

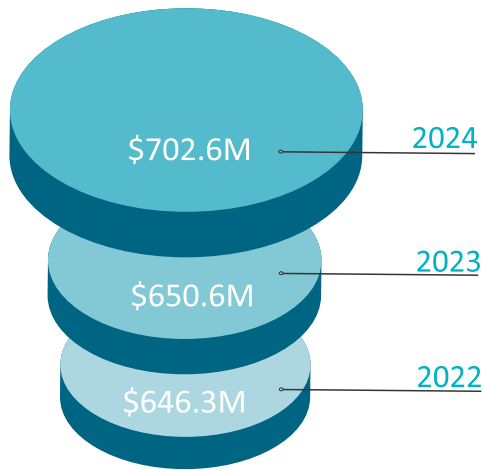
2024

Annual REPORT



Horizon Bank

FINANCIAL HIGHLIGHTS



TOTAL ASSETS
8.00%
Growth

MEMBER EQUITY
7.11%
Growth



LOAN BALANCES **0.96%**
Growth

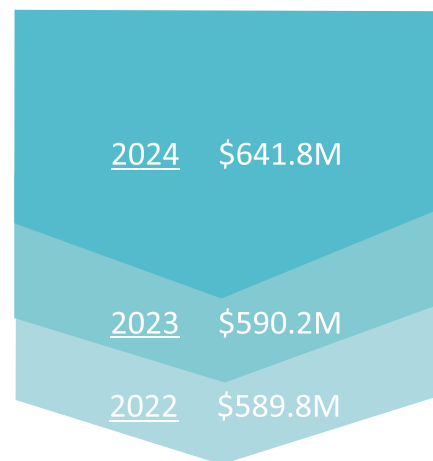


CAPITAL ADEQUACY



MEMBERS

18,167



TOTAL DEPOSITS
8.73%
Growth

Chair and CEO Report

Horizon is pleased to present its Annual Report for the 2023/2024 (FY24) financial year. This Report contains yet another year of strong financial results, complemented by a continuing focus on our communities, an expansion of Horizon's branch network and ongoing investment in technology.

Once again, the year has been a testament to Horizon's commitment to our members and the community, highlighted by the opening of a full time branch in Berry thereby restoring banking services to this thriving community.



Viktor Tomeski, Chair



Jon Stanfield, CEO

The closure of banking services by the major banks has been just one of several challenges faced by regional communities in the current environment. Cost of living pressures, higher mortgage rates and an acute shortage of affordable housing have adversely affected communities in the Illawarra and NSW South Coast. In times such as this the ability of consumers to communicate directly & personally with their bank is more important than ever, but sadly this is becoming increasingly difficult to do.

Horizon's commitment to our members and the community remains at the forefront of everything we do. We believe in fostering strong relationships and providing personalised banking services that assist members achieve their goals. As a customer owned bank, we are dedicated to enhancing the well-being of the communities we serve, ensuring that our impact is both meaningful and sustainable.

Financial Results

In FY24 Horizon recorded a Net Profit after Tax of \$3.182m, which was 0.2% higher than FY23. The level of profit generated by Horizon reflects a balance between providing strong value to our members and preserving necessary level of capital reserves for regulatory purposes. Assets grew by 8.0% driven by an 8.7% increase in member deposits, whilst loans grew by a more modest 1.0%, closing the year at \$523.2m.

Strategic Plan Review & Update

Horizon conducted an extensive review & update of its Strategic Plan in May 2024. This plan builds upon previous successes and sets a course for ongoing financial sustainability & delivering exceptional benefits to our members. By focusing on operational efficiency, innovative product offerings, and member engagement, we are positioning ourselves for long-term growth while ensuring our members receive the highest level of service & value.

Technology Upgrades

In conjunction with continuing to maintain a physical branch network, Horizon recognises the importance of investing in our digital capabilities. In 2023/24 we have implemented significant upgrades to our technology infrastructure, most notably to our Internet Banking and Banking App services. These upgrades ensure that members can access their accounts & manage their finances conveniently and securely, and also provides a platform upon which future upgrades will be delivered to members.

Enhanced Member Protection

In response to the increasing prevalence of scams, Horizon has prioritised the safety of our members. We have continued to invest in fraud monitoring systems, implemented additional controls for higher risk payments and ensured that members are informed of scam trends and threats. Through our membership of the Customer Owned Banking Association (COBA), Horizon is a participant in the Scam-Safe Accord which includes a range of measures to help protect consumers.

Berry Branch Opening

In an era in which regional communities are being deserted by the major banks, Horizon was proud to open its 10th branch in Berry in July 2023. Berry residents, businesses and visitors have been deprived of banking services following the closure of the NAB branch in 2022, and following extensive due diligence Horizon elected to fill this void with a full time branch and ATM. We are thrilled to report that the response from the Berry community has been emphatic – with key success metrics exceeding expectations.

Community Grants Program

Horizon Bank was proud to launch its Community Grants Program in 2022/23, and this continued in 2023/24 with a further \$50,000 being distributed across 11 community based organisations in the Illawarra, Shoalhaven, Eurobodalla and Bega Valley. Grant recipients in the past financial year included Panboola Wetlands & Heritage Club, Eden Mountain Bike Club and Kidzfix.

Looking Ahead

In closing we thank Horizon Directors, Management and Staff for their outstanding contributions to our many successes in 2023/24. Horizon is essentially a 'people' business, and we continue to believe that the ability for Horizon members to have person-to-person interactions with our staff is one of our most significant competitive advantages.

Finally, and most importantly, we thank Horizon members for their support and trust. We are honoured that over 18,200 members now bank with Horizon, and we look forward to another year of success & growth in 2024/25.



Viktor Tomeski
Chair



Jon Stanfield
Chief Executive Officer



Directors' Report

Your Directors present their report on the credit union for the financial year ended 30 June 2024.

The credit union is a company registered under the Corporations Act 2001.

Information on Directors

The names of the directors in office at any time during or since the end of the year are: -

Name	Qualifications	Experience	Current Responsibilities
Viktor Tomeski	B Com (Hons), FCPA, GAICD, MBA	Director – Apr 2021 to Present	Chair of the Board Chair of the Corporate Governance Committee Member of the Remuneration Committee
Mark Crowther	B Com, GAICD	Director – Oct 2013 to Present	Chair of the Audit Committee Member of the Risk Committee
Jacqueline Fitzgerald	B Com, B Law	Director – Apr 2023 to Present	Member of the Audit Committee Member of the Risk Committee
Elisha Gilmour	B Law, B Sci., GDLP	Director – Apr 2021 to Present	Chair of the Remuneration Committee Member of the Corporate Governance Committee
Jason Hall	ANZIIF (Fellow) CIP, B Bus, CPRM, GAICD	Director – Oct 2014 to Present	Chair of the Risk Committee Member of the Audit Committee
Maree Kerr	GAICD	Director – Oct 2012 to Present	Member of the Corporate Governance Committee Member of the Remuneration Committee
Nick Scavarelli	B Com, MAICD	Director – Apr 2021 to Present	Member of the Audit Committee Member of the Risk Committee

The name of the Company Secretary in office at the end of the year is: -

Name	Qualifications	Experience
Jon Stanfield	B Ec., ACA	Chief Executive Officer

Directors' meeting attendance

Director	Board Meetings		Committee Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended
Viktor Tomeski	13	12	4	4
Mark Crowther	13	13	12	12
Jacqueline Fitzgerald	13	12	10	10
Elisha Gilmour	13	13	4	4
Jason Hall	13	10	10	10
Maree Kerr	13	13	5	5
Nick Scavarelli	13	12	10	10

Directors' Benefits

No Director has received or become entitled to receive during, or since the financial year, a benefit because of a contract made by the credit union, controlled entity, or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest, other than that disclosed in Note 32 of the financial report.

Indemnifying Officer or Auditor

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

No insurance cover has been provided for the benefit of the auditors of the credit union.

Financial Performance Disclosures

Principal Activities

The principal activities of the credit union during the year were the provision of retail financial services to members in the form of taking deposits and giving financial accommodation as prescribed by the constitution.

No significant changes in the nature of these activities occurred during the year.

Operating Results

The net profit of the credit union for the year after providing for income tax was \$3.182m [2023 \$3.177m].

Dividends

No dividends have been paid or declared since the end of the financial year and no dividends have been recommended or provided for by the Directors of the credit union.

Review of Operations

The results of the credit union's operations from its activities of providing financial services to its members similar to the previous year. An increase in the Net Interest Margin was more than offset by increases in operating costs throughout the year.

Significant Changes in State of Affairs

There were no significant changes in the state of the affairs of the credit union during the year.

Events occurring after the reporting period

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations, or state of affairs of the credit union in subsequent financial years.

Likely Developments and Results

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

- (i) The operations of the credit union;
- (ii) The results of those operations; or
- (iii) The state of affairs of the credit union.

Auditors' Independence

The auditors have provided the following declaration of independence to the Board as prescribed by the Corporations Act 2001 as set out on page 6.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Director



Director

Signed and dated this 25 September 2024



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AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF HORIZON CREDIT UNION LIMITED

Auditors' Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024, there have been:

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

A handwritten signature in black ink that reads 'PKF'.

PKF

A handwritten signature in black ink that reads 'P. Pearman'.

PAUL PEARMAN
PARTNER

25 SEPTEMBER 2024
SYDNEY, NSW

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HORIZON CREDIT UNION

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Horizon Credit Union Limited (the Credit Union), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies, the consolidated entity disclosure statement and the directors' declaration.

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

- (a) Giving a true and fair view of the Credit Union's financial position as at 30 June 2024, and of its financial performance for the year then ended; and
- (b) Complying with the Australian Accounting Standards and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Credit Union in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Credit Union's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Other Information (cont'd)

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial 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 Credit Union's internal control.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Credit Union'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 Credit Union 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.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



PKF



PAUL PEARMAN
PARTNER

25 SEPTEMBER 2024
SYDNEY, NSW

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Revenue			
Interest revenue	2a	32,606	23,159
Interest expense	2c	(16,201)	(7,875)
Net interest income		16,405	15,284
Fees, commission and other income	2b	1,975	2,007
		<u>18,380</u>	<u>17,291</u>
Non-interest expenses			
Impaired losses on loans receivable from members	2d	(103)	(357)
Fee and commission expenses		(1,742)	(1,572)
General administration			
- Employee costs		(6,508)	(5,779)
- Depreciation and amortisation	2e	(499)	(354)
- Information technology		(2,127)	(1,729)
- Office occupancy		(1,028)	(682)
- Other administration		(553)	(516)
Other operating expenses		(1,704)	(1,565)
Total non-interest expenses		<u>(14,264)</u>	<u>(12,554)</u>
Profit before Income Tax		4,116	4,737
Income Tax Expense	3	(934)	(1,560)
Profit for the year		3,182	3,177
Other comprehensive income			
Surplus on revaluation of land and building, net of tax		-	-
Surplus (Deficit) on revaluation of Cuscal shares, net of tax		104	358
Total comprehensive income for the period		3,286	3,535

The above statement should be read in conjunction with the attached notes

Statement of Changes in Member Equity

for the year ended 30 June 2024

	Note	Share Redemption Reserve \$'000	General Reserve for Credit Losses \$'000	Asset Revaluation Reserve \$'000	Transfer of Business Reserve \$'000	Retained Earnings \$'000	Total \$'000
Total at 1 July 2022		162	-	3,526	8,487	30,062	42,237
Net Profit for the year		-	-	-	-	3,177	3,177
Transfers to (from) Reserves	2	-	-	(895)	-	1,669	776
Total as at 30 June 2023		164	-	2,631	8,487	34,908	46,190
Net Profit for the year		-	-	-	-	3,182	3,182
Transfers to (from) Reserves	3	-	-	104	-	(3)	104
Total as at 30 June 2024		167	-	2,735	8,487	38,087	49,476

The above statement should be read in conjunction with the attached notes

Statement of Financial Position

as at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Assets			
Cash and cash equivalents	4	8,068	6,846
Liquid investments	5	159,420	114,701
Receivables	6	1,739	1,931
Prepayments		202	187
Loans to members	7 & 8	523,222	518,374
Investments	9	1,991	1,852
Property, plant and equipment	10	4,831	4,803
Intangible assets	11	446	298
Taxation assets	12	995	643
Right of use assets	13	1,689	912
Total Assets		702,603	650,547
Liabilities			
Borrowings	14	-	6,688
Deposits from members	15	641,767	590,240
Payables	16	10,014	5,761
Taxation liabilities	17	1,142	1,560
Provisions	18	205	108
Total Liabilities		653,128	604,357
Net Assets		49,475	46,190
Members Equity			
Share redemption reserve	19	167	164
Asset revaluation reserve	20	2,735	2,631
Transfer of business reserve	21	8,487	8,487
Retained earnings	22	38,086	34,908
Total Members Equity		49,475	46,190

The above statement should be read in conjunction with the attached notes

Statement of Cash Flows

for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Operating Activities			
Inflows			
Interest received		32,207	22,622
Fees and commissions		2,339	1,475
Dividends Received		95	71
Other income		113	200
Outflows			
Interest paid		(16,201)	(7,875)
Suppliers and employees		(10,173)	(9,789)
Income taxes (paid)		(1,669)	(1,090)
Net Cash from Revenue Activities		6,711	5,614
Inflows (outflows) from other operating activities			
Decrease (Increase) in Member loans (net movement)		(4,950)	1,598
Increase in Member deposits and shares (net movement)		51,528	412
(Increase) Decrease in receivables from financial institutions (net movement)		(44,719)	(5,414)
Net Cash from Operating Activities	37b	8,570	2,210
Investing Activities			
Inflows			
Proceeds on sale of property, plant and equipment		49	1,890
Less: Outflows			
Purchase of intangible assets		(293)	(253)
Purchase of property, plant and equipment		(416)	(494)
Net Cash (used in) provided by Investing Activities		(660)	1,143
Financing Activities			
Inflows			
Increase (Decrease) in borrowings (net movement)		(6,688)	(2,500)
Net Cash from (used in) Financing Activities		(6,688)	(2,500)
Total Net Cash increase/(decrease)		1,222	853
Cash at Beginning of Year		6,846	5,993
Cash at End of Year	37a	8,068	6,846

The above statement should be read in conjunction with the attached notes

1. Statement of Material Accounting Policies

The financial report is prepared for Horizon Credit Union Limited (trading as Horizon Bank) as a single entity, for the year ended the 30 June 2024. The report was authorised for issue on 25 September 2024 in accordance with a resolution of the Board of Directors. The financial report is presented in Australian dollars. The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards ensures compliance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). Horizon Credit Union Limited is a for-profit entity for the purpose of preparing the financial statements.

a. Changes in material accounting policies

There were no significant changes to accounting policies during the year. A number of new standards, amendments to standards and interpretations are effective from annual periods beginning after 1 January 2024 have not been applied in preparing this financial report. The credit union's assessment of the impact of these new standards and interpretations is that these are not significant and not likely to impact the financial report and as such have not been reported on.

b. Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the Australia Taxation Office (ATO). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of Non-current assets

Revenue from the disposal of assets is recognised when title passes from the credit union to the purchaser. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Dividends

Dividend income is recognised on the date the credit union's right to receive payment is established.

Interest income

Interest income is recognised in the profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective interest rate, the credit union estimates future cash flows considering all contractual terms of the financial instruments, but not future credit losses.

Term loans - The loan interest is calculated on the basis of the daily balance outstanding and is charged in arrears to a member's account on the last day of each month.

Overdraft - The loan interest is calculated initially on the basis of the daily balance outstanding and is charged in arrears to a member's account on the last day of each month.

Credit cards – the interest is calculated initially on the basis of the daily balance outstanding and is charged in arrears to a members account on the 28th day of each month, on cash advances and unpaid purchases at the payment due date. Purchases are granted up to 55 days interest free until the due date for payment which is the 21st day of the following month.

Non-accrual loan interest – while still legally recoverable, interest is not brought to account as income when the credit union is informed that the member has deceased, or where a loan is impaired.

Loan origination fees

Loan establishment fees are initially deferred as part of the loan balance, and are brought to account as income over the expected life of the loan as interest revenue.

Transaction costs

Transaction costs are expenses which are direct and incremental to the establishment of the loan. These costs are initially deferred as part of the loan balance, and are brought to account as a reduction to income over the expected life of the loan, and included as part of interest revenue.

Fees on loans

The fees charged on loans after origination of the loan are recognised as income when the service is provided or costs are incurred, with the exception of fixed rate loan renegotiation fees. Fees charged to members who break their fixed rate loan contract and continue to hold the loan with either a variable interest rate or renegotiated fixed rate, are recognised over the remainder of the fixed rate period.

1. Statement of Accounting Policies (Continued)

Other revenue

Fee, commission and other revenue is recognised when the service is completed, or when the fee in respect of services provided is receivable.

c. Financial assets and liabilities

Loan impairment

AASB 9 requires the use of forward-looking information to recognise expected credit losses – the ‘expected credit loss model’ (ECL). Instruments within the scope of the new requirements include loans and advances and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

A broader range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, three distinction stages of impairment are made:

- Stage 1 - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (performing loans);
- Stage 2 - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (underperforming loans); and
- Stage 3 - covers financial assets that have objective evidence of impairment (loans in default/non-performing) at the reporting date.

Measurement of ECL

‘12 month expected credit losses’ are recognised in the first stage while ‘lifetime expected credit losses’ are recognised in the second stage. Measurement of the expected credit losses is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due in accordance with the contract and the cash flows expected to be received);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due if the commitment is drawn down and the cash flows expected to be received; and
- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts expected to be recovered.

Note 23C details the credit risk management approach for loans.

Credit-impaired financial assets

At each reporting date, the credit union assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance on terms that would otherwise not be considered;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

Presentation of allowance for ECL in the Statement of Financial Position

Loss allowances for ECL are presented in the Statement of Financial Position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision; and
- Where a financial instrument includes both a drawn and undrawn component, and ECL cannot be identified on the loan commitment component separately from those on the drawn component, a combined loss allowance for both components is presented. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

1. Statement of Accounting Policies (Continued)

Write-off

Loans and debt securities are written off, either partially or in full, when there is no realistic prospect of recovery. This is generally the case when it is determined the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the procedures for recovery of amounts due.

Financial assets and liabilities

Financial assets and liabilities are recognised when the credit union becomes a party to the contractual provisions of the financial instrument and are measured initially at cost adjusted by transaction costs, except for those carried at fair value through the profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and measurement of financial liabilities

Financial liabilities include borrowings, member deposits and other payables. They are initially measured at fair value, and where applicable, adjusted for transaction costs unless the credit union designated a financial liability at fair value through the profit and loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in the profit and loss.

All interest related charges and if applicable, changes in an instrument's fair value that are reported in profit and loss are included within interest or non-interest expenses.

Classification of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Amortised cost
- Fair value through profit and loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that recognised in profit or loss are presented within net interest income, fees commissions and other income or non-interest expenses.

Classifications are determined by both:

- The credit union's business model for managing the financial asset, and
- The contractual cash flow characteristics of the financial assets.

Subsequent measurement of financial assets

Financial assets at amortised costs

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as a FVPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Cash, cash equivalents and trade receivables fall into this category of financial instruments as well as negotiable certificates of deposit (NCDs), floating rate notes (FRNs) and bonds.

Financial assets at Fair Value through Profit or Loss (FVPL)

Financial assets that are within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as fair value through profit or loss. Irrespective of the business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL.

1. Statement of Accounting Policies (Continued)

Fair Value through Other Comprehensive Income (FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities such as shares in Cuscal Ltd and TAS Ltd.

Loans to members

Loans to members in the Statement of Financial Position include loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the credit union does not intend to sell immediately or in the near term.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the credit union changes its business model for managing financial assets. There were no changes to any of the credit union business models during the current year (2023: Nil).

d. Property, plant and equipment

Land and buildings have been revalued as at the following dates less accumulated depreciation:

- Stewart Street as at 30 June 2022

Property plant and equipment, with the exception of freehold land, is depreciated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to the credit union. Estimated useful lives are as follows:

- Buildings – 16 to 40 years.
- Leasehold Improvements – 8 to 10 years.
- Plant and Equipment – 3 to 7 years.
- Assets less than \$300 are not capitalised.

e. Receivables from other financial institutions

Term deposits, Floating Rate Notes and Negotiable Certificates of Deposit with other financial institutions are unsecured and have a carrying amount equal to their principal amount. Interest is paid on the daily balance at maturity or on an annual basis if invested longer than 12 months. All deposits are in Australian currency.

The accrual for interest receivable is calculated on a proportional basis of the expired period of the term of the investment. Interest receivable is included in the amount of receivables in the Statement of Financial Position.

f. Equity investment and other securities

Investments in shares are classified as fair value through other comprehensive income (FVOCI).

Investments in shares that do not have a ready market and are not capable of being reliably valued are recorded at the assessed fair value amount.

All investments are in Australia currency.

g. Member deposits

Basis for measurement

Member savings and term investments are quoted at the aggregate amount payable to depositors as at 30 June 2024.

Interest payable

Interest on savings is calculated on the daily balance and posted to the accounts periodically, or on maturity of the term deposit. Interest on savings is brought to account on an accrual basis in accordance with the interest rate terms and conditions of each savings and term deposit account as varied from time to time. The amount of the accrual is shown as part of amounts payable.

1. Statement of Accounting Policies (Continued)

h. Borrowings

All borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the loans and borrowings using the effective interest method.

i. Payables / employee entitlements

Provision is made for the credit union's liability for employee benefits arising from services rendered by employees to balance date.

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the credit union expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the credit union does not expect all annual leave for all employees to be used wholly within 12 months of the end of the reporting period. Annual leave liability is still presented as a current liability for presentation purposes under AASB 101 *Presentation of Financial Statements*.

Provision is made for the credit union's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year, have been measured at their nominal amount.

Provision for long service leave is determined on a pro-rata basis from commencement of employment measured at the present value of the estimates future cash outflows discounted using corporate bond rates.

Annual leave is accrued in respect of all employees on a pro-rata entitlement for a part year of service and leave entitlement due but not taken at reporting date.

Contributions are made by the credit union to an employee's superannuation fund and are charged as expenses when incurred.

j. Leases

At inception of a contract, the credit union assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves assessment of whether:

- The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The credit union has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The credit union has the right to direct the use of the asset i.e. decision-making rights in relation to changing how and for what purpose the asset is used.

Lessee Accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the credit union recognises a right-of-use asset and associated lease liability for the lease term. As the credit union believes it is reasonably certain that the option will be exercised, the lease term includes extension periods.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined, the credit union's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the credit union's assessment of lease term.

Where the lease liability is measured, the right-of-use asset is adjusted to reflect the remeasurement or the remeasurement is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1. Statement of Accounting Policies (Continued)

j. Leases (Continued)

Exceptions to lease accounting

The credit union has chosen to apply the exceptions to lease accounting to both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The credit union recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

k. Income Tax

The income tax expense shown in the Statement of Profit or Loss and Other Comprehensive Income is based on the operating profit before income tax adjusted for any non-tax deductible, or non-assessable items between accounting profit and taxable income. Deferred tax assets and liabilities are recognised using the Statement of Financial Position liability method in respect of temporary differences arising between the tax bases of assets or liabilities and their carrying amounts in the financial statements. Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and liabilities are recognised for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. These differences have been assessed at the rate of 25%.

Deferred tax assets are only brought to account if it is probable that future taxable amounts will be available to utilise those temporary differences. The recognition of these benefits is based on the assumption that no adverse change will occur in income tax legislation; and the anticipation that the credit union will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be obtained.

l. Intangible assets

Items of computer software that are not integral to the computer hardware owned by the credit union are classified as intangible assets.

Computer software held as intangible assets is amortised over the expected useful life of the software. These lives range from 1 to 3 years.

m. Goods and services tax

As a financial institution the credit union is input taxed on all income except income from commissions and some fees. An input taxed supply is not subject to goods and services tax (GST) collection, and similarly the GST paid on purchases cannot be recovered. As some income is charged GST, the GST on purchases is generally recovered on a proportionate basis. In addition certain prescribed purchases are subject to Reduced Input Tax Credits, of which 75% of the GST paid is recoverable.

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

Receivables and payables are stated with the amount of GST included where applicable GST is collected. The net amount of GST recoverable from, or payable to the ATO is included as an asset or liability in the Statement of Financial Position. Cashflows are included in the statement of cashflows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to the Australian Taxation Office, are classified as operating cashflows.

n. Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

o. Transfer of business

Business transfers are accounted for using the acquisition method as at the acquisition date. The identifiable assets and liabilities of the transferee are recognised at their fair value at acquisition date and held in a Transfer of Business Reserve. The balance of the reserve is from the merger with Lysaght Credit Union in FY21. The balance is not impaired and continues to be fairly stated.

1. Statement of Accounting Policies (Continued)

p. Accounting estimates and judgements

Management have made accounting estimates when applying the credit union's accounting policies with respect to the valuation of land and building. In accordance with AASB 13 fair value for land and buildings should be based on the highest and best use and should take into account a number of factors including physical characteristics such as location or size, any legal restriction such as zoning and financial feasibility, recent sales evidence for comparable properties, and overall market conditions.

Various models and assumptions are used in measuring fair value of financial assets such as Cuscal shares. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of price risk and factors such as sales evidence, dividend history, price earning multiple and overall market conditions.

Management have also made significant judgements with respect to the calculation of expected credit loss (ECL) allowance, including the impact of higher inflation and living expenses, rising interest rates, possible downturn in employment and possible decline in property values. Key areas of judgement to be considered under the AASB 9 standard include:

- Recognition of credit losses based on "Stage 1" 12 month expected losses and "Stage 2" and "Stage 3" lifetime expected credit losses;
- Determining criteria for significant increase in credit risk: an asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the credit union takes into account qualitative and quantitative reasonable and supportable forward looking information.
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL: when ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics.

Refer to **note 8** for further details.

q. New or emerging standards not yet mandatory

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors do not expect the adoption of these standards to have any impact on the reporting position or performance of the credit union.

2. Statement of Profit or Loss and Other Comprehensive Income	2024 \$'000	2023 \$'000
a. Analysis of interest revenue		
Interest revenue on assets carried at amortised cost		
Cash – deposits at call	677	126
Receivables from financial institutions	6,069	3,975
Loans to members	25,860	19,058
	<u>32,606</u>	<u>23,159</u>
b. Non-interest revenue		
Fee and commission revenue		
- Loan fee income – other than loan origination fees	507	538
- Transaction fee income	413	371
- Insurance commissions	429	423
- Other commissions	401	404
Total Fee and commission revenue	<u>1,750</u>	<u>1,736</u>
Other Income		
Dividends received	95	71
Bad debts recovered	17	9
Gain on disposal of property, plant and equipment and investments	17	-
Miscellaneous revenue	96	191
	<u>1,975</u>	<u>2,007</u>
c. Interest expense		
Interest expense on liabilities carried at amortised cost		
Short term borrowings	1	6
Deposits from financial institutions	7	11
Deposits from members	16,193	7,858
	<u>16,201</u>	<u>7,875</u>
d. Impairment losses on loans and advances		
Increase(Decrease) in provision for impairment	103	357
	<u>103</u>	<u>357</u>
e. Other prescribed expense disclosures		
Auditors remuneration (excluding GST)		
PKF		
- External audit fees	63	62
- Other services	13	8
	<u>76</u>	<u>70</u>
Depreciation of		
- Buildings	35	35
- Plant and equipment	319	246
Amortisation of intangibles	145	73
	<u>499</u>	<u>354</u>
Property leases	614	401
Net movement in provisions for:		
- Employee entitlements	97	(12)
- Leased premises make good	45	-
- Fraud	51	19
	<u>774</u>	<u>520</u>

3. Income Tax Expense	2024 \$'000	2023 \$'000
a. The income tax expense comprises amounts set aside as:		
Current tax expense	1,112	1,100
Deferred tax	(110)	52
Adjustment to opening deferred tax balances (Over)/Under provision from prior year	(68) -	3 405
Total income tax expense in the Statement of Profit or Loss and Other Comprehensive Income	<u>934</u>	<u>1,560</u>
b. The prima facie tax payable on profit is reconciled to the income tax expense in the accounts as follows:		
Profit	<u>4,116</u>	<u>4,737</u>
Prima facie tax payable on profit before income tax at 25%	1,029	1,184
Add tax effect of expenses not deductible		
- Other non-deductible expenses	3	1
- Adjustment to opening deferred tax balances	(68)	3
- (Over)/Under provision for tax in prior year	-	405
- Dividend imputation adjustment	10	7
Subtotal	<u>974</u>	<u>1,600</u>
Less		
- Government stimulus	(1)	(10)
- Imputation credits	(39)	(30)
Income tax expense attributable to current year profit	<u>934</u>	<u>1,560</u>
c. Franking Credits		
Franking credits held by the credit union after adjusting for franking credits that will arise from the payment of income tax payable as at the end of the financial year is:	<u>11,735</u>	<u>10,810</u>
4. Cash and Cash Equivalents		
Cash on hand and at bank	3,068	1,841
Deposits at call	5,000	5,005
	<u>8,068</u>	<u>6,846</u>
5. Liquid Investments		
Amortised Cost Investments		
Negotiable certificates of deposit	45,845	25,726
Floating rate notes	59,775	54,175
Fixed rate bonds	4,000	4,000
Government bonds	9,500	11,500
Receivables		
Term deposits held with authorised deposit taking institutions	40,300	19,300
	<u>159,420</u>	<u>114,701</u>

6. Receivables	Note	2024 \$'000	2023 \$'000
Interest receivable on deposits with other financial institutions		1,119	720
Sundry debtors and settlement accounts		620	1,211
		<u>1,739</u>	<u>1,931</u>
7. Loans and Advances			
a. Amount due comprises:			
Overdrafts and revolving credit		6,786	6,097
Term loans		517,256	512,956
		<u>524,042</u>	<u>519,053</u>
Unamortised loan origination fees		23	64
		<u>524,065</u>	<u>519,117</u>
Unamortised fixed rate loan renegotiation fees		-	-
Provision for impaired loans	8	(843)	(743)
		<u>523,222</u>	<u>518,374</u>
b. Credit quality - Security held against loans			
Secured by residential or commercial property		501,995	504,314
Secured by goods mortgage		16,600	11,492
Unsecured		5,447	3,247
		<u>524,042</u>	<u>519,053</u>
It is not practical to value all collateral as at the balance date due to the variety of assets and conditions. A breakdown of the quality of the residential mortgage security on a portfolio basis as follows:			
Security held as mortgage against real estate is on the basis of:			
- LVR of less than 80%		474,610	472,988
- LVR of more than 80% but mortgage insured		23,255	26,686
- LVR of more than 80% and not mortgage insured		4,130	4,640
Total		<u>501,995</u>	<u>504,314</u>
<i>(LVR – Loan to valuation ratio)</i>			
Where the loan value is less than 80% there is a 20% margin to cover the costs of any sale and/or potential value reduction.			
c. Concentration of Loans			
(i) Individual loans which exceed 10% of member funds in aggregate		-	-
(ii) Loans to members are concentrated in the following areas:			
- Illawarra		206,589	223,661
- Shoalhaven		142,047	131,479
- Bega Valley		138,530	129,507
- Other		36,876	34,406
		<u>524,042</u>	<u>519,053</u>
(iii) Loans by customer type:			
Residential loans and facilities		479,780	481,739
Personal loans and facilities		14,301	13,046
Business loans and facilities		29,961	24,268
		<u>524,042</u>	<u>519,053</u>

8. Provision on Impaired Loans

a. Amounts arising from Expected Credit Loss (ECL)

The loss allowance as of the year end by class of exposure/asset are summarised in the table below.

	2024			2023		
	Gross Carrying Value \$'000	ECL Allowance \$'000	Carrying Value \$'000	Gross Carrying Value \$'000	Provision for impairment \$'000	Carrying Value \$'000
Loans to members						
Mortgages	475,655	31	475,624	478,135	88	467,999
Personal	12,086	551	11,535	10,839	424	20,863
Overdrafts	6,340	243	6,097	5,811	218	5,593
Total to natural persons	494,081	825	493,256	494,785	730	494,055
Corporate borrowers	29,961	18	29,943	24,268	13	24,255
Total	524,042	843	523,199	519,053	743	518,310

An analysis of the credit union's credit risk exposure per class of financial asset and "stage" without reflecting on the effects of any collateral or other credit enhancements is demonstrated in the following tables. Unless specifically indicated, for financial asset, the amounts in the table represent gross carrying amounts.

	2024				2023			
	Stage 1 12 mth ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	Total \$'000	Stage 1 12 mth ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	Total \$'000
Loans to members								
Mortgage secured	31	-	-	31	88	-	-	88
Personal loans	493	1	57	551	424	-	-	424
Overdrafts	203	21	19	243	124	19	75	218
Corporate borrowers	18	-	-	18	13	-	-	13
Loss allowance	-	-	-	-	-	-	-	-
Total	745	22	76	843	649	19	75	743

The reconciliations from the opening to the closing balance of the allowance for impairment by class of financial instrument is shown in the table below.

	2024				2023			
	Stage 1 12 mth ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	Total \$'000	Stage 1 12 mth ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	Total \$'000
Loans to members								
Balance at 1 July	649	19	75	743	321	25	68	414
Changes in the loss allowance	-	-	-	-	-	-	-	-
- Transfer to stage 1	-	-	-	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-	-	-	-
- Transfer to/from stage 3	-	(3)	3	-	-	(28)	28	-
- Net movement due to change in credit risk	96	5	2	103	328	22	7	357
- Write-offs	-	-	(3)	(3)	-	-	(28)	(28)
Balance at 30 June	745	21	77	843	649	19	75	743

8. Provision on Impaired Loans (Continued)

b. Key assumptions in determining the ECL

The key inputs into the measurement of ECL include the following variables:

- probability of default (PD)
- loss given default (LGD); and
- exposure at default (EAD)

These parameters are generally derived from internal analysis, management judgements and other historical data. They are adjusted to reflect forward-looking information as described below.

Probability of default (PD) estimates are calculated based on arrears over 90 days and other loans and facilities where the likelihood of future repayments is low. The definition of default is consistent with the definition of default used for internal credit risk management and regulatory reporting purposes. Instruments which are 90 days past due are generally considered to be in default.

Loss given default (LGD) is the magnitude of the likely loss if there is a default. The credit union estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD percentage applied considers the structure of the loan, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, Loan to Value Ratios (LVR) are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and for real estate lending, reflect possible changes in property values.

Exposure at default (EAD) represents the expected exposure in the event of a default. EAD is derived from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and future expectations.

The credit union has elected to use the following segments when assessing credit risk for Stages 1 and 2 of the impairment model:

- Mortgage loans
- Personal loans
- Other – overdrafts and credit cards

Stage 3 of the impairment model covers financial assets that have objective evidence of impairment (loans in default/non-performing) at the reporting date.

Significant increase in credit risk

The credit union is not required to develop an extensive list of factors in defining a 'significant increase in credit risk'. In assessing significant increase in credit risk where a loan or group of loans must move to Stage 2, the following factors have been considered in the credit union's current model:

- Loans more than 30 days past due
- Loans with approved hardship or modified terms

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the credit union considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the credit union's historical experience and expert judgement, relevant external factors and including forward-looking information.

The credit union presumes that the credit risk on a financial asset has increased significantly since initial recognition when the exposure is more than 30 days past due unless reasonable and supportable information demonstrates otherwise.

The approach in determining the ECL includes forward-looking information. The credit union has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio segment. Given the lack of loss experience by the credit union and across the wider industry, more emphasis has been applied to the historical data available as opposed to forward looking information. Consideration has also been given to the level of undue cost and effort involved in utilising complex statistical models, which is not considered appropriate for the size and complexity of the portfolio.

The credit union has considered other forward-looking considerations such as the impact of future unemployment rates, increasing interest rates, higher inflation, possible decline in property prices, regulatory change and external market risk factors, which have added a material impact, therefore an adjustment has been made to the ECL for such factors. The credit union considers the ECL to represent its best estimate of the possible outcomes and is aligned with information used by the credit union for other purposes such as strategic planning, budgeting and stress testing. Periodically the credit union carries out stress testing of more extreme shocks to calibrate its determination of other potential scenarios.

9. Investments

	2024 \$'000	2023 \$'000
Equity investment securities designated as FVOCI		
Shares in Cuscal Limited	1,923	1,784
Shares in Transaction Solutions Limited	68	68
	1,991	1,852

Shares in Cuscal Limited

Cuscal supplies end-to-end payments services. At 30 June 2024, the credit union designated its investment in Cuscal shares to be \$1.81 per share (2023: \$1.68) as a Fair Value through Other Comprehensive Income (FVOCI).

Shares in Transaction Solutions Limited (TAS)

TAS provides IT hosting services. At 30 June 2024, the credit union designated its investment in TAS shares to be \$4.78 per share (2023: \$4.78) as a Fair Value through Other Comprehensive Income (FVOCI), being the cost value of the shares purchased during the FY 2020.

10. Property, Plant and Equipment

a. Fixed Assets

Land – at valuation

Less: Transferred to available for sale

Buildings – at valuation

Less: Transferred to available for sale

Less: Provision for depreciation

Plant and equipment - at cost

Less: Provision for depreciation

Capitalised Leasehold Improvements at cost

Less: Provision for amortisation

b. Land and Building – Valuation

Land and building – at valuation

The valuation of land and buildings at 27 Stewart Street, Wollongong NSW 2500 has been based on an independent valuation performed by Opteon Property Group Australia as at 30 June 2022. Refer to Note 20.

The directors have assessed the fair value of land and did not identify any indicators of impairment during the year ended 30 June 2024.

Movement in the assets balances during the year were:

	2024				2023			
	Property \$'000	Plant & equipment \$'000	Leasehold Improvements \$'000	Total \$'000	Property \$'000	Plant & equipment \$'000	Leasehold Improvements \$'000	Total \$'000
Opening balance	3,790	1,013	-	4,803	5,715	772	-	6,487
Purchases in the year	-	416	-	416	-	494	-	494
Acquisitions through business combinations	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Less								
Disposal of assets	-	(33)	-	(33)	(1,890)	(7)	-	(1,897)
Depreciation charge	(35)	(319)	-	(354)	(35)	(247)	-	(281)
Balance at the end of the year	3,755	1,076	-	4,831	3,790	1,013	-	4,803

11. Intangible Assets	2024 \$'000	2023 \$'000
Software	1,868	1,882
Less: Provision for amortisation	(1,422)	(1,584)
	<u>446</u>	<u>298</u>
Movement in the assets balances during the year were:		
Opening balance	298	118
Purchases	293	253
Less:		
Disposal of assets	-	-
Amortisation charge	(145)	(73)
Balance at the end of the year	<u>446</u>	<u>298</u>
12. Taxation Assets		
Income tax receivable	209	-
Accrual for GST receivable	70	77
Deferred Tax Asset	717	566
	<u>995</u>	<u>643</u>
Current income tax receivable comprises:		
Liability for income tax in current year	(1,112)	-
Less: Instalments paid in current year	1,321	-
	<u>209</u>	<u>-</u>
Deferred tax asset comprises:		
Accrued expenses not deductible until incurred	73	70
Provisions for impairment on loans	211	186
Provisions for employee benefits	299	274
Provisions for other	55	32
Lease liabilities	74	(4)
Capital costs from transfer of business	5	8
	<u>717</u>	<u>566</u>

13. Leases

The credit union has leases over land and buildings and has chosen to not apply AASB 16 to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The building leases are for branches and have up to 6 years remaining inclusive of extension options (where applicable) exercisable at the discretion of the credit union. At the lease commencement, the credit union recognises a Right-of-Use Asset and associated Lease Liability for the lease term. As the credit union believes it is reasonably certain that the option will be exercised, the lease term includes extension periods. In prior years, the lease term did not include the extension period. This change has resulted in significant increases to the ROU asset and associated lease liability, and as a consequence, depreciation on the ROU asset and interest on the Lease Liability have also increased.

Right-of-use assets (ROU)

Balance at beginning of year	912	780
Additional ROU assets	1,265	540
Depreciation charge	(488)	(408)
Balance at end of year	<u>1,689</u>	<u>912</u>

Lease Liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

< 1 year	475	471
1 – 5 years	1,485	499
> 5 years	367	-
Total undiscounted lease liabilities	<u>2,325</u>	<u>970</u>
Lease liabilities included in this Statement of Financial Position	<u>1,984</u>	<u>895</u>

13. Leases (Continued)

Extension options

A number of building leases contain extension options which allow the credit union to extend the lease term by up to twice the original non-cancellable period of the lease.

The credit union includes options in the leases to provide flexibility, certainty and reduce costs of moving premises and are at the credit union's discretion.

At commencement date and each subsequent reporting dates, the credit union assesses whether it is reasonably certain that the extension options will be exercised.

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income relating to leases where the credit union is a lessee are shown below:

		2024	2023
		\$'000	\$'000
Interest expense on lease liabilities		126	38
Depreciation of right-of-use assets		488	363
		<u>614</u>	<u>401</u>
14. Borrowings			
Other financial institutions	30	-	-
Reserve Bank of Australia – Term Funding Facility (TFF)		-	6,688
		<u>-</u>	<u>6,688</u>
15. Deposits from Members			
Member Deposits			
- at call		376,664	383,517
- term		265,067	206,688
Total deposits		<u>641,731</u>	<u>590,205</u>
Member withdrawable shares		36	35
		<u>641,767</u>	<u>590,240</u>
Concentration of Member Deposits			
Member deposits at balance date are concentrated in the following areas:			
- Illawarra		269,315	261,844
- Shoalhaven		160,181	126,530
- Bega Valley		192,443	182,920
- Other		19,828	18,946
		<u>641,767</u>	<u>590,240</u>
16. Payables			
Creditors and accruals		1,206	850
Lease liability	13	1,984	895
Employee entitlements		1,211	1,114
Interest payable on deposits		5,613	2,902
		<u>10,014</u>	<u>5,761</u>

17. Taxation Liabilities	2024 \$'000	2023 \$'000
Current income tax liability	-	348
Deferred tax liability	1,088	1,081
Accrual for GST payable	29	23
Accrual for other tax liabilities	25	108
	<u>1,142</u>	<u>1,560</u>
Current income tax liability comprises:		
Liability for income tax in current year	-	1,100
Less: Instalments paid in current year	-	(752)
	<u>-</u>	<u>348</u>
Deferred tax liability comprises:		
Tax on revalued property held in equity	608	608
Tax on revalued investments held in equity	299	264
Revaluation of TAS shares	5	5
Deferred loan fees	6	16
Prepayments	49	47
Depreciation on fixed assets	122	141
	<u>1,088</u>	<u>1,081</u>
18. Provisions		
Fraud		
Balance at the beginning of the year	18	-
Liability increase (decrease) in current year	52	18
Balance at the end of the year	<u>70</u>	<u>18</u>
Lease premises make good		
Balance at the beginning of the year	90	90
Liability increase (decrease) in current year	45	-
Balance at the end of the year	<u>135</u>	<u>90</u>
Total provisions	<u>205</u>	<u>108</u>
19. Share Redemption Reserve		
Balance at the beginning of the year	164	162
Attributable to business combinations	-	-
Transfer from retained earnings on share redemptions	3	2
Balance at the end of year	<u>167</u>	<u>164</u>

This reserve represents the amount of redeemable Preference Shares redeemed by the credit union since 1st July 1999. The Law requires that the redemption of the shares be made out of profits.

20. Asset Revaluation Reserve	2024 \$'000	2023 \$'000
Balance at the beginning of the year	2,631	3,526
Less: Land and building sale	-	(1,669)
Add(Less): Cuscal shares restated at FV	138	478
Less: Adjustments transferred to deferred tax liability	(34)	296
Balance at the end of year	<u>2,735</u>	<u>2,631</u>

This reserve relates to unrealised gains on land and buildings at 27 Stewart Street, Wollongong NSW 2500 as well as shares held in Cuscal Limited and Transaction Solutions Limited.

21. Transfer of Business Reserve		
Balance at the beginning of the year	8,487	8,487
Add: Business combinations during the year	-	-
Balance at the end of the year	<u>8,487</u>	<u>8,487</u>

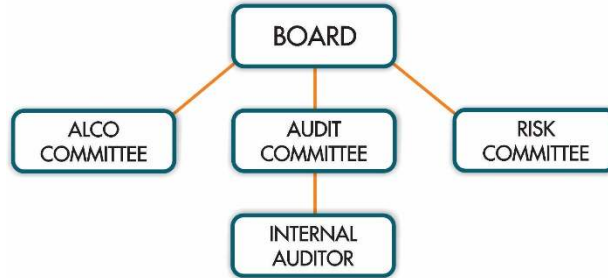
22. Retained Earnings		
Retained Profits at the beginning of the financial year	34,908	30,062
Add: operating profit for the year	3,182	3,177
Add: transfer of reserves from asset revaluation reserve	-	1,253
Add: transfer of deferred tax liability from sale of land and building	-	418
Less: transfer of reserves to capital account on redemption of shares	(3)	(2)
Retained Profits at the end of the Financial Year	<u>38,086</u>	<u>34,908</u>

23. Financial Risk Management Objectives and Policies

Introduction

The Board has endorsed a policy of compliance and risk management to suit the risk profile of the credit union.

The credit union's risk management focuses on the major areas of market risk, credit risk and operational risk. Authority flows from the Board of Directors to the Risk Committee which is integral to the management of risk. The following diagram gives an overview of the structure.



The diagram shows the risk management structure. The main elements of risk governance are as follows:

Board: This is the primary governing body. It approves the level of risk which the credit union is exposed to and the framework for reporting and mitigating those risks.

Risk Committee: This is a key body in the control of risk. It is comprised of four directors with the Chief Risk Officer, Chief Executive Officer and other members of the Senior Management Team attending meetings as required. The committee reviews risks and controls that mitigate risks including the identification, assessment and reporting of those risks. Regular monitoring is carried out of operational reports and control assignments to confirm whether risks are within the parameters outlined by the Board.

The committee carries out a regular review of all operational areas to ensure that operational risks are being properly controlled and reported. It also ensures that contingency plans are in place to achieve business continuity in the event of serious disruptions to business operations.

The committee monitors compliance with the framework laid out in the policy and reports in turn to the Board, where actual exposures to risks are measured against prescribed limits on a monthly basis.

Audit Committee: Its key role in risk management is the assessment of the controls that are in place to mitigate risks. The committee considers and confirms that the significant risks and controls are to be assessed within the internal audit plan. The committee receives the internal audit reports on assessment and compliance with the controls, and provides feedback to the risk committee for their consideration.

Asset & Liability Committee (ALCO): This committee meets monthly and has responsibility for managing interest rate risk exposures and ensuring that the treasury and finance functions adhere to exposure limits as outlined in the policies. The committee has the ability to make changes to fixed loan and term deposit rates, and to propose changes to variable loan and variable deposit interest rate changes to the Board. The scrutiny of market risk reports is intended to prevent any exposure breaches prior to review by the Board.

Chief Risk Officer: This person has responsibility for both liaising with the operational function to ensure timely production of information for the risk committee and ensuring that instructions passed down from the Board via the Risk Committee are implemented.

Key risk management policies encompassed in the overall risk management framework include:

- Market Risk
- Liquidity Management
- Credit Risk
- Operational Risk

The credit union has undertaken the following strategies to minimise the risks arising from financial instruments.

23. Financial Risk Management Objectives and Policies (Continued)

A. Market Risk

The objective of the credit union's market risk management is to manage and control market risk exposures in order to optimise risk and return.

Market risk is the risk that changes in interest rates, foreign exchange rates or other prices and volatilities will have an adverse effect on the credit union's financial condition or results. The credit union is not exposed to currency risk, and other significant price risk. The credit union does not trade in the financial instruments it holds on its books. The credit union is exposed only to interest rate risk arising from changes in market interest rates.

The management of market risk is the responsibility of ALCO, which reports directly to the Board.

Interest rate risk

Interest rate risk is the risk of variability of the fair value of future cash flows arising from financial instruments due to the changes in interest rates. The credit union does not trade in financial instruments.

Interest rate risk in the Statement of Financial Position

The credit union is exposed to interest rate risk in its Statement of Financial Position due to mismatches between the repricing dates of assets and liabilities. The interest rate risk on the Statement of Financial Position is measured and reported to the ALCO and Board on a quarterly basis.

The most common interest rate risk the credit union faces arises from fixed rate assets and liabilities. This exposes the credit union to the risk of sensitivity should interest rates change.

The table set out at Note 27 displays the period that each asset and liability will reprice as at the balance date. This risk is not currently considered significant enough to warrant the use of derivatives to mitigate the exposure.

Method of managing risk

The credit union manages interest rate risk by the use of interest rate sensitivity analysis. The detail and assumptions used are set out below.

Interest rate sensitivity

The credit union's exposure to market risk is measured and monitored using interest rate sensitivity models. The primary measure used is Present Value of a Basis Point (PVBP), supplemented by Value at Risk (VaR) and Earnings at Risk (EaR).

Sensitivity or Present Value of a Basis Point (PVBP) is a measure of the change in the present value of an asset or liability due to a change in interest rates of 1 basis point (bp). This impact is extrapolated to 200bp (2.0%) and calculated as a percentage of capital. The 200bp parallel shift is a widely used measure.

The policy of the credit union is to maintain a balanced 'on book' strategy by ensuring the gap between assets and liabilities is not excessive. The PVBP to Capital limit (based on a 200bp shift in interest rates) has been set by the Board at 6% of Capital. The credit union uses on balance sheet methods to maintain interest rate risk within the acceptable range.

Based on the calculations as at 30 June 2024, a 200bp parallel downward shift would result in a loss of 2.74% of capital (2023: gain of 1.06%). The credit union therefore is exposed to interest rates decreasing and based on this measure would lose 2.74% of capital if interest rates decrease 200bps.

An independent review of the interest rate risk profile is conducted by Protecht.ALM Pty Ltd, an independent risk management consultant. The Board monitors these risks through the reports from Protecht.ALM Pty Ltd and other management reports.

B. Liquidity Risk

Liquidity risk is the risk that the credit union may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments or member withdrawal demands. It is the policy of the Board of Directors that the credit union maintains adequate cash reserves and committed credit facilities so as to meet member withdrawal demands when requested.

The credit union manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer term forecasted cash flows;
- Monitoring the maturity profiles of financial assets and liabilities;
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities; and
- Monitoring the prudential liquidity ratio daily.

The credit union is a party to the Credit Union Financial Support Scheme (CUFSS) and has executed an Industry Support Contract (ISC) with CUFSS. The purpose of the CUFSS scheme is to provide members with emergency liquidity support in accordance with the terms of the ISC, a contract which has been certified by APRA and the Banking Act.

23. Financial Risk Management Objectives and Policies (Continued)

B. Liquidity Risk (Continued)

As a member of CUFSS, the credit union can access emergency liquidity funding via CUFSS drawing upon its available member-contributed funding pool, plus additional voluntary liquidity support from members via funds from the Reserve Bank of Australia in accordance with the terms of a "Special Loan Facility", as defined in the ISC.

The credit union is required to maintain at least 9% of total adjusted liabilities as high quality liquid assets (HQLA) capable of being converted to cash within 48 hours under the APRA Prudential standards. The credit union policy is to hold between 14 – 17.25% Minimum Liquidity Holdings (MLH) to maintain adequate funds for meeting member withdrawal requests and loan funding. The ratio is checked daily. Should the liquidity ratio move outside this range, management and Board are to address the matter by implementing the necessary steps set out in the policy, such as reviewing current deposit rates offered for example. Note 30 describes the borrowing facilities as at the balance date. These facilities are in addition to the support from CUFSS.

The maturity profile of the financial liabilities, based on the contractual repayment terms are set out in the specific Note 25. Liquidity information over the past year is set out below:

HQLA	2024	2023
Holdings at 30 June \$'000	\$136,488	\$104,177
Ratio at 30 June	20.35%	16.43%
Prescribed ratio	9.00%	9.00%
Average ratio for the year	18.65%	17.90%
Minimum ratio during the year	15.30%	15.61%

C. Credit Risk

Credit risk is the risk that members, financial institutions and other counterparties will be unable to meet their obligations to the credit union which may result in financial losses. Credit risk arises principally from the credit union's loan book and investment assets.

Credit Risk – Loans

The analysis of the credit union's loans by class, is as follows:

	2024			2023		
	Carrying value \$'000	Commitments \$'000	Max exposure \$'000	Carrying value \$'000	Commitments \$'000	Max exposure \$'000
Loans to						
Mortgage	475,655	54,550	530,204	467,687	56,789	524,477
Personal	12,086	2,099	14,185	21,287	1,844	23,131
Credit cards	2,063	5,016	7,080	2,021	4,932	6,952
Overdrafts	4,277	1,019	5,296	3,790	1,049	4,839
Total to natural persons	494,081	62,684	556,765	494,785	64,614	559,399
Corporate borrowers	29,961	4,863	34,824	24,268	3,972	28,240
Total	524,042	67,547	591,589	519,053	68,586	587,639

Carrying value is the value on the Statement of Financial Position. Maximum exposure is the value on the Statement of Financial Position plus the undrawn facilities (Loans approved not advanced, redraw facilities; line of credit facilities; overdraft facilities; credit cards limits). The details are shown in Note 29.

All loans and facilities are within Australia. A geographic distribution between the three main areas of Illawarra, Shoalhaven & Bega Valley regions is provided in Note 7c(ii).

The method of managing credit risk is by way of strict adherence to the credit assessment policies before the loan is approved and close monitoring of defaults in the repayment of loans thereafter on a weekly basis. The credit risk policy has been endorsed by the Board to ensure that loans are only made to members that are creditworthy and capable of meeting loan repayments.

The credit union has established policies over the:

- Credit assessment and approval of loans and facilities covering acceptable risk assessment and security requirements;
- Limits of acceptable exposure over the value to individual borrowers, non-mortgage secured loans, commercial lending and concentrations to geographic and industry groups considered at high risk of default;
- Reassessing and review of the credit exposures on loans and facilities;
- Establishing appropriate provisions to recognise the impairment of loans and facilities;
- Debt recovery procedures; and
- Review of compliance with the above policies.

A regular review of compliance is conducted as part of the internal audit scope.

23. Financial Risk Management Objectives and Policies (Continued)

Past due and impaired

A financial asset is past due when the counterparty has failed to make a payment when contractually due. As an example, a member enters into a lending agreement with the credit union that requires interest and a portion of the principal to be paid every month. On the first day of the next month, if the agreed repayment amount has not been paid, the loan is past due. Past due does not mean that the counterparty will never pay, but it can trigger various actions such as renegotiation, enforcement of covenants, or legal proceedings. Once the past due exceeds 90 days the loans is regarded as impaired, unless other factors indicate the impairment should be recognised sooner.

Daily reports monitor the loan repayments to detect delays in repayments and recovery action is undertaken after 7 days. For loans where repayments are doubtful, external consultants may be engaged to conduct recovery action once a loan is over 90 days in arrears. The exposure to losses arise predominantly in personal loans and facilities not secured by registered mortgages over real estate.

If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognised in the Statement of Profit or Loss and Other Comprehensive Income. In estimating these cash flows, management makes judgements about the counterparty's financial situation and the net realisable value of any underlying collateral.

In addition to specific provisions against individually significant financial assets, the credit union makes collective assessments for each financial asset portfolio segmented by similar risk characteristics.

Statement of Financial Position provisions are maintained at a level that management deems sufficient to absorb probable incurred losses in the credit union's loan portfolio from homogenous portfolios of assets and individually identified loans.

A provision for incurred losses is established on all past due loans after a specified period of repayment default where it is probable that some of the capital will not be repaid or recovered.

The provisions for impaired and past due exposures relate to the loans to members. Past due value is the 'on Statement of Financial Position' loan balances which are past due by 90 days or more.

Details are as set out in Note 8.

Bad debts

Amounts are written off when collection of the loan or advance is considered to be unlikely. All write offs are on a case by case basis, taking account of the exposure at the date of the write off.

On secured loans, the write off takes place on ultimate realisation of collateral value, or from claims on any lenders mortgage insurance.

A reconciliation in the movement of both past due and impaired exposure provisions is provided in Note 8.

Collateral securing loans

A sizeable portfolio of the loan book is secured on residential property in Australia. Therefore, the credit union is exposed to risks should the property market be subject to a decline.

The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken. Note 7b describes the nature and extent of the security held against loans as at balance date.

Concentration risk – individuals

Concentration risk is a measurement of the credit union's exposure to an individual counterparty (or group of related parties). If prudential limits are exceeded as a proportion of the credit union's regulatory capital (10 per cent) a large exposure is considered to exist. No capital is required to be held against these but APRA must be informed. APRA may impose additional capital requirements if it considers the aggregate exposure to all loans over the 10% capital benchmark, to be higher than acceptable.

The credit union holds no significant concentrations of exposures to members. Concentration exposures to counterparties are closely monitored.

23. Financial Risk Management Objectives and Policies (Continued)

Concentration risk – industry

There is no concentration of credit risk with respect to loans and receivables as the credit union has a large number of customers dispersed in areas of employment.

The credit union's foundation had a concentration of retail lending and deposits from members who comprised employees and families of local councils and Bluescope Steel for ex-Lysaght Credit Union (LCU) members. The community basis for which the credit union now relies upon membership means this small concentration is considered acceptable on the basis that the credit union was originally formed to service these members, and the employment concentration is not exclusive. Should members leave the industry, the loans continue and other employment opportunities are available to the members to facilitate the repayment of the loans. The details of the geographical concentrations are set out in Note 7c.

Credit Risk – Liquid Investments

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the credit union incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the credit union.

There is a concentration of credit risk with respect to investment receivables with the placement of investments in Cuscal and other financial institutions. The credit policy is that investments are only made to institutions that are credit worthy. Directors have established policies that a maximum of 25% of capital can be invested with any one financial institution at a time. The four major banks can be invested up to 50% and Cuscal 100% as approved by APRA.

The risk of losses from the liquid investments undertaken is reduced by the nature and quality of the independent rating of the investment body and the limits to concentration on one credit union. Also the relative size of the credit union as compared to the industry is relatively low such that the risk of loss is reduced.

Under the Credit Union Financial Support Scheme (CUFSS), at least 3.0% of the total assets must be invested in an approved manner in order for the scheme to have adequate resources to meet its obligations if needed.

External Credit Assessment for Institution Investments

The credit union uses the ratings of reputable ratings agencies to assess the credit quality of all investment exposure, where applicable, using the credit quality assessment scale in APRA prudential guidance APS 112. The credit quality assessment scale within this standard has been complied with.

The exposure values associated with each credit quality step are as follows:

Investments with	2024			2023		
	Carrying value \$'000	Past due value \$'000	Provision \$'000	Carrying value \$'000	Past due value \$'000	Provision \$'000
Government – rated AA- and above	9,500	-	-	11,500	-	-
Cuscal – rated A+	19,236	-	-	17,969	-	-
Banks – rated AA- and above	3,200	-	-	3,200	-	-
Banks – rated below AA-	106,028	-	-	75,741	-	-
Non-bank ADIs – rated below AA-	17,892	-	-	8,960	-	-
Unrated institutions	10,500	-	-	3,005	-	-
Total	166,356	-	-	120,375	-	-

D. Capital Management

The capital levels are prescribed by Australian Prudential Regulation Authority (APRA). Under the APRA prudential standards, capital is determined in three components being credit, market and operational risk. The market risk component is not required as the credit union is not engaged in a trading book for financial instruments.

Capital resources

Tier 1 Capital

The vast majority of Tier 1 capital comprises retained profits, the asset revaluation reserve and other realised reserves.

Tier 2 Capital

Tier 2 capital consists of capital instruments that combine the features of debt and equity in that they are structured as debt instruments, but exhibit some of the loss absorption and funding flexibility features of equity. There are a number of criteria that capital instruments must meet for inclusion in Tier 2 capital resources as set down by APRA.

23. Financial Risk Management Objectives and Policies (Continued)

D. Capital Management (Continued)

Capital in the credit union is made up as follows:

	2024 \$'000	2023 \$'000
Tier 1		
Capital reserve	167	164
Asset revaluation reserve	2,735	2,631
Business combination reserve	8,487	8,487
Retained earnings	38,064	34,844
	49,453	46,126
Less prescribed deductions	(2,437)	(2,150)
Net Tier 1 capital	47,016	43,976
Tier 2		
Reserve for credit losses	-	-
	-	-
Less prescribed deductions	-	-
Net Tier 2 capital	-	-
Total Capital	47,016	43,976

The credit union is required to maintain a minimum level of capital relative to risk weighted assets at any given time.

The risk weights attached to each asset are based on the weights prescribed by APRA in APS112. The general rules apply the risk weights according to the level of underlying security.

The capital ratio as at the end of the financial year over the past 5 years is as follows

	2024	2023	2022	2021	2020
	Basel III	Basel III	Basel III	Basel III	Basel III
Capital Ratio	17.25%	16.71%	14.92%	15.20%	14.02%

The level of capital ratio can be affected by growth in assets relative to growth in reserves and by changes in the mix of assets.

To manage the credit union's capital, the credit union reviews the ratio monthly and monitors major movements in the asset levels. Policies have been implemented that require reporting to the Board and the regulator if the capital ratio falls below 15.25%. Additionally, a 5 year projection of the capital levels is prepared annually to address how strategic decisions or trends may impact on the capital level.

Pillar 2 Capital on Operational Risk

The credit union uses the Standardised approach which is considered to be most suitable for its business given the credit union's classification as a non-significant financial institution. The Operational Risk Capital Requirement is calculated as 10% of the sum of the credit union's Risk Weighted Assets (RWA).

Based on this approach, the credit union's Operational Risk Capital Requirement as at 30 June 2024 was \$24.771m [2023: \$23.931m].

Internal capital adequacy management

The credit union manages its internal capital levels for both current and future activities through a combination of the various committees. The outputs of the individual committees are reviewed by the Board in its capacity as the primary governing body. The capital required for any change in the credit union's forecasts for asset growth, or unforeseen circumstances, are assessed by the Board. The forecast capital resource model is updated and the impact upon the overall capital position of the credit union is reassessed.

24. Categories of Financial Instruments

	2024 \$'000	2023 \$'000
a. The following information classifies the financial instruments into measurement classes		
Financial assets – carried at amortised cost		
Cash and cash equivalents	8,068	6,846
Receivables	621	1,211
Receivables from financial institutions	160,539	115,421
Loans to members	524,042	519,053
	<u>693,270</u>	<u>642,531</u>
Assets carried at FVOCI	1,991	1,852
	<u>695,261</u>	<u>644,383</u>
Financial Liabilities – carried at amortised cost		
Borrowings	-	6,715
Creditors	1,205	850
Deposits from members	647,344	593,079
Members withdrawable shares	36	35
Leases	1,984	895
	<u>650,569</u>	<u>601,574</u>
b. Assets measured at fair value		

Fair value measurement at the end of the reporting period using:

	Note	2024				2023			
		Balance	Level 1	Level 2	Level 3	Balance	Level 1	Level 2	Level 3
Equity investment securities designated as FVOCI									
Opening balance		1,852	-	-	1,852	1,374	-	-	1,374
Add: revaluation of Cuscal shares		138	-	-	138	478	-	-	478
Closing balance	9	<u>1,990</u>	<u>-</u>	<u>-</u>	<u>1,990</u>	<u>1,852</u>	<u>-</u>	<u>-</u>	<u>1,852</u>

The fair value hierarchy has the following levels:

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

The level 3 equity investment securities designated as FVOCI relate to the shares in Cuscal Limited and Transaction Solutions Limited.

25. Maturity Profile of Financial Assets and Liabilities

Monetary assets and liabilities have differing maturity profiles depending on the contractual term, and in the case of loans, the repayment amount and frequency. The table below shows the period in which different monetary assets and liabilities held will mature and be eligible for renegotiation or withdrawal. In the case of loans, the table shows the period over which the principal outstanding will be repaid based on the remaining period to the repayment date assuming contractual repayments are maintained. For term loans the below dissection is based upon contractual conditions of each loan being strictly complied with and is subject to change in the event that current repayment conditions are varied.

2024	Within 1 month \$'000	1 – 3 months \$'000	3 – 12 months \$'000	1 – 5 years \$'000	After 5 years \$'000	No maturity \$'000	Total \$'000
Assets							
Cash	6,936	-	-	-	-	1,131	8,067
Receivables	621	-	-	-	-	-	621
Liquid investments	64,134	23,858	25,115	65,163	-	-	178,270
Loans & advances	3,991	7,982	35,265	174,276	711,618	-	933,132
FVOCI equity investment	-	-	-	-	-	1,991	1,991
Total financial assets	75,682	31,840	60,380	239,439	711,618	3,122	1,122,081

Liabilities							
Borrowings	-	-	-	-	-	-	-
Creditors	1,205	-	-	-	-	-	1,205
Leases	30	61	281	1,269	343	-	1,984
Deposits from members – at call	376,664	-	19	-	-	36	376,719
Deposits from members – term	31,911	68,928	173,644	1,018	-	-	275,501
On Statement of Financial Position	409,810	68,989	173,944	2,287	343	36	655,409
Undrawn commitments	-	-	-	-	-	90,750	90,750
Total financial liabilities	409,810	68,989	173,944	2,287	343	90,786	746,159

2023	Within 1 month \$'000	1 – 3 months \$'000	3 – 12 months \$'000	1 – 5 years \$'000	After 5 years \$'000	No maturity \$'000	Total \$'000
Assets							
Cash	5,673	-	-	-	-	1,173	6,846
Receivables	1,211	-	-	-	-	-	1,211
Liquid investments	30,760	20,206	19,413	59,347	-	-	129,726
Loans & Advances	3,579	7,159	30,861	153,071	634,350	-	829,020
FVOCI equity investment	-	-	-	-	-	1,852	1,852
Total financial assets	41,223	27,365	50,274	212,418	634,350	3,025	968,655

Liabilities							
Borrowings	-	-	20	6,688	-	-	6,708
Creditors	850	-	-	-	-	-	850
Leases	40	82	319	454	-	-	895
Deposits from members – at call	383,517	-	18	-	-	35	383,570
Deposits from members – term	27,136	56,740	122,514	6,312	-	-	212,702
On Statement of Financial Position	411,543	56,822	122,871	13,454	-	35	604,725
Undrawn commitments	-	-	-	-	-	95,568	95,568
Total financial liabilities	411,543	56,822	122,871	13,454	-	95,603	700,293

26. Financial Assets and Liabilities Maturing Within 12 Months

The table below represents the above maturity profile summarised at discounted values. The contractual arrangements best represents the estimated minimum amount of repayment on the loans, liquid investments and on the member deposits within 12 months. While the liquid investments and member deposits are presented in the table below on a contractual basis, as part of our normal banking operations, we would expect a large proportion of these balances to roll over. Loan repayments are generally accelerated by members choosing to repay loans earlier. These advance repayments are at the discretion of the members and not able to be reliably estimated.

	2024			2023		
	Within 12 months \$'000	After 12 months \$'000	Total \$'000	Within 12 months \$'000	After 12 months \$'000	Total \$'000
Financial assets						
Cash	8,068	-	8,068	6,846	-	6,846
Liquid investments	104,345	55,075	159,420	63,626	51,075	114,701
Loans & advances	24,635	499,407	524,042	24,305	494,748	519,053
Receivables	1,740	-	1,740	1,931	-	1,931
FVOCI equity investments	1,991	-	1,991	1,852	-	1,852
Total financial assets	140,779	554,482	695,261	98,560	545,823	644,383
Financial liabilities						
Borrowings	-	-	-	6,688	-	6,688
Deposits from members – at call	376,683	-	376,683	383,535	-	383,535
Deposits from members – term	269,732	929	270,661	203,682	5,889	209,571
Creditors	1,205	-	1,205	850	-	850
Leases	372	1,612	1,984	441	454	895
Total financial liabilities	647,992	2,541	650,533	595,196	6,343	601,539

27. Interest Rate Change Profile of Financial Assets and Liabilities

Financial assets and liabilities have conditions, which allow interest rates to be amended either on maturity (term deposits and term investments) or after adequate notice is given (loans and savings). The table below shows the respective value of funds where interest rates are capable of being altered within the prescribed time bands, being the earlier of the contractual repricing date, or maturity date.

2024	Within 1 month \$'000	1 – 3 months \$'000	3 – 12 months \$'000	1 – 5 years \$'000	After 5 years \$'000	Non- interest bearing \$'000	Total \$'000
Assets							
Cash and cash equivalents	6,936	-	-	-	-	1,131	8,067
Receivables	-	-	-	-	-	621	621
Liquid investments	67,629	92,803	7,044	-	-	-	167,476
Loans and advances	240,388	29,010	134,571	120,072	-	-	524,041
FVOCI equity investments	-	-	-	-	-	1,991	1,991
On Statement of Financial Position	314,953	121,813	141,615	120,072	-	3,743	702,196
Undrawn commitments	-	-	-	-	-	87,750	87,750
Total financial assets	314,953	121,813	141,615	120,072	-	91,493	789,946
Liabilities							
Borrowings	-	-	-	-	-	-	-
Creditors	-	-	-	-	-	1,205	1,205
Leases	30	61	281	1,269	342	-	1,983
Deposits from members – at call	376,664	-	19	-	-	36	376,719
Deposits from members – term	31,871	68,430	169,412	949	-	-	270,662
On Statement of Financial Position	408,565	68,491	169,712	2,218	342	1,241	650,569
Undrawn commitments	-	-	-	-	-	3,000	3,000
Total financial liabilities	408,565	68,491	169,712	2,218	342	4,241	653,569
2023							
	Within 1 month \$'000	1 – 3 months \$'000	3 – 12 months \$'000	1 – 5 years \$'000	After 5 years \$'000	Non- interest bearing \$'000	Total \$'000
Assets							
Cash and cash equivalents	5,673	-	-	-	-	1,173	6,846
Receivables	-	-	-	-	-	1,211	1,211
Liquid investments	58,305	52,760	3,001	7,028	-	-	121,094
Loans and advances	193,404	28,087	146,846	150,716	-	-	519,053
FVOCI equity investments	-	-	-	-	-	1,852	1,852
On Statement of Financial Position	257,382	80,847	149,847	157,744	-	4,236	650,056
Undrawn commitments	-	-	-	-	-	92,568	92,568
Total financial assets	257,382	80,847	149,847	157,744	-	96,804	742,624
Liabilities							
Borrowings	-	-	6,688	-	-	-	6,688
Creditors	-	-	-	-	-	850	850
Leases	40	82	319	454	-	-	895
Deposits from members – at call	383,517	-	18	-	-	35	383,570
Deposits from members – term	27,112	56,469	119,993	5,984	-	-	209,558
On Statement of Financial Position	410,669	56,551	127,018	6,438	-	885	601,561
Undrawn commitments	-	-	-	-	-	3,000	3,000
Total financial liabilities	410,669	56,551	127,018	6,438	-	3,885	604,561

28. Net Fair Value of Financial Assets and Liabilities

Fair value has been determined on the basis of the present value of **expected future cash flows** under the terms and conditions of each financial asset and financial liability.

Significant assumptions used in determining the cash flows are that the cash flows will be consistent with the contracted cash flows under the respective contracts.

The information is only relevant to circumstances at balance date and will vary depending on the contractual rates applied to each asset and liability, relative to market rates and conditions at the time. No assets held are regularly traded by the credit union and there is no active market to assess the value of the financial assets and liabilities. The values reported have not been adjusted for the changes in credit ratings of the assets. Disclosure of fair value is not required when the carrying amount is a reasonable approximation of fair value.

The calculation reflects the interest rate applicable for the remaining term to maturity not the rate applicable to original term.

	2024			2023		
	Fair Value \$'000	Carrying Amount \$'000	Variance \$'000	Fair Value \$'000	Carrying Amount \$'000	Variance \$'000
Financial Assets						
Cash and cash equivalents	8,068	8,068	-	6,846	6,846	-
Receivables *	1,741	1,741	-	1,931	1,931	-
Advances to other financial institutions	158,225	159,420	(1,195)	112,963	114,701	(1,738)
Loans to members	524,186	523,221	965	520,389	518,374	2,015
FVOCI equity investments	1,991	1,991	-	1,852	1,852	-
Total financial assets	694,211	694,441	(230)	643,981	643,704	277
Financial Liabilities						
Borrowings	-	-	-	5,777	6,688	(911)
Payables *	10,014	10,014	-	5,761	5,761	-
Deposits from members – at call	376,700	376,700	-	383,552	383,552	-
Deposits from members – term	265,476	265,067	409	205,193	206,687	(1,494)
Total financial liabilities	652,190	651,781	409	600,283	602,688	(2,405)

* For these assets and liabilities the carrying value approximates fair value.

Assets where the net fair value is lower than the book value have not been written down in the accounts of the credit union on the basis that they are to be held to maturity, or in the case of loans, all amounts due are expected to be recovered in full.

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

Liquid Assets and Receivables from other Financial Institutions

The carrying values of cash and liquid assets and receivables due from other financial institutions redeemable within 12 months approximate their net fair value as they are short term in nature or are receivable on demand.

Loans, Advances

The carrying value of loans and advances is net of unearned income and both general and specific provisions for doubtful debts.

For variable rate loans (excluding impaired loans) the amount shown in the Statement of Financial Position is considered to be a reasonable estimate of net fair value. The net fair value for fixed rate loans is calculated by utilising discounted cash flow models (i.e. the net present value of the portfolio future principal and interest cash flows), based on the period to maturity of the loans. The discount rates applied were based on the current applicable rate offered for the average remaining term of the portfolio.

The net fair value of impaired loans was calculated by discounting expected cash flows using a rate, which includes a premium for the uncertainty of the flows.

Deposits From Members

The fair value of call and variable rate deposits, and fixed rate deposits repricing within 12 months, is the amount shown in the Statement of Financial Position. Discounted cash flows were used to calculate the net fair value of other term deposits, based upon the deposit type and the rate applicable to its related period of maturity.

Short Term Borrowings

The net fair value of payables due to other financial institutions is based upon a borrowing rate applicable to its related period of maturity on normal commercial rate.

29. Financial Commitments	2024 \$'000	2023 \$'000
a. Outstanding Loan commitments		
Loans approved but not funded as at 30 June	10,118	13,042
b. Loan Redraw Facility		
Facilities available as at 30 June	61,512	62,606
c. Undrawn Loan Facilities		
Loan facilities available to members for overdrafts and line of credit loans are as follows:		
Total value of facilities approved	22,906	23,017
Less: Amount advanced	(6,786)	(6,097)
Net undrawn value	16,120	16,920
These commitments are contingent on members maintaining credit standards and ongoing repayment terms on amounts drawn.		
Total financial commitments	87,750	92,568
d. Computer Software Expense Commitments		
The costs committed under the current Ultradata and TAS contracts are as follows:		
Not later than 1 year	934	371
Later than 1 year but not 2 years	836	-
Later than 2 years but not 5 years	1,998	-
	3,768	371
30. Standby Borrowing Facilities		
Committed facilities		
Cuscal Limited overdraft facility	3,000	3,000
Current borrowing	-	-
Total Standby borrowing facilities available	3,000	3,000
Cuscal Limited holds a term deposit as security against overdraft amounts drawn		
31. Contingent Liabilities		
Liquidity Support Scheme		

The credit union is a party to the Credit Union Financial Support Scheme Limited (CUFSS) and has executed an industry Support Contract (ISC) with CUFSS. The purpose of the CUFSS scheme is to provide members with emergency liquidity support in accordance with the terms of the ISC, a contract which has been certified by APRA under the Banking Act.

As a member of CUFSS, the credit union may be called upon by CUFSS to contribute to emergency liquidity loans for one or more other CUFSS members. Should the credit union be required to contribute funding, any such liquidity loans would be structured and priced in accordance with normal commercial terms, as determined by CUFSS. The total amount of funding that the credit union could be required to provide to other members cannot exceed in aggregate, 3% of Horizon's assets capped at \$100 million.

32. Disclosures on Directors and other Key Management Personnel

a. Remuneration of Key Management Persons (KMP)

Key management persons are those persons having authority and responsibility for planning, directing and controlling the activities of the credit union, directly or indirectly, including any director (whether executive or otherwise) of that entity. *Control* is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Key management persons comprise the directors and the senior managers who are responsible for the day to day financial and operational management of the credit union.

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

	2024			2023		
	Directors \$'000	Other KMP \$'000	Total \$'000	Directors \$'000	Other KMP \$'000	Total \$'000
(a) short-term employee benefits;	182	1,203	1,385	177	1,185	1,362
(b) post-employment benefits - superannuation contributions	44	147	191	47	153	200
(c) other long-term benefits – net (decrease)/increases in long service leave provision and retirement gifts	-	41	41	-	46	46
(d) termination benefits	-	-	-	-	-	-
(e) share-based payment	-	-	-	-	-	-
Total KMP compensation	226	1,391	1,617	224	1,384	1,608

In the above table, remuneration shown as short term benefits means (where applicable) **wages, salaries, directors fees, paid annual and sick leave, profit-sharing and bonuses, value of fringe benefits received**, but excludes out of pocket expense reimbursements.

All remuneration to directors was approved by the members at the previous Annual General Meeting of the credit union.

32. Disclosures on Directors and other Key Management Personnel (Continued)

b. Loans to Directors and other Key Management Persons

The credit union's policy for lending to directors and management is that all loans are approved and deposits accepted on the same terms and conditions that applied to members for each class of loan and deposit.

There are no loans that are impaired in relation to the loans balances of directors or other KMP.

There are no benefits or concessional terms and conditions applicable to the close family members of the KMP. There are no loans that are impaired in relation to the loan balances with close family relatives of directors and other KMP.

The details of transactions during the year are as follows:

	2024			2023		
	Mortgage Secured \$'000	Other term loans \$'000	Credit Cards \$'000	Mortgage Secured \$'000	Other term loans \$'000	Credit Cards \$'000
Funds available to be drawn	289	-	90	325	-	81
Balance	4,936	-	15	3,366	-	29
Amounts disbursed or facilities increased in the year	2,410	-	82	-	-	87
Interest and other revenue earned	152	-	-	88	-	-

Other transactions between related parties include deposits from directors, and other Key Management Persons are:

	2024 \$'000	2023 \$'000
Total value of term and savings deposits of KMP	2,506	1,891
Total interest paid on deposits to KMP	31	26

The credit union's policy for receiving deposits from KMP is that all transactions are accepted on the same terms and conditions that apply to members.

c. Transactions with Other Related Parties

Other transactions between related parties include deposits from director related entities or close family members of directors and other KMP. The credit union's policy for receiving deposits from related parties is that all transactions are approved and deposits accepted on the same terms and conditions that applied to members for each type of deposit.

An amount of \$102k was paid to a family member of a KMP for the purposes of leasing a property. This lease has been in place since 14 November 2005, being prior to the relevant party becoming a KMP and was renewed on 15 November 2017 on a normal arms-length commercial basis by reference to market rentals at the time.

An option to extend the lease was exercised on 15 November 2021 is in place until 14 November 2025. If all options are enacted the lease has a future financial commitment of \$621k and is included in Note 13.

There are no other service contracts to which key management persons or their close family members are an interested party.

33. Economic Dependency

The credit union has an economic dependency on the following suppliers of services:

a. Cuscal Limited

Cuscal Limited is an Approved Deposit Taking Institution registered under the Corporations Act 2001 (Cwlth) and the Banking Act. This entity:

- (i) provides the license rights to Visa Card and settlement with other institutions for ATM, Visa card, Pays products, New Payments Platform, cheque transactions and fraud monitoring on cards as well as the production of Visa cards for use by members;
- (ii) operates the switching network used to link Visa cards and Pays products operated through ATMs and POS facilities to the credit union's IT systems.
- (iii) provides settlement and clearance facilities to the credit union.

b. Ultradata Australia Pty Limited

Ultradata Australia Pty Limited provides and maintains the banking software utilised by the credit union.

c. Transaction Solutions Limited (TAS)

Transaction Solutions Limited provides IT facilities management services to the credit union. The credit union has a management contract with TAS to receive computer support services to meet the day-to-day needs of the credit union and ensure compliance with the relevant Prudential Standards.

34. Segmental Reporting

The credit union operates exclusively in the retail financial services industry within Australia.

35. Superannuation Liabilities

The credit union contributes primarily to the NGS Super Plan for the purpose of Superannuation Guarantee payments and payment of other superannuation benefits on behalf of employees, however many employees have chosen alternative funds as entitled to through super choice. Independent Corporate Trustee administer each of these plans.

The credit union has no interest in any of these superannuation plans (other than as a contributor) and is not liable for the performance nor the obligations of the plans.

36. Events Occurring after the Reporting Period

There are no events occurring after the reporting period that materially impact the financial statements measurement of assets and liabilities.

37. Notes to Statement of Cash Flows

	2024 \$'000	2023 \$'000
a. Reconciliation of Cash and cash equivalents		
Cash includes cash on hand, and deposits at call with other financial institutions and comprises:		
Cash on hand and at bank	3,068	1,841
Deposits at call	5,000	5,005
Total Cash and cash equivalents	8,068	6,846
b. Reconciliation of cash from operations to accounting profit		
The net cash increase from operating activities is reconciled to the operating profit after tax		
Operating profit after income tax	3,182	3,177
Non cash flows		
Depreciation	354	282
Amortisation of intangibles	145	73
Loss on sale of assets	1	7
Profit on sale of assets	(17)	-
Profit on sale of investments	-	-
Add changes in assets and liabilities		
Increase in provision for loans	100	329
Increase in employee entitlements	97	-
Increase in other provisions	97	18
Increase in accrued expenses	356	-
Increase in GST and other tax liabilities	-	11
Increase in provision for income tax	-	10
Increase in interest payable	2,711	2,614
Increase in lease liabilities	1,089	116
Increase in deferred tax liability	7	96
Increase in member deposits and shares	51,527	412
Decrease in sundry debtors and other receivables	591	-
Decrease in effective rate adjustments	41	29
Decrease in taxes receivable	7	-
Decrease in member loans	-	1,608
Less changes in assets and liabilities		
Decrease in GST and other tax liabilities	(77)	-
Decrease in employee entitlements	-	(12)
Decrease in accrued expenses	-	(159)
Decrease in unamortised fixed rate loan renegotiation fees	-	(11)
Decrease in provision for income tax	(348)	-
Decrease in effective rate adjustments	-	(41)
Decrease in deferred tax liability	(34)	-
Increase in deferred tax asset	(151)	-
Increase in income tax receivable	(209)	-
Increase in prepayments	(15)	-
Increase in sundry debtors and other receivables	-	(266)
Increase in interest receivable	(399)	(537)
Increase in right of use assets	(777)	(132)
Increase in member loans	(4,989)	-
Increase in receivables from financial institutions	(44,719)	(5,414)
Net cash from operating activities	8,570	2,210

38. Corporate Information

The credit union is a company limited by shares, and is registered under the Corporations Act 2001.

The address of the registered office and main place of business is 27 Stewart Street, Wollongong NSW.

The nature of the operations and its principal activities are the provision of deposit taking facilities and loan facilities to the members of the credit union.

Consolidated Entity Disclosure Statement

For the year ended 30 June 2024, the credit union has no controlled entities and, therefore, is not required by the Australian Accounting Standards to prepare consolidated financial statements. As a result, section 295(3A)(a) of the Corporates Act 2001 does not apply to the entity.

This Consolidated Entity Disclosure Statement has been prepared in accordance with the Corporations Act 2001.

ADMINISTRATION

Horizon Credit Union Ltd ABN 66 087 650 173
AFSL & Australian credit licence number 240573
trading as Horizon Bank
27 Stewart Street, Wollongong NSW 2500
(02) 4224 7700

Horizon Bank

