154**	760
Depreciation (including Lease amortisation)	**2,498**	2,097	**2,498**	2,097
(Gain) / loss on sale of property, plant and equipment	**371**	(95)	**371**	(95)
Interest on lease liabilities	**214**	200	**214**	200
Loan impairment expense / (release) and bad debts written off	**957**	1,140	**957**	1,140
Changes in assets and liabilities:				
(Increase) / decrease in member loans (gross)	**(264,415)**	(119,296)	**(264,415)**	(119,296)
(Increase) / decrease in receivables from financial institutions	**35,000**	(35,000)	**35,000**	(35,000)
(Increase) / decrease in trade and other receivables	**2,926**	(5,399)	**2,959**	(7,662)
(Increase) / decrease in deferred tax asset	**(980)**	(301)	**(980)**	(301)
Increase / (decrease) in provisions	**355**	(262)	**355**	(262)
Increase / (decrease) in deposits	**287,662**	1,408	**287,662**	1,408
Increase / (decrease) in income taxes payable	**(5,522)**	3,380	**(5,522)**	3,380
Increase / (decrease) in deferred tax liability	**723**	(123)	**723**	(123)
Increase / (decrease) in other borrowings	**(157,846)**	-	**(148,347)**	56,356
Increase / (decrease) in trade and other payables	**15,526**	9,373	**15,527**	9,366
Net cash provided by (used in) operating activities	**(55,875)**	(110,058)	**(46,343)**	(55,972)

B5 RECEIVABLES FROM FINANCIAL INSTITUTIONS

Receivables from financial institutions includes short-term deposits.

Deposits with authorised deposit-taking institutions	**-**	35,000	**-**	35,000
(a) Maturity Analysis				
Not longer than 3 months	**-**	-	**-**	-
Longer than 3 months and not longer than 6 months	**-**	10,000	**-**	10,000
Longer than 6 months and not longer than 12 months	**-**	25,000	**-**	25,000
Longer than 12 months	**-**	-	**-**	-
	-	35,000	**-**	35,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

C BANKING ACTIVITIES AND RISK MANAGEMENT

C1 DEPOSITS

All member deposits are initially recognised at the fair value of the amount received adjusted for any transaction costs. After initial recognition, deposits are subsequently measured at amortised cost using the effective interest method.

Interest is calculated on the daily balance and posted to the accounts periodically, or on maturity of the term deposit. Interest expense on savings is brought to account on an accrual basis.

	Group		Company	
	2024	2023	2024	2023
	$'000	**$'000**	**$'000**	**$'000**
Member call deposits (including members' shares)	**1,902,699**	1,837,595	**1,902,699**	1,837,595
Member term deposits	**1,202,098**	862,912	**1,202,098**	862,912
Total Deposits	**3,104,797**	2,700,507	**3,104,797**	2,700,507
(a) Deposit Maturity analysis				
At call	**1,902,699**	1,837,595	**1,902,699**	1,837,595
Not longer than 3 months	**467,640**	316,822	**467,640**	316,822
Longer than 3 months and not longer than 6 months	**436,835**	262,530	**436,835**	262,530
Longer than 6 months and not longer than 12 months	**282,851**	250,448	**282,851**	250,448
Longer than 12 months	**14,772**	33,112	**14,772**	33,112
	3,104,797	2,700,507	**3,104,797**	2,700,507

C2 LOANS, ADVANCES AND NOTES FROM SECURITISATION TRUST

Loans and advances to members, including loans to Key Management Personnel, are initially recognised at fair value. Such assets are measured at amortised cost using the effective interest method, inclusive of loss allowance. Amortised cost is calculated by taking into account any fees and costs that are an integral part of the effective interest rate. Note: At the company level the receivables from the Securitised trust attributable to the Class B notes do not meet the "Solely Payments of Principal and Interest "criteria under AASB 9. These are therefore carried at Fair Value through Profit and Loss. These amounts eliminate on consolidation.

Loans and advances to members				
Personal Loans	**51,788**	43,678	**51,788**	43,678
Mortgage Loans	**2,530,250**	2,199,516	**2,530,250**	2,199,516
Commercial Loans	**228,083**	200,391	**228,083**	200,391
Revolving Credit	**35,969**	36,089	**35,969**	36,089
Total loans and advances	**2,846,090**	2,479,674	**2,846,090**	2,479,674
Total provision for impairment	**(6,624)**	(5,887)	**(6,624)**	(5,887)
Net deferred origination cost	**232**	-	**232**	-
Net loans and advances to members	**2,839,698**	2,473,787	**2,839,698**	2,473,787
Notes receivable from securitisation trust at amortised cost	**-**	-	**615,000**	615,000
Net loans, advances and notes from securitisation trust	**2,839,698**	2,473,787	**3,454,698**	3,088,787

(a) Impairment of loans and advances

The Group assesses the impairment of loans and advances on a forward looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further details are included in Accounting polices (iii) Financial Instruments.

The collective assessment takes account of impairment that is likely to be present in the portfolio utilising an 'expected credit loss' (ECL) model. The model groups financial instruments into loan sub-portfolios that exhibit similar characteristics with further categorisation of the loan book into 12 months ECL and lifetime ECL. The 12 months ECL is from the date a financial asset is first recognised ("Stage 1"), lifetime ECL if the credit risk on that financial asset has significantly increased since the initial recognition ("Stage 2") and for assets that are assessed as credit impaired ("Stage 3") are included in individually assessed allowances. Refer to Accounting polices (iii) Financial Instruments for details of how the model is calculated and how the movement in credit risk is determined.

C2 LOANS, ADVANCES AND NOTES FROM SECURITISATION TRUST (continued)

(a) Impairment of loans and advances (continued)

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or decreased by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to 'Write-offs recovered'.

Refer to Accounting polices (iii) Financial Instruments for details on the Group's write-off policy.

The impact of currently economic conditions on the global and domestic economy, with increasing interest rates and elevated inflation rates is creating forward looking uncertainty in the economic resilience of the regional Australia economy. This change in economic conditions is reflected in the Group's assessment of expected credit losses through the adjustment via a management overlay to reflect potential deterioration of the credit portfolio through increased interest rates and loan affordability. This management overlay has been performed based on number of management judgements, stress testing results and estimates.

The Group has also undertaken additional forward looking sensitivity analysis of the credit portfolios in relation to natural disasters and climate uncertainty to appropriately apply a prudent management adjustment overlay to the ECL allowance. This adjustment was measured based on results from stress testing the credit portfolios to measure changes in exposures and expected credit losses under potential stressed scenarios driven by natural disasters such as flood, bushfires, drought and climate uncertainty. These stressed scenarios provided a movement in default and collateral securities based on an alternative severe bad case. The applied adjustments were based on management judgment, historical experience, available information and portfolio outlook.

As a result of the sensitivity analysis performed for both potential impacts from the potential impact of economic conditions and from potential natural disasters and climate uncertainty the ECL model was adjusted by a management overlay with regards to these measured stress testing results. A management overlay was applied to the ECL model with regards to these measured stress testing results.

	Company and Group	
	2024	**2023**
	$'000	**$'000**
Reported probability weighted ECL	**6,624**	5,887
Included in ECL:		
Management economic uncertainty overlay	**1,900**	1,300
Management natural disaster & climate uncertainty overlay	**400**	400

The following sensitivity table shows the reported provision for ECL based on the probability weighted scenarios and what the provisions for ECL would be assuming a 100% weighting is applied to the base case scenario and to the downside scenario when all other assumptions are held constant as at 30 June.

Reported probability weighted ECL	**6,624**	5,887
100% base scenario	**6,455**	5,749
100% downside scenario	**7,094**	6,434

The following table indicates the current weightings applied by the Group at 30 June:

	Weighting	
Model	**2024**	**2023**
Base	**60%**	60%
Upside	**10%**	10%
Downside	**30%**	30%

The modelled provision for ECL is a probability weighted estimate of the Group's view of the forward looking distribution of potential outcomes. The base scenario has been adjusted with the latest view of available information regarding the various interplay of economic, societal and government responses regarding the economic conditions and potential natural disaster and climate uncertainty impacts. The current view is weighted as a 60% probable outcome of a base scenario, a 10% upside outcome and a 30 % downside outcome.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

C2 LOANS, ADVANCES AND NOTES FROM SECURITISATION TRUST (continued)

(a) Impairment of loans and advances (continued)

Provision for impairments on loans and advances to members	Company and Group			
	Stage 1	**Stage 2**	**Stage 3**	
	12-mth ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	
	Collective Provision	**Collective Provision**	**Specific Provision**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
At 1 July 2023	**4,288**	**125**	**1,474**	**5,887**
Transferred to 12 months ECL collectively assessed	**21**	**(21)**	**-**	**-**
Transfer to lifetime ECL not credit impaired collectively assessed	**(3)**	**3**	**-**	**-**
Transfer to lifetime ECL credit impaired	**-**	**(4)**	**4**	**-**
New and increased provisions net of releases	**576**	**8**	**465**	**1,049**
Impaired loans written off	**-**	**-**	**(312)**	**(312)**
At 30 June 2024	**4,882**	**111**	**1,631**	**6,624**

Provision for impairments on loans and advances to members	Company and Group				
	Personal Loans	**Mortgage Loans**	**Commercial loans**	**Revolving Credit**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2023	**677**	**4,624**	**406**	**181**	**5,887**
Charge/(recovery) for the year	**186**	**547**	**5**	**-**	**738**
At 30 June 2024	**863**	**5,171**	**411**	**181**	**6,624**
Individual impairment	**-**	**1,631**	**-**	**-**	**1,631**
Collective impairment	**863**	**3,540**	**411**	**180**	**4,993**
	863	**5,171**	**411**	**180**	**6,624**
Gross amount of loans in arrears	**1,493**	**54,495**	**5,870**	**524**	**62,382**

Provision for impairments on loans and advances to members	Company and Group			
	Stage 1	**Stage 2**	**Stage 3**	
	12-mth ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	
	Collective Provision	**Collective Provision**	**Specific Provision**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
At 1 July 2022	3,901	130	1,367	5,398
Transferred to 12 months ECL collectively assessed	17	(17)	-	-
Transfer to lifetime ECL not credit impaired collectively assessed	(3)	3	-	-
Transfer to lifetime ECL credit impaired	-	(5)	5	-
New and increased provisions net of releases	373	14	566	953
Impaired loans written off	-	-	(464)	(464)
At 30 June 2023	4,288	125	1,474	5,887

C2 LOANS, ADVANCES AND NOTES FROM SECURITISATION TRUST (continued)

(a) Impairment of loans and advances (continued)

	Company and Group				
	Personal Loans	Mortgage Loans	Commercial loans	Revolving Credit	Total
	$'000	$'000	$'000	$'000	$'000
At 1 July 2022	979	3,782	432	205	5,398
Charge/(recovery) for the year	(302)	842	(26)	(25)	489
At 30 June 2023	677	4,624	406	180	5,887
Individual impairment	-	1,474	-	-	1,474
Collective impairment	677	3,150	406	180	4,413
	677	4,624	406	180	5,887
Gross amount of loans in arrears	1,346	28,927	2,948	423	33,644

	Group		Company	
	2024	2023	2024	2023
(b) Loan impairment expense and bad debt written off	$'000	$'000	$'000	$'000
Loan impairment expense	645	489	645	489
Bad debts written off	312	651	312	651
	957	1,140	**957**	1,140

	Company and Group	
	2024	2023
(c) Loan Maturity Analysis	$'000	$'000
Not longer than 3 months	**8,397**	1,758
Longer than 3 months and not longer than 12 months	**20,455**	2,487
Longer than 12 months and not longer than 5 years	**91,027**	42,879
Longer than 5 years	**2,726,211**	2,432,550
Total gross loans and advances to members	**2,846,090**	2,479,674
(d) Loan Security dissection		
Secured by mortgage over Commercial property	**168,371**	151,926
Secured by mortgage over real estate	**2,586,095**	2,251,218
Partly secured by goods mortgage	**56,175**	48,075
Wholly unsecured	**35,449**	28,455
Total gross loans and advances to members	**2,846,090**	2,479,674

(e) Loan to valuation ratio

The Group accepts a number of methods to value collateral for supporting loans. Real estate is valued utilising a licensed panel of valuers, the purchase price of arms length residential sales, Valuer General notices and market appraisals from real estate agents (a lower loan to valuation ratio is applied). Motor vehicles are valued by reference to an independent valuation guide.

It is impractical to provide a period end valuation of the security held against loans due to the large number of assets to be valued to arrive at the amount. A breakdown of the loan to valuation ratio on loans secured by mortgages over real estate, on a portfolio basis is as follows:

Loan to valuation ratio of less than 80%	**2,286,889**	1,929,646
Loan to valuation ratio of more than 80% but mortgage insured	**148,069**	170,729
Loan to valuation ratio of more than 80% but not mortgage insured	**319,508**	302,768
Total loans secured by mortgage over real estate and commercial property	**2,754,466**	2,403,143

The Loan to valuation ratio of more than 80% but not mortgage insured includes $257.8m (2023: $240.3m) of loans that are covered by government guarantees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

C2 LOANS, ADVANCES AND NOTES FROM SECURITISATION TRUST (continued)

(f) Concentration of loans	Company and Group	
	2024	2023
	$'000	$'000
New South Wales	**2,542,293**	2,267,227
Other	**303,797**	212,448
Total	**2,846,090**	2,479,675

There were no loans to individual or related groups of members which exceed 10% of member funds in aggregate.

There is no concentration of loans to individual members employed in a particular industry.

C3 OTHER FINANCIAL ASSETS

Equity Securities designated as FVOCI					
Australian Settlements Limited		**3**	3	**3**	3
Auswide Bank Ltd		**4**	4	**4**	4
Indue Ltd		**872**	872	**872**	872
MoneyMe Limited		**16**	16	**16**	16
TransAction Solution Limited: A class		**6**	-	**6**	-
		901	895	**901**	895
Contract assets					
Insurance contracts.	B2 (i)	**1,502**	1,330	**1,502**	1,330
		1,502	1,330	**1,502**	1,330
Total Other Financial Assets		**2,403**	2,225	**2,403**	2,225

Other Financial Asset investments are non-derivative financial assets, principally equity securities. After initial recognition Other Financial Asset securities are measured at fair value with gains or losses being recognised as other comprehensive income until the investment is derecognised, at which time the cumulative gains or losses recognised in other comprehensive income are transferred to retained earnings.

The Group has classified investments in unlisted securities as Other Financial Assets investments and movements in fair value are recognised directly in equity. The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance date. For equity investments with no active market, fair values are estimated on the basis of the actual or forecasted financial position and results of the underlying assets or net assets taking consideration their risk profile. Refer to Note C5 (d).

The fair value of the shareholding of Indue Ltd, Australian Settlements Limited and TransAction Solutions was based on a Net Asset Valuation basis performed in 2024. Indue Ltd, Australian Settlements Limited and TransAction Solutions were created to supply services to mutual banks, credit unions and building societies, and they do not have an independent business focus. The shares in Indue Ltd and Australian Settlements Limited are held to enable the Group to receive essential banking services and TransAction Solutions for technology services.

Auswide Bank Ltd is listed on the Australia Stock Exchange (ASX: ABA) and shares are valued at market price as at the balance date.

MoneyMe Limited is listed on the Australian Stock Exchange (ASX: MME) and shares are valued at market price as at the balance date.

C4 INVESTMENTS AT AMORTISED COST

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The assets are subject to impairment under AASB 9. The estimated provision for impairment losses was determined to be immaterial.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as Investments at Amortised Cost as they are held within a business model whose objective is achieved by collecting the contractual cash flows. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of the difference between the initially recognised amount and the maturity amount.

	Group		Company	
	2024	**2023**	**2024**	**2023**
Current	**$'000**	**$'000**	**$'000**	**$'000**
ADI debt investments	196,560	146,697	196,560	146,697
Semi Government securities	54,309	46,568	54,309	46,568
Residential Mortgage Backed securities	7,114	**2,680**	7,114	**2,680**
Total current investments at amortised cost	**257,983**	195,945	**257,983**	195,945
Non-Current				
ADI debt investments	105,463	127,897	105,463	127,897
Semi Government securities	15,088	24,114	15,088	24,114
Residential Mortgage Backed securities	3,550	17,538	3,550	17,538
Total non-current investments at amortised cost	**124,101**	169,549	**124,101**	169,549
Total investments at amortised cost	**382,084**	365,494	**382,084**	365,494

C5 RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk, liquidity risk and operational risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity in the case of interest rate risk and ageing analysis for credit risk.

The Group manages these risks on a daily basis through the operational responsibilities of Executive and Senior Management and the functioning of the Asset and Liability Committee (ALCo), the Credit Committee, the Non-Financial Risk Committee (NFRC), the Transformational Change Committee (TCC), and the Product Committee under policies approved by the Board after recommendation from the Audit Committee or Risk Committee.

(a) Credit Risk

Credit risk is the risk that the Group will incur a loss when its members, clients or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits for individual counterparties, geographical and industry concentrations and monitoring these exposures.

The Group has established a credit control review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Credit limits are established by use of a comprehensive assessment process. The credit control review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

(i) Maximum exposure to credit risk

Maximum exposure to credit risk before collateral held or other credit enhancements:

	Group		Company	
	2024	**2023**	**2024**	**2023**
Credit risk exposures relating to on balance sheet assets:	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	**249,725**	296,979	**212,173**	249,894
Receivables from financial institutions	**-**	35,000	**-**	35,000
Trade and other receivables	**3,828**	6,500	**7,564**	10,269
Loans and advances to members	**2,846,090**	2,479,674	**2,846,090**	2,479,674
Notes receivable from securitisation trust	**-**	-	**615,000**	615,000
Other financial assets	**2,403**	2,225	**2,403**	2,225
Investments at amortised cost	**382,084**	365,494	**382,084**	365,494
Total on balance sheet	**3,484,130**	3,185,872	**4,065,314**	3,757,556
Credit risk exposures relating to off balance sheet assets:				
Guarantees	**3,170**	2,899	**3,170**	2,899
Loan Repayments in advance	**206,704**	197,710	**206,704**	197,710
Undrawn loan commitments	**143,267**	147,004	**143,267**	147,004
Total off balance sheet	**353,141**	347,613	**353,141**	347,613
Total on and off balance sheet	**3,837,271**	3,533,485	**4,418,455**	4,105,169

(ii) Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the member. Guidelines are in place with regards to the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- for commercial lending, charges over real estate properties and inventory; and
- for retail lending, mortgages over residential properties.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

The terms and conditions are specific to individual loan and security types.

It is the Group's policy to dispose of repossessed collateral in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. The Group does not occupy repossessed properties for business use.

C5 RISK MANAGEMENT (continued)

(a) Credit Risk (continued)

(ii) Collateral (continued)

Maximum exposure to credit risk taking into account the estimated FV of collateral held

		Group 2024		
		Estimated FV of collateral held		
	Exposure to credit risk	Property	Total Collateral	Net Exposure
Credit risk exposures relating to on balance sheet assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	249,725	-	-	249,725
Trade and other receivables	3,828	-	-	3,828
Loans and advances to members - Secured	2,810,641	4,317,451	4,317,451	-
Loans and advances to members - Unsecured	35,449	-	-	35,449
Other financial assets	2,403	-	-	2,403
Investments at amortised cost	382,084	-	-	382,084
Total on balance sheet	3,484,130	4,317,451	4,317,451	673,489
Credit risk exposures relating to off balance sheet assets:				
Guarantees	3,170	-	-	3,170
Loan Repayments in advance	206,704	-	-	206,704
Undrawn loan commitments	143,267	-	-	143,267
Total off balance sheet	353,141	-	-	353,141
Total on and off balance sheet	3,837,271	4,317,451	4,317,451	1,026,630

		Group 2023		
		Estimated FV of collateral held		
	Exposure to credit risk	Property	Total Collateral	Net Exposure
Credit risk exposures relating to on balance sheet assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	296,979	-	-	296,979
Receivables from financial institutions	35,000			35,000
Trade and other receivables	6,500	-	-	6,500
Loans and advances to members - Secured	2,451,219	3,883,493	3,883,493	-
Loans and advances to members - Unsecured	28,455	-	-	28,455
Other financial assets	2,225	-	-	2,225
Investments at amortised cost	347,613	-	-	347,613
Total on balance sheet	3,167,991	3,883,493	3,883,493	716,772
Credit risk exposures relating to off balance sheet assets:				
Guarantees	2,899	-	-	2,899
Loan Repayments in advance	197,710	-	-	197,710
Undrawn loan commitments	147,004	-	-	147,004
Total off balance sheet	347,613	-	-	347,613
Total on and off balance sheet	3,515,603	3,883,493	3,883,493	1,064,385

During the financial period the Group realised $262,501 (2023: $34,470) of real estate and other assets through the enforcement of security. As at period-end, the market value of assets in possession by the Group was $0 (2023: $250,000). The Group uses external agents to realise the value as soon as practicable, generally at auction, to settle indebtedness. Any surplus funds are returned to the borrower or are otherwise dealt with in accordance with appropriate insolvency regulations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

C5 RISK MANAGEMENT (continued)

(a) Credit Risk (continued)

(iii) Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment under Stage 2 or Stage 3 of the ECL calculation.

(iv) Impairment assessment

The main considerations for loan impairment assessment are as follows:

- whether any payments of principal or interest are overdue; or
- there are any known difficulties in the cash flows of counterparties; or
- infringements of the original terms of the contract.

The Group addressed impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

(v) Collectively assessed allowances

Allowances are assessed collectively for losses in sub-portfolios of loans and advances that are not individually assessed. Allowances are evaluated on each reporting date with each portfolio being separately reviewed. The grouping for collective impairment assessment is Personal Loans, Mortgage Loans, Commercial Loans and Revolving Credit.

Impairment losses are estimated by taking into consideration the following information: historical losses on the portfolio, current economic conditions, forecasts of future economic conditions and expected receipts and recoveries. Management is responsible for calculating the length of the emergence period which can extend for as long as eighteen months.

(vi) Individually assessed allowances

The Group determines specific allowances for credit impaired Stage 3 loans. When specific allowances are assessed the value may, or may not consider taking security into consideration.

(vii) Analysis of age of financial assets that are past due but not impaired

			Company and Group		
As at 30 June 2024	1 to 30 days	30 to 60 days	60 to 90 days	90+ days	Total
Loans and advances to members	$'000	$'000	$'000	$'000	$'000
Personal Loans	893	146	151	274	1,464
Mortgage Loans	37,853	4,914	2,445	5,317	50,529
Commercial Loans	1,960	74	2,576	1,260	5,870
Revolving Credit	278	78	29	139	524
Total	40,984	5,212	5,201	6,990	58,387
As at 30 June 2023					
Loans and advances to members					
Personal Loans	665	189	24	487	1,365
Mortgage Loans	15,015	2,704	2,083	9,105	28,907
Commercial Loans	579	1,200	-	1,169	2,948
Revolving Credit	164	51	43	167	425
Total	16,423	4,144	2,150	10,928	33,645

(viii) Analysis of financial assets individually determined to be impaired

		2024			2023	
	Gross Impaired Assets	Individually Assessed Provisions	Impaired Assets Net of Assessed Provisions	Gross Impaired Assets	Individually Assessed Provisions	Impaired Assets Net of Assessed Provisions
Company and Group	$'000	$'000	$'000	$'000	$'000	$'000
Loans and advances to members	3,995	1,589	2,406	4,490	1,474	3,016
Financial assets individually assessed as impaired	3,995	1,589	2,406	4,490	1,474	3,016

C5 RISK MANAGEMENT (continued)

(a) Credit Risk (continued)

(ix) Credit quality of financial assets

The credit quality of loans and advances and financial investments, can be assessed by reference to external credit ratings (if available):

	Stage 1		Stage 2		Stage 3	
	12-mth ECL		Lifetime ECL not credit impaired		Lifetime ECL credit impaired	
	Collective Provision		Collective Provision		Specific Provision	
	Company and Group		Company and Group		Company and Group	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Loans and Advances	**2,824,308**	2,462,178	**4,674**	2,925	**17,108**	14,571

ECL stage 1: Corresponds to a senior investment grade to investment grade security with a Standard and Poor's rating of AAA to BBB-

ECL Stage 2: Corresponds to a sub-investment grade security with a Standard and Poor's rating of BB+

ECL stage 3: Corresponds to a security in default with a Standard and Poor's rating of D

Cash and cash equivalents and Investments at amortised cost	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
AAA	**65,977**	81,552	**65,977**	81,552
AA	**325,879**	300,470	**288,327**	253,385
A	**53,298**	103,016	**53,298**	103,016
BBB	**179,145**	174,864	**179,145**	174,864
Unrated	**7,510**	37,571	**7,510**	37,571
	631,809	697,473	**594,257**	650,388

Financial Investments are subject to ECL provision but the Group has assessed the amount as immaterial.

The portfolio composition of loans and advances to members are as follows:

	Company and Group			
	Housing	Commercial	Personal	Total
As at 30 June 2024	$'000	$'000	$'000	$'000
Loans	**2,530,250**	**228,083**	**51,788**	**2,810,121**
Revolving Credit and Overdrafts	**2,445**	**19,372**	**14,152**	**35,969**
Total Balances	**2,532,695**	**247,455**	**65,940**	**2,846,090**
Percentage of portfolio	**89.0%**	**8.7%**	**2.3%**	**100.0%**
Maximum percentage under Group policy	**100.0%**	**17.0%**	**30.0%**	
As at 30 June 2023				
Loans	2,199,516	200,391	43,678	2,443,585
Revolving Credit and Overdrafts	4,710	18,847	12,532	36,089
Total Balances	2,204,226	219,238	56,209	2,479,674
Percentage of portfolio	88.9%	8.8%	2.3%	100.0%
Maximum percentage under policy	100.0%	17.0%	30.0%	

C5 RISK MANAGEMENT (continued)

(b) Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has wholesale funding sources and emergency funding tools in addition to its core deposit base, manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows.

The Group maintains a portfolio of high quality liquid assets that can be easily liquidated in the event of an unforeseen interruption to cash flow. The Group also has lines of credit available, including membership of the Credit Union Financial Support Scheme (CUFSS), that it can access to meet its liquidity needs. As a member of CUFSS, the Group has contractually committed emergency liquidity funding available from the CUFSS members.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. The most important of these is to maintain minimum regulatory limits on the ratio of net liquid assets to customer liabilities, set to reflect market conditions. Net liquid assets consists of cash and short term bank deposits available for immediate sale.

In order to minimise the risk of the Group's liquidity ratio falling below minimum regulatory limits the Board has determined a target liquidity ratio of 12%. In the event that the Group's liquidity ratio falls below 12%, or is considered to be at risk of falling below that level, specific remedial measures are required to be taken by the Board and management.

The liquidity ratio during the year was as follows:	2024	2023
	%	%
As at 30 June	**16.84**	16.68
Average during the period	**17.29**	17.22
Highest	**19.04**	20.39
Lowest	**15.04**	14.90

Maturities of financial liabilities

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the expected maturity date or settlement date.

The amounts disclosed in the table are the contractual undiscounted cash flows.

	Company & Group					
Financial Liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	No Maturity	Total
As at 30 June 2024	$'000	$'000	$'000	$'000	$'000	$'000
Deposits	**1,902,699**	**495,392**	**724,363**	**16,314**	**-**	**3,138,768**
Trade and other payables	**16,992**	**-**	**-**	**-**	**-**	**16,992**
Lease Liability	**4,217**	**-**	**-**	**-**	**-**	**4,217**
Total financial liabilities	**1,923,908**	**495,392**	**724,363**	**16,314**	**-**	**3,159,977**
Contingent liabilities	**2,899**	**-**	**-**	**-**	**-**	**2,899**
Commitments	**277,434**	**72,537**	**-**	**-**	**-**	**349,971**
Total other liabilities	**280,333**	**72,537**	**-**	**-**	**-**	**352,870**
As at 30 June 2023						
Deposits	1,837,595	322,515	531,141	35,975	-	2,727,226
Trade and other payables	13,717	-	-	-	-	13,717
Lease Liability	4,630	-	-	-	-	4,630
Term Funding Facility	-	-	213,598	-	-	213,598
Total financial liabilities	1,855,942	322,515	744,739	35,975	-	2,959,171
Contingent liabilities	2,899	-	-	-	-	2,899
Commitments	263,706	81,008	-	-	-	344,714
Total other liabilities	266,605	81,008	-	-	-	347,613

The table excludes a company liability of $1,176,705,451 (2023: $1,134,841,000) over the maturity profile of self securitised mortgage loans all of which are greater than 5 years referred to in Note C9.

The Financial Year 2023 table includes a drawn allocation of $212,958,000 under the Term Funding Facility (TFF) from the Reserve Bank of Australia referred to in Note C8. The TFF was fully repaid to the RBA in June 2024.

C5 RISK MANAGEMENT (continued)

(c) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The board has established limits on Value at Risk (VaR) and interest rate gaps for stipulated periods. Positions are monitored on a daily basis and hedging strategies are considered to ensure positions are maintained within the established limits.

(i) Value at Risk (VaR)

VaR is a statistical measure of the potential loss expected due to a change in market conditions arising from currently held positions, given a certain confidence level and holding period. VaR is presented as a dollar amount and is based on historically observed volatility. The holding period represents the implied liquidation period of the portfolio. It is the number of days required to either liquidate a portfolio or hedge the risk within the portfolio. The observation period is the number of days over which the previous market data (interest rates) is observed to predict the future. The 99% confidence level is the degree of confidence with which the VaR number will not be exceeded. A 99% confidence level implies that for 99 out of 100 observations, the market value based loss will not be greater than the VaR number.

As a normal distribution is used, the standard deviation of the portfolio is multiplied by 2.33 to achieve a 99% confidence level. A proxy set of interest rates must be used to estimate the changes in the yield curve. The proxy curve used by the Group is the interbank yield curve constructed from the official cash rate, BBSW and swap rates.

Since VaR is an integral part of the Group's interest rate risk management, VaR limits have been established for all non-trading operations and exposures are reviewed monthly against the limits by management.

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
VaR exposure at 30 June	**1,666**	1,973	**1,666**	1,973
Average monthly VaR exposure	**2,393**	2,328	**2,393**	2,328
Maximum monthly VaR exposure	**3,048**	2,574	**3,048**	2,574
Minimum monthly VaR exposure	**1,666**	1,973	**1,666**	1,973

(ii) Sensitivity

The following table demonstrates the sensitivity to a reasonable change in interest rates, with all other variables held constant, of the Group's statement of profit and loss and other comprehensive income. This methodology was also applied in previous years.

The sensitivity of the statement is the effect of the assumed changes in interest rates on the net income for one year, based on fixed rate non-trading financial assets and liabilities, and other stable funding liabilities, held at year end.

1% shift upwards of interest rate impact to income statement	**5,649**	3,769	**5,649**	3,769
1% shift downwards of interest rate impact to income statement	**(5,649)**	(3,769)	**(5,649)**	(3,769)

(d) Fair Value Measurements of financial assets and liabilities

AASB 13 Financial Instruments: Disclosures, requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The majority of financial assets and financial liabilities of the Group are carried at amortised cost. While this is the value at which the Group expects the assets to be realised and the liabilities to be settled , the table below includes the estimated fair values as at 30 June.

C5 RISK MANAGEMENT (continued)

(d) Fair Value Measurements of financial assets and liabilities (continued)

			Group		
As at 30 June 2024	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair Value**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash and cash equivalents	**249,725**	**249,725**	**-**	**-**	**249,725**
Receivables from financial institutions	**-**	**-**	**-**	**-**	**-**
Investments at Amortised cost	**382,084**	**-**	**382,084**	**-**	**382,084**
Loans and advances	**2,839,698**	**-**	**-**	**2,839,698**	**2,830,929**
Trade and other receivables	**3,828**	**3,828**	**-**	**-**	**3,828**
Other Financial assets	**2,403**	**20**	**-**	**2,383**	**2,403**
Total financial assets	**3,477,738**	**253,573**	**382,084**	**2,842,081**	**3,468,969**
Financial liabilities					
Deposits	**3,104,797**	**-**	**3,104,797**	**-**	**3,103,349**
Trade and other payables	**43,463**	**43,463**	**-**	**-**	**43,463**
Term Funding Facility	**-**	**-**	**-**	**-**	**-**
Total financial liabilities	**3,148,260**	**43,463**	**3,104,797**	**-**	**3,146,812**
As at 30 June 2023					
Financial assets					
Cash and cash equivalents	296,979	296,979	-	-	296,979
Receivables from financial institutions	35,000	-	-	35,000	35,000
Investments at Amortised cost	365,494	-	365,494	-	365,494
Loans and advances	2,473,787	-	-	2,473,787	2,455,862
Trade and other receivables	6,500	6,500	-	-	6,500
Other Financial assets	2,225	20	-	2,205	2,225
Total financial assets	3,179,985	303,499	365,494	2,510,992	3,162,060
Financial liabilities					
Deposits	2,700,507	-	2,700,507	-	2,699,918
Trade and other payables	27,823	27,823	-	-	27,823
Term Funding Facility	212,958	-	212,958	-	206,295
Total financial liabilities	2,941,288	27,823	2,913,465	-	2,934,036

The fair value estimates were determined by the following methodologies and assumptions:

Cash and cash equivalents and receivables from financial institutions; trade and other receivables and payables

The carrying values of cash, cash equivalents, liquid assets, trade receivables and payables, other receivables and other payables and receivables due from other financial institutions approximate their fair value as they are short term in nature or are receivable or payable on demand.

Investments at amortised cost

The amortised cost carrying value approximates fair value and they are considered level 2 under the fair value measurement hierarchy.

Loans and advances to members

The carrying value of loans, advances and other receivables is net of specific provisions for impairment. These are carried at amortised cost. The amortised cost carrying value will approximate fair value for variable rate loans. The fair value of fixed loans is calculated by utilising discounted cash flow models (i.e. the net present value of the portfolio future principal and interest cash flows), based on the period to maturity of the fixed loans. Loans, advances and other receivables are considered level 3 under the fair value measurement hierarchy.

Other financial assets

Investments in unlisted and listed equity investments with a fair value of $895,105 (2023: $895,105) were included in Other Financial Asset Investments as at 30 June 2024. All Other Financial Assets other than Auswide Bank Ltd and MoneyMe Ltd (level 1) are categorised as level 3 within the fair value hierarchy of AASB 13. There is no immediate intention to dispose of these investments. There were no changes between levels during the year.

Deposits

Deposits are carried at amortised cost. The amortised cost carrying value approximated fair value for call and variable rate deposits. The fair value of Term Deposits is calculated by using the discounted cash flows of the future principal and interest), based on the period to maturity of the deposit type and the interest rate applicable to its related period to maturity. Deposits are considered level 2 under the fair value hierarchy.

As at 30 June 2024 and 2023 there were no transfers of securities between levels.

C5 RISK MANAGEMENT (continued)

(d) Fair Value Measurements of financial assets and liabilities (continued)

Term Funding Facility

Term Funding Facility (TFF) was carried at amortised cost. The fair value of the TFF was calculated by using the discounted cash flow of the principal and interest payable at maturity on the facility using the interest rate applicable to its related period to maturity for Government bond at the year end date.

(e) Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework, monitoring and by responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access to systems, authorisation and reconciliation procedures, staff training and assessment processes including the use of internal audit.

The Group manages these risks on a daily basis through the operational responsibilities of Executive and Senior management and the functioning of the Non-Financial Risk Committee (NFRC) under policies approved by the Board after recommendation from the Audit Committee or Risk Committee covering specific areas, such as outsourcing risk, fraud risk and business continuity risk.

C6 TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts owed to the Group for services provided, accrued interest on loans and advances, investments, unpresented cheques and deposits not yet banked on the bank account and reimbursements of expenses incurred on behalf of a third party. Trade and other receivables includes interest accrued on investments which is received on maturity. Amounts due for services provided are normally settled in 30 days.

Trade and other receivables are initially recorded at fair value including transaction costs. At reporting date, trade and other receivables are measured at amortised cost. These have been assessed for AASB 9 ECL and the amount is immaterial.

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Accrued Interest and other accrued income	**2,295**	1,560	**2,295**	1,560
Sundry debtors and settlement accounts	**177**	3,985	**93**	3,985
Intercompany receivable from securitisation trust	**-**	-	**3,820**	3,769
Prepayments	**1,356**	955	**1,356**	955
Total trade and other receivables	**3,828**	6,500	**7,564**	10,269

There were no receivables past due at balance date. With the exception of the intercompany receivable from the securitisation trust, the majority of trade and other receivables are collectable within 12 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

C7 Plant and Equipment

	Company & Group					
As at 30 June 2024	**Leasehold Improvements**	**Furniture & Fixtures**	**Office Equipment**	**Computer Hardware**	**Fleet Vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1st July 2023, net of accumulated depreciation	**1,757**	**174**	**193**	**372**	**770**	**3,266**
Merger with Macquarie Credit Union Limited	**-**	**69**	**12**	**28**	**-**	**109**
Additions	**1,315**	**4**	**69**	**165**	**895**	**2,448**
Disposals	**-**	**(68)**	**(16)**	**(27)**	**(11)**	**(122)**
Depreciation P/L	**(431)**	**(18)**	**(87)**	**(269)**	**(330)**	**(1,135)**
Balance at 30 June 2024	**2,641**	**161**	**171**	**269**	**1,324**	**4,566**
At 30 June 2024						
Cost Fair Value	**9,075**	**1,557**	**2,114**	**1,677**	**2,118**	**16,541**
Accumulated Depreciation and Impairment	**(6,434)**	**(1,396)**	**(1,943)**	**(1,408)**	**(794)**	**(11,975)**
Net carrying amount	**2,641**	**161**	**171**	**269**	**1,324**	**4,566**

	Company & Group					
As at 30 June 2023	**Leasehold Improvements**	**Furniture & Fixtures**	**Office Equipment**	**Computer Hardware**	**Fleet Vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1st July 2022, net of accumulated depreciation	1,956	187	214	348	205	2,910
Additions	120	7	64	258	699	1,148
Disposals	-	-	(1)	-	(4)	(4)
Depreciation P/L	(319)	(19)	(86)	(233)	(130)	(787)
Balance at 30 June 2023	1,757	174	193	372	770	3,266
At 30 June 2023						
Cost Fair Value	7,760	1,553	1,605	1,512	1,497	13,927
Accumulated Depreciation and Impairment	(6,003)	(1,379)	(1,412)	(1,140)	(727)	(10,661)
Net carrying amount	1,757	174	193	372	770	3,266

C8 TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at amortised cost and represent accrued interest on deposits and liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade liabilities are normally settled within 30 days.

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Accrued interest payable	**26,471**	14,106	**26,471**	14,106
Sundry creditors and accrued expenses	**5,060**	2,595	**5,054**	2,588
Clearing accounts	**11,932**	11,122	**11,932**	11,122
Total trade and other payables	**43,463**	27,823	**43,457**	27,816

C9 TERM FUNDING FACILITY

Term Funding Facility (TFF)	**-**	212,958	**-**	212,958

Reserve Bank of Australia Term Funding Facility (TFF)

As part of the response to the COVID-19 Pandemic, the Reserve Bank of Australia (RBA) made available a Term Funding Facility (TFF) for Australian ADI's. These ADI's were able to draw down on additional funding at 0.10% for up to 3 years up to an individual limit set by the RBA. For Regional Australia Bank as at 30 June 2024 the facility had been fully repaid (2023: $212,957,966).

Terms of the Term Funding Facility was;

- Term of any drawdown is a maximum of 3 years from the date of drawdown. Regional Australia Bank drawn tranches were repaid between November 2023 and June 2024
- Interest rate is fixed at 0.10% for the term of the facility
- Collateral consists of that which is eligible for the RBA's domestic market operations and includes self-securitised asset backed securities of which the Trusts of the Group are included
- The RBA applies haircuts to the collateral which are set out on the RBA website and may be varied at any time
- Participants may terminate usage of the TFF, in part or in full, before its maturity date in accordance with procedures set out by the RBA

C10 Other Borrowings

Self Securitisation

The Company has established the Trust to provide access to emergency liquidity support in the event of a systemic liquidity crisis. The Trust is in substance controlled by the Company. Accordingly, the Trust is consolidated into the Company's financial statements. The Company sells the rights to future cash flows of eligible residential home loans into the Trust and receives funds equal to the aggregated outstanding balances on all loans which the Trust has purchased and subsequently issued Notes for investors to invest in. Two classes of notes were issued by the Trust and both are fully owned by the Company. Whilst the rights to the underlying cash flows have been transferred, the Company has been appointed to service the loans and must continue to manage the loans as if it were the lender. Accordingly, the mortgage loans and associated financial liability from the Trust on transfer of the loans are recognised in the Company's financial statements. During the financial year, an additional balance of $183,134,000 (2023: $240,811,000) of loans was transferred to the trust.

Negotiable Certificates of Deposit

The Company established a Negotiable Certificate of Deposit (NCD) programme in December 2023 following the Company receiving an External Credit Rating (ECR) from S&P Global Ratings. The NCDs are debt obligations created by contract, issued in accordance with, and subject to Austraclear Regulations. The NCDs are denominated in Australian dollars only and issued in denominations of A$50,000 or such other minimum denomination as may be permitted by the Austraclear Regulations from time to time (with a minimum parcel size of $500,000).

The Company issue the NCDs at a discount to investors on an actual 365 days basis and for a minimum maturity of 7 days and a maximum maturity of 365 days. The NCDs are direct, unsubordinated and unsecured obligations of the Issuer and will rank at least equally with all other direct, unsubordinated and unsecured obligations of the Issuer, except obligations mandatorily preferred by law.
The net proceeds realised from the issue of NCDs are used by the Company for member lending purposes.

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Loans assigned to the securitisation trust	**-**	-	**581,190**	571,691
Negotiable Certificate of Deposits	**55,112**	-	**55,112**	-
	55,112	-	**636,302**	571,691

D CAPITAL

D1 CAPITAL MANAGEMENT

The Group maintains an actively managed capital base to cover risks inherent in its business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Australian Prudential Regulation Authority (APRA).

The primary objectives of the Group's capital management activities are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains healthy capital ratios in order to support its activities.

During the past year the Group has complied in full with all its externally imposed capital requirements.

Although the Group actively monitors and manages its risk exposure in each of these areas, the Group does not calculate and determine its minimum capital needs by allocating a specific value or 'capital charge' to each type of risk. Rather, the Board has resolved that the Group will maintain, based on the outcomes of its annual capital planning processes, an 'internal minimum' target capital ratio (TCR) of 14%.

For capital adequacy purposes, authorised deposit-taking institutions must hold a minimum amount of Common Equity Tier 1 capital and Additional Tier 1 capital. In addition, they may include an amount of Tier 2 capital as part of their required capital holdings, up to the limits specified in the Prudential Standard *APS 110: Capital Adequacy*.

The Prudential Standard sets out the essential characteristics that an instrument must have to qualify as Tier 1 or Tier 2 capital for inclusion in the capital base for assessing Level 1 and Level 2 capital adequacy.

Tier 1 capital comprises the highest quality capital components. Tier 2 capital includes other components that, to varying degrees, fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of an institution as a going concern.

For capital adequacy purposes, the capital base at Level 1 and Level 2 is defined as the sum of Common Equity Tier 1, Additional Tier 1 and Tier 2 capital after all specified deductions and adjustments, subject to the various limits that apply.

	Group	
	2024	**2023**
	$'000	**$'000**
Common Equity Tier 1 Capital	**273,987**	232,318
Tier 2 Capital	**5,695**	5,068
Total Capital	**279,682**	237,386
Risk Weighted Assets	**1,507,061**	1,388,917
	%	**%**
Risk-based Capital Ratio	**18.56%**	17.09

The Group has been in compliance with the capital requirements imposed by APRA throughout the year.

The risk weights attached to each asset are based on the weights prescribed by APRA. There has been an overall increase in risk weighted assets during the year as a result of the Macquarie Credit Union merger along with strong organic growth from the mortgage loan portfolio.

	Group		Company	
	2024	**2023**	**2024**	**2023**
D2 CAPITAL RESERVE ACCOUNT	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance	**1,126**	1,143	**1,126**	1,143
Transfer from/(to) retained earnings	**11**	(17)	**11**	(17)
Closing balance	**1,137**	1,126	**1,137**	1,126

The account represents the amount of redeemable member shares redeemed by the Group since 1 July 1999. The Law requires that the redemption of the shares be made out of profits. Since the value of the shares has been paid to members in accordance with the terms and conditions of the share issue, the account represents the amount of profits appropriated to the account.

D CAPITAL (Cont.)

D3 RESERVES

	Group		Company	
	2024	**2023**	**2024**	**2023**
Other reserves	**$'000**	**$'000**	**$'000**	**$'000**
Land and Buildings revaluation reserve	**1,527**	858	**1,527**	858
Other Financial Asset investments revaluation reserve	**5**	5	**5**	5
Total other reserves	**1,532**	863	**1,532**	863
Movements				
Land and Buildings revaluation reserve				
Opening balance	**858**	859	**858**	859
Movement in Land and Building revaluation reserve	**669**	(1)	**669**	(1)
Balance at end of year	**1,527**	858	**1,527**	858
Other Financial Asset investments revaluation reserve				
Opening balance	**5**	74	**5**	74
Movement in Other Financial Asset revaluation reserve	**-**	(69)	**-**	(69)
Balance at end of year	**5**	5	**5**	5

The Land & Buildings revaluation reserve records increments and decrements arising from the revaluation of land and buildings.

The Other Financial Asset investments revaluation reserve records investment in primarily equity investments that are not held for trading and are measured at fair value through other comprehensive income, where an irrecoverable election has been made by management. Amounts in the reserve are subsequently transferred to retained earnings, and not profit or loss, when the asset is derecognised. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

E EMPLOYEES

E1 EMPLOYEE BENEFITS EXPENSE

	Company & Group	
	2024	**2023**
(a) Employee benefits expense	**$'000**	**$'000**
Salaries and wages	**28,169**	23,711
Superannuation expense	**2,928**	2,355
Other employee benefits expense	**7,019**	4,762
	38,116	30,828

(b) Provision for Employee benefits

Liabilities for wages, salaries and annual leave are expected to be settled within 12 months of the reporting date after the end of the period in which the employees render related service are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. The liability for annual leave is recognised in the provision for annual leave.

The liability for long service leave is not expected to be settled within 12 months after the end of the period in which the employees render the related service recognised in the provision for long service leave and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the corporate bond rate at reporting date on national government bonds with terms to maturity that match, as closely as possible, to the estimated future cash flows.

Contributions are made by the Group to an employee's superannuation fund and are charged to the Statement of Profit or Loss and Other Comprehensive Income as incurred.

	Group		Company	
	2024	**2023**	**2024**	**2023**
Current	**$'000**	**$'000**	**$'000**	**$'000**
Annual leave	**2,713**	2,037	**2,713**	2,037
Long service leave	**2,641**	2,060	**2,641**	2,060
Total current provisions	**5,354**	4,097	**5,354**	4,097
Non-current				
Long service leave	**527**	707	**527**	707
Total non-current provisions	**527**	707	**527**	707
Total provisions	**5,881**	4,804	**5,881**	4,804

E2 KEY MANAGEMENT PERSONNEL

(a) Remuneration of Key Management Personnel (KMP)

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director of that entity. KMP have been taken to comprise the Directors and members of the Executive Management Team responsible for the day to day financial management and operational management of the Group.

The aggregate compensation of KMP during the year comprising amounts paid or payable or provided for was as follows:

	Company & Group	
	2024	2023
	$	$
Short-term employee benefits	**3,986,617**	3,742,373
Termination benefits	**-**	-
Superannuation contributions	**318,641**	314,387
Total remuneration of KMP	**4,305,258**	4,056,760

Remuneration shown as short term benefits means (where applicable) wages, salaries, paid annual leave, paid sick leave, profit-sharing and bonuses, and value of fringe benefits received, but excludes out of pocket expense reimbursements.

(b) Loans to KMP

All loans disbursed to KMP were approved on the same terms and conditions, which are applicable to members for each class of loan. There are no loans that are impaired in relation to the loan balances with KMP and have been assessed in the ECL model as part of the Stage 1 collective provision.

KMP who are not directors receive a concessional rate of interest on their loans and facilities. These benefits, where subject to fringe benefits tax, are included in the remuneration in (a) above.

There are no benefits or concessional terms and conditions applicable to the close family members of the KMP.

The aggregate value of loans to KMP as at balance date:	**6,323,930**	7,947,245
The total value of revolving credit facilities to KMP as at balance date:	**158,500**	166,000
Less amounts drawn down and included in total loans above	**(39,707)**	(60,559)
Net revolving credit facilities available	**118,793**	105,441
Fixed term loans disbursed to KMP during the year:	**250,000**	3,662,382
Average balance of revolving credit facilities	**38,124**	27,658
Total loans disbursed to KMP	**288,124**	3,690,040
Interest and other revenue earned on loans and revolving credit facilities to KMP	**314,587**	181,161
ECL Provision for KMP Loans and credit facilities	**-**	-

(c) Deposits from KMP

Total value of term and savings deposits from KMP as at balance date:	**2,038,263**	3,881,774
Total interest paid on deposits to KMP during the year:	**40,631**	23,343

Directors have received interest on deposits with the Group during the financial year. Interest has been paid on terms and conditions no more favourable than those available on similar transactions to members of the Group.

The Group's policy for receiving deposits from other related parties and in respect of other related party transactions, is that all transactions are approved and deposits accepted on the same terms and conditions that apply to members for each type of deposit.

(d) Other transactions of KMP

There are no benefits paid or payable to the close family members of the KMP.

Apart from the above transactions, there are no service contracts to which KMP or their close family members are an interested party.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

F OTHER DISCLOSURES

	Group		Company	
F1 REMUNERATION OF AUDITORS	**2024**	**2023**	**2024**	**2023**
Remuneration of the auditor for:	$	$	$	$
Statutory and Regulatory Audits	**345,039**	297,823	**345,039**	297,823
Other Audit Services	**34,504**	20,252	**34,504**	20,252
Taxation Services	**72,889**	31,857	**72,889**	31,857
Total remuneration of auditors	**452,432**	349,932	**452,432**	349,932

F2 LEASES

(a) Leases as a Lessee

The Group has entered into commercial leases on certain commercial properties from which branches operate. The leases typically run for a period between one to ten years, with an option to renew the lease after that date. Lease payments are renegotiated at the expiry of the lease, or on exercising of option to renew, to reflect market rental. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The retail and office property leases were entered into prior to 1 July 2019 and are classified as leases under AASB 16.

The Group leases office equipment with contract terms of 5 years. These leases are short-term and of low value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information for which the Group as a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

	Company & Group	
	2024	**2023**
Land and Buildings	**$'000**	**$'000**
Balance at 1 July	**4,422**	4,909
Depreciation charge for the year	**(1,229)**	(1,175)
Additions to right-of-use assets	**676**	710
Derecognition of right-to-use assets	**(65)**	(22)
Balance at 30 June	**3,804**	4,422

(ii) Amounts recognised in profit or loss

Leases under AASB 16		
Interest on lease liabilities	**214**	200
Expenses relating to short-term leases	**737**	602

(iii) Amounts recognised in statement of cash flows

Total Cash outflow for leases	**1,342**	1,209

(iv) Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the Lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. At 30 June 2024, management has not considered whether any of the extension options will be exercised.

F3 COMMITMENTS

To meet the financial needs of members, the Group enters into loan commitments. Even though these obligations may not be recognised on the Statements of Financial Position, they do contain credit risk and are therefore part of the overall risk of the Group.

(a) Undrawn Loan Commitments

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

However, the potential credit loss is less than the total unused commitment since most commitments to extend credit are contingent upon members maintaining specific standards. The Group monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter term commitments.

These commitments have been considered when estimating the overall ECL provisions for loans and advances. See note C2 a) for breakdown of ECL.

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Loans Approved but not funded	**72,537**	81,008	**72,537**	81,008
Loan Repayments in advance	**206,704**	197,710	**206,704**	197,710
Undrawn lines of commitment	**70,730**	65,996	**70,730**	65,996
	349,971	344,714	**349,971**	344,714

F4 CONTINGENT LIABILITIES

Credit Union Financial Support Scheme (CUFSS)

The parent is a party to the Credit Union Financial Support Scheme (CUFSS). CUFSS is a voluntary scheme to provide financial support to member Australian mutual ADI's in the event of a liquidity problem. CUFSS is a company limited by guarantee with each members guarantee being $100.

As a member of CUFSS, the parent:

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

No such directions has, at balance date, been requested to the parent.

Financial Guarantees

Letters of guarantee commit the Group to make payments on behalf of customers in the event of a specific act, generally related to contract performance. Guarantees carry the same credit risk as loans. The guarantees committed to by the Group are secured by term deposit and / or real property.

The amount guaranteed at balance date is limited to $3,170,332 (2023: $2,898,661).

F5 LAND AND BUILDINGS

Land and buildings are measured at fair value, based on periodic but at least triennial valuations by external independent valuers, less subsequent depreciation on buildings and less any impairment losses recognised after the date of revaluation. The fair value is reassessed prior to sale.

Any property revaluation increment is credited to the land and building revaluation reserve included in the equity section of the statements of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statements of profit or loss and other comprehensive income, in which case the increase is recognised in profit or loss.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Both the Armidale head office and branch properties were last revalued based on an independent assessment by Herron Todd White Valuers as at June 2024.

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

	Group		Company	
	2024	**2023**	**2024**	**2023**
(a) Land and buildings	**$'000**	**$'000**	**$'000**	**$'000**
At valuation	**5,450**	4,900	**5,450**	4,900
Less accumulated depreciation	**-**	(270)	**-**	(270)
Total land and buildings	**5,450**	4,630	**5,450**	4,630

(b) Movements in carrying amounts

Reconciliations of the carrying amounts of each class of land and buildings between the beginning and end of the current financial year are set out below.

Balance at 1 July	**4,630**	4,765	**4,630**	4,765
Revaluation	**955**	-	**955**	-
Depreciation expense	**(135)**	(135)	**(135)**	(135)
Balance at 30 June	**5,450**	4,630	**5,450**	4,630

F6 SUBSEQUENT EVENTS

Other than disclosed above, there has not arisen in the interval between the end of this financial year and the date of this report any item, transaction or event of a material or unusual nature, likely in the opinion of the Directors, to significantly affect the operations of the Group, the results of operations, or the state of the affairs of the Group in future financial year.

G1 BUSINESS COMBINATIONS

On 1 April 2024, Regional Australia Bank Limited (acquirer) merged with Macquarie Credit Union Limited (acquiree). The post merger name continued to be Regional Australia Bank Limited (RAB). The merger is part of the acquirers growth strategy and provided the acquirer the opportunity to expand regionally in western New South Wales. In addition, the merger provided the members of the acquiree the opportunity to have additional products, services, digital capabilities, and competitive pricing.

The merger, originally announced in July 2023, was approved by members of the acquiree in March 2024 and subsequently approved by APRA, The merger legally took effect on 1 April 2024. On this date Macquarie Credit Union (MCU) voluntarily transferred its assets and liabilities to RAB under the *Financial Sector (Transfer and Restructure) Act 1999* (Cth). As a result, there was no consideration transferred or purchase price of the merger. MCU members ceased to be members of MCU and each was automatically issued a new share and became a member of RAB.

The amounts of revenue and profit and loss attributable to MCU since 1st April 2024 has not been disclosed, as due to integration activities the standalone results for MCU cannot be reliably measured. If the merger had occurrred on 1 July 2023, RAB estimates that interest income would be $5.5m. The information required to report profit and loss had the merger occurred on 1 July 2023 requires significant estimates and cannot be determined in an effective and reliable manner due to the impact of integration impacts that have occurred during the year.

Costs of $2,095,121 were incurred in relation to the merger and integration costs for the period ended 30 June 2024. These expenses are included within the respective expense categories in the Statements of Profit and Loss and Other Comprehensive Income.

Business Combinations are accounted for using the acquisition method as at the acquisition date, which is the date the assets and liabilities of Macquarie Credit Union were transferred to Regional Australia Bank.

On the date of combination the assets and liabilities of MCU were transferred to RAB at carrying value which approximates fair value. There was no consideration paid as a result of the merger.

The fair value of the identifiable assets and liabilities of MCU assumed at the date of acquisition were:

	1 April 2024
Assets	**$'000**
Cash and cash equivalents	4,158
Investments at amortised cost	25,231
Loans and advances (incl loan impairment)	101,909
Other Financial Assets	6
Current tax receivable	4
Accrued Interest and other Accrued Income	185
Other assets	187
Property, plant and equipment	748
Right-of-use assets	222
Total Assets	**132,650**
Liabilities	
Deposits including interest payable	116,628
Trade and Other Payables	5
Lease liabilities	331
Employee benefits	410
Total Liabilities	**117,374**
Net Assets	**15,276**

The loans and advances comprises of gross contractual amounts due of $102m

All fair values are disclosed on a provisional basis. A completion audit was conducted on the balance sheet on 31 March 2024 by Crowe Audit Australia, if new information is obtained within one year of the date of merger about facts and circumstances that existed at the date of merger identified adjustments to the above amounts, or any additional provisions that existed at the date of merger, then the accounting for acquisition will be revised.

Consolidated Entity Disclosure Statement
For the year ended 30 June 2024

Entity Name	Body Corporate, partnership or trust	Place Incorporated	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign Tax resident	Jurisdiction for Foreign tax resident
Regional Australia Bank Limited	Body Corporate	Australia	N/A	Australian	N/A
CMG Funding Trust No.1 (A)	Trust	Australia	N/A	Australian	N/A

(A) CMG Funding Trust No. 1 Pty Ltd ("Trust") is used to provide liquidity to the parent Regional Australia Bank Limited ("RAB") through an internal securitisation facility, whereby Notes have been issued from the Trust to RAB in return for the internal securitisation of RAB loans. Refer to note C10 Borrowings - Self Securitisation.

Independent Auditor's Report

To the members of Regional Australia Bank Ltd

Opinions

We have audited the consolidated ***Financial Report*** of Regional Australian Bank Ltd (the Group Financial Report). We have also audited the Financial Report of Regional Australia Bank (the Company Financial Report).

In our opinion, each of the accompanying Group Financial Report and the Company Financial Report of Regional Australia Bank Ltd gives a true and fair view, including of the ***Group***'s and the Company's financial position as at 30 June 2024 and of their 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*** comprise:

- Statements of financial position as at 30 June 2024;
- Statements of profit or loss and other comprehensive income, Statements of changes in members funds, and Statements of cash flows for the year then ended;
- Consolidated entity disclosure statement as at 30 June 2024;
- Notes, including material accounting policies; and
- Directors' Declaration.

The ***Group*** consists of Regional Australia Bank Ltd (the Company) and the entity it controlled at the year end or from time to time during the financial year.

Basis for opinions

We conducted our audit 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 opinions.

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

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

Other Information

Other Information is financial and non-financial information in Regional Australia Bank Ltd'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.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

Our opinions on the Financial Reports do 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 are free from material misstatement, whether due to fraud or error; and
- assessing the Group and 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 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 opinions.

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.

KPMG

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. This description forms part of our Auditor's Report.

KPMG

KPMG

Nicholas Buchanan
Partner

Sydney
27 September 2024

DECLARATION BY DIRECTORS

The Directors of Regional Australia Bank Ltd (the Company) declare that in the opinion of the Directors:

(a) The financial statements and notes of the consolidated Group and Company are in accordance with the *Corporations Act 2001* (Cth), including:

(i) giving a true and fair view of the financial position of the consolidated Group and Company as at 30 June 2024 and of its performance for the year ended on that date; and

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

(b) The consolidated entity disclosure statement as at 30 June 2024 is true and correct; and

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

(d) The financial statements comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

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

Graham Olrich

Director

David Johnson

Director

Date: 27 September 2024