Annual Report

2024

Full Financial Statements

bank first

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Corporate Information

Victoria Teachers Limited trading as Bank First, is an Australian for profit company limited by shares and registered under the Corporations Act 2001. It is a mutual entity with a core objective of benefitting its Members.

Members have two relationships with Bank First, as a customer and as an owner/shareholder. As customers, Members exercise choice through their selection of the products and services they believe best suit their individual needs. As owners and holders of a Member Share, Members have the right, and are encouraged, to participate as appropriate in determining the activities of Bank First.

A Member Share in Bank First is non-transferable and has no "traded value" (as in share price) but each Member has an equal and important vote in the governance of Bank First, no matter the extent of their customer relationship. Members and their communities share the benefits of ownership through competitive interest rates, fairer fees and premium service.

Bank First is an Authorised Deposit-taking Institution (ADI) supervised by the Australian Prudential Regulation Authority (APRA) under the Banking Act 1959. Bank First is also supervised by the Australian Securities & Investments Commission (ASIC) under the Corporations Act 2001 and holds an Australian Financial Services Licence and an Australian Credit Licence.

Corporate Governance

The Board of Directors (the Board), the Chief Executive Officer and Executive Management are committed to managing Bank First's business ethically and maintaining high standards of corporate governance.

The corporate governance information outlined below generally describes the practices and processes adopted to ensure sound management of Bank First within the legal and regulatory framework it operates under.

Bank First is protected by the same safeguards that apply to all ADIs (which includes listed banks, credit unions and building societies) and is regulated by the same authorities. Bank First and its related bodies corporate (the 'Consolidated Entity') acts in accordance with the laws, regulations, standards and codes applicable to it; seeks to adopt proper standards of business practice; and acts ethically and with integrity.

The Board has agreed that Bank First will be bound by the Co-operative and Mutual Enterprise Governance Principles as adapted from the Australian Securities Exchange (ASX) Corporate Governance Principles. The Principles mandate best practice corporate governance and mechanisms while maintaining Member interests at the forefront of decision-making.

Role of the Board

The Board maintains a formal board charter setting out its role and responsibilities. The interests of Members are paramount to Bank First's operations and the Board's primary role is to protect and enhance long-term Member value.

In fulfilling this role, the Board is responsible for setting the overall governance framework of Bank First. This includes providing strategic guidance; establishing and monitoring the performance of Bank First against its objectives; ensuring the integrity of internal controls and information systems; ensuring regulatory compliance; setting Bank First's appetite and tolerance for risk; and maintaining sound financial and risk management systems oversight.

To assist in the execution of its responsibilities the Board has established several key committees, each with its own charter. Details of the various Board committees are outlined further in this report.

The Board has delegated responsibility for day-to-day operations and management of Bank First to the Chief Executive Officer and the Executive Management Team.

Board Composition

Board composition is determined in accordance with Bank First's Constitution, regulatory requirements and the Board Composition and Renewal Policy.

The Bank First Board is generally comprised of seven directors. The Constitution supports a composition mix of both Member elected and Board appointed directors provided that a majority of the directors are Member elected.

Directors must satisfy the requirements of the Board's 'Regulated Persons Policy' in compliance with the APRA Prudential Standard CPS 520 Fit and Proper.

A Board Composition and Renewal Policy is maintained to ensure that the composition of the Board is appropriate to the circumstances of Bank First; and that Bank First has in place appropriate Board renewal arrangements.

Left to right: Mark Devadason, Judith Crowe, Bernadette Lloyd, Stephen Cornelissen, Graeme Willis, Joanne Dawson

Corporate Governance

The names and details of Directors and the Company Secretary of Bank First in office at any time during or since the end of the financial year until date of publication:

Names	Qualifications	Position
Bernadette Lloyd	BA, Dip Ed, MEd, Dip Financial Services (AMI), FAICD Director since 2011	Chair, Non-Executive Director
Graeme Willis	FAICD, FCIBS, SF Fin Director since 2013	Non-Executive Director
Stephen Cornelissen AM	BN, MHA, GC Lead & Catholic Culture, PGDipSI, FAICD Director since 2023	Non-Executive Director
Judith Crowe	BA, Dip Ed, Dip SS, Dip Admin, Dip Psych, FACEL, GAICD Director since 2018	Non-Executive Director
Joanne Dawson	B.Comm, MBA, Dip FP, CA, FAICD Director since 2014	Non-Executive Director
Mark Devadason	B.SSc, MAICD Director since 2020	Non-Executive Director
Kevin Dupé	B.Econ, FGIA, FAICD Director since 2023, resigned February 2024	Non-Executive Director
Christine Harman	LLB (Hons), GAICD, MBA, BA Company Secretary since May 2024	Company Secretary

***Emily McGrath** (B.Hons Law, AGIA, AGRCI, AAICD) was Company Secretary during the period of December 2018 – December 2023 and Interim Company Secretary from March 2024 – September 2024.

***Christalyne Look** (M Law, FGIA, MAICD) was Company Secretary during the period of December 2023 - February 2024

Corporate Governance

Director Independence

All of Bank First's directors have been assessed as independent. In assessing independence, the Board considers whether any director has relationships that would materially affect their ability to exercise unfettered and independent judgment in looking after the interests of Bank First and its Members.

The Board's renewal and succession processes support the maintenance of a majority of independent Non-Executive directors.

Both the collective Board, and each director individually may seek independent professional advice at Bank First's expense to assist them to carry out their responsibilities.

Conflicts of Interest

In accordance with the Corporations Act 2001, directors must keep the Board advised of any interest that could potentially conflict with the interests of Bank First. The Board has developed guidelines to assist directors in disclosing actual or potential conflicts of interest.

Transactions between directors and Bank First are subject to the same terms and conditions that apply to Members.

Executive Management, the Company Secretary and other key employees are also required to declare any interests that could potentially conflict with the interests of Bank First.

Diversity and Non-Discrimination

The Board recognises that diversity of perspectives promotes understanding and supports business success. Managing and respecting diversity makes Bank First responsive, productive and competitive, which creates value for its Members.

It is the policy of Bank First to treat all Members, employees, prospective employees, agents, contractors, and suppliers fairly, equally and in a non-discriminatory or non-harassing manner and to value diversity.

Bank First recognises and embraces the diverse skills, experience, backgrounds and perspectives that people bring to the organisation irrespective of their gender or relationship status, origin, ethnicity, culture, disability, age, sexual orientation, industrial activities, and political and/or religious beliefs.

During the year in accordance with the requirements of the Workplace Gender Equality Act 2012 (Act), Bank First lodged its annual compliance report with the Workplace Gender Equality Agency.

Provided in the report was information such as the gender composition of the workforce and the Board, and the formal policies and strategies in place that specifically support equality in Bank First. Bank First has been assessed as compliant with the requirements under the Act.

Ethical Standards

The Board has adopted a Code of Conduct to guide the Directors in ethical and responsible decision making, and in recognising their legal and other obligations to stakeholders.

All Directors, management and staff are expected to act with the utmost honesty and integrity at all times, in accordance with the values of Bank First.

The Board has also agreed that Bank First be bound by the Customer Owned Banking Code of Practice which sets down principles by which Bank First deals with its Members and keeps them informed of the services available, fees, and other relevant information.

Bank First has procedures for resolving complaints from Members in line with the Customer Owned Banking Code of Conduct and is a member of the independent Australian Financial Complaints Authority who supports resolution of complaints which we cannot resolve internally.

Qualifications and Training

Bank First Directors are encouraged to attain the Australian Institute of Company Directors (AICD), Company Directors Diploma Course qualification; and depending on the assessment by the Board of their collective skill requirements, individual Directors will be required to have qualifications and experience in specific skills.

Details of Directors' qualifications are reported in the table on page 3.

In addition, the Board has a strong commitment to continuous improvement through:

1. New Directors, managers and staff undertaking an induction program; and
2. Directors, managers and staff undertaking relevant and appropriate training and professional development programs on an ongoing basis.

Board and Director Performance Evaluations

The Board is committed to continuous improvement and undertakes performance evaluations of the Board, Board committees and of individual Directors.

Bank First complies with APRA Prudential Standards CPS 510 Governance and CPS 520 Fit and Proper which requires those responsible for the management and oversight of an Authorised Deposit-taking Institution (Responsible Persons) to have appropriate skills, experience and knowledge, and that they act with honesty and integrity. The eligibility of Responsible Persons, which largely represents Directors and Executive Management of Bank First, must generally be assessed prior to their initial appointment and then re-assessed annually.

Corporate Governance

Director Remuneration

Remuneration for Directors is determined by the Board as approved by Members at a General Meeting. The pool of approved remuneration funds is allocated to each Director in accordance with their specific role and responsibilities.

The Board maintains a Remuneration Policy for Bank staff. The remuneration of the directors, the Chief Executive Officer and executive managers is overseen by the Governance, Culture, Remuneration and Accountability Committee.

Further information in relation to the remuneration of Directors, the Chief Executive Officer and executive managers (those persons determined to be key management personnel) is contained in the notes to the financial statements.

Controlled entities

The activities of controlled entities in the Bank First group are overseen by Bank First's Board. They have their own Board of Directors that are drawn from Bank First's Board and Executive Management. The entities are required to operate within Bank First's governance framework.

Constitution, Board and Committee Charters, and Policies

The Board operates in accordance with Bank First's Constitution, a comprehensive policy framework, the Board Charter and the charters of Board Committees. Copies of the following are available on Bank First's website at bankfirst.com.au:

1. Constitution;
2. Board Charter;
3. Governance, Culture, Remuneration and Accountability Committee Charter;
4. Risk Committee Charter;
5. Audit Committee Charter; and
6. Regulated Persons Policy.

Board Committees

At all times the Board retains full responsibility for oversight of Bank First's operations. In order to more effectively discharge its governance and oversight responsibilities the Board makes use of Committees. Specialist committees are able to focus on particular responsibilities and provide informed feedback to the Board.

In brief, the composition and role of the established Board Committees as at the end of the financial year were:

Audit Committee

Consists of Directors: Joanne Dawson (Chairperson), Stephen Cornelissen, Judith Crowe and Graeme Willis.

The role of the Audit Committee is to provide the Board with an objective view of the effectiveness and integrity of the financial reporting and prudential reporting framework, internal and external audit assurance processes and performance, and the overall internal control framework.

Risk Committee

Consists of Directors: Graeme Willis (Chairperson), Joanne Dawson and Mark Devadason (Kevin Dupé served on the Risk Committee up until his resignation from the Board in February 2024).

The purpose of the Risk Committee is to assist the Board in fulfilling its responsibilities to oversee Bank First's risk management framework. The framework includes the strategies, policies, processes, and systems established by management to identify, assess, measure, monitor and manage the material risks facing Bank First.

The material risks are categorised as: credit risk; capital risk; liquidity risk; market risk; operational risk (such as information security/cyber-security risk, technology risk, people risk and compliance risk), governance risk (includes conduct risk), and strategic risk.

The Committee also assists the Board by enhancing the Board's understanding of Bank First's overall risk appetite, risk culture and enterprise-wide risk management activities and their effectiveness and assists the Board and other Board committees that undertake governance-related activities by maintaining risk oversight across these activities.

Governance, Culture, Remuneration and Accountability Committee

Consists of Directors: Mark Devadason (Chairperson), Judith Crowe, Bernadette Lloyd and Graeme Willis.

The Governance, Culture, Remuneration and Accountability Committee assists the Board by developing, reviewing and making recommendations on governance policies, practices and processes. It provides Board representation on matters directly impacting Members and key stakeholders. This Committee also assists the Board in fulfilling its obligations and responsibilities with respect to the effective management of and adherence to APRA's remuneration standards including those set out under the Financial Accountability Regime. The Committee is also responsible for ensuring that candidates standing for election or appointment to the Board meet the requirements of the Constitution, APRA prudential requirements and Bank First's Regulated Persons Policy.

Corporate Citizenship

Bank First seeks to be a trusted and responsible corporate citizen, through initiatives that give back to education, nursing and allied health communities, by being a responsible lender and basing pricing on a fair exchange between Bank First and Members.

Customer Communication

Part of Bank First carrying out its responsibility to act in the best interests of its Members is the need to provide relevant and timely information.

Members have access to information in relation to Bank First through direct Member emails/letters, e-Slate and Slate newsletters, Annual Review and Annual Financial

Corporate Governance

Report, Chair and Chief Executive Officer addresses to the Annual General Meeting, Bank First's website, Bank First's social media channels and by providing other contact points for Members to make enquiries with Bank First.

The Board receives regular reports detailing information on both Member satisfaction and complaints. The Board also receives reports on the results of Customer Insight Surveys.

Whistleblower Protection

Bank First has established a Whistleblower Policy aimed at providing a safe environment for employees, Directors, associates of the company or a spouse, relative or dependent to voice genuine concerns in relation to legislative, regulatory and code breaches, financial misconduct, impropriety, fraud and criminal activity.

The Whistleblower Policy is publicly available on the Bank First website.

Modern Slavery

Bank First is committed to complying with the Modern Slavery Act 2018. It has policies and processes in place in relation to workplace rights and to help prevent, identify and remediate modern slavery in its supply chain.

Further information can be found in our Modern Slavery Statement, which details the actions Bank First has taken to identify, assess and address modern slavery risks. Our Modern Slavery Statement is submitted to the Department of Home Affairs and published annually on our website by 31 December, each year.

Privacy

Bank First places great importance on the confidentiality of our Members' personal information.

We take steps to ensure that Member information is not disclosed to, or accessed by, unauthorised persons, and that we comply with the Australian Privacy Principles, the Mandatory Data Breach Notification requirements, and the credit reporting Code of Conduct.

Bank First's Privacy Policy is available on the Bank First website.

Compliance Program

Bank First has comprehensive compliance management programs in support of:

1. Bank First's Australian Financial Services Licence and Australian Credit Licence obligations;
2. Bank First's obligations as an Authorised Deposit-taking Institution;
3. Customer Owned Banking Code of Practice;
4. Anti-Money Laundering Counter-Terrorist Financing legislation;
5. ePayments Code
6. Corporate compliance policies and procedures; and
7. Statutory and regulatory requirements.

Risk Management

The Board oversees and provides stewardship for Bank First through establishing, approving and monitoring the purpose, values, strategy, risk management framework/strategy, risk appetite, delegations, capital adequacy, corporate governance (including policies) and approving financial and market disclosures.

Bank First maintains a risk management framework that is appropriate for the size, complexity, services, and nature of its business model and is reflective of our strategic plan and objectives. The framework components work together to support the achievement of Bank First's Strategic Plan and appropriately govern and manage our business in line with our risk appetite.

From Board to branch to back office, everyone at Bank First has a role in managing risk. We understand that it is just as critical to have enterprise-wide role clarity for risk and control management as it is for our processes and functions.

Process (or functional) accountabilities are articulated through various artefacts such as Accountability Statements (for Directors and executives) and team members' job descriptions. Risk accountabilities more broadly are described through the frame of the three lines of accountability model and described specifically in policies and procedures.

The Chief Risk Officer is responsible for the risk management function and framework. The Chief Risk Officer is involved in and has the authority to provide effective challenge to activities and decisions that may materially affect Bank First's risk profile or risk appetite. The Chief Risk Officer will be independent from business lines, other revenue generating responsibilities and the Finance function. The Chief Risk Officer holds a direct reporting line to the Chief Executive Officer and has regular and unfettered access to the Board and the Board Risk Committee.

Internal and External Audit

The Internal Audit function provides an independent assurance function. The internal audit plan is approved by the Board Audit Committee. The Head of Internal Audit reports to the Board Audit Committee and to the Chief Risk Officer for day-to-day operational issues as appropriate.

Bank First's external audit firm is Deloitte. The appointed external audit partner is required to be independent and meet APRA's Fit & Proper prudential standard. The external auditor has access to the Audit Committee and the Risk Committee. The external audit engagement contributes to the integrity of the financial reporting, fulfills the role and responsibilities of the auditor appointed under APRA Prudential Standard APS 310 Audit & Related Matters, and undertakes the Australian Financial Services Licence (AFSL) audit and the statutory audit for the purposes of the Corporations Act.

Corporate Governance

DIRECTORS MEETING ATTENDANCE 2023/24

The number of Board meetings (including meetings of Committees of the Board) and number of meetings attended by each Director during the financial year were:

	Board		Audit Committee		GRCA Committee*		Risk Committee	
	Required	Attended	Required	Attended	Required	Attended	Required	Attended
Bernadette Lloyd	13	13	4	4	4	4	7	7
Stephen Cornelissen	13	13	4	4	-	-	-	-
Judith Crowe	13	13	4	4	4	4	-	-
Joanne Dawson	13	12	4	4	-	-	7	6
Mark Devadason	13	13	-	-	4	4	7	7
Kevin Dupé**	6	6	-	-	-	-	5	5
Graeme Willis	13	11	4	4	4	4	7	7

	Strategic Information Sessions		Strategic Planning Session		Nominations Committee		Total	
	Required	Attended	Required	Attended	Required	Attended	Required	Attended
Bernadette Lloyd	2	2	1	1	2	2	21	21
Stephen Cornelissen	2	2	1	1	1	1	20	20
Judith Crowe	2	2	1	1	1	1	24	24
Joanne Dawson	2	2	1	1	-	-	26	24
Mark Devadason	2	2	1	1	-	-	26	26
Kevin Dupé**	1	1	-	-	-	-	12	12
Graeme Willis	2	2	1	1	1	1	31	29

Required - Number of meetings Directors are eligible to attend in their capacity as a member of the Board or respective Board Committee.

Attended - Number of Board and Board Committee meetings attended by Directors in their capacity as a mentor.

* Governance, Culture, Remuneration and Accountability Committee

** Kevin Dupé resigned from the Board in February 2024

Seated: Michelle Bagnall (left), Jodie Ghiloni
Standing from left: Andrew Bartolo, Louise Marshall, Christine Harman, Simone Van Veen, Alison Hill, Nicky Konstantinou

Executive Management

The Executive Managers of Bank First as at the date of this report - August 2024:

Michelle Bagnall (MBA, Bachelor of Business, GAICD, SFFin) **Chief Executive Officer**

Michelle brings more than 25 years of financial services experience in Australia and internationally. She has held executive positions at RACQ, Suncorp, NAB, RBS and IAG. She is Senior Fellow of FINSIA, an AICD graduate and holds an MBA and Bachelor of Business. She has held Executive Director positions on the boards of Suncorp Superannuation Trustee and RACQ Financial Planning Pty Ltd and is currently on the board of VTMB Properties.

Andrew Bartolo (B Bus, CPA) **Chief Operations Officer**

Andrew joined Bank First in August 2024. Andrew has more than 20 years of experience in the financial services industry, including senior leadership roles at Defence Bank, RAMS, ME Bank and NAB. He has a strong record of leading and delivering strategic change initiatives that improve customer outcomes, operational efficiency and business performance.

Jodie Ghiloni (BA, CSA) **Chief of Staff**

Jodie joined Bank First in July 2022 and has an extensive background in supporting Executive teams to deliver strategic objectives. Jodie has worked at RACQ Bank and Deloitte (Australia and USA). She is a member of the Chief of Staff Association.

Christine Harman (LLB (Hons), GAICD, MBA, BA) **General Counsel and Company Secretary**

Christine is the General Counsel & Company Secretary of Bank First, and is an experienced corporate governance executive, bringing over 25 years of legal, governance, compliance and company secretarial experience across a range of sectors in Australia. Christine joined us in May 2024, and is a graduate of the Australian Institute of Company Directors.

Alison Hill (BCom/Law, CPA, CIA) **Chief Risk Officer**

Alison brings more than 25 years of risk management, governance and audit experience across a range of sectors in Australia. Alison joined Bank First in June 2021 and prior to that held senior positions at RACQ Bank and Deakin University. Alison is a member of CPA Australia, Institute of Internal Auditors, and Risk Management Institute Australia.

Nicky Konstantinou (BCom, Chartered Accountant) **Chief Financial Officer**

Nicky joined Bank First in July 2023 and has more than 20 years of experience in the financial services industry. Nicky is responsible for the Bank's finance, treasury, property and procurement functions. Nicky is a Chartered Accountant and has a Bachelor of Commerce.

Louise Marshall (Bachelor of Business, MAICD) **Chief People and Culture Officer**

Louise joined Bank First in July 2024 and has extensive experience in people and culture leadership nationally and internationally. She has led the people and culture function in a variety of industries including professional services, manufacturing, entertainment and e-commerce. Louise is a member of the Australian Institute of Company Directors and the International Coaching Federation.

Simone Van Veen (MBA, BA (psychology)) **Chief Member Officer**

Prior to joining Bank First in August 2021, Simone was Executive Everyday Banking at NAB. Simone has held senior positions across product, digital, marketing, projects and agile delivery functions and has more than 20 years of experience in banking. Simone is a member of FINSIA and has previously held a Non-Executive Director position on the EFTPOS board.

Directors' report

Your Directors submit their report for Victoria Teachers Limited trading as Bank First for the year ended 30 June 2024.

Principal activities

During the financial year there were no significant changes to the principal activities of the Consolidated Entity, these being the provision of deposit taking facilities, credit facilities and related financial services to assist the economic and social wellbeing of Members.

Review of operations

The net profit after related income tax expense of Bank First was $9,934k (2023: $6,702k). The consolidated net profit after related income tax expense for the Consolidated Entity was $10,095k (2023: $6,692k).

In preparing the financial statements for year ended 30 June 2024, management has carefully considered the impact of a variety of macroeconomic factors. This includes the potential uncertainty of economic outlook, ongoing geo-political tensions, easing labour markets and economic growth, cost of living pressures coupled with a higher interest rate environment, and moderating but persistent inflation.

A detailed review of operations of Bank First during the period is contained in the Chair's and Chief Executive Officer's Reports presented separately in the Annual Review.

Dividends

No dividends have been paid or declared on Member shares by Bank First since the end of the previous financial year.

Significant changes in the state of affairs

In the opinion of the Directors, there have been no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review.

Employees

The Consolidated Entity at reporting date employed 228 employees as at 30 June 2024 (2023:245).

Auditor independence and audit services

The Directors received the declaration from the Auditors of Bank First and this is presented on page 10 of the Annual Report and forms part of this Directors' Report.

Indemnification and insurance of Directors and Officers

Bank First has paid premiums in respect of Directors and Officers Liability insurance and associated legal expenses insurance. Disclosure of the nature of the liabilities insured against or the amount of the premium paid in respect of the Directors and Officers liability and legal expenses insurance contracts is prohibited under the terms of the contract.

Events subsequent to balance date

In the opinion of the Directors there are no transactions or events of a material nature likely to affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in subsequent financial years.

Likely developments

Bank First will continue to pursue its mission to benefit Members through advice, relationships and services, and will strive to achieve sustainable growth in its operations.

Disclosure of information relating to future developments in the operations of Bank First, which is not prejudicial to the economic interests of Bank First is contained in the Chair's and Chief Executive Officer's Reports presented separately in the Annual Review.

Directors' interests and benefits

During or since the end of the financial year no Directors have received or become entitled to any benefits (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the accounts) from a contract between Bank First and themselves, their firm or a company in which they have a substantial interest.

Directors' benefits are included in Note 21.

Rounding

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($000) under the option available to Bank First under ASIC Corporations Instrument 2016/191. Bank First is an entity to which the class order applies.

Bernie

Bernadette Lloyd
Chair

Melbourne
17 September 2024

Deloitte.

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The Directors
Victoria Teachers Limited
117 Camberwell Road
Hawthorn East, Victoria 3123

17 September 2024

Dear Directors,

Auditor's Independence Declaration to Victoria Teachers Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Victoria Teachers Limited.

As lead audit partner for the audit of the financial report of Victoria Teachers Limited and controlled entities for the financial 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

Lani Cockrem

Lani Cockrem
Partner
Chartered Accountants

Directors' declaration

In accordance with a resolution of the Directors of Victoria Teachers Limited trading as Bank First, I state that:

a. In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

b. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

c. There are reasonable grounds to believe that Bank First will be able to pay its debts as and when they become due and payable; and

d. In the Directors' opinion, the Consolidated Entity Disclosure Statement accompanying the financial statements is true and correct.

On behalf of the Board

Bernie

Bernadette Lloyd
Chair

Melbourne
17 September 2024

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

		Bank First		Consolidated Entity	
		30-Jun 2024	30-Jun 2023	30-Jun 2024	30-Jun 2023
	Notes	$000s	$000s	$000s	$000s
Interest income	3(a)	178,235	121,801	177,126	120,662
Interest expense	3(b)	107,561	56,320	107,532	56,288
Net interest income		**70,674**	**65,481**	**69,594**	**64,374**
Other operating income	3(c)	9,817	9,537	10,066	10,497
Net operating income before expenses		**80,491**	**75,018**	**79,660**	**74,871**
Less					
Salaries and related expenses		34,311	37,047	34,311	37,047
Member access and statement expenses		7,865	7,730	7,865	7,730
Administration expenses		7,419	7,657	7,474	7,718
Impairment loss of assets		214	5	733	61
Depreciation and amortisation		1,709	1,730	2,628	2,708
Information technology costs		7,595	6,590	7,595	6,590
Occupancy expenses		3,755	2,400	1,187	1,161
Marketing expenses		1,560	1,976	1,573	1,988
Charge for impairment	3(d)	1,839	294	1,839	294
Total operating expenses		**66,267**	**65,429**	**65,205**	**65,297**
Profit for the year before income tax		**14,224**	**9,589**	**14,455**	**9,574**
Income tax expense	4	4,290	2,887	4,360	2,882
Net profit for the year		**9,934**	**6,702**	**10,095**	**6,692**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		(186)	215	(186)	215
Net gains/(losses) on cash flow hedges taken to equity	15	(1,613)	636	(1,613)	636
Total other comprehensive income		**(1,799)**	**851**	**(1,799)**	**851**
Total comprehensive income for the year		**8,135**	**7,553**	**8,296**	**7,543**

Statement of financial position

As at 30 June 2024

		Bank First		Consolidated Entity	
		30-Jun 2024	30-Jun 2023	30-Jun 2024	30-Jun 2023
	Notes	$000s	$000s	$000s	$000s
Assets					
Cash and cash equivalents	5	84,223	141,225	84,223	141,225
Trade receivables	6	188	-	227	46
Investments	7	570,100	539,401	566,063	535,545
Loans and advances	8	2,994,923	2,919,026	2,994,923	2,919,026
Due from controlled entities	9	21,800	22,480	-	-
Derivative financial instruments	15	-	1,465	-	1,465
Property, plant and equipment	11	1,580	2,046	39,241	41,078
Deferred tax assets	12	2,707	3,220	2,597	3,199
Intangibles and other assets	10	6,679	7,306	7,195	7,922
Right-of-use lease assets	11	11,021	12,249	1,302	1,419
Income tax receivable		-	1,227	-	1,048
Total Assets		**3,693,221**	**3,649,645**	**3,695,771**	**3,651,973**
Liabilities					
Deposits and other borrowings	13	3,403,232	3,368,591	3,402,383	3,366,144
Trade and other payables	14	24,782	23,698	13,443	12,840
Derivative financial instruments	15	885	-	885	-
Income tax payable		582	-	577	-
Provisions	16	3,383	4,354	3,383	4,354
Deferred tax liabilities	12	85	864	3,861	4,967
Total Liabilities		**3,432,949**	**3,397,507**	**3,424,532**	**3,388,305**
Net Assets		**260,272**	**252,138**	**271,239**	**263,668**
Equity					
Reserves		260,272	252,138	271,239	263,668
Total Equity		**260,272**	**252,138**	**271,239**	**263,668**

Statement of changes in equity

For the year ended 30 June 2024

	General reserve	Asset revaluation reserve	Reserve for credit losses	Cash flow hedge reserve	Fair value reserve	Total
	$000s	$000s	$000s	$000s	$000s	$000s
Bank First						
Balance at 30 June 2022	**237,296**	**87**	**6,626**	**365**	**209**	**244,583**
Profit for the period	6,702	-	-	-	-	6,702
Other comprehensive income	-	-	2	636	215	853
Total comprehensive income	**6,702**	**-**	**2**	**636**	**215**	**7,555**
Transfer to/(from) reserve for credit losses	6,628	-	(6,628)	-	-	-
Balance at 30 June 2023	**250,626**	**87**	**-**	**1,001**	**424**	**252,138**
Balance at 30 June 2023	**250,626**	**87**	**-**	**1,001**	**424**	**252,138**
Profit for the period	9,934	-	-	-	-	9,934
Other comprehensive income	-	-	(1)	(1,613)	(186)	(1,800)
Total comprehensive income	**9,934**	**-**	**(1)**	**(1,613)**	**(186)**	**8,134**
Transfer to/(from) reserve for credit losses	-	-	-	-	-	-
Balance at 30 June 2024	**260,560**	**87**	**(1)**	**(612)**	**238**	**260,272**
Consolidated Entity						
Balance at 30 June 2022	**241,264**	**7,662**	**6,626**	**365**	**209**	**256,126**
Profit for the period	6,692	-	-	-	-	6,692
Other comprehensive income	-	-	(1)	636	215	850
Total comprehensive income	**6,692**	**-**	**(1)**	**636**	**215**	**7,542**
Transfer to/(from) reserve for credit losses	6,625	-	(6,625)	-	-	-
Asset Revaluation	-	-	-	-	-	-
Balance at 30 June 2023	**254,581**	**7,662**	**-**	**1,001**	**424**	**263,668**
Balance at 30 June 2023	**254,581**	**7,662**	**-**	**1,001**	**424**	**263,668**
Profit for the period	10,095	-	-	-	-	10,095
Other comprehensive income	-	(725)	-	(1,613)	(186)	(2,524)
Total comprehensive income	**10,095**	**(725)**	**-**	**(1,613)**	**(186)**	**7,571**
Transfer to/(from) reserve for credit losses	-	-	-	-	-	-
Balance at 30 June 2024	**264,676**	**6,937**	**-**	**(612)**	**238**	**271,239**

Statement of cash flows

For the year ended 30 June 2024

		Bank First		Consolidated Entity	
		30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	Notes	**$000s**	**$000s**	**$000s**	**$000s**
Cash flows from operating activities					
Inflows					
Interest received		177,629	119,914	176,708	118,775
Net increase in deposits		29,082	252,739	30,680	252,132
Dividends received		28	38	28	38
Bad debts recovered		77	108	77	108
Other operating income		10,611	10,230	10,992	11,861
Total inflows		**217,427**	**383,029**	**218,485**	**382,914**
Outflows					
Interest paid		(101,117)	(45,618)	(101,088)	(45,587)
Net increase in loans		(77,822)	(435,857)	(77,822)	(435,857)
Salaries and related expenses		(35,283)	(37,247)	(35,282)	(37,247)
Other payments in the course of operations		(25,977)	(29,733)	(26,768)	(30,365)
Income tax paid		(2,047)	(2,921)	(3,767)	(2,977)
Total outflows		**(242,246)**	**(551,376)**	**(244,727)**	**(552,033)**
Net cash flows provided by operating activities	18	**(24,819)**	**(168,347)**	**(26,242)**	**(169,119)**
Cash flows from investing activities					
Net movement in investments		(30,519)	196,150	(30,340)	196,164
Net movement in equity investments		-	-	-	-
Payments for property, plant and equipment		(90)	(490)	362	(587)
Proceeds from sale of property, plant and equipment		129	-	246	-
Net decrease/(increase) in loans due from controlled entities		680	650	-	-
Payments for intangible assets		(1,478)	(2,366)	(947)	(2,366)
Net cash flows used in investing activities		**(31,278)**	**193,944**	**(30,679)**	**193,211**
Cash flows from financing activities					
Payment of principal portion of lease liabilities		(905)	(1,572)	(81)	(67)
Net cash flows used in financing activities		**(905)**	**(1,572)**	**(81)**	**(67)**
Net (decrease)/increase in cash and cash equivalents		(57,002)	24,025	(57,002)	24,025
Cash and cash equivalents at the beginning of the period		141,225	117,200	141,225	117,200
Cash and cash equivalents at the end of the period		**84,223**	**141,225**	**84,223**	**141,225**

Notes to the financial statements

For the year ended 30 June 2024

Contents of the notes to the financial statements

Notes to the financial statements

For the year ended 30 June 2024

1. Summary of material accounting policies

The material accounting policies that have been adopted in the preparation of the financial statements have been applied consistently to all periods and have been applied consistently by the Consolidated Entity.

a. Basis of preparation

The financial report is a general-purpose financial report, which will be prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report is prepared on a going concern basis and for-profit basis using a historical cost basis, except for land and buildings, derivatives and equity investments which are measured at fair value.

The financial report is to be presented in Australian dollars and all values rounded to the nearest thousand dollars ($'000) unless otherwise stated.

b. Statement of compliance

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

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

Reference	Nature of change to accounting policy	Impact to the Company	Application date of standard	Application date for the Company
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the Statement of Financial Position as current or non-current.	No material impact to the Company or Consolidated entity.	1 January 2024	1 January 2024 (effective from financial year 1 July 2024)
AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback (Amendments to AASB 16)	This Standard amends AASB 16 to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 Revenue from Contracts with Customers to be accounted for as a sale.	No material impact to the Consolidated Entity and the Company.	1 January 2024	1 January 2024 (effective from financial year 1 July 2024)
AASB 18 Presentation and Disclosure in Financial Statements	This Standard replace AASB 101 Presentation of Financial Statement to introduce enhanced requirements for the presentation of financial statements. The proposed changes are in relation to the disclosure requirement in the profit and loss statement and disclosure note on management-defined performance measures (MPMs).	No material impact to the Company or Consolidated entity.	1 January 2027	1 January 2027
ASRS 1 General Requirements for Disclosure of Climate related Financial Information ASRS 2 Climate related Financial Disclosures ASRS 101 References in Australian Sustainability Reporting Standards	Australian Sustainability Reporting Standards (ASRS) – The proposed ASRSs are based on the International Sustainability Standards Board's (ISSB) IFRS S1 and IFRS S2 with Australian amendments to focus on climate first, to apply an Australian contextual lens, align with Federal Government Policy and to make the standards sector neutral. The proposed standards in Australia are due to be phased in from 1 January 2025.	Impact assessment will be carried out in the following years	30 June 2028	30 June 2028

c. Basis of consolidation

The consolidated financial statements will comprise the financial statements of Victoria Teachers Limited (Bank First) its subsidiary VTMB Properties Pty Ltd and a special purpose entity Victoria Teachers Trust Series 2012-1 (the "Series") as at 30 June each year (the Consolidated Entity).

The financial statements of the subsidiaries will be prepared for the same reporting period as Bank First, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions and profit and losses resulting from intra-group transactions will be eliminated in full. Subsidiaries will be fully consolidated from the date on which control is obtained by the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

Investments in subsidiaries held by Bank First will be accounted for at cost in the accounts of Bank First. Dividends, if applicable, received from subsidiaries are recorded as a component of other revenues in the separate income statement of Bank First as the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, Bank First will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

Residential Mortgage Securitisation Program

The Consolidated Entity currently engages in a securitisation program (Victoria Teachers Trust Series 2012-1). The principal activity of the Victoria Teachers Trust Series 2012-1 is to act as the Special Purpose Entity in relation to an internal securitisation for the purpose of liquidity contingency for Bank First.

Securitisation provides the Consolidated Entity the option to repurchase a pool of assets and increase its funding capacity. Where Bank First has continuing involvement with securitisation vehicles, through on-going exposure to the risks and rewards associated with the assets (e.g. due to subscription of issued notes), the originated assets remain recognised on the balance sheet of Bank First for accounting purposes.

d. Impact of economic outlook

Management have carefully considered the impact of a variety of economic factors in preparing the financial statements for the year ended 30 June 2024, including easing labour markets and economic growth, cost of living pressures coupled with a higher interest rate environment, and moderating but persisting inflation. These factors have been taken into consideration in our assumptions driving the forward-looking view of the provisions for impairment of loans and advances.

e. Material accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management will continually evaluate its judgments and estimates in relation to assets, liabilities, revenue and expenses. The judgments and estimates are based on historical experience and other various factors believed to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The following critical accounting policies for which material judgments, estimates and assumptions made are:

- provision for Impairment of loans and advances - refer to Note 1k;
- expected life of the loan - refer to Note 1f; and
- revaluation of land and buildings - refer to Note11.

f. Revenue recognition

Revenue will be recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest revenue

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

Interest receivable is included in the amortised cost base as loans and advances in the balance sheet representing the recoverable amount.

Interest earned on loans is calculated and accrued on the daily outstanding balance and is charged to a member's loan on the last day of each month.

Loan establishment fees (or fee discounts) and Upfront Broker commissions will initially be deferred as part of the loan balance and will be brought to account as income (or expense) over the expected life of the loan. The amounts brought to account will be included as part of interest revenue.

Other operating income

The Consolidated Entity recognises revenue in accordance with AASB 15. The core principle of AASB 15 is that an entity recognises revenue progressively as services are delivered rather than when the consideration the entity expects to receive for those services can be reliably estimated.

Fee income primarily comprises account transaction and monthly fees, processing fees, credit card fees and loan package and overdraft fees. The Company has determined that revenue associated with account and processing fees are recognised at the point in time the transaction occurs or service is performed. Interchange fee income from credit card, the Group has assessed that the performance obligations are satisfied at a point in time, and that the method currently used to recognise income will continue to be appropriate under AASB15.

Commission income comprises insurance commissions received under an agency agreement held with insurance provider. Insurance provider will pay Bank First commission for new business and renewal when the monthly premium is received on clear funds. The performance obligations are satisfied over time, including managing renewals and collection of premiums. Bank First will continue to recognise the commission from insurance provider upon receipt.

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

g. Leases

The Consolidated Entity recognises leases in accordance with AASB 16. Under AASB16 nearly all leases will be recognised on the balance sheet of lessees except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). The changes are driven by the desire to enhance comparability of financial statements between entities that own assets and entities that lease assets.

The Group as lessee

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). Bank First lease accounting is applicable for property leases of Moonee Pond branch and Hawthorn East Head office.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease; and
- the lease liability which is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- 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 case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used):and
- 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.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. The depreciation starts at the commencement date of the lease, with exception to leases already in place before AASB 16 become effective. The Group adopt modified retrospective method under AASB16. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 16 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the "Operating expenses" section in the statement of profit or loss and other comprehensive income.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its property.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of AASB 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

The Group as lessor and lessee (intercompany lease)

VTMB Properties Pty Ltd (Subsidiary entity) entered into a lease agreement as a lessor with Bank First (Parent entity) with respect to its property. Under AASB16, intercompany leases will not eliminate automatically on consolidation. The lessor will continue operating lease accounting but the lessee will recognise a right of use asset and a lease liability. Bank First will recognise a "right-of-use asset" and "lease liability" in relation to the lease from subsidiary company. These impacts will be eliminated in the consolidated accounts.

h. Income tax and other taxes

Income tax on the statement of profit or loss and other comprehensive income for the year comprises current and deferred tax.

The income tax expense (Note 4) is based on the profit for the year adjusted for any non-assessable or non-deductible items. It is calculated, using tax rates enacted or substantively enacted at the balance date.

Deferred tax (Note 12) is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Financial Performance except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

Tax consolidation

Bank First and its subsidiaries participate in a tax consolidation group. Bank First is liable for any tax payable on behalf of its subsidiaries. However, the subsidiaries are generally required under UIG Interpretation 1052 Tax Consolidation Accounting to recognise their income tax expense and deferred taxes in their annual report and to report the current tax liability to Bank First as a contribution of equity by Bank First. Bank First reports the income tax payable as additional contributions of equity and increases Bank First's investment in the subsidiaries.

The allocation method adopted is stand-alone taxpayer approach for each entity. Under this approach, each entity in the tax-consolidated group measures its current and deferred taxes as if it continued to be a separate taxable entity in its own right. This approach means, for example, that an entity recognises tax in relation to its intragroup transactions.

The entity also assesses the recovery of its unused tax losses and tax credits only in the period in which they arise, and before assumption by the head entity, in accordance with AASB 112 applied in its own circumstances, without regard to the circumstances of the tax-consolidated group.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST components of the cash flows arising from investing and financing activities that are recoverable from, or payable to, the ATO are classified as operating cash flows.

i. Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and deposits at call which are readily converted to cash and which are subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, plus other selected cash investments net of any outstanding bank overdrafts.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

j. Valuation of financial instruments

Financial instruments represent the majority of the Consolidated Entity's balance sheet, including loans and advances, deposits, securities and derivatives. The carrying amount presented on the balance sheet reflects the Group's business model for managing the asset. Where that model is to collect contractual cash flows (such as with loans and advances), the financial instrument is measured at amortised cost. Conversely, where the financial instrument is managed on a fair value basis, that instrument will be measured as such. This approach presents relevant information about the nature and risks associated with the Group's balance sheet.

The Group determines the business model at the level that reflects how groups of financial assets are managed. In determining the business model, all relevant evidence that is available at the date of assessment is used including:

- how the performance of the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

The Group exercises judgement to determine the appropriate level at which to assess its business models and its business objectives with respect to financial assets.

The Group's basis of classification and measurement is as follows:

- Loans are classified at amortised cost as disclosed in Note 8: these are held within a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets are subsequently measured at amortised cost under the application of AASB 9.
- Equity Investments are measured at fair value through other comprehensive income (FVOCI) as disclosed under Equity Investments in Note 7 Investments.
- Derivative financial instruments are measured at fair value through other comprehensive income (FVOCI).
- All other financial assets and liabilities are measured at amortised cost.

A gain or loss for investments that is measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised, impaired or reclassified and through the amortisation process.

k. Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and advances are initially recognised at fair value plus transaction costs directly attributable to the origination of the loan or advance, which are primarily brokerage and origination fees. These costs are amortised over the estimated life of the loan. Subsequently, loans and advances are measured at amortised cost being recoverable amount representing the aggregate amount of principal and unpaid interest owing to the Group at balance date using the effective interest rate method, net of any provision for credit impairment.

Impairment Assessment

Accounting policy

AASB 9 introduced a forward-looking expected credit loss ("ECL") model to assess impairment for loans, which are measured at amortised cost. The ECL methodology for home loans was revised in FY23 with a stronger linkage to forward macroeconomic factors.

Loans are assessed at each reporting date to determine whether credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the asset. The ECL model uses a three-stage approach to recognition of expected credit losses. Financial instruments migrate through these stages based on changes in credit risk since origination:

Stage 1: no significant increase in credit risk since initial recognition – Performing loans

On initial recognition, and for loans where there has not been a significant increase in credit risk since the date of advance, provision is made for losses from credit default events expected to occur within the next 12 months.

Stage 2: significant increase in credit risk – Performing loans

Loans are categorised as being in stage 2 where the loan has experienced a significant increase in credit risk since initial recognition. When determining whether the risk of default on a loan has increased significantly since initial recognition, the Consolidated Entity uses the criteria of 30 days past due and less than 90 days past due as the criteria to identify whether there has been a significant increase in credit risk. Loans in arrears will be monitored and transferred to stage 3 if heightened credit risk is identified. Loans in arrears greater than 60 days have been treated as heightened credit risk and recognised under Stage 3 at June 2024.

For these loans, provision is made for losses from credit default events expected to occur over the lifetime of the loan.

Stage 3: credit impaired – Non-performing loans

Loans are transferred to stage 3 when there is objective evidence of credit impairment. Assets are considered credit impaired when:

- significant financial difficulty of the borrower exists, including hardships;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- restructuring of a loan or accepting a repayment plan on terms that the Consolidated Entity would not consider otherwise; and
- the loan is past due for 90 days or more without agreed arrangements.
- loans in arrears identified as heightened credit risk. In the financial year ended June 2024, loans past due for 60 days to 89 days have been treated as heightened credit risk.

Definition of default

Loans are considered in default when there is evidence the borrower will not be able to meet contractual credit obligation in full, or the exposure is 90 days past due. Loans are considered impaired when there is doubt as to whether the full amounts due, including interest, will be received in a timely manner. Loans are written off when there is no reasonable expectation of recovery and all collateral has been realised.

Calculation of expected credit losses

The allowance for Expected Credit Loss is based on an assessment of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), discounted at the effective interest rate to give a net present value. The PD for loans is based on historical data for the Consolidated Entity and sector, taking into account all reasonable and supportable information, including forward looking economic assumptions. The LGD reflects the Consolidated Entity's estimate of cash shortfalls in the event of default. The loss given default input, is estimated based on the historical loss experience of the Consolidated Entity taking into account the loan product, the net amount written off and the gross exposure.

Incorporation of credit judgement

Judgement is applied in determining ECL using objective, reasonable and supportable information about current and forecast economic conditions. Macro-economic variables used in these scenarios include GDP growth rates, wage price index and house price index. Management exercises credit judgement in assessing if an exposure has experienced significant increase in credit risk and in determining the amount of impairment provisions at each reporting date. Where applicable, credit risk factors (PD and LGD) are adjusted upwards to incorporate reasonable and supportable forward looking information about known or expected risks that would otherwise not have been considered in the modelling process.

Forward-looking information

Expected Credit Losses are calculated by reference to information on past events, current conditions and forecasts of future economic conditions. Multiple economic scenarios are incorporated into Expected Credit Losses calculation models. These scenarios are based on external sources where available and appropriate, and internally generated assumptions in all other cases. To capture any nonlinear relationship between economic assumptions and credit losses, three scenarios are used:

- Base scenario: This scenario reflects the Group's view of the most likely future economic conditions and market consensus as well as other assumptions used in business planning and forecasting.
- Upside scenario: This scenario is included to account for the potential impact of remote, more favourable macro-economic conditions. Relative to the central scenario, the upside scenario features stronger growth in economic output, further improvement in labour market conditions, lower interest rates and a strong housing market;
- Downside scenario: This scenario anticipates the potential impact of possible adverse macro-economic conditions, resulting from significant inflationary pressures.
- Severe downside scenario: This scenario contemplates the potential impact of severe adverse macroeconomic conditions. Relative to the Downside scenario, this scenario features negative economic output, weaker wage growth, and slower housing growth.

As part of the assessment of the Specified Economic Scenarios being used in preparation of the current year accounts the weightings have been updated in light of the uncertain economic environment and the resultant impact on mortgage stress that has become more evident.

Economic Scenario	*2024*	*2023*
Base	40%	50%
Downside	50%	40%
Severe Downside	6%	0%
Upside	4%	10%

Consistent with the prior year, with the growing level of loans in Stage 3 (Note 8), for the purpose of determining the provision for loans without LMI, the value of security held will be discounted by 25% (FY23 25%) and the provision allocated will be equivalent to any shortfall between the loan amount and the discounted security value. For loans with LMI, 100% recovery will continue to be assumed.

The Consolidated Entity seeks to work closely with members and restructure loans rather than to take possession of the collateral security. This may involve extending the loan term, changing repayment arrangements and agreeing to new loan conditions. Once the loan terms have been renegotiated, the arrears profile of the loan is extinguished after six months if the member has complied with the renegotiated loan terms.

In prior periods a general reserve for credit losses was held as an additional allowance for impairment losses. For the year ended 30 June 2023 the General Reserve for Credit Loss was reverted back to Retained Earnings. Refer to Note 17 for details of the reserve.

l. Other investments

Investment in subsidiary companies are carried at amortised costs, less any provision for impairment.

The Consolidated Entity assesses at each financial year end whether other investments are impaired.

m. Equity investments

Investment in equity instruments are measured at fair value through other comprehensive income, where an irrevocable election has been made by management. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends that represent a return on investment (as opposed to a return of investment) continue to be recognised in profit or loss. Cumulative gains and losses recognised in other comprehensive income are never subsequently reclassified from equity to profit or loss, even on disposal of the investment, meaning there is no need to review such investments for possible impairment.

n. Property, plant and equipment

Property

Land and buildings are carried at revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Revaluations are carried out by an external independent valuer who assesses the valuation in accordance with generally accepted valuation Standards and Australian Accounting Standards.

Plant and equipment

Plant and equipment is carried at cost less than any accumulated depreciation and any accumulated impairment losses.

The carrying values of plant and equipment are reviewed for impairment annually or when circumstances indicate that the carrying amount may not be recoverable. If such an indication exists and where the carrying amount exceeds the recoverable amount (being the higher of fair value and value in use), the assets are written down to their recoverable amount.

The recoverable amount is assessed on the basis of expected net cash flows that will be received from the asset's employment and subsequent disposal, discounted to their present values. Any decrement in the carrying amount is recognised as an impairment expense in the statement of profit or loss and other comprehensive income.

Depreciation

With the exception of land, all property, plant and equipment is depreciated over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired term of the lease or the estimated useful life of the improvements. Land is not depreciated.

Depreciation will be calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings	40 years
Plant & equipment	5 to 20 years
Leasehold improvements	17 years
Computer equipment	2.5 to 4 years
Motor vehicles	4 to 8 years
Artwork	83 years

The assets residual values, useful lives and amortisation methods are to be reviewed, and adjusted if appropriate, at each financial year-end.

De-recognition and disposal

An item is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year the asset is derecognised.

Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve included in the equity section on the statement of financial position, except to the extent that if it reverses a revaluation decrease of the same asset previously recognised in the profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increase for the same asset, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

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

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

o. Intangible assets

Intangible assets consist of computer software which has a finite useful life and is carried at cost less any accumulated amortisation and any impairment losses. Computer software is amortised on a straight-line basis over five years and assessed for impairment whenever there is an indication that the intangible asset may be impaired and is reviewed at least annually.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Consolidated Entity with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

p. Interest bearing loans and borrowings

All loans and borrowings will initially be recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings will subsequently be measured at amortised cost using the effective interest method.

q. Deposits

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

Interest will be calculated on the daily balance and posted to the accounts periodically, or on maturity of the term deposit. Interest on deposits is brought to account on an accrual basis in accordance with the interest rate terms and conditions of each deposit account as varied from time to time. Interest payable is included in member deposits in the statement of financial position due to subsequent measurement of member deposits.

r. Trade and other payables

Trade and other payables will be carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services. Trade liabilities will be settled on normal commercial terms.

s. Derivative financial instruments and hedge accounting

The Consolidated Entity enters into derivatives such as interest rate swaps to manage its exposure to interest rate risk.

Interest rate swaps relate to contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as interest rates. The Consolidated Entity either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

Derivatives are recognised at fair value and are classified as trading except where they are designated as a part of an effective hedge relationship and classified as hedging derivatives. The carrying value of derivatives is re-measured at fair value throughout the life of the contract. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Cash flow hedges

The Consolidated Entity designates its derivatives as hedges of highly probable future cash flows attributable to a recognised asset or liability, or a highly probable forecast transaction (cash flow hedges).

At the inception of the hedge the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions is documented.

Furthermore, at the inception of the hedge and on an ongoing basis, the Consolidated Entity documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are 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. The carrying value of the hedged item is not adjusted. Amounts accumulated in equity are transferred to profit or loss in the period(s) in which the hedged item will affect profit or loss (e.g. when the forecast hedged variable cash flows are recognised within profit or loss).

When a hedging instrument expires or is sold, 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 in the income statement when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to profit or loss.

Details of the fair value measurement of the derivative instruments used for hedging purposes are provided in Note 23.

t. Provisions

Provisions will be recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions will be discounted using a current pre-tax rate that reflects the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

u. Employee benefits

Wages

Liabilities for wages, including any non-monetary benefits expected to be settled within 12 months of the reporting date in respect of employee services up to the reporting date, are recognised in trade and other payables. They will be measured at the amounts expected to be paid when the liabilities are settled.

Annual leave

Liabilities for annual leave expected to be settled within 12 months of the reporting date in respect of employees services up to the reporting date, are recognised in the provision for annual leave. They will be measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave in respect of services provided by employees up to the reporting date is recognised in the provision for long service leave and measured as the present value of expected future payments to be made. Consideration is required to be given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments will be discounted using market yields at the reporting date on Australian Corporate bonds (G100 Discount Rate by Millman.com) with terms to maturity that match, as closely as possible, the estimated future cash outflows.

2. New and amended standards and interpretations

The Bank 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. The Bank has not adopted early any other standards, interpretations or amendments that have been issued but are not yet effective.

Reference	Nature of change to accounting policy	Impact to the Company	Application date of standard	Application date for the Company
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies (AASB Practice Statement 2 Making Materiality Judgements, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures).	No material impact to the Company or Consolidated entity financial statements. Changes were made to the disclosure notes only.	1 January 2023	1 January 2023 (effective from financial year 1 July 2023)
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to AASB 112)	AASB 112 amendments require entities to recognise deferred tax for all temporary differences relates to leases, decommissioning, restoration and similar liabilities at the beginning of the earliest comparative period presented.	The Company has adopted the changes in the prior year financial statements.	1 January 2023	1 January 2023 (effective from financial year 1 July 2023)

Notes to the financial statements

For the year ended 30 June 2024

3. Selected income and expenses

a. Interest Income

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	$000s	**$000s**	**$000s**	**$000s**
Loans secured by real estate mortgages	146,656	99,342	146,656	99,342
Investments	30,470	21,097	30,470	21,097
Government guaranteed loans	-	1	-	1
Other loans and advances	-	222	-	222
Due from controlled entities	1,109	1,139	-	-
Total interest income	**178,235**	**121,801**	**177,126**	**120,662**

b. Interest Expense

Due to controlled entities	29	32	-	-
Deposits and Investments	107,532	56,288	107,532	56,288
Total interest expense	**107,561**	**56,320**	**107,532**	**56,288**

c. Other Operating Income

Fees	2,121	2,073	2,121	2,073
Commissions	7,593	7,117	7,593	7,117
Other revenue from contracts with customers	62	296	62	258
Total Revenue from contracts with customers	**9,776**	**9,486**	**9,776**	**9,448**
Other	41	51	290	1,049
Total other operating income	**9,817**	**9,537**	**10,066**	**10,497**

d. Write-back and Charge for Expected Credit Losses of Financial Instruments

Additional provisions	1,925	280	1,925	280
Recoveries	(64)	(103)	(64)	(103)
Charge for Expected Credit Losses on loans	**1,861**	**177**	**1,861**	**177**
Additional/Write-back provisions on investments	(22)	117	(22)	117
Total charge for Expected Credit Losses	**1,839**	**294**	**1,839**	**294**

Notes to the financial statements

For the year ended 30 June 2024

4. Income tax expense

The major components of income tax expense are:

	Bank First		Consolidated Entity	
	30-Jun 2024	30-Jun 2023	30-Jun 2024	30-Jun 2023
On net profit for the period:	**$000s**	**$000s**	**$000s**	**$000s**
Current income tax charge	3,726	2,741	3,722	2,920
Adjustments for income tax expense of previous years	19	-	19	-
Deferred tax relating to origination and reversal of temporary differences	545	146	619	(38)
Income tax expense reported in the statement of profit or loss and other comprehensive income	**4,290**	**2,887**	**4,360**	**2,882**

Refer to Note 12 for details of deferred tax assets and liabilities.

The balance of franking credits for Bank First as at 30 June 2024 was $102m (2023: $99m).

A reconciliation between income tax expense on net profit for the period before income tax reported in the statement of profit or loss and other comprehensive income, and net profit for the period before income tax multiplied by the Consolidated Entity's applicable income tax rate, is as follows:

Profit for the period before income tax	**14,224**	**9,589**	**14,455**	**9,574**
Income tax expense at the Consolidated Entity's statutory income tax rate of 30% (2023: 30%)	4,267	2,877	4,337	2,872
Tax on expenses not allowable as tax deductions	4	10	4	10
Tax offsets and other items	-	-	-	-
Adjustments for income tax of previous years	19	-	19	-
Income tax expense reported in the statement of profit or loss and other comprehensive income	**4,290**	**2,887**	**4,360**	**2,882**

5. Cash and cash equivalents

	Bank First		Consolidated Entity	
	30-Jun 2024	30-Jun 2023	30-Jun 2024	30-Jun 2023
	$000s	**$000s**	**$000s**	**$000s**
Cash at bank and on hand	84,153	101,225	84,153	101,225
Deposits at call	70	40,000	70	40,000
	84,223	**141,225**	**84,223**	**141,225**

Notes to the financial statements

For the year ended 30 June 2024

6. Trade and other receivables

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	$000s	**$000s**	**$000s**	**$000s**
Other receivables	188	-	227	46
	188	**-**	**227**	**46**

Other receivables recognised as amounts owed to the Consolidated Entity are for services provided, unpresented cheques and deposits not yet credited to the bank account, and reimbursements of expenses incurred on behalf of a third party. Amounts due for services provided are settled on normal commercial terms.

7. Investments

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	$000s	**$000s**	**$000s**	**$000s**
Investments with banks	499,450	513,389	499,450	513,389
Investments with government entities	44,673	-	44,673	-
Investments with non-bank ADIs	20,131	20,104	20,131	20,104
Other Investments	6,004	6,088	1,967	2,232
	570,258	**539,581**	**566,221**	**535,725**
Provision for Expected Credit Losses	(158)	(180)	(158)	(180)
	570,100	**539,401**	**566,063**	**535,545**

All investments are in Stage 1 for ECL provisioning purposes.

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	$000s	**$000s**	**$000s**	**$000s**
Other Investments				
VTMB Properties	4,037	3,856	-	-
Indue Shares	1,967	2,232	1,967	2,232
	6,004	**6,088**	**1,967**	**2,232**

All investments other than equity investments are held directly with Australian banks and subsidiaries and Australian registered Authorised Deposit-taking Institutions (ADIs), and Australian Commonwealth Government and semi government issuers. Refer to Note 22(a) for further comments and tables on credit quality and risk.

Other Investments held by the Consolidated Entity comprise investments in Indue Ltd. These are measured at fair value and fall under the Level 3 category of the fair value hierarchy as defined in Note 23. At the time of this report preparation the final revaluation of Indue shares was not available. The fair value of $489 (2023: $555) per share is based on the internal valuation provided by Indue Ltd.

Notes to the financial statements

For the year ended 30 June 2024

8. Loans and advances

a. By class

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	$000s	**$000s**	**$000s**	**$000s**
Secured by real estate mortgage	2,962,618	2,882,658	2,962,618	2,882,658
Government guaranteed school loans	-	15	-	15
Other loans and advances	32,666	35,004	32,666	35,004
Capitalised origination costs	3,476	3,443	3,476	3,443
	2,998,760	**2,921,120**	**2,998,760**	**2,921,120**
Provision for Expected Credit Losses	(3,837)	(2,094)	(3,837)	(2,094)
Net loans and advances	**2,994,923**	**2,919,026**	**2,994,923**	**2,919,026**

As at 30 June 2024 the Consolidated Entity and Bank First predominantly had loans contractually maturing longer than 5 years.

b. By risk level

The following table sets out information in relation to the credit quality of the loans by category of loss allowance as at 30 June 2024.

	Bank First and Consolidated Entity			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$000s	**$000s**	**$000s**	**$000s**
As at 30 June 2024				
Residential mortgages	2,919,229	897	42,492	2,962,618
Government guaranteed loans	-	-	-	-
Other loans and advances	31,853	180	633	32,666
Capitalised origination costs	3,476	-	-	3,476
Total	2,954,558	1,077	43,125	2,998,760
Provision for Expected Credit Losses	(1,282)	(48)	(1,622)	(2,952)
Economic Overlay	(885)	-	-	(885)
Net loans and advances	**2,952,391**	**1,029**	**41,503**	**2,994,923**
As at 30 June 2023				
Residential mortgages	2,868,783	490	13,384	2,882,657
Government guaranteed loans	15	-	-	15
Other loans and advances	34,386	239	379	35,004
Capitalised origination costs	3,444	-	-	3,444
Total	2,906,628	729	13,763	2,921,120
Provision for Expected Credit Losses	(1,165)	(94)	(352)	(1,611)
Economic Overlay	(483)	-	-	(483)
Net loans and advances	**2,904,980**	**635**	**13,411**	**2,919,026**

Notes to the financial statements

For the year ended 30 June 2024

c. Movement in provision for Expected Credit Losses

The following table sets out information in relation to the credit quality of the loans by category of loss allowance as at 30 June 2024.

	Bank First and Consolidated Entity			
Expected Credit Losses provision on loans	Stage 1 12 Months ECL Collective Provision $000s	Stage 2 Lifetime ECL not credit impaired Collective Provision $000s	Stage 3 Lifetime ECL Credit Impaired Specific Provision $000s	Total $000s
Balance at 30 June 2022	**1,471**	**257**	**284**	**2,012**
Transferred to Stage 1	1	(1)	-	-
Transferred to Stage 2	(26)	26	-	-
Transferred to Stage 3	(111)	(36)	147	-
New and increased provisions	(170)	(152)	119	(203)
Write-back from specific provisions	-	-	(198)	(198)
Economic Overlay provision	483	-	-	483
Balance at 30 June 2023	**1,648**	**94**	**352**	**2,094**
Balance at 30 June 2023	**1,648**	**94**	**352**	**2,094**
Transferred to Stage 1	3	(1)	(2)	-
Transferred to Stage 2	(31)	31	-	-
Transferred to Stage 3	(977)	(18)	995	-
New and increased provisions	639	(58)	458	1,039
Write-back from specific provisions	-	-	(181)	(181)
Economic Overlay provision	885	-	-	885
Balance at 30 June 2024	**2,167**	**48**	**1,622**	**3,837**

The table above provides movements in the impairment provisions by expected credit loss (ECL) stage. For the year ended 30 June 2024.

- **New and increased provisions** reflect provision movements for new accounts, movements in balances and the net movement of loans between the stages during the period. The financial year ended June 2024 growth in Stage 3 individual balances and impairment is driven from increased loans in hardship and restructure and at balance date are largely performing;
- **Change in stage classification** reflects a change in categorisation of certain loan products as stage 3 when past due 90 days based on review of historical loss information available;
- **Write-off from specific provisions** reflects accounts released from the specific provision when they were no longer required; and
- **Economic Overlay provision** reflects the economic uncertainty and likely impact of additional impairment of loans to our normal impairment methodology. Overlays are subject to internal governance and applied as an incremental ECL top-up amount to the impacted portfolio segments.

d. Provision for Expected Credit Losses

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	$000s	**$000s**	**$000s**	**$000s**
Individual balances identified as impaired	43,126	13,763	43,126	13,763
Individual Expected Credit Losses on the above	1,622	352	1,622	352
Collective Expected Credit Losses	1,330	1,259	1,330	1,259
Economic Overlay provision	885	483	885	483
	3,837	**2,094**	**3,837**	**2,094**

e. Charge to profit or loss for Expected Credit Losses

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	$000s	**$000s**	**$000s**	**$000s**
Additional provisions	1,925	280	1,925	280
Recoveries	(64)	(103)	(64)	(103)
	1,861	**177**	**1,861**	**177**

9. Due from controlled entities

A loan was provided by Bank First to VTMB Properties Pty Ltd in February 2013 for the purchase and fit out of a commercial property located at 117 Camberwell Road, Hawthorn East. VTMB Properties Pty Ltd is a wholly owned subsidiary of Bank First and was established to manage the Consolidated Entity's property portfolio. The loan was made on normal commercial terms and conditions. The outstanding balance as at 30 June 2024 is $21.80m.

10. Intangibles and other assets

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	$000s	**$000s**	**$000s**	**$000s**
Prepayments	3,632	3,744	4,148	4,360
Intangible assets	3,047	3,562	3,047	3,562
	6,679	**7,306**	**7,195**	**7,922**

Intangible assets are made up of computer software. Movement for Bank First and the Consolidated Entity are tabled below:

	Bank First and Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**
	$000s	**$000s**
Intangibles		
Opening Net Carrying Amount	3,562	2,164
Revaluations & Additions	299	1,188
Depreciation & Impairment	(1,220)	(968)
Work in progress (WIP)	406	1,178
Closing Net Carrying Amount	**3,047**	**3,562**

11. Property, plant and equipment

	Bank First		Consolidated Entity	
	30-Jun 2024	30-Jun 2023	30-Jun 2024	30-Jun 2023
	$000s	$000s	$000s	$000s
Cost or fair value at date of revaluation	23,792	23,857	54,354	56,044
Accumulated depreciation	(11,126)	(9,544)	(12,979)	(13,472)
Accumulated impairment loss	(65)	(18)	(832)	(75)
Net carrying amount	**12,601**	**14,295**	**40,543**	**42,497**
Property, plant and equipment				
Land and buildings	-	-	36,500	38,524
Office equipment	380	615	380	615
Furniture and fittings	210	242	640	750
Motor vehicles	42	160	42	160
Leasehold improvements	948	1,029	948	1,029
Work In Progress	-	-	731	-
Net carrying amount	**1,580**	**2,046**	**39,241**	**41,078**
Right-of-use lease assets				
Opening net book amount	12,249	18,016	1,419	1,536
Modify & Addition	-	(3,910)	-	-
Depreciation	(1,228)	(1,857)	(117)	(117)
Close net carrying amount	**11,021**	**12,249**	**1,302**	**1,419**
Land and buildings				
Opening net carrying amount	-	-	38,524	39,344
Additions	-	-	357	-
Revaluation	-	-	(846)	-
Depreciation	-	-	(837)	(820)
Impairment	-	-	(704)	-
Adjustment	-	-	6	-
Closing net carrying amount	**0**	**0**	**36,500**	**38,524**
If land and buildings were measured using the cost model the carrying amounts would be:				
Land and buildings if measured using the cost model	**-**	**-**	**24,168**	**24,586**

Fair value hierarchy

Land and Buildings carried at revalued amount fall under the Level 3 category of the fair value hierarchy as defined in Note 23.

Valuation techniques used to derive Level 3 fair values

The Consolidated Entity engaged a qualified valuer from Jones Lang LaSalle (JLL), to assist in the determination of the fair value of its land and building. Management have adopted the fair value of $36.5m as at 30 June 2024.

Valuation inputs

The following primary inputs have been used:

	Consolidated Entity	
	2024	**2023**
Capitalisation rate (%)	6.50	5.75
Terminal rate (%)	6.62	6.00

Sensitivity to significant changes in unobservable inputs within Level 3 of the hierarchy

A material increase in the capitalisation or terminal rates would result in lower fair value of land and buildings at fair value, while a material decrease in the capitalisation or terminal rates would result in a higher fair value.

Accounting for fair value revaluation loss

The 117 Camberwell Road property held by VTMB Properties Pty Ltd subsidiary was revalued downwards by $846k in FY24. The revaluation loss was booked to the asset revaluation reserve.

12. Deferred tax assets and liabilities

The balance comprises temporary differences attributable to:

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	$000s	**$000s**	**$000s**	**$000s**
The balance comprises temporary differences attributable to:				
Deferred tax assets				
Accruals not currently deductible	207	176	207	178
Deferred income	114	575	114	575
Provisions for impairment on loans	1,151	628	1,151	628
Provision for impairment on investments	47	54	47	54
Provisions and accruals for staff entitlements	867	1,430	867	1,430
Right-of-use lease assets	239	142	129	119
Amortisation and impairment loss of in-house software	82	215	82	215
Total deferred tax assets	**2,707**	**3,220**	**2,597**	**3,199**
Deferred tax liabilities				
Revaluation of equity investments	323	403	323	403
Carrying value of property, plant and equipment	24	32	3,800	4,135
Unrealised gain in Interest rate swaps	(262)	429	(262)	429
Total deferred tax liabilities	**85**	**864**	**3,861**	**4,967**

Notes to the financial statements

For the year ended 30 June 2024

13. Deposits and other borrowings

	Bank First		Consolidated Entity	
	30-Jun 2024	30-Jun 2023	30-Jun 2024	30-Jun 2023
	$000s	$000s	$000s	$000s
Term deposits	1,351,745	1,278,947	1,351,745	1,278,947
Deposits on call	2,050,831	2,022,602	2,049,982	2,020,155
Withdrawable member shares	656	666	656	666
Securities sold under repurchase agreements	-	66,376	-	66,376
	3,403,232	**3,368,591**	**3,402,383**	**3,366,144**

Securities sold under repurchase agreements relate to funds drawn under the RBA's Term Funding Facility (TFF). The facility provides three-year secured funding at a fixed rate to ADIs. The funds are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method. Bank First is required to pledge securities that meet the RBA eligibility criteria as collateral. The consolidated entity retains risks and rewards of these securities, and therefore does not derecognise these assets. The $66.4m was fully paid back in FY24 in stages, with the last repayment settled on 21 June 2024.

Refer to financial risk management Note 22(c) for the maturity profile of deposits and other borrowings.

14. Trade and other payables

Terms and conditions of the above financial liabilities:

	Bank First		Consolidated Entity	
	30-Jun 2024	30-Jun 2023	30-Jun 2024	30-Jun 2023
	$000s	$000s	$000s	$000s
Creditors and accruals	4,542	5,096	3,290	5,146
Settlement accounts	8,420	5,879	8,420	5,879
Lease liabilities	11,820	12,723	1,733	1,815
	24,782	**23,698**	**13,443**	**12,840**

15. Derivative financial instruments

The Consolidated Entity used derivative financial instruments for hedging purposes in the current year and prior year. The following table summarises the fair value of the derivative financial instruments which is estimated using net present value techniques.

	Bank First and Consolidated Entity			
	30-Jun 2024		30-Jun 2023	
	Assets	Liabilities	Assets	Liabilities
	$000s	$000s	$000s	$000s
Derivatives used as cash flow hedges				
Interest rate swaps	-	(885)	1,465	-

Notes to the financial statements

For the year ended 30 June 2024

The net movement on derivatives during the year was as follows:

	Bank First and Consolidated Entity	
	30-Jun 2024	30-Jun 2023
	$000s	$000s
Balance at 1 July (net of tax)	**1,001**	**365**
Gain/(Loss) arising on Gross Changes in Fair Value of Hedging Instrument during the period	(2,315)	1,105
Income tax arising on Gross Changes in Fair Value of Hedging Instrument during the period	695	(331)
(Gain)/Loss reclassified to Profit or Loss – Due to hedge item affected Profit/Loss	10	(197)
Income tax related to amount reclassified to Profit or Loss	(3)	59
Charged to comprehensive income	**(612)**	**1,001**

At 30 June 2024, the Consolidated Entity had interest rate swap agreements in place with a notional amount of $335m (2023: $75m). The table below shows the maturity profile of hedging derivatives based on their notional amounts:

	Bank First and Consolidated Entity	
	30-Jun 2024	30-Jun 2023
	$000s	$000s
0 - 1 year	150,000	30,000
1 - 2 years	125,000	20,000
2 - 5 years	60,000	25,000
	335,000	**75,000**

The above interest rate swaps have a weighted-average fixed rate of 4.1273% against BBSW.

Cash Flow Hedges

Cash flow hedges are used by the Consolidated Entity to manage variability of the future cash flows, which may result from changes in interest rates.

	Current period hedging gains (losses) recognised in OCI		Amount reclassified to P/L Due to hedged item affecting P/L		Line item in P/L in which reclass adjustment is included
	2024	2023	2024	2023	
	$000s	$000s	$000s	$000s	
Interest Rate Swaps	(875)	1,430	(10)	197	Interest Expense

There is no hedge ineffectiveness recognised in the statement of profit or loss and other comprehensive income in the current financial year.

16. Provisions

	Bank First		Consolidated Entity	
	30-Jun 2024	30-Jun 2023	30-Jun 2024	30-Jun 2023
	$000s	$000s	$000s	$000s
Long Service Leave Provision	1,923	2,587	1,923	2,587
Annual Leave Provision	1,460	1,767	1,460	1,767
	3,383	**4,354**	**3,383**	**4,354**

17. Equity

General reserve

The balance of retained profits at the end of each year is transferred to the general reserve. The general reserve also includes the share redemption reserve. Redeemed capital reserve represents the amount of redeemable preference shares (member shares) redeemed since 1 July 1999.

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of buildings and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

Cash flow hedge reserve

The cash flow hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit and loss consistent with the applicable accounting policy.

Fair value reserve

The fair value reserve is used to recognise the increases and decreases in the fair value of equity investments (held in Other Assets). The cumulative gains and/or losses recognised in the reserve are never subsequently reclassified from equity to profit or loss even on the disposal of the investment.

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For the year ended 30 June 2024

18. Statement of cash flows

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	$000s	**$000s**	**$000s**	**$000s**
Cash flows from operating activities:				
Net profit	9,934	6,702	10,095	6,692
Adjustments for:				
Net loss/(gain) on sale of non-current assets	(62)	(16)	(62)	(16)
Revaluation of land and buildings and related assets	-	-	-	-
Provisions for loan impairment	1,903	397	1,903	397
Depreciation/amortisation	1,709	1,730	2,628	2,708
Occupancy expenses (right-of-use lease asset depreciation)	1,228	5,767	-	117
Changes in assets and liabilities:				
(Increase)/decrease in loans	(77,824)	(435,852)	(77,821)	(435,853)
(Increase)/decrease in accrued receivables	(188)	-	(209)	330
(Increase)/decrease in accrued interest	(418)	(1,887)	(418)	(1,887)
(Increase)/decrease in other investments	-	-	-	-
(Increase)/decrease in prepayments	112	(2,742)	212	(3,232)
(Increase)/decrease in deferred tax asset	513	126	602	(63)
Increase/(decrease) in trade creditors	(552)	(4,167)	(1,856)	571
Increase/(decrease) in settlement accounts	2,541	(1,486)	2,541	(1,486)
Increase/(decrease) in interest payable	6,444	10,702	6,444	10,702
Increase/(decrease) in provisions	(971)	(200)	(971)	(200)
Increase/(decrease) in income taxes payable	1,990	(169)	577	-
Increase/(decrease) in deferred tax liabilities	(260)	9	(587)	(31)
Increase/(decrease) in deposits	29,082	252,739	30,680	252,132
Net Cash from operating activities	**(24,819)**	**(168,347)**	**(26,242)**	**(169,119)**

Notes to the financial statements

For the year ended 30 June 2024

19. Commitments and contingencies

a. Contingent liabilities

There were no contingent liabilities at 30 June 2024 (2023: $nil).

b. Credit commitments

Credit commitments are binding commitments to extend credit to a member as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	$000s	**$000s**	**$000s**	**$000s**
Irrevocable:				
Approved but undrawn loans	69,826	57,162	69,826	57,162
Loans available for redraw	376,657	392,741	376,657	392,741
	446,483	449,903	446,483	449,903
Revocable:				
Undrawn line of credit and credit card commitments	69,918	70,876	69,918	70,876
	69,918	70,876	69,918	70,876
	516,401	**520,779**	**516,401**	**520,779**

$179k expected credit loss provision was held for irrevocable commitments.

c. Bank commitments

Bank First guarantees the performance of certain members by using guarantees or transaction negotiation authorities to third parties in relation to payroll processing. The credit risk involved is managed through holding term deposits as collateral.

d. Lease expenditure commitments

Bank First and the Consolidated Entity lease equipment and business continuity space on terms of up to five years. Future minimum lease expenditure commitments are as follows:

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	$000s	**$000s**	**$000s**	**$000s**
Within 1 year	97	188	97	188
1 to 5 years	260	354	260	354
	357	**542**	**357**	**542**

Bank First leases a property at 117 Camberwell Road, Hawthorn East, from VTMB Properties Ltd under a lease that was signed effective 1st April 2023 for a five year term with an option to renew. Bank First and the Consolidated Entity lease a property at 126 Puckle Street, Moonee Ponds, under a lease expiring June 2035. With the application of AASB16 Leases from 1 July 2019, both of these property leases have been recognised on the balance sheet and therefore are not disclosed as lease commitments.

e. Lease income receivables

The Consolidated Entity leases out part of one property under a non-cancellable operating lease expiring June 2024. Future minimum rental receivables are as follows:

	Bank First		Consolidated Entity	
	30-Jun 2024	30-Jun 2023	30-Jun 2024	30-Jun 2023
	$000s	$000s	$000s	$000s
Within 1 year	-	-	337	326
1 to 5 years	-	-	1769	1808
Over 5 years	-	-	0	298
	-	**-**	**2,106**	**2,432**

20. Auditor remuneration

	Bank First		Consolidated Entity	
	30-Jun 2024	30-Jun 2023	30-Jun 2024	30-Jun 2023
	$000s	$000s	$000s	$000s
Audit fees and audit related fees				
Fees for audit of the complete set of financial statements	259	238	259	238
Securitisation reviews	-	22	-	22
Other audit related fees	52	20	52	20
Total audit and audit related fees	311	280	311	280
All other fees				
Tax related services	52	33	52	33
Total auditor remuneration	**363**	**313**	**363**	**313**

Audit related and other services

Bank First engaged Deloitte during the financial year ending 30 June 2024 to provide a number of services in relation to taxation and extended assurance services (included GST).

Notes to the financial statements

For the year ended 30 June 2024

21. Director and executive disclosures

a. Details of Key Management Personnel

(i) Directors

The following persons were Directors of Bank First during the financial year:

B. Lloyd
M. Devadason
S. Cornelissen
J. Dawson
K. Dupe (ceased 31 January 2024)
G. Willis
J. Crowe

(ii) Executives

The following executives were those persons with authority for implementing the strategic plan, and management of Bank First and its subsidiaries during the financial year and up to the date of signing the annual financial report:

M. Bagnall - Chief Executive Officer

A. Hill - Chief Risk Officer

A. Hood - Chief Operations Officer (ceased 01 December 2023)

S. Van Veen - Chief Member Officer

N. Konstantinou - Chief Financial Officer

M. Maugueret – Chief People Officer (ceased 18 July 2023)

L. Marshall – Chief People Officer (commenced 4 July 2023)

J. Ghiloni – Chief of Staff (commenced 28 August 2023)

A. Bartolo – Chief Operations Officer (commenced 19 August 2024)

b. Aggregate Compensation of Key Management Personnel

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	$000s	**$000s**	**$000s**	**$000s**
Short-term employee benefits	3,200	3,473	3,200	3,473
Post-employment benefits - superannuation contributions	225	237	225	237
Termination benefits	291	430	291	430
Other long-term benefits - long service leave	12	12	12	12
Total	**3,728**	**4,152**	**3,728**	**4,152**

Compensation includes all forms of consideration paid, payable or provided by Bank First and Consolidated Entity.

c. Director Remuneration

(included in 21b above)

A formal policy for Directors' remuneration was passed at the 2018 Annual General Meeting. It stated that the aggregate maximum sum determined at that meeting to be paid to Directors as remuneration for their services be adjusted for each following year by an amount not exceeding the amount determined by applying the Annual Wage Price Index for the September quarter to the remuneration paid for the preceding year.

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	$000s	**$000s**	**$000s**	**$000s**
Aggregate remuneration paid to Directors	622	585	622	585

d. Transactions with Key Management Personnel

	Bank First		Consolidated Entity	
	30-Jun 2024	30-Jun 2023	30-Jun 2024	30-Jun 2023
Loans:	**$000s**	**$000s**	**$000s**	**$000s**
New loans advanced	2,193	2,703	2,193	2,703
Repayments	(3,002)	(2,075)	(3,002)	(2,075)
Interest and fees	320	191	320	191
Balance owing	5,208	6,763	5,208	6,763
Revolving credit facilities:				
Total value extended	-	5	-	5
Balance owing	**-**	**5**	**-**	**5**
Loan and revolving credit services:				
Balance owing	**5,208**	**6,768**	**5,208**	**6,768**
Savings and term deposit services:				
Amounts deposited	**2,457**	**5,716**	**2,457**	**5,716**

Loans and revolving credit facilities are made to Key Management Personnel (KMP) in the course of ordinary business on normal commercial terms and conditions. These include secured and unsecured loans. Loans must be repaid and paid out in cash or cash equivalents. No loan or credit facility is impaired and no loan or credit facility has been written off as a bad debt.

Savings and term deposit services are extended to KMP in the course of ordinary business on normal commercial terms and conditions.

Transactions with KMP relate to the KMP in place at any time in each financial year.

The KMP have declared that they have no influence over, or are influenced by, close family members or other related parties that have lending or banking relationships with the Consolidated Entity. These close family members or related parties conduct transactions with the Consolidated Entity on normal terms and conditions offered to all other members.

e. Shareholdings

Each of the Directors and executives comprising the KMP of the Consolidated Entity hold one withdrawable share as a member of the Consolidated Entity. No dividends have been declared or paid by the Consolidated Entity on the withdrawable member shares.

22. Financial risk management

Effective risk management is fundamental to the operations of the Consolidated Entity. A comprehensive risk management process is in place which involves identifying, understanding and managing the material risks associated with its activities. Risk awareness, controls and compliance are intrinsic to our day-to-day activities and embedding them is an ongoing focus. Each individual is accountable for the risk exposures relating to his or her role and responsibilities. The Consolidated Entity's risk management is underpinned by a sound risk culture and an integrated framework of responsibilities and functions driven from the Board level down to operational levels, covering all material risks.

Inherent in the design of the Consolidated Entity's risk management framework is the focus on our decision-making principles:

- we are accountable for the risks we take;
- we can articulate the reward for the risks we take; and,
- we don't take risks we don't understand.

Notes to the financial statements

For the year ended 30 June 2024

The material risks associated with the Consolidated Entity's core activities include the financial risks of credit risk, interest rate risk in the banking book, non-traded market risk, capital and liquidity risk; operational risks such as information security and cyber risk, regulatory compliance, financial crimes, third party provider risk, legal, people, and processes; governance risks such as corporate conduct; and strategic risks which are focused on current strategic plans and performance. Interest Rate Risk in the Banking Book (IRRBB) is the risk of losses in Net Interest Income (NII) or Economic Value (EV) as a result of changes in interest rates.

The Consolidated Entity maintain a risk management framework that is appropriate for the size, complexity, services, and nature of the business model, and is reflective of the strategic plan and objectives. With the evolution of the regulatory accountability regimes, there has been a need to integrate risk, corporate governance and performance frameworks to better support our Boards and Executives to demonstrate reasonable management steps.

This note presents information about the Consolidated Entity's exposure to material financial risks mentioned above and the objectives, policies and processes for measuring and managing these financial risks. Further quantitative disclosures are included throughout this note and this complete set of financial statements.

Risk Management Structure

Board:

The Board oversees and provides stewardship for Bank First through delegations, the risk appetite statement, corporate governance (including policies) and approving financial and market disclosures.

Board Risk Committee:

Oversees and provides advice and recommendation regarding the enterprise risk profile (current and future) relative to risk appetite and capital strength, on management strategies, particular risks or risk practices and management plans for managing material risks, arising from Bank First activities and on promoting and influencing the desired risk culture.

Board Audit Committee:

Oversees the integrity of the financial statement and reporting systems, statutory audit engagements, internal audit plan, compliance with and integrity of APRA reporting, and compliance and effectiveness of the risk management framework.

Enterprise Risk Committee (ERCO):

ERCO provides oversight and escalation authority for the management of non-financial risks including some Strategic, and all Operational risks. This includes approval of relevant Standards and endorsement of Policies prior to Board approval and proactive monitoring of material non-financial risks, issues management and risk maturity initiatives.

Asset & Liability Committee (ALCO):

ALCO provides oversight and escalation authority for the management of Financial Risks including Funding, Liquidity, capital and interest rate risk in the banking book. This includes approval of relevant Standards and endorsement of Policies prior to Board approval and proactive management of balance sheet risks by setting limits, monitoring exposures and implementing controls.

Credit Risk Committee (CRC):

CRC provides oversight and escalation authority for the management of credit risks in the loan portfolio. This includes the management framework encompassing strategies, policies processes and systems to identify, assess, measure, monitor, manage and report credit risk in the portfolio.

Internal Audit:

Risk management processes throughout the Consolidated Entity are audited regularly by Internal Audit as an independent third line of accountability function, examining both the effectiveness and the adequacy of the policies, process, procedures and controls and the Consolidated Entity's compliance with the procedures. Internal Audit discuss the results of all assessments with management and report their findings and recommendations to the Board Audit Committee. Independence of our Internal Audit function is facilitated through the function not performing any operational activities apart from those relating to running the internal audit team, as well as having a direct reporting line to the Chief Executive Officer and Chair, Board Audit Committee.

Risk & Compliance Management Function:

The Risk & Compliance functional team is responsible for developing, implementing and maintaining defined risk, compliance and governance related frameworks, and ensuring appropriate and effective policies, and procedures, providing a sound second line of accountability function, and for regular reporting to the Enterprise Risk Committee (ERCO), Board Risk Committee and Board Audit Committee, and advice to other governance forums.

Notes to the financial statements

For the year ended 30 June 2024

a. Credit risk management

Credit Risk is the potential for financial loss arising from the change in a member's or counterparty's ability to meet its contracted financial obligations.

The Consolidated Entity manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual and related counterparties, based on an assessment of counterparties ability to repay and value of any associated collateral, and by monitoring exposures in relation to such limits.

To manage, measure and mitigate credit risk, the Consolidated Entity has separate lending and credit control functions, which operate under Board approved risk appetite, delegated authorities and policies, and management approved procedures, that comply with the prudential standards issued by APRA, and responsible lending requirements issued by ASIC.

The major classes of financial assets that expose the Consolidated Entity to credit risk are loans to members (including undrawn and unused credit commitments), deposits and other investments with banks and other counterparties.

The fundamental principles that the Consolidated Entity applies to mitigate credit risk include:

- loans are extended to Members on the basis of a consistent and comprehensive credit assessment process;
- deposits and investments with banks and other counterparties are governed by limits based on their assessed credit risk, including external credit rating, and the type of investment product;
- Board approved delegated limits, approval levels, and policies, and management approved procedures. Policies are consistent with the prudential standards issued by APRA and the National Credit Code;
- regular monitoring of credit risk exposures once facilities have been approved;
- regular reporting of credit risk exposures to the Credit Risk Committee, Executive Management and the Board;
- an analysis of portfolio level risks and trends, including concentration risk, and large exposure risk; and
- credit hindsighting reviews.

(i) Exposure to credit risk

		Bank First		Consolidated Entity	
		30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
	Notes	**$000s**	**$000s**	**$000s**	**$000s**
Cash and cash equivalents	5	84,223	141,225	84,223	141,225
Trade and other receivables	6	188	-	227	46
Investments with banks	7	499,450	513,389	499,450	513,389
Investments with non-bank ADIs	7	20,131	20,104	20,131	20,104
Investments with government entities	7	44,673	-	44,673	-
Loans secured by real estate mortgages	8	2,966,094	2,886,101	2,966,094	2,886,101
Government guaranteed loans	8	-	15	-	15
Other loans and advances	8	32,666	35,004	32,666	35,004
Due from controlled entities	9	21,800	22,480	-	-
		3,669,225	**3,618,318**	**3,647,464**	**3,595,884**
Irrevocable credit commitments	19	446,483	449,903	446,483	449,903
Total credit risk exposure		**4,115,708**	**4,068,221**	**4,093,947**	**4,045,787**

(ii) Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty and the requirements of the Consolidated Entity's policies. Acceptability of different types of collateral and valuation parameters. Real estate mortgages are held for all loans classified as loans secured by real estate mortgages.

Goods mortgages are held as collateral over certain other loans and advances, primarily motor vehicle loans, totalling $14.0m (2023: $16.5m) but the realisable or fair value of the related assets is impracticable to determine.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. The credit risk on financial assets which have been recognised in the balance sheet, other than investments in shares, is generally the carrying amount, net of any provisions for impairment, and is shown gross before the effect of mitigation through use of collateral. Credit risk relating to investments is monitored and controlled by exposure limits to counterparties. These limits are determined by reference to third party credit ratings.

Loan receivables are largely secured by physical property and advanced on a conservative Loan to Value Ratio (LVR) portfolio allocation basis. Lenders Mortgage Insurance is generally taken out for any residential mortgages with a LVR in excess of 80%. At the end of the reporting period, the weighted average LVR (measured as current exposure divided by recorded collateral value) on mortgage loans is: 61.39% (2023: 61.81%). Accordingly, the financial effect of these measures is that remaining credit risk on loans receivable is very low. Some lending products are unsecured (e.g. personal loans). The Consolidated Entity manages its exposure to these unsecured products by making an internal assessment in relation to the credit quality of the customer, taking into account their financial position, past experience and other factors. For financial (liquid) investments, only those securities assessed as being of at least a satisfactory credit grade are accepted.

(iii) Concentration of Risk

The member loan portfolio of the Consolidated Entity does not include individual loans or groups of related loans that represent greater than 10% of capital. An analysis of the concentration of the loans and advances by geographic location is provided below.

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
Victorian residents	64%	67%	64%	67%
Other Australian and overseas residents	36%	33%	36%	33%
	100%	**100%**	**100%**	**100%**

(iv) Credit quality

Sensitivity of provisions for impairment to credit quality assessment

If 1% of Stage 1 credit exposures as at 30 June 2024 was transferred to Stage 2, provisions for impairment would increase by approximately $121k (30 June 2023: $105k).

(v) Credit risk exposure - investments with banks and other ADIs

		Bank First		Consolidated Entity	
Standard & Poor's or equivalent rating		**30-Jun 2024**	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
Long-term	**Short-term**	**$000s**	**$000s**	**$000s**	**$000s**
Banks					
AA- to AA	A1+	94,913	137,578	94,913	137,578
A- to A+	A2 to A1	100,516	142,612	100,516	142,612
BBB- to BBB+	A3 to A2	209,875	150,780	209,875	150,780
Unrated	Unrated	94,145	82,419	94,145	82,419
Government Entities					
AA to AA+	A1+	44,673	-	44,673	-
Other ADIs					
Unrated	Unrated	20,131	20,104	20,131	20,104
		564,253	**533,493**	**564,253**	**533,493**

By type of investment				
Negotiable certificates of deposit	161,998	138,089	161,998	138,089
Term deposits	20,131	20,104	20,131	20,104
Fixed rate notes and floating / variable rate notes	382,124	375,300	382,124	375,300
	564,253	**533,493**	**564,253**	**533,493**

Unrated investments are deposits held with counterparties that have not obtained an external rating with Moody's, Standard & Poors or similar rating agencies. These investments have been assessed and are considered an acceptable grade investment.

(vi) Ageing analysis of past due loans (Bank First and Consolidated Entity)

The table below shows the ageing analysis of past due and impaired loans (excluding loans under credit hardship arrangements) and is grouped according to credit risk exposure under AASB36.

		Past due days			
		0-30	**31-90**	**>90 days**	**Total**
	Note	**$000s**	**$000s**	**$000s**	**$000s**
2024					
Loans secured by real estate mortgages (Stage 2)		-	897	-	897
Other loans and advances (Stage 2)		-	180	-	180
Loans considered individually impaired (Stage 3)	8	-	-	43,126	43,126
		-	**1,077**	**43,126**	**44,203**
2023					
Loans secured by real estate mortgages (Stage 2)		-	490	-	490
Other loans and advances (Stage 2)		-	239	-	239
Loans considered individually impaired (Stage 3)	8	-	-	13,763	13,763
		-	**729**	**13,763**	**14,492**

b. Market risk - Interest rate risk

Market risk is the risk of losses arising from changes in market prices or interest rates. It arises from positions in interest rate, equities, foreign exchange, and commodities. The Consolidated Entity is subject to interest rate risk arising from timing mismatches between the repricing profile of its assets and liabilities.

The Consolidated Entity does not enter into or trade financial instruments for speculative purposes. All interest rate risk arises from non-traded interest rate risk in the banking book.

The Consolidated Entity takes a prudent approach to the management of IRRBB by managing within Board approved limits that aim to reduce the volatility of current and future earnings.

Management of Interest Rate Risk

The Consolidated Entity measures interest rate risk by monitoring the sensitivity of its assets and liabilities to a 2% parallel interest rate shock and manages exposures within the limits set by the Board. IRRBB is monitored and measured on a monthly basis against Board approved limits and reported to the Consolidated Entity's Asset and Liability Committee (ALCO).

During the year, the Consolidated Entity entered into Interest Rate Swaps to reduce the sensitivity of Net Interest Income of its assets and liabilities to changes in interest rates.

Sensitivity to interest rate risk

The Consolidated Entity also measures on a monthly basis the stress sensitivity of earnings to interest rate movements, utilising an Earnings at Risk (EaR) sensitivity calculation. The calculation involves the measuring of the static interest rate repricing gaps arising as a result of the varying interest rate repricing characteristics of assets and liabilities, and the impact over a 12 month period of an instantaneous parallel shift in interest rates.

The figures in the table below indicate the potential increase/decrease in net interest income from a 2% parallel shift up/down in the interest rate:

	Bank First and Consolidated Entity			
	Interest rate movement			
	Bank First		Consolidated Entity	
	2%	2%	-2%	-2%
	2024	2023	2024	2023
	$000s	$000s	$000s	$000s
Post Tax Earnings at risk	6,388	6,462	(6,452)	(7,339)

c. Liquidity risk

Liquidity risk is the risk that the Consolidated Entity encounters difficulty in meeting obligations from its financial liabilities as they fall due or a loss on converting assets to cash to meet such obligations. These financial obligations include repayment of demand deposits, repayment of term deposits at maturity, repayment of wholesale funding and interest on borrowings.

The Consolidated Entity's approach to management of liquidity risk is to ensure it has sufficient liquidity to meet its financial obligations under both normal conditions and stressed conditions. The Board has implemented policies and limits to monitor and manage liquidity risk. The Consolidated Entity measures and reports liquidity risk on both a daily and monthly basis.

The Consolidated Entity is a Minimum Liquidity Holding (MLH) ADI and is required by APRA to hold a minimum level of liquid assets against total adjusted liabilities. The Consolidated Entity's Board has set an internal limit above APRA's minimum MLH and operates both trigger levels and management targets above the Board limit. The MLH ratio at 30 June 2024 was 15.80% (2023: 16.14%).

The key controls and liquidity risk mitigation strategies of the Consolidated Entity include:

- Daily monitoring and reporting of liquidity and exposures, including MLH
- Maintaining a portfolio of liquid assets that can be readily converted into cash
- Maintaining liquidity buffers and funding capacity to meet unexpected flows under both normal conditions and periods of disruption
- Implementation of a prudent funding plan that ensures funding diversity and access to a variety of funding sources
- Monitoring of early warning indicators for liquidity risk
- Maintaining a contingency funding plan and retail run plan designed to ensure the Consolidated Entity can meet liquidity requirements under stressed conditions.

Maturity profile of financial liabilities

The maturity profile is measured on a daily basis by monitoring the mismatch of maturing assets against maturing liabilities within the prescribed maturity buckets. The gross nominal outflow disclosed below is the contractual, undiscounted cash flow on the financial liability. The balances include the expected interest payable on maturity. As an ADI, the Bank is a regulated entity, and it is required to have a strong control environment in relation to managing liquidity risk. Furthermore, the Bank produces and submits extensive regular reporting in relation to liquidity to APRA.

Bank First and Consolidated Entity do not expect the majority of Members to request repayment on the earliest date that Bank First and Consolidated Entity could be required to pay, and the tables do not reflect the expected cash flows indicated by Bank First and Consolidated Entity's deposit retention history.

	On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	> 5 years	Total
	$000s	$000s	$000s	$000s	$000s	$000s	$000s
Bank First							
2024							
Deposits and other borrowings	2,051,316	276,445	499,738	550,566	25,167	-	3,403,232
Trade and other payables		13,043	159	888	4,493	6,199	24,782
	2,051,316	**289,488**	**499,897**	**551,454**	**29,660**	**6,199**	**3,428,014**
2023							
Deposits and other borrowings	2,023,260	267,712	479,043	560,130	38,446	0	3,368,591
Trade and other payables	0	11,049	148	682	4,335	7,484	23,698
	2,023,260	**278,761**	**479,191**	**560,812**	**42,781**	**7,484**	**3,392,289**
Consolidated Entity							
2024							
Deposits and other borrowings	2,050,468	276,445	499,738	550,565	25,167	0	3,402,383
Trade and other payables	0	11,716	15	69	473	1,170	13,443
	2,050,468	**288,161**	**499,753**	**550,634**	**25,640**	**1,170**	**3,415,826**
2023							
Deposits and other borrowings	2,087,188	265,866	458,934	515,710	38,446	0	3,366,144
Trade and other payables	0	11,031	14	62	428	1,305	12,840
	2,087,188	**276,897**	**458,948**	**515,772**	**38,874**	**1,305**	**3,378,984**

The assets profile including loan portfolio is consistent with liabilities profile.

Maturity profile of commitments

The table below shows the contractual expiry of Bank First and Consolidated Entity credit commitments. The contractual expiry of Bank First and Consolidated Entity lease commitments is detailed in note 19(d). The Consolidated Entity does not expect all of the commitments to be drawn before the expiry of the commitments.

Credit Commitments	2024	2023
	$000s	$000s
Approved but undrawn loans	69,826	57,162
Undrawn line of credit and credit card commitments	69,918	70,876
Loans available for redraw	376,657	392,741
	516,401	**520,779**

Geographic concentration of members' deposits

	Bank First		Consolidated Entity	
	30-Jun 2024	**30-Jun 2023**	**30-Jun 2024**	**30-Jun 2023**
Victorian residents	92%	91%	92%	91%
Other Australian and overseas residents	8%	9%	8%	9%
	100%	**100%**	**100%**	**100%**

Concentration of Financial Liability Risk

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

23. Fair value measurement

According to AASB 13 'Fair Value Measurement', fair value is a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market at measurement date.

The best evidence of fair value is a quoted market price in an active market. Where no quoted market price for an instrument is available, the fair value is based on present value estimates or other valuation techniques based on current market conditions. These valuation techniques rely on market observable inputs wherever possible, or rely on inputs which are reasonable assumptions based on market conditions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Trade receivable and payable are measured at amortised cost. The carrying value approximates their fair value.

	Amortised Cost		Fair Value	
Consolidated Entity	**2024**	**2023**	**2024**	**2023**
	$000s	**$000s**	**$000s**	**$000s**
Loans	2,994,923	2,919,026	2,990,289	2,897,413
Deposits	3,402,383	3,366,144	3,402,683	3,368,597

Notes to the financial statements

For the year ended 30 June 2024

	Carrying amount	Level 1	Level 2	Level 3	Total
Consolidated Entity	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
2024					
(i) Assets					
Land and buildings	36,500	-	-	36,500	36,500
Investment	566,063	-	560,877	1,967	562,844
Derivative financial instruments	-	-	-	-	-
Total assets	**602,563**	**-**	**560,877**	**38,467**	**599,344**
(ii) Liabilities					
Derivative financial instruments	885	-	885	-	885
Total liabilities	**885**	**-**	**885**	**-**	**885**

	Carrying amount	Level 1	Level 2	Level 3	Total
	$000s	**$000s**	**$000s**	**$000s**	**$000s**
2023					
(i) Assets					
Land and buildings	38,524	-	-	38,524	38,524
Investment	535,545	-	568,788	2,232	571,020
Derivative financial instruments	1,465	-	1,465	-	1,465
Total assets	**575,534**	**-**	**570,253**	**40,756**	**611,009**
(ii) Liabilities					
Derivative financial instruments	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**

	Carrying amount	Level 1	Level 2	Level 3	Total
Bank First	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
2024					
(i) Assets					
Investment	570,100	-	560,877	1,967	562,844
Due from controlled entities	21,800	-	-	21,800	21,800
Derivative financial instruments	-	-	-	-	-
Total assets	**591,900**	**-**	**560,877**	**23,767**	**584,644**
(ii) Liabilities					
Derivative financial instruments	885	-	885	-	885
Total liabilities	**885**	**-**	**885**	**-**	**885**

	Carrying amount	Level 1	Level 2	Level 3	Total
	$000s	$000s	$000s	$000s	$000s
2023					
(i) Assets					
Investment	539,401	-	568,788	2,232	571,020
Due from controlled entities	22,480	-	-	22,480	22,480
Derivative financial instruments	1,465	-	1,465	-	1,465
Total assets	**563,346**	**-**	**570,253**	**24,712**	**594,965**
(ii) Liabilities					
Derivative financial instruments	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**

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

(a) Investment: Fair value for investments is determined by reference to the current market value of the instrument and is calculated based on the expected cash flows of the underlying assets. With 1 basis point downward shift on interest rate, the market value movement is $-12k (2023: $-9k).

(b) Derivative financial instruments: Fair value for derivative financial instruments is determined by reference to the current market value of the instrument.

(c) Other assets: Indue Ltd shares are measured based on Indue Ltd internal valuation. This is the best available information to determine the fair value of the shares agreed by the management.

(d) Land and buildings: The valuation methodologies are detailed in Note 11.

24. Regulatory Capital

The regulatory capital requirements of Bank First comprises Victoria Teachers Limited and its APRA approved subsidiary (as an Extended Licence Entity), effectively the Consolidated Entity.

Common Equity Tier 1 (CET1) Capital comprises the highest quality components of Capital. For Bank First and Consolidated Entity Tier 1 Capital is primarily comprised of retained 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 ADI and its capacity to absorb losses. Tier 2 Capital is primarily comprised of the collective provision for credit losses.

The capital ratio can be affected by growth in assets relative to growth in retained earnings and by changes in the quality and mix of assets. The Consolidated Entity manages capital through reviewing the ratio monthly and monitoring major movements in asset levels. Further, capital projections are undertaken to assess how strategic decisions or trends may impact on the level of capital.

The primary objectives of the Consolidated Entity's capital management plan are to ensure that the Consolidated Entity complies with APRA's capital requirements and that the Consolidated Entity maintains sound capital ratios in order to manage its business risks and to maximise Member value.

The Consolidated Entity manages its internal capital levels for both current and future activities by conducting an Internal Capital Adequacy Assessment Process (ICAAP) and maintaining a Capital Management Plan. The plan addresses the capital requirements prescribed by APRA, the strategy for managing capital resources over time, a capital target, how the required capital requirement is to be met and actions and procedures for monitoring compliance with minimum capital adequacy requirements. The capital strategy primarily focuses on building accumulated retained earnings.

Capital adequacy is determined as a ratio of the capital base to the Consolidated Entity's risk weighted exposures. Risk weighted exposures comprises all assets and certain other credit commitments, discounted by regulatory prescribed factors as appropriate, to reflect the lower risk profile of certain assets and commitments. APRA requires all regulated entities, including the Consolidated Entity to also include an amount of capital to recognise exposure to operational risk.

Notes to the financial statements

For the year ended 30 June 2024

The Consolidated Entity's regulatory capital comprises the following:

	30-Jun 2024	30-Jun 2023
	$000s	**$000s**
Comprehensive income & other reserves	261,146	256,978
Current year retained earnings	10,095	6,692
Common Equity Tier 1 Capital (CET1) before regulatory adjustments	**271,241**	**263,670**
Capitalised expenses and intangibles	(6,541)	(7,005)
Cash flow hedge	611	(1,001)
Equity exposures to other financial institutions	(1,967)	(2,232)
Common Equity Tier 1 Capital (CET1)	**263,344**	**253,432**
Tier 1 Capital	263,344	253,432
Total Tier 2 Capital	2,325	1,922
Total Regulatory Capital	**265,669**	**255,354**
Risk weighted exposures	**1,591,078**	**1,554,583**
Capital adequacy ratio (%)	**16.70**	**16.43**

During the year, Bank First and the Consolidated Entity has complied in full with all capital requirements and met its capital targets.

25. Consolidated entity disclosure statement

		Body corporate		Tax residency	
Entity name	**Entity type**	**Place formed or incorporated**	**% of share capital held**	**Australian or foreign**	**Foreign jurisdiction**
Victoria Teachers Limited	Body corporate	Australia	N/A	Australian	N/A
VTMB Properties Pty Ltd	Body corporate	Australia	100%	Australian	N/A

26. Events after the reporting period

There are no transactions or events of a material nature likely, in the opinion of the Directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in subsequent financial years.

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Independent Auditor's Report to the Members of Victoria Teachers Limited

Opinion

We have audited the financial report of Victoria Teachers Limited trading as Bank First (the "Company") and its subsidiaries (the "Group") which comprises the Group and the Company's statement of financial position as at 30 June 2024,the consolidated Entity's statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration and the Consolidated Entity Disclosure Statement.

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

- Giving a true and fair view of the Group's and the Company 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 Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, 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's and Company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial 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 Report

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial 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 this financial report.

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 report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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.

Deloitte.

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

Lani Cockrem

Lani Cockrem
Partner
Chartered Accountants

Melbourne,17 September 2024

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AFSL/Australian Credit Licence Number 240 960

RECYCLED CONTENT
FOREST MANAGEMENT
RENEWABLE ENERGY
ECF ELEMENTAL CHLORINE FREE
EMS ENVIRONMENTAL MANAGEMENT SYSTEMS
ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEMS