



Horizon Bank

2026

ANNUAL REPORT

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2026 Highlights



\$5.1m

net profit after tax



\$826m

total assets



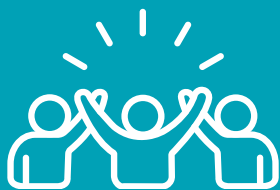
\$604m

loans to members



\$753m

member deposits



93% staff engagement

an increase of 2.5% on 2024 staff survey



\$20,000

donated to Greening
Australia



100%

green energy
powering our HQ



\$75,000

in community grant
funding in 2026



62

projects funded
since 2022

Chair & CEO Report

2026 Annual Report

It is with great pride that we present Horizon Bank's Annual Report for the year ended 30 June 2026.

FY26 was a year of strong growth, continued investment and meaningful progress against our strategic priorities. Despite cost-of-living pressures, changing interest rates, strong competition and increasing regulatory expectations, Horizon remained focused on supporting our members and communities while maintaining a financially secure and sustainable Bank.

The year also marked the first year of our partnership as Chair and CEO. We are grateful for the guidance of our fellow Directors and proud of the dedication and adaptability of the Horizon team as we enhanced our digital capabilities while preserving the personal service, local decision-making and community connection that define Horizon.



Viktor Tomeski

Mitch Cooper 3

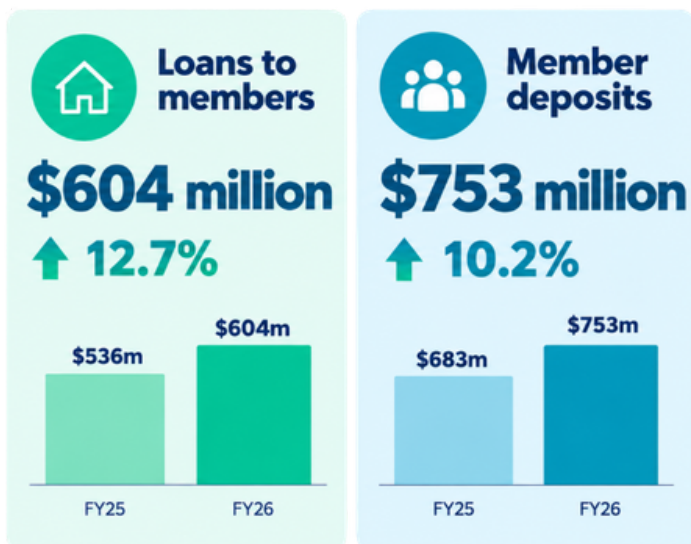
Financial performance

Horizon delivered another strong result in FY26, recording a net profit after tax of \$5.1 million, broadly consistent with the previous year despite higher operating costs and continued investment in technology, security and organisational capability. Total assets increased from \$750 million to \$826 million, loans to members from \$536 million to \$604 million, and member deposits from \$683 million to \$753 million.

This represented loan growth of 12.7%, deposit growth of 10.2% and asset growth of 10.1%. Total members' equity increased to \$61.4 million, the capital adequacy ratio strengthened to 19.34% from 18.85% at the end of FY25, and high-quality liquid assets remained well above the prescribed minimum. This strength supports continued investment in member service, community initiatives and a safe, resilient and sustainable Bank.

Strategic progress

In the second year of Horizon's 2024–2027 Strategic Plan, we made strong progress towards being the "go to" bank in the regions we serve. Responsible lending growth reflected the combined efforts of our branch, lending and support teams, competitive products, improved processes and a renewed focus on the needs of existing and prospective members.



We removed transaction fees and charges, providing a meaningful give-back to members and making everyday banking simpler and fairer.

This initiative demonstrates Horizon's customer-owned purpose by using our financial strength to deliver direct value to our members.

Delivering value for members

Helping people enter the housing market remained an important focus. Horizon's competitively priced First Home Buyer Loan and participation in the Australian Government's 5% Deposit Scheme provided eligible buyers with a more affordable pathway to home ownership and helped address the significant deposit hurdle.

Products, technology and member protection

Horizon continued to invest in easier, safer and more convenient banking. During FY26, we completed the release of App 3, introduced digital cards, implemented the second phase of Confirmation of Payee and progressed the foundational work needed to position Horizon for its next phase of growth.

Protecting members from fraud, scams and cyber threats remained a major priority. We strengthened managed detection and response capabilities, joined the Australian Financial Crimes Exchange, expanded employee training and member alerts, and delivered community scam-awareness sessions. These investments improve efficiency and protection while preserving the personal service and local decision-making our members value.

Supporting our people

Our people remain central to Horizon's success and to delivering a more human approach to banking. During the year, we completed an employee engagement survey and continued to invest in development, succession planning and a new employee volunteering program.

We thank every member of the Horizon team for their professionalism, adaptability and commitment. The strong results achieved in FY26 would not have been possible without their collective effort.

Community and environmental responsibility

Horizon's connection with regional communities remains a defining part of who we are. During FY26, we donated \$20,000 to Greening Australia and a further \$35,000 to community organisations, while our Community Grants Program provided \$75,000 to local initiatives. We also received Climate Active certification for our FY25 business operations, building on the certification achieved for FY24.

As larger institutions reduce their regional presence, Horizon remains committed to a branch network that provides trusted advice, local knowledge, employment and accessible banking support.

Governance and resilience

In an increasingly complex regulatory and operating environment, Horizon implemented significant requirements relating to operational risk, liquidity, payments security and anti-money laundering and counter-terrorism financing. The Board and management maintained a strong focus on operational resilience, cyber security, risk management and sound governance, supported by strong capital, liquidity and funding positions.

Looking ahead

Horizon enters FY27 from a position of financial strength and positive momentum, while remaining mindful of strong lending competition, increasing regulatory demands, cost-of-living pressures and rapidly changing technology and customer expectations.

Our focus will remain on responsible growth, stronger digital and data capabilities, protecting members from fraud and scams, and making banking simpler and more accessible. We will continue to invest in our branches, our people and the communities that have supported Horizon over many years.

We extend our sincere appreciation to our fellow Directors and to Horizon's Management and employees for their guidance, dedication and contribution throughout the year. FY26 was also the final year of service for long-serving Directors Jason Hall and Nick Scavarelli, who retired from the Board shortly after year-end. We thank Jason and Nick for their many years of dedicated service and significant contribution to Horizon.

Most importantly, we thank our members. Your trust and loyalty are at the heart of Horizon Bank, and we are grateful for the opportunity to support you and the communities we share. We look forward to continuing to provide banking that is personal, responsible and centred on what matters most to our members.



Viktor Tmeski
Chair



Mitch Cooper
Chief Executive Officer

Directors' Report

Your Directors present their report on the credit union for the financial year ended 30 June 2026.

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: -

<i>Name</i>	<i>Qualifications</i>	<i>Experience</i>	<i>Responsibilities during the year</i>
Viktor Tomeski	B Com (Hons), FCPA, GAICD, MBA	Director – Apr 2021 to Present	Chair of the Board Chair of the Governance Committee Member of the former Remuneration Committee Member of the People & Culture Committee
Emma Anderson	B Com, CPA, MBA, GAICD	Director – September 2025 to Present	Member of the Audit Committee Member of the Risk Committee
Mark Crowther	B Com, GAICD	Director – Oct 2013 to August 2025	Deputy Chair of the Board Chair of the Audit Committee Member of the Risk Committee
Jacqueline Fitzgerald	B Com, B Law	Director – Apr 2023 to Present	Chair of the People & Culture Committee Member of the former Remuneration Committee Member of the Governance Committee
Elisha Gilmour	B Law, B Sci., GDLP	Director – Apr 2021 to Present	Chair of the former Remuneration Committee Member of the Governance Committee Member of the People & Culture Committee
Jason Hall	ANZIF (Fellow) CIP, B Bus, CPRM, GAICD	Director – 2014 to August 2026	Deputy Chair Chair of the Risk Committee Member of the Audit Committee
Nick Scavarelli	B Com, MAICD	Director – Apr 2021 to August 2026	Member of the Audit Committee Member of the Risk Committee
Matthew Swain	B Acc, CPA, MBA, DipAppSc	Director – Aug 2024 to Present	Chair of the Audit Committee Member of the Risk Committee
Greg Parrish	B Com, CPA, MBA, GAICD	Director – September 2026 to Present	Member of the Audit Committee Member of the Risk Committee
Jon Stanfield	B Ec, ACA	Director – September 2026 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: -

<i>Name</i>	<i>Qualifications</i>	<i>Experience</i>
Mitchell Cooper	B Com, MAICD	Chief Executive Officer

Directors' meeting attendance

Director	Board Meetings		Committee Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended
Viktor Tomeski	12	12	7	7
Emma Anderson	9	8	10	10
Mark Crowther	3	3	-	-
Jacqueline Fitzgerald	12	12	7	7
Elisha Gilmour	12	12	7	7
Jason Hall	12	10	10	10
Nick Scavarelli	12	8	10	6
Matthew Swain	12	9	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 \$5.094m [2025 \$5.293m].

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 were similar to the previous year. An increase in the Net Interest Margin was partly 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 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 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 8.

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 30 September 2026



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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 2026, 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.

PKF

PKF

STobutt

SCOTT TOBUTT
PARTNER

30 SEPTEMBER 2026
SYDNEY, NSW

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HORIZON CREDIT UNION LIMITED

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 2026, 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 2026, 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 2026 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

Auditor's Responsibilities for the Audit 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:

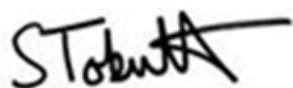
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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.
- 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

PKF

A handwritten signature in black ink, appearing to read "STobutt", with a long horizontal stroke extending to the right.

SCOTT TOBUTT

PARTNER

30 SEPTEMBER 2026

SYDNEY, NSW

Directors' Declaration

In the opinion of the directors of Horizon Credit Union Limited:

- a. the financial statements and notes of Horizon Credit Union Limited are in accordance with the Corporations Act 2001, including
 - i. giving a true and fair view of its financial position as at 30 June 2026 and of its performance for the financial year ended on that date;
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - iii. the information disclosed in the consolidated entity disclosure statement is true and correct.
- b. there are reasonable grounds to believe that Horizon Credit Union Limited will be able to pay its debts as and when they become due and payable.
- c. the financial statements comply with International Financial Reporting Standards as stated in Note 1.

Signed in accordance with a resolution of the directors:



Director

Dated this 30 September 2026

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Revenue			
Interest revenue	2a	38,802	38,321
Interest expense	2c	(17,749)	(18,737)
Net interest income		21,053	19,584
Fees, commission and other income	2b	1,791	2,331
		22,844	21,915
Non-interest expenses			
Impaired losses on loans receivable from members	2d	(124)	(56)
Fee and commission expenses		(1,870)	(1,668)
General administration			
- Employee costs		(7,440)	(7,037)
- Depreciation and amortisation	2e	(664)	(606)
- Information technology		(2,500)	(2,160)
- Office occupancy		(833)	(724)
- Other administration		(554)	(540)
Other operating expenses		(1,904)	(1,831)
Total non-interest expenses		(15,889)	(14,622)
Profit before Income Tax		6,955	7,293
Income Tax Expense	3	(1,861)	(2,000)
Profit for the year		5,094	5,293
Other comprehensive income			
Surplus on revaluation of land and building, net of tax		-	97
Surplus (Deficit) on revaluation of Cuscal shares, net of tax		809	474
Total comprehensive income for the period		5,903	5,864

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

Statement of Changes in Member Equity

for the year ended 30 June 2026

	Note	Share Redemption Reserve \$'000	Asset Revaluation Reserve \$'000	Transfer of Business Reserve \$'000	Retained Earnings \$'000	Total \$'000
Total at 1 July 2024		167	2,735	8,487	38,087	49,476
Net Profit for the year		-	-	-	5,293	5,293
Transfers to (from) Reserves	1	124	-	-	595	720
Total as at 30 June 2025		168	2,859	8,487	43,975	55,489
Net Profit for the year		-	-	-	5,094	5,094
Transfers to (from) Reserves	2	808	-	-	(2)	808
Total as at 30 June 2026		170	3,667	8,487	49,067	61,391

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

Statement of Financial Position

as at 30 June 2026

	Note	2026 \$'000	2025 \$'000
Assets			
Cash and cash equivalents	4	11,497	9,288
Liquid investments	5	197,073	192,985
Receivables	6	2,444	2,416
Prepayments		322	211
Loans to members	7 & 8	603,814	535,704
Investments	9	2,741	1,661
Property, plant and equipment	10	4,933	4,791
Intangible assets	11	270	444
Taxation assets	12	1,055	776
Right of use assets	13	1,886	1,926
Total Assets		826,035	750,202
Liabilities			
Borrowings	14	586	-
Deposits from members	15	753,336	683,381
Payables	16	9,128	9,921
Taxation liabilities	17	1,459	1,277
Provisions	18	135	135
Total Liabilities		764,644	694,714
Net Assets		61,391	55,489
Members Equity			
Share redemption reserve	19	170	168
Asset revaluation reserve	20	3,667	2,859
Transfer of business reserve	21	8,487	8,487
Retained earnings	22	49,067	43,975
Total Members Equity		61,391	55,489

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

Statement of Cash Flows

for the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Operating Activities			
Inflows			
Interest received		38,735	37,972
Fees and commissions		1,693	1,787
Dividends Received		53	101
Other income		84	117
Outflows			
Interest paid		(17,749)	(18,737)
Suppliers and employees		(15,932)	(14,369)
Income taxes (paid)		(1,958)	(1,563)
Net Cash from Revenue Activities		4,926	5,308
Inflows (outflows) from other operating activities			
Decrease (Increase) in Member loans (net movement)		(68,233)	(12,540)
Increase in Member deposits and shares (net movement)		69,955	41,614
(Increase) Decrease in receivables from financial institutions (net movement)		(4,357)	(34,090)
Net Cash from Operating Activities	37b	2,291	292
Investing Activities			
Inflows			
Proceeds on sale of investment in shares		-	1,328
Proceeds on sale of property, plant and equipment		67	33
Less: Outflows			
Purchase of shares		(1)	-
Purchase of intangible assets		(133)	(236)
Purchase of property, plant and equipment		(601)	(197)
Net Cash (used in) provided by Investing Activities		(668)	928
Financing Activities			
Inflows			
Increase (Decrease) in borrowings (net movement)		586	-
Net Cash from (used in) Financing Activities		586	-
Total Net Cash increase		2,209	1,220
Cash at Beginning of Year		9,288	8,068
Cash at End of Year	37a	11,497	9,288

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 2026. The report was authorised for issue on 30 September 2026 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 2026 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 Material 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 Material 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 Material 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 both listed equity securities in Cuscal and unlisted equity securities such as shares in 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 (2025: 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 2025

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 Australian 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 2026.

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 Material 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 Material 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 Material 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. 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	2026 \$'000	2025 \$'000
a. Analysis of interest revenue		
Interest revenue on assets carried at amortised cost		
Cash – deposits at call	1,109	614
Receivables from financial institutions	8,145	8,645
Loans to members	29,548	29,062
	<u>38,802</u>	<u>38,321</u>
b. Non-interest revenue		
Fee and commission revenue		
- Loan fee income – other than loan origination fees	599	525
- Transaction fee income	173	309
- Insurance commissions	428	446
- Other commissions	434	433
Total Fee and commission revenue	<u>1,634</u>	<u>1,713</u>
Other Income		
Dividends received	53	101
Bad debts recovered	4	14
Gain on disposal of property, plant and equipment and investments	-	399
Miscellaneous revenue	80	104
	<u>1,791</u>	<u>2,331</u>
c. Interest expense		
Interest expense on liabilities carried at amortised cost		
Short term borrowings	1	3
Deposits from financial institutions	-	11
Deposits from members	17,748	18,723
	<u>17,749</u>	<u>18,737</u>
d. Impairment losses on loans and advances		
Increase(Decrease) in provision for impairment	124	56
	<u>124</u>	<u>56</u>
e. Other prescribed expense disclosures		
Auditors remuneration (excluding GST)		
PKF		
- External audit fees	70	70
- Other services	8	8
	<u>78</u>	<u>78</u>
Depreciation of		
- Buildings	39	35
- Plant and equipment	351	332
Amortisation of intangibles	274	239
	<u>664</u>	<u>606</u>
Property leases	633	613
Net movement in provisions for:		
- Employee entitlements	(17)	24
- Leased premises make good	-	-
- Fraud	-	(70)
	<u>616</u>	<u>567</u>

3. Income Tax Expense	2026 \$'000	2025 \$'000
a. The income tax expense comprises amounts set aside as:		
Current tax expense	1,748	1,967
Deferred tax	(10)	(18)
Adjustment to opening deferred tax balances	123	51
Total income tax expense in the Statement of Profit or Loss and Other Comprehensive Income	<u>1,861</u>	<u>2,000</u>
b. The prima facie tax payable on profit is reconciled to the income tax expense in the accounts as follows:		
Profit	<u>6,955</u>	<u>7,293</u>
Prima facie tax payable on profit before income tax at 25%	1,749	1,823
Add tax effect of expenses not deductible		
- Other non-deductible expenses	6	4
- Adjustment to opening deferred tax balances	123	51
- Dividend imputation adjustment	6	11
- Profit on disposal of shares	-	154
Subtotal	<u>1,884</u>	<u>2,043</u>
Less		
- Government stimulus	-	-
- Imputation credits	(23)	(43)
Income tax expense attributable to current year profit	<u>1,861</u>	<u>2,000</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>15,227</u>	<u>13,694</u>
4. Cash and Cash Equivalents		
Cash on hand and at bank	1,197	4,088
Deposits at call	10,300	5,200
	<u>11,497</u>	<u>9,288</u>
5. Liquid Investments		
Amortised Cost Investments		
Negotiable certificates of deposit	41,348	58,260
Floating rate notes	64,075	61,075
Government bonds	60,750	42,750
Receivables		
Term deposits held with authorised deposit taking institutions	30,900	30,900
	<u>197,073</u>	<u>192,985</u>

6. Receivables	Note	2026 \$'000	2025 \$'000
Interest receivable on deposits with other financial institutions		1,536	1,469
Sundry debtors and settlement accounts		908	947
		<u>2,444</u>	<u>2,416</u>
7. Loans and Advances			
a. Amount due comprises:			
Overdrafts and revolving credit		6,359	7,120
Term loans		598,267	529,368
		<u>604,626</u>	<u>536,488</u>
Unamortised loan origination fees		155	71
		<u>604,781</u>	<u>536,559</u>
Unamortised fixed rate loan renegotiation fees		2	-
Provision for impaired loans	8	(969)	(855)
		<u>603,814</u>	<u>535,704</u>
b. Credit quality - Security held against loans			
Secured by residential or commercial property		585,419	515,624
Secured by goods mortgage		15,020	15,569
Unsecured		4,187	5,296
		<u>604,626</u>	<u>536,489</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%		561,529	492,117
- LVR of more than 80% but mortgage insured		17,410	19,072
- LVR of more than 80% and not mortgage insured		6,480	4,435
Total		<u>585,419</u>	<u>515,624</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		195,678	192,012
- Shoalhaven		158,036	152,152
- Bega Valley		156,244	144,853
- Other		94,668	47,472
		<u>604,626</u>	<u>536,489</u>
(iii) Loans by customer type:			
Residential loans and facilities		560,386	493,597
Personal loans and facilities		11,467	13,352
Business loans and facilities		32,773	29,540
		<u>604,626</u>	<u>536,489</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.

	2026			2025		
	Gross Carrying Value	ECL Allowance	Carrying Value	Gross Carrying Value	Provision for impairment	Carrying Value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loans to members						
Mortgages	556,645	179	556,466	489,202	130	489,072
Personal	9,371	535	8,836	11,235	497	10,738
Overdrafts	5,837	216	5,621	6,512	213	6,299
Total to natural persons	571,853	930	570,923	506,949	840	506,109
Corporate borrowers	32,772	39	32,733	29,540	15	29,525
Total	604,625	969	603,656	536,489	855	535,634

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.

	2026				2025			
	Stage 1 12 mth ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12 mth ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loans to members								
Mortgage secured	179	-	-	179	130	-	-	130
Personal loans	516	10	9	535	453	19	25	497
Overdrafts	133	16	67	216	143	20	50	213
Corporate borrowers	39	-	-	39	15	-	-	15
Loss allowance	-	-	-	-	-	-	-	-
Total	867	26	76	969	741	39	75	855

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.

	2026				2025			
	Stage 1 12 mth ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12 mth ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	\$'001	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loans to members								
Balance at 1 July	741	38	75	854	745	21	77	843
Changes in the loss allowance	-	-	-	-	-	-	-	-
- Transfer to stage 1	-	-	-	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-	-	-	-
- Transfer to/from stage 3	-	(4)	4	-	-	(45)	45	-
- Net movement due to change in credit risk	126	(8)	1	119	(4)	63	(2)	57
- Write-offs	-	-	(4)	(4)	-	-	(45)	(45)
Balance at 30 June	867	26	76	969	741	39	75	855

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

	2026 \$'000	2025 \$'000
Equity investment securities designated as FVOCI		
Shares in Cuscal Limited	2,674	1,594
Shares in Transaction Solutions Limited	67	67
	<u>2,741</u>	<u>1,661</u>

Shares in Cuscal Limited

Cuscal supplies end-to-end payments services. At 30 June 2026, the credit union valued its investment in Cuscal shares in line with the ASX value of \$5.03 per share (2025: \$3.00) as a Fair Value through Other Comprehensive Income (FVOCI).

Shares in Transaction Solutions Limited (TAS)

TAS provides IT hosting services. At 30 June 2026, the credit union designated its investment in TAS shares to be \$4.78 per share (2025: \$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

2,425 2,425

Buildings – at valuation

1,425 1,425

Add: subsequent additions at cost

50 -

Less: Provision for depreciation

(39) -

3,861 3,850

Plant and equipment - at cost

3,561 3,125

Less: Provision for depreciation

(2,489) (2,184)

1,072 941

Capitalised Leasehold Improvements at cost

220 220

Less: Provision for amortisation

(220) (220)

- -

4,933 4,791

b. Land and Building – Valuation

Land and building – at valuation

3,850 3,850

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 2025. 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 2026.

Movement in the assets balances during the year were:

	2026				2025			
	Property \$'000	Plant & equipment \$'000	Leasehold Improvements \$'000	Total \$'000	Property \$'000	Plant & equipment \$'000	Leasehold Improvements \$'000	Total \$'000
Opening balance	3,850	941	-	4,791	3,755	1,076	-	4,831
Purchases in the year	50	551	-	601	-	197	-	197
Revaluation	-	-	-	-	130	-	-	130
Less								
Disposal of assets	-	(69)	-	(69)	-	-	-	-
Depreciation charge	(39)	(351)	-	(390)	(35)	(332)	-	(367)
Balance at the end of the year	3,861	1,072	-	4,933	3,850	941	-	4,791

11. Intangible Assets

	2026 \$'000	2025 \$'000
Software	2,135	2,081
Less: Provision for amortisation	(1,865)	(1,637)
	270	444
Movement in the assets balances during the year were:		
Opening balance	444	446
Purchases	133	236
Less:		
Disposal of assets	(33)	-
Amortisation charge	(274)	(238)
Balance at the end of the year	270	444

12. Taxation Assets

Income tax receivable	392	-
Accrual for GST receivable	48	69
Deferred tax asset	615	707
	1,055	776
Current income tax receivable comprises:		
Liability for income tax in current year	(1,748)	-
Less: Instalments paid in current year	2,139	-
	392	-
Deferred tax asset comprises:		
Accrued expenses not deductible until incurred	93	83
Provisions for impairment on loans	242	214
Provisions for employee benefits	300	303
Provisions for other	38	39
Lease liabilities	(59)	66
Capital costs from transfer of business	-	2
	614	707

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.

Right-of-use assets (ROU)

Balance at beginning of year	1,926	1,689
Additional ROU assets	462	732
Depreciation charge	(502)	(495)
Balance at end of year	1,886	1,926

Lease Liabilities

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

< 1 year	596	587
1 – 5 years	1,756	1,713
> 5 years	64	205
Total undiscounted lease liabilities	2,416	2,505
Lease liabilities included in this Statement of Financial Position	2,144	2,189

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:

	2026 \$'000	2025 \$'000
Interest expense on lease liabilities	110	125
Depreciation of right-of-use assets	501	496
	<u>611</u>	<u>621</u>
14. Borrowings		
Cuscal	586	-
	<u>586</u>	<u>-</u>
15. Deposits from Members		
Member Deposits		
- at call	433,893	394,831
- term	319,405	288,513
Total deposits	<u>753,298</u>	<u>683,344</u>
Member withdrawable shares	38	37
	<u>753,336</u>	<u>683,381</u>
Concentration of Member Deposits		
Member deposits at balance date are concentrated in the following areas:		
- Illawarra	302,438	286,372
- Shoalhaven	194,627	172,429
- Bega Valley	224,370	201,348
- Other	31,863	23,232
	<u>753,298</u>	<u>683,381</u>
16. Payables		
Creditors and accruals	1,334	1,096
Lease liability	2,144	2,189
Employee entitlements	1,218	1,235
Interest payable on deposits	4,432	5,401
	<u>9,128</u>	<u>9,921</u>

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17. Taxation Liabilities	2026 \$'000	2025 \$'000
Current income tax liability	-	108
Deferred tax liability	1,443	1,153
Accrual for GST payable	13	16
Accrual for other tax liabilities	3	-
	1,459	1,277
Current income tax liability comprises:		
Liability for income tax in current year	1,748	1,968
Less: Instalments paid in current year	(2,140)	(1,860)
	392	108
Deferred tax liability comprises:		
Tax on revalued property held in equity	640	640
Tax on revalued investments held in equity	577	307
Revaluation of TAS shares	5	5
Deferred loan fees	39	18
Prepayments	81	53
Depreciation on fixed assets	101	130
	1,443	1,153
18. Provisions		
Fraud		
Balance at the beginning of the year	-	70
Liability increase (decrease) in current year	-	(70)
Balance at the end of the year	-	-
Lease premises make good		
Balance at the beginning of the year	135	135
Liability increase (decrease) in current year	-	-
Balance at the end of the year	135	135
Total provisions	135	135
19. Share Redemption Reserve		
Balance at the beginning of the year	168	167
Attributable to business combinations	-	-
Transfer from retained earnings on share redemptions	2	1
Balance at the end of year	170	168

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	2026 \$'000	2025 \$'000
Balance at the beginning of the year	2,859	2,735
Add: Land and building revaluation	-	130
Add: Cuscal shares restated at FV	1,079	632
Less: Cuscal share sale	-	(448)
Less: Adjustments transferred to deferred tax liability	(271)	(190)
Balance at the end of year	<u>3,667</u>	<u>2,859</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	43,975	38,086
Add: operating profit for the year	5,094	5,293
Add: transfer of reserves from asset revaluation reserve	-	448
Add: transfer of deferred tax liability from sale of Cuscal shares	-	149
Less: transfer of reserves to capital account on redemption of shares	(2)	(1)
Retained Profits at the end of the Financial Year	<u>49,067</u>	<u>43,975</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 2026, a 200bp parallel downward shift would result in a loss of 2.17% of capital (2025: loss of 3.66%). The credit union therefore is exposed to interest rates decreasing and based on this measure would lose 2.17% 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 29 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	2026	2025
Holdings at 30 June \$'000	\$175,670	\$180,273
Ratio at 30 June	22.31%	24.96%
Prescribed ratio	9.00%	9.00%
Average ratio for the year	25.37%	22.34%
Minimum ratio during the year	22.65%	19.14%

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:

	2026			2025		
	Carrying value \$'000	Commitments \$'000	Max exposure \$'000	Carrying value \$'000	Commitments \$'000	Max exposure \$'000
Loans to						
Mortgage	556,645	52,869	609,514	489,202	51,254	540,456
Personal	9,371	1,179	10,550	11,235	2,201	13,436
Credit cards	1,937	4,820	6,757	1,938	5,073	7,011
Overdrafts	3,900	902	4,802	4,574	9,497	14,071
Total to natural persons	571,853	59,770	631,623	506,949	68,025	574,974
Corporate borrowers	32,772	2,224	34,996	29,540	4,551	34,091
Total	604,625	61,994	666,619	536,489	72,576	609,065

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 predominant geographic distribution is between the three main areas of Illawarra, Shoalhaven & Bega Valley regions but has extended beyond these locations during the year as detailed 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 loan 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	Carrying value	2026 Past due value	Provision	Carrying value	2025 Past due value	Provision
	\$'000	\$'000		\$'000	\$'000	
Government – rated AA- and above	60,750	-	-	42,750	-	-
Cuscal – rated A+	24,200	-	-	21,997	-	-
Banks – rated AA- and above	-	-	-	-	-	-
Banks – rated below AA-	52,985	-	-	59,979	-	-
Non-bank ADIs – rated below AA-	57,438	-	-	71,357	-	-
Unrated institutions	12,000	-	-	5,000	-	-
Total	207,373	-	-	201,083	-	-

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:

	2026 \$'000	2025 \$'000
Tier 1		
Capital reserve	170	168
Asset revaluation reserve	3,667	2,859
Business combination reserve	8,487	8,487
Retained earnings	48,912	43,903
	61,236	55,418
Less prescribed deductions	(3,012)	(2,105)
Net Tier 1 capital	58,224	53,313
Tier 2		
Reserve for credit losses	-	-
	-	-
Less prescribed deductions	-	-
Net Tier 2 capital	-	-
Total Capital	58,224	53,313

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

	2026	2025	2024	2023	2022
	Basel III	Basel III	Basel III	Basel III	Basel III
Capital Ratio	19.34%	18.85%	17.25%	16.71%	14.92%

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 2026 was \$27.374m [2025: \$25.710m].

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

- a. The following information classifies the financial instruments into measurement classes

Financial assets – carried at amortised cost

Cash and cash equivalents	11,497	9,288
Receivables	908	947
Receivables from financial institutions	198,609	194,455
Loans to members	604,626	536,489
	815,640	741,179
Assets carried at FVOCI	2,741	1,661
	818,381	742,840

Financial Liabilities – carried at amortised cost

Borrowings	586	-
Creditors	1,334	1,096
Deposits from members	757,730	688,745
Members withdrawable shares	38	37
Leases	2,144	2,189
	761,832	692,067

- b. Assets measured at fair value

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

	Note	2026				2025			
		Balance	Level 1	Level 2	Level 3	Balance	Level 1	Level 2	Level 3
Equity investment securities designated as FVOCI									
Opening balance		1,662	1,594	-	68	1,991	-	-	1,991
Reclassification of Cuscal shares		-	-	-	-	-	1,923	-	(1,923)
Add: revaluation of Cuscal shares		1,079	1,079	-	-	632	632	-	-
Add: purchase of Cuscal Shares		1	1	-	-	-	-	-	-
Less: sale of Cuscal shares		-	-	-	-	(961)	(961)	-	-
Closing balance	9	2,742	2,674	-	68	1,662	1,594	-	68

The fair value hierarchy has the following levels:

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

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

Shares in Cuscal Limited were reclassified from Level 3 to Level 1 during the year as Cuscal became a listed company.

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.

2026	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	10,300	-	-	-	-	1,197	11,497
Receivables	908	-	-	-	-	-	908
Liquid investments	40,411	30,297	21,803	121,073	13,987	-	227,571
Loans & advances	4,556	9,112	40,147	197,857	850,777	-	1,102,449
FVOCI equity investment	-	-	-	-	-	2,742	2,742
Total financial assets	56,175	39,409	61,950	318,930	864,764	3,939	1,345,167

Liabilities							
Borrowings	586	-	-	-	-	-	586
Creditors	1,334	-	-	-	-	-	1,334
Leases	42	84	366	1,590	62	-	2,144
Deposits from members – at call	433,893	-	11	-	-	38	433,942
Deposits from members – term	57,275	87,647	183,481	1,034	-	-	329,437
On Statement of Financial Position	493,130	87,731	183,858	2,624	62	38	767,443
Undrawn commitments	-	-	-	-	-	86,735	86,735
Total financial liabilities	493,130	87,731	183,858	2,624	62	86,773	854,178

2025	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	8,097	-	-	-	-	1,191	9,288
Receivables	947	-	-	-	-	-	947
Liquid investments	65,365	14,138	12,229	101,845	26,048	-	219,625
Loans & Advances	4,081	8,163	36,021	176,442	730,187	-	954,894
FVOCI equity investment	-	-	-	-	-	1,661	1,661
Total financial assets	78,490	22,301	48,250	278,287	756,235	2,852	1,186,415

Liabilities							
Creditors	1,096	-	-	-	-	-	1,096
Leases	40	80	359	1,514	196	-	2,189
Deposits from members – at call	394,831	-	14	-	-	37	394,882
Deposits from members – term	48,602	79,757	168,250	1,342	-	-	297,951
On Statement of Financial Position	444,569	79,837	168,623	2,856	196	37	696,118
Undrawn commitments	-	-	-	-	-	96,256	96,256
Total financial liabilities	444,569	79,837	168,623	2,856	196	96,293	792,374

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.

	2026			2025		
	Within 12 months \$'000	After 12 months \$'000	Total \$'000	Within 12 months \$'000	After 12 months \$'000	Total \$'000
Financial assets						
Cash	11,497	-	11,497	9,288	-	9,288
Liquid investments	80,348	116,725	197,073	82,260	110,725	192,985
Loans & advances	25,376	579,250	604,626	8,915	527,573	536,488
Receivables	2,444	-	2,444	2,416	-	2,416
FVOCI equity investments	2,742	-	2,742	1,661	-	1,661
Total financial assets	122,407	695,975	818,382	104,540	638,298	742,838
Financial liabilities						
Borrowings	586	-	586	-	-	-
Deposits from members – at call	433,904	-	433,904	394,845	-	394,845
Deposits from members – term	322,868	958	323,826	292,657	1,243	293,900
Creditors	1,334	-	1,334	1,096	-	1,096
Leases	491	1,652	2,143	479	1,710	2,189
Total financial liabilities	759,183	2,610	761,793	689,077	2,953	692,030

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.

2026	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	10,300	-	-	-	-	1,197	11,497
Receivables	-	-	-	-	-	908	908
Liquid investments	55,071	130,645	18,063	5,130	-	-	208,909
Loans and advances	341,434	15,667	100,923	146,601	-	-	604,625
FVOCI equity investments	-	-	-	-	-	2,741	2,741
On Statement of Financial Position	406,805	146,312	118,986	151,731	-	4,846	828,680
Undrawn commitments	-	-	-	-	-	84,321	84,321
Total financial assets	406,805	146,312	118,986	151,731	-	89,167	913,001
Liabilities							
Borrowings	586	-	-	-	-	-	586
Creditors	-	-	-	-	-	1,334	1,334
Leases	42	84	366	1,590	62	-	2,144
Deposits from members – at call	433,893	-	11	-	-	38	433,942
Deposits from members – term	57,193	87,084	178,568	980	-	-	323,825
On Statement of Financial Position	491,714	87,168	178,945	2,570	62	1,372	761,831
Undrawn commitments	-	-	-	-	-	2,414	2,414
Total financial liabilities	491,714	87,168	178,945	2,570	62	3,786	764,245

2025	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	8,097	-	-	-	-	1,191	9,288
Receivables	-	-	-	-	-	947	947
Liquid investments	72,252	117,261	7,908	5,130	-	-	202,551
Loans and advances	304,389	18,188	113,351	100,561	-	-	536,489
FVOCI equity investments	-	-	-	-	-	1,661	1,661
On Statement of Financial Position	384,738	135,449	121,259	105,691	-	3,799	750,936
Undrawn commitments	-	-	-	-	-	93,256	93,256
Total financial assets	384,738	135,449	121,259	105,691	-	97,055	844,192
Liabilities							
Creditors	-	-	-	-	-	1,096	1,096
Leases	40	80	359	1,514	196	-	2,189
Deposits from members – at call	394,831	-	14	-	-	37	394,882
Deposits from members – term	48,561	79,227	164,843	1,269	-	-	293,900
On Statement of Financial Position	443,432	79,307	165,216	2,783	196	1,133	692,067
Undrawn commitments	-	-	-	-	-	3,000	3,000
Total financial liabilities	443,432	79,307	165,216	2,783	196	4,133	695,067

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 other than the Cuscal shares now being listed on the ASX. 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.

	2026			2025		
	Fair Value	Carrying Amount	Variance	Fair Value	Carrying Amount	Variance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash and cash equivalents	11,497	11,497	-	9,288	9,288	-
Receivables *	2,444	2,444	-	2,416	2,416	-
Advances to other financial institutions	196,923	197,073	(150)	194,093	192,985	1,108
Loans to members	603,831	603,814	17	535,624	535,704	(80)
FVOCI equity investments	2,742	2,742	-	1,661	1,661	-
Total financial assets	817,437	817,570	(133)	743,082	742,054	1,027
Financial Liabilities						
Borrowings	586	586	-	-	-	-
Payables *	9,128	9,128	-	9,921	9,921	-
Deposits from members – at call	433,931	433,931	-	394,868	394,868	-
Deposits from members – term	317,944	319,405	(1,461)	289,659	288,513	1,146
Total financial liabilities	761,589	763,050	(1,461)	694,448	693,302	1,146

* 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	2026 \$'000	2025 \$'000
a. Outstanding Loan commitments		
Loans approved but not funded as at 30 June	15,374	20,337
b. Loan Redraw Facility		
Facilities available as at 30 June	57,174	58,006
c. Undrawn Loan Facilities		
Loan facilities available to members for overdrafts and line of credit loans are as follows:		
Total value of facilities approved	18,132	22,033
Less: Amount advanced	(6,359)	(7,120)
Net undrawn value	11,773	14,913
These commitments are contingent on members maintaining credit standards and ongoing repayment terms on amounts drawn.		
Total financial commitments	84,321	93,256
d. Computer Software Expense Commitments		
The costs committed under the current Ultradata and TAS contracts are as follows:		
Not later than 1 year	1,580	1,455
Later than 1 year but not 2 years	1,159	1,490
Later than 2 years but not 5 years	288	402
	3,027	3,347
30. Standby Borrowing Facilities		
Committed facilities		
Cuscal Limited overdraft facility	3,000	3,000
Current borrowing	(586)	-
Total Standby borrowing facilities available	2,414	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:

	Directors	2026 Other KMP	Total	Directors	2025 Other KMP	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) short-term employee benefits;	223	1,066	1,289	193	1,213	1,406
(b) post-employment benefits - superannuation contributions	21	172	193	45	169	214
(c) other long-term benefits – net (decrease)/increases in long service leave provision and retirement gifts	-	(70)	(70)	-	35	35
(d) termination benefits	-	-	-	-	-	-
(e) share-based payment	-	-	-	-	-	-
Total KMP compensation	244	1,168	1,412	238	1,417	1,655

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:

	Mortgage Secured	2026 Other term loans	Credit Cards	Mortgage Secured	2025 Other term loans	Credit Cards
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Funds available to be drawn	275	-	28	128	-	26
Balance	5,529	-	4	5,000	-	4
Amounts disbursed or facilities increased in the year	925	-	56	-	-	51
Interest and other revenue earned	231	-	-	244	-	-
				2026 \$'000	2025 \$'000	

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

Total value of term and savings deposits of KMP	2,392	1,981
Total interest paid on deposits to KMP	15	27

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 \$18k was paid to a family member of a KMP for the purposes of leasing a property prior to the KMP resigning. 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. During the year an option to extend the lease was exercised outside the relevant party being a KMP.

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

	2026 \$'000	2025 \$'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	1,197	4,088
Deposits at call	10,300	5,200
Total Cash and cash equivalents	11,497	9,288
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	5,095	5,293
Non cash flows		
Depreciation	391	367
Amortisation of intangibles	274	238
Loss on sale of assets	33	-
Profit on sale of assets	(1)	(33)
Profit on sale of investments	-	(367)
Add changes in assets and liabilities		
Increase in provision for loans	113	12
Increase in employee entitlements	-	24
Increase in accrued expenses	239	-
Increase in provision for income tax	-	107
Increase in lease liabilities	-	205
Increase in deferred tax liability	290	64
Increase in member deposits and shares	69,955	41,614
Decrease in sundry debtors and other receivables	39	-
Decrease in right of use assets	39	-
Decrease in taxes receivable	21	1
Decrease in deferred tax asset	92	10
Decrease in income tax receivable	-	209
Less changes in assets and liabilities		
Decrease in employee entitlements	(17)	-
Decrease in GST and other tax liabilities	(1)	(38)
Decrease in other provisions	-	(70)
Decrease in accrued expenses	-	(109)
Decrease in unamortised fixed rate loan renegotiation fees	(1)	-
Decrease in provision for income tax	(107)	-
Decrease in interest payable	(968)	(213)
Decrease in lease liabilities	(46)	-
Decrease in deferred tax liability	(270)	(41)
Increase in income tax receivable	(392)	-
Increase in prepayments	(111)	(9)
Increase in sundry debtors and other receivables	-	(326)
Increase in effective rate adjustments	(84)	(48)
Increase in interest receivable	(67)	(350)
Increase in right of use assets	-	(236)
Increase in member loans	(68,137)	(12,447)
Increase in receivables from financial institutions	(4,088)	(33,565)
Net cash from operating activities	2,291	292

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 2026, 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 Corporations Act 2001 does not apply to the entity.

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