



AUSTRALIAN
MUTUAL BANK



2025 Annual Report

Contents

DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	8
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	10
STATEMENTS OF FINANCIAL POSITION	11
STATEMENTS OF CHANGES IN MEMBERS' EQUITY	12
STATEMENTS OF CASH FLOWS	13
NOTES TO THE FINANCIAL STATEMENTS	14
CONSOLIDATED ENTITY DISCLOSURE STATEMENT	54
DIRECTORS' DECLARATION	55
INDEPENDENT AUDITOR'S REPORT	56

DIRECTORS' REPORT

The Directors present their report together with the Financial Statements of Australian Mutual Bank Ltd (referred to as "the Bank" or "the Parent Entity") and the Consolidated Entity (referred to as "the Group" or "the Consolidated Entity") consisting of Australian Mutual Bank Ltd and the SCU Trust No.1 for the financial year ended 30 June 2025 and the auditor's report thereon. Australian Mutual Bank Ltd is a company registered under the Corporations Act 2001.

INFORMATION ON DIRECTORS

The Directors of the Bank at any time during or since the end of the year are:



Fiona Louise Bennett

Chair (independent & non-executive)*

Qualifications	Bachelor of Business (Accounting, Finance & Economics)
Memberships	Certified Practising Accountant Graduate member, Australian Institute of Company Directors
Experience	Director since 2011 Director, Australian Mutual Bank Ltd 2019-present Director, Neami Limited January 2024-present Board member, Western NSW Local Health District January 2017-2024 Director, Endeavour Mutual Bank Ltd 2016-2019 Director, Select Credit Union Ltd 2011-2016 Accountant since 1990



Alex Claassens

Deputy Chair (independent & non-executive)*

Chair of the Board Governance and Remuneration Committee appointed 11 December 2024

Memberships	Member, Australian Institute of Company Directors Super Members Council
Experience	Director since 2009 Director, Australian Mutual Bank Ltd 2019-present Director, Industry Standards Australia 2024-present Director, Endeavour Mutual Bank Ltd 2016-2019 Director, Encompass Credit Union Ltd 2009-2016 Board member, State Super 2012-2024 Board member, Sydney Alliance for Community Building 2013-2024 Board member, Transport Heritage NSW 2018-present National Secretary Australian Rail, Tram and Bus Industry Union 2024-present Executive member, ACTU 2024-present NSW State Secretary and National Executive member, Rail Tram and Bus Union 2010-2024 Train driver on the NSW rail network 1978-present



Anton William Usher

Director (independent & non-executive)*

Chair of the Board Audit Committee

Qualifications	<p>Bachelor of Laws (Hons 1)</p> <p>Bachelor of Arts, Economics</p> <p>Graduate Diploma of Applied Corporate Governance</p>
Memberships	<p>Graduate member, Australian Institute of Company Directors</p> <p>Solicitor, member of the Law Society of NSW</p> <p>Fellow, Governance Institute of Australia</p> <p>Member, Institute of Chartered Secretaries & Administrators</p> <p>Associate Fellow, Risk Management Institute of Australasia</p>
Experience	<p>Director since 2017</p> <p>Director, Australian Mutual Bank Ltd 2019-present</p> <p>Director, Sydney Credit Union Ltd 2017-2019</p> <p>Manager, Sutherland Shire Council, 2016-present</p> <p>Over 25 years' experience in management, law, risk management, governance and compliance within the public and private sectors</p>



Kristen Julie Watts

Director (independent & non-executive)*

Chair of the Board Risk Committee

Qualifications	<p>Bachelor of Economics (Accounting)</p> <p>Master of Commerce</p>
Memberships	<p>Chartered Accountant (qualified)</p> <p>Graduate member, Australian Institute of Company Directors</p>
Experience	<p>Director, Australian Mutual Bank Ltd 2019-present</p> <p>Director, Endeavour Mutual Bank Ltd 2016-2019</p> <p>Director, Select Credit Union Ltd 2010-2016</p> <p>Over 25 years' experience in asset management, corporate and investment governance.</p>



Mark Harris

Director (independent & non-executive)*

Qualifications	<p>Bachelor of Engineering (Hons)</p> <p>Post Graduate Diploma in Project Management, Master Project Director</p>
Memberships	<p>Member, Australian Institute of Company Directors</p> <p>Members Institute of Engineers Australia</p> <p>Member, Australian Institute of Project Managers</p> <p>Fellow and Life Member, Permanent Way Institution (NSW)</p> <p>Member, Permanent Way Institution (QLD, VIC & SA)</p>
Experience	<p>Director, Australian Mutual Bank Ltd 2022-present</p> <p>Director, Encompass Credit Union Ltd 2007-2016</p> <p>President of the Permanent Way Institution of NSW 2000-present</p> <p>Chair, PWI National Executive Steering Committee 2022-present</p> <p>25 years' in Leadership roles, Senior Executive and Business Development with specific expertise in risk management, governance and compliance within both the public and private sectors</p> <p>Project Director, Acciona Rail 2020-present</p> <p>Project Director & Business Development Lend Lease 2016-2020</p>

Business Director RAIL, Becca 2014–2016
Business Development Manager (Rail) with Laing O'Rourke 2009–2014
Program Director with RailCorp until 2009



Bethany Williams

Director (independent & non-executive)*

Qualifications

Bachelor of Laws
Bachelor of Arts (Politics)
Graduate Diploma Legal Practice
Diploma of Project Management
Diploma of Quality Auditing
Diploma of Human Resource Management
Diploma of Business Administration
Diploma of Business
Diploma of Management
Certificate in Governance and Risk Management

Memberships

Graduate member, Australian Institute of Company Directors

Experience

Director since 2022
Director, Australian Mutual Bank Ltd 2022–present
Director, Sylvanvale Foundation and Sylvanvale Limited 2014–present
senior project and policy roles, NSW Department Planning and Environment 2011–present



Kerrie Anne Daynes

Director (independent & non-executive)*

Qualifications

Graduate Certificate in Management (Professional Practice)

Memberships

Graduate member, Australian Institute of Company Director

Experience

Director 2004–2024
Director, Australian Mutual Bank Ltd 2019–2024
Director, Sydney Credit Union Ltd 2014–2019
Director, Allied Members Credit Union Ltd 2008–2014
Director, Security Credit Union Ltd 2004–2008
16 years' experience in senior roles at the Department of Human Services now Services Australia



Mark Edwin Sawyer

Director (independent & non-executive)*

Qualifications

Diploma of Financial Services
Certificate of Supervision (Industrial & Human Relations)

Memberships

Fellow, Institute of Managers & Leaders
Graduate member, Australian Institute of Company Directors

Experience

Director 2003–2024
Director, Australian Mutual Bank Ltd 2019–2024
Director, Karpaty Foundation Pty Ltd 2011–present
Director, Sydney Credit Union Ltd 2005–2019
Director, Pinnacle Credit Union Ltd 2003–2005
Director, licensed/registered club 1993–1994
16 years' CEO of a Travel Company

*Each Director has been assessed against independence factors contained within the ASX Good Governance Principles. Directors with a tenure of more than ten years have been further assessed, and it is considered that each Director's period of tenure has not compromised the Director's independence.

Information on the Chief Executive Officer



Mark Joseph Worthington Chief Executive Officer

Qualifications	Bachelor of Arts Master of Business Administration
Memberships	Graduate member, Australian Institute of Company Directors
Experience	Director, Transaction Solutions Limited (trading as Experteq) 2006-present Director, Australian Mutuals Foundation Limited 2015-present Director, Shared Service Partners Pty Ltd 2019-present CEO, Endeavour Mutual Bank Ltd 2016-2019 CEO, Select Credit Union Ltd 2004-2016 General Manager, CSR Employees Credit Union Ltd 2000-2004 Justice of the Peace 25 years' mutual banking management experience

DIRECTORS' MEETING ATTENDANCE

The number of Directors' Meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of Australian Mutual Bank during the financial year are outlined in the table below:

Director	Board		Governance and Remuneration		Board Audit Committee		Board Risk Committee	
	H	A	H	A	H	A	H	A
Fiona Bennett	10	10	6	6	4	4	5	5
Alex Claassens	10	9	6	6			5	5
Anton Usher	10	8	6	6	4	3		
Kristen Watts	10	10	6	6			5	5
Mark Harris	10	10					5	4
Bethany Williams	10	9			4	3		
Kerrie Daynes*	4	2					3	2
Mark Sawyer*	4	4			1	1		

* Directors that were not members of the Board or respective Committee for the full financial year.

H – Number of meetings held during the time the Director held office during the year. Leave of absence was granted for meetings

A – Number of meetings attended.

The following Directors retired from the Board during the financial year:

Mark Sawyer	27 November 2024
Kerrie Daynes	27 November 2024

Directors' interests

No Director has received or become entitled to receive during, or since the financial year, a benefit because of a contract made by Australian Mutual Bank, 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 31 of the financial report.

Company Secretary

Mr Simon Brasier ACIS FIPA was appointed Company Secretary of Australian Mutual Bank from 1 October 2019. Mr Brasier has been employed by the predecessor organisations of Australian Mutual Bank since 1990 and is currently the Chief Operating Officer and Company Secretary.

Indemnifying Directors, officers and auditors

Insurance premiums have been paid to insure each of the Directors and officers of Australian Mutual Bank, 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 Australian Mutual Bank. 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 Australian Mutual Bank.

Principal activities

The principal activities of Australian Mutual Bank during the year were the provision of retail financial services to members in the form of taking deposits and the giving of credit facilities as prescribed by the Bank's Constitution.

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

Review of operations and results

The net profit after income tax for the financial year ended 30 June 2025 was \$12,436,618 (2024 \$10,028,004). As at 30 June 2025 capital adequacy was 30.09% which is well above the statutory minimum of 8%.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Mutual Bank during the year.

Dividends

Since the end of the previous financial year, no dividends have been paid or declared by the Directors of Australian Mutual Bank.

This report is made in accordance with a resolution of the Board of Directors, pursuant to section 298 (2) (a) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:



F Bennett
Chair

Sydney, 30 September 2025

Events occurring after balance date

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

Likely developments

Australian Mutual Bank and Teachers Mutual Bank have signed a Memorandum of Understanding for a merger of the two organisations. Following successful completion of a due diligence process, the merger of Australian Mutual Bank and Teachers Mutual Bank is now awaiting formal approval from the bank regulator, the Australian Prudential Regulatory Authority (APRA). Following APRA approval, a member vote on the merger will take place in early 2026. If these conditions are satisfied, the merger is expected to be completed in the second half of the 2026 financial year. Refer to Note 1 for further details.

Environmental legislation

Australian Mutual Bank's operations are not subject to any particular or significant environmental regulations under a law of the Commonwealth or of a State or Territory in Australia.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 8 and forms part of the Director's report for the financial year ended 30 June 2025.

Rounding

Australian Mutual Bank Ltd is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that instrument amounts in the Financial Statements have been rounded off to the nearest one thousand dollars (\$'000), unless otherwise indicated.



A Claassens
Deputy Chair

Sydney, 30 September 2025



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

To the Directors of Australian Mutual Bank Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Mutual Bank Ltd for the financial year ended 30 June 2025 there have been:

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

KPMG
KPMG


Quang Dang

Partner

Sydney

30 September 2025

Financial Statements

for the year ended 30 June 2025



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the Year Ended 30 June 2025

		CONSOLIDATED		PARENT	
	Note	2025	2024	2025	2024
		\$'000	\$'000	\$'000	\$'000
Interest income	3.a	93,406	79,883	93,406	79,883
Interest expense	3.b	(40,831)	(34,113)	(40,831)	(34,113)
NET INTEREST INCOME		52,575	45,770	52,575	45,770
Other income	3.c	3,633	3,947	3,633	3,947
TOTAL OPERATING INCOME		56,208	49,717	56,208	49,717
NON INTEREST EXPENSES					
Fee and commission expenses	3.d	(5,347)	(5,142)	(5,347)	(5,142)
Impairment reversed/(losses) on loans and advances	3.e	1,344	(140)	1,344	(140)
Employees' compensation and benefits	3.f	(20,067)	(17,349)	(20,067)	(17,349)
Depreciation and amortisation	3.g	(1,996)	(2,215)	(1,996)	(2,215)
Information technology		(5,496)	(5,399)	(5,496)	(5,399)
Other operating expenses	3.h	(5,220)	(4,650)	(5,220)	(4,650)
TOTAL NON INTEREST EXPENSES		(36,782)	(34,895)	(36,782)	(34,895)
PROFIT BEFORE INCOME TAX		19,426	14,822	19,426	14,822
Income tax expense	4	(6,990)	(4,794)	(6,990)	(4,794)
PROFIT AFTER INCOME TAX		12,436	10,028	12,436	10,028
Other comprehensive income, net of income tax					
Items that will not be reclassified subsequently to profit or loss					
Movement in reserve for equity instruments at fair value through other comprehensive income	24	3,401	4,298	3,401	4,298
Movement in reserve for land and buildings at fair value through other comprehensive income	24	81	163	81	163
TOTAL COMPREHENSIVE INCOME		15,918	14,489	15,918	14,489

These Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION as at 30 June 2025

		CONSOLIDATED		PARENT	
	Note	2025	2024	2025	2024
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Cash and cash equivalents	5	25,486	21,271	25,486	21,271
Receivables	6	6,352	5,150	6,352	5,150
Prepayments		885	834	885	834
Non-current assets held for sale	7	3,930	1,368	3,930	1,368
Receivables due from other financial institutions	8	122,342	151,542	122,342	151,542
Current tax assets	9	201	553	201	553
Right-of-use assets	10	704	1,475	704	1,475
Investment securities	11	333,146	342,830	333,146	342,830
Equity investments	12	10,120	14,794	10,120	14,794
Intangible assets	13	255	370	255	370
Loans and advances	14 & 15	1,389,076	1,275,951	1,389,076	1,275,951
Property, plant and equipment	16	21,175	20,614	21,175	20,614
Investment property	17	2,460	5,110	2,460	5,110
TOTAL ASSETS		1,916,132	1,841,862	1,916,132	1,841,862
LIABILITIES					
Creditor accruals and settlement accounts	18	19,087	20,510	19,087	20,510
Borrowings	19	65,728	70,641	65,728	70,641
Deposits from members	20	1,594,729	1,529,054	1,594,729	1,529,054
Current tax liabilities	21(a)	1,558	1,362	1,558	1,362
Lease liabilities	22	728	1,509	728	1,509
Provisions	23	6,956	5,971	6,956	5,971
Net deferred tax liability	21(b)	3,045	4,432	3,045	4,432
TOTAL LIABILITIES		1,691,831	1,633,479	1,691,831	1,633,479
NET ASSETS					
		224,301	208,383	224,301	208,383
MEMBERS' EQUITY					
Reserves	24	114,420	116,547	114,420	116,547
Retained earnings		109,881	91,836	109,881	91,836
TOTAL MEMBERS' EQUITY		224,301	208,383	224,301	208,383

These Statements of Financial Position should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN MEMBERS' EQUITY for the Year Ended 30 June 2025

CONSOLIDATED and PARENT

	Note	Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2023		113,671	80,223	193,894
Profit for the year		-	10,028	10,028
Other comprehensive income for the year		4,461	-	4,461
Transfer from reserves	24	(1,585)	1,585	-
Total at 30 June 2024		116,547	91,836	208,383
Balance at 1 July 2024		116,547	91,836	208,383
Profit for the year		-	12,436	12,436
Other comprehensive income for the year		3,482	-	3,482
Transfer from reserves	24	(5,609)	5,609	-
Total at 30 June 2025		114,420	109,881	224,301

These Statements of Changes in Members' Equity should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

for the Year Ended 30 June 2025

		CONSOLIDATED		PARENT	
	Note	2025	2024	2025	2024
		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		94,229	79,355	94,229	79,355
Fees and commissions		432	4,981	432	4,981
Dividends		547	978	547	978
Other income		156	419	156	419
Interest paid		(40,295)	(31,278)	(40,295)	(31,278)
Suppliers and employees		(36,328)	(28,523)	(36,328)	(28,523)
Income taxes paid		(7,269)	(4,072)	(7,269)	(4,072)
Increase in member loans (net)		(113,337)	(103,210)	(113,337)	(103,210)
Decrease/(increase) in non-member loans (net)		1,623	(3,023)	1,623	(3,023)
Increase in member deposits and shares (net)		65,675	41,420	65,675	41,420
Net cash used in operating activities	35(b)	(34,567)	(42,953)	(34,567)	(42,953)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment and investment property		202	2,275	202	2,275
Proceeds from sale of equity investments		7,191	-	7,191	-
Purchase of intangible assets		(128)	(208)	(128)	(208)
Purchase of property, plant and equipment		(1,367)	(482)	(1,367)	(482)
Decrease/(increase) in receivables due from other financial institutions (net)		29,200	(11,538)	29,200	(11,538)
Decrease in investment securities		9,684	9,095	9,684	9,095
Net cash from/(used in) investing activities		44,782	(858)	44,782	(858)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Decrease)/Increase in borrowings		(4,913)	47,140	(4,913)	47,140
Lease payments		(1,087)	(1,073)	(1,087)	(1,073)
Net cash (used in)/from financing activities		(6,000)	46,067	(6,000)	46,067
NET INCREASE IN CASH AND CASH EQUIVALENTS					
		4,215	2,256	4,215	2,256
Cash and cash equivalents at the beginning of the year		21,271	19,015	21,271	19,015
Cash and cash equivalents at the end of the year	35(a)	25,486	21,271	25,486	21,271

These Statements of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June 2025

1 BASIS OF PREPARATION

(a) Nature of Operations

The principal activities of Australian Mutual Bank Ltd during the year were the provision of retail financial services to members in the form of taking deposits and the giving of credit facilities as prescribed by the Bank's Constitution.

(b) General information and statement of compliance

These financial statements as at and for the year ended 30 June 2025 comprise Australian Mutual Bank Ltd (referred to as "the Bank" or "the Parent Entity") and the Consolidated Entity (referred to as "the Group" or "the Consolidated Entity") consisting of Australian Mutual Bank Ltd and the SCU Trust No.1 for the financial year ended 30 June 2025. Australian Mutual Bank Ltd is a company registered under the Corporations Act 2001. The Group has elected to apply Class Order 10/654 which allows companies, registered schemes and disclosing entities that present consolidated financial statements to include parent entity financial statements. The financial report includes financial statements for Australian Mutual Bank Ltd and the Group for the year ended 30 June 2025. The SCU Trust No. 1 is consolidated as part of the Bank and at the parent level did not achieve derecognition under AASB 9. Hence the consolidated entity and parent entity numbers disclosed in the financial statements are the same.

The financial report is a general purpose financial report which 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 (AASB). Compliance with Australian Accounting Standards ensures compliance with the International Financial Reporting Standards (IFRS's) as issued by the International Accounting Standards Board (IASB). Australian Mutual Bank Ltd is a for profit entity for the purpose of preparing the financial statements.

Australian Mutual Bank Ltd is a company domiciled in Australia.

Going concern

On 11 December 2024, Australian Mutual Bank Ltd and Teachers Mutual Bank Ltd signed a Memorandum of Understanding for a merger of the two organisations. Following successful completion of a due diligence process, the merger of Australian Mutual Bank Ltd and Teachers Mutual Bank Ltd is now awaiting formal approval from the bank's regulator, the Australian Prudential Regulatory Authority (APRA). Following APRA approval, a member vote on the merger will take place in early 2026. If these conditions are satisfied, the merger is expected to be completed in 2026.

If members vote in favour of the merger, then subject to regulatory approval, Australian Mutual Bank Ltd, as the transferring entity, will under the Financial Sector (Transfer and Restructure) Act 1999 (Cth) transfer all of its assets, liabilities and members to Teachers Mutual Bank Ltd, as receiving entity, on the date of legal completion of the merger.

If members do not vote in favour of the merger, Australian Mutual Bank Ltd will continue to operate as a stand-alone entity.

On the basis that the merger has a number of substantive steps and the Bank continues to meet, and expect to meet, its obligations as and when they fall due for a period of at least 12 months from the date of signing of these financial statements, the directors have prepared these consolidated financial statements on a going concern basis.

The report was authorised for issue on 30 September 2025 in accordance with a resolution of the Board of Directors. The financial report is presented in Australian dollars.

(c) Basis of measurement

The financial statements have been prepared on an accruals basis, and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied. The accounting policies are consistent with the prior year unless otherwise stated.

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and the liabilities of

the subsidiary of the Group as at 30 June 2025 and the results of the subsidiary for the year ended 30 June 2025. All intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

2 MATERIAL ACCOUNTING POLICIES

(a) Revenue and expense recognition

Interest income and interest expense are measured using the effective interest rate method for financial assets and financial liabilities carried at amortised cost. The effective interest rate method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, to a shorter period, to the net carrying amount of the financial asset or liability. The calculation of the effective interest rate does not include future credit losses. Loan origination fees and transaction costs that are integral to the lending arrangement are deferred and are recognised as and when the service is provided. The fees are brought to account over the life of the loan and included as part of interest revenue.

Non interest revenue

Non interest revenue earned by the Bank comprises fee and commission income, dividend income, operating lease income and the sale of non-current assets. The fee and commission income includes fees earned on a range of products and service platforms and is brought to account on an accruals basis over the period that they cover once a right to receive consideration has been attained and the performance obligation is satisfied. Other fee and commission income which comprises commission on insurances, BPAY and Visa is recognised when the performance obligation is satisfied. Dividend income is recognised only when the dividend income is received. Operating lease income is recognised on a straight-line basis over the lease term.

Expenses

Expenses are recognised in the income statement as and when the provision of services is received.

(b) Financial assets and financial liabilities

Recognition and derecognition of financial assets and liabilities

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted for transactions costs and fees where applicable, that are an integral part of the effective interest rate. 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 has expired.

(c) Classification and measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within interest income or interest expense, except for impairment of loans and receivables, which is presented within non interest expense and bad debts recovered which is recognised in non interest income.

Classifications are determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial assets.

Business model assessment

The Bank determines the business model at the level that reflects how groups of financial

assets are managed. In determining the business model, all relevant evidence that is available at the date of the assessment is used including:

- How the performance of the financial assets held within the business model are evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular the way in which those risks are managed; and
- Frequency, value, timing of and reasons for sales of assets in the portfolio and expectations about future sales activity.

Assessment of whether contractual cash flows meet the solely payments of principal and interest ('SPPI') test.

In making the assessment of whether the contractual cash flows have SPPI characteristics, management considers whether the cash flows represent solely the payment of principal and interest. Principal is the fair value of the financial assets on initial recognition. Interest typically comprises compensation for the time value of money and credit risk. Where the contractual terms include exposure to risk or volatility that is inconsistent with a basic lending arrangement, the cash flows would not be considered to be SPPI and the assets would be measured at fair value through profit or loss.

Amortised cost

Financial assets are classified at amortised cost when they are held within a business model to solely collect contractual cash flows and the contractual terms of the financial assets give rise on the specified date to cash flows that are solely payments of principal and interest (SPPI). Amortised cost is calculated by taking into account any discount or premium on the issue of the asset and costs that are an integral part of the effective interest rate. Gains or losses are recognised in the income statement when the financial assets are derecognised or impaired.

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 FVPL. Further, irrespective of the business model financial assets whose contractual

cash flows are not solely payments of principal and interest are accounted for at FVPL.

Fair value through other comprehensive income (FVOCI)

Financial assets are classified at fair value through other comprehensive income when they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

(i) Cash and cash equivalents

Cash comprises cash on hand, cash on deposits and call accounts with other Authorised Deposit-taking Institutions (ADIs). Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position. Interest is brought to account using the effective interest method.

(ii) Receivables due from other financial institutions

Receivables are recognised and accounted for as financial assets classified at amortised cost. Interest on receivables due from other financial institutions is recognised on an effective yield basis. Term deposits with other financial institutions are unsecured placements. Interest is paid on the daily balance at maturity except the Cuscal Security Deposit where interest is paid quarterly. 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.

(iii) Investment securities

Negotiable Certificates of Deposit (NCD) and Floating Rate Notes (FRN) are held in this category.

These investment securities are measured at amortised cost. Interest earned is accrued in interest income using the effective interest rate method taking into account any discount or premium and qualifying transaction costs being an integral part of the instrument.

(iv) Equity investments

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. These equity investments often represent investments that the Bank intends to hold long term for strategic purposes. 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. This category includes listed equity securities held in Cuscal Limited and unlisted equity securities held in TransAction Solutions Limited (operating as Experteq). These companies supply services to the Bank which designate its equity investments as FVOCI. The TransAction shares are able to be traded but within a market limited to other mutual Authorised Deposit-taking Institutions (ADIs).

Management have used the Level 3 unobservable inputs to assess the fair value of the TransAction Solutions shares. The financial reports of TransAction Solutions record net tangible asset backing of these shares exceeding their cost value. Management has determined net tangible assets are a reasonable approximation and used as a proxy for fair value for TransAction Solutions shares.

Management have used the Level 1 inputs that are quoted prices in active markets to assess the fair value of the Cuscal shares. The fair value of these shares is the quoted price on the Australian Stock Exchange as at 30 June 2025 (2024: Management have used the Level 3 unobservable inputs to assess the fair value of the Cuscal shares. The fair value of these shares has been estimated using the last transaction price which the Bank considered a reasonable basis to estimate the fair value as at 30 June 2024).

(v) Loans to members

Loans and advances are classified as financial assets measured at amortised cost. Loans and advances are initially measured at fair value plus loan origination fees and transaction costs that are directly

attributable to the origination of the loan or advance. These loan origination fees and transaction costs are amortised over the useful life of the loans and advances and subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the loan or advance to the carrying amount of the loan or advance. When estimating the future cash flows, the Bank considers all contractual terms of the loan or advance excluding any expected credit losses (ECLs). Included in this calculation are all fees paid or received that are integral to the contract.

(vi) Loan impairment

The Bank's AASB 9 'expected credit loss model' (ECL) is applied to financial assets measured at amortised cost such as loans and Off-Statement of Financial Position loan commitments.

The Bank considers a broad range of information 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, a distinction is made between:

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

Measurement of ECL

12-month expected credit losses' are recognised for the Stage 1 loans while 'lifetime expected credit losses' are recognised for Stage 2 and 3 loans. 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 to the Bank in accordance with the contract and the cash flows that the Bank expects to receive);

- 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 to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and

The critical assumptions used in the calculation are as set out below. Note 25 details the credit risk management approach for loans.

Significant increase in credit risk

The Bank continuously monitors assets subject to ECL. In order to determine whether a loan or portfolio of loans is subject to a 12 month ECL or lifetime ECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition. If contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk, such as moving a facility to the hardship register or increasing utilisation of undrawn credit commitments.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank 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 Bank's historical experience and expert judgement, relevant external factors and including forward-looking information.

Incorporation of forward-looking information

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected losses.

The Bank performs an assessment, at the end of each reporting period, of whether the financial instrument's credit

risk has increased significantly since initial recognition. Based on the process, the Bank allocates the loans into Stage 1, Stage 2 and Stage 3 as described below:

- Stage 1 – When loans are first recognised, the Bank recognises an allowance based on 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2 – When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the lifetime ECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3 – Loans considered credit impaired.

The approach to determining the ECL includes forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio segment. 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 Bank has considered other forward-looking considerations such as the impact of future unemployment rates, property prices, regulatory change and external market risk factors. This is reviewed and monitored for appropriateness. The Bank considers the ECL to represent its best estimate of the possible outcomes and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. Periodically the Bank carries out stress testing of more extreme shocks to calibrate its determination of other potential scenarios.

The Bank incorporates forward-looking information into its ECL methodology. Based on advice from the Bank's Asset and Liability Committee and consideration of a variety of external actual and forecast information, the Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by the Reserve Bank of Australia, the Australian Bureau of Statistics and other economic commentaries.

Key assumptions in determining the ECL

Measurement of ECL

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

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

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

Management overlays may be applied to the model outputs if consistent with the objective of identifying a significant increase in credit risk. The overlay factors in expected losses (for example bankruptcy and write offs less than 90 days in arrears) and limitations in the sophistication of data availability.

PD estimates are calculated based on arrears over 90 days and other loans and facilities where the likelihood of future payments 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.

LGD is the magnitude of the likely loss if there is a default. The Bank 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. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD 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, the EAD includes the amount drawn, as well as potential

future amounts that are available to be drawn under the contract.

Where appropriate, in calculating the ECL, future cash flows are discounted at the original effective interest rate of the exposure.

Grouping of similar assets

Since the loans are homogenous in terms of borrower type and contractual repayment terms, the portfolio is currently managed through the dissection of the portfolio arrears reports. The Bank has grouped exposures by type on the basis of shared risk characteristics that include instrument and product type.

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

- Mortgages
- Revolving credit
- Commercial loans
- Personal loans
- Credit cards
- Other – representing LeasePlus

Stage 3 of the impairment model will be assessed on an individual basis.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogenous.

For portfolios in respect of which the Bank has limited historical data, external benchmark information is used to supplement the internally available data.

Benchmarking is assessed using a variety of sources including, but not limited to the banking industry, various jurisdictions, banking and financial regulatory reports and other economic and professional organisations.

(d) Assets recognition and measurement

(i) Leases: Right-of-use assets

The Bank has leases which are in respect of property used for providing branch services to members. Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Bank recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(ii) Intangible assets

All intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date.

Computer software held as intangible assets is amortised over the expected useful life of the software. These lives range from 3 to 5 years.

Amortisation has been included within amortisation of non-financial assets.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds, and the carrying amount of the assets, and is recognised in profit or loss within other income or other expenses.

At each reporting date the Bank assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined, and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its

recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Software-as-a-Service (SaaS)

SaaS arrangements are service contracts providing the Bank with the right to access the cloud provider's application software over the contract period. Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received. Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term. Costs incurred for the development of software code that enhances or modifies, or creates additional capability to existing on premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

(iii) Property, plant and equipment and investment property

Property, plant and equipment

Land and buildings are measured at fair value less accumulated depreciation through Other Comprehensive Income. An independent valuation of each property is performed every 3 years or where there has been material market movements, with a Directors' valuation performed in other years. Revaluation increments are credited to the asset revaluation reserve, unless it reverses a previous decrease in value in the same asset previously debited to the Profit and Loss. Revaluation decreases

are debited to the Profit and Loss unless it directly offsets a previous revaluation increase in the same asset in the asset revaluation reserve. A deferred tax liability is provided when a revaluation increase occurs. The asset revaluation reserve included in equity in respect of an item of land and buildings is transferred directly to retained earnings when the asset is disposed.

All other classes of property, plant and equipment are recognised at cost, less accumulated depreciation and, where applicable, accumulated impairment losses.

The gains or losses arising from the disposal of property, plant and equipment (other than land and buildings) are determined as the difference between the disposal proceeds and the carrying amount of the property, plant and equipment and are recognised net within other income or other expenses in profit or loss.

Property, plant and equipment, with the exception of freehold land, are depreciated on a straight line basis so as to write off the net cost of each asset over its expected useful life to the Bank. The useful life is adjusted as appropriate at each reporting date. The estimated useful life of the assets at balance date are as follows:

- Buildings – 40 years;
- Leasehold Improvements – lease term;
- Plant and Equipment – 3 to 5 years.

(iv) Investment property

Investment properties are measured at fair value through Profit or Loss. An independent valuation of each property is performed every 3 years or where there has been material market movements, with a Directors' valuation performed in other years. Revaluation increments are credited to Profit or Loss. A deferred tax liability is provided when a revaluation increase occurs.

Investment properties are classified as non-current assets held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

(v) Assets measured at fair value

For assets measured at fair value on the Statement of Financial Position the fair value hierarchy has the following levels:

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

Level 2 – 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); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(e) Classification and measurement of financial liabilities

The Bank's financial liabilities include borrowings, members' deposits and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Bank designated a financial liability at fair value through profit or loss ('FVPL').

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 profit or loss.

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

(i) Borrowings

Negotiable Certificates of Deposit that are issued are held in this category. All borrowings are initially recognised at fair value, net of any transaction costs incurred. Interest paid is recognised using the effective interest rate method.

(ii) Members' deposits

Members' savings and term investments are initially recognised at the fair value of the amount received. After initial recognition, members' deposits are subsequently measured at amortised cost using the effective interest rate method.

(iii) Leases: Lease liabilities

At inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To apply this definition

the Bank assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Bank;
- the Bank has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Bank has the right to direct the use of the identified asset throughout the period of use. The Bank assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Bank as lessee

Contracts may contain both lease and non-lease components. At the commencement or modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. For leases of property, the Bank separates lease and non-lease components.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost comprising, the amount of the initial measurement of lease liability, adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, unless the lease transfers ownership of the underlying asset to the company at the end of the lease term or the company is reasonably certain to exercise a purchase option. In that case, the right-of-use asset is depreciated over the underlying asset's useful life, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined the company's incremental borrowing rate is used, being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company obtains interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased (security).

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the company under residual value guarantees;
- the exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease unless the company is reasonably certain not to terminate the lease early.

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

The lease liability is measured at amortised cost using the effective interest rate method. It is re-measured when:

- there is a change in future lease payments arising from a change in an index or rate;
- if there is a change in the estimate of the amount expected to be payable under a residual value guarantee;
- if there is a change in the company's assessment of whether it will exercise a purchase, extension or termination option; or
- if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying value of the right-of-use asset, unless the right-of-use asset has been reduced to zero in which case the adjustment is recorded in profit or loss.

Short-term leases and leases of low-value assets

The Bank does not have leases of low-value assets and short-term leases. Short-term leases are leases with a lease term of 12 months or less. Low-value assets generally comprise IT equipment and small items of office furniture.

The Bank as a lessor

At inception or modification of a contract that contains a lease component. The Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a lessor the Bank classifies its leases as either operating or finance leases. To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to the ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Bank leases out certain property and all the leases are classified as operating leases. The Bank recognises lease payments received under operating leases as income on a straight line basis over the period of the lease as part of 'other income'.

(f) Liabilities recognition and measurement

Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount of the provision can be reliably measured.

Provision for employee benefits

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

Employee benefits expected to be settled within 12 months of the end of the reporting period have been measured at their nominal amount. Employee benefits not expected to be settled within 12 months of the end of the reporting period have been measured at present value of the estimated future cash outflows to be made for those benefits discounted using high quality corporate bond rates. Employee benefits consist of sick leave, annual leave and long service leave. Sick leave is short-term, non-vesting and accumulating.

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

Superannuation contributions are made by the Bank to an employee's superannuation fund and are charged as expenses as incurred.

(g) Tax accounting policy

The Bank and The SCU Trust No. 1 is a consolidated group for tax purposes. The Bank is the head of this consolidated group.

Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using the tax rates enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition

of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period, currently 30% (2024:30%).

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Bank's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Bank has a right and intention to set off current tax assets and liabilities from the same taxation authority.

The Bank undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Bank estimates the amount expected to be paid to / (recovered from) taxation authorities based on the Bank's understanding and interpretation of law, including case law. Where the Bank considers it probable that the tax treatment applied in the current or historic periods is not probable to be accepted by the taxation authority, it is included within current or deferred taxes, as appropriate.

Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST). To the extent that the full amount of GST incurred is not recoverable from the Australian Tax Office (ATO), 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 a current asset or current liability in the Statement of Financial Position. 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 cash flows.

(h) Consolidation

Self-securitisation special purpose vehicle

The SCU Trust No.1, a self-securitisation Special Purpose Vehicle which was created on 4 August 2017. The Trust holds rights to a portfolio of mortgage secured loans, which in turn issued Residential Mortgage Backed Securities (RMBS) purchased by the Bank. The Class A RMBS held by the Bank are repo-eligible with the Reserve Bank of Australia and therefore can be utilised to secure funds to meet emergency liquidity requirements. The Bank, being the sole note holder of all the RMBS issued by SCU Trust No.1, retains all the economic benefits and risk associated with the Trust. Accordingly the underlying mortgage loans are not derecognised for financial reporting nor capital adequacy purposes.

(i) Accounting estimates and judgements

In preparing these financial statements management has made judgements and estimates that affect the application of the Bank's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 7, 16 and 17 – The fair value of land and buildings.
- Note 12 – The fair value of unlisted equity investments held in TransAction Solutions Limited (operating as Experteq).
- Note 15 – Provision for loan losses.

(j) Rounding

The amounts contained in the financial statements have been rounded to the nearest one thousand dollars in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Bank is permitted to round to the nearest one thousand (\$'000) for all amounts except prescribed disclosures which are shown in whole dollars.

(k) New accounting standards issued not early adopted

Australian sustainability reporting framework

The first Australian Sustainability Reporting Standards (ASRS) have been approved by the Australian Accounting Standards Board (AASB). They comprise:

- AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information – a voluntary standard
- AASB S2 Climate-related Disclosures – a mandatory standard

This will require the Bank to commence reporting in the Financial year commencing 1 July 2027.

(l) Accounting standards issued but not yet effective

- 1 January 2026 amendments to AASB 7 Financial Instruments: Disclosures and AASB 9 Financial Instruments
- AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 Presentation and Disclosure in Financial Statements (AASB 18) will replace AASB 101 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The standard will not change the recognition and measurement of items in the statement of comprehensive income but will impact the presentation and disclosure in the financial statements. The standard introduces requirements to improve the Company's reporting of financial performance and give users a better basis of analysing and comparing entities. The Company is still assessing the impact of the new standard in future annual reports.

(m) New or amended Accounting standards and Interpretations adopted

The Bank has adopted all applicable new or amended Accounting Standards and interpretations issued by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Bank.

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000

3 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

a. Interest income

Cash – deposits at call	811	752	811	752
Receivables due from other financial institutions	23,309	24,715	23,309	24,715
Loans and advances	69,286	54,416	69,286	54,416
TOTAL INTEREST INCOME	93,406	79,883	93,406	79,883

b. Interest expense

Deposits from members, borrowings and lease liability interest	40,831	34,113	40,831	34,113
TOTAL INTEREST EXPENSE	40,831	34,113	40,831	34,113

c. Other income

Commission income	2,085	1,521	2,085	1,521
Dividend income	547	978	547	978
Loan fee income	456	469	456	469
Other fee income	347	368	347	368
Rental income	125	365	125	365
Gain on disposal of assets	42	130	42	130
Net gain from fair value adjustment on investment property	-	62	-	62
Other income	31	54	31	54
TOTAL OTHER INCOME	3,633	3,947	3,633	3,947

d. Fee and commission expenses

Switching and settlement	1,172	1,204	1,172	1,204
Visa and Bpay	1,226	1,196	1,226	1,196
Other	2,949	2,742	2,949	2,742
TOTAL FEE AND COMMISSION EXPENSES	5,347	5,142	5,347	5,142

e. Impairment (reversed)/losses on loans and advances

Loans and advances to members

Reversal of provision for impairment	(1,488)	-	(1,488)	-
Bad debts written off	143	120	143	120
Total impairment (reversed)/losses on loans to members	(1,345)	120	(1,345)	120

Other loans to non-members

Bad debts written off – SocietyOne loans	1	20	1	20
Total impairment losses on loans to non-members	1	20	1	20
TOTAL IMPAIRMENT (REVERSED)/LOSSES ON LOANS AND ADVANCES	(1,344)	140	(1,344)	140

	CONSOLIDATED		PARENT	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
f. Employees' compensation and benefits				
Salaries and on costs	16,907	14,995	16,907	14,995
Superannuation costs	1,882	1,614	1,882	1,614
Directors' remuneration	378	411	378	411
Amounts set aside to provisions – employee entitlements	900	329	900	329
TOTAL EMPLOYEES' COMPENSATION AND BENEFITS	20,067	17,349	20,067	17,349
g. Depreciation and amortisation				
Buildings	267	325	267	325
Plant and equipment	304	262	304	262
Leasehold improvements (includes leasehold make good provision)	210	156	210	156
Intangibles	243	479	243	479
Right-of-use assets	972	993	972	993
TOTAL DEPRECIATION AND AMORTISATION	1,996	2,215	1,996	2,215
h. Other operating expenses				
Office occupancy	953	986	953	986
Other administration	2,451	1,941	2,451	1,941
Other operating expenses	1,816	1,723	1,816	1,723
TOTAL OTHER OPERATING EXPENSES	5,220	4,650	5,220	4,650
i. Auditor's remuneration (GST exclusive)				
Audit services				
– Audit of financial statements	188	179	188	179
TOTAL AUDIT SERVICES	188	179	188	179
Non-audit services				
– Taxation services	16	15	16	15
– APRA and AFSL assurance fees	64	59	64	59
TOTAL NON-AUDIT SERVICES	80	74	80	74
TOTAL AUDITOR'S REMUNERATION	268	253	268	253

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000

4 INCOME TAX

a. The income tax expense comprises amounts set aside as:-

Provision for income tax – current year	7,092	4,955	7,092	4,955
Under provision in prior years	373	560	373	560
Increase in deferred tax assets	(475)	(1,049)	(475)	(1,049)
Increase in deferred tax liabilities	-	328	-	328
TOTAL INCOME TAX EXPENSE	6,990	4,794	6,990	4,794

b. The prima facie tax payable on profit is reconciled to the income tax expense in the accounts as follows:

Profit before tax	19,426	14,822	19,426	14,822
Prima facie tax payable on profit before income tax at 30%	5,828	4,447	5,828	4,447
Add tax effect of expenses not deductible				
- Other non-deductible expenses	38	429	38	429
- Imputation adjustments	70	110	70	110
- Underprovided for prior year	373	560	373	560
Add Capital Gains Tax	1,667	-	1,667	-
Add Increase in deferred tax liabilities	-	328	-	328
Subtotal	7,976	5,874	7,976	5,874
Less:				
- Permanent adjustment	(39)	-	(39)	-
- Adjustments to recognise deferred tax assets	(713)	(694)	(713)	(694)
- Other non-assessable income	-	(19)	-	(19)
- Rebate on fully franked dividends	(234)	(367)	(234)	(367)
INCOME TAX EXPENSE ATTRIBUTABLE TO CURRENT YEAR PROFIT	6,990	4,794	6,990	4,794

c. Franking credits

Franking credits held by the Bank after adjusting for franking credits that will arise from the payment of income tax payable as at the end of the financial year are:	37,670	30,769	37,670	30,769
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CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000

5 CASH AND CASH EQUIVALENTS

Cash on hand	334	304	334	304
Deposits at call	25,152	20,967	25,152	20,967
TOTAL CASH AND CASH EQUIVALENTS	25,486	21,271	25,486	21,271

6 RECEIVABLES

Interest receivable on deposits with other financial institutions

Sundry debtors and settlement accounts

TOTAL RECEIVABLES

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
2,958	3,847	2,958	3,847
3,394	1,303	3,394	1,303
6,352	5,150	6,352	5,150

7 NON-CURRENT ASSETS HELD FOR SALE

Buildings - at fair value

TOTAL NON-CURRENT ASSETS HELD FOR SALE

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
3,930	1,368	3,930	1,368
3,930	1,368	3,930	1,368

Investment property has been classified as an asset held for sale when the carrying amount is to be recovered principally through a sale transaction and a sale is considered probable. During 2025, a Directors' valuation of the Castlereagh Street property (\$1,280,000) and the two Parramatta properties (\$1,340,000 and \$1,310,000) was performed and the Board of Directors are satisfied that there is no revaluation adjustment for the year ended 30 June 2025 (2024: \$3,930,000). During 2025, the Clarence Street property (\$87,068) was sold. These properties are valued consistently with investment property as disclosed in Note 2(c).

8 RECEIVABLES DUE FROM OTHER FINANCIAL INSTITUTIONS

- Securitisation Trust deposits

- Term deposits with Authorised deposit-taking Institutions (ADIs)

TOTAL RECEIVABLES DUE FROM OTHER FINANCIAL INSTITUTIONS

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
28,542	23,742	28,542	23,742
93,800	127,800	93,800	127,800
122,342	151,542	122,342	151,542

Included within the Securitisation Trust deposits at 30 June 2025 is the liquidity reserve \$7,354,359 (2024: \$6,348,038), the swap reserve \$11,096,245 (2024: \$11,822,406), the expense reserve \$110,382 (2024: \$110,430) and the collection account \$9,980,959 (2024: \$5,460,965) held within the SCU Trust No. 1 which is a self-securitisation for liquidity. These accounts are restricted to access only by the Trustee of the Trust.

9 CURRENT TAX ASSETS

GST recoverable

TOTAL CURRENT TAX ASSETS

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
201	553	201	553
201	553	201	553

10 RIGHT-OF-USE ASSETS

Balance at the beginning of the year
Additions (new lease)
Modifications/revaluations
Depreciation
Balance at the end of the year

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
1,475	1,764	1,475	1,764
200	671	200	671
1	33	1	33
(972)	(993)	(972)	(993)
704	1,475	704	1,475

The Bank has committed to lease certain assets commencing subsequent to reporting date. The terms of these leases are as follows:

Right-of-use asset	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with options to purchase	Number of leases with variable payments	Number of leases with termination options
Right-of-use asset	1-3 years	1.1 years	2	-	6	2

11 INVESTMENT SECURITIES

Investment securities measured at amortised cost

- Negotiable certificates of deposit
- Floating rate notes
- Subordinated debt

TOTAL INVESTMENT SECURITIES

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
132,401	174,148	132,401	174,148
199,745	167,682	199,745	167,682
1,000	1,000	1,000	1,000
333,146	342,830	333,146	342,830

12 EQUITY INVESTMENTS

Equity investments designated as at FVOCI

- Cuscal Limited (refer note 32)
- TransAction Solutions Limited (operating as Experteq) (refer note 32)
- Shared Services Partners Pty Limited

TOTAL EQUITY INVESTMENTS

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
8,630	11,045	8,630	11,045
1,450	3,709	1,450	3,709
40	40	40	40
10,120	14,794	10,120	14,794

CONSOLIDATED and PARENT**\$'000****Cuscal Limited**

Level 3 fair values

Balance as at 1 July 2023	5,466
- Net change in fair value recognised in OCI (excluding tax impact)	5,579
Balance as at 30 June 2024	11,045

Balance as at 1 July 2024	11,045
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- Net change in fair value recognised in OCI (excluding tax impact)	-
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Transfer to level 1 fair values	(11,045)
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Balance as at 30 June 2025	-
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Level 1 fair values

Balance as at 1 July 2024	-
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Transfers from level 3 fair values	11,045
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- Net change in fair value recognised in OCI (excluding tax impact)	4,776
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- Sale of investment	(7,191)
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Balance as at 30 June 2025	8,630
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TransAction Solutions Limited (operating as Experteq)

Level 3 fair values

Balance as at 1 July 2023	3,335
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- Net change in fair value recognised in OCI (excluding tax impact)	374
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Balance as at 30 June 2024	3,709
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Balance as at 1 July 2024	3,709
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- Net change in fair value recognised in OCI (excluding tax impact)	(2,259)
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Balance as at 30 June 2025	1,450
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Disclosures on valuation of shares**a. Cuscal Limited**

This company is an Australian Prudential Regulation Authority (APRA) authorised deposit-taking institution that supplies services to Australian banks, mutuals, corporates and fintechs. The Bank holds shares in Cuscal to enable the Bank to receive essential banking services – refer also to Note 32.

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. These equity investments often represent investments that the Bank intends to hold long term for strategic purposes. The fair value of these assets has been estimated using Level 1 inputs that are quoted prices in active markets (2024: the last transaction price which the Bank considered a reasonable basis to estimate the fair value). On 25 November 2024, Cuscal successfully completed an initial Public Offering (IPO) on the Australian Securities Exchange. In order for the Cuscal IPO to proceed the bank sold fifty per cent of its shares in Cuscal during the financial year.

b. TransAction Solutions Limited (operating as Experteq)

This company operates to service mutual banks, credit unions and other non-mutual bank customers. The Bank holds shares in TransAction Solutions to enable the Bank to receive essential core banking IT services – refer also to Note 32. The shares are able to be traded but within a market limited to other TransAction Solutions eligible shareholders. The volume of total shares traded is low.

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. These equity investments often represent investments that the Bank intends to hold long term for strategic purposes. The fair value of these assets has been estimated taking into consideration the net tangible asset value per share of the underlying investment. As tangible assets form the core of the company's balance sheet the net tangible asset based valuation approach is deemed a reasonable approximation of fair value. A sensitivity analysis of an increase/decrease of 10% variation in the net tangible assets would result in an increase/decrease in the fair value by \$0.14m.

13 INTANGIBLE ASSETS

Computer software
Less: accumulated amortisation
TOTAL INTANGIBLE ASSETS

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
4,988	4,860	4,988	4,860
(4,733)	(4,490)	(4,733)	(4,490)
255	370	255	370

Movement in the carrying amount of intangible assets during the year were:

Balance at the beginning of the year
Purchases
Less: amortisation charge
Balance at the end of the year

370	641	370	641
128	208	128	208
(243)	(479)	(243)	(479)
255	370	255	370

14 LOANS AND ADVANCES

a. Amount due comprises:

Overdrafts and revolving credits
Term loans
SocietyOne loans
LeasePlus leases
Subtotal
Less:
Unamortised loan origination fees and transaction costs
Unearned income
Subtotal
Less:
Provision for loan losses (Note 15)
NET LOANS AND ADVANCES

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
16,149	17,490	16,149	17,490
1,371,642	1,257,107	1,371,642	1,257,107
-	18	-	18
5,078	6,684	5,078	6,684
1,392,869	1,281,299	1,392,869	1,281,299
25	(36)	25	(36)
(20)	(25)	(20)	(25)
1,392,874	1,281,238	1,392,874	1,281,238
(3,798)	(5,287)	(3,798)	(5,287)
1,389,076	1,275,951	1,389,076	1,275,951

SocietyOne loans

The fractionalised peer to peer component of the SocietyOne P2P Lending Trust was wound-up with the sale of the loan book to an external third party with a record date of 30 June 2024.

b. Credit Quality - type of security held

Secured by mortgage over business assets
Secured by mortgage over real estate
Partly secured by goods mortgage
Wholly unsecured
TOTAL LOANS

15,505	9,733	15,505	9,733
1,349,352	1,239,949	1,349,352	1,239,949
11,353	14,228	11,353	14,228
16,659	17,389	16,659	17,389
1,392,869	1,281,299	1,392,869	1,281,299

LVR is calculated based on the current loan balance outstanding at the time of determining the LVR as a percentage of the independently assessed valuation of the property securing the loan, as recorded in our core banking system.

	CONSOLIDATED		PARENT	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Loans with security held as mortgage against real estate is on the basis of:				
- loan to valuation ratio of less than 80%	1,238,171	1,099,656	1,238,171	1,099,656
- loan to valuation ratio of less than 80% with home guarantee scheme	-	509	-	509
- loan to valuation ratio of more than 80% with mortgage insurance	42,434	51,853	42,434	51,853
- loan to valuation ratio of more than 80% with home guarantee scheme	53,239	68,786	53,239	68,786
- loan to valuation ratio of more than 80% and less than 90% and not mortgage insured	15,508	19,145	15,508	19,145
	1,349,352	1,239,949	1,349,352	1,239,949

c. Concentration of loans

The loan balances outlined below represent the total loan exposure as at 30 June 2025 excluding any undrawn commitments.

(i) There are no members who individually or collectively have loans representing 10% or more of members' equity.

(ii) Loans are concentrated solely in the following regions:

	CONSOLIDATED		PARENT	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
New South Wales	1,029,588	1,008,099	1,029,588	1,008,099
ACT	27,465	19,504	27,465	19,504
Victoria	151,131	110,316	151,131	110,316
Queensland	112,903	98,229	112,903	98,229
Other	71,782	45,151	71,782	45,151
TOTAL	1,392,869	1,281,299	1,392,869	1,281,299

(iii) Loans by purpose were:

Loans to natural persons

Residential loans and facilities	1,344,615	1,233,359	1,344,615	1,233,359
Personal loans, overdrafts and revolving credits	27,205	29,718	27,205	29,718
SocietyOne loans	-	18	-	18
LeasePlus leases	5,078	6,684	5,078	6,684
	1,376,898	1,269,779	1,376,898	1,269,779

Loans to corporations

Business loans and facilities	15,971	11,520	15,971	11,520
TOTAL	1,392,869	1,281,299	1,392,869	1,281,299

Included as part of the loans as at 30 June 2025 were securitised loans of \$352,425,999 (2024: \$304,984,661) in SCU Trust No. 1 that were consolidated as part of the Group and at the Parent Entity were not derecognised in accordance with AASB 9.

	CONSOLIDATED		PARENT	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
d. Fair value of loans				
Level 3 Reconciliation				
Balance at the beginning of the year	1,271,905	1,155,402	1,271,905	1,155,402
Movement in loans and advances in the financial year	119,444	116,503	119,444	116,503
Balance at the end of the year	1,391,349	1,271,905	1,391,349	1,271,905

Loans and advances

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

15 PROVISION FOR LOAN LOSSES

2025	CONSOLIDATED and PARENT			
	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2024	3,947	745	595	5,287
Transfers from provision	(1,488)	-	-	(1,488)
Changes in credit risk, balances and overlay	2,776	(375)	(301)	2,100
Changes in model parameters	(1,972)	(129)	-	(2,101)
Balance at 30 June 2025	3,263	241	294	3,798

2024	CONSOLIDATED and PARENT			
	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023	4,741	320	226	5,287
Transfers to stage 1	-	-	-	-
Changes in credit risk, balances and overlay	(794)	425	369	-
Changes in model parameters	-	-	-	-
Balance at 30 June 2024	3,947	745	595	5,287

The closing balance for the impairment provision is shown in the following tables:

2025	CONSOLIDATED and PARENT							
	Stage 1 Carrying Value	Stage 1 12 month ECL	Stage 2 Carrying Value	Stage 2 Lifetime ECL	Stage 3 Carrying Value	Stage 3 Lifetime ECL	Total Carrying Value	Total ECL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Overdrafts and revolving credits	16,006	191	27	8	116	79	16,149	278
Term loans	1,367,661	3,023	3,555	233	426	215	1,371,642	3,471
SocietyOne loans	-	-	-	-	-	-	-	-
LeasePlus leases	5,078	49	-	-	-	-	5,078	49
Balance at 30 June 2025	1,388,745	3,263	3,582	241	542	294	1,392,869	3,798

CONSOLIDATED and PARENT								
2024	Stage 1 Carrying Value \$'000	Stage 1 12 month ECL \$'000	Stage 2 Carrying Value \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Carrying Value \$'000	Stage 3 Lifetime ECL \$'000	Total Carrying Value \$'000	Total ECL \$'000
Overdrafts and revolving credits	17,251	317	57	19	182	122	17,490	458
Term loans	1,251,171	3,484	5,344	726	592	472	1,257,107	4,682
SocietyOne loans	16	2	-	-	2	1	18	3
LeasePlus leases	6,684	144	-	-	-	-	6,684	144
Balance at 30 June 2024	1,275,122	3,947	5,401	745	776	595	1,281,299	5,287

	CONSOLIDATED		PARENT	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Neither past due not impaired	1,375,283	1,254,752	1,375,283	1,254,752
Past due but not impaired	17,044	25,771	17,044	25,771
Impaired	542	776	542	776
TOTAL	1,392,869	1,281,299	1,392,869	1,281,299

Gross loans and advances which are past due but not impaired				
1-30 days	12,198	16,343	12,198	16,343
31- 60 days	1,540	2,120	1,540	2,120
61-90 days	2,042	3,281	2,042	3,281
> 90 days	1,264	4,027	1,264	4,027
TOTAL	17,044	25,771	17,044	25,771

Impact of movements in gross carrying amount on impairment of loans and advances

The provision for loan losses reflects expected credit losses (ECLs) measured using the three stage approach prescribed under AASB 9 Financial Instruments as further detailed below.

The following explains how significant changes in the gross carrying amount of loans and advances during the financial year have contributed to the changes in the impairment of loans and advances for the Bank under the ECL model.

Overall, the provision for loan losses is \$3.80 million at 30 June 2025 (\$5.29 million at 30 June 2024).

The Bank segments its credit portfolio into representative groupings which are based on shared risk characteristics when assessing ECL. Exposures are monitored for potential indicators of default. Forward looking information is incorporated in the determination of ECL allowances by analysing historical data and applying professional judgement in determining predictive outcomes. The ECL reported by the Bank is considered a best estimate in the current environment and the Bank continues to closely monitor and measure the ECL provision with appropriate adjustments and professional judgement applied. Refinement of ECL outlooks includes benchmarking to external data from reputable sources including but not limited to forecasts published from economists and official data sources.

The Bank has revised the macro economic assumptions through the year in response to the reduction in official interest rates, labour market conditions, property values and inflationary pressures. The macro-economic assumptions used to assess ECL were revised during the year and the Bank revised the Upside risk to 32.5%, maintained the Base risk at 50% and amended the Downside risk to 17.5%. The probability of default and loss given default weighting for downside risk was also reviewed during the year on the loan portfolios.

The Bank obtains data from third party sources and the Bank's Asset and Liability Committee reviews the inputs to the ECL model including determining weights attributable to the scenarios. The impact on the loan portfolio was modelled based on anticipated changes in the unemployment rate, annual changes in property values, the outlook of future interest rates and a review of the significant increase in credit risk (SICR) assessment. The SICR assessment reviews the undrawn credit commitment trends, the Bank's industry bonds and delinquency trends. The forward looking assumptions used in each economic scenario for the ECL calculations have been assigned weightings at June 2025 of upside 32.5%, base case 50% and downside 17.5% for key drivers of expected credit loss. The base case probability of default (PD) has been assessed across the portfolio compared to prior year with the PD Stage 1 and Stage 2 and loss given default (LGD) stressed with weightings for upside, base case and downside scenarios for the portfolio segments of mortgages, revolving credit, credit cards, commercial loans, personal loans and other loans. The probability weighting is determined by management considering the risks and uncertainties surrounding the base case. Consideration in the current period has been the continued uncertainty regarding implications of geopolitical events, inflation moderation and the changes in monetary policy. In assessing this the Bank has made adjustments to the underlying scenario forecasts.

16 PROPERTY, PLANT AND EQUIPMENT

Land and buildings at fair value

Less: accumulated depreciation

Total land and buildings

Plant and equipment - at cost

Less: accumulated depreciation

Total plant and equipment

Capitalised leasehold improvements and makegood at cost

Less: accumulated depreciation

Total leasehold improvements and make good

TOTAL PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
20,863	20,695	20,863	20,695
(1,462)	(1,195)	(1,462)	(1,195)
19,401	19,500	19,401	19,500
4,082	3,381	4,082	3,381
(2,843)	(2,734)	(2,843)	(2,734)
1,239	647	1,239	647
1,994	2,140	1,994	2,140
(1,459)	(1,673)	(1,459)	(1,673)
535	467	535	467
21,175	20,614	21,175	20,614

Movement in carrying value of property plant and equipment:

CONSOLIDATED and PARENT

	2025				2024			
	Property at fair value	Plant and Equipment	Leasehold	Total	Property at fair value	Plant and Equipment	Leasehold	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the year	19,500	647	467	20,614	19,740	568	484	20,792
Revaluation adjustment	-	-	-	-	233	-	-	233
Purchases in the year	167	917	283	1,367	-	341	141	482
Total	19,667	1,564	750	21,981	19,973	909	625	21,507
Less								
Transfer to held for sale assets	-	-	-	-	(89)	-	-	(89)
Transfer to investment property	-	-	-	-	(59)	-	-	(59)
Assets disposed	-	(21)	(5)	(26)	-	-	(2)	(2)
Depreciation charge	(266)	(304)	(210)	(780)	(325)	(262)	(156)	(743)
Balance at the end of the year	19,401	1,239	535	21,175	19,500	647	467	20,614

During 2025, a Directors' valuation of the land and buildings was performed and the Board of Directors are satisfied that there is no revaluation adjustment for the year ended 30 June 2025 (2024: An independent valuation of the land and buildings was performed. The valuation techniques used for the property are the market approach using the net market rent, comparable market price and the capitalisation rate). The fair value measurement during 2025 of the property has been categorised as a Level 3 fair value as it is derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs). The revaluation adjustments of Property are booked through Other Comprehensive Income.

Property categorised as Property, plant and equipment has been classified as an asset held for sale when the carrying amount is to be recovered principally through a sale transaction and a sale is considered probable. During 2024, the Clarence Street, Sydney property previously categorised in property, plant and equipment became held for sale and was sold in 2025.

Building location	Valuation amount	Valuation Technique	Valuer 2025	Date of last Independent Valuation
59 Buckingham Street, Surry Hills NSW 2010	\$12,326,814	Direct Comparison & Capitalisation.	Directors	30 June 2024
Lot 1, 18 Third Avenue, Blacktown NSW 2148	\$7,074,104	Direct Comparison & Capitalisation.	Directors	30 June 2024
	\$19,400,918			

17 INVESTMENT PROPERTY

Buildings - at fair value opening balance

Fair value adjustment during the year

Transfer from property, plant and equipment

Transfer to held for sale assets

TOTAL INVESTMENT PROPERTY

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
5,110	6,242	5,110	6,242
-	209	-	209
-	59	-	59
(2,650)	(1,400)	(2,650)	(1,400)
2,460	5,110	2,460	5,110

Investment properties include commercial properties that are either leased, or available to be leased, to third parties. Each of the leases have an initial fixed term and derive annual rents indexed to the consumer price index. At the completion of the initial term, the lease will either have an option to re-lease or a new term will be negotiated.

During 2025, a Directors' valuation of the investment property was performed and the Board of Directors are satisfied that there is no revaluation adjustment for the year ended 30 June 2025 (2024: An independent valuation of the investment property was performed. The valuation techniques used for the property are the market approach using the net market rent, comparable market price and the capitalisation rate). The fair value measurement during 2025 of the Property has been categorised as a Level 3 fair value as it is derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs). The revaluation adjustment of investment properties is measured at fair value are booked through Profit or Loss.

Investment property has been classified as an asset held for sale when the carrying amount is to be recovered principally through a sale transaction and a sale is considered probable. During 2025, the two Parramatta properties (\$1,310,000 and \$1,340,000) became held for sale and during 2024, the Castlereagh Street, Sydney (\$1,280,000) property became held for sale.

Building location	Valuation amount	Valuation Technique	Valuer 2025	Date of last Independent Valuation
138 Waterloo Road, Greenacre NSW 2190	\$2,460,000	Direct Comparison & Capitalisation.	Directors	30 June 2024

18 CREDITOR ACCRUALS AND SETTLEMENT ACCOUNTS

Creditors and accruals

Interest payable on deposits

Interest payable on borrowings

Accrual for GST payable

Sundry creditors

TOTAL CREDITOR ACCRUALS AND SETTLEMENT ACCOUNTS

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
8,267	9,769	8,267	9,769
8,580	8,115	8,580	8,115
479	513	479	513
97	462	97	462
1,664	1,651	1,664	1,651
19,087	20,510	19,087	20,510

19 BORROWINGS

Negotiable certificates of deposit issued

TOTAL BORROWINGS

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
65,728	70,641	65,728	70,641
65,728	70,641	65,728	70,641

20 DEPOSITS FROM MEMBERS

Member deposits

- at call

- term

Member withdrawable shares

TOTAL DEPOSITS AND SHARES

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
1,093,655	1,043,057	1,093,655	1,043,057
500,904	485,821	500,904	485,821
170	176	170	176
1,594,729	1,529,054	1,594,729	1,529,054

Members are entitled to vote at the Annual General Meeting (AGM) and share the remaining net assets of the Bank in the event of winding up. The shares are redeemable if the members leave the Bank. As a mutual bank, no dividend is payable in respect of any member shares.

Concentration of member deposits

There were no significant individual member deposits which in aggregate represent more than 10% of the total liabilities:

(i) Geographical concentrations

New South Wales

ACT

Victoria

Queensland

Other

TOTAL

1,494,161	1,433,601	1,494,161	1,433,601
12,169	9,334	12,169	9,334
26,330	23,895	26,330	23,895
31,167	30,655	31,167	30,655
30,902	31,569	30,902	31,569
1,594,729	1,529,054	1,594,729	1,529,054

21 (a) CURRENT TAX LIABILITIES

Income tax payable

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
1,558	1,362	1,558	1,362

Current income tax refundable comprises:

Provision for income tax payable/(receivable) - previous year

Under provision in prior year

Provision for tax current year

Less: Paid in current year

CURRENT INCOME TAX LIABILITY

1,362	(80)	1,362	(80)
373	560	373	560
7,092	4,955	7,092	4,955
(7,269)	(4,073)	(7,269)	(4,073)
1,558	1,362	1,558	1,362

(b) NET DEFERRED TAX LIABILITY

Deferred tax liability

Less: Deferred tax asset

NET DEFERRED TAX LIABILITY

Total deferred tax liability comprises:

Revaluation of assets at fair value through OCI and investment properties through profit or loss

Right-of-use assets

Total deferred tax liability

Less:

Provisions for employee benefits

Provisions for impairment on loans

Depreciation on fixed assets

Lease liabilities

Accrued expenses not deductible until incurred

Unearned Income

Other

Total deferred tax asset

NET DEFERRED TAX LIABILITY

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
8,375	9,519	8,375	9,519
(5,330)	(5,087)	(5,330)	(5,087)
3,045	4,432	3,045	4,432
8,164	9,076	8,164	9,076
211	443	211	443
8,375	9,519	8,375	9,519
(1,865)	(1,624)	(1,865)	(1,624)
(1,139)	(1,586)	(1,139)	(1,586)
(1,223)	(1,156)	(1,223)	(1,156)
(218)	(453)	(218)	(453)
(109)	(138)	(109)	(138)
(548)	(8)	(548)	(8)
(228)	(122)	(228)	(122)
(5,330)	(5,087)	(5,330)	(5,087)
3,045	4,432	3,045	4,432

22 LEASE LIABILITIES

Lease liabilities

Current

Non-current

TOTAL LEASE LIABILITIES

Balance at the beginning of the year

Additions (new lease)

Payments for leases

Interest expense

Modifications

Balance at the end of the year

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
505	972	505	972
223	537	223	537
728	1,509	728	1,509
1,509	1,793	1,509	1,793
200	671	200	671
(1,087)	(1,073)	(1,087)	(1,073)
105	85	105	85
1	33	1	33
728	1,509	728	1,509

23 PROVISIONS

Long service leave

Annual leave

Other provisions

TOTAL PROVISIONS

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000
4,612	3,876	4,612	3,876
1,375	1,308	1,375	1,308
969	787	969	787
6,956	5,971	6,956	5,971

Movement in provision for long service leave

Balance at the beginning of the year

Additional provision recognised

Amounts utilised during the year

Balance at the end of the year

3,876	3,786	3,876	3,786
788	205	788	205
(52)	(115)	(52)	(115)
4,612	3,876	4,612	3,876

Movement in provision for annual leave

Balance at the beginning of the year

Additional provision recognised

Amounts utilised during the year

Balance at the end of the year

1,308	1,266	1,308	1,266
110	100	110	100
(43)	(58)	(43)	(58)
1,375	1,308	1,375	1,308

Movement in provision for other provisions

Balance at the beginning of the year

Additional provision recognised

Amounts utilised during the year

Balance at the end of the year

TOTAL PROVISIONS

787	1,065	787	1,065
202	75	202	75
(20)	(353)	(20)	(353)
969	787	969	787
6,956	5,971	6,956	5,971

CONSOLIDATED and PARENT

	Capital Reserve	Asset Revaluation Reserve	Equity Investments Revaluation Reserve	General Reserve	Transfer of Business Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
24 RESERVES						
Balance at 1 July 2023	1,478	9,750	1,754	14,041	86,648	113,671
Fair value through other comprehensive income	-	163	4,298	-	-	4,461
Transfer from retained earnings on share redemption	12	-	-	-	-	12
Transfer to retained earnings on sale of investment property (net of tax)	-	(1,597)	-	-	-	(1,597)
Total at 30 June 2024	1,490	8,316	6,052	14,041	86,648	116,547
Balance at 1 July 2024	1,490	8,316	6,052	14,041	86,648	116,547
Fair value through other comprehensive income	-	81	3,401	-	-	3,482
Transfer from retained earnings on share redemption	6	-	-	-	-	6
Transfer to retained earnings on sale of property (net of tax)	-	(149)	-	-	-	(149)
Transfer to retained earnings on sale of equity investments (net of tax)	-	-	(5,466)	-	-	(5,466)
Total at 30 June 2025	1,496	8,248	3,987	14,041	86,648	114,420

Capital Reserve

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

Asset Revaluation Reserve

This comprises the cumulative net changes in the fair value of building valuations net of deferred tax liability. For buildings the fair value includes the cumulative net change in fair value, net of applicable income tax. The asset revaluation reserve included in equity in respect of an item of land and buildings is transferred directly to retained earnings when the asset is disposed.

Equity Investments Revaluation Reserve

This comprises the cumulative net changes in the fair value of investments in equity net of deferred tax liability. For equity instruments the amounts are subsequently transferred to retained earnings, and not profit or loss, when the revaluated asset is derecognised or impaired.

General Reserve

This general reserve was created into which funds were allocated for the business of the Bank. The funds may be used for the business of the Bank subject that the funds must not be distributed to members except upon the winding up of the Bank.

Transfer of Business Reserve

This reserve is used to record mergers with other mutual entities. The identifiable assets and liabilities of the transferred entity are recognised on the Statement of Financial Position at their fair value at the acquisition date. The reserve represents the excess of the fair value of assets taken up over liabilities assumed in a merger.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Bank's enterprise risk management framework focuses on the major areas of market risk, credit risk, capital management, liquidity risk and operational risk. Authority flows from the Board of Directors to the Board Risk Committee and the Board Audit Committee which are integral to the management of risk. The Bank operates a three lines of assurance risk management and assurance model with the first line of defence as the Executive Managers and Business Unit Managers, the second line of defence the risk management and compliance functions and the third line of defence the internal audit function. The main elements of governance are as follows:

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

The Board has established a Governance and Remuneration Committee, Board Risk Committee and Board Audit Committee to oversee critical functions. The Board retains responsibility for decision making at all times and for ensuring the performance of the duties delegated to the committees, including audit & compliance and risk management.

Board Risk Committee: This is a key body in the control of risk. It has representatives from the Board as well as the Bank's Chief Risk Officer.

The Board Risk Committee's purpose is to assist the Board by providing objective non-executive oversight of the implementation and operation of the Bank's risk management framework and that it remains appropriate given the Bank's size, business mix and complexity. The Committee uses prevailing best practice and adopts the methodologies in industry guidance in relation to risk management.

The Board Risk 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. Regular monitoring of operational reports and control assignments are reviewed by the Board Risk Committee to confirm whether risks are within the parameters outlined by the Board.

The Board Risk 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.

Board Audit Committee: Its key role in risk management is the assessment of the controls that are in place to mitigate risks. The Board Audit Committee considers and confirms that the significant risks and controls are to be assessed within the internal audit plan. The Board Audit Committee receives the internal audit reports on assessment and compliance with the controls, and provides feedback to the Board Risk Committee for their consideration. The Board Audit Committee assists the Board by overseeing compliance of the Bank's financial reports and statements, monitoring the effectiveness of the internal and external audit functions and reviewing the processes established by management to ensure the requirements of APRA's Prudential Standards and the Corporations Act are being adhered to.

Asset and Liability Committee: This committee of Executive and Senior Management meets monthly and has responsibility for managing and reporting risk exposure in the areas of:

- Credit risk,
- Liquidity risk,
- Capital risk,
- Market risk (including interest rate risk), and
- Financial and accounting risk.

It scrutinises operational reports and monitors exposures against limits determined by the Board. The Asset and Liability Committee has responsibility for implementing policies to ensure that all risk exposures are properly measured and controlled. This Asset and Liability Committee also 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.

Executive Leadership Team: This committee meets weekly and is chaired by the Chief Executive Officer. It is responsible for implementing the Board's strategic plan, operational planning and financial performance. The Executive Leadership Team is responsible for oversight of the Bank's risks in the following areas;

- Strategic risks,
- Governance risks, and
- Financial risks.

Operations Risk Committee: This committee of senior management meets quarterly, is chaired by the Chief Risk Officer (or their delegate) and reports to the Board Risk Committee. It has responsibility for oversight of all Operational Risk matters.

Its responsibilities include ensuring that the Bank operates within its Board mandated risk appetite and that operational risks are managed in accordance with its approved risk management strategy and supporting policies.

It reviews all proposed operational risk policy amendments prior to consideration by the Board Risk Committee. It also maintains oversight of all mediation plans associated with operational risks to ensure risks are maintained with Board approved limits.

Chief Risk Officer: The Chief Risk Officer provides advice to the Directors on risk management matters. The Chief Risk Officer is accountable through the Board Risk Committee for the implementation of Risk Management strategies, plans, policies, operating controls and processes to facilitate the identification, analysis and understanding of key material risks affecting the Bank. The Chief Risk Officer also establishes an integrated risk management framework to manage those risks.

Internal audit: Internal audit has responsibility for implementing the controls testing and assessment as required by the Audit Committee. Internal audit is performed as a co-sourced arrangement with Grant Thornton Audit Pty Ltd and the Internal Audit Officer. Internal audit is responsible for compliance and internal audit functions to ensure that systems and set procedures meet prudential standards and consumer legislation and to test the operation of such systems for improvement in codes, policies and rules as required.

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

- Market risk (primarily Interest Rate Risk),
- Liquidity management,
- Capital management,
- Credit risk management and
- Operations risk management including data and fraud risk management.

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

A. MARKET RISK

The objective of the Bank'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 potential changes in market prices may result in an adverse effect on the Bank's financial condition or results. The Bank does not engage in trading activities and therefore is not required to adopt the risk management practice nor hold regulatory capital as stipulated under APS 116. The Bank is only exposed to interest rate risk arising from the structural balance sheet position, which is an inherent risk associated with interest-bearing positions such as deposit and funding sourced by the treasury department (i.e. interest-bearing liabilities), and loan and liquid investment (i.e. interest-bearing assets). No derivative trade has been transacted for the purpose of hedging during the last financial year.

ALCO maintains the management oversight of the Bank's market risk position, which reports directly to the Board Risk Committee.

Interest Rate Risk

Interest rate risk is the risk of variability of the fair value or future cash flows arising from financial instruments due to the changes in interest rates.

Interest rate risk in the banking book

Interest Rate Risk in the Banking Book (IRRBB) arises from the interest rate repricing mismatches between the repricing profiles of interest-sensitive assets and interest-sensitive liabilities, and therefore may adversely affect the Bank's financial outcomes as market interest rates change. IRRBB exposures are measured and reported to the ALCO, the Board Risk Committee and the Board, on a periodic basis.

Method of Managing IRRBB

The Bank IRRBB exposures must remain within the limits as outlined in the Bank's Market Risk policy approved by the Board. The ultimate objective is to ensure that the interest rate repricing mismatches are prudently managed.

The Bank's exposure to IRRBB is measured and monitored using the historical Value-at-Risk (VaR) methodology. Historical VaR is a technique which estimates the change in the economic value of the Bank's interest-sensitive assets and interest-sensitive liabilities, given a 99 per cent confidence-level and 20 days holding period, based on observable interest rate perturbation data over the past 12 months.

The Bank also assesses IRRBB using a sensitivity approach, calculating the change in economic value of the Bank's interest-sensitive assets and interest-sensitive liabilities, based on a scenario of 200 basis points parallel shift across the yield curve.

The Bank has the capability to manage interest rate repricing mismatches, if required, by utilising the core deposit and loan products offered to members. In essence, the Bank may adjust the pricings of deposit and loan products to attract interest-sensitive assets / liabilities with preferred repricing terms for the purpose of narrowing the interest rate repricing mismatch. The Bank's policy also permits the usage of derivatives to hedge (i.e. reduce) IRRBB exposures, however, no derivative trades have been undertaken.

Based on the positions as at 30 June, the impacts on the net economic value (measured as a percentage of the Bank's Tier 1 capital position), calculated based on a historical Value-at-Risk approach (99 per cent confidence level / 20 days holding period / 1 year's historical perturbation data), are as follows:

CONSOLIDATED and PARENT		
	2025	2024
As at 30 June	0.42%	0.38%
As at 30 June VaR amount	(\$898,711)	(\$731,682)
Average for the year	0.51%	0.58%
Minimum during the year	0.31%	0.38%
Maximum during the year	0.75%	0.75%

Given the above, the Bank is not expected to incur losses exceeding the above VaR outputs, given the corresponding holding periods and confidence levels, in the event that mark-to-valuation accounting treatment is to apply to the Bank's structural balance sheets.

It should be noted that the Bank is not required to hold regulatory capital against IRRBB under APS 117.

Interest rate change profile of Financial Assets and Financial Liabilities

Financial assets and liabilities have conditions which allow interest rates to be amended either on maturity (term deposits, borrowings, short-term and long-term investments and fixed rate loans) or after adequate notice is given (variable loans and savings) or when the lease liability is remeasured if there is a change in the lease. 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.

2025	CONSOLIDATED and PARENT						Total
	Within 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
FINANCIAL ASSETS							
Cash and cash equivalents	25,152	-	-	-	-	334	25,486
Receivables	1,400	1,043	131	343	41	3,394	6,352
Due from other financial institutions and investment securities	146,473	229,978	33,785	39,915	5,337	-	455,488
Equity investments	-	-	-	-	-	10,120	10,120
Loans and advances	1,007,980	33,849	110,600	240,440	-	-	1,392,869
Total financial assets	1,181,005	264,870	144,516	280,698	5,378	13,848	1,890,315
FINANCIAL LIABILITIES							
Creditor accruals and settlement accounts	2,055	2,723	4,206	75	-	10,028	19,087
Borrowings	33,609	29,181	2,938	-	-	-	65,728
Deposits from members	1,164,554	125,830	296,209	7,966	-	170	1,594,729
Lease liabilities	-	-	-	-	-	728	728
On statement of financial position	1,200,218	157,734	303,353	8,041	-	10,926	1,680,272
Undrawn loan commitments Note 28	-	-	-	-	-	193,530	193,530
Total financial liabilities	1,200,218	157,734	303,353	8,041	-	204,456	1,873,802

2024	CONSOLIDATED and PARENT						Total
	Within 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
FINANCIAL ASSETS							
Cash and cash equivalents	20,967	-	-	-	-	304	21,271
Receivables	1,829	1,631	189	198	-	1,303	5,150
Due from other financial institutions and investment securities	177,371	256,581	42,038	18,382	-	-	494,372
Equity investments	-	-	-	-	-	14,794	14,794
Loans and advances	769,304	45,955	197,572	268,468	-	-	1,281,299
Total financial assets	969,471	304,167	239,799	287,048	-	16,401	1,816,886
FINANCIAL LIABILITIES							
Creditor accruals and settlement accounts	1,711	2,713	4,068	136	-	11,882	20,510
Borrowings	28,660	41,006	975	-	-	-	70,641
Deposits from members	1,101,880	117,467	296,500	13,031	-	176	1,529,054
Lease liabilities	-	-	-	-	-	1,509	1,509
On statement of financial position	1,132,251	161,186	301,543	13,167	-	13,567	1,621,714
Undrawn loan commitments Note 28	-	-	-	-	-	185,404	185,404
Total financial liabilities	1,132,251	161,186	301,543	13,167	-	198,971	1,807,118

B. LIQUIDITY RISK

Liquidity risk is the risk that an ADI cannot meet its financial obligations as they fall due, due to a wide range of reasons including (but not limited to) difficulty with raising new deposit funds to meet balance sheet growth, a "run" on the ADI's deposit portfolio, and inability to liquidate assets in time to meet obligations. The Bank's policy stipulates that the Bank must have a risk management framework in place to measure, monitor and manage liquidity risk, and that the Bank must maintain a portfolio of liquid assets that is sufficient in size to withstand a severe liquidity stress.

The Bank manages liquidity risk by:

- Ongoing monitoring of actual and forecasted cash flows, in particular, the maturity profiles of the Bank's funding base and liquidity portfolio;
- Maintaining a portfolio of high quality liquid assets that can be converted into cash within two business days;
- Entering into a mutual ADI liquidity support arrangement;

- Establishing and maintaining sufficient self-securitisation assets that can be utilised as a contingent funding source;
- Monitoring the Bank's liquidity position on a daily basis and
- Maintaining the relationship with wholesale funding providers, including other mutual ADIs and organisations that are affiliated with the industries of the Bank's core memberships.

The Bank has continued to issue short-term wholesale funding in the form of Negotiable Certificate of Deposits (NCDs) throughout the 2025 financial year. This provides an alternative source of funding which complements the current suite of deposit products available to members.

The Bank is a member of the Credit Union Financial Support Scheme Limited (CUFSS) a Company limited by guarantee, established to provide financial support to member Australian mutual ADIs in the event of a liquidity or capital problem. As a member of CUFSS, the Bank has contractually committed emergency liquidity funding available from the members.

APRA Prudential Standard APS 210 stipulates that all ADIs under the Minimum Liquidity Holdings (MLH) regime must maintain a minimum of 9 per cent of total adjusted liabilities in qualifying liquid assets capable of being converted into cash within two business days. Qualifying liquid assets, in essence, includes cash, debt securities that are eligible for repurchase agreement with the RBA, and security deposits lodged with Cuscal Limited (the Bank's payment service provider). The Bank's policy stipulates a higher internal requirement of 13 per cent (that is, a 4 per cent buffer above APRA minimum requirement).

The MLH ratio is calculated and communicated to the relevant senior management on a daily basis. Escalation and reporting protocols are in place in the event that the ratio falls below the Bank or APRA minimum requirement.

In addition to the above, the Bank also has in place a Standby borrowing / overdraft facility, and the details are outlined in Note 29. It should be noted that these facilities are in addition to the support from CUFSS.

The ratio of liquid funds over the past year is set out below:

	CONSOLIDATED and PARENT	
	2025	2024
Minimum Liquidity Holdings (MLH)	\$380,715,767	\$386,998,729
MLH Ratio		
As at 30 June	20.67%	21.86%
Average for the year	21.58%	23.78%
Minimum during the year	20.06%	21.05%
Maximum during the year	23.76%	26.13%
Total Liquid Investments	\$455,389,395	\$495,748,435
Total Liquidity Ratio		
As at 30 June	24.72%	28.00%
Average for the year	26.06%	29.02%
Minimum during the year	23.71%	26.43%
Maximum during the year	28.03%	31.37%

Monetary liabilities have differing maturity profiles depending on the contractual term. The table on page 42 shows the period in which different monetary liabilities held, will mature and be eligible for renegotiation or withdrawal. Financial liabilities are at the undiscounted values (including future interest expected to be paid). Accordingly these values will not agree to the Statement of Financial Position.

2025	CONSOLIDATED and PARENT							Total
	Book Value	Within 1 month	1-3 months	3-12 months	1-5 years	After 5 years	No Maturity	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
FINANCIAL LIABILITIES								
Creditor accruals and settlement accounts	19,087	12,083	2,723	4,206	75	-	-	19,087
Borrowings	65,728	33,675	29,357	2,989	-	-	-	66,021
Deposits from members – at call	1,093,825	1,093,655	-	-	-	-	170	1,093,825
Deposits from members – term	500,904	71,025	126,815	302,258	8,520	-	-	508,618
Lease liabilities	728	71	101	388	259	-	-	819
On statement of financial position	1,680,272	1,210,509	158,996	309,841	8,854	-	170	1,688,370
Undrawn commitments Note 28	-	-	-	-	-	-	193,530	193,530
Total financial liabilities	1,680,272	1,210,509	158,996	309,841	8,854	-	193,700	1,881,900

2024	CONSOLIDATED and PARENT							Total
	Book Value	Within 1 month	1-3 months	3-12 months	1-5 years	After 5 years	No Maturity	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
FINANCIAL LIABILITIES								
Creditor accruals and settlement accounts	20,510	13,593	2,713	4,068	136	-	-	20,510
Borrowings	70,641	28,717	41,276	994	-	-	-	70,987
Deposits from members – at call	1,043,233	1,043,057	-	-	-	-	176	1,043,233
Deposits from members – term	485,821	58,935	118,352	303,502	13,879	-	-	494,668
Lease liabilities	1,509	93	187	796	604	-	-	1,680
On statement of financial position	1,621,714	1,144,395	162,528	309,360	14,619	-	176	1,631,078
Undrawn commitments Note 28	-	-	-	-	-	-	185,404	185,404
Total financial liabilities	1,621,714	1,144,395	162,528	309,360	14,619	-	185,580	1,816,482

C. CREDIT RISK

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

(i) CREDIT RISK – LOANS

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

	CONSOLIDATED and PARENT					
	2025	2025	2025	2024	2024	2024
	Carrying value	Commitments	Max exposure	Carrying value	Commitments	Max exposure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Mortgage	1,344,615	138,496	1,483,111	1,233,359	125,942	1,359,301
Personal loans, overdrafts and revolving credits	32,283	44,224	76,507	36,420	49,116	85,536
Total to natural persons	1,376,898	182,720	1,559,618	1,269,779	175,058	1,444,837
Corporate borrowers	15,971	10,810	26,781	11,520	10,346	21,866
Total	1,392,869	193,530	1,586,399	1,281,299	185,404	1,466,703

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, available redraw facilities, and undrawn approved revolving credit line facilities). The details are shown in Note 28.

All loans and facilities are within Australia. The geographic distribution is detailed in Note 14(c).

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 on a daily basis of defaults in the repayment of loans thereafter. The credit related policies have been approved by the Board of Directors, to ensure that loans are only made to members that are creditworthy (capable of meeting loan repayments).

The Bank has established policies over the:

- Credit assessment and approval of loans and facilities covering acceptable risk assessment, 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;
- Management and recovery procedures for loans in repayment default; and
- Review of compliance with the above policies.

A review of compliance against the credit policy is conducted as part of the internal audit scope.

Past due and impaired

A financial asset is past due when the counterparty has failed to make a payment when contractually 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, loans are regarded as impaired, unless other factors indicate the impairment should be recognised sooner.

The Bank monitors the loan repayments to detect delays in repayments daily. External collection agents may be engaged to assist with recovery action where this is deemed appropriate.

The exposures to losses arise predominantly in 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 Statements of Profit or Loss and Other Comprehensive Income. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral.

Bad debts

Amounts are written off when collection of the loan or advance is considered to be remote. 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.

Collateral securing loans

A sizeable portfolio of the loan book is secured on residential property in Australia. Therefore, the Bank is exposed to risks in the reduction of the Loan to Value Ratio (LVR) cover, should the property market be subject to a decline in market values.

The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken.

The majority of loans secured by residential mortgages carry an LVR of 80% or less. Note 14b describes the nature and extent of the security held against the loans held as at the balance date.

Concentration risk – Industry

Concentration risk is a measurement of the Bank's exposure to an individual counterparty (or group of related parties). If prudential limits are exceeded as a proportion of the Bank's regulatory capital (10 per cent) a large exposure is considered to exist. No additional 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 per cent capital benchmark, to be higher than acceptable.

The aggregate value of large exposure loans are set out in Note 14c. The Bank holds no significant concentrations of exposures to members. Concentration exposures to counterparties are closely monitored.

(ii) CREDIT RISK – LIQUID INVESTMENTS

The inherent credit risk associated with the Bank's liquid investment portfolio is referring the risk that the issuers of financial instruments fail to repay their obligations as they fall due, and therefore potentially exposing the Bank to a financial loss.

The Bank's policy stipulates that liquid funds may only be invested, as at the time of the trade's execution, with ADI counterparties with investment grade credit ratings (Credit Risk Grades of 3 or above as per APS 112), or with other unrated mutual ADIs. The Board have established policies and have stipulated diversification limits in accordance to the relevant Credit Rating Grade as determined in accordance to APRA prudential standard APS112. With respect to exposure to Cuscal Limited, a limit of 50% of Tier 1 capital has been granted by APRA.

Whilst the Bank is required to limit exposures to any single ADI counterparty to 25% of Tier 1 capital or below (as per APRA APS 221 large exposure requirement), lower limits apply to individual ADI counterparty rated Credit Risk Grade 3 and Unrated. Furthermore, aggregate exposure to Unrated ADIs are limited to 60% of the Bank's Tier 1 capital.

Under the CUFSS Industry's liquidity support scheme (of which the Bank is a member), at least 3.0% of the total assets must be invested in Cuscal, or other qualifying debt securities issued by ADIs that are repo-eligible with the RBA, to allow the scheme to have adequate resources to meet its obligations if needed.

External Credit Assessment for Institution Investments

Where available, the Bank uses the credit grade determination approach as per APRA prudential standard APS 112. APRA reformed the bank capital framework from 1 January 2023.

The credit exposure values associated with the investment portfolio are as follows and excludes financial instruments that are deducted for regulatory capital purposes:

CONSOLIDATED and PARENT					
30 June 2025					
Investments with authorised deposit-taking institutions:	Up to 3 months	Over 3 months	Total carrying value	Past due value	Provision
	\$'000	\$'000	\$'000	\$'000	\$'000
Grade 1 – rated AA- and above	-	7,037	7,037	-	-
Grade 2 – rated below AA- to A-	25,210	167,775	192,985	-	-
Grade 3 – rated below A- to BBB-	120,159	89,957	210,116	-	-
Unrated Approved Deposit-taking institutions	12,585	4,056	16,641	-	-
Total	157,954	268,825	426,779	-	-

CONSOLIDATED and PARENT					
30 June 2025					
Investments with State and Commonwealth Governments	Up to 3 months	Over 3 months	Total carrying value	Past due value	Provision
	\$'000	\$'000	\$'000	\$'000	\$'000
Grade 1 – rated AA- and above	-	55,809	55,809	-	-
Grade 2 – rated below AA- to A-	-	-	-	-	-
Grade 3 – rated below A- to BBB-	-	-	-	-	-
Total	-	55,809	55,809	-	-

CONSOLIDATED and PARENT					
30 June 2024					
Investments with authorised deposit-taking institutions:	Up to 3 months	Over 3 months	Total carrying value	Past due value	Provision
	\$'000	\$'000	\$'000	\$'000	\$'000
Grade 1 – rated AA- and above	-	18,432	18,432	-	-
Grade 2 – rated below AA- to A-	23,003	179,947	202,950	-	-
Grade 3 – rated below A- to BBB-	108,769	145,799	254,568	-	-
Unrated Approved Deposit-taking institutions	15,066	27,162	42,228	-	-
Total	146,838	371,340	518,178	-	-

There were no investments placed with State and Commonwealth Governments in 2024.

(iii) CREDIT RISK – GUARANTEES

The Bank has issued guarantees on behalf of members and suppliers. All guarantees provided are fully secured against either an existing registered mortgage facility already held by the Bank, or by funds lodged as a term deposit with the Bank or other deposit funds. The total value of guarantees and authorities at 30 June 2025 amounted to \$2,794,019 (30 June 2024: \$3,642,355).

D. OPERATIONAL RISK

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

The Bank manages these risks on a daily basis through the operational responsibilities of Executive Management and Senior Management and the functioning of the Operational Risk Committee under policies approved by the Board after recommendation from the Audit Committee or Risk Committee covering specific areas, such as outsourcing risk, fraud risk, cybersecurity risk and business continuity risk.

Information Security risk is a growing area of focus for the bank, with the bank requiring to comply with APRA's prudential standard, CPS234 Information Security.

The Bank works with a number of consultants, outsourcing parties and in-house teams to uplift compliance for this risk and its associated regulatory requirements.

Through a combination of mechanisms, namely:

- supplier assurance capability reviews;
- incident management protocols;
- internal control libraries and information asset classifications;
- independent audit and assurance engagements;
- clearly defined roles and responsibilities; and
- policy and procedural frameworks

the Bank can demonstrate compliance with this risk and its regulatory requirements.

E. CAPITAL MANAGEMENT

The minimum capital levels required to be maintained by all financial institutions are prescribed by the Australian Prudential Regulation Authority (APRA). Under the APRA prudential standards capital is determined in three components:

- Credit risk
- Market risk (trading book)
- Operations risk.

The market risk component is not required as the Bank is not engaged in a trading book for financial instruments.

Capital resources

Tier 1 capital

The Tier 1 Capital of the Bank comprises:

- Retained profits
- Realised reserves
- Asset revaluation reserve on properties and equity investments reserve

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.

Tier 2 capital of the Bank comprises:

- Provisions eligible for inclusion in Tier 2 capital

Capital in the Bank is made up as follows:

Tier 1 Common equity capital

Capital reserve account	
Asset revaluation reserve on properties and equity investments reserve	
General reserves	
Transfer of Business Reserve	
Retained earnings	

Total Fundamental Tier 1 capital

Less prescribed deductions

Tier 1 capital

Tier 2 capital

Provisions eligible for inclusion in Tier 2 capital

Tier 2 capital

TOTAL CAPITAL

CONSOLIDATED and PARENT

	2025 \$'000	2024 \$'000
	1,496	1,490
	12,235	14,368
	14,041	14,041
	86,648	86,648
	109,855	91,871
	224,275	208,418
	(11,587)	(16,370)
	212,688	192,048
	3,263	3,947
	3,263	3,947
	215,951	195,995

The Bank is required to maintain a minimum capital level as compared to the risk weighted assets at any given time. The above capital is in excess of the minimum required.

The risk weights attached to each asset are based on the weights prescribed by APRA. 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:

2025	2024	2023	2022	2021
30.09%	26.47%	25.07%	21.12%	20.67%

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 between different risk weighting categories.

To manage the Bank's capital the Bank reviews the ratio monthly and monitors major movements in the asset levels. Policies have been implemented to require reporting to the Board and the regulator if the capital ratio falls below 14.5%. Further a 3 year capital budget projection of the capital levels is maintained annually to address how strategic decisions or trends may impact on the capital level.

Capital on operational risk

Operational Risk is calculated using 10% of credit risk weighted assets.

Based on this approach, the Bank's operational risk requirement is as follows:

- Operational risk capital \$65,249,584 (2024: \$67,324,435)

Internal capital adequacy management

The Bank manages its internal capital levels for both current and future activities through the Internal Capital Adequacy Assessment Process (ICAAP).

The inputs provide for a number of stress tests to be performed across APRA's material risk categories. The outputs are communicated to the Board and APRA, and are used in the capital management and planning processes of the Bank.

26 CURRENT AND NON CURRENT PROFILE

The table below represents the maturity profile of the Bank's financial assets and liabilities. The contractual arrangements best represent the minimum repayment amounts on loans, liquid investments, borrowings and member deposits within 12 months and lease payments for property due within 12 months. Liquid investments and the 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.

	CONSOLIDATED and PARENT					
	2025			2024		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS						
Cash and cash equivalents	25,486	-	25,486	21,271	-	21,271
Receivables	5,309	1,043	6,352	4,361	789	5,150
Due from other financial institutions and investment securities	269,575	185,913	455,488	363,459	130,913	494,372
Equity investments	-	10,120	10,120	-	14,794	14,794
Loans and advances	56,116	1,336,753	1,392,869	55,767	1,225,532	1,281,299
Total financial assets	356,486	1,533,829	1,890,315	444,858	1,372,028	1,816,886
FINANCIAL LIABILITIES						
Creditor accruals and settlement accounts	19,012	75	19,087	20,374	136	20,510
Borrowings	65,728	-	65,728	70,641	-	70,641
Deposit from members - at call	1,093,655	170	1,093,825	1,043,057	176	1,043,233
Deposit from members - term	492,938	7,966	500,904	472,790	13,031	485,821
Lease liabilities	505	223	728	972	537	1,509
Total financial liabilities	1,671,838	8,434	1,680,272	1,607,834	13,880	1,621,714

27 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value is required to be disclosed where the financial instruments are not measured at fair value in the Statement of Financial Position. Disclosure of fair value is not required when the carrying amount is a reasonable approximation of fair value.

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.

Fair Value Hierarchy

Assets measured at fair value have been classified according to the following hierarchy:

- Level 1: inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

CONSOLIDATED and PARENT						
	Fair value \$'000	2025 Book value \$'000	Fair value Level	Fair value \$'000	2024 Book value \$'000	Fair value Level
FINANCIAL ASSETS						
Due from other financial institutions and investment securities	456,749	455,488	2	494,751	494,372	2
Equity investments (refer note 12)	10,120	10,120	1 & 3	14,794	14,794	3
Gross loans and advances	1,391,349	1,392,869	3	1,271,905	1,281,299	3
FINANCIAL LIABILITIES						
Borrowings	65,757	65,728	2	70,658	70,641	2
Deposit from members	1,596,135	1,594,729	2	1,530,001	1,529,054	2

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

Receivables from other financial institutions and investment securities

The carrying values of liquid assets and receivables due from other financial institutions approximate their fair value. The fair value for short-term investments (e.g. NCDs and Term Deposits) is calculated by discounting the future cash flow at the prevailing market yield curve applicable to the corresponding issuer's credit grade and residual term to maturity. Fair value for long-term investments (e.g. FRNs) is calculated based on the trading margins independently sourced for each individual investment.

Loans and advances

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

Equity Investment Securities at fair value through OCI

The carrying amount of equity investments in Cuscal Limited are valued using the quoted market price and the fair value through OCI is categorised as Level 1 in the fair value hierarchy. The carrying amount of equity investments in TransAction Solutions Limited (operating as Experteq) are valued based on the net tangible asset value per share and are categorised as Level 3 in the fair value hierarchy.

Deposits from members

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

Borrowings

The quoted gross price was used to calculate debt securities. The fair value of issued debt securities, borrowings and loan capital is based on quoted prices in active markets, where available. Where quoted prices are not available the fair value is based on discounted cash flows using the market rates that correspond to the residual term to maturity, and (where applicable) the prevailing credit rating of the Bank.

28 FINANCIAL COMMITMENTS

a. Outstanding loan commitments

The loans approved but not funded

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000

14,423	19,932	14,423	19,932
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b. Loan redraw facilities

The loan redraw facilities available

132,894	113,533	132,894	113,533
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c. Undrawn loan facilities

Loan facilities available to members and non-members (via LeasePlus) for overdrafts, credit cards and line of credit loans are as follows:

Total value of facilities approved

62,362	69,429	62,362	69,429
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Less: amount advanced

(16,149)	(17,490)	(16,149)	(17,490)
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Net undrawn value

46,213	51,939	46,213	51,939
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Total financial commitments

193,530	185,404	193,530	185,404
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These commitments are contingent on members maintaining credit standards and ongoing repayment terms on amounts drawn.

d. Material service contract commitments

As referred to in Note 32, the Bank has a management contract with TransAction Solutions Limited (operating as Experteq), Ultradata Australia Pty Limited and Cuscal Limited. TransAction Solutions supplies computer support staff and services to meet the day to day needs of the Bank and compliance with the relevant Prudential Standards, Ultradata provides and maintains the core banking system application software utilised by the Bank and Cuscal provides the Bank transactional switching and settlement services with Cuscal.

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000

The costs committed under these contracts are as follows:

Not later than one year

6,225	5,462	6,225	5,462
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Later than 1 year but not 2 years

3,767	4,659	3,767	4,659
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Later than 2 years but not 5 years

5,953	9,832	5,953	9,832
-------	-------	-------	-------

15,945	19,953	15,945	19,953
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e. Future capital commitments

The Bank has entered into contracts to purchase plant and equipment and intangible assets.

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000

The costs committed under these contracts are as follows:

Not later than one year

-	743	-	743
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Later than 1 year but not 2 years

-	154	-	154
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-	897	-	897
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29 STANDBY BORROWING FACILITIES

The Bank has borrowing facilities as follows:

2025

Overdraft Facility

TOTAL STANDBY BORROWING FACILITIES

CONSOLIDATED and PARENT		
	Current	Net
Gross	Borrowing	Available
\$'000	\$'000	\$'000
4,000	-	4,000
4,000	-	4,000

2024

Overdraft Facility

TOTAL STANDBY BORROWING FACILITIES

CONSOLIDATED and PARENT		
	Current	Net
Gross	Borrowing	Available
\$'000	\$'000	\$'000
4,000	-	4,000
4,000	-	4,000

The Cuscal Limited overdraft facility is in place to primarily accommodate for any unexpected members' outbound funds transfer requests processed during late-afternoon on any given business day, of which may result in the Bank overdrawing its main bank account held at Cuscal. The overdraft facility is secured by an overdraft security deposit of \$4m that the Bank had placed with Cuscal. There is also a security deposit of \$16.8m for settlement services with Cuscal.

30 CONTINGENT LIABILITIES

Liquidity Support Scheme

The Bank is a member of the Credit Union Financial Support Scheme Limited (CUFSS) a Company limited by guarantee, established to provide financial support to member Australian mutual ADIs in the event of a liquidity or capital problem. As a member, the Bank is committed to maintaining a balance of deposits in an approved form, as determined below.

Under the terms of the Industry Support Contract (ISC), the maximum call for each participating Australian mutual ADI member is 3.0% of the Bank's total assets (capped at \$100m). This amount represents the participating Australian mutual ADI's irrevocable commitment under the ISC. At the balance date there were no loans issued under this arrangement.

Guarantees

The Bank provides financial guarantees on behalf of members and suppliers. All guarantees provided are fully secured against either an existing registered mortgage facility already held by the Bank, or by funds lodged as a term deposit with the Bank or other deposit funds. The total value of guarantees and authorities at 30 June 2025 amounted to \$2,794,019 (30 June 2024 \$3,642,355).

31 DISCLOSURES ON DIRECTORS and other KEY MANAGEMENT PERSONNEL

a. Remuneration of Key Management Personnel (KMP)

KMP are those Directors and employees having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

KMP have been taken to comprise the Directors and members of Executive Management responsible for the day to day financial and operational management of the Bank. During the year two Directors retired.

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

	CONSOLIDATED		PARENT	
	2025	2024	2025	2024
	Directors & Other KMP	Directors & Other KMP	Directors & Other KMP	Directors & Other KMP
	\$'000	\$'000	\$'000	\$'000
i) Short-term benefits	2,314	2,199	2,314	2,199
ii) Post-employment benefits - superannuation contributions	238	206	238	206
iii) Other long-term benefits -net increases in long service leave and annual leave and personal leave provision	142	125	142	125
Total	2,694	2,530	2,694	2,530

In the above table, remuneration shown as short term benefits means (where applicable) wages, salaries, paid annual leave and movements in annual leave expected to be paid within 12 months, 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 Bank held on 27 November 2024.

	CONSOLIDATED		PARENT	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000
b. Loans to Directors and other KMP				
(i) The aggregate value of loans and revolving credit facilities to KMP	835	908	835	908
(ii) The total value of revolving credit facilities to KMP	25	195	25	195
Less amounts drawn down and included in (i)	-	(1)	-	(1)
Net balance available	25	194	25	194
(iii) During the year the aggregate value of loans disbursed to KMP amounted to:				
Term loans	-	271	-	271
(iv) During the year the aggregate value of revolving credit facility limits granted or increased to KMP amounted to:	35	29	35	29
(v) Interest and other income earned on loans and revolving credit facilities to KMP	48	34	48	34

The Bank's policy for lending to Directors and management is that all loans are approved and deposits accepted on the same terms and conditions which applied to members for each class of loan or deposit with the exception of loans to KMPs who are not Directors. There are no loans which are impaired in relation to the loan balances with Directors or other KMPs. KMPs who are not Directors may receive a concessional rate of interest on their personal loans at the Fringe Benefits Benchmark Rate. There are no benefits or concessional terms and conditions applicable to the close family members of the KMPs. There are no loans which are impaired in relation to the loan balances with close family members of Directors and KMPs.

c. Transactions with other related parties

Other transactions between related parties include deposits from close family members of Directors and other KMP. The Bank's policy for receiving deposits from related parties is that all transactions are approved and deposits accepted on the same terms and conditions which applied to members for each type of deposit. There are no benefits paid or payable to the close family members of the KMPs. There are no service contracts to which key management persons, or their close family members, are an interested party.

The KMP note includes individuals who had an Accountability Statement under the Financial Accountability Regime Act 2023.

32 OUTSOURCING ARRANGEMENTS

The Bank has outsourcing arrangements with the following suppliers of services:

a. Cuscal Limited

Cuscal is an approved authorised deposit-taking institution registered under the Corporations Act 2001 and the Banking Act. This entity provides the license rights to Visa Card in Australia and supplies settlement, transaction processing, interchange, card and other services to other organisations. In relation to the Bank this entity provides transactional switching and settlement services for member cheques, electronic funds transfer (EFT), EFTPOS, direct entry, BPAY, NPP, mobile banking and visa and debit card transactions and real-time gross settlement system (RTGS) payments.

Cuscal also supplies financial banking services to the Bank including money market and treasury facilities. The Bank maintains security deposits with Cuscal to comply with the settlement exposure cover.

The Bank holds shares in Cuscal to enable the Bank to receive essential banking services – refer also to Note 12. Cuscal listed on the Australian Securities Exchange (ASX) on 25 November 2024.

b. Ultradata Australia Pty Limited (UDA)

Provides and maintains the core banking system application software utilised by the Bank.

c. TransAction Solutions Limited (operating as Experteq)

The Bank has outsourced IT systems management to TransAction Solutions which is owned by a group of mutuals. The Bank has a management contract with the company to supply services to meet the day to day needs of the Bank and provide monitoring, reporting and advisory services in respect of Information Security and compliance with the relevant Prudential Standards.

The Bank holds equity in TransAction Solutions. This company primarily operates to service mutual banks, credit unions, and non-mutual customers. The shares are not readily traded except within the ADI membership of the company. Refer Note 12.

33 SUPERANNUATION LIABILITIES

The Bank contributes to various employee selected superannuation funds for the purpose of superannuation guarantee payments and payment of other superannuation benefits on behalf of employees. The funds are administered independently.

The Bank has no interest in the various superannuation funds other than as a contributor.

The Bank contributes to the State Authorities Superannuation Scheme (SASS) for one employee and no new employees are eligible to join these schemes. The Plan is administered by an independent corporate trustee.

The Bank has no interest in the superannuation plan (other than as a contributor) and is liable for any shortfall in reserves to meet the employees' entitlements. Currently the Plan is in surplus and it is anticipated the Bank is unlikely to be required to have any further liability to these funds.

34 SELF-SECURITISATION ARRANGEMENT

The Parent has in place a self-securitisation arrangement where the Parent can transfer financial assets which are qualifying mortgage loans into SCU Trust No. 1 (the Trust), a Special Purpose Vehicle (SPV) established in August 2017, which in turn issues Class A and Class B Residential Mortgage Backed Securities (RMBS) purchased entirely by the Parent. The Class A RMBS notes held by the Parent are repo-eligible with the Reserve Bank of Australia and therefore can be utilised as a contingent source of funding from the Central Bank should the need arise. The securitised loans in SCU Trust No.1 are not exempted for capital adequacy purpose as the Parent retains the economic benefits and risks associated with the underlying loans. The Financial assets do not qualify for de-recognition. The carrying amount of the financial assets that did not qualify for derecognition and their associated liabilities is set out below. Where relevant, the table also sets out the net position of the value of the financial assets where the counterparty to the associated liabilities has recourse only to the transferred assets.

	PARENT	
	2025	2024
	\$'000	\$'000
Carrying amount of transferred assets	352,426	304,985
Carrying amount of associated liabilities	(352,426)	(304,985)
Net position	-	-

The Parent holds all the notes issued by SCU Trust No. 1

For those liabilities that have recourse only to the transferred assets

Fair value of transferred assets	352,426	304,985
Fair value of transferred liabilities	(352,426)	(304,985)
Net position	-	-

CONSOLIDATED		PARENT	
2025	2024	2025	2024
\$'000	\$'000	\$'000	\$'000

35 NOTES TO STATEMENTS OF CASH FLOWS

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	334	304	334	304
Deposits at call	25,152	20,967	25,152	20,967
Total cash and cash equivalents	25,486	21,271	25,486	21,271

	CONSOLIDATED		PARENT	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
b. Reconciliation of cash from operations to accounting profit				
The net cash from operating activities is reconciled to the operating profit after tax:				
Profit after income tax	12,436	10,028	12,436	10,028
Non-cash adjustments to reconcile profit after tax to net cash flows from operations:				
Net gain from fair value adjustment on investment property	-	(62)	-	(62)
Adjustments for:				
Reversal of provision for impairment	(1,488)	-	(1,488)	-
Bad debts written off expenses	144	140	144	140
Unearned income	(5)	12	(5)	12
Decrease in unamortised loan fees	(61)	(103)	(61)	(103)
Depreciation expense and amortisation	1,996	2,215	1,996	2,215
Net gain on disposal of property, plant and equipment and investment property	(37)	(128)	(37)	(128)
Net changes in assets and liabilities				
Increase/(decrease) in provisions	985	(146)	985	(146)
(Decrease)/increase in creditor accruals and settlement accounts	(1,489)	4,568	(1,489)	4,568
(Decrease)/increase in GST payable	(365)	380	(365)	380
Increase in interest payable	536	2,835	536	2,835
Increase in prepayments	(51)	(25)	(51)	(25)
Decrease/(Increase) in interest receivable	889	(437)	889	(437)
(Increase)/decrease in sundry debtors and other receivables	(2,091)	2,243	(2,091)	2,243
Increase in current income tax	196	1,442	196	1,442
Decrease/(increase) in GST recoverable	352	(381)	352	(381)
Decrease in net deferred tax liabilities	(475)	(721)	(475)	(721)
Increase in loan balances	(111,714)	(106,233)	(111,714)	(106,233)
Increase in member deposits and shares	65,675	41,420	65,675	41,420
Net cash used in operating activities	(34,567)	(42,953)	(34,567)	(42,953)

36 EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

37 CORPORATE INFORMATION

Australian Mutual Bank Ltd is a company limited by shares and registered under the Corporations Act 2001.

The address of the registered office and principal place of business is 59 Buckingham Street, Surry Hills, NSW 2010.

The nature of the operations and its principal activities are the provision of deposit taking facilities and loan facilities to the members of Australian Mutual Bank Ltd.

ABN 93 087 650 726

AFSL 236476

ACL 236476

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

for the Year Ended 30 June 2025

Entity name	Body corporate or Trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
Australian Mutual Bank Ltd	Body corporate	Australian	N/A	Australian	N/A
SCU Trust No.1	Trust	Australian	N/A	Australian	N/A

The Consolidated Entity consists of the SCU Trust No. 1 ("the Trust"), a special purpose vehicle deemed under Accounting Standards to be controlled by Australian Mutual Bank Ltd (together referred to as "the Group" or "Consolidated entity").

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

Trusts

Australian tax law does not contain specific residency tests for trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax. Additional disclosures on the tax status of and trusts have been provided where relevant.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Australian Mutual Bank Ltd:
 - (a) The Financial Statements and Notes to the financial statements of Australian Mutual Bank Ltd and the consolidated entity (the Group) that are set out on pages 10 to 54 are in accordance with the Corporations Act 2001, including;
 - (i) giving a true and fair view of Australian Mutual Bank Ltd and the Group's financial position as at 30 June 2025 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
 - (b) the Consolidated entity disclosure statement as at 30 June 2025 set out on page 54 is true and correct;
and
 - (c) there are reasonable grounds to believe that Australian Mutual Bank Ltd will be able to pay its debts as and when they become due and payable.
2. The Directors draw attention to Note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



F Bennett
Chair

Sydney, 30 September 2025



A Claassens
Deputy Chair

Sydney, 30 September 2025



Independent Auditor's Report

To the members of Australian Mutual Bank Ltd

Opinions

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

In our opinion, each of the accompanying Group Financial Report and Bank Financial Report gives a true and fair view, including of the **Group's** and of the **Bank's** financial position as at 30 June 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The respective **Financial Reports** of the Group and the Bank comprise:

- Statements of financial position as at 30 June 2025;
- Statements of profit or loss and other comprehensive income, Statements of changes in members' equity, and Statements of cash flows for the year then ended;
- Notes, including material accounting policies;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2025; and
- Directors' Declaration.

The **Group** consists of Australian Mutual Bank Ltd (the **Bank**) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinions

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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

We are independent of the Group and Bank in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audits of the Financial Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.



Other Information

Other Information is financial and non-financial information in Australian Mutual Bank Ltd's annual report which is provided in addition to the Financial Reports and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinions on the Financial Reports do not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Reports

The Directors are responsible for:

- preparing the Financial Reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of each of the Group and Bank, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- implementing necessary internal controls to enable the preparation of the Financial Reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of each of the Group and Bank, and that are free from material misstatement, whether due to fraud or error; and
- assessing the Group and Bank's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits of the Financial Reports

Our objective is:

- to obtain reasonable assurance about whether each of the Financial Reports as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinions.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Reports.



A further description of our responsibilities for the audits of the Financial Reports is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/apzlwn0y/ar3_2024.pdf. This description forms part of our Auditor's Report.

KPMG
KPMG


Quang Dang
Partner
Sydney
30 September 2025



THE ETHICAL ALTERNATIVE

www.australianmutual.bank

2025 Annual Report of
Australian Mutual Bank Ltd ABN 93 087 650 726,
AFSL 236476, Australian credit license 236476.

13 61 91

Registered Office:
59 Buckingham St
SURRY HILLS NSW 2010