NGM GROUP

ANNUAL REPORT 2024

Greater Bank

NEWCASTLE PERMANENT

NGM Group acknowledges the Traditional owners, Custodians and Elders past and present of the lands on which our business, employees, partnerships and customers learn, travel and play.

We extend this acknowledgement to all lands across the country. It is on these lands that we connect and collaborate to improve ourselves, our business and strengthen our communities.

Tilba Tilba NSW, Yuin Country, taken by Oli H, Community Engagement Coordinator

About NGM Group

We're Newcastle Greater Mutual Group Ltd™ (NGM Group), one of Australia's leading customer-owned banks trusted by more than 620,000 Australians who bank with our retail banking brands, Greater Bank and Newcastle Permanent.

Headquartered in the Hunter, we have a significant economic and social impact in regional Australia, a workforce of more than 1,600 people, a multi-million dollar annual innovation and technology investment spend, and total assets of more than $21 billion.

NGM Group is an authorised deposit-taking institution regulated under the *Banking Act 1959* (Cth) and by government agencies such as Australian Prudential Regulation Authority (APRA), Australian Securities and Investments Commission (ASIC), and Australian Transaction Reports and Analysis Centre (AUSTRAC).

We offer our customers competitive rates, award-winning service, and a true commitment to supporting our communities, making us a great alternative to the major banks.

We were built from innovation – more than 120 years ago when the big banks stepped back, we stepped up, with a solution to help customers buy their own home, and at the same time we provided an unwavering commitment to give back to our local communities. And this holds true today.

FY24 highlights

Customer

620,000+
NGM Group customers

91.5%
Newcastle Permanent overall customer satisfaction rate*

91.3%
Greater Bank customer satisfaction rate with main financial institution*

27,000
new deposit or savings accounts opened

4,000,000
scam awareness messages sent

11,223
homebuyers helped into a home this year, including 1,352 first home buyers

97% Digital banking and cards
2% ATM
1% Branch

Our People

1,300
development opportunities offered

90%+
of our people feel trusted and respected by their teams and managers

Community

$6 million+
invested in our communities this year

This year we supported

10,464
junior surf lifesavers

6,748
volunteer surf lifesavers

10,000
free footballs for new starters registering through Northern NSW Football

7,000+
gifts donated to the Salvation Army Christmas Toy Drive Appeal

8,000
netballers supported through ASPIRE Netball program since 2016

4,700
high school students reached by our Finance Academy since 2019

Awards

34
awards received including:

Mozo, People's Choice Award – Outstanding Customer Satisfaction

Canstar, Outstanding Value Award – Fixed Home Lender 2024

RateCity, Best Variable Home Loan Gold Awards 2024 – Great Rate

Mozo, Experts Choice – Investor Home Loan

Better Future, Digital Finance GOLD – Australian Design Awards 2023

Financial

$131.1 million
Net profit after tax

$21.2 billion
Total assets

$1.9 billion
Net assets

$16.8 billion
Home loan portfolio

$17.6 billion
Customer deposits

*Customer Satisfaction Consumer Banking, Roy Morgan May 2024

Message from the Chair and CEO

Helping our customers and communities thrive; it's not just our purpose, it's at the heart of everything we do.

From the Gold Coast to Nowra and west to Dubbo, NGM Group isn't just proud to be a trusted banking solution for people right across regional NSW and south-east Queensland, we're proud to be a part of the fabric of the communities we serve.

When Greater Bank and Newcastle Permanent merged in 2023, we promised it would be in the best interests of our members and our communities. With our first full financial year as NGM Group complete, we're proud to be delivering on that promise.

Business performance

NGM Group has achieved a stand-out result for the year, proving the strength, stability and resilience of our business.

Our capital ratio remains market leading at 23%, and combined with strong liquidity, makes our organisation more resilient in the face of increasing economic headwinds. This sees us less exposed to volatile and expensive wholesale financial markets and as one of the best-capitalised banks in Australia, allows us to further enhance customer value through product and service innovation while continuing to invest in the ongoing growth and development of our organisation.

This year we grew total assets to more than $21.2 billion, largely underpinned by outstanding growth in our home loan portfolio.

Helping customers into new homes is at the core of our business and both brands lifted home loan balances over the year, taking our total to $16.8 billion. This represents 9% growth, meaning we significantly outpaced the sector.

The credit quality of our lending portfolio remains exceptionally high with a low level of arrears. As a prudent measure given increasing cost of living pressures and persistent inflation, we have increased the provision for credit losses by $5.3 million to $30.5 million (or to 18 basis points of gross lending assets). This positions us well to continue to support our customers and to withstand increasing economic pressure in a higher interest rate environment.

Our customer deposit balances also increased throughout the year to the record level of $17.6 billion, reflecting our consistently competitive deposit products and rates. We recognise the responsibility that comes with our customers trusting us to hold their deposits and continue to balance the needs of our deposit and lending customers.

Growth across our business and newfound scale achieved through merging saw us deliver a profit after tax of $131.1 million. This result has enabled us to offer greater value for our customers through competitive loan and deposit products, invest in futureproofing our organisation including through technology, and increase the level of support we provide our local communities.

Delivering on our purpose

Community investment continues to be a cornerstone of our purpose and this year we have worked even harder to support the communities that support us.

Again we have not only met our commitment to invest $4.5 million in our regions, but through strong business momentum we have significantly exceeded it. This year we returned over $6 million to regional Australia through Newcastle Permanent and Greater Bank, and our two charitable foundations.

Longstanding partnerships, such as Newcastle Permanent's support of surf life saving and Greater Bank's sponsorship of grassroots netball, have been joined by exciting NGM Group collaborations with the University of Newcastle's Institute for Regional Futures and the Ngarrama reconciliation event.

Additionally, established relationships with industry groups including Business Hunter and the Committee for the Hunter have seen us support a number of sector events throughout the year. These included co-hosting an evening with the Prime Minister at Newcastle City Hall, and holding local business roundtables focused on driving economic prosperity for the region.

The Newcastle Permanent Charitable Foundation and Greater Charitable Foundation continue to fund timely projects that deliver real social impact through a combination of grants and long-term commitments. This supported 25 partners, including those tackling issues recently prevalent in national conversation, such as homelessness, and domestic and family violence.

We are extraordinarily proud to be playing a part in addressing these issues in regional communities by supporting providers such as the Centre for Women's Economic Safety in the Illawarra, the Hunter Domestic and Family Violence Consortium, and Orange Sky Australia in Taree and the Gold Coast.

Supporting our customers

In this challenging economic environment, it has become more important than ever to provide our customers with outstanding value and the service and support they know and trust us for.

We have continued our long heritage of providing personalised solutions for customers experiencing hardship, working closely with our customers on tailored assistance. Arrears over 90 days remained well below the sector average at 0.08% and more than 80% of our customers ended the year ahead of their loan repayments.

By continuing to deliver genuinely competitive alternatives to the major banks, we helped over 11,000 customers with their home loan needs, over 27,000 customers open a new deposit or savings account, and increased our total number of customers to over 620,000.

With more customers choosing to complete their banking digitally, we invested in the ongoing enhancement of our banking apps, increasing responsiveness and functionality. The number of customers choosing the convenience and ease of our new Newcastle Permanent digital home loan contributed significantly to the overall growth of the lending portfolio. We look forward to also introducing our Greater Bank digital home loan.

This year, more than 66 million transactions were completed through our digital platforms and as more people take their banking online, vulnerability to increasingly complex scams and fraud is a growing threat. Along with constantly enhancing our defences to cyber threats we also invested heavily in strengthening employee and community understanding of these schemes. The Newcastle Permanent digital masterclasses remain popular, providing free lessons in internet banking and online safety, while we remain vigilant in ensuring our employees have the most up-to-date training in order to recognise and assist customers who may have fallen victim to a scam.

Branches will always play an important role and this year we invested $2.2 million to deliver contemporary spaces for customers and communities in our Singleton, Erina and Shellharbour locations, modernising them to better suit the increasingly complex transactions customers choose to visit us in person for. There's more to come with additional revitalisations planned for the next financial year.

Recognising our value delivery across home loans, savings accounts with no monthly fees, and customer service, we received 34 awards including from Mozo, WeMoney, Canstar and RateCity; an accomplishment we're incredibly proud of.

Board of Directors

Over the past year, the NGM Group Board has continued its stewardship of the business, and we acknowledge the commitment and contribution of all directors. Specifically, we would like to recognise the contribution of two directors who stepped down from our Board this year, Jayne Drinkwater and Ross Griffiths.

Jayne joined the NGM Group Board from the board of Greater Bank, where she was a non-executive director from 2010 and held the Deputy Chair position from 2019 until the merger in March 2023. Jayne has also chaired the Greater Charitable Foundation.

Ross spent nine years as a non-executive director of Newcastle Permanent, now the NGM Group Board. He also joined the Newcastle Permanent Charitable Foundation Board, including holding the position of Chair.

We thank Jayne and Ross for their many years of service to our organisation, our customers and our communities.

Looking ahead

We believe FY25 will be a challenging year for the national economy and we remain committed to delivering value for our customers and supporting the long-term sustainability of NGM Group.

We expect to see similarities with FY24 regarding the rise in cost of living, a slowing economy, and increasing unemployment, which will continue to place pressure on households.

Due to a strong balance sheet, high capital and liquidity, and outstanding credit quality, we are well-positioned to maintain our high level of customer service and commitment to the regions.

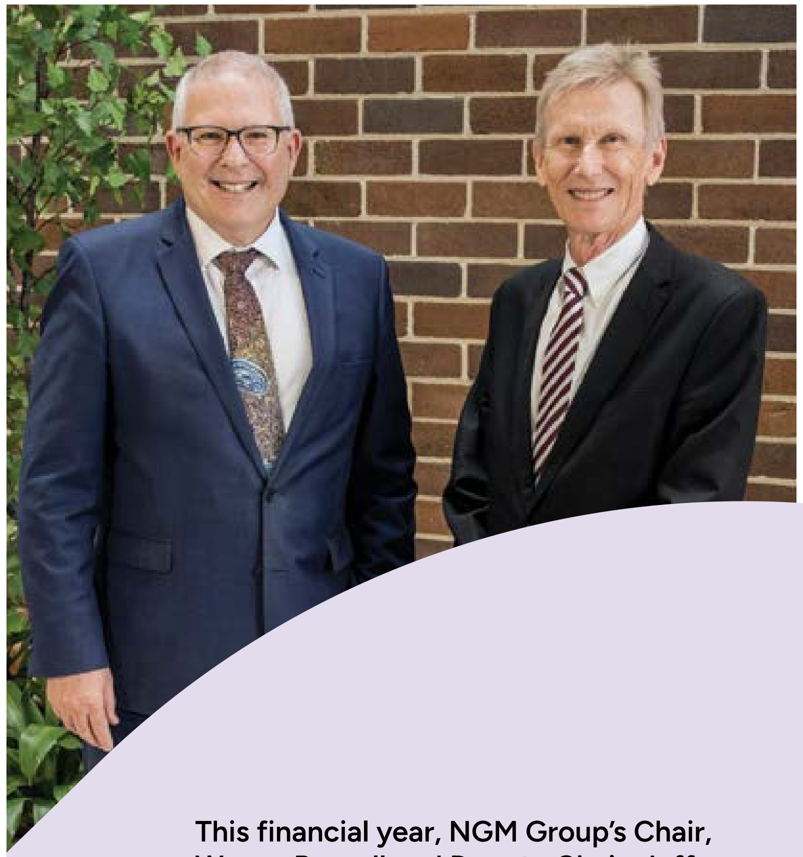
We have our eyes firmly on the future and are continuing to invest across our business to ensure we provide the secure, competitive banking solutions our customers trust and value, while enhancing how we deliver for our communities.

Our ongoing success will be enabled by our committed team. Their passion for delivering for customers and communities is demonstrated every day, and it is through their dedication that we achieved this stand-out FY24 result. As one of the region's largest employers we are firmly focused on providing development opportunities for our people, with more than 1,300 offered this year.

We are proud of our heritage and proud of what we have built, thanks to the ongoing support and trust of our growing customer base. With a strong foundation, delivering great value to our customers and an enviable financial position, we are well on track to achieving our ambition to be Australia's leading customer-owned bank.

Wayne Russell
Chair

Bernadette Inglis
Group CEO



This financial year, NGM Group's Chair, Wayne Russell and Deputy Chair, Jeff Eather announced they will retire at the 2024 Annual General Meeting.

Since joining the Greater Bank and Newcastle Permanent boards respectively over 10 years ago, Wayne and Jeff have overseen periods of significant growth and change for both organisations. As respective Chairs, they were instrumental in bringing the customer-owned banks together in March 2023.

Samantha Martin-Williams will be NGM Group's next Chair. Sam offers strong experience in contemporary governance and strategy execution and after joining the Newcastle Permanent Board in 2012, transitioned to the NGM Group Board where she chairs our People, Culture and Remuneration Committee. This will also be a historic appointment, marking our first female Board Chair.

Sam will be supported by Rod Jackson as Deputy Chair. Rod joined the NGM Group Board in 2023, bringing valuable insights and experience in risk and balance sheet management and multi-brand business models in the financial services sector.

These appointments reflect the Board's strong commitment to proactive succession planning.

We thank Wayne and Jeff for their exceptional contributions to NGM Group and look forward to welcoming Sam and Rod to their new roles.

Our strategy

Our strategy brings together our purpose, where we are going, how we intend to get there, and what success looks like.

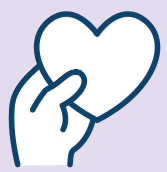
Our purpose is made possible through our longstanding mutual banking model where our people genuinely care about making a difference for our customers and community.

In our second year as NGM Group, our strategy remains sound and we are making good progress towards our growth and innovation ambitions.

Our purpose

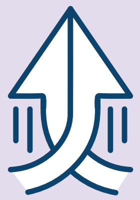
Helping our customers and communities thrive

Our values



Lead with heart

Own the action



Embrace opportunity

Thrive together

Our five strategic priorities guide how we will achieve our purpose and ambitions.

Retain and grow customers

We have two iconic brands that our customers know and love, underpinned by consistently competitive interest rates and the service excellence we are known for.

Building on this, we're focused on further enriching our customer experience, both in branch and online, creating better customer value through product and service enhancements, and developing new capabilities to strengthen existing customer relationships and enter new markets across thriving regional Australia.

One team with a shared culture and values

We're harnessing the collective expertise of our passionate people through a culture that supports change, innovation and sustainable growth.

Our values – Lead with heart, Own the action, Embrace opportunity and Thrive together – have been pivotal in bringing our Group culture to life, and we relish the opportunity to reward our people for living these values each and every day. We continue to integrate and streamline systems and processes to enhance collaboration and make things easier and more efficient for our team. We're also on the hunt for a new headquarters to bring our head office teams together.

We recognise the responsibility that comes with being a significant employer in regional Australia and remain committed to providing development and growth opportunities for our people, as well as contributing to the region's capability and credentials.

Be an integral part of our communities

Our unwavering commitment to customer-owned banking and helping build communities that are vibrant and filled with opportunity remains.

Through Greater Bank and Newcastle Permanent, and our respective charitable foundations, we will continue to invest at least $4.5 million in local communities every year. We are proud to have again exceeded this amount this year.

We are also evolving our Environmental, Social, Governance (ESG) Framework, with a focus on climate-related initiatives and delivering on our Innovate Reconciliation Action Plan commitments.

Retain and mature our operational, financial and risk resilience

We're strengthening resilience across our operational, financial and risk infrastructure to unlock strategic optionality and competitive advantage for the future, while continuing to deliver programs and education that enhance our risk culture to further support our purpose.

There are many ways we are doing this, but two key examples include consolidating our technology systems and continuing to invest in our cyber security infrastructure to protect our customers' data in the face of increasingly sophisticated cyber threats.

People and customers enabled through technology

By continuing to bring together key processes and technology, we'll enhance our employee experience, remove duplication and improve business performance. The ongoing modernisation of our technology platforms will drive faster, safer delivery of services for our customers.

Our upgraded branches at Erina NSW, Darkinjung Country

For our customers

As a customer-owned bank, delivering for our members is at the forefront of everything we do.

Innovative digital offerings, security enhancements, and new products aligned to our multi-brand strategy have propelled growth across the Group, with over 620,000 customers now taking advantage of the award-winning products and service provided by Greater Bank and Newcastle Permanent.

Greater Bank and Newcastle Permanent achieved exceptional results in the latest Roy Morgan report, Customer Satisfaction – Consumer Banking in Australia.

Based on approximately 60,000 personal interviews and analysis of customer satisfaction data from Australia's banking sector between April 2023 and May 2024, both brands surpassed the major banks' 75.4% rating customer satisfaction and the average rating of 78.3% for all banks.

At 91.5%, Newcastle Permanent received the second-highest overall customer satisfaction rate, while a 91.3% rating for Greater Bank garnered a third-place ranking for customer satisfaction with their main financial institution.

Adapting to our customers' needs

With 97% of transactions completed digitally or with cards, our customers are increasingly seeking banking options that they can access anytime, anywhere.

Our branch network remains an important part of our commitment to customer service, and this year we improved more than 45 branches to deliver contemporary spaces for our customers and communities, including $2.2 million of significant branch upgrades rolled out in three regions.

Singleton's Greater Bank branch was relocated to the Singleton Square shopping centre to enhance convenience, Greater Bank in Shellharbour was modernised, and Greater Bank in Erina was relocated to neighbour an upgraded Newcastle Permanent branch. In a Group first, a convenient kiosk-style branch was put in place to ensure our Newcastle Permanent customers could still complete their banking during the Erina branch upgrade.

As we look back over our more than 120-year history, how our branches operate and what they look like has changed. Our ongoing branch investment program focuses on tailoring our branches to better manage the complex transactions customers are choosing to visit us in person for.

This year we launched our first digital home loan through Newcastle Permanent, accessible through a mobile phone, tablet or computer. Providing convenience and timeliness for our customers, the application can be completed in 15 minutes and approved in hours.

High interest in this innovation enabled Newcastle Permanent to help even more Australians into their own homes. Digital home loan applications were received from every Australian state and territory, and we look forward to also assisting Greater Bank customers with a digital home loan option.

Our apps also continue to be popular, with 90% of our customers' digital sessions now conducted through banking apps. We've invested in the ongoing improvement of our apps to ensure they continue to deliver the convenience and responsiveness our customers value, and a user-friendly and accessible experience for people with disability who require additional support to use our digital banking platforms.

Vigilant cyber security focus

With scams and fraud efforts increasing in their complexity and volume, we continue to invest in cyber security and education to protect and inform our customers.

Our ongoing focus on cyber resilience and enhanced cyber security capabilities has security embedded in the design of our technologies, detection mechanisms implemented and enhanced – such as with our 24x7 Security Operations Centre – and real-time cyber monitoring and alerting software. Continually testing our defences is a priority, as we strengthen controls with an ongoing focus on meeting and exceeding regulator and industry obligations.

While the rise of new technologies such as Generative AI (which is artificial intelligence that generates creative content and embodies human qualities) can enhance customer experiences, it can also provide a sophisticated avenue for scammers. This is another imperative for ongoing online safety education as deepfakes make phishing and scam attempts more convincing and frequent.

In addition to technological defences, we continue to educate our staff and our customers about evolving digital risks and targeted scams. Four million scam awareness messages have been sent across our online platforms and through emails and newsletters, while digital masterclasses have upskilled customers to navigate online banking safely and increased awareness of scam and phishing messages.

Award-winning service

Our brands won 34 awards this year. Finder, Mozo, RateCity, WeMoney and Canstar all recognised our home loan products, including WeMoney's Lender of the Year (Customer Owned Bank) and RateCity's Best Variable Home Loan Gold Award 2024 for Greater Bank, and WeMoney's Best Loan Package for Newcastle Permanent.

Newcastle Permanent was also recognised in the Digital Consumer Banking Initiative of the Year – Australia, and the app received Silver in the WILD Design Awards.

This recognition reinforces our position as a market leader with consistently competitive offerings that deliver real value.

Striving for more

We are proud to be one of Australia's largest customer-owned banks, and we're ambitious. A key part of our merger commitment was to continue building our retail brands – both Newcastle Permanent and Greater Bank are here to stay – and with our multi-brand strategy we are well on our way.

This approach focuses our efforts on winning and growing against our competitors, rather than competing with each other, in order to grow NGM Group's overall market share.

To achieve this, our strategy combines the distinct heritage of each brand with the opportunities gained through sharing our digital, marketing and product development resources to enhance our long-term plans for expansion in both new and current geographies.

With over 620,000 customers now choosing to bank with us, it is clear our strategy is working.

For our communities

Giving back to regional communities is not just something we do, it is central to our purpose and it is an honour each and every time we support those who support us.

NGM Group's ongoing financial success has enabled us to invest over $6 million this year, significantly surpassing our commitment of $4.5 million and cementing our purpose of helping regional communities to thrive.

Community contribution

Longstanding partnerships, such as Greater Bank's support for local netball associations and Newcastle Permanent's sponsorship of surf life saving throughout northern NSW, have helped to facilitate sport participation opportunities for tens of thousands of young people, while both brands have also championed the development of maths and money skills. Since 2019, the Greater Bank Finance Academy has reached 4,700 students, while more than 20,000 students registered for the Newcastle Permanent Primary School Mathematics Competition this year.

We have participated in a range of community events across our footprint with Greater Bank contributing to the Lake Macquarie Living Smart Festival and the Newcastle Italian Film Festival, while Newcastle Permanent supported two events for the first time – Port Macquarie Ironman and the Bathurst Winter Festival.

The longstanding Newcastle Permanent Cinema Under the Stars regional tour was again exceptionally popular, with over 15,000 people enjoying a free family movie at nine locations across the Central Coast, Central West, New England and Mid North Coast, with weather-affected screenings in the Hunter and Northern Rivers postponed to later in 2024.

Greater Bank also returned as a proud sponsor of the Indigenous Storytellers Scholarship, partnering with Façon magazine to promote First Nations voices in performing and creative arts from across NSW, providing the $10,000 scholarship for a second year. The Group's strong performance this year also enabled Greater Bank to embark on a new major partnership with the Illawarra Hawks basketball team.

NGM Group engages in industry-level partnerships that support regional growth and development, collaborating with organisations such as the Committee for the Hunter, Newcastle Business Club and Hunter Young Professionals.

A groundbreaking collaboration with the University of Newcastle's Institute for Regional Futures is delivering a series of research papers and events that explore how the activities of governments, industries and communities shape the lives of regional Australians. As regional areas enter a period of significant economic transformation, this series advances the communities we serve, highlighting emerging opportunities and acting as a voice for the people who will be facing this change head-on.

Greater Charitable Foundation

NEWCASTLE PERMANENT CHARITABLE FOUNDATION

Charitable foundations

The Greater Charitable Foundation (GCF) and Newcastle Permanent Charitable Foundation (NPCF) have continued to fund programs and projects that enhance social outcomes through improved access to health, education and wellbeing services. Combined, the foundations have given almost $40 million since their respective inceptions.

This year, five new charity partners have shared over $1.2 million from GCF, for programs that will have long-term positive impacts such as medical research advancement and economic empowerment.

With GCF's $373,000 contribution to PCYC NSW's Fit for Work program, 16 to 18-year-olds in Newcastle, Lake Macquarie and the Illawarra who have been identified as disengaged from traditional family, education or employment are empowered to transition from school to full-time employment or apprenticeships.

In a potentially lifesaving partnership, the Hunter Medical Research Institute (HMRI) has received $227,000 from GCF to fund new research to help recognise and prevent cardiac causes of stroke, benefiting patients Australia-wide.

Orange Sky Australia, the Centre for Women's Economic Safety and RSPCA NSW round out the new GCF program partnerships.

More than $1.3 million in grants awarded by NPCF have enabled 20 projects across northern NSW, focusing on not-for-profit organisations that make a meaningful difference in the lives of people facing disadvantage.

Organisations with a proven track record such as the Vivability Bathurst employment enterprise for people living with disabilities, a Habitat for Humanity program that will refurbish emergency accommodation for approximately 400 vulnerable families across the Hunter and Central Coast, and the Central Coast's Musicians Making a Difference youth engagement program have featured alongside pilot projects that look for new ways to support our regional communities. This includes a Lung Foundation research project into healthcare and social services disparities for immigrant women across the Hunter, Central Coast and Mid North Coast, and a program that places Aboriginal Health Workers into pharmacies in Gunnedah and Tamworth to reduce cultural barriers in receiving healthcare.

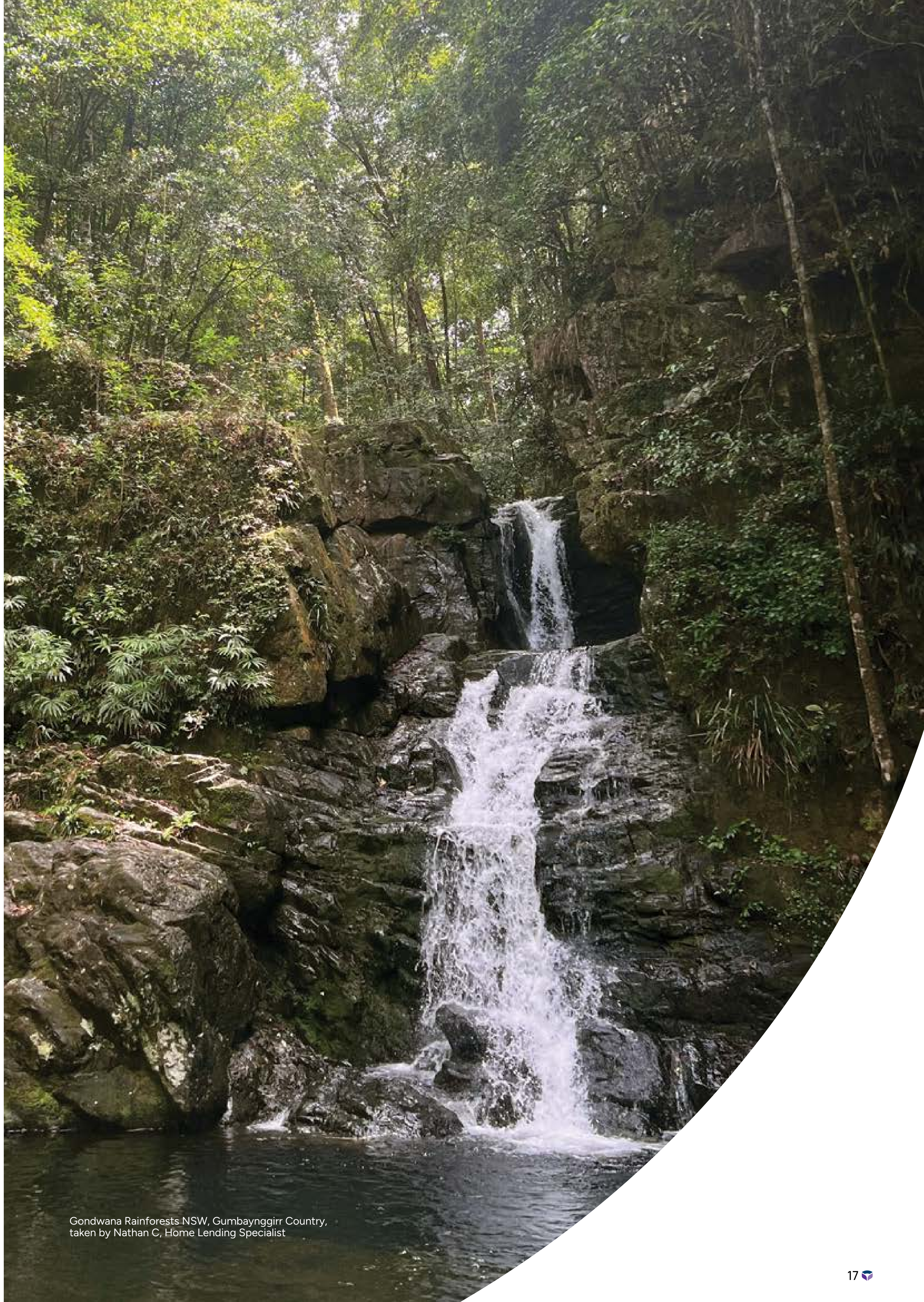
Volunteering

An important component of our community support initiatives is to create opportunities for our own people to be involved in a volunteer capacity.

Through our brand and charitable foundation partnerships, this year our people have given nearly 3,000 hours to community causes such as the RSPCA's free Community Healthy Pet Days in suburbs experiencing high financial disadvantage, a series of Clean Up Australia events across our footprint, and painting homes through the Habitat for Humanity Brush with Kindness program.

In its 35th year, Christmas 2023 heralded a new chapter for the Salvation Army Christmas Toy Drive Appeal, with Greater Bank branches joining Newcastle Permanent as collection points for the annual appeal.

Thanks to the generosity of our communities, over 7,000 gifts were donated through our head office and regional locations, while our people rolled up their sleeves and sorted gifts at the Salvos warehouse, ensuring there were smiles on many young faces on Christmas day.



Gondwana Rainforests NSW, Gumbaynggirr Country, taken by Nathan C, Home Lending Specialist

Image: Milly Hooper Photography

Aunty Theresa Dargin welcoming us with a cleansing at our RAP launch event at the Hunter Wetlands on the lands of the Awabakal, Worimi and Wonnarua people.

For our future

As part of our commitment to healthy and sustainable communities, our Environmental, Social, Governance (ESG) approach plays a key role in delivering on our purpose to help our customers and communities thrive.

As NGM Group grows, our ESG approach has evolved and matured, and this year we published our first Impact Report (available on our website).

Our ESG efforts are concentrated in five key areas, and we have made strong progress this year.

Innovate RAP

We were extraordinarily proud to launch NGM Group's Innovate Reconciliation Action Plan (RAP) in May, as part of National Reconciliation Week.

The Innovate RAP has been endorsed by Reconciliation Australia and outlines our commitment to continuing our reconciliation journey and our vision for a future based on respect, unity and participation.

Focused on building genuine relationships with Aboriginal and Torres Strait Islander peoples through listening, learning, and sharing, the Innovate RAP applies to the next two years and will guide our partnerships and strategy to elevate First Nations culture and voices.

Pillar one: Our customers

In delivering our customers the future of trusted banking, we have implemented accessibility and inclusivity features on our websites and apps, such as screen reader capabilities, and have recently launched our first fully recyclable account card for Greater Bank.

Pillar two: Our people

As well as investing in employee wellbeing initiatives and advancing our Inclusion, Diversity and Equity strategy, we have offered our people environmentally focused volunteering opportunities such as tree planting and Clean Up Australia.

Pillar three: Our community

We have continued longstanding partnerships that improve local lives, including HMRI, the Combined Schools Anzac Service, and surf life saving from the Central Coast to Ballina. Organisations like these play a vital role in keeping our communities safe and healthy, and we are proud to support their important work.

Pillar four: Our environment

Recognising that climate change and the transition to a low-carbon economy is both an impact on and an opportunity for our customers and our communities, we are deepening our understanding of climate-related risks and enhancing our reporting measures while work on our Climate Change Action Plan continues.

Pillar five: Our governance

With reference to Global Reporting Standards, we are building strong foundations for reporting and alignment with industry best practice to continue to be recognised as ethical, honest, and as delivering beneficial outcomes for our customers and local communities.

For more information, visit ngmgroup.com.au/esg

For our people

NGM Group's greatest asset is our people. Our people live in the very communities we serve, are dedicated to living our organisation's purpose and are central to our success.

As we continue to grow NGM Group, we are investing in initiatives that support career growth and foster an inclusive workplace.

NGM Group is on the hunt for a new home

While our head office teams have been utilising space across our corporate sites, it's now a priority for us to bring our people together under one roof.

Having reviewed our space and infrastructure needs, we've determined the best solution for our organisation is to look for an entirely new space that better suits how we're working and collaborating now, along with our anticipated future needs.

We are still in the planning process but in keeping with our proud historical roots and commitments to our members, our new home will be in the Hunter.

Investing in our people

As a larger organisation, we have been able to offer more career opportunities to our people and invest in their personal development and wellbeing.

This year over 1,300 development opportunities were offered to our people with tailored training for leaders at all levels introduced. Further, Own Your Career workshops across the Group have helped employees define and shape their career goals.

With a wealth of talent within the organisation, more than 300 employees were given the chance to undertake new roles this year, over a third of which were promotions.

This year we expanded our employee assistance and wellbeing programs through our online Healthy Body and Mind Hub and prepared for the rollout of a new safety and wellbeing platform to be launched in early FY25.

One organisational culture

Our values – Lead with heart, Own the action, Embrace opportunity and Thrive together – have been pivotal in bringing our Group culture to life, as has the refinement of our employee listening approach; ensuring we have the right mix of employee committees, working groups, surveys and forums for our people to share experiences and learnings.

This year we have focused on embedding our Group-wide Learning and Development, and Health, Safety and Wellbeing frameworks, and on enhancing our people processes and practices. This work has driven great outcomes for our people individually – through skill development, simplification of tasks, and being able to work more efficiently – and our organisation at large.

Achieving a strong 86% participation rate, our Employee Engagement Survey demonstrated that our employees feel safe, trusted and respected by their teams and managers, and placed NGM Group close to the top quarter percentile for engagement globally.

Our Group-wide Inclusion, Diversity and Equity strategy, aligned to our new, larger organisation, is in development. This will outline our vision for a diverse and inclusive workplace, where our employees feel a sense of belonging at work and continue to benefit from strong connections with each other and the communities in which we operate.

Newcastle Ocean Baths, Awakabal Country, taken by Amie R, Designer

Executive Team

Bernadette Inglis
Chief Executive Officer
BBus, MBA, GAICD, INSEAD Graduate

Chris Cockburn
Chief Strategy and Merger Integration Officer
BEc, LLB, Grad Dip Leg Prac, Grad Dip ACG, AGIA

Emma Brokate
Chief Distribution Officer – Greater Bank
GAICD

Gayle Piek
Chief People and Culture Officer
BA(Org.Psych), MAICD

Greg Nyman
Chief Legal and Corporate Governance Officer
LLB, BComm, GAICD

Guy Harding
Chief Risk Officer
MBA, DipFS, FCIB, SFFin (FinSIA)

James Cudmore
Chief Customer and Digital Innovation Officer
BA, GAICD

Libby Davey
Chief Information Officer
BComm (Hons), GAICD

Mark Colless
Acting Chief Financial Officer
BComm, MBA, CA, CFA, GAICD

Paul Juergens
Chief Distribution Officer – Newcastle Permanent
MBA

Stuart Hall
Chief Operating Officer
BApp Ec

Corporate Governance

The Board of Newcastle Greater Mutual Group Ltd (**NGM Group**) is committed to excellence in corporate governance and promotes a best-practice approach that is efficient, transparent and, where practicable for NGM Group, aligned with the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles**). Although NGM Group is not required to comply with the ASX Principles, stakeholders can see our level of alignment to these principles and recommendations by viewing the governance disclosures table at ngmgroup.com.au/governance.

This statement describes NGM Group's corporate governance framework, principles and practices as at 1 September 2024.

1. Purpose, culture and values

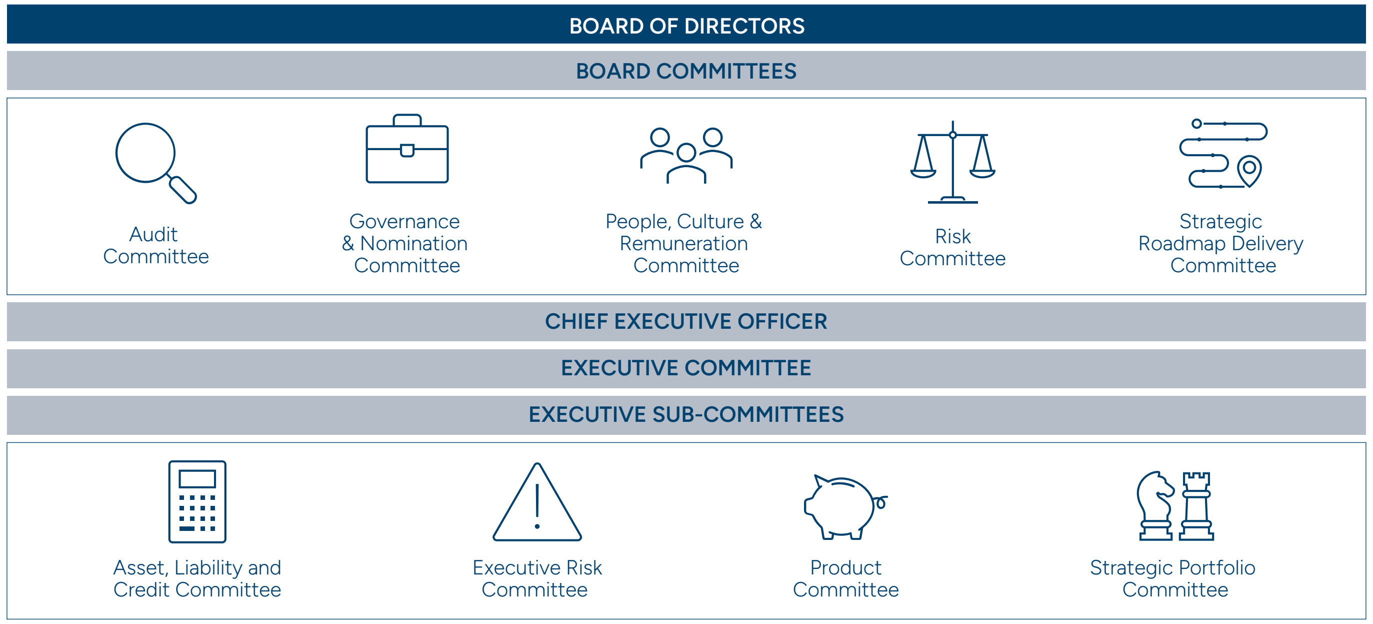
At NGM Group, good corporate governance is how we make decisions and manage risks, to deliver on our purpose as a customer-owned financial institution of "helping our customers and communities thrive" and achieve our strategic ambition of "passionate people enabled to deliver the future of trusted banking".

The Board recognises that a cohesive corporate culture is the cornerstone of an effective governance framework, and that it is responsible for establishing the "tone from the top". The Board shapes and is committed to promoting NGM Group's culture of acting lawfully, ethically and responsibly, including by communicating and operating in ways that role model NGM Group's organisational values of "Embrace Opportunity", "Own the Action", "Lead with Heart" and "Thrive Together". These guiding principles are intrinsically linked to our Strategic Plan and performance and remuneration frameworks.

All Directors, Executives and employees are required to comply with the behavioural standards and expectations described in NGM Group's Code of Conduct and are actively encouraged to "speak up" about any unlawful, unethical or irresponsible behaviour under NGM Group's Whistleblower Protection Policy, available at ngmgroup.com.au/governance.

2. Corporate governance framework, roles and responsibilities

NGM Group's corporate governance structure is depicted below:



2.1 Board and Board Committees

The role of the Board is to set and oversee strategies, plans and policies for the sound management and governance of NGM Group, including the organisation's purpose, values, culture (including risk culture), strategic direction and plan, financial performance, operational objectives, performance and remuneration frameworks and governance, risk management and accountability frameworks. The role, key duties and responsibilities and reserve powers of the Board are described in the NGM Group Board Charter, which is reviewed biennially (or more frequently as required).

To assist the Board in the discharge of its role and duties and responsibilities, the Board has established and delegated certain functions to its four standing Board Committees and one special purpose Board Committee, described in the table below. The special purpose Board Committee is a "whole of Board" committee and has been established to assist the Board in the effective discharge of its responsibilities in relation to oversight and delivery of NGM Group's Strategic Roadmap. Other special purpose committees may also be formed from time to time to assist the Board with particular matters.

Board Committee	Duties and responsibilities	Members
Standing Committees		
Audit Committee	Oversees and makes recommendations to the Board on (among other matters): • integrity of financial statements, financial reporting systems and audit processes • effectiveness of internal control and compliance system(s) and the Risk Management Framework • operation of the Internal Audit function in accordance with the Global Internal Audit Standards • appointment and performance of NGM Group's Head of Internal Audit, external auditor and co-sourced internal audit services provider	C. Robson (Chair) R. Jackson N. Page W. Russell
Risk Committee	Oversees and makes recommendations to the Board on (among other matters): • the Risk Management Framework and Compliance Management Framework • the Risk Management Strategy, Risk Appetite Statement and risk management policies, systems, controls and processes • risk culture • management of climate related risks • the appointment and performance of NGM Group's Chief Risk Officer	R. Jackson (Chair) C. Robson W. Russell D. Vinci
People, Culture and Remuneration Committee	Oversees and makes recommendations to the Board on (among other matters): • the Remuneration Policy and general remuneration matters • remuneration of and succession planning for, the CEO and Executives • diversity, equity and inclusion • people and organisational culture initiatives, performance frameworks, variable remuneration plans, recognition programs, scorecards and metrics • health, safety and wellbeing matters, systems, policies and information	S. Martin-Williams (Chair) J. Eather N. Page D. Vinci
Governance and Nomination Committee	Oversees and makes recommendations to the Board on (among other matters): • the appointment, induction and succession planning for Directors and Board Committee members • the optimal size and mix of skills required on the Board and Board Committees • the annual review of Board, Board Committee and Director performance and effectiveness • annual assessment of Directors' independence • the corporate governance and accountability frameworks and key governance documents and processes (e.g. the NGM Group Constitution, Board and Board Committee Charters, Board Committee Standing Rules, Board and CEO Delegations Policy and Conflicts of Interest Policy)	N. Page (Chair) J. Eather S. Martin-Williams W. Russell
Special Purpose Committees		
Strategic Roadmap Delivery Committee	Oversees and makes recommendations to the Board on (among other matters): • the execution, governance, risk management, financial management and overall delivery of the Strategic Roadmap • alignment between the Strategic Roadmap and the Strategic Plan • NGM Group's Enterprise Portfolio Management Framework as it relates to the Strategic Roadmap • material changes to the Strategic Roadmap, including to budget, deliverables and scheduling • delivery of the strategic benefits from Roadmap Initiatives	J. Eather (Chair) R. Jackson S. Martin-Williams N. Page C. Robson W. Russell D. Vinci

Note: The 'Members' listed above are members of each relevant Committee as at 30 June 2024

Details of Board and Board Committee meetings and Directors' attendance are set out in the Directors' report on pages 31–34.

Each Board Committee has a Charter which is reviewed biennially (or more frequently as required). The Board Committee Standing Rules apply to and are deemed to be incorporated into each Board Committee Charter and, together with the respective Charter, outline the composition and operating rules of each Board Committee and how Board Committees perform their roles and responsibilities for NGM Group and its subsidiaries. Each Board Committee is empowered to obtain information from Management and seek advice from external advisers as required.

2.2 Board composition, tenure and renewal

The Directors and their respective qualifications, experience and special responsibilities are outlined in the Directors' report on pages 31–33.

The Governance and Nomination Committee is responsible for overseeing Board succession planning and renewal, and makes recommendations to the Board on the appointment of Directors, taking into account factors including (among other things):

- composition and ensuring an appropriate mix of skills, experience, tenure and diversity on the Board to address ongoing and emerging strategic priorities;
- ensuring there are sufficient Directors to serve on each Board Committee without overburdening Directors to allow them to adequately discharge their duties and responsibilities as Committee members;
- complying with NGM Group's regulatory obligations; and
- satisfying requirements under NGM Group's Constitution and Board Charter, including the requirements to maintain a majority of independent Non-Executive Directors and at least three Directors based in the Hunter region.

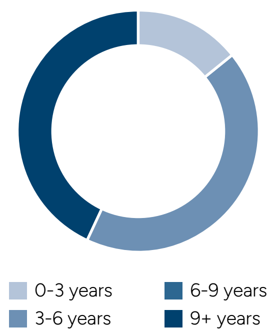
The Board's succession planning approach aims to carefully balance short, medium and longer term tenures. The Board recognises that longer-serving Directors bring a detailed understanding of NGM Group's brands and the respective corporate histories of the merger partners, while newer Directors provide a fresh external perspective. The Directors are passionate about diversity of thought and experience in all respects, and understand that the Board's composition must reflect this.

As part of the Board's ongoing succession planning, after more than a decade of serving on the Greater Bank, Newcastle Permanent and NGM boards, the Chair, Director Russell, and Deputy Chair, Director Eather, will retire as Directors of NGM Group and from their respective positions of Chair and Deputy Chair at the 2024 Annual General Meeting (**AGM**). Director Martin-Williams has been elected incoming Board Chair and Director Jackson has been elected incoming Deputy Chair. These appointments reflect the Board's strong commitment to proactive succession and composition planning and will take effect at the completion of the 2024 AGM.

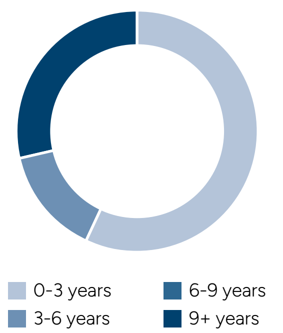
Additionally, following a comprehensive selection process, the Board accepted the Governance and Nomination Committee's recommendation to appoint Mr Darren Turner as a Non-Executive Director of NGM Group. Director Turner joined the Board during October 2024. Director Turner will stand for election at the 2024 AGM.

The charts below depict various measures of the Board's composition and tenure as at 1 September 2024:

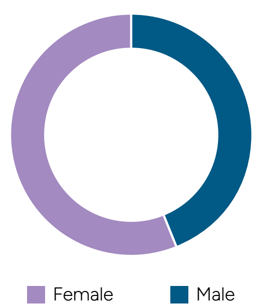
Director Tenure
(including previous tenure on the Board of Greater Bank Limited)



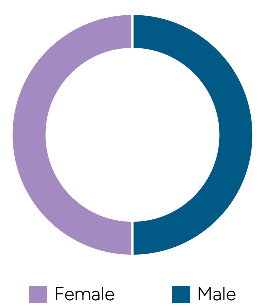
Director Tenure
(not including previous tenure on the Board of Greater Bank Limited)



Director Gender



Chair Gender
(including Board Committee Chairs)



Independence

Under the NGM Group Board Charter, the Board is required to have a majority of independent Non-Executive Directors. This is assessed on an ongoing basis and at least once per year by the Governance and Nomination Committee against NGM Group's criteria for Director independence, which is based on APRA Prudential Standard CPS 510 Governance. The most recent independence assessment in March 2024 confirmed that all Directors, including the Chair, were independent.

It is essential for Directors to possess, exhibit and bring to bear independent decision-making abilities to all Board deliberations, and this is facilitated through:

- regular meetings of Directors without Management present;
- the right for Directors to access all relevant information and seek, subject to prior consultation with the Chair, independent professional advice at NGM Group's expense; and
- principles and procedures for the management of Directors' material personal interests and conflicts of interest, as set out in NGM Group's Conflicts of Interest Policy.

Details of Directors' related-entity transactions with NGM Group and the consolidated entity are set out in the notes on "Key Management Personnel Disclosures" in NGM Group's full financial report.

Appointment, induction and education

Prior to appointment as a Director, each candidate signs a letter of appointment outlining the terms of their appointment to the Board and an Accountability Statement acknowledging their responsibilities for the purposes of the Financial Accountability Regime (**FAR**) under the *Financial Accountability Regime Act 2023* (Cth). Directors are also required to satisfy a fit and proper person assessment prior to their appointment and on an annual basis, to confirm they possess the competence, character, diligence, honesty, integrity and judgement to be a responsible person of NGM Group for the purposes of APRA Prudential Standard CPS 520 Fit and Proper. This involves verification of qualifications and experience, criminal history and personal insolvency checks, enquiries of ASIC and APRA disqualification registers, and disclosure of actual or potential conflicts of interest.

To prepare new Directors for participation in Board governance processes and decision-making, new Directors are provided with a comprehensive Directors' on-boarding pack consisting of briefing materials that include key governance documents and NGM Group's Directors' Handbook which provides a practical overview of Directors' duties and responsibilities in relation to the obligations under relevant legislation and regulations. Directors undertake a structured induction to NGM Group, including meetings with the Chair, CEO, Chief Legal and Corporate Governance Officer and other relevant Executives.

All Directors are encouraged to be members of the Australian Institute of Company Directors and to undertake ongoing professional education and development in fields relevant to their role on the Board and the operations of NGM Group, in alignment with their individual development plans, to ensure continuing improvement in Board performance and effectiveness.

A Director Training Program Register is also maintained which plans focused training for Directors each year. During the 2023/24 financial year, Directors participated in continuing professional development programs on topics that included, balance sheet management, interest rate risk management, the Positive Duty under the *Sex Discrimination Act 1984* (Cth), cyber security, AML/CTF, anti-bribery and corruption, climate governance and climate risk.

2.3 Board performance evaluation

The Board acknowledges that continuing assessment, development and improvement of its performance is critical for the effective governance of NGM Group. The process for formally evaluating the performance of the Board, Board Committees and individual Directors, through the Governance and Nomination Committee, typically involves a three year cycle of two internal and one external reviews, which are complemented by other measures such as monthly pulse surveys of Board meeting effectiveness, feedback sessions and regular assessments of Directors' skills relative to the collective skill requirements of the Board. The current program is depicted below:

YEAR ONE
(2023)
Comprehensive External Board Effectiveness Review

YEAR TWO
(2024)
Internal Board Effectiveness Review

YEAR THREE
(2025)
Internal Board Effectiveness Review

ANNUALLY
Individual Chair/Director Feedback Sessions
Committee Effectiveness Self-Assessments

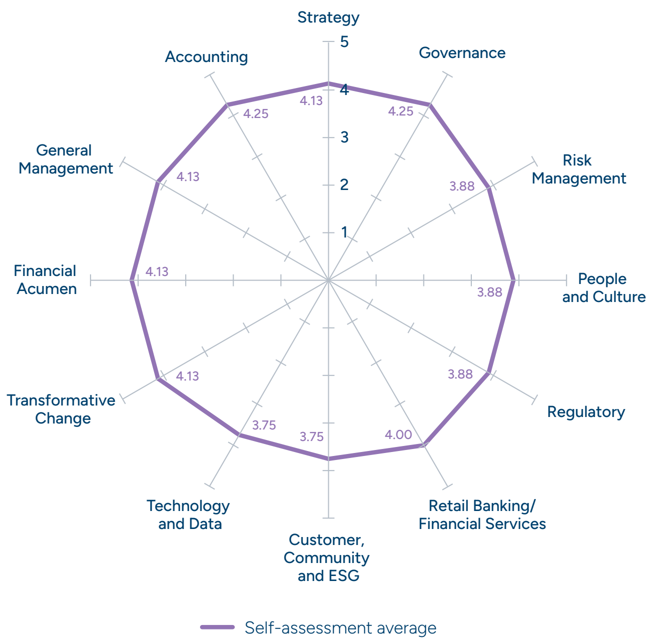
MONTHLY
Board Meeting Effectiveness Appraisals

Skills and experience

A Directors' skills matrix is used to capture the desired and existing skills, expertise and experience considered important for the effective governance of NGM Group.

An externally facilitated Directors' skills analysis is usually undertaken every third year to review the skills matrix and assess the extent to which the Directors possess and exhibit agreed skills, behaviours and capabilities. In line with market practice, the skills analysis involves Directors completing a self-assessment and anonymous peer assessments against the agreed capabilities.

In line with market practice, the skills analysis involves the Directors completing a peer and self-assessment against each capability on a five-point rating scale through a questionnaire process, which is designed and facilitated by an external governance consultant. The below graph depicts the collective results from the most recent skills analysis facilitated by the Australian Institute of Company Directors (**AICD**) in March 2024, based on the average self-assessment ratings for each desired skill set:



The results reflect that, collectively, the skills of the existing Directors align to the capabilities desired by the Board for its effective governance and oversight of NGM Group.

The Board has also articulated its desired behavioural and cultural attributes, which require Directors to be: independent; curious; an effective communicator; open-minded; courageous; and an active listener.

Board and Board Committee effectiveness review

In 2023, Directors and Executives participated in a comprehensive Board and Board Committee effectiveness review process, facilitated by the AICD, which assessed Board performance by considering key aspects of NGM Group's governance, focusing on: the role, membership and dynamics of the Board, the Board's approach to strategy and risk, the interaction between the Board and Management, the quality of Board meetings and reports, the Board's approach to CEO arrangements and the role of the Chair. As part of the evaluation process, a Directors' skills analysis (referred to above) was also conducted. Following the review process and to support continuous improvement, the Board prepared a detailed Action Plan to capture the recommendations arising from the review, the Board's responses to those recommendations, and any actions arising from those responses.

In 2024, Directors will participate in an internally facilitated Board and Board Committee effectiveness review process. This process is intended to support best practice governance and the continuous improvement of the Board.

2.4 Relationship with Management

CEO

The Board is responsible for appointing the CEO, and delegates to the CEO responsibility for the day-to-day management of NGM Group consistently with the Strategic Plan, objectives and priorities, budgets and risk appetite set by the Board, NGM Group's organisational values and NGM Group's desired culture as articulated by the Board. The CEO may sub-delegate any functions to Executives or other employees, with the exception of those functions reserved to the Board under the NGM Group Board Charter or NGM Group's Board and CEO Delegations Policy. All standing delegations by the Board are captured in the Board and CEO Delegations Policy and associated Delegations Manual or other Board-approved policies or resolutions.

Executive Committee

The CEO leads the Executive Committee, which meets regularly to review and report on NGM Group's business activities and supports the CEO in fulfilling the management responsibilities delegated by the Board.

All Executives have entered into a written agreement with NGM Group setting out the terms of their appointment, signed an Accountability Statement acknowledging their responsibilities under the FAR and are required to satisfy a fit and proper person assessment on appointment and annually thereafter.

Company Secretary

The Company Secretary is appointed by the Board and charged with advising on and facilitating NGM Group's corporate governance processes. In doing so, the Company Secretary has a direct and independent reporting responsibility, through the Chair, to the Board and each of the Board Committees.

Evaluation of Management's performance

Through the People, Culture and Remuneration Committee, the Board evaluates the performance of the CEO and Executives on an annual basis by:

- setting performance criteria in alignment with the organisation's Strategic Performance Scorecard;
- considering individual performance against these criteria, including (with respect to the Executives) recommendations from the CEO and information from the Head of Internal Audit and Chief Risk Officer in relation to relevant audit and risk items; and
- approving any merit-based salary increases or variable rewards to be paid.

These reviews are completed between August and October each year.

The Board undertakes, through its relevant Board Committees, a separate annual assessment of the performance of the Chief Risk Officer and Head of Internal Audit in relation to their independent reporting obligations to the Board and Board Committees.

3. Our customers

3.1 Information, communications and feedback

As a customer-owned organisation, our brands are dedicated to serving our members. We engage with our members through various channels, including:

- the NGM Group website (ngmgroup.com.au) – which includes news on our corporate activities, information on our governance and management structure and our Constitution.
- our brands' websites (greater.com.au and newcastlepermanent.com.au) – where we share the rich history of each of our brands, updates on community activities and the latest information on our products and services;
- social media – providing updates, insights and assistance to followers across Facebook, Instagram, LinkedIn, YouTube and X (Twitter);
- statements and other communications;
- surveys and market research;
- customer service touchpoints – customers can submit enquiries, complaints or feedback through our websites, digital banking platforms, branches or our locally-based customer contact centres.

NGM Group has an iterative process for considering feedback from our customers through Management, the Board (via the Risk Committee) and a dedicated Customer Relations function.

3.2 Annual General Meeting

In accordance with the requirements of the Corporations Act and our Constitution, written notice of the AGM is provided to all members eligible under the Constitution to receive notice of, and vote at, the AGM and who have elected to receive notice of the AGM. The notice of AGM is also published on the NGM Group website and in the media and displayed in all branches for at least three weeks in advance of the AGM.

NGM Group's financial report is made available to members on our website along with our Annual Report and is also provided directly to members who have elected to receive it. Members are encouraged and given the opportunity to ask questions during the AGM in relation to any of the items of business, including the financial results or other matters relating to the performance of the organisation. The external auditor also attends the AGM to answer questions from members.

To facilitate participation across NGM Group's member base, the 2024 AGM will be held as a hybrid meeting, with members able to attend and participate online or in person. All resolutions at the meeting will be decided by a poll. Members who are unable to attend the 2024 AGM have the opportunity to participate in the meeting by lodging a direct vote (by post or online) prior to the meeting, or by appointing a proxy to vote on their behalf.

4. Our people

4.1 Diversity, inclusion and gender equality

NGM Group recognises the value and importance of diverse insights, perspectives, experiences and cultures in our business and our local communities.

NGM Group seeks to create a workplace and organisational culture that is inclusive, fair and supportive for all employees. We will continue to evolve our formal approach for promoting and measuring diversity and inclusion, commencing with the NGM Group Diversity, Inclusion and Equity Strategy to be rolled out to our organisation in late 2024.

In May 2024, NGM Group submitted the required 2023/24 financial year Workplace Gender Equality Agency (**WGEA**) reporting. As outlined in our public reports, women make up 74% of NGM Group's non-manager workforce, 59% of staff at manager and 30% at executive level. As previously illustrated, as at 1 September 2024, the Board of NGM Group comprised 57% women and 43% men, and 50% of the Chair positions available across the Board and Board Committees are held by female Directors. For further information, our full public report for the 2023/24 financial year is available on our website at ngmgroup.com.au/regulatory-disclosures.

4.2 Remuneration

The Board recognises remuneration as a key driver of culture, and has adopted a Remuneration Policy that demonstrates, among other things, alignment of remuneration decisions with NGM Group's Risk Management Framework. Any variable reward schemes are designed to encourage conduct that supports the organisation's values, customer interests, financial soundness and risk appetite. This is achieved through the application of risk and behaviour gateways and modifiers and supported by a consequence management framework.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors, Executives and other staff. The Governance and Nomination Committee and People, Culture and Remuneration Committee obtain independent advice on Director and Executive remuneration, respectively, including trends in comparable organisations, to assist it to make sound and justified recommendations to the Board in this respect.

Executive remuneration comprises a mix of fixed and performance-based remuneration, as well as other benefits prescribed in NGM Group's policies from time to time. A balanced scorecard approach is taken to the assessment of Executive performance, which incorporates risk and behaviour gateways and modifiers and drives annual Executive remuneration decisions. In accordance with the FAR and relevant prudential standards, a proportion of Executives' variable remuneration may also be deferred, to be released only where the Board is satisfied that the Executive has met their accountability obligations and certain other criteria. The Board may also determine that any variable remuneration is reduced or forfeited due to malus or clawback trigger events. Termination payments (beyond statutory employee entitlements) are not payable if the employment of an Executive is terminated for misconduct.

The structure of remuneration for Directors is distinct from that of the Executives and other staff. Recommendations for increases in the total Directors' remuneration pool must be submitted to and approved by the members at the AGM. Directors do not participate in any variable reward schemes in order to preserve the independence of the Board and its decision-making processes, and do not receive any retirement benefits from NGM Group other than compulsory superannuation entitlements.

5. Our community

Our brands have a long and proud history of supporting the communities we are part of through local sponsorships, staff donations and volunteering, charity fundraising activities and community events, as discussed on pages 15 and 16.

Our two charitable foundations provide grant funding for eligible not-for-profit organisations in our regions to address issues of disadvantage such as health, social wellbeing and young people. For additional information regarding NGM Group's charitable foundations, refer to page 16.

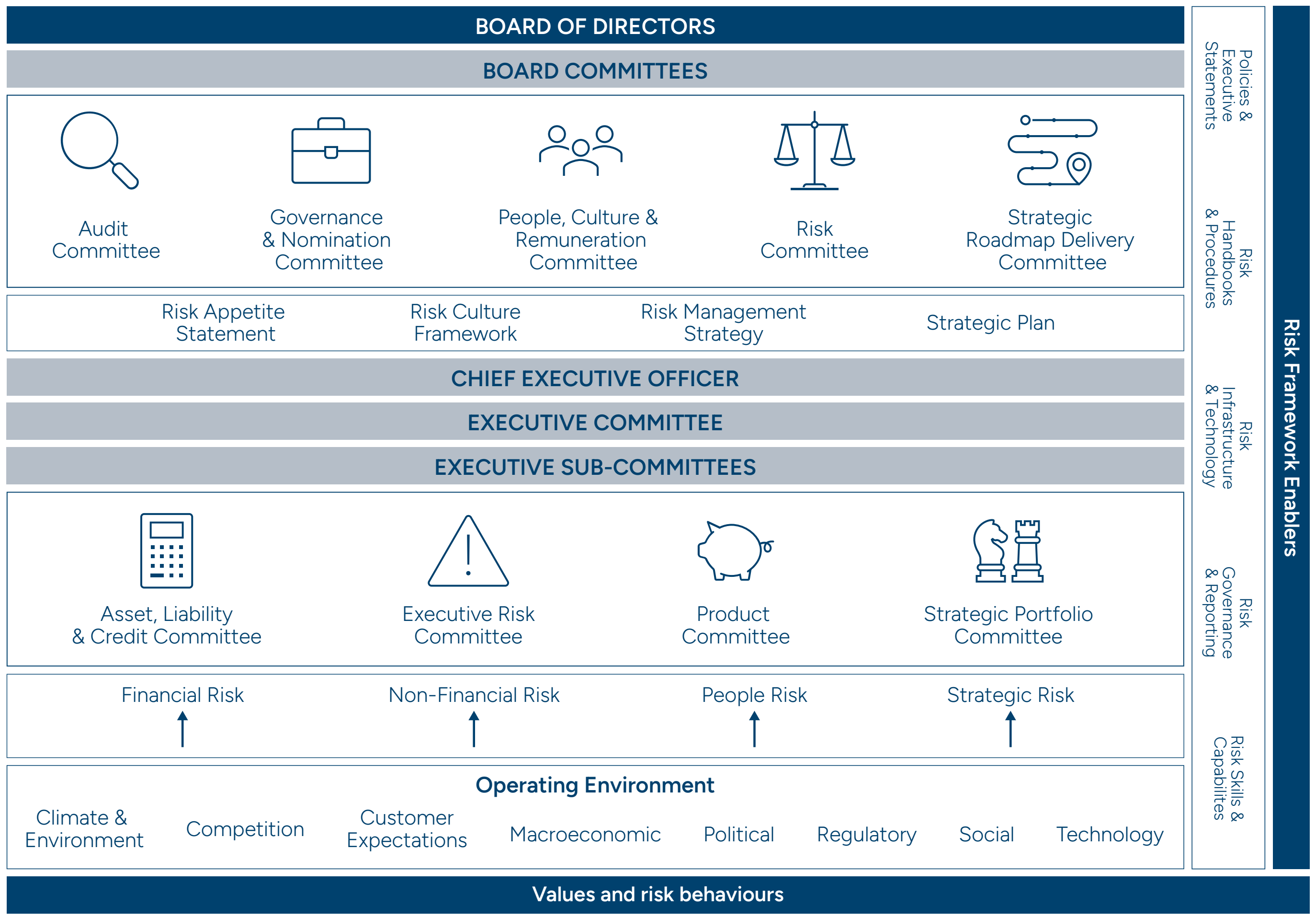
6. Managing risk

6.1 Risk Management Framework

The Board has adopted a Risk Management Framework for the effective management of NGM Group's material risks, comprising the following key elements:

- Risk Management Strategy;
- Risk Culture Framework;
- Strategic Plan and strategic planning process;
- Risk Appetite Statement, which articulates the quantitative and qualitative risk appetite and tolerance for each material risk;
- material risk policies designed to identify, assess, monitor and mitigate all material financial and non-financial business risks;
- risk management taxonomy, methodology, processes, policies and systems;
- enterprise wide scenario analysis and stress testing; and
- Internal Capital Adequacy Assessment Process (ICAAP).

NGM Group's Risk Management Framework is illustrated below:



The Board sets the risk appetite for NGM Group and approves the Risk Management Framework. The Risk Committee was established to assist the Board in discharging its responsibilities relating to the implementation and operation of risk and compliance management frameworks. As part of this role, in June 2024, the Risk Committee reviewed changes to the Risk Management Strategy, Risk Appetite Statement and a number of other material risk policies, which were subsequently approved by the Board.

Exposure to environmental and social risks

The Board acknowledges the importance of managing environmental and social risks, including climate risk, as a responsible organisation in the community and in fulfilling NGM Group's purpose to 'help our customers and communities thrive'. For additional information regarding NGM Group's Impact Statement, refer to page 18.

6.2 Internal audit

NGM Group maintains an in-house internal audit function, whose work is augmented by a co-sourced internal audit service provider. The role of the internal audit function is to provide independent and objective assurance to the Board, Audit Committee and Management. The internal audit function systematically reviews NGM Group's governance, risk management and internal controls in accordance with an annual Internal Audit Plan, assesses how well risks are managed and recommends process improvements.

The Head of Internal Audit reports functionally to the Audit Committee through its Chair, and administratively to the CEO. The Audit Committee has direct access to the internal auditors, and both the Audit Committee and the internal auditors have access to Management to seek all necessary information and explanations with respect to internal audit reviews.

Directors' report

The Directors present their report on the consolidated entity consisting of Newcastle Greater Mutual Group Ltd (**NGM Group**) and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were Directors of NGM Group during or since the end of the financial year. Unless otherwise indicated, the listed persons were Directors for the whole of the year ended 30 June 2024 and up to the date of this report:

W.M. Russell (Chair)
J.R. Eather (Deputy Chair)
J. Drinkwater Ceased 31 December 2023
R.E. Griffiths Ceased 31 March 2024
R.M. Jackson
S.J. Martin-Williams
N.J. Page
C.A. Robson
D. Vinci

Information on Directors

Wayne M. Russell

BCom, CA, GAICD, MIIA (Aust)

Chair

Board member since March 2023. Before the formation of the NGM Group Board, Wayne was Chair and a Non-Executive Director of Greater Bank since 2011.

Member of the Audit, Risk, Governance & Nomination and Strategic Roadmap Delivery Committees

Wayne has extensive experience in providing auditing and assurance services, having worked as an audit and assurance partner at PricewaterhouseCoopers for 20 years and Pitcher Partners for 10 years. Wayne also currently serves as Deputy Chair of Newcastle Anglican Corporation, which was established to oversee the corporate and business affairs of the Newcastle Anglican Diocese.

Jeffrey R. Eather

BCom, CPA, FGIA, MAICD

Deputy Chair

Board Member since May 2013. Before the formation of the NGM Group Board, Jeff was Chair of Newcastle Permanent from 2016 to 2023.

Chair of the Strategic Roadmap Delivery Committee. Member of the People, Culture & Remuneration and Governance & Nomination Committees.

Jeff is a qualified accountant with strong governance credentials and hands-on business experience, having overseen some of Newcastle's leading corporations including in his former role as CEO of NBN Television. He was also formerly the Managing Director of The Callaghan Institute, Chair of the University of Newcastle Foundation and Deputy Chair of Hunter Water Corporation. Jeff holds a Bachelor of Commerce from the University of Newcastle and is a Certified Practising Accountant, a Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors.

Samantha (Sam) J. Martin-Williams

B.Bus, M.HR&IR, M.CommLaw, FAICD FGIA

Non-Executive Director

Board Member since February 2012. Before the formation of the NGM Group Board, Sam was a Non-Executive Director of Newcastle Permanent.

Chair of the People, Culture & Remuneration Committee. Member of the Governance & Nomination and the Strategic Roadmap Delivery Committees.

Sam is a professional company director with 30 years' experience across highly regulated finance, infrastructure, resources, education and technology sectors. Sam is the Deputy Chair of Newcastle Airport Ltd, Chair of the Newcastle Business School at the University of Newcastle and a Board Director at Australia's largest tech startup community, Fishburners. Sam is a Division Councillor of the Australian Institute of Company Directors (AICD) and Chair of its Nominations Committee.

In an executive capacity, Sam was a CEO leading significant digital transformation and organisational reform. Sam brings strong commercial acumen in the areas of business transformation including new and emerging technologies, execution of strategy and fostering partnerships.

Sam is a former Telstra Businesswoman of the Year, a Fellow of the AICD and Governance Institute of Australia (GIA), a Professor of Practice at the University of Newcastle and a thought leader for Forbes, America's leading business magazine. Sam has degrees in Commercial Law, Industrial Relations and Business, having also completed executive education at MIT Sloan, Harvard Business School and INSEAD.

Rod M. Jackson
BEc, MBA

Non-Executive Director

Board Member since June 2023

Chair of the Risk Committee. Member of the Audit and Strategic Roadmap Delivery Committees.

Rod has worked as an executive in financial services, primarily at Westpac Banking Corporation, for over 40 years. 11 of which have been in Asia and Europe. For the last 20 years Rod has been either a CFO or COO across numerous roles including Westpac Retail and Business Bank and the St George Banking Group. Rod retired from executive life in January 2021 from the CFO, Westpac Institutional Bank role.

Rod is Non-Executive Director on a range of businesses both domestically and internationally. He is a Director of NextSense, Director of Financial Services Institute of Australasia and Director of Searson Buck Group. He is Adviser to Executive Global Network in Singapore and was Chair of Westpac Europe Ltd, based in London. He has been a director in financial services, recruitment, property management and e-commerce for 16 years.

Rod holds a Bachelor of Economics from Australian National University and an MBA from the International Institute for Management Development, Switzerland.

Nicola J. Page
GAICD, MACS, EMBA

Non-Executive Director

Board Member since March 2020. Before the formation of the NGM Group Board, Nicki was a Non-Executive Director of Newcastle Permanent.

Chair of the Governance & Nomination Committee. Member of the Audit, People, Culture & Remuneration and Strategic Roadmap Delivery Committees.

Nicki is an accomplished IT executive with a strong track record in digital transformation and leadership in the UK and Australia. Currently serving as a Non-Executive Director for Kennards Hire Pty Ltd and Interactive IT Pty Ltd and formerly the CEO and Executive Director of ASX-listed MOQdigital. With a technical background in Computer Science and Engineering from IBM and Microsoft, Nicki co-founded a data integration company, delivering innovative solutions across sectors like Financial Services and Healthcare, earning her the Entrepreneur of the Year Award, 2014 ARN Women in ICT.

Nicki is a graduate of the Australian Institute of Company Directors, studied leadership and innovation at Harvard Business School and has completed an Executive MBA at the Australian Graduate School of Management.

Catherine A. Robson
BA, LLB (Hons), Grad Dip (Applied Finance), LLM (Tax), GAICD

Non-Executive Director

Board Member since March 2023. Before the formation of the NGM Group Board, Catherine was a Non-Executive Director of Greater Bank since 2020.

Chair of the Audit Committee. Member of the Risk and Strategic Roadmap Delivery Committees. Catherine is also Chair of the Trustee of NGM Group's two Charitable Foundations, Newcastle Permanent Charitable Foundation and Greater Charitable Foundation.

Catherine has more than 20 years of experience in banking, finance and investment, having commenced her career at Macquarie Bank and NAB, before founding financial services firm Affinity Private. Catherine currently serves as a Non-Executive Director for ASX listed EQT Holdings Limited, where she is the Chair of the Risk Committee and is Chair of subsidiary entities Equity Trustees Superannuation and HTFS Limited. Catherine's other Board appointments include serving as a Non-Executive Director for ASX listed Lumos Diagnostics, where she is the Chair of both the Audit & Risk Committee and the Remuneration & Nominations Committee, Non-Executive Director of the Australian Business Growth Fund and Non-Executive Chair of Korowa Anglican Girls School.

Donna-Maree Vinci
GAICD, FGIA

Non-Executive Director

Board Member since March 2023. Before the formation of the NGM Group Board, Donna was a Non-Executive Director of Greater Bank since 2020.

Member of the Risk, People, Culture & Remuneration and Strategic Roadmap Delivery Committees.

Donna brings extensive corporate and commercial experience in senior executive roles across global business operations, risk management, governance, digital, data and technology, and previously held senior executive roles at GenVis, Bank of Queensland (BOQ), Insurance Australia Group (IAG), Westpac and Citigroup. Donna also currently serves as a Non-Executive Director on the boards of a number of organisations in financial services, governance, compliance and risk management, water services and education sectors. Donna is a Graduate of the Australian Institute of Company Directors and Competent Boards (Sustainability and ESG Leadership Certificate and Designation) and is certified as a Fellow with the Governance Institute of Australia.

Information on former Directors

Jayne Drinkwater BEc, MBA (with merit), GAICD
Board Member from March 2023 to December 2023.

Before the formation of the NGM Group Board, Jayne was a Non-Executive Director of Greater Bank from 2010 and Deputy Chair of Greater Bank from 2019.

Former Chair of the Governance & Nomination Committee. Former Chair of the Greater Charitable Foundation. Former Member of the People, Culture & Remuneration, Technology Delivery and Merger Integration Committees.

Jayne has extensive experience as a Senior Executive in banking and financial services having worked across operations, customer service, IT and marketing. Jayne was previously employed by nib holdings limited as Interim CEO New Zealand, and as Chief Marketing Officer and Chief Operating Officer at nib health funds limited.

Ross E. Griffiths Dip Bus Studies (Acc), MBA, FCA (Aust), GAICD
Board Member from January 2015 to March 2024.

Before the formation of the NGM Group Board, Ross was a Non-Executive Director of Newcastle Permanent.

Former Chair of the Risk Committee. Former Member of the Audit, Technology Delivery and Merger Integration Committees.

Ross is a Chartered Accountant with extensive retail banking, finance and risk management experience. Ross had 28 years' experience at Commonwealth Bank of Australia before retiring in 2014. His appointments at CBA included Group Chief Credit Officer and Head of Credit Management. Ross is a former Chair of Newcastle Permanent Community Foundation Company Limited and Chair of Targus Australia Pty Ltd, a former Director of Mirabela Nickel Limited and Commonwealth Managed Investments Limited, which was the Responsible Entity for two ASX listed Property Trusts. He holds a Diploma of Business Studies (Accounting) and Masters of Business Administration. Ross is also a Fellow of Chartered Accountants Australia and New Zealand and a Graduate of the Australian Institute of Company Directors.

Company Secretaries

The following persons were Secretaries of NGM Group during or since the end of the financial year:

Greg Nyman BComm, LLB, Dip Leg Prac, GAICD

Greg Nyman was appointed as Secretary of NGM Group on completion of the merger between NGM Group (formerly Newcastle Permanent Building Society Limited) and Greater Bank Limited in March 2023, and is NGM Group's Chief Legal & Corporate Governance Officer. Before that Greg was Secretary and Group General Counsel of Greater Bank Limited from 2016. Greg has over 25 years of experience in corporate legal practice. He holds Bachelor of Laws and Bachelor of Commerce degrees, and is a Graduate Member of the Australian Institute of Company Directors. Greg is also a member of the Governance Institute of Australia, the Association of Corporate Counsel Australia and the Law Society of NSW. He is admitted as a legal practitioner of the Supreme Court of NSW and the High Court of Australia.

Magali Robinson LLB (Hons), CertGovPrac, GAICD

Magali Robinson was appointed as Secretary of NGM Group on 1 July 2023. She holds a Bachelor of Laws, a Certificate in Governance Practice and is a Graduate of the Australian Institute of Company Directors (AICD). Magali has practiced law for more than 10 years in private practice and in-house legal roles and is a member of the Law Society of NSW and the AICD. Magali is admitted as a legal practitioner of the Supreme Court of NSW and the High Court of Australia.

Courtney Chivers BComn, LLB, Dip Leg Prac

Courtney Chivers was appointed as Secretary of NGM Group on 19 August 2022. She holds Communication and Law degrees, a Diploma of Legal Practice and a Graduate Diploma of Applied Corporate Governance and Risk Management. Courtney has more than 10 years' experience in legal, governance and compliance roles, and is admitted as a legal practitioner of the Supreme Court of New South Wales.

Officers

In addition to the Directors and Secretaries outlined above, the following persons were Senior Executives or acted in a Senior Executive role during or since the end of the financial year and were therefore considered to be officers of NGM Group. Unless otherwise indicated, the listed persons were officers of NGM Group for the whole of the year ended 30 June 2024 and up to the date of this report:

Officers as at the date of this report

E. Brokate	
R. Burton	From 9 September 2024
C. Cockburn	
J. Cudmore	
E. Davey	From 22 March 2024
S. Hall	
G. Harding	
B. Inglis	
P. Juergens	
G. Katz	
G. Nyman	
G. Piek	

Officers who ceased during the year and up to the date of this report

R. Moffat	From 1 July 2023 until 30 August 2024
B. White	From 1 July 2023 until 21 March 2024

Meetings of Directors

The number of meetings of NGM Group's Board of Directors held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

Board Meeting Attendance

	No. of Meetings	No. Attended
W. Russell	11	11
J. Eather	11	11
J. Drinkwater	6	6
R. Griffiths	8	8
R. Jackson	11	11
S. Martin-Williams[1]	11	9
N. Page	11	11
C. Robson	11	11
D. Vinci[1]	11	10

The number of meetings of NGM Group's Board Committees held during the period 1 July 2023 to 30 June 2024, and the number of meetings attended by each Director were:

NGM Group Board Committees Meeting Attendance

	Audit		Risk		People, Culture & Remuneration		Governance & Nomination		Technology Delivery		Merger Integration		Strategic Roadmap Delivery	
	No. of Meetings	No. Attended	No. of Meetings	No. Attended	No. of Meetings	No. Attended	No. of Meetings	No. Attended	No. of Meetings	No. Attended	No. of Meetings	No. Attended	No. of Meetings	No. Attended
W. Russell	7	7	7	7			4	4	1	1	2	2	2	2
J. Eather					3	3	4	4	1	1	2	2	2	2
J. Drinkwater					2	2	2	2	1	1	2	2	1	1
R. Griffiths	6	6	5	5					1	1	2	2	1	1
R. Jackson	7	7	7	7					1	1	2	2	2	2
S. Martin-Williams[1]					3	3	4	3	1	1	2	2	2	1
N. Page	7	7	5	5			2	2	1	1	2	2	2	2
C. Robson	7	7	7	7					1	1	2	2	2	2
D. Vinci[1]			7	6	3	3			1	1	2	2	2	1

Notes:

- 'No. of Meetings' refers to the number of meetings of the Board or relevant Board Committee that were held while that Director was on that Board or relevant Committee.
- In addition to the Board meetings noted, 3 circulating resolutions were passed by the Board during the year.
- The Technology Delivery and Merger Integration Committees ceased in September 2023.
- The Strategic Roadmap Delivery Committee was created in October 2023, with the first meeting held in November 2023.

1. Leave of absence may be granted by the Board in advance to excuse a Director from attending a particular meeting.

Objectives

NGM Group's purpose is to help our customers and communities thrive, and our strategic ambition is passionate people enabled to deliver the future of trusted banking. The employee values of NGM Group are to lead with heart, own the action, embrace opportunity, and thrive together.

NGM Group's strategy is guided by five strategic priorities which are the areas we will focus on to achieve our purpose and strategic ambition. Our strategic priorities are:

- retain and grow customers;
- become one team with a shared culture and values;
- be an integral part of our communities;
- retain and mature our operational, financial and risk resilience; and
- enable our people and customers through technology.

The performance of NGM Group was measured during the year against a balanced scorecard of key performance indicators (KPIs) across the areas of customer, community and stakeholder, people, strategic initiatives, and financial. These were overlaid with alignment to risk and values.

The main KPIs were:

- **customer:** net promoter score, customer satisfaction and advocacy levels, customer growth and service and brand consideration;
- **community & stakeholder:** corporate social responsibility, contribution to and engagement with local communities and relationships with external stakeholders;
- **people:** employee engagement, talent management and strategic advocacy;
- **strategic initiatives:** effectiveness of strategic plan implementation and roadmap initiative outcomes; and
- **financial**: capital position, net profit after tax, return on equity and the cost to income ratio.

Principal activities

The principal continuing activities of the consolidated entity consisted of the provision of a range of financial products and services to members and the operation of two charitable trusts. There has been no significant change in the nature of the core business or activities of NGM Group during the year ended 30 June 2024.

To support the achievement of its strategic objectives, NGM Group progressed a suite of strategic initiatives designed to:

- sustainably grow through organic growth, partnerships and inorganic growth pathways that will accelerate to effective scale for the benefit of our customers;
- enhance customers' experience through improved digital sales and service capability;
- deliver a competitive product offering and customer value proposition;
- foster employee wellbeing, engagement, culture and competency;
- strengthen risk and compliance frameworks, including management of regulatory changes; and
- continue giving back to heartland communities.

Review of operations

The consolidated entity delivered a robust financial result for the year ended 30 June 2024. The net profit after tax of $131 million was delivered in a challenging operating environment.

Key to the result was the balancing of customer outcomes in a high interest rate environment and maintaining strong underlying business performance. The consolidated entity continued to invest in the business during the year, following the merger between Newcastle Permanent and Greater Bank last year.

The consolidated entity's total assets reached $21 billion at 30 June 2024, including total gross loans and advances of $17 billion. The provision for expected credit losses was $30.5 million, representing 0.18% of gross loans and advances. The consolidated entity retains a conservative level of provisioning to mitigate any future losses that may arise due to the uncertain economic outlook.

Total equity at 30 June 2024 was $1.9 billion, meaning the consolidated entity is one of the largest mutual banks in Australia by way of net assets. At 30 June 2024, the regulatory capital adequacy ratio was 22.8% and the regulatory liquidity ratio was 18.4%, both well above the minimum prudential requirement.

Looking forward, the environment remains uncertain and subject to change. The notes to the financial statements set out all the critical accounting estimates and judgments that have been made in preparing the 2023/24 financial statements and to account for known risks at present.

The Directors consider that these financial statements and the capital, liquidity and credit profile of NGM Group demonstrate that the consolidated entity is well positioned to navigate the forward environment and expects to remain profitable, liquid and well capitalised over the coming year.

Significant changes in the state of affairs

Other than the changes outlined above and further covered in this report, there have been no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsquent to the end of the financial year

There have been no other matters or circumstances that have arisen since 30 June 2024 that have significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years; or
- the results of those operations in future financial years; or
- the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

There are no material likely developments in the operations of the consolidated entity, other than continued profitable operations, as at the date of this report.

Liability of members

NGM Group is a company limited by shares and guarantee, however there are no shares currently on issue. Under the Constitution, the liability of each person who became a member of NGM Group after 29 September 2000 is limited to an obligation to contribute a maximum amount of $1 if NGM Group is wound up while they are a member or within one year after they cease to be a member. The member liability provision of the Constitution does not apply to those persons who became members of NGM Group prior to 29 September 2000.

Dividends or distributions

NGM Group is a mutual company operated for the benefit of its members. It does not pay dividends or distributions to its members, but reinvests its profits for the future benefit of its members.

Environmental regulation

The consolidated entity has assessed whether there are any particular or significant environmental regulations which apply to it and has determined that there are none.

Directors' and Officers' indemnities

All past and present Directors, Company Secretaries and Senior Executives of NGM Group and its wholly owned subsidiaries are indemnified under NGM Group's Constitution, on a full indemnity basis and to the extent permitted by law, against:

- every liability incurred by them in their respective capacities (except a liability for legal costs); and
- all legal costs incurred by them in defending or resisting proceedings in which the person becomes involved because of that capacity.

NGM Group has also executed:

- Deeds of Indemnity with each current Director and a number of former Directors; and
- employment or other agreements with the CEO, current and former Executives, Company Secretaries, Assistant Company Secretary and NGM Group's in-house lawyers,

that provide them with indemnification in substantially the same terms to that provided in the Constitution.

In the case of the Directors, the indemnification extends to any liabilities incurred by them as a result of being a Director of another company in the consolidated group of NGM Group.

Insurance of Officers

During the financial year, NGM Group paid a premium to insure the current and certain former Directors, Company Secretaries and the Senior Executives of NGM Group and its controlled entities. In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

No insurance cover has been provided for the benefit of the auditors of the consolidated entity.

Proceedings on behalf of NGM Group

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of NGM Group, or intervene in any proceedings to which NGM Group is a party, for the purpose of taking responsibility on behalf of NGM Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of NGM Group with leave of the Court under section 237 of the *Corporations Act 2001* (Cth).

Rounding of amounts

NGM Group is an entity referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration, as required under Section 307C of the *Corporations Act 2001* (Cth), and the name of the Audit Partner are set out on page 38.

Disclosure of prudential information

NGM Group is an Authorised Deposit-taking Institution regulated by APRA. As a result of this regulation, NGM Group is required to comply with Australian Prudential Standards (APSs) released by APRA. APS 330 Public Disclosure requires NGM Group to disclose information regarding the composition of its regulatory capital base, risk exposures, a reconciliation of the balance sheet in the financial statements to the balance sheet prepared under the regulatory scope of consolidation and the full terms and conditions of any issued regulatory capital instruments. Please refer to the 'Regulatory Disclosures' section of NGM Group's website at ngmgroup.com.au/governance/regulatory-disclosures for further information. NGM Group does not currently have any regulatory capital instruments on issue.

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

W.M. Russell
Chair

J.R. Eather
Deputy Chair

12 September 2024
Newcastle

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000

Tel: +61 (0) 2 9322 7000
www.deloitte.com.au

12 September 2024

The Board of Directors
Newcastle Greater Mutual Group Ltd
307 King Street
Newcastle West, NSW 2310

Dear Directors,

Auditor's Independence Declaration to Newcastle Greater Mutual Group Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Newcastle Greater Mutual Group Ltd.

As lead audit partner for the audit of the financial report of Newcastle Greater Mutual Group Ltd for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Mark Lumsden
Partner
Chartered Accountants

Financial Report

Income statements

For the year ended 30 June 2024

		Parent Entity		Consolidated Entity	
		2024	2023	2024	2023
	Note	$'000	$'000	$'000	$'000
Interest revenue	2.1(a)	1,263,202	710,194	1,067,581	593,185
Interest expense	2.1(a)	(732,527)	(344,141)	(536,145)	(226,701)
Net interest income		530,675	366,053	531,436	366,484
Fee and commission revenue	2.1(b)	30,271	22,064	30,271	22,064
Fee and commission expense		(32,283)	(19,374)	(32,283)	(19,374)
Net fee and commission income/(expense)		(2,012)	2,690	(2,012)	2,690
Other operating income	2.1(c)	845	696	1,454	1,373
Other net losses	2.1(d)	(1,890)	(2,743)	(1,010)	(2,388)
Impairment write-back/(expense) on loans and advances	3.2(a)	(5,655)	(12,213)	(5,655)	(12,213)
Impairment write-back/(expense) on financial assets		432	(40)	432	(40)
Depreciation and amortisation expense	2.2(a)	(23,663)	(18,675)	(23,663)	(18,675)
Personnel related expenses	2.2(b)	(211,001)	(148,115)	(211,001)	(148,115)
Operating expenses	2.2(c)	(101,241)	(82,091)	(102,886)	(83,969)
Profit before income tax		186,490	105,562	187,095	105,147
Income tax expense	2.3(a)	(55,822)	(32,195)	(56,000)	(32,257)
Profit for the year		130,668	73,367	131,095	72,890
Attributable to:					
Non-controlling interests		-	-	13	(629)
Members of Newcastle Greater Mutual Group Ltd		130,668	73,367	131,082	73,519

The above income statements should be read in conjunction with the accompanying notes.

Statements of comprehensive income

For the year ended 30 June 2024

		Parent Entity		Consolidated Entity	
		2024	2023	2024	2023
	Note	$'000	$'000	$'000	$'000
Profit for the year		130,668	73,367	131,095	72,890
Other comprehensive income, net of tax					
Items that may be reclassified to profit or loss:					
Changes in the fair value of cash flow hedges	6.7(a)(i)	(9,383)	(7,286)	(9,383)	(7,286)
Items that will not be reclassified to profit or loss:					
Changes in the fair value of property	6.7(a)(ii)	-	8,643	-	8,643
Other comprehensive income for the year, net of tax		(9,383)	1,357	(9,383)	1,357
Total comprehensive income for the year		121,285	74,724	121,712	74,247
Attributable to:					
Non-controlling interests		-	-	13	(629)
Members of Newcastle Greater Mutual Group Ltd		121,285	74,724	121,699	74,876

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Balance sheets

As at 30 June 2024

		Parent Entity		Consolidated Entity	
		2024	2023	2024	2023
	Note	$'000	$'000	$'000	$'000
Assets					
Cash and cash equivalents	4.1	734,807	808,796	861,299	1,002,030
Collateral paid	4.3	5,587	-	5,587	-
Prepayments and other receivables	6.3	34,846	32,345	18,845	15,973
Derivative financial instruments	4.3	1,254	19,106	1,254	19,106
Financial assets at amortised cost	4.2(a)	3,162,033	3,313,098	3,162,446	3,313,500
Financial assets at fair value through profit or loss	4.2(b)	3,281,977	3,821,490	24,653	24,168
Loans and advances	3.1	17,004,409	15,546,140	17,004,409	15,546,140
Net deferred tax assets	2.3(c)	39,477	46,066	39,484	46,066
Current tax assets		4,662	-	4,662	-
Intangible assets	6.1	1,327	2,863	1,327	2,863
Property, plant and equipment	6.2	117,872	114,108	117,872	114,108
Investment properties		2,047	2,082	2,048	2,082
Total assets		24,390,298	23,706,094	21,243,886	20,086,036
Liabilities					
Payables	6.4	101,343	76,573	88,261	66,867
Derivative financial instruments	4.3	6,821	9,349	6,821	9,349
Deposits	4.4	17,573,770	16,524,316	17,568,458	16,519,133
Borrowings	4.5	4,808,834	5,326,539	1,652,353	1,693,334
Lease liabilities	6.5	42,574	35,193	42,574	35,193
Current tax liabilities		-	465	-	465
Provisions	6.6	34,361	32,349	34,361	32,349
Total liabilities		22,567,703	22,004,784	19,392,828	18,356,690
Net assets		1,822,595	1,701,310	1,851,058	1,729,346
Equity					
Reserves	6.7	562,444	571,827	564,338	573,721
Retained profits	6.7	1,260,151	1,129,483	1,260,717	1,129,635
Equity attributable to members of Newcastle Greater Mutual Group Ltd		1,822,595	1,701,310	1,825,055	1,703,356
Non-controlling interests	6.8	-	-	26,003	25,990
Total equity		1,822,595	1,701,310	1,851,058	1,729,346

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of changes in equity

For the year ended 30 June 2024

	Attributable to members of Newcastle Greater Mutual Group Ltd				
	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Consolidated entity	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2023	573,721	1,129,635	1,703,356	25,990	1,729,346
Profit/(loss) for the year	-	131,082	131,082	13	131,095
Other comprehensive income	(9,383)	-	(9,383)	-	(9,383)
Total comprehensive income for the year	(9,383)	131,082	121,699	13	121,712
Balance at 30 June 2024	564,338	1,260,717	1,825,055	26,003	1,851,058
Balance at 1 July 2022	29,810	1,056,116	1,085,926	24,751	1,110,677
Profit/(loss) for the year	-	73,519	73,519	(629)	72,890
Other comprehensive income	1,357	-	1,357	-	1,357
Total comprehensive income for the year	1,357	73,519	74,876	(629)	74,247
Fair value of net assets transferred from merger with Greater Bank	542,554	-	542,554	1,868	544,422
Balance at 30 June 2023	573,721	1,129,635	1,703,356	25,990	1,729,346

	Reserves	Retained earnings	Total equity
Parent entity	$'000	$'000	$'000
Balance at 1 July 2023	571,827	1,129,483	1,701,310
Profit for the year	-	130,668	130,668
Other comprehensive income	(9,383)	-	(9,383)
Total comprehensive income for the year	(9,383)	130,668	121,285
Balance at 30 June 2024	562,444	1,260,151	1,822,595
Balance at 1 July 2022	29,810	1,056,116	1,085,926
Profit for the year	-	73,367	73,367
Other comprehensive income	1,357	-	1,357
Total comprehensive income for the year	1,357	73,367	74,724
Fair value of net assets transferred from merger with Greater Bank	540,660	-	540,660
Balance at 30 June 2023	571,827	1,129,483	1,701,310

The above Statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of cash flows

For the year ended 30 June 2024

		Parent Entity		Consolidated Entity	
		2024	2023	2024	2023
	Note	$'000	$'000	$'000	$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities					
Interest received		1,209,223	684,125	1,013,602	567,159
Other income		894	2,522	1,443	3,295
Fees and commissions received		33,967	25,884	34,055	26,005
Interest paid		(724,140)	(345,857)	(530,657)	(221,516)
Donations paid		(1,000)	(333)	(2,587)	(2,144)
Payments to suppliers and employees (inclusive of GST)		(329,756)	(223,626)	(329,697)	(231,740)
Income tax paid		(49,614)	(39,338)	(49,799)	(39,399)
(Increase)/decrease in operating assets:					
Net movement in financial assets		699,828	886,294	160,698	740,020
Net movement in loans and advances		(1,430,948)	(593,115)	(1,431,941)	(598,496)
Increase/(decrease) in operating liabilities:					
Net movement in deposits		1,036,745	(119,668)	1,036,616	(119,840)
Net cash inflow/(outflow) from operating activities	4.1(c)	445,199	276,888	(98,267)	123,344
Cash flows from investing activities					
Receipt from unwinding of interest rate swaps		16,117	2,665	16,117	2,665
Collateral paid related to interest rate swaps		(5,587)	-	(5,587)	-
Payments for intangible assets		(281)	(282)	(281)	(282)
Payments for property, plant and equipment		(3,546)	(4,089)	(3,546)	(4,089)
Cash transferred from merger with Greater Bank		-	268,997	-	351,777
Net cash inflow/(outflow) from investing activity		6,703	267,291	6,703	350,071
Cash flows from financing activities					
Net increase/(decrease) in borrowings		(509,133)	2,483	(32,409)	45,788
Payments for lease liabilities		(16,846)	(11,514)	(16,846)	(11,514)
Net cash inflow/(outflow) from financing activities		(525,979)	(9,031)	(49,255)	34,274
Net increase/(decrease) in cash and cash equivalents		(74,077)	535,148	(140,819)	507,689
Cash and cash equivalents at the beginning of the financial year		808,973	273,825	1,002,207	494,518
Cash and cash equivalents at the end of the financial year (excluding provision for impairment losses)	4.1	734,896	808,973	861,388	1,002,207

The above statements of cash flow should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2024

1. Basis of preparation

1.1 Corporate information

The financial statements cover both Newcastle Greater Mutual Group Ltd (the company) as an individual entity and the consolidated entity consisting of the company and its controlled entities (consolidated entity or group).

The company is a mutual organisation, incorporated and domiciled in Australia. Its registered office is 307 King Street, Newcastle West, NSW, 2302 and its principal places of business are 307 King Street, Newcastle West, NSW, 2302 and 103 Tudor Street, Hamilton, NSW, 2303. The company is a public company limited by shares and guarantee, and is a for-profit entity for the purposes of preparing the financial statements.

The financial statements were authorised for issue in accordance with a resolution of the Directors on 12 September 2024.

1.2 Significant changes in the current reporting period

The comparative financial performance figures of the consolidated entity include the income and expenses of Greater Bank Limited from 1 March 2023 (date of merger) covering a period of 4 months, whilst 2024 includes all 12 months of Greater Bank Limited's income and expenses and is therefore not directly comparable.

1.3 Significant accounting judgements and estimates

The preparation of financial statements requires the use of accounting estimates. Management is also required to exercise its judgement in the process of applying the consolidated entity's accounting policies. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

	Reference
Provision for expected credit losses (ECL)	Note 3.2
Securitisation	Note 4.6
Fair value measurement	Note 5.6
Leases	Note 6.5

1.4 Accounting policies

(a) Basis of accounting

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

These financial statements have been prepared in accordance with the historical cost basis, except for the following assets and liabilities which have been stated at their fair value:

- derivative financial instruments;
- financial assets designated at fair value through profit or loss (FVTPL);
- certain classes of property, plant and equipment; and
- assets and liabilities transferred from Greater Bank Limited which were required to be initially measured at fair value.

The consolidated financial statements of the group and the separate financial statements of the company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Items included in the financial statements of each entity within the consolidated entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

During the reporting period, the Group revised its treatment of ongoing trail commission payable in respect of mortgages originated through brokers. As a result, the Group has recognised a liability within Other payables equivalent to the present value of expected future trail commission payments and a corresponding increase in Capitalised brokerage costs in Loans and advances. Comparatives have not been revised for the above change in accounting presentation as the impact of this change is not material to the financial statements. Please refer to Note 6.4 for further information.

The directors, at the time of approving these financial statements, have a reasonable expectation that the group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Where necessary, comparative information has been reclassified for consistency with current year disclosures.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries and structured entities (as outlined in Note 6.11) as at and for the period ended 30 June each year. Control is achieved when the consolidated entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the consolidated entity has less than a majority of the voting or similar rights of an investee, the consolidated entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the consolidated entity's voting rights and potential voting rights.

Structured entities are those entities over which the consolidated entity has no ownership interest but the substance of the relationship is such that the consolidated entity controls the entity so as to obtain variable returns from its involvement with the entity. Controlled entities are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the consolidated entity and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Intercompany transactions, balances and unrealised gains on transactions between entities within the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interests in the results and equity of controlled entities are shown separately in the consolidated income statements, statements of comprehensive income, statements of changes in equity and balance sheets respectively. Investments in subsidiaries are accounted for at cost, less any impairment in the separate financial statements of Newcastle Greater Mutual Group Ltd.

	Parent Entity		Consolidated Entity	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
2. Financial performance				
2.1 Income				
(a) Net interest income				
Interest revenue:				
Loans and advances	874,568	496,059	877,377	498,474
Cash and financial assets	388,634	214,135	190,204	94,711
	1,263,202	710,194	1,067,581	593,185
Interest expense:				
Deposits	460,711	180,680	460,709	180,679
Borrowings	270,370	162,937	73,990	45,498
Lease liabilities	1,446	524	1,446	524
	732,527	344,141	536,145	226,701
Total net interest income	530,675	366,053	531,436	366,484

Included within total net interest income for the year ended 30 June 2024 is $38,295,000 (2023: $19,818,000) relating to the amortisation of fair value adjustments calculated as part of the business combination with Greater Bank.

	Parent Entity 2024 $'000	Parent Entity 2023 $'000	Consolidated Entity 2024 $'000	Consolidated Entity 2023 $'000
(b) Fee and commission income				
Fee revenue	24,058	19,245	24,058	19,245
Commission revenue	6,213	2,819	6,213	2,819
	30,271	22,064	30,271	22,064
(c) Other operating income				
Rental income	243	207	243	207
Managed fund distributions	-	-	609	677
Other income	602	489	602	489
	845	696	1,454	1,373

		Parent Entity		Consolidated Entity	
		2024	2023	2024	2023
		$'000	$'000	$'000	$'000
(d)	Other net losses				
	Net loss on disposal or write-off of property, plant and equipment	(759)	(2,905)	(759)	(2,905)
	Writeback of previous impairment of land and buildings	-	17	-	17
	Net realised loss on disposal of financial assets	-	-	-	(517)
	Net unrealised fair value gains/(losses) on financial assets at FVTPL	(1,124)	158	(244)	1,030
	Ineffectiveness on cash flow hedges	(7)	(13)	(7)	(13)
		(1,890)	(2,743)	(1,010)	(2,388)

(e) Recognition and measurement

Interest revenue and expense

Interest revenue and expense is recognised in the income statement for all instruments measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the consolidated entity estimates cash flows considering all fees paid or received between parties, transaction costs, premiums incurred or discounts received in relation to the contract that are an integral part of the effective interest rate.

Fee and commission revenue and expense

Fees and commissions are generally recognised on an accruals basis when the service has been provided or incurred. Loan fees received in relation to the origination of loans (e.g. loan establishment fees) are deferred and recognised as an adjustment to the effective interest rate on loans. The outstanding balance of the deferred origination income is recognised in the balance sheet as a decrease in the value of loan balances outstanding.

Fee income includes transactional based fees charged to customer accounts in accordance with the terms and conditions of the particular account type. Commission income is received from third parties as a result of the provision of services to customers, or where the consolidated entity acts as an intermediary in providing a service to customers on behalf of third parties.

The consolidated entity receives insurance commissions from partner organisations for distributing and placing general and consumer credit insurance products. Trail commission revenue is recognised at the time the consolidated entity distributes the underlying product to the customer, where it is highly probable the revenue will not need to be reversed in future periods. The consolidated entity acts as an agent in the provision of consumer credit insurance products. Performance obligations in contracts with customers are satisfied prior to receiving trail commission revenue.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term.

Managed fund distributions

The consolidated entity receives managed fund distributions from investments held by a charitable trust. Revenue is recognised when the trust's right to receive the payment is established, which is generally when the fund manager approves the distribution.

		Parent Entity		Consolidated Entity	
		2024	2023	2024	2023
		$'000	$'000	$'000	$'000
2.2	Expenses				
(a)	Depreciation and amortisation				
	Depreciation:				
	Buildings	1,258	749	1,258	749
	Leasehold improvements	1,511	644	1,511	644
	Plant and equipment	2,826	3,852	2,826	3,852
	Investment properties	34	45	34	45
	Right-of-use assets	16,252	10,848	16,252	10,848
		21,881	16,138	21,881	16,138
	Amortisation:				
	Intangible assets amortisation	1,782	2,537	1,782	2,537
		23,663	18,675	23,663	18,675
(b)	Personnel related expenses				
	Employee salaries and directors' fees	174,255	122,302	174,255	122,302
	Employee related on-costs	31,209	20,550	31,209	20,550
	Other personnel related expenses	5,537	5,263	5,537	5,263
		211,001	148,115	211,001	148,115
(c)	Operating expenses				
	Rent outgoings and promotional levies	1,866	1,092	1,866	1,092
	Marketing and communication costs	22,071	14,167	22,071	14,167
	Donations paid	1,000	333	2,499	2,023
	Administration and other operating expenses	76,304	66,499	76,450	66,687
		101,241	82,091	102,886	83,969
2.3	Income tax expense				
(a)	Amounts recognised in income statements				
	Current tax	44,486	36,235	44,664	36,297
	Deferred tax:				
	Decrease/(increase) in deferred tax assets	15,163	(3,028)	15,163	(3,028)
	Increase/(decrease) in deferred tax liabilities	(3,827)	(1,012)	(3,827)	(1,012)
		11,336	(4,040)	11,336	(4,040)
		55,822	32,195	56,000	32,257
	Charged/(credited) directly to other comprehensive income				
	Deferred tax asset	-	-	-	-
	Deferred tax liability	(4,746)	(474)	(4,746)	(474)
	Total other comprehensive income	(4,746)	(474)	(4,746)	(474)

		Parent Entity		Consolidated Entity	
		2024	2023	2024	2023
	Note	$'000	$'000	$'000	$'000
(b) Numerical reconciliation of income tax expense to prima facie tax payable					
Accounting profit before income tax		186,490	105,562	187,095	105,147
Tax at the Australian tax rate of 30% (2023: 30%)		55,947	31,669	56,129	31,544
Adjusted for tax effect of:					
Non-deductible expenses		92	56	92	56
Non-deductible losses/(non-assessable gains) of exempt entities		-	-	(4)	187
		56,039	31,725	56,217	31,787
Income tax (over)/under provided in prior years		(217)	470	(217)	470
		55,822	32,195	56,000	32,257
Deferred income tax related to items charged or credited to other comprehensive income during the year					
Gain on revaluation of land and buildings	6.7(a)(ii)	-	3,706	-	3,706
Changes in the fair value of cash flow hedges	6.7(a)(i)	(4,746)	(4,180)	(4,746)	(4,180)
		(4,746)	(474)	(4,746)	(474)
(c) Deferred tax balances					
(i) Deferred tax liabilities					
Amounts recognised in profit and loss:					
Prepayments		153	161	153	161
Property, plant and equipment		1,156	1,942	1,156	1,942
Right-of-use assets		11,766	9,734	11,766	9,734
Fair value adjustments on business combination		455	2,229	455	2,229
		13,530	14,066	13,530	14,066
Amounts recognised directly in other comprehensive income:					
Revaluation of property		9,010	9,010	9,010	9,010
Cash flow hedges		-	3,293	-	3,293
		9,010	12,303	9,010	12,303
Total deferred tax liabilities		22,540	26,369	22,540	26,369
Maturity analysis:					
Deferred tax liabilities to be settled within 12 months		7,718	5,139	7,718	5,139
Deferred tax liabilities to be settled after more than 12 months		14,822	21,230	14,822	21,230
		22,540	26,369	22,540	26,369

	Parent Entity		Consolidated Entity	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
(ii) Deferred tax assets				
Amounts recognised in profit or loss:				
Provision for ECL	9,150	7,914	9,150	7,914
Employee leave entitlements	9,696	8,583	9,696	8,583
Accrued expenses and provisions	12,895	17,662	12,902	17,662
Property, plant and equipment	6,216	5,962	6,216	5,962
Revaluation of financial assets	3,408	6,012	3,408	6,012
Unwound swaps	1,242	738	1,242	738
Fair value adjustments on business combination	4,585	14,528	4,585	14,528
Lease liabilities	13,443	11,036	13,443	11,036
	60,635	72,435	60,642	72,435
Amounts recognised directly in other comprehensive income:				
Cash flow hedges	1,382	-	1,382	-
Total gross deferred tax assets	62,017	72,435	62,024	72,435
Less: Offset of deferred tax liabilities pursuant to set-off provisions	(22,540)	(26,369)	(22,540)	(26,369)
Total net deferred tax assets	39,477	46,066	39,484	46,066
Maturity analysis:				
Deferred tax assets to be recovered within 12 months	36,456	43,082	36,463	43,082
Deferred tax assets to be recovered after more than 12 months	25,562	29,353	25,562	29,353
	62,017	72,435	62,024	72,435

(d) Recognition and measurement

Income tax expense

Income tax expense comprises current and deferred tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated 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 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 substantially enacted by the reporting date 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 only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

	Note	Parent Entity 2024 $'000	Parent Entity 2023 $'000	Consolidated Entity 2024 $'000	Consolidated Entity 2023 $'000
3. Loans and advances					
3.1 Classification					
Overdrafts		10,623	3,179	10,623	3,179
Credit cards		50,254	49,159	50,254	49,159
Personal loans		109,725	92,968	109,725	92,968
Retail mortgages		16,774,343	15,326,873	16,774,343	15,326,873
Commercial loans		89,966	99,171	89,966	99,171
Gross loans and advances		17,034,911	15,571,350	17,034,911	15,571,350
Provision for expected credit losses	3.2 (b)	(30,502)	(25,210)	(30,502)	(25,210)
Net loans and advances		17,004,409	15,546,140	17,004,409	15,546,140
(a) Maturity analysis					
Details on the expected maturity of loans and advances based on historical behaviour is outlined in the table below. The amounts will differ from the table in Note 5.7, which presents the contractual maturity of loans and advances.					
Expected maturities within 12 months		3,693,529	3,494,919	3,693,529	3,494,919
Expected maturities greater than 12 months		13,341,382	12,076,431	13,341,382	12,076,431
Total gross loans and advances		17,034,911	15,571,350	17,034,911	15,571,350
3.2 Provision for expected credit losses					
(a) Loan impairment expense					
Impaired loans written off		464	191	464	191
Impaired loans recovered		(101)	(66)	(101)	(66)
Movement in provision for expected credit losses		5,292	12,088	5,292	12,088
		5,655	12,213	5,655	12,213

(b) Distribution of loans and advances by expected credit loss stage

The table below presents the total gross loans and advances and total provisions on lending assets by ECL stage:

As at 30 June 2024	Stage 1 12 mths ECL Collectively assessed $'000	Stage 2 Lifetime ECL Collectively assessed $'000	Stage 3 Lifetime ECL Collectively assessed $'000	Stage 3 Lifetime ECL Individually assessed $'000	Total $'000
Loans and advances*					
Overdrafts	10,623	-	-	-	10,623
Credit cards	46,698	3,041	293	222	50,254
Personal loans	109,332	264	90	39	109,725
Retail mortgages	16,161,788	546,459	66,026	70	16,774,343
Commercial loans	89,966	-	-	-	89,966
Total exposure	16,418,407	549,764	66,409	331	17,034,911
Provision for expected credit losses					
Overdrafts	349	-	-	-	349
Credit cards	1,566	254	204	222	2,246
Personal loans	2,396	13	50	39	2,498
Retail mortgages	7,830	12,059	3,155	70	23,114
Commercial loans	2,295	-	-	-	2,295
Total	14,436	12,326	3,409	331	30,502

* The provisioning model applies certain assumptions to recognise lifetime ECL for exposures that are expected to transition to Stage 2 or 3 based on forward looking factors. The disclosure of loans and advances by ECL stage therefore does not necessarily correlate to the ageing of individual exposures. Refer Note 3.3(c) for further details.

As at 30 June 2023	Stage 1 12 mths ECL Collectively assessed $'000	Stage 2 Lifetime ECL Collectively assessed $'000	Stage 3 Lifetime ECL Collectively assessed $'000	Stage 3 Lifetime ECL Individually assessed $'000	Total $'000
Loans and advances					
Overdrafts	3,158	21	-	-	3,179
Credit cards	45,145	3,386	344	284	49,159
Personal loans	92,464	366	76	62	92,968
Retail mortgages	14,890,888	421,938	13,951	96	15,326,873
Commercial loans	97,985	683	230	273	99,171
Total exposure	15,129,640	426,394	14,601	715	15,571,350
Provision for expected credit losses					
Overdrafts	274	1	-	-	275
Credit cards	1,613	295	239	284	2,431
Personal loans	2,159	26	43	62	2,290
Retail mortgages	7,216	9,260	913	96	17,485
Commercial loans	1,729	682	45	273	2,729
Total	12,991	10,264	1,240	715	25,210

(c) Analysis of the movement in the provision for expected credit losses

The following table presents the total provisions on lending assets by ECL stage:

Parent and Consolidated Entity	Stage 1 12 mths ECL Collectively assessed $'000	Stage 2 Lifetime ECL Collectively assessed $'000	Stage 3 Lifetime ECL Collectively assessed $'000	Stage 3 Lifetime ECL Individually assessed $'000	Total $'000
As at 1 July 2023	12,991	10,264	1,240	715	25,210
New loans originated during the year	1,667	18	87	-	1,772
Net remeasurement on transfers between stages	453	3,205	2,301	261	6,220
Loans derecognised during the year and write-offs	(676)	(1,161)	(219)	(645)	(2,701)
As at 30 June 2024	14,436	12,326	3,409	331	30,502
As at 1 July 2022	5,444	195	353	456	6,448
New loans originated during the year	703	-	-	-	703
Recognised from merger with Greater Bank	688	5,420	274	292	6,674
Net remeasurement on transfers between stages	6,223	4,837	708	430	12,198
Loans derecognised during the year and write-offs	(67)	(188)	(95)	(463)	(813)
As at 30 June 2023	12,991	10,264	1,240	715	25,210

3.3 Accounting policies

(a) Classification, recognition and measurement

Loans and advances are recognised when cash is advanced, or when rights and obligations to the loans are transferred to the consolidated entity. Loans and advances are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method plus any origination costs less any allowance for impairment losses. Interest is calculated using the effective interest rate method and is recognised in profit or loss (refer to Note 2.1).

(b) Impairment of financial assets

The consolidated entity applies an ECL impairment model that reflects an unbiased, probability weighted method and evaluates a range of scenarios taking into account the time value of money, past events, current conditions and forecasts of future economic conditions. The forward-looking model does not require evidence of an actual loss event for impairment provisions to be recognised.

(i) Three-stage approach to determining the provision for expected credit loss

A three-stage approach measures the expected credit losses over 12 months or the expected lifetime of the financial asset. The assets migrate through the following three stages based on credit deterioration since origination of the loan:

- **Stage 1:** On origination and where there has not been a significant increase in credit risk (SICR) since origination, a provision equivalent to 12 months ECL is recognised reflecting the expected credit losses resulting from defaults occurring over the next 12 months.
- **Stage 2:** Financial assets that have experienced SICR since origination are transferred to Stage 2. A provision equivalent to lifetime ECL is recognised to reflect the credit losses expected to arise from defaults occurring over the remaining life of the financial asset. If credit risk were to improve in a subsequent period such that the increase is no longer considered significant, the exposure returns to a Stage 1 classification and a 12 month ECL applies.
- **Stage 3:** Where there is objective evidence of impairment, a provision equivalent to lifetime ECL is recognised.

The ECL is estimated on a collective basis for exposures in Stage 1 and Stage 2, and on either a collective and individual basis when transferred to Stage 3.

(ii) Measurement of expected credit loss

ECL is a probability weighted credit loss estimated by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions. ECL is calculated as the product of the following credit risk factors at a facility level:

- **Probability of default (PD):** the estimate of the likelihood that a borrower will default over a given period;
- **Exposure at default (EAD):** the expected balance sheet exposure at default taking into account repayments of principal and interest and accrued interest; and
- **Loss given default (LGD):** the amount that is not expected to be recovered following default.

(iii) Definition of default, credit impaired assets and write-offs

Default occurs when there are indicators that a debtor is unlikely to meet contractual credit obligations to the consolidated entity in full, or the exposure is 90 days past due. Facilities are classified as credit impaired where there is doubt as to whether the full amounts due, including interest and other payments, will be received in a timely manner.

Loans are written off when there is no realistic probability of recovery. Loans are written off against the related provision for ECL on completion of the consolidated entity's internal processes and when all reasonable expected recoveries have been collected. In subsequent periods, any recoveries of amounts previously written off are credited to the income statement.

(iv) Lifetime of an exposure

For exposures in Stage 2 and Stage 3 impairment provisions are determined as a lifetime ECL. The consolidated entity considers the expected lifetime over which it is exposed to credit risk. For retail portfolios, the expected lifetime is determined using the behavioural term, taking into account expected prepayment behaviour.

(c) Significant accounting estimates and judgements

The calculation of the provision for ECL requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customer default and resulting losses). The significant judgements made in the determination of the provision for ECL are outlined in the following sections:

(i) Significant increase in credit risk (SICR)

A financial asset moves from Stage 1 to Stage 2 when there is evidence of SICR since origination. The consolidated entity considers all available qualitative and quantitative information in determining whether there has been evidence of SICR. Further details on the determination of SICR are outlined below:

- *Non-retail portfolios (cash equivalents and financial assets at amortised cost)*

  For non-retail portfolios, the consolidated entity assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have a low credit risk (e.g. investment grade financial instruments). All non-retail financial instruments held by the consolidated entity are of investment grade and hence no SICR is observed for these portfolios. The non-retail portfolios are subject to review at least annually to ensure the portfolios have remained at investment grade and hence no SICR has been observed. More frequent reviews may occur, for instance, upon the external credit rating of a counterparty being revised.

- *Retail portfolios (retail mortgages)*

  The consolidated entity applies the rebuttable presumption that the credit risk on financial assets has increased significantly since initial recognition when contractual payments are more than 30 days past due. In addition, any retail exposure entering a financial hardship status is also an indicator of SICR. Where exposures enter financial hardship, they are required to demonstrate 6 months of good payment behaviour prior to being allocated back to Stage 1.

  The model allows for the additional inherent risk of SICR not fully captured by the rebuttable presumption and financial hardship, through a Forecast SICR Adjustment. This adjustment factor is designed to respond to a deterioration in the economic outlook by shifting an additional portfolio of loans from Stage 1 to Stage 2, thus increasing the provision recognised on these exposures to a lifetime ECL.

  In the current year, as a result of market interest rate movements, a Forecast SICR Adjustment has been applied to loans with low fixed interest rates and have an LVR greater than 75%. This adjustment factor is designed to respond to the increased likelihood of hardship from an increase in loan servicing costs by shifting an additional portfolio of loans from Stage 1 to Stage 2, thus increasing the provision recognised on these exposures to a lifetime ECL.

- *Simplified portfolios (overdrafts, personal loans, credit cards and commercial loans)*

  For small lending portfolios (comprising those less than 2% of the total lending portfolio), which are not considered significant individually or in combination, the consolidated entity applies simplified provisioning approaches. 30 days past due is used as the primary indicator of SICR on exposures in these portfolios.

(ii) Forward-looking information

In applying forward looking information for estimating ECL for retail portfolios, the consolidated entity considers three probability-weighted forecast economic scenarios as follows:

- *Base case scenario*

  This scenario reflects the entity's base case assumptions using a market consensus view of the macroeconomic environment to ensure an unbiased estimate of expected credit losses. The consolidated entity has applied a weighting of 55% (2023: 55%) to the base case scenario.

- *Upside and downside scenarios*

  The upside and downside scenarios are not based on the economic conditions prevailing at balance date, instead they are based on more optimistic (in the case of the upside) and pessimistic (in the case of the downside) economic events and uncertainty over a longer term horizon. The consolidated entity has applied a weighting of 10% (2023: 10%) to the upside scenario and 35% (2023: 35%) to the downside scenario, reflecting its views of the forward economic outlook.

  Due to the significant uncertainty in the forward looking economic environment, the consolidated entity has incorporated a management overlay in its ECL model, to reflect the potential losses that may not be fully captured within the model methodology. Overlays are determined based on a range of techniques including stress testing, benchmarking, scenario analysis and expert judgement. Overlays are subject to internal governance and applied as an incremental ECL top-up amount to the impacted portfolio segments. Refer Note 5.2(a) for further details.

Each of the three scenarios include a 12 month forecast of relevant macroeconomic variables which include unemployment rates, GDP growth rates, house price index and lending rate changes. Sensitivity testing on the scenario weightings indicated that large changes in weightings did not result in a material impact to the ending provision.

For the simplified portfolios, the ECL model is simplified in the sense that no probability weighted scenario analysis outcomes are incorporated. This is a key judgement for the consolidated entity, and is made on the basis of the materiality of the simplified portfolios.

(iii) Impairment Other Assets

The consolidated entity has applied the simplified methodology in AASB 9 for all trade receivables as they do not contain a significant financing component. The provision for ECL is measured at an amount equal to the lifetime ECL (stage 2) for these financial assets, which is typically 12 months or less.

The ECL is recognised by applying a provision matrix to receivables based on their days past due. Specific provisions identified for individually impaired facilities are added to the collective provision when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recorded in other income.

As at 30 June 2024 and 2023, the ECL under AASB 9 has been calculated on other receivables and amounts due from related parties and was determined to be immaterial.

	Note	Parent Entity 2024 $'000	Parent Entity 2023 $'000	Consolidated Entity 2024 $'000	Consolidated Entity 2023 $'000
4. Funding and liquidity					
4.1 Cash and cash equivalents					
Cash at financial institutions and on hand		421,264	481,298	547,756	674,532
Investment securities		313,632	327,675	313,632	327,675
Gross cash and cash equivalents		734,896	808,973	861,388	1,002,207
Provision for expected credit losses	4.1(b)	(89)	(177)	(89)	(177)
Net cash and cash equivalents		734,807	808,796	861,299	1,002,030

(a) Accounting policies

(i) Recognition and measurement

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with other financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(ii) Restrictions over cash and cash equivalents

Cash and cash equivalents of the consolidated entity includes an amount of $3,255,000 (2023: $5,108,000) relating to the activities of a charitable trust which are only available to be utilised in accordance with the respective trust deed.

Cash and cash equivalents of the consolidated entity includes an amount of $111,785,000 (2023: $174,152,000) relating to the activities of a self-securitisation trust which operates as a contingent liquidity facility. This cash balance is restricted for specific purposes within the self-securitisation structured entity.

(iii) Cash flows presented on a net basis

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

- customer deposits to and withdrawals from deposit accounts;
- advances, redraws and repayments on loans;
- purchases and redemptions of liquid financial assets; and
- proceeds from and repayment of borrowings.

(b) Movement in the provision for expected credit losses

The provisions for expected credit losses on cash and cash equivalents and movements in the provision is immaterial.

	Note	Parent Entity 2024 $'000	Parent Entity 2023 $'000	Consolidated Entity 2024 $'000	Consolidated Entity 2023 $'000
(c) Notes to the statement of cash flows					
Reconciliation of profit for the year to net cash inflow/(outflow) from operating activities:					
Profit after tax		130,668	73,367	131,095	72,890
Non-cash adjustments to reconcile profit before tax to net cash flows:					
Depreciation and amortisation expense		23,663	18,675	23,663	18,675
Loss on sale of property, plant and equipment		751	2,905	751	2,905
Movement in provision for ECL – loans and advances		5,292	12,088	5,292	12,088
Movement in provision for ECL – investments		(432)	40	(432)	40
Writeback of impairment expense on land and buildings		-	(17)	-	(17)
Net gain on financial assets at FVTPL		1,124	(158)	244	(513)
Unwound swap amortisation (income)/expense		(14,441)	(206)	(14,441)	(206)
Changes in operating assets and liabilities:					
Increase in provisions		2,010	10,979	2,010	10,979
Decrease in current tax liability		(5,127)	(3,134)	(5,127)	(3,134)
(Increase)/decrease in net deferred tax asset		11,335	(4,008)	11,328	(4,008)
Increase in derivatives		(485)	(3,066)	(485)	(3,066)
(Increase)/decrease in prepayments and other receivables		(2,888)	19,604	(3,259)	13,737
Increase in payables		25,056	2,966	21,680	2,566
Increase in lease liabilities		1,446	524	1,446	524
Decrease in financial assets		689,798	881,839	150,668	735,564
Increase in loans and advances		(1,463,562)	(616,779)	(1,463,562)	(616,777)
Increase/(decrease) in deposits and borrowings		1,040,991	(118,731)	1,040,862	(118,903)
Net cash inflow/(outflow) from operating activities		445,199	276,888	(98,267)	123,344
4.2 Financial assets					
(a) At amortised cost					
Certificates of deposit		78,591	178,154	78,591	178,154
Fixed and floating rate notes		2,310,236	2,650,734	2,310,236	2,650,734
Government and semi-government securities		550,070	58,345	550,070	58,345
Interest-bearing deposits		-	-	413	402
Mortgage-backed securities		223,785	426,858	223,785	426,858
Gross financial assets at amortised cost		3,162,682	3,314,091	3,163,095	3,314,493
Provision for expected credit losses	4.2(d)	(649)	(993)	(649)	(993)
Net financial assets at amortised cost		3,162,033	3,313,098	3,162,446	3,313,500
(b) At fair value through profit or loss					
Mortgage-backed securities		3,280,743	3,820,256	-	1,337
Unlisted securities		1,234	1,234	1,154	1,154
Investments in managed funds		-	-	23,499	21,677
		3,281,977	3,821,490	24,653	24,168

(c) Accounting policies

(i) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the settlement date, i.e. the date that the consolidated entity settles the instrument with the counterparty. This includes "regular way trades" – purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

(ii) Classification and Measurement

Financial assets– debt instruments

Under AASB 9 *Financial Instruments* financial assets are classified into measurement classifications based on two criteria:

- the business model within which the financial asset is managed; and
- the contractual cash flow characteristics of the financial asset (specifically whether the contractual cash flows represent solely payments of principal and interest).

The classification models based on the criteria above for financial assets are as follows:

- **Amortised cost:** Financial assets with contractual cash flows that comprise solely of payments of principal and interest and which are held in a business model whose objective is to collect their cash flows;
- **Fair value through other comprehensive income (FVOCI):** Financial assets with contractual cash flows that comprise the payment of principal and interest only and which are held in a business model whose objective is to collect their cash flows or sell them; and
- **Fair value through profit or loss (FVTPL):** Any other financial assets not falling into the categories above are measured at FVTPL.

The consolidated entity classifies its financial assets in the following categories: amortised cost and FVTPL. The classification depends on the purpose for which the investments were acquired.

Fair value option for financial assets

A financial asset may be irrevocably designated at FVTPL on initial recognition when the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – equity instruments

Non-traded equity instruments can be designated at FVOCI on an instrument by instrument basis. If this election is made, gains or losses are not reclassified from other comprehensive income to profit or loss on disposal of the investment. The gains or losses may be reclassified within equity. Impairment provisions are not recognised on these investments. The consolidated entity has not designated any equity instruments on the FVOCI basis.

(iii) Reclassification

Financial assets can only be reclassified when there is a change to the consolidated entity's business model for managing financial assets. The reclassification is applied prospectively from the reclassification date with no restatement of any previously recognised gains or losses (including impairment gains or losses) or interest. The consolidated entity has not reclassified any financial assets under AASB 9.

(iv) Impairment of financial assets

Impairment is assessed and provisions are recognised in accordance with the AASB 9 ECL impairment model. The details of the critical accounting judgements and estimates involved in calculating impairment under the ECL impairment model are provided in Note 3.3.

(d) Movement in the provision for expected credit losses

The provisions for expected credit losses on financial assets and movements in the provision is immaterial.

	Parent and Consolidated Entity	
	2024	2023
	$'000	$'000
4.3 Derivative financial instruments		
Interest rate swap contracts – cash flow hedges	(5,567)	9,757
Disclosed in the balance sheet as:		
Assets	1,254	19,106
Liabilities	(6,821)	(9,349)
	(5,567)	9,757
Collateral paid / (Deposits from other financial institutions)	5,587	(5,260)
Net amount	20	4,497

(a) Interest rate swap contracts – cash flow hedges

The consolidated entity uses derivative financial instruments to manage interest rate risk in the balance sheet and to stabilise income and valuation over interest rate cycles. Derivative financial instruments are not entered into for trading or speculative purposes. Rather, hedging activity is undertaken for the sole purpose of reducing the consolidated entity's interest rate risk exposures, relative to defined risk tolerances, regardless of the expected direction of future interest rate movements.

(i) Receive fixed/pay or pay fixed/receive variable interest rate swap contracts

It is the policy of the consolidated entity to protect interest rate sensitive assets from exposure to variability in interest rates. Accordingly, the consolidated entity has entered into interest rate swap contracts under which it is obliged to receive interest at fixed rates and to pay interest at variable rates. The contracts require settlement of net interest receivable or payable each 30 days in line with the maturity of the assets being hedged. The contracts are settled on a net basis.

(ii) Maturity profile of notional principal amounts

	Parent and Consolidated Entity	
	2024	2023
	$'000	$'000
Receive fixed/pay variable contracts:		
Less than 1 year	3,925,000	1,370,000
1 – 5 years	1,031,000	207,000
	4,956,000	1,577,000
Pay fixed/receive variable contracts:		
Less than 1 year	-	120,000
1 – 5 years	-	340,000
	-	460,000

(iii) Fair value of interest rate swap contracts

At balance sheet date for both the consolidated entity and the parent entity, the carrying amount of the derivatives equals their fair value. Valuation adjustments in determining the fair value of derivatives include a credit valuation adjustment (CVA) to reflect the counterparty risk and/or event of default.

(b) Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity only hedges particular risks associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions, and therefore designates all hedges as cash flow hedges.

At the inception of the hedge relationship, the consolidated entity documents the economic relationship between hedging instruments and hedged items, including where changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The consolidated entity documents its risk management objective and strategy for undertaking its hedge transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains or losses.

When a hedging instrument expires, is terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss. Refer to Note 6.7(a)(i).

(c) Collateral paid

Collateral paid consists of cash collateral paid for initial and variation margins in relation to derivative activities.

	Parent Entity		Consolidated Entity	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
4.4 Deposits				
Deposits from other financial institutions	-	5,260	-	5,260
At-call deposits	10,885,241	11,017,765	10,879,929	11,012,582
Term deposits	6,675,081	5,500,286	6,675,081	5,500,286
Other deposits	13,448	1,005	13,448	1,005
	17,573,770	16,524,316	17,568,458	16,519,133

(a) Recognition and measurement

Deposits are initially recognised at fair value (being fair value of consideration received) and are subsequently measured at amortised cost using the effective interest rate method (refer to Note 2.1).

(b) Financial liabilities

Financial liabilities include payables, deposits from members and other financial institutions, certificates of deposit, interest bearing trust notes and floating rate notes.

The consolidated entity classifies its financial liabilities at amortised cost, unless it is required to measure liabilities at fair value through profit or loss (for example for derivatives, or where such financial liabilities are held-for-trading). It may also designate liabilities at fair value through profit and loss where such a designation will eliminate or significantly reduce a measurement or recognition inconsistency. The consolidated entity recognises all financial liabilities at amortised cost under AASB 9.

4.5 Borrowings

		Parent Entity		Consolidated Entity	
		2024	2023	2024	2023
		$'000	$'000	$'000	$'000
Secured					
Interest bearing notes issued by securitisation SPVs	4.6(a)	**3,485,234**	3,874,354	**328,753**	241,149
Term Funding Facility		**-**	629,924	**-**	629,924
Unsecured					
Short and medium term floating rate notes		**1,323,600**	822,261	**1,323,600**	822,261
		4,808,834	5,326,539	**1,652,353**	1,693,334

(a) Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

4.6 Securitisation

(a) Summary of securitisation activities

The company sponsors the formation of structured entities primarily for the purpose of raising funding through securitisation of mortgage loans and accessing a contingent liquidity facility with the Reserve Bank of Australia. Refer to Note 6.11 for a list of structured entities consolidated within the group. The company does not consolidate a structured entity that it does not control. In determining whether the company does control a structured entity, it makes judgements about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the structured entity. In all instances, elements are present that indicate control over structured entities and therefore the company has consolidated the results, assets and liabilities of the structured entities.

Due to the securitisation structures adopted by the company, mortgage loans selected for sale in securitisation tranches do not qualify for derecognition. Only mortgage loans which meet selection criteria are eligible for selection in securitisation tranches. The selection criteria requires review of loan serviceability profiles, maximum loan terms, loan-to-valuation ratios, level of interest rates charged, adequacy of loan documentation, quality and valuation of collateral. The company is still exposed to the credit and interest rate risks associated with securitised loans.

The external funding warehouse facility within GBS Secured Funding Trust No.1 expires on 25 May 2026.

The external funding warehouse facilities within Newcastle Permanent Funding Trust No.1 expire on 15 October 2024. The process to renew the warehouse facilities with the warehouse providers will commence after signing of this Financial Report.

In the unlikely event that the existing funding providers did not extend the facilities, the Trust would seek to refinance the facilities with another provider. If the funding warehouse was not refinanced, then an event of default would be declared and the security trustee would be appointed to realise the assets of the Trust for the benefit of the secured and unsecured creditors.

(b) Carrying amounts of assets and liabilities related to securitisation

The carrying amount of assets transferred by the company to structured entities and that are consolidated at balance sheet date was $3,485,234,000 (2023: $3,874,354,000). The external liabilities of the consolidated entity issued as a result of the securitisation of assets at balance sheet date was $327,224,000 (2023: $241,149,000).

(c) Recognition and measurement

Equitably assigned mortgage loans relating to the company's securitisation programs are recognised in the balance sheet of the parent with a corresponding loan payable to the relevant structured entity. The associated liabilities arising from the securitisation program include trust notes, secured over the securitised mortgage loans. Income relating to the equitably assigned mortgage loans is recognised in the income statement of the company and measured at amortised cost using the effective interest rate method. Interest expense on the loan to the structured entity is recognised in the profit or loss using the effective interest rate method which equates to the coupon payable on the loan from the structured entity and includes terms and conditions of the arrangements and services between the company and the structured entity adjusted for fees paid directly by the structured entity to external party providers. These fees include servicing, liquidity fees and residual income.

(d) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the balance sheet as the consolidated entity retains substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the consolidated balance sheet as an asset with a corresponding obligation to return it, including accrued interest as a liability within payables, reflecting the transaction's economic substance as a loan to the consolidated entity. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest rate. When the counterparty has the right to sell or repledge the securities, the consolidated entity reclassifies those securities in its balance sheet to "Financial assets pledged as collateral".

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the balance sheet. The consideration paid, including accrued interest, is recorded in the balance sheet within "Cash collateral on securities borrowed and reverse repurchase agreements", reflecting the transaction's economic substance as a loan by the consolidated entity. The difference between the purchase and resale prices is recorded in "Net interest income" and is accrued over the life of the agreement using the effective interest rate.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within "Financial liabilities held-for-trading" and measured at fair value with any gains or losses included in "Net trading income".

5. Financial risk management

This note explains the nature and extent of risks arising from financial instruments and how these risks could affect the consolidated entity's financial performance. The consolidated entity's major risk categories are detailed below:

Nature of Risk	Exposure arising from	Measurement	Governance	Refer Note
Credit Risk: Lending	• Loans and advances • Financial guarantees • Undrawn loan commitments	• Ageing and arrears analysis • Portfolio risk metrics and concentrations • Lending credit stress testing	• Lending Credit Policy • Asset, Liability and Credit Committee (ALCCO)	5.2(a)
Credit Risk: Investment	• Cash and liquid assets • Financial assets at amortised cost • Financial assets at FVTPL • Other receivables • Derivative financial instruments	• Counterparty credit ratings • Large exposure monitoring • Portfolio tolerances • Stress testing • Collateral management	• Investment Credit Risk and Large Exposures Policy • ALCCO	5.2(b)
Liquidity Risk	• Retail deposits • Wholesale funding • Derivative financial instruments • Financial guarantees • Undrawn loan commitments	• Scenario analysis and stress testing • Minimum liquidity ratios and risk limits • Daily monitoring of liquidity metrics relative to tolerances • Maintenance of contingent liquidity sources	• Liquidity Risk Policy • Funding Strategy • Liquidity Management Strategy • Contingency Funding Plan • ALCCO	5.3
Market Risk: Interest Rate Risk	• Cash and liquid assets • Financial assets at amortised cost • Financial assets at FVTPL • Loans and advances • Other receivables • Derivative financial instruments • Retail deposits • Wholesale funding	• Earnings at Risk (EaR) and Economic Value Sensitivity (EVS) measures • Repricing and Maturity Gap Analysis • Stress testing	• Interest Rate Risk Policy • ALCCO	5.4

5.1 Risk Management Framework

The consolidated entity is exposed to the following key risks arising from financial instruments held at the end of the reporting period: credit risk, liquidity risk and market risk. The following sections explain the nature and extent of the risks arising and the objectives, policies and processes for managing risk.

(a) Risk Appetite Statement

The Risk Appetite Statement (RAS) is the cornerstone of the risk management framework and outlines the degree of risk that the Board is willing to accept in pursuit of strategic objectives. These risk-taking boundaries are expressed in the qualitative and quantitative ways within which they expect management to operate. The RAS also describes the processes for setting, monitoring and actioning breaches of risk tolerance levels. The RAS is subject to annual review and approval by the Board.

(b) Risk Management Strategy

The Risk Management Strategy (RMS) outlines the material risks and the approach to managing these risks. It outlines the roles and responsibilities of key stakeholders and lists the key policies and procedures that have been established to manage material risks. The RMS is subject to annual review by the Executive Committee, and approval by the Board. The Board and Board Risk Committee (BRC) are responsible for establishing a governance structure and the effective operation of the risk management framework. The primary management level committee established to manage the key risks arising from financial instruments is the ALCCO.

(c) Risk governance model

The consolidated entity has established a Three Lines of Defence risk governance model:

- **First Line – Risk Owners.** Responsibility and accountability for risk begins with the business units that originate the risk. They are responsible to demonstrate effective identification, assessment and management of risk consistent with the risk appetite and risk management framework, including design and implementation of controls to manage risk.
- **Second Line – Review and Challenge.** The Risk Management and Compliance function is lead by the Chief Risk Officer (CRO), who is independent from any business lines and reports directly to the Chief Executive Officer (CEO), with regular, unfettered access to the Board and BRC. The Risk Management and Compliance function is responsible for; establishing and maintaining the risk management framework; developing policies and frameworks to reflect the RAS and the intent of regulatory and legislative requirements; provide challenge, assurance and guidance on material risks; and provide assurance to management and the Board on the effectiveness of the operation of the risk management framework.
- **Third Line – Independent Assurance.** The Internal Audit function independently evaluates the adequacy and effectiveness of the risk management framework, and provides independent assurance to the Board and Board Audit Committee (BAC).

In addition to the lines of defence outlined above, External Auditors also provide an independent opinion on the consolidated entity's financial report and the effectiveness of financial controls.

5.2 Credit risk

Credit risk is the potential for financial loss arising from the failure of a customer or counterparty to meet their contracted financial obligations as and when they fall due. Lending credit risk arises from the consolidated entity's lending activities, which includes residential mortgages, personal loans, credit cards, commercial loans and overdrafts. Investment credit risk arises from the consolidated entity maintaining a liquid asset and investment portfolio, as well as hedging instruments used to manage interest rate risk.

(a) Credit risk: Lending

The consolidated entity has established policies and processes for identifying, measuring, monitoring, reporting and controlling or mitigating lending credit risk. They include the full credit life cycle from credit origination, initial and subsequent credit assessment and approval processes and the ongoing monitoring and management of the consolidated entity's credit exposures and portfolio.

Credit origination, credit assessment and approval and review responsibilities are clearly and appropriately assigned through lending delegations that are approved by the Board and are delegated to appropriately skilled and experienced individuals under the Lending Delegations Policy. Higher risk transactions are escalated to more skilled and experienced individuals.

There is regular independent internal review of the credit origination, credit assessment and approval and management functions by the Risk Management area that is independent of the business function. The Risk Management function provides the Board with oversight of the credit risk profile and framework, including the monitoring and reporting of risk appetite limits against risk tolerances.

Credit quality is regularly monitored through reviewing performance, concentrations, arrears, policy exceptions and policy breaches. Credit assurance reviews are completed to ensure compliance with policies and delegated authorities. The primary means of reducing the potential loss given borrower default on these loans is through obtaining collateral, as follows:

- *for residential mortgage loans:* charges over borrowers' residential property, other properties or cash; lenders mortgage insurance for loans with higher loan-to-valuation (LVR) ratios; and government guarantees under the Australian Government's Home Guarantee Scheme;
- *for personal loans:* charges over specified assets or cash held on deposit; and
- *for commercial loans:* charges over specified assets such as commercial and residential property, inventory, trade receivables or cash and guarantees.

The primary means of reducing the probability of borrowers to default is through the application of prudent minimum lending standards and assessment of each borrower's capacity to meet their obligations and withstand periods of stress. Loan serviceability is assessed using a net surplus income model, defined as the ratio of total income (after income haircuts, taxation and living expenses) to total sensitised commitments.

All loans are subject to ongoing review for impairment in accordance with the consolidated entity's provisioning policies which comply with AASB 9 Financial Instruments. Refer to Note 3.3 for further information.

(i) Concentration of loans and advances by geography

The consolidated entity's loans and advances can be analysed by the following geographical regions. Where the loan is secured, the geographical location disclosed is based on the location of the security:

	2024		2023	
	$'000	$'000	$'000	$'000
Parent and Consolidated Entity	New South Wales	Other Australian States	New South Wales	Other Australian States
Credit cards	49,860	394	48,775	384
Personal loans	106,099	3,626	89,798	3,169
Retail mortgages	14,365,642	2,408,701	13,387,726	1,939,147
Commercial loans and overdrafts	98,656	1,933	101,313	1,038
	14,620,257	2,414,654	13,627,612	1,943,738
Total gross loans and advances		17,034,911		15,571,350

(ii) Repossessed collateral

Repossessed property is sold as soon as practicable, with proceeds used to reduce the outstanding balance. As at 30 June 2024, the consolidated entity was in possession of 2 properties (2023: 2 properties in possession).

(iii) Maximum credit risk exposure and credit-impaired assets

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of these indicated in the balance sheet except for loans and advances. For loans and advances the maximum credit risk exposure for the consolidated entity is $19,796M (2023: $18,236M) and for the company $19,796M (2023: $18,236M). For loans that are securitised, credit risk is transferred to a special purpose vehicle (refer Note 1.4(b)). This maximum exposure does not take into account the value of any security.

Refer 5.2(a) for further information on the collateral obtained for secured loans and advances. There has been no material change in the collateral policies of the entity during the reporting period or significant changes in the quality of the collateral held for loans and advances.

Credit-impaired assets are those that have been individually assessed within Stage 3 of the ECL model and disclosed at Note 3.2(b). Credit-impaired retail mortgages and commercial loans are fully secured, and the provision recognised represents the expected loss after realisation of any security held. All other credit-impaired loans are unsecured.

(b) Credit risk: Investment

The consolidated entity has established the Investment Credit Risk and Large Exposures Policy to identify, measure, monitor and report on investment credit risk within the Board's risk appetite. The policy outlines the key sources of counterparty credit risk to which the consolidated entity is exposed, types of investment activity acceptable to the Board, processes required to be followed to assess counterparty credit risk and methodologies used to measure counterparty credit risk exposures. The policy also outlines the governance model and delegated responsibilities for managing, monitoring and reporting investment credit risk.

The responsibility for managing investment credit risk and large exposures within the Board's risk appetite have been assigned by the Chief Executive Officer (CEO), under delegation from the Board, to the Chief Financial Officer (CFO). Day-to-day management of investment credit risk and large exposures has been delegated by the CFO to the Treasury Function. The Risk Management Function is responsible for designing, maintaining and monitoring compliance with the investment credit risk and large exposures management framework; and independently reporting on investment credit risk to the Executive and Board Committees.

The Board's risk appetite for investment credit risk is expressed through a range of specific limits that address acceptable investment and counterparty types, minimum acceptable counterparty credit quality, maximum individual counterparty concentrations and portfolio concentrations. These limits are based on individual counterparty credit ratings issued by recognised external credit rating bodies.

(i) Distribution of debt securities by credit quality

The following table presents an analysis of debt securities by rating agency designation, based on Standard & Poor's long term rating or their equivalent, except where otherwise stated:

Credit Rating	Certificates of Deposit and Interest bearing deposits	Mortgage Backed Securities	Fixed and Floating Rate Notes	Australian Government and Semi-Government Securities	Investment Securities	Due from Financial Institutions	Total
Consolidated Entity	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 30 June 2024							
AAA	-	223,785	175,334	50,287	28,628	262,287	**740,321**
AA- to AA+	-	-	1,489,494	499,783	136,057	156,396	**2,281,730**
A- to A+	59,290	-	627,973	-	148,947	527	**836,737**
BBB to BBB+	19,714	-	17,435	-	-	-	**37,149**
Unrated	-	-	-	-	-	105,837	**105,837**
Total	**79,004**	**223,785**	**2,310,236**	**550,070**	**313,632**	**525,047**	**4,001,774**
As at 30 June 2023							
AAA	-	426,858	181,838	-	510	300,399	**909,605**
AA- to AA+	-	-	1,418,841	58,345	-	205,377	**1,682,563**
A- to A+	59,171	-	777,467	-	257,486	2,053	**1,096,177**
BBB to BBB+	119,385	-	272,588	-	69,679	-	**461,652**
Below investment grade	-	1,337	-	-	-	-	**1,337**
Unrated	-	-	-	-	-	138,552	**138,552**
Total	**178,556**	**428,195**	**2,650,734**	**58,345**	**327,675**	**646,381**	**4,289,886**
Parent Entity	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 30 June 2024							
AAA	-	223,785	175,334	50,287	28,628	262,287	**740,321**
AA- to AA+	-	-	1,489,494	499,783	136,057	30,431	**2,155,765**
A- to A+	58,877	-	627,973	-	148,947	-	**835,797**
BBB to BBB+	19,714	-	17,435	-	-	-	**37,149**
Unrated	-	3,280,743	-	-	-	105,837	**3,386,580**
Total	**78,591**	**3,504,528**	**2,310,236**	**550,070**	**313,632**	**398,554**	**7,155,612**
As at 30 June 2023							
AAA	-	426,858	181,838	-	510	300,399	**909,605**
AA- to AA+	-	-	1,418,841	58,345	-	14,204	**1,491,390**
A- to A+	58,769	-	777,467	-	257,486	-	**1,093,722**
BBB to BBB+	119,385	-	272,588	-	69,679	-	**461,652**
Below investment grade	-	1,337	-	-	-	-	**1,337**
Unrated	-	3,818,919	-	-	-	138,552	**3,957,471**
Total	**178,154**	**4,247,114**	**2,650,734**	**58,345**	**327,675**	**453,155**	**7,915,177**

(ii) Distribution of debt securities by geographical concentration

In determining the geographical concentration of other financial assets, the consolidated entity allocates exposures based on the country of regulation of counterparties. As at the balance sheet date, all exposures of the consolidated entity are to counterparties regulated within Australia.

5.3 Liquidity risk

The Liquidity Risk Management Framework is the totality of the Board Policy, Executive Management Statements, Methodology and Process Governance, Funding Strategy and Contingency Funding Plan documents that sets out how the consolidated entity identifies, measures, monitors and mitigates its liquidity risk to a prudent level. The framework has been formulated to ensure that the consolidated entity maintains sufficient liquidity to deliver its strategic objectives and to withstand a prolonged period of stress. The following represents a summary of the components of the framework:

- the **Liquidity Risk Policy**, which identifies: the roles, responsibilities and delegated authorities for managing, monitoring and reporting liquidity risk; the key components of the liquidity risk management framework; the methodologies used to measure liquidity risk; the approach to liquidity risk stress testing and the requirement for a contingency funding plan.
- the **Liquidity Risk Executive Statement**, which identifies measures to be adopted by management to ensure that liquidity risk is managed in accordance with key regulatory requirements and the Board's liquidity risk appetite. It sets out the consolidated entity's policy in respect of: the composition and maturity of assets and liabilities; the diversity and stability of funding sources; the approach to intra-day liquidity management; the approach to managing liquidity across borders, business lines and legal entities; and the liquidity needs under normal conditions and periods of stress.
- the **Liquidity Risk Methodology and Process Governance document**, which documents: the detailed aspects of the consolidated entity's liquidity risk reporting and modelling; data and model governance; risk measures and calculation methods; behavioural assumptions about the timing of cash flows; reporting processes; liquidity stress test scenarios; and new products.
- the **Funding Strategy**, which is aligned to the consolidated entity's Strategic Plan and Operational Budget, and addresses the expected funding and liquidity risk over a three year time horizon. It serves as the key document that governs the consolidated entity's risk management in normal operating conditions. The Funding Strategy also details how the consolidated entity intends to maintain a presence in all of its chosen funding markets, and maintain the diversity and strength of its key funding counterparty relationships.
- the **Contingency Funding Plan**, which sets out: the strategies, processes and procedures the consolidated entity employs to manage liquidity shortfalls in a range of stressed liquidity scenarios; establishes clear lines of responsibility for the management of such situations; articulates the potential contingent liquidity funding sources available to the consolidated entity; and documents the process by which the availability of those contingent funding sources are tested on a regular basis.

The responsibility for mitigating and managing liquidity and funding risk exposures within the Board's risk appetite have been assigned by the Chief Executive Officer (CEO), under delegation from the Board, to the Chief Financial Officer (CFO). Day-to-day management of liquidity and funding requirements has been delegated by the CFO to the Treasury Function, which consolidates liquidity management in one area. The Risk Management Function is responsible for designing, maintaining and monitoring compliance with the Liquidity Risk Management Framework; and independently reporting on the liquidity risk profile to the Executive and Board Committees.

(a) Contingent sources of liquidity

To ensure that the consolidated entity is able to meet liquidity requirements to cover unexpected levels of demands, the consolidated entity has credit standby arrangements and contingent sources of liquidity as follows:

- An uncommitted facility of $20,000,000 (2023: $20,000,000). This is an uncommitted line of credit with a major Australian bank (overnight facility). Access to the facility is immediate, but subject to approval processes from the facility provider. This facility was not used during the current or previous financial year.
- An internal securitisation program which provides potential access to a significant amount of contingent liquidity. At 30 June 2024, the parent entity has sold loans of $3.5 billion (2023: $3.9 billion) into a related special purpose vehicle for the purposes of internal securitisation. The financial performance and financial position of the special purpose vehicle is included within the financial performance and financial position of the consolidated entity. The related special purpose vehicle, in turn, has issued $3.3 billion (2023: $3.8 billion) of notes to the parent entity which are eligible for repurchase with the Reserve Bank of Australia. As at 30 June 2024, $NIL (2023: $756,230,000) was provided as collateral under a three-year funding facility.

(b) Off-balance sheet items

(i) Loan commitments

The dates of the contractual amounts of the consolidated entity's off balance sheet financial instruments are summarised in Note 5.7. These amounts commit the consolidated entity to extend credit to customers and other facilities in line with the relevant contracts.

(ii) Financial guarantees and other financial facilities

The consolidated entity offers financial institution guarantees for members to external parties. The guarantees are secured over assets of the member unless specific authorisation from the Board is obtained. The guarantees held by the consolidated entity at year end on behalf of the members are summarised in Note 5.7, based on the earliest contractual maturity date. Of this amount $NIL (2023: $NIL) is unsecured. No losses are anticipated in respect of the above guarantees.

(iii) Financial institution guarantees

The consolidated entity extends credit commitments, guarantees, commercial and standby letters of credit to ensure funds are available to a customer as required. These are instruments that are written undertakings by the consolidated entity on behalf of a customer authorising a third party to draw drafts on the consolidated entity up to a stipulated amount under specific terms and conditions.

5.4 Market risk – interest rate risk

The predominant market risk that the consolidated entity is exposed to is interest rate risk. The consolidated entity is not exposed to any material foreign exchange risk. Interest rate risk is the potential change in the consolidated entity's net interest income and capital position arising from the impact of movements in interest rates.

The Interest Rate Risk Management Framework is the totality of the Board Policy, Executive Management Statement and Methodology and Process Governance document that sets out how the consolidated entity identifies, measures, monitors, controls and mitigates its interest rate risk to a prudent level. The following represents a summary of the components of the framework:

- the **Interest Rate Risk Policy**, which identifies: the roles, responsibilities and delegated authorities for managing, monitoring and reporting interest rate risk; the key components of the interest rate risk management framework; the methodologies used to measure interest rate risk; and the approach to interest rate risk stress testing.
- the **Interest Rate Risk Executive Statement**, which documents the key principles and strategies implemented by the consolidated entity at Board level, ALCCO level and Treasury level to ensure effective management of interest rate risk from operations in accordance with the Board policy.
- the **Interest Rate Risk Methodology and Process Governance document**, which documents: the detailed aspects of the consolidated entity's interest rate risk in the banking book (IRRBB) model system descriptions and schematic diagrams; data and model governance; risk measures and calculation methods; behavioural assumptions about the timing of cash flows; reporting processes (ownership, frequency, distribution); stress test scenarios; and new products.

The responsibility for mitigating and managing interest rate risk exposures within the Board's risk appetite have been assigned by the Chief Executive Officer (CEO), under delegation from the Board, to the Chief Financial Officer (CFO). Day-to-day management of interest rate risk has been delegated by the CFO to the Treasury Function. Interest rate risk exposures generated by retail product offerings are transferred from the retail units and centralised in Treasury. This process provides a single point of accountability for interest rate risk management and enables retail units to focus on customer, balance and margin outcomes. The Risk Management Function is responsible for designing, maintaining and monitoring compliance with the Interest Rate Risk Management Framework; and independently reporting on the interest rate risk profile to the Executive and Board Committees.

The key strategies considered by ALCCO under its delegation to manage interest rate risk relate to; managing the growth and composition of assets and liability products giving risk to interest rate risk; managing the maturity and repricing profile of assets and liabilities within the consolidated entity's risk appetite; and interest rate risk hedging strategies. The Treasury Function is responsible for the implementation of the strategies approved by ALCCO in relation to wholesale assets and liabilities, and the execution of derivative financial instruments for hedging purposes. Any pricing or promotional activity in relation to the consolidated entity's retail asset and liability products required to support ALCCO's interest rate risk management strategies is the responsibility of the Pricing Committee, which reports to ALCCO.

(a) Sensitivity analysis – interest rate risk

The consolidated entity uses a number of mechanics to measure, monitor and report the risk of loss in earnings, or in economic value on banking book items as a consequence of movements in interest rates arising due to repricing risk, yield curve risk, basis risk and optionality risk. These mechanisms include: Earnings at Risk (EaR); Economic Value Sensitivity (EVS); Repricing and Maturity Gap Analysis; and stress testing. A description of the EaR and EVS mechanisms are outlined below:

- **EaR** is a short term measure of IRRBB over a 12 month horizon, which calculates changes in expected net interest income under different interest rate shocks and stress scenarios. The core EaR scenario used by the consolidated entity is measuring the change in net interest income for a 100bp instant and parallel rate curve shock (up and down), using a static balance sheet with constant volumes and margins. It shows the potential volatility in the net interest income result, assuming no management actions are taken on the current balance sheet mix. EaR is computed in dollar terms and expressed as a percentage of the Board approved budgeted net interest income for the financial year.
- **EVS** is a longer-term point-in-time measure of IRRBB and can be thought of as the difference between fair value and a shocked fair value (when pricing the current balance sheet at a given scenario or set of interest rates) that would be realised if all assets and liabilities matured as expected with no management actions taken. The core EVS scenario used by the consolidated entity is a 300bp instant and parallel up/down shift in interest rates over the estimated remaining life of the balance sheet under run off. EVS is calculated as a dollar amount and expressed against the Board tolerance as a percentage of Common Equity Tier 1 (CET1) capital.

The interest rate risk measures represent a sensitivity analysis based on the prescribed interest rate risk shock scenario. As at 30 June 2024, the core interest rate risk measures were as follows:

- the EaR interest rate risk measure, based on a 100bp upwards parallel shift, was $24.7m, or 5.47% of budgeted net interest income.

(b) Repricing analysis

Consolidated Entity – 2024	Up to 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Non-interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash and cash equivalents	797,781	35,221	-	-	-	28,297	**861,299**
Collateral paid	5,587	-	-	-	-	-	**5,587**
Other receivables	-	-	-	-	-	5,656	**5,656**
Derivatives	1,254	-	-	-	-	-	**1,254**
Financial assets at amortised cost	522,462	1,302,729	214,618	1,122,637	-	-	**3,162,446**
Financial assets at FVTPL	-	-	-	-	-	24,653	**24,653**
Loans and advances	13,930,679	276,877	1,159,458	1,626,726	10,669	-	**17,004,409**
	15,257,763	**1,614,827**	**1,374,076**	**2,749,363**	**10,669**	**58,606**	**21,065,304**
Liabilities							
Payables	-	-	-	-	-	88,261	**88,261**
Derivatives	6,821	-	-	-	-	-	**6,821**
Deposits	11,177,900	1,715,290	3,636,870	1,037,629	769	-	**17,568,458**
Borrowings	382,677	1,103,102	166,574	-	-	-	**1,652,353**
Lease liabilities	1,163	2,546	9,989	22,346	6,530	-	**42,574**
	11,568,561	**2,820,938**	**3,813,433**	**1,059,975**	**7,299**	**88,261**	**19,358,467**
Interest repricing gap	**3,689,202**	**(1,206,111)**	**(2,439,357)**	**1,689,388**	**3,370**		

Consolidated Entity – 2023	Up to 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Non-interest Bearing	Total
Assets							
Cash and cash equivalents	720,963	73,142	-	-	-	207,925	**1,002,030**
Other receivables	-	-	-	-	-	5,039	**5,039**
Derivatives	-	19,106	-	-	-	-	**19,106**
Financial assets at amortised cost	932,693	1,341,127	136,869	902,811	-	-	**3,313,500**
Financial assets at FVTPL	1,337	-	-	-	-	22,831	**24,168**
Loans and advances	10,500,459	525,481	2,226,578	2,285,870	7,752	-	**15,546,140**
	12,155,452	**1,958,856**	**2,363,447**	**3,188,681**	**7,752**	**235,795**	**19,909,983**
Liabilities							
Payables	-	-	-	-	-	66,867	**66,867**
Derivatives	9,349	-	-	-	-	-	**9,349**
Deposits	9,854,062	1,706,069	3,385,728	1,573,274	-	-	**16,519,133**
Borrowings	222,652	1,170,623	300,059	-	-	-	**1,693,334**
Lease liabilities	1,373	2,626	10,131	17,891	3,172	-	**35,193**
	10,087,436	**2,879,318**	**3,695,918**	**1,591,165**	**3,172**	**66,867**	**18,323,876**
Interest repricing gap	**2,068,016**	**(920,462)**	**(1,332,471)**	**1,597,516**	**4,580**		

Parent Entity – 2024	Up to 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Non-interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash and cash equivalents	671,289	35,221	-	-	-	28,297	**734,807**
Collateral paid	5,587	-	-	-	-	-	**5,587**
Other receivables	-	-	-	-	-	21,685	**21,685**
Derivatives	1,254	-	-	-	-	-	**1,254**
Financial assets at amortised cost	522,049	1,302,729	214,618	1,122,637	-	-	**3,162,033**
Financial assets at FVTPL	3,280,743	-	-	-	-	1,234	**3,281,977**
Loans and advances	13,930,679	276,877	1,159,458	1,626,726	10,669	-	**17,004,409**
	18,411,601	**1,614,827**	**1,374,076**	**2,749,363**	**10,669**	**51,216**	**24,211,752**
Liabilities							
Payables	-	-	-	-	-	101,343	**101,343**
Derivatives	6,821	-	-	-	-	-	**6,821**
Deposits	11,183,212	1,715,290	3,636,870	1,037,629	769	-	**17,573,770**
Borrowings	3,539,158	1,103,102	166,574	-	-	-	**4,808,834**
Lease liabilities	1,163	2,546	9,989	22,346	6,530	-	**42,574**
	14,730,354	**2,820,938**	**3,813,433**	**1,059,975**	**7,299**	**101,343**	**22,533,342**
Interest repricing gap	**3,681,247**	**(1,206,111)**	**(2,439,357)**	**1,689,388**	**3,370**		

Parent Entity – 2023							
Assets							
Cash and cash equivalents	621,672	73,142	-	-	-	113,982	**808,796**
Other receivables	-	-	-	-	-	21,440	**21,440**
Derivatives	-	19,106	-	-	-	-	**19,106**
Financial assets at amortised cost	932,693	1,341,127	136,467	902,811	-	-	**3,313,098**
Financial assets at FVTPL	3,820,257	-	-	-	-	1,233	**3,821,490**
Loans and advances	10,500,459	525,481	2,226,578	2,285,870	7,752	-	**15,546,140**
	15,875,081	**1,958,856**	**2,363,045**	**3,188,681**	**7,752**	**136,655**	**23,530,070**
Liabilities							
Payables	-	-	-	-	-	76,573	**76,573**
Derivatives	9,349	-	-	-	-	-	**9,349**
Deposits	9,859,245	1,706,069	3,385,728	1,573,274	-	-	**16,524,316**
Borrowings	3,985,857	1,040,623	300,059	-	-	-	**5,326,539**
Lease liabilities	1,373	2,626	10,131	17,891	3,172	-	**35,193**
	13,855,824	**2,749,318**	**3,695,918**	**1,591,165**	**3,172**	**76,573**	**21,971,970**
Interest repricing gap	**2,019,257**	**(790,462)**	**(1,332,873)**	**1,597,516**	**4,580**		

5.5 Capital management

As an APRA regulated entity, the consolidated entity must hold the minimum levels of capital as required by ADI Prudential Standard (APS) 110 Capital Adequacy. As part of these requirements, the consolidated entity must hold Tier 1 Capital and may also include Tier 2 Capital as part of its required capital holdings up to certain prescribed limits.

Tier 1 Capital comprises the highest quality components of capital that fully satisfy all of the following essential characteristics:

- provide a permanent and unrestricted commitment of funds;
- are freely available to absorb losses;
- do not impose any unavoidable servicing charge against earnings; and
- rank behind the claims of depositors and other creditors in the event of winding up.

For the purpose of calculating the consolidated entity's capital base, Tier 1 Capital consists of retained earnings, general reserves and current year earnings. Tier 2 Capital includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of an institution and its ability to absorb losses.

The consolidated entity is subject to a Prudential Capital Ratio (PCR) as determined by APRA. The consolidated entity, must at all times, maintain a risk based capital ratio in excess of its PCR. The consolidated entity has complied with both external and internal capital requirements during the current and previous financial years.

The consolidated entity has in place an Internal Capital Adequacy Assessment Process (ICAAP) which is subject to review on an at least an annual basis. The ICAAP includes:

- policies, procedures, systems and controls to identify, measure, monitor and manage the risks arising from the consolidated entity's activities on a continuous basis to ensure that capital is held at a level consistent with the consolidated entity's risk profile;
- Board approved limits for the quality, source and level of capital it considers necessary to absorb unanticipated losses and support its strategic objectives;
- a capital management plan which includes:
  (i) the consolidated entity's strategy for maintaining capital over time, including outlining its capital target for providing a buffer against the risks involved in the ADI's activities, how the target level of capital is to be met and the means available for sourcing additional capital where required; and
  (ii) actions and procedures for monitoring the consolidated entity's capital adequacy requirements, including the setting of trigger ratios to alert management to, and avert potential breaches of these requirements.
- stress testing and scenario analysis relating to potential risk exposures and available capital resources;
- processes for reporting on the ICAAP and its outcomes to the Board and senior management of the consolidated entity, and for ensuring that the ICAAP is taken into account in making business decisions; and
- policies to address the capital impact of material risks not covered explicitly by regulatory capital requirements.

5.6 Fair value measurements

The consolidated entity measures financial instruments such as derivatives, and non-financial assets such as land and buildings, at fair value at each balance sheet date. Also, certain assets and liabilities measured at cost or amortised cost are required to have their fair value disclosed in the financial statements. Where disclosures of fair value are made for items measured at cost or amortised cost, the principles outlined below are applied.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the consolidated entity.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The consolidated entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

External valuers are involved for the valuation of significant assets, such as land and buildings. Involvement of external valuers is decided upon annually by management after discussion with and approval by the Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The consolidated entity complies with the requirements of AASB 7 Financial Instruments: Disclosures which requires disclosure of the fair value measurements by level of the following fair value measurement hierarchy:

- **Level 1:** Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.
- **Level 2:** Valued by using 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 3:** Valued in whole or in part using valuation techniques or models that use inputs that are not based on observable market data (unobservable inputs).

A description of the valuation technique(s) and the inputs used in the fair value measurement for each item categorised as a Level 2 or Level 3 valuation is outlined below

(i) Financial assets at FVTPL

The investment portfolio held by Newcastle Permanent Charitable Foundation (a subsidiary entity) is comprised of units held in a range of managed funds. Investments are valued using current prices obtained from independent external pricing sources. The portfolio is managed under an outsourced arrangement with a professional investment advisory firm. Asset prices are reviewed and verified in line with valuation policies in place by specialised investment teams.

In addition to the investment portfolio held by the subsidiary entity, the parent entity also holds subordinated notes in securitisation vehicles which are classified as financial assets at FVTPL. There is no active market for these securities, and hence their fair value is determined using a net present value calculation. In practice, the fair value is equivalent to the carrying value at the balance sheet date.

(ii) Derivative financial instruments

Derivatives consist of interest rate swaps. The fair value of these financial assets is calculated as the present value of estimated future cash flows. Cash flows are calculated and discounted using observable market yield curves and exchange rates at the end of the reporting period. The fair value of derivatives also incorporates the credit risk associated with default by the swap counterparty (where the derivative is a financial asset) or associated with the consolidated entity's own credit risk (where the derivative is a financial liability).

(iii) Property, plant and equipment

A description of the valuation technique(s) and the inputs used in the fair value measurement is outlined at Note 6.2(a)(ii).

(iv) Financial assets at amortised cost

The disclosed fair value of financial assets at amortised cost that are short-term (i.e. holdings with an original maturity less than three months) is calculated with reference to current Bank Bill Swap Rate (BBSW) curves and the remaining term to maturity of the investment. The disclosed fair value of financial assets at amortised cost that are long-term is calculated by multiplying the current capital price (sourced from market data) of the security by the face value.

(v) Loans and advances

The disclosed fair value of loans and advances is calculated by discounting future cash flows on fixed rate loans at market interest rates. Variable rate loans are measured at amortised cost and the carrying value reflects the fair value of the loans at balance date.

(vi) Investment properties

The consolidated entity measures investment properties at cost. Accounting standard AASB 140 Investment Property requires the consolidated entity to disclose the fair value of investment property where it is measured at cost. At the balance date, the fair value of investment properties was $4,127,000 (2023: $4,161,000).

The fair value of investment properties was determined by registered valuers. The last valuations were completed in February 2023 and April 2023. The Directors have updated their assessment of the fair value of each property at the balance sheet date, taking into account current market evidence.

The fair value of investment property was based on the capitalisation of fair market rental returns. This method adopts capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence. In all valuations, a net rent has been applied to owner occupied properties. The key inputs under this approach are the rental rates per square metre and the capitalisation rate.

(vii) Borrowings

The disclosed fair value of borrowings is calculated by discounting future cash flows on fixed rate liabilities at market interest rates. Variable rate liabilities and short-term liabilities are measured at amortised cost and the carrying value reflects the fair value of the borrowings at balance date.

The following table provides the fair value measurement hierarchy of the consolidated entity's assets and liabilities. There have been no transfers of any financial assets or financial liabilities between the fair value measurement hierarchy levels during the year.

Consolidated Entity		Level 1	Level 2	Level 3	Total
As at 30 June 2024	Note	$'000	$'000	$'000	$'000
Items that are measured at fair value					
Financial assets at FVTPL	4.2	-	24,653	-	**24,653**
Derivative financial instruments	4.3	-	(5,567)	-	**(5,567)**
Property, plant and equipment – land and buildings	6.2	-	-	68,403	**68,403**
Items not measured at fair value, for which fair value is disclosed					
Financial assets at amortised cost	4.2	-	3,147,409	-	**3,147,409**
Loans and advances	3.1	-	-	16,906,710	**16,906,710**
Investment properties		-	-	4,127	**4,127**
As at 30 June 2023	Note	$'000	$'000	$'000	$'000
Items that are measured at fair value					
Financial assets at FVTPL	4.2	-	24,168	-	**24,168**
Derivative financial instruments	4.3	-	9,757	-	**9,757**
Property, plant and equipment – land and buildings	6.2	-	-	68,322	**68,322**
Items not measured at fair value, for which fair value is disclosed					
Financial assets at amortised cost	4.2	-	3,277,739	-	**3,277,739**
Loans and advances	3.1	-	-	15,314,436	**15,314,436**
Investment properties		-	-	4,161	**4,161**

5.7 Maturity analysis

The maturity analysis based on the contractual maturity of financial assets and liabilities is set out in the following tables. Cash and cash equivalents that are disclosed within the "No specified maturity" column include at-call balances that do not have a contractual maturity.

The table below presents the discounted cash flows for each financial asset and liability. There is no material difference between the discounted and undiscounted cash flows as at 30 June 2024.

Consolidated entity	Not longer than one month	1–3 months	3–12 months	1–5 years	Over 5 years	No maturity specified	Total
As at 30 June 2024	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets							
Cash and cash equivalents	272,746	35,210	-	-	-	553,343	**861,299**
Collateral paid	5,587	-	-	-	-	-	**5,587**
Other receivables	5,656	-	-	-	-	-	**5,656**
Derivative financial instruments	-	-	50	1,204	-	-	**1,254**
Financial assets at amortised cost	52,363	259,164	455,583	1,989,522	405,814	-	**3,162,446**
Financial assets at FVTPL	-	-	-	-	-	24,653	**24,653**
Loans and advances	23,625	69,402	316,660	1,744,437	14,754,290	95,995	**17,004,409**
Total	**359,977**	**363,776**	**772,293**	**3,735,163**	**15,160,104**	**673,991**	**21,065,304**
Financial liabilities							
Payables	67,615	1,813	5,438	13,395	-	-	**88,261**
Derivative financial instruments	29	319	2,062	4,411	-	-	**6,821**
Deposits due to members	11,561,391	1,837,128	3,749,086	407,245	160	-	**17,555,010**
Other deposits	-	-	-	-	13,448	-	**13,448**
Borrowings	55,563	42,664	472,236	1,081,890	-	-	**1,652,353**
Lease liabilities	1,163	2,546	9,989	22,346	6,530	-	**42,574**
Total	**11,685,761**	**1,884,470**	**4,238,811**	**1,529,287**	**20,138**	**-**	**19,358,467**
Net financial assets/ (liabilities)	**(11,325,784)**	**(1,520,694)**	**(3,466,518)**	**2,205,876**	**15,139,966**	**673,991**	**1,706,837**
Off balance sheet future commit.							
Loans approved not advanced	498,413	-	-	-	-	-	-
Guarantees	7,483	-	-	-	-	-	-
	505,896	**-**	**-**	**-**	**-**	**-**	**-**

Consolidated entity	Not longer than one month	1–3 months	3–12 months	1–5 years	Over 5 years	No maturity specified	Total
As at 30 June 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets							
Cash and cash equivalents	254,405	73,093	-	-	-	674,532	**1,002,030**
Other receivables	5,039	-	-	-	-	-	**5,039**
Derivative financial instruments	-	1,074	-	18,032	-	-	**19,106**
Financial assets at amortised cost	39,876	281,570	355,436	2,209,764	426,854	-	**3,313,500**
Financial assets at FVTPL	-	-	-	-	1,337	22,831	**24,168**
Loans and advances	124,419	15,898	181,784	367,329	14,739,337	117,373	**15,546,140**
Total	**423,739**	**371,635**	**537,220**	**2,595,125**	**15,167,528**	**814,736**	**19,909,983**
Financial liabilities							
Payables	66,867	-	-	-	-	-	**66,867**
Derivative financial instruments	96	518	3,884	4,851	-	-	**9,349**
Deposits from other fin instit.	5,260	-	-	-	-	-	**5,260**
Deposits due to members	11,728,713	1,646,998	2,888,474	248,683	-	-	**16,512,868**
Other deposits	-	1,005	-	-	-	-	**1,005**
Borrowings	210,177	522,859	299,027	661,271	-	-	**1,693,334**
Lease liabilities	1,373	2,626	10,131	17,891	3,172	-	**35,193**
Total	**12,012,486**	**2,174,006**	**3,201,516**	**932,696**	**3,172**	**-**	**18,323,876**
Net financial assets/ (liabilities)	**(11,588,747)**	**(1,802,371)**	**(2,664,296)**	**1,662,429**	**15,164,356**	**814,736**	**1,586,107**
Off balance sheet future commit.							
Loans approved not advanced	457,806	-	-	-	-	-	-
Guarantees	7,888	-	-	-	-	-	-
	465,694	**-**	**-**	**-**	**-**	**-**	**-**

Parent entity	Not longer than one month	1–3 months	3–12 months	1–5 years	Over 5 years	No maturity specified	Total
As at 30 June 2024	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets							
Cash and cash equivalents	272,746	35,210	-	-	-	426,851	**734,807**
Collateral paid	5,587	-	-	-	-	-	**5,587**
Other receivables	5,571	-	-	-	-	-	**5,571**
Derivative financial instruments	-	-	50	1,204	-	-	**1,254**
Financial assets at amortised cost	52,363	259,164	455,170	1,989,522	405,814	-	**3,162,033**
Financial assets at FVTPL	-	-	10,948	40,491	3,229,304	1,234	**3,281,977**
Loans and advances	23,625	69,402	316,660	1,744,437	14,754,290	95,995	**17,004,409**
Total	**359,892**	**363,776**	**782,828**	**3,775,654**	**18,389,408**	**524,080**	**24,195,638**
Financial liabilities							
Payables	80,697	1,813	5,438	13,395	-	-	**101,343**
Derivative financial instruments	29	319	2,062	4,411	-	-	**6,821**
Deposits due to members	11,566,703	1,837,128	3,749,086	407,245	160	-	**17,560,322**
Other deposits	-	-	-	-	13,448	-	**13,448**
Borrowings	55,562	42,664	355,532	921,281	3,433,795	-	**4,808,834**
Lease liabilities	1,163	2,546	9,989	22,346	6,530	-	**42,574**
Total	**11,704,154**	**1,884,470**	**4,122,107**	**1,368,678**	**3,453,933**	**-**	**22,533,342**
Net financial assets/ (liabilities)	**(11,344,262)**	**(1,520,694)**	**(3,339,279)**	**2,406,976**	**14,935,475**	**524,080**	**1,662,296**
Off balance sheet future commit.							
Loans approved not advanced	498,413	-	-	-	-	-	-
Guarantees	7,483	-	-	-	-	-	-
	505,896	**-**	**-**	**-**	**-**	**-**	**-**

Parent entity	Not longer than one month	1–3 months	3–12 months	1–5 years	Over 5 years	No maturity specified	Total
As at 30 June 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets							
Cash and cash equivalents	254,405	73,093	-	-	-	481,298	**808,796**
Other receivables	5,075	-	-	-	-	-	**5,075**
Derivative financial instruments	-	1,074	-	18,032	-	-	**19,106**
Financial assets at amortised cost	39,876	281,570	355,034	2,209,764	426,854	-	**3,313,098**
Financial assets at FVTPL	-	-	18,592	40,000	3,761,744	1,154	**3,821,490**
Loans and advances	124,419	15,898	181,784	367,329	14,739,337	117,373	**15,546,140**
Total	**423,775**	**371,635**	**555,411**	**2,635,125**	**18,927,935**	**599,825**	**23,513,705**
Financial liabilities							
Payables	76,573	-	-	-	-	-	**76,573**
Derivative financial instruments	96	518	3,884	4,851	-	-	**9,349**
Deposits from other fin instit.	5,260	-	-	-	-	-	**5,260**
Deposits due to members	11,733,896	1,646,998	2,888,474	248,683	-	-	**16,518,051**
Other deposits	-	1,005	-	-	-	-	**1,005**
Borrowings	210,177	522,859	317,619	701,271	3,574,613	-	**5,326,539**
Lease liabilities	1,373	2,626	10,131	17,891	3,172	-	**35,193**
Total	**12,027,375**	**2,174,006**	**3,220,108**	**972,696**	**3,577,785**	**-**	**21,971,970**
Net financial assets/ (liabilities)	**(11,603,600)**	**(1,802,371)**	**(2,664,698)**	**1,662,429**	**15,350,150**	**599,825**	**1,541,735**
Off balance sheet future commit.							
Loans approved not advanced	457,806	-	-	-	-	-	-
Guarantees	7,888	-	-	-	-	-	-
	465,694	**-**	**-**	**-**	**-**	**-**	**-**

6 Other notes

6.1 Intangible assets

Parent and Consolidated Entity	Note	Internally generated software $'000	Computer Software $'000	Capital Works in progress $'000	Total $'000
Year ended 30 June 2024					
Opening net book amount		1,340	1,523	-	**2,863**
Additions		-	-	281	**281**
Disposals		-	(35)	-	**(35)**
Amortisation charge	2.2(a)	(1,037)	(745)	-	**(1,782)**
Closing net book amount		**303**	**743**	**281**	**1,327**
At 30 June 2024					
Cost		10,154	25,323	281	**35,758**
Accumulated amortisation and impairment		(9,851)	(24,579)	-	**(34,431)**
Net book amount		**303**	**743**	**281**	**1,327**
Year ended 30 June 2023					
Opening net book amount		1,890	1,471	358	**3,719**
Additions		-	59	223	**282**
Transferred from merger with Greater Bank		-	1,903	-	**1,903**
Disposals		-	(504)	-	**(504)**
Transfers to/(from) capital work in progress		534	47	(581)	**-**
Amortisation charge	2.2(a)	(1,084)	(1,453)	-	**(2,537)**
Closing net book amount		**1,340**	**1,523**	**-**	**2,863**
At 30 June 2023					
Cost		16,760	28,228	-	**44,988**
Accumulated amortisation and impairment		(15,420)	(26,705)	-	**(42,125)**
Net book amount		**1,340**	**1,523**	**-**	**2,863**

(a) Maturity analysis

All amounts are expected to be recovered or settled more than twelve months after the reporting period.

(b) Internally generated software

Last financial year, additional functionalities relating to the internet banking platform and mobile application were finalised and launched. Amounts previously carried in capital work in progress were transferred to intangible assets and amortised in accordance with the accounting policy below. At 30 June 2024, the carrying amount of the internet banking software and mobile application was $271,000 (2023: $1,056,000) with a remaining amortisation period ranging from 0.8 to 3 years.

(c) Recognition and measurement

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised as an intangible asset. Costs capitalised include external direct costs of materials and services. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the consolidated entity has an intention and ability to use the asset.

Amortisation is calculated on a straight-line basis over a period of up to 3 years (2023: up to 3 years).

6.2 Property, plant and equipment

Property, plant and equipment comprises of owned and leased assets that do not meet the definition of investment property.

		Parent and Consolidated Entity	
		2024	2023
	Note	$'000	$'000
Plant and equipment owned	6.2(a)	78,462	81,185
Plant and equipment leased (right of use assets)	6.2(b)	39,410	32,923
		117,872	114,108

(a) Property, plant and equipment owned

Parent and Consolidated Entity	Note	Freehold Land and Buildings $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Capital Works in Progress $'000	Total $'000
Year ended 30 June 2024						
Opening net book amount		68,106	2,613	8,113	2,353	81,185
Additions		45	382	210	2,909	3,546
Disposals		-	(77)	(597)	-	(674)
Transfers to/(from) capital work in progress		37	1,604	1,183	(2,824)	-
Depreciation charge	2.2(a)	(1,258)	(1,511)	(2,826)	-	(5,595)
Closing net book amount		**66,930**	**3,012**	**6,082**	**2,438**	**78,462**
At 30 June 2024						
Fair value/cost		68,403	19,881	36,048	2,438	126,770
Accumulated depreciation		(1,473)	(16,869)	(29,966)	-	(48,308)
Net book amount		**66,930**	**3,012**	**6,082**	**2,438**	**78,462**
Year ended 30 June 2023						
Opening net book amount		29,102	1,066	8,928	503	39,599
Revaluation increment		12,354	-	-	-	12,354
Impairment writeback		17	-	-	-	17
Additions		-	-	-	4,089	4,089
Transferred from merger with Greater Bank		27,271	1,163	4,407	17	32,858
Disposals		-	(25)	(2,454)	(8)	(2,487)
Transfers to/(from) capital work in progress		111	1,053	1,084	(2,248)	-
Depreciation charge	2.2(a)	(749)	(644)	(3,852)	-	(5,245)
Closing net book amount		**68,106**	**2,613**	**8,113**	**2,353**	**81,185**
At 30 June 2023						
Fair value/cost		68,322	28,586	41,411	2,353	140,672
Accumulated depreciation		(216)	(25,973)	(33,298)	-	(59,487)
Net book amount		**68,106**	**2,613**	**8,113**	**2,353**	**81,185**

(i) Fair value of land and buildings

The fair value of land and buildings was determined by registered valuers. The last valuations were completed in February 2023 and April 2023. The Directors have updated their assessment of the fair value of each property at the balance sheet date, taking into account current market evidence.

The fair value of land and buildings was based on the capitalisation of fair market rental returns. This method adopts capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence. In all valuations, a net rent has been applied to owner occupied properties. The key inputs under this approach are the rental rates per square metre and the capitalisation rate.

(ii) Significant unobservable valuation inputs

The following table summarises the quantitative information about the significant unobservable inputs used in determining the recurring "Level 3" fair value measurements of land and buildings.

Description	Fair value at 30 June 2024 $'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Land and buildings	66,930	Net rental per square metre	$132/m² to $450/m²	The higher the net rental per square metre, the higher the fair value.
		Capitalisation rate	4.75% to 7.00%	The higher the capitalisation rate, the lower the fair value.

	Parent and Consolidated Entity	
	2024	2023
	$'000	$'000
(iii) Carrying amounts that would have been recognised if land and buildings were stated at cost		
Cost	53,142	49,278
Accumulated depreciation	(14,821)	(21,246)
Net book amount	38,321	28,032

(iv) Maturity analysis

All amounts are expected to be recovered or settled more than twelve months after the reporting period.

(b) Property, plant and equipment leased

Parent and Consolidated Entity	Note	Branches $'000	ATMs $'000	Other $'000	Total $'000
Year ended 30 June 2024					
Opening net book amount		31,727	452	744	32,923
Remeasurements		28	(3)	-	25
Additions		22,338	351	67	22,756
Disposals		-	(42)	-	(42)
Depreciation charge	2.2(a)	(15,586)	(251)	(415)	(16,252)
Closing net book amount		38,507	507	396	39,410
Year ended 30 June 2023					
Opening net book amount		19,880	468	13	20,361
Remeasurements		(264)	7	(12)	(269)
Additions		8,142	243	332	8,717
Transferred from merger with Greater Bank		14,506	49	581	15,136
Disposals		(174)	-	-	(174)
Depreciation charge	2.2(a)	(10,363)	(315)	(170)	(10,848)
Closing net book amount		31,727	452	744	32,923

(c) Recognition and measurement

Land and buildings

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amounts arising on revaluation of land and buildings are credited, net of tax, to other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset. All other decreases are charged to profit or loss during the period in which they are incurred.

Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

Leased property, plant and equipment

Right-of-use assets are measured at cost, comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs (if applicable).

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, or, in the case of leasehold improvements, the shorter lease term as follows:

Buildings	40 years	Motor vehicles	5 – 7 years
Plant and equipment	2 – 25 years	Leasehold improvements	2 – 10 years

Depreciation of an asset begins when it is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Capital expenditure incurred by the consolidated entity which is not yet available for use is recognised as capital works in progress. Amounts recognised in capital works in progress are subsequently transferred to the appropriate class of property, plant and equipment and depreciated when they are first deemed to be available for use.

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the consolidated entity is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Gains and losses

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, it is the policy of the consolidated entity to transfer the amounts included in the property revaluation surplus in respect of those assets to retained earnings.

6.3 Prepayments and other receivables

	Parent Entity		Consolidated Entity	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Prepayments	13,161	10,905	13,189	10,934
Other receivables	5,571	5,075	5,656	5,039
Amounts due from related parties	16,114	16,365	-	-
	34,846	32,345	18,845	15,973
(a) Maturity analysis				
Amounts expected to be settled within:				
Less than 12 months	33,954	31,466	18,845	15,094
Greater than 12 months	892	879	-	879
	34,846	32,345	18,845	15,973

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to be the same as their fair value. Information about the consolidated entity's exposure to credit risk is outlined in Note 5.2.

6.4 Payables

		Parent Entity		Consolidated Entity	
		2024	2023	2024	2023
	Note	$'000	$'000	$'000	$'000
Other payables	6.4 (a)	82,272	67,755	84,030	65,880
Deferred income		4,231	988	4,231	987
Amounts due to related parties		14,839	7,830	-	-
		101,343	76,573	88,261	66,867

(a) Movement in Payables

Growth in other payables is attributable to the group revising the accounting treatment of ongoing trailing commissions payable to mortgage brokers. The group recognised a liability of $20.6M within other payables equal to the expected future value of trailing commissions payable and a corresponding increase in the underlying loan balance.

(b) Recognition and measurement

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid or accrual of broker trailing commissions. The amounts are unsecured and are usually paid within 30 days of recognition or over a period of 5 years if related to broker trailing commissions.

The group makes trail commission payments in respect of mortgages originated through brokers. These payments are based on monthly loan balances outstanding.

On initial recognition of a mortgage loan at settlement, the group recognises a trail commission financial liability which is recognised based on the net present value ("NPV") of expected future trailing commission payable to brokers.

A corresponding capitalised trail commission asset is capitalised to the loan as part of the transaction costs and recognised as an adjustment to the interest income using the effective interest method.

6.5 Lease liabilities

	Parent and Consolidated Entity	
	2024	2023
	$'000	$'000
Lease liabilities	42,574	35,193

(a) The consolidated entity's leasing activities

For any contracts entered into the group considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

The consolidated entity has leases for branch offices, ATM locations, motor vehicles, an office, car parking and signage. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

The table below describes the nature of the consolidated entity's leasing activities by type of right-of-use asset recognised on the balance sheet:

	No. of RoU assets leased	Range of remaining term	Average remaining term	No. of leases with options
Parent and Consolidated Entity				
Right-of-use asset				
Branch offices	82	0 - 17 Years	3 Years	10
ATMs	31	0 - 10 Years	2 Years	1
Other	36	0 - 3 Years	1 Years	1

(b) Extension options for leases

When the entity has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances, including past practice, costs associated with terminating a lease and distribution strategies, to determine the lease term.

(c) Lease payments not recognised as a liability

The consolidated entity has elected not to recognise a lease liability for short-term leases (leases of an expected term of 12 months or less) or for leases of low value assets (leased assets with a value of less than $10,000 when new) as permitted by AASB 16. Payments made under such leases are expensed on a straight-line basis over the term of the lease.

The expense payments relating to payments not included in the measurement of the lease liability is as follows:

	Total
Parent and Consolidated Entity	$'000
Short-term leases	803
Leases of low value assets	722

(d) Recognition and measurement

At lease commencement date, a right-of-use asset and a lease liability is recognised on the balance sheet. The lease liability is measured at the present value of lease payments not paid at lease commencement, discounted using the consolidated entity's incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The incremental borrowing rate is the rate that the consolidated entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is remeasured and a corresponding adjustment made to the related right-of-use asset whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

6.6 Provisions

	Employee Benefits	Make Good Provision	Onerous Contract Provision	Customer Remediation	Total
Parent and consolidated entity	$'000	$'000	$'000	$'000	$'000
Carrying amount at beginning of the year	28,612	1,102	2,635	-	32,349
Additional provisions made in the period	18,647	834	-	321	19,802
Amounts used during the period	(15,415)	-	(861)	-	(16,276)
Release of provisions	-	-	(1,774)	-	(1,774)
Movements due to changes in the discount rate applied	(26)	(214)	-	-	(240)
Movements due to remeasurement of the liability	325	175	-	-	500
Carrying amount at end of the year	32,143	1,897	-	321	34,361

	Parent Entity		Consolidated Entity	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
(a) Maturity analysis				
Amounts expected to be settled within:				
Less than 12 months	28,632	27,165	28,632	27,165
Greater than 12 months	5,729	5,184	5,729	5,184
	34,361	32,349	34,361	32,349

(b) Accounting policies

(i) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefits are presented as payables.

The liability for long service leave, annual leave and other employee benefits which are not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted to present value using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

			Parent Entity		Consolidated Entity	
			2024	2023	2024	2023
		Note:	$'000	$'000	$'000	$'000
6.7	Reserves and retained earnings					
	Cash flow hedges	6.7(a)(i)	778	10,161	778	10,161
	Revaluation surplus - property, plant and equipment	6.7(a)(ii)	21,006	21,006	21,006	21,006
	Business combination reserve		540,660	540,660	542,554	542,554
	Retained earnings		1,260,151	1,129,483	1,260,717	1,129,635
			1,822,595	1,701,310	1,825,055	1,703,356
(a)	Nature and purpose of reserves, including movement for the year					
(i)	*Hedging reserve – cash flow hedges*					
	Balance at 1 July		10,161	17,447	10,161	17,447
	Revaluation – gross		(15,819)	(13,925)	(15,819)	(13,925)
	Deferred tax on cash flow hedges		4,746	4,180	4,746	4,180
	Gains on swaps unwound during the year		16,146	2,665	16,146	2,665
	Unwound swap (gains)/losses released to the income statement		(14,456)	(206)	(14,456)	(206)
	Balance at 30 June		778	10,161	778	10,161
	The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in other comprehensive income, as described by Note 4.3. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.					
(ii)	*Revaluation surplus - property, plant and equipment*					
	Balance at 1 July		21,006	12,363	21,006	12,363
	Revaluation – gross		-	12,349	-	12,349
	Deferred tax		-	(3,706)	-	(3,706)
	Balance at 30 June		21,006	21,006	21,006	21,006
	The property revaluation surplus is used to record increments and decrements on the revaluation of property.					
6.8	Non-controlling interests					
	Retained profits				26,003	25,990

6.9 Key management personnel disclosures

		Parent Entity		Consolidated Entity	
		2024	2023	2024	2023
		$	$	$	$
(a)	Key management personnel compensation				
	Short-term employee benefits	9,250,645	8,726,973	9,250,645	8,726,973
	Post-employment benefits	518,095	406,485	518,095	406,485
	Termination benefits	-	363,536	-	363,536
	Long-term benefits	1,292,778	2,388,553	1,292,778	2,388,553
		11,061,518	11,885,547	11,061,518	11,885,547

(i) Short-term employee benefits

Short-term employee benefits include salaries, paid annual leave and sick leave, and bonuses (if payable within twelve months of the end of the reporting period).

(ii) Post-employment benefits

Post-employment benefits include superannuation payments.

(iii) Termination benefits

Termination benefits include benefits paid in connection with the key management person terminating their employment with the consolidated entity.

(iv) Long-term benefits

Long-term benefits include long-service leave paid, deferred compensation and bonuses that have been awarded, but are not payable wholly within twelve months after the end of the reporting period. This includes amounts that have been deferred for key management personnel in accordance with the Banking Executive Accountability Regime as set out in Part IIAA of the *Banking Act 1959.*

(b) Transactions with key management personnel

Loans to key management personnel of the company, including their personally related parties, are secured unless the loan product does not require security (e.g credit cards). Loans are on normal terms and conditions applicable to members generally, unless the individual is eligible for a discounted interest rate in accordance with the company's staff benefit policies. These benefits have been grandfathered and are no longer offered. The ECL provision has been assessed on these loans and no specific provision is necessary to be recognised in respect of these loans, and there are no arrears existing on these loans. Deposits from key management personnel including their personally related parties are on the same terms and conditions as applicable to members generally. There have been no sales of the company's property and other assets to key management personnel.

(c) Loans to key management personnel

Details of loans made to directors and other key management personnel of the consolidated entity, including their personally related parties, are set out in aggregate below:

Loans and advances receivable at end of financial year	3,276,602	3,680,264	3,276,602	3,680,264
Loans advanced during the year	1,236,435	806,858	1,236,435	806,858
Interest received on loans and advances	279,544	92,212	279,544	92,212

(d) Deposits from key management personnel

Details of deposits held by directors and other key management personnel of the consolidated entity, including their personally related parties, are set out in aggregate below:

Deposits held at end of financial year	2,690,890	2,235,275	2,690,890	2,235,275
Interest expense on deposits to key management personnel	83,100	17,515	83,100	17,515

6.10 Remuneration of auditors

During the year the following fees were incurred for services provided by Deloitte Touche Tohmatsu as auditor of the parent entity, including its related practices:

	Parent Entity		Consolidated Entity	
	2024	2023	2024	2023
	$	$	$	$
Audit of financial statements	1,000,118	844,130	1,097,464	915,078
Statutory assurance services as required by legislation	135,943	121,527	135,943	121,527
Other assurance services under legislation or contractual agreements	75,740	293,925	75,740	293,925
Other non-assurance services	56,988	152,182	56,988	152,182
Total remuneration	1,268,789	1,411,764	1,366,135	1,482,712

6.11 Interests in other entities

(a) Material subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 1.4(a).

Name of Entity	Principal Activities	Place of business & Country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
			2024	2023	2024	2023
A.C.N. 087 651 956 PTY LTD formerly Greater Bank Limited	Non-trading public company. On completion of the merger, Newcastle Greater Mutual Group Ltd became the sole member of Greater Bank Limited.	Australia	100%	100%	-	-
Newcastle Permanent Community Foundation Company Limited	Incorporated in New South Wales, Australia. Trustee of Newcastle Permanent Charitable Foundation.	Australia	100%	100%	-	-
Newcastle Permanent Charitable Foundation	Community support fund established for the purpose of raising funds to be provided to other deductible gift recipients. Newcastle Greater Mutual Group Ltd contributed $100 in settlement capital to establish the fund.	Australia	-	-	100%	100%
Newcastle Permanent Funding Trust No.1	Securitisation Trust program established under a Master Trust Deed dated 21 December 2011. Newcastle Greater Mutual Group Ltd is the holder of the participation unit and nine residual units for which a total issue price of $100 was paid on the establishment of the Trust. Solution Capital Pty Limited is the holder of the remaining residual unit of $10.	Australia	91%	91%	9%	9%
Greater Investment Services Pty Ltd	Provision of management services to GBS Receivables Repo Trust and GBS Secured Funding Trust No.1.	Australia	100%	100%	-	-
Greater Charitable Foundation Trust	Community support fund established for the purpose of raising funds to be provided to other deductible gift recipients.	Australia	-	-	100%	100%
Greater Charitable Foundation Pty Ltd	Incorporated in New South Wales, Australia. Trustee of Greater Charitable Foundation Trust up to 30 June 2024.	Australia	100%	100%	-	-
GBS Receivables Repo Trust	Mortgage Securitisation Special Purpose Entity. Newcastle Greater Mutual Group Ltd holds all of the units on issue.	Australia	100%	100%	-	-
GBS Secured Funding Trust No.1	Mortgage Securitisation Special Purpose Entity. Newcastle Greater Mutual Group Ltd holds all of the units on issue.	Australia	100%	100%	-	-

(b) Voting rights of the group

The proportion of voting rights held by non-controlling interests, if different from the proportion of ownership interests held, is disclosed in the table below:

	Voting rights held by the group	
	2024	2023
Newcastle Permanent Funding Trust No.1	100%	100%

The consolidated entity has determined that it controls Newcastle Permanent Funding Trust No. 1 through consideration of the following factors:

(i) the consolidated entity exercises power over the investee through existing rights that give it the ability to direct the relevant activities that significantly affect the entity's returns;

(ii) the consolidated entity is exposed, or has rights, to variable returns from its involvement with the investee and that the returns from its involvement have the potential to vary as a result of the investee's performance; and

(iii) the consolidated entity has the ability to use its power over the investee to affect its returns from its involvement with the investee.

(c) Non-controlling interests

		Note	2024 $'000	2023 $'000
(i)	*Summarised balance sheet*			
	Newcastle Permanent Charitable Foundation			
	Total assets		24,792	24,513
	Total liabilities		(4)	(4)
	Net assets / retained earnings		24,788	24,509
	Greater Charitable Foundation Trust			
	Total assets		2,714	2,945
	Total liabilities		(1,499)	(1,464)
	Net assets / retained earnings		1,215	1,481
	Total material non-controlling interests		26,003	25,990
	Other non-controlling interests		-	-
	Total non-controlling interests	6.8	26,003	25,990
(ii)	*Summarised statement of comprehensive income*			
	Newcastle Permanent Charitable Foundation			
	Total income		1,559	1,108
	Profit/(loss) for the period		279	(242)
	Other comprehensive income		-	-
	Total comprehensive income		279	(242)
	Greater Charitable Foundation Trust			
	Total income		1,000	333
	Profit/(loss) for the period		(266)	(387)
	Other comprehensive income		-	-
	Total comprehensive income		(266)	(387)
	Total profit/(loss) allocated to material non-controlling interests		13	(629)
	Other non-controlling interests		-	-
	Total profit/(loss) allocated to non-controlling interests		13	(629)
(iii)	*Summarised cash flows*			
	Newcastle Permanent Charitable Foundation			
	Cash flows from operating activities		(613)	(588)
	Cash flows from investing activities		(1,010)	297
	Cash flows from financing activities		-	-
	Net decrease/(increase) in cash and cash equivalents		(1,623)	(291)
	Greater Charitable Foundation Trust			
	Cash flows from operating activities		(231)	22
	Cash flows from investing activities		-	-
	Cash flows from financing activities		-	-
	Net decrease/(increase) in cash and cash equivalents		(231)	22

6.12 Related party transactions

(a) Parent entity

The ultimate parent entity and ultimate controlling entity is Newcastle Greater Mutual Group Ltd.

(b) Transactions with other related parties

The following transactions and year end balances occurred with related parties. Unless otherwise stated, all transactions occurred on an arm's length basis.

		2024 $	2023 $
(i)	*Newcastle Permanent Charitable Foundation (NPCF)*		
	Transactions		
	Interest paid to NPCF on funds on deposit with the company	1,891	1,264
	The company does not charge a fee to provide administrative, accounting and marketing services to NPCF, nor does it seek to recover the direct expenditure incurred. Total direct expenditure incurred by the company in providing these services was:	857,398	858,083
	Year end balances		
	NPCF hold funds on deposit with the company.	13,802	108,056
(ii)	*Newcastle Permanent Community Foundation Company (NPCFC)*		
	Transactions		
	The company does not charge a fee to provide administrative, accounting and marketing services to NPCFC, nor does it seek to recover the direct expenditure incurred. Total direct expenditure incurred by the company in providing these services was:	6,492	5,804
(iii)	*Newcastle Permanent Funding Trust No.1 (NPFT)*		
	The company provides redraw commitment facilities to NPFT as well as acting as manager, servicer and trust administrator of the trust. NPFT is a special purpose entity that allow the company to access funding by securitising mortgage loans.		
	Year end balances		
	Trust notes held by the company in NPFT.	1,487,536,849	1,873,807,038
	Transactions		
	Interest revenue earned by the company transferred to NPFT	113,692,207	109,975,284
	Interest expense paid by NPFT to the company (as noteholder)	(98,363,831)	(90,759,000)
(iv)	*Greater Investment Services Pty Ltd (GIS)*		
	Transactions		
	In support of the GIS's AFS licence, the company has provided a support agreement including a financial support commitment. GIS acts as the manager for GBS Receivables Repo Trust and GBS Secured Funding Trust No 1. The company provides administration services to GIS for nil consideration.		
	Year end balances		
	GIS hold funds on deposit with the company.	2,585,065	2,130,629
(v)	*GBS Receivables Repo Trust (GRRT) and GBS Secured Funding Trust No. 1 (GSFT)*		
	The company provides custodian, basis swap, interest rate swap and redraw commitment facilities to GRRT and GSFT as well as acting as servicer of the securitised mortgages. GRRT and GSFT are special purpose entities that allow the company to access funding by securitising mortgage loans.		
	Year end balances		
	Trust notes held by the company in GRRT.	1,748,000,000	1,900,000,000
	Trust notes held by the company in GSFT.	40,000,000	40,000,000
	Transactions		
	Interest revenue earned by the company transferred to GRRT	119,700,000	100,223,000
	Interest expense paid by GRRT to the company (as noteholder)	(103,156,000)	(78,193,000)
	Interest revenue earned by the company transferred to GSFT	14,688,000	13,481,000
	Interest expense paid by GSFT to the company (as noteholder)	(2,300,000)	(1,894,000)

		2024 $	2023 $
(vi)	*Greater Charitable Foundation Trust (GCFT)*		
	Transactions		
	GCFT's principal activities are the provision of distributions to other entities or persons to advance or promote a charitable purpose. During the year, total donations made to GCFT by the company was:	1,000,000	333,333
	The company does not charge a fee to provide administrative, accounting and marketing services to GCFT, nor does it seek to recover the direct expenditure incurred. Total direct expenditure incurred by the company in providing these services was:	364,883	115,280
	Year end balances		
	GCFT hold funds on deposit with the company.	2,713,940	2,944,522
(c)	Other arrangements with related parties		
	Newcastle Permanent Funding Trust No.1 (NPFT)		
	During the year, the company paid a sub-trust manager fee to Perpetual Limited which remunerates them for performing services outlined in the sub-manager agreement. The fee was paid on behalf of NPFT. The duties are administrative functions of the Trust and are performed at the direction of the company as the trust manager of the Trust. The expenditure paid by the company for sub-trust manager fees was:	297,421	322,875

6.13 Matters subsequent to the end of financial year

There have been no other matters or circumstances that have arisen since 30 June 2024 that have significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

6.14 Rounding of amounts

The consolidated entity is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

6.15 Accounting standards and interpretations

(a) Adoption of new and revised Australian Accounting Standards

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023.

(1) AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates and 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.

(2) AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

(b) Accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting periods. These standards are not expected to have a material impact on the consolidated entity in future financial reporting periods and on foreseeable future transactions. Therefore, they have not been disclosed in this note.

Name of entity	Type of entity	Place of incorporation	Australian tax resident or foreign tax resident	% of share capital held by the group 2024	2023
Newcastle Greater Mutual Group Ltd	Body Corporate – Parent Entity	Australia	Australian	n/a	n/a
A.C.N. 087 651 956 PTY LTD formerly Greater Bank Limited	Body Corporate – Share Capital	Australia	Australian	100%	100%
Newcastle Permanent Community Foundation Company Limited	Body Corporate – Share Capital & Trustee to Trust in Group (i)	Australia	Australian	100%	100%
Newcastle Permanent Charitable Foundation	Trust	Australia	Australian	n/a	n/a
Newcastle Permanent Funding Trust No.1	Trust	Australia	Australian	n/a	n/a
Greater Investment Services Pty Ltd	Body Corporate – Share Capital	Australia	Australian	100%	100%
Greater Charitable Foundation Trust	Trust	Australia	Australian	n/a	n/a
Greater Charitable Foundation Pty Ltd	Body Corporate – Share Capital & Trustee to Trust in Group (ii)	Australia	Australian	100%	100%
GBS Receivables Repo Trust	Trust	Australia	Australian	n/a	n/a
GBS Secured Funding Trust No.1	Trust	Australia	Australian	n/a	n/a

Basis of preparation

This Consolidated Entity Disclosure Statement has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

(i) Newcastle Permanent Community Foundation Company Limited is the trustee of Newcastle Permanent Charitable Foundation.

(ii) Greater Charitable Foundation Pty Ltd is the trustee of Greater Charitable Foundation Trust. From 1 July 2024, Newcastle Permanent Community Foundation Company Limited became the trustee of Greater Charitable Foundation Trust.

Directors' declaration

The Directors of Newcastle Greater Mutual Group Ltd declare that in their opinion:

(a) the financial statements and notes to the financial statements set out on pages 39 to 87 are in accordance with the *Corporations Act 2001* (Cth), including:

i) complying with the Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and

ii) giving a true and fair view of Newcastle Greater Mutual Group Ltd's and the consolidated entity's financial position as at 30 June 2024 and of their performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that Newcastle Greater Mutual Group Ltd will be able to pay its debts as and when they become due and payable; and

(c) the consolidated entity disclosure statement on page 88 is true and correct.

Note 1.4 to the financial statements includes a statement of compliance with the International Financial Reporting Standards as made by the International Accounting Standards Board.

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

W.M. Russell
Chair

J.R. Eather
Deputy Chair

12 September 2024
Newcastle

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000

Tel: +61 (0) 2 9322 7000
www.deloitte.com.au

Independent Auditor's Report to the members of Newcastle Greater Mutual Group Ltd

Opinion

We have audited the financial reports of Newcastle Greater Mutual Group Ltd (the "Company") and its subsidiaries (the "Group") which comprise the Group and the Company's balance sheets as at 30 June 2024, the income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the directors' declaration and the Consolidated Entity Disclosure Statement.

In our opinion, the accompanying financial reports of the Group and the Company are in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group and the Company's financial position as at 30 June 2024 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Reports* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company (the "directors"), would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group and Company's Annual Financial Report for the year ended 30 June 2024, but does not include the financial reports and our auditor's report thereon.

Our opinion on the financial reports does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Reports

The directors are responsible:

- For the preparation of 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 the Company in accordance with Australian Accounting Standards; and

Deloitte.

- For such internal control as the directors determine is necessary to enable the preparation of 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 the Company, and are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors are responsible for assessing the ability of the Group and the Company to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial reports.

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

- Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group or the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

Deloitte. Touche. Tohmatsu.

DELOITTE TOUCHE TOHMATSU

Mark Lumsden
Partner
Chartered Accountants
Sydney, 12 September 2024

NGM GROUP