

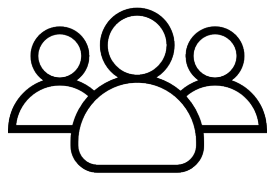


# 54TH ANNUAL REPORT 2025

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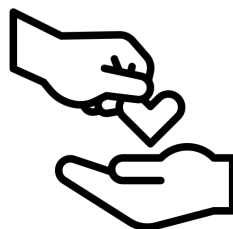
# YEAR IN REVIEW



**10,667 members  
are currently  
banking with  
The Mac**



**919 personal loans  
810 home loans  
32 business loans  
1,378 term deposits  
30,840 deposit accounts**



**Donated \$39,350  
to our community  
groups**



**Sponsored 44  
schools,  
community and  
sporting groups**



## CHAIRMAN'S REPORT

*On behalf of your Board of Directors, I am pleased to present the Chairman's Address to report and reflect on The Mac's performance over the past twelve months. FY24/25 has been another year of strong progress and resilience, underscored by our commitment to members and the enduring values of being Friendly, Helpful and Supportive.*

*Our dedicated team continues to demonstrate professionalism, care, and genuine connection with our members every day. Under the steady leadership of Chief Executive Officer Dave Cadden and the Executive Management Team – Rebecca Brookes, Paul Brooks, and Craig Oliver – we have made great strides in delivering on our strategic objectives, while always keeping our members at the centre of everything we do.*

*Since the opening of our new Head Office in Camden at last year's AGM, the facility has become a cornerstone of our operations and culture. It is a space that reflects our heritage and ambition – and has fostered a greater sense of collaboration and innovation across the organisation. The investment in this new space is already paying dividends, not only in improved efficiency, but also in staff wellbeing and member experience.*

*Throughout the year, we have maintained a visible and vibrant presence in the community. Our branches in Camden, Picton, and Tahmoor remain central to our identity and service delivery. We are proud of the many partnerships we continue to nurture; with local sporting clubs, schools, and community groups – honouring our base in the Macarthur region, where our story began over 50 years ago.*

*Financially, FY24/25 has seen The Mac continue its sound performance, even amid broader global economic uncertainty. Prudent decision-making by the Board and Executive Team has positioned us well to navigate market challenges, while continuing to deliver competitive products and services to our members. We remain mindful of the cost-of-living pressures affecting households, and our staff continue to provide thoughtful and personalised support to those seeking guidance during difficult times.*

*Our focus on cyber resilience and digital security has intensified this year. As cyber threats continue to evolve, so too have our investments in system enhancements, staff training, and member education to ensure we protect what matters most – trust, data, and confidence in our banking systems.*

*I would like to express my sincere thanks to my fellow directors for their diligence, insight, and commitment to good governance. We continue to uphold high standards in the boardroom and actively engage in industry developments to shape our strategic oversight. We will continue to build out our full contingent of board members, bringing fresh perspectives and experience to our team.*

*After many years of outstanding service on the Board of Directors, Lloyd Pollard has stepped down to take up an executive role within The Mac as our Chief Strategy Officer. Since joining the Board in 2008, Lloyd has served as Chair, Deputy Chair, and a member of the Audit, Risk, Governance, and Nominations Committees. His deep knowledge, values, and leadership have made a lasting impact on our governance and direction, and we are*

*pleased to now welcome him into the executive team, and grateful for his service to The Mac.*

*Looking ahead, we are energised by the opportunities before us. With a strong financial foundation, an engaged workforce, and a growing membership base, The Mac is well placed to innovate and thrive. Our focus remains on building a sustainable future — one that honours our history while embracing the technology, talent and thinking needed to meet tomorrow's needs.*

*To our members, staff, partners, and broader community – thank you for your ongoing support and trust in The Mac. We look forward to continuing this journey with you.*

*Best regards,*

A handwritten signature in black ink, reading "Peter Buckley". The signature is written in a cursive, flowing style with a large, prominent "P" and "B".

**Peter Buckley**  
**Chairman**

## **CEO's REPORT**

*The Mac has delivered another year of strong financial performance for FY2024/25, continuing the healthy and sustainable trends of recent years. These results reinforce our position as a resilient, member-focused financial institution.*

### **Financial Performance and Growth**

*We achieved robust loan portfolio growth despite a challenging environment marked by cost-of-living pressures, geopolitical uncertainty, and fluctuating interest rates. This performance reflects our disciplined risk approach and the confidence members place in The Mac.*

*Our loan assessment process remains anchored in responsible lending practices. We assess each applicant's ability to withstand future increases in interest rates and living expenses, ensuring that our members are not placed under undue financial stress. We are proud to uphold this standard and remain committed to supporting the financial wellbeing of our members.*

*Loan growth was evident across both our home loan and small business portfolios—helping members achieve homeownership and supporting the expansion of local businesses in our region.*

### **Deposits and Market Dynamics**

*Despite increasing competition in the deposit market, we delivered strong growth in our term deposit portfolio. Our consistently attractive rates remain among the most competitive in the sector. At the same time, we made necessary pricing adjustments to some products to maintain a prudent balance between member value and long-term sustainability.*

### **Regulatory Compliance and Resilience**

*We continue to operate well above the minimum prudential standards for both capital adequacy and liquidity. Our forward-looking forecasts indicate that we have the capacity to support continued growth and withstand market volatility.*

### **Strategic Investment and Digital Capability**

*During the year, we took occupancy of our new Head Office in View Street, Camden. This investment delivers operational efficiencies and underlines our commitment to our members and the Macarthur region.*

*Looking ahead, we have the financial capacity to invest in digital services and cybersecurity. However, the scale and pace of required investment continues to rise. In response, we are actively exploring strategic growth opportunities to offset the increasing costs associated with compliance, security, and technology enhancement.*

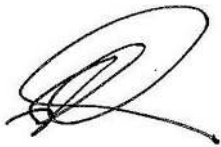
### **Our People and Our Purpose**

*To our dedicated staff—thank you for another outstanding year. Your professionalism, integrity, and member-first mindset are what set The Mac apart. Despite our relatively small size and resources, we continue to deliver competitive, ethical, and transparent financial services.*

### **Governance and Gratitude**

*I would also like to thank our Board of Directors, led by Chairman Peter Buckley, for their guidance, strategic insight, and unwavering commitment to our future. Their support for forward-thinking investment decisions continues to position The Mac for long-term sustainability and relevance.*

*We enter the coming year with confidence—grounded in our values, committed to our members, and focused on our role in the community.*

A handwritten signature in black ink, appearing to be 'D. Cadden', with a stylized, looping flourish at the end.

**Dave Cadden**  
**Chief Executive Officer**

## COMMUNITY SUPPORT

*An integral part of The Mac being "friendly, helpful & supportive" is contributing to the community we serve. To this end, we continue to commit significant financial and human resources to a large number of charitable, community, school & sporting groups.*

*Additionally, The Mac provides significant "in-kind" support to a number of large local charitable groups. This support takes a number of different forms, including:*

- *Concessional interest rates*
- *Other services such as bulk cash & coin deliveries provided free of charge*
- *Staff and Management acting as Directors/Committee members on a number of Boards*

*This support amounts to a figure in the order of \$39,350 for the 2024/25 year. Given our core values of being friendly, helpful and supportive, The Mac does not expect a financial return from this support.*

*The following groups have benefited from our support during 2024/25:*

- *Antill Park Country Golf Club*
- *Camden Athletics Club*
- *Camden Redsox Baseball Club*
- *Crossfit Picton*
- *Douglas Park Wilton Football Club*
- *Douglas Park Wilton Little Athletics*
- *Highlands WZ Physical Culture Club*
- *Hockey NSW*
- *Macarthur Skylarks Hockey Club*
- *Mount Annan Swimming Club*
- *Oakdale Rugby League Football Club*
- *OZ Tag (OZTH Sports)*
- *Puffed Daddies Cycling Group*
- *South West Sydney Academy of Sport*
- *St Anthony's Netball Club*
- *South West Rugby League Football Club Inc*
- *The Oaks Netball Club*
- *Wollondilly Netball Association*
- *Camden High School*
- *Camden Public School*
- *Elderslie High School*
- *Elizabeth Macarthur High School*
- *Mater Dei School*
- *Mawarra Public School*
- *Mount Annan High School*
- *Narellan Vale Public School*
- *Oakdale Public School*
- *St Patricks College*



- *St Paul's School Fete*
- *Berrima District Historic Vehicle Club*
- *Camden Meals on Wheels*
- *Camden Rehabilitation Unit*
- *Disability Macarthur*
- *Illuminate Wollondilly Fireworks*
- *Hammondcare*
- *Lions Club of Camden*
- *Macarthur Breast Cancer Gala*
- *Picton Chamber Golf Day*
- *Rotary Club of Wollondilly North*
- *Tharawal Local Aboriginal Land Council NAIDOC Family Fun Day*
- *The Children's Medical Research Institute*
- *Wollondilly Shire Council*
- *Youth Solutions*

*In addition, The Mac supports the Customer Owned Banking Sector via participation on a number of Committees and discussion groups.*

## DIRECTORS' REPORT

The directors present their report together with the financial report of Macarthur Credit Union Ltd ("the Credit Union") for the financial year ended 30 June 2025 and the auditor's report thereon. The Credit Union is a public company registered under the Corporations Act 2001.

### Information on Directors

The names of the Directors of the Credit Union in office at any time during or since the end of the financial year are:

| Name                      | Qualifications  | Responsibilities  |
|---------------------------|---|---|
| Peter Buckley             | MBA, B. Com, GAICD  | Chairman of Directors<br>Executive Committee member<br>Director Nominations Committee member<br>Board member since November 2018                                  |
| Richard Drinnan           | B. Comm CA  | Audit Committee member<br>Risk Committee member<br>Board member since June 2024<br>Resigned November 2024   |
| Mark Genovese             | FIPA, JP  | Audit Committee member<br>Risk Committee member<br>Board member since August 2025   |
| Ashley Jennings           | Adv Dip Accounting, Adv Dip Mngmt, JP                                   | Chairman Governance Committee<br>Executive Committee member<br>Audit Committee member<br>Director Nominations Committee member<br>Board member since January 2020 |
| Emma Macfarlane           | LLB, B.Bus (Mgt).   | Risk Committee member<br>Governance Committee member<br>Board member since May 2021<br>Resigned July 2024   |
| Shayley McCracken         | B.Bus & Com (Acc), CA, AAICD  | Audit Committee member<br>Governance Committee member<br>Risk Committee member<br>Director Nominations Committee member<br>Board member since November 2022       |
| Lloyd Pollard             | B Com, JP, MAMI   | Deputy Chairman of Directors<br>Audit Committee member<br>Risk Committee member<br>Board member since November 2021<br>Resigned June 2025                         |
| Phillip Rankin            | B.Bus (Accounting), CPA, ATI, JP  | Chairman of Audit Committee<br>Executive Committee member<br>Risk Committee Member<br>Director Nominations Committee member<br>Board member since November 2020   |
| Antony Schesser           | MBA   | Chairman Risk Committee<br>Governance Committee Member<br>Executive Committee member<br>Director Nominations Committee member<br>Board member since November 2020 |
| Kimberley Winton Streater | Conveyancing Law & Practice – (Conveyancer), Business Mgt (Cert IV), JP | Risk Committee member<br>Governance Committee member<br>Board member since August 2025  |

## Information on Company Secretaries

|              |   |                                       |
|--------------|---|---------------------------------------|
| David Cadden | Dip.HR, Dip. Fin Serv., Dip. F&MBM, GAICD, JP | Chief Executive Officer<br>Since 2007 |
| Paul Brooks  | B.Com, FCPA, GAICD                            | Chief Financial Officer<br>Since 2007 |

## Information on Board Meetings

The number of meetings of directors (including meetings of committees of directors) and number of meetings attended by each of the directors of the Credit Union during the financial year are:

|                              | Directors meetings |    | Audit Committee meetings |   | Risk Committee meetings |   | Governance Committee meetings |   | Executive Committee meetings |   | Director Nominations Committee meetings * |   |
|------------------------------|--------------------|----|--------------------------|---|-------------------------|---|-------------------------------|---|------------------------------|---|---|---|
|                              | E                  | A  | E                        | A | E                       | A | E                             | A | E                            | A | E   | A |
| Number of meetings held:     | 10                 |    | 5                        |   | 2                       |   | 3                             |   | 1                            |   | 1   |   |
| Number of meetings attended: |                    |    |                          |   |                         |   |                               |   |                              |   |   |   |
| Peter Buckley                | 10                 | 10 | 5                        | 2 | 2                       | 2 | 3                             | 1 | 1                            | 1 | 1   | 1 |
| Richard Drinnan              | 3                  | 3  | 2                        | 2 | 1                       | 1 | -                             | - | -                            | - | -   | - |
| Ashley Jennings              | 10                 | 10 | 5                        | 5 | 2                       | 1 | 3                             | 3 | 1                            | 1 | 1   | 1 |
| Shayley McCracken            | 10                 | 10 | 5                        | 4 | 2                       | 2 | 3                             | 3 | -                            | - | -   | - |
| Lloyd Pollard                | 10                 | 9  | 5                        | 4 | 2                       | 1 | -                             | - | 1                            | 1 | -   | - |
| Phillip Rankin               | 10                 | 10 | 5                        | 4 | 2                       | 2 | -                             | - | 1                            | 1 | -   | - |
| Antony Schesser              | 10                 | 9  | -                        | - | 2                       | 2 | 3                             | 3 | -                            | - | -   | - |

E = Eligible to attend

A = Attended

Directors are entitled to attend meetings of other Committees in an ex-officio capacity.

\* The Committee has an independent external chair

## Board Remuneration and Directors' Benefits

During or since the financial year ended 30 June 2025, no director of the Credit Union has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of remuneration paid or payable to the directors disclosed in the accounts at Note 27, by reason of a contract entered into by the Credit Union with:

- A director; or
- A firm of which a director is a member; or
- An entity in which a director has a substantial financial interest except for loans disbursed to directors which are also disclosed at Note 27.

All directors hold one (1) ordinary \$5 share of the Credit Union.

### **Indemnifying Directors, Officers and Auditors**

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

*No insurance cover has been provided for the benefit of the auditors of the Credit Union.*

### **Principal Activities**

*The principal activity of the Credit Union during the course of the financial year was the provision of a range of financial services and associated activities to members.*

### **Operating and Financial Review**

*The operating result for the year was a profit after tax of \$1,429,000. This compares to the profit result for 2023/24 of \$1,586,000.*

*The results for the financial year were underpinned by:*

- An increase in Net Interest Income to \$10,909,000 from \$10,517,000*
- An increase in Operating Expenses to \$9,674,000 from \$9,044,000*

### **Significant Changes in State Of Affairs**

*In the opinion of the Directors there were no significant changes in the state of affairs of the Credit Union that occurred during the financial year.*

### **Events subsequent to Balance Date**

*Following his resignation as a Director in June 2025 Lloyd Pollard has been appointed to the newly created role of Chief Strategy Officer, from 2 July 2025. The objective of this role is to identify potential opportunities for revenue growth outside of the provision of banking and deposit services to members.*

*Other than that, there have been no significant events occurring after balance date which may affect the Credit Union's operations or the results of those operations.*

## **Likely Developments and Results**

*There are no other matters, circumstances or likely developments that have arisen since the end of the financial year that have significantly affected or may significantly affect:*

- *The operations of the Credit Union*
- *The results of those operations; or*
- *The state of affairs of the Credit Union in the financial years subsequent to this financial year.*

## **Rounding**

*The financial report is presented in Australian Dollars. The Credit Union 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 report and Directors' Report have been rounded off to the nearest thousand dollars unless otherwise stated.*

## **Auditor's Independence Declaration**

*A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out following the Director's Report on page 17.*

*This report is signed in accordance with a resolution of the directors.*



*Peter Buckley*

*Chairman of Board of Directors*



*Phillip Rankin*

*Chairman of Audit Committee*

*Signed at Camden 24<sup>th</sup> September 2025*

## **CORPORATE GOVERNANCE STATEMENT**

*The Board of Directors of Macarthur Credit Union Ltd (the "Credit Union") is responsible for the overseeing of policy, performance and strategies to be implemented by Management. The Board, which also establishes and maintains a legal and ethical environment, is responsible to all Members of the Credit Union.*

*Guidelines have been established to ensure optimum Board performance and the Constitution of the Credit Union provides for one third of the Directors to retire each year. Directors may stand for re-election and where the number of candidates standing exceeds the available positions, a vote by members determines the successful candidates.*

### **COMPOSITION OF THE BOARD**

*The composition of the Board is determined in accordance with the following principles and guidelines:*

- In accordance with the Constitution of the Credit Union, the Board comprises a minimum of seven (7) Members elected at the Annual General Meeting by the Credit Union Membership. The Chairman is elected by the Board of Directors.*
- Following the resignation of Richard Drinnan in November 2024 and Lloyd Pollard in June 2025 the Board comprised of 5 members. It was determined that a thorough search would be undertaken to fill the complement of 7 directors as prescribed by the Constitution. The Board has appointed a further 2 directors effective from August 2025.*
- Casual Board vacancies are filled by the Board having regard to appropriate qualifications and expertise.*
- The Board is required to meet at least bi-monthly and follow meeting guidelines that ensure all Directors are made aware of and have all necessary information to participate in an informed discussion of all agenda items.*
- As part of its renewal process, the Board can appoint Associate Directors. These Associate Directors are engaged with the intention of replacing retiring Directors at a future time, but after gaining experience in proper Board/Governance practice. While the Associate Directors are encouraged to contribute to Board discussion, they do not have voting rights. It is envisaged that a successful Associate Director would be appointed in the future as a Director by the Credit Union Membership via the usual election process.*

## **COMMITTEE STRUCTURE**

*The following Committees support the work of the Board:*

### **Executive Committee**

*The Executive Committee's powers are limited to those delegated to it by the Board from time to time. The Board invites the CEO to attend all Executive Committee Meetings in an advisory capacity, unless his attendance would be inappropriate because of reasons such as conflict of interest. The Members of the Executive Committee as at 30 June 2025 were, Peter Buckley (Chairman), Phillip Rankin, Ashley Jennings and Antony Schesser.*

*The role of the Executive Committee is to:*

- *Undertake any tasks assigned by the Board;*
- *Review the CEO's performance and salary; and*
- *Review policy recommendations from Management for Board consideration.*

### **Audit Committee**

*The primary objective of the Audit Committee is to assist the Board in fulfilling its responsibilities in respect of the accounting and reporting practices of the Credit Union.*

*The Members of the Audit Committee as at 30 June 2025 were Phillip Rankin (Chairman), Ashley Jennings and Shayley McCracken.*

*The Board invites the CEO or his nominee(s) to attend all Audit Committee Meetings in an advisory and secretarial capacity unless their attendance would be inappropriate because of reasons such as conflict of interest.*

*The role of the Audit Committee is to:*

- *Review all draft annual financial reports prior to approval by the Board;*
- *Monitor compliance with statutory requirements for financial reporting;*
- *Direct and monitor the Internal Audit function;*
- *Liaise with the External Auditor and review the adequacy of the scope and quality of the audit (in consultation with the CEO);*
- *Initiate special projects and investigations on matters within its Terms of Reference; and*
- *Review relevant Policies and Procedures*

## **Governance Committee**

*The primary objective of the Governance Committee is to assist the Board in implementing good corporate governance practices.*

*The specific functions of the Committee include the:*

- *Establishment and review of procedures to assess Board, Committee and Director performance;*
- *Development and review of appropriate corporate governance principles, policies and practices; and*
- *Development, implementation and monitoring of Director training and development.*

*The Members of the Governance Committee as at 30 June 2025 were Ashley Jennings (Chairman), Shayley McCracken and Antony Schesser.*

## **Risk Committee**

*The primary objective of the Risk Committee is to assist the Board in fulfilling its responsibilities in respect of the Credit Union's risk management framework.*

*The Members of the Risk Committee as at 30 June 2025 were Antony Schesser (Chairman), Shayley McCracken and Phillip Rankin.*

*The role of the Risk Committee is to:*

- *Advise the Board on the Credit Union's risk appetite and risk management strategy;*
- *Oversee senior management's implementation of the risk management strategy;*
- *Review the performance and setting the objectives of the Credit Union's Chief Risk Officer; and*
- *Oversee the appointment and removal of the Chief Risk Officer.*

## **Director Nominations Committee**

*The primary objective of the Director Nominations Committee is to assist the Board in assessing the fitness and propriety of potential candidates for Director of the Credit Union.*

*The specific functions of the Committee include:*

- *Assessing & determining the fitness and propriety of Directors, potential Directors, the Company Secretary & senior Credit Union Executives;*
- *Providing advice to the Board to ensure that it has the adequate skills, expertise & experience to discharge its responsibilities;*
- *Evaluating the performance of the Board (including individual Directors) & making recommendations to the Board in this regard;*
- *Overseeing the induction process for new Directors and reviewing the continuing education program for Directors; and*
- *Reviewing processes for selection and removal of Directors, including succession planning.*



*The Members of the Director Nominations Committee as at 30 June 2025 were Peter Buckley and Ashley Jennings. In accordance with the Committee Charter an independent external Chair (Doug Ferris) has been appointed.*

## **BOARD REMUNERATION**

*Directors are remunerated by fees during the year within the aggregate amount approved by members at the previous Annual General Meeting. The Board determine the composition of fees payable to individual directors up to this aggregate amount approved by members. Directors are entitled to the Superannuation Guarantee Contribution in addition to their Directors Fees.*

## **MONITORING THE BOARD'S PERFORMANCE**

*In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Chairman. In conjunction with this review, the Board undertakes an annual self-assessment, review process and a performance review of the Chair.*

**Auditor Independence Declaration Under S307C of the *Corporations Act 2001* to the Directors of Macarthur Credit Union Ltd**

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2025 there have been no contraventions of:

- 1) The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- 2) Any applicable code of professional conduct in relation to the audit.

**CROWE AUDIT AUSTRALIA****JASON GILBERT**  
**Partner**

24 September 2025  
Albury

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*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries. Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity.*

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## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2025

|  | Note | 2025<br>\$ '000 | 2024<br>\$ '000 |
|--|------|-----------------|-----------------|
| Interest revenue   | 3    | 19,583          | 16,851          |
| Interest expense   | 3    | (8,674)         | (6,334)         |
| Net interest income  |      | <u>10,909</u>   | <u>10,517</u>   |
| Fee and commission income  | 4    | 888             | 876             |
| Fee and commission expenses  | 6    | (605)           | (599)           |
| Net fee and commission income  |      | <u>283</u>      | <u>277</u>      |
| Other income   | 5    | 318             | 347             |
| <b>Operating income</b>  |      | <u>11,510</u>   | <u>11,141</u>   |
| Net impairment loss on loans and receivables   |      | (10)            | (30)            |
| Non Lending Losses   |      | (21)            | (29)            |
| Personnel expenses   | 6    | (4,228)         | (3,919)         |
| ATM expenses   |      | (564)           | (554)           |
| General administration expenses  |      | (528)           | (447)           |
| Marketing expenses   |      | (314)           | (366)           |
| Other operating expenses   |      | (1,239)         | (1,244)         |
| Depreciation and amortisation expenses   | 6    | (840)           | (623)           |
| Information technology expenses  |      | (1,641)         | (1,525)         |
| Office occupancy expense   |      | (284)           | (211)           |
| Loss on disposal of assets   |      | (5)             | (96)            |
| <b>Operating expenses</b>  |      | <u>(9,674)</u>  | <u>(9,044)</u>  |
| <b>Profit before income tax</b>  |      | <u>1,836</u>    | <u>2,097</u>    |
| Income tax expense   | 8    | (407)           | (511)           |
| <b>Profit for the year</b>   |      | <u>1,429</u>    | <u>1,586</u>    |
| <b>Other comprehensive income</b>  |      |                 |                 |
| <i>Items that will not be reclassified to profit or loss</i>                                   |      |                 |                 |
| Gain on the revaluation of equity instruments at fair value through other comprehensive income |      | 499             | 47              |
| Income tax attributable to revaluation   |      | (125)           | (12)            |
| Total other comprehensive income for the year  |      | <u>374</u>      | <u>35</u>       |
| <b>Total comprehensive income for the year</b>   |      | <u>1,803</u>    | <u>1,621</u>    |

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements as set out on pages 22 to 54.

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

|   | Note  | 2025<br>\$ '000 | 2024<br>\$ '000 |
|---|-------|-----------------|-----------------|
| <b>Assets</b>                                 |       |                 |                 |
| Cash and cash equivalents                     | 9(a)  | 12,723          | 14,154          |
| Loans and advances                            | 10(a) | 279,490         | 254,937         |
| Placements with ADI's and Government entities | 10(b) | 84,621          | 78,100          |
| Other financial assets                        | 12    | 105             | 1,734           |
| Property, plant and equipment                 | 14    | 8,658           | 7,390           |
| Right of use assets                           | 23(a) | 469             | 30              |
| Investment property                           | 15    | 2,399           | 2,488           |
| Intangibles                                   | 16    | 351             | 549             |
| Deferred tax assets                           | 13    | 274             | -               |
| Other assets                                  | 17    | 1,549           | 1,293           |
| <b>Total assets</b>                           |       | <b>390,639</b>  | <b>360,675</b>  |
| <b>Liabilities</b>                            |       |                 |                 |
| Deposits                                      | 18    | 354,853         | 326,819         |
| Trade and other payables                      | 19    | 1,715           | 1,826           |
| Current tax payable                           |       | 205             | 386             |
| Lease liabilities                             | 23(a) | 488             | 41              |
| Provisions                                    | 20    | 1,339           | 1,303           |
| Deferred tax liabilities                      | 13    | -               | 64              |
| <b>Total liabilities</b>                      |       | <b>358,600</b>  | <b>330,439</b>  |
| <b>Net assets</b>                             |       | <b>32,039</b>   | <b>30,236</b>   |
| <b>Equity</b>                                 |       |                 |                 |
| Reserves                                      | 21(b) | 16              | 1,017           |
| Retained earnings                             | 21(a) | 32,023          | 29,219          |
| <b>Total equity</b>                           |       | <b>32,039</b>   | <b>30,236</b>   |

*The statement of financial position is to be read in conjunction with the notes to the financial statements as set out on pages 22 to 54.*

## STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2025

|   | Note         | 2025<br>\$ '000 | 2024<br>\$ '000 |
|---|--------------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>                             |              |                 |                 |
| Interest received   |              | 19,550          | 16,842          |
| Dividends received  |              | 81              | 88              |
| Other cash receipts in the course of operations                         |              | 1,126           | 1,136           |
| Interest paid   |              | (7,969)         | (4,808)         |
| Income taxes paid   |              | (1,049)         | (802)           |
| Net increase in loans funded  |              | (24,564)        | (19,057)        |
| Net increase in deposits  |              | 27,329          | 26,572          |
| Other cash payments in the course of operations                         |              | (9,722)         | (7,263)         |
| <b>Net cash flows from operating activities</b>                         | <b>25 a)</b> | <b>4,782</b>    | <b>12,708</b>   |
| <b>Cash flows from investing activities</b>                             |              |                 |                 |
| Redemption/(placement) with other ADI's                                 |              | (6,521)         | 9,000           |
| Proceeds on sale of equity securities                                   |              | 2,127           | -               |
| Acquisitions of property, plant and equipment and investment properties |              | (1,702)         | (5,497)         |
| Acquisition of intangible assets  |              | (23)            | (176)           |
| <b>Net cash flows from/(used in) investing activities</b>               |              | <b>(6,119)</b>  | <b>3,327</b>    |
| <b>Cash flows from financing activities</b>                             |              |                 |                 |
| Repayment of the lease liabilities                                      |              | (94)            | (116)           |
| <b>Net cash flows used in financing activities</b>                      |              | <b>(94)</b>     | <b>(116)</b>    |
| <b>Net increase/(decrease) in cash held</b>                             |              | <b>(1,431)</b>  | <b>15,919</b>   |
| Cash and cash equivalents at the beginning of the financial year        |              | 14,154          | (1,765)         |
| <b>Cash and cash equivalents at the end of the financial year</b>       | <b>25 b)</b> | <b>12,723</b>   | <b>14,154</b>   |

*The statement of cash flows is to be read in conjunction with the notes to the financial statements as set out on pages 22 to 54.*

## STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2025

|  | Redeemed<br>share<br>capital<br>reserve<br>\$ '000 | Retained<br>earnings<br>\$ '000 | Fair Value<br>Reserve<br>\$ '000 | Total equity<br>\$ '000 |
|--|--|---------------------------------|----------------------------------|-------------------------|
| Balance at 1 July 2023                         | 158  | 27,637                          | 820                              | 28,615                  |
| <b>Total comprehensive income for the year</b> |  |                                 |                                  |                         |
| Profit after tax                               | -  | 1,586                           | -                                | 1,586                   |
| <b>Other comprehensive income</b>              |  |                                 |                                  |                         |
| Total other comprehensive income for the year  | -  | -                               | 35                               | 35                      |
| Total comprehensive income for the year        | -  | 1,586                           | 35                               | 1,621                   |
| Transfer from/(to) retained profits            | 4  | (4)                             | -                                | -                       |
| <b>Balance at 30 June 2024</b>                 | <b>162</b>   | <b>29,219</b>                   | <b>855</b>                       | <b>30,236</b>           |
| Balance at 1 July 2024                         | 162  | 29,219                          | 855                              | 30,236                  |
| <b>Total comprehensive income for the year</b> |  |                                 |                                  |                         |
| Profit after tax                               | -  | 1,429                           | -                                | 1,429                   |
| <b>Other comprehensive income</b>              |  |                                 |                                  |                         |
| Total other comprehensive income for the year  | -  | -                               | 374                              | 374                     |
| Total comprehensive income for the year        | -  | 1,429                           | 374                              | 1,803                   |
| Transfer from/(to) retained profits            | (162)  | 1,375                           | (1,213)                          | -                       |
| <b>Balance at 30 June 2025</b>                 | <b>-</b>   | <b>32,023</b>                   | <b>16</b>                        | <b>32,039</b>           |

The statement of changes in equity is to be read in conjunction with the notes to the financial statements as set out on pages 22 to 54.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **For the Year Ended 30 June 2025**

#### **1. Reporting entity**

*Macarthur Credit Union Ltd ("the Credit Union") is a company, limited by shares, incorporated and domiciled in Australia. The address of the Credit Union's registered office is 52B Argyle St, Camden. The Credit Union is a for-profit company.*

*The principal activity of the Credit Union during the course of the financial year was the provision of a range of financial services and associated activities to members.*

#### **2. Basis of preparation**

##### **a) Statement of compliance**

*The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASB's") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The financial report of the Credit Union complies with International Financial Reporting Standards (IFRS's) and interpretations adopted by the International Accounting Standards Board (IASB).*

*The financial report was approved for issue by the directors on 24 September 2025.*

##### **b) Basis of measurement**

*The financial report was prepared on the historical cost basis, except for equity investments that are stated at their fair value.*

##### **c) Functional and presentation currency**

*The financial report is presented in Australian dollars. The Credit Union 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 report and Directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.*

##### **d) Use of estimates and judgements**

*The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.*

*The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods. In particular, information about key areas of estimation uncertainty and critical judgements in applying accounting policies that have a material effect on the amount recognised in the financial statements are described in the following notes:*

- *Note 11 – Impairment of financial assets – expected credit loss*
- *Note 12 – Fair value assumptions used for other financial assets*

*Land and Buildings (within Property, Plant and Equipment) and Investment Properties are held at cost. The Fair Value of both of these is disclosed in Note 14 of the financial statements.*

**e) Goods and services tax**

*As a financial institution, the Credit Union is input taxed on all income except for income from commissions and some fees. An input taxed supply is not subject to GST collection, and similarly the GST paid on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases is generally recovered on a proportionate basis, using the safe harbour apportionment rate of 18% adopted per Practical Compliance Guide 2018/15 from 1 July 2018. In addition, certain prescribed purchases are subject to reduced input tax credits (RITC), of which 75% of the GST paid is recoverable.*

**f) New or amended accounting standards adopted**

*The Credit Union has adopted all standards which became effective for the first time at 30 June 2025, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Credit Union.*

**g) New or amended accounting standards not yet mandatory**

*There are no new accounting standards or interpretations expected to have any significant impact on the Credit Union's financial report that are issued and not yet applicable.*



| <b>3. Net Interest Income</b>                       | <b>2025</b>    | <b>2024</b>    |
|---|----------------|----------------|
|   | <b>\$ '000</b> | <b>\$ '000</b> |
| <b>Interest revenue</b>                             |                |                |
| <i>Financial assets measured at amortised cost:</i> |                |                |
| Placements with ADIs & Government entities          | 4,349          | 4,605          |
| Loans and advances                                  | 15,234         | 12,246         |
|   | <u>19,583</u>  | <u>16,851</u>  |
| <b>Interest expense</b>                             |                |                |
| Deposits  | 8,634          | 6,322          |
| Interest bearing liabilities                        | 5              | 6              |
| Lease liabilities                                   | 35             | 6              |
|   | <u>8,674</u>   | <u>6,334</u>   |
| <b>Net interest income</b>                          | <u>10,909</u>  | <u>10,517</u>  |

*Interest income and expense is recognised under the effective interest rate method in accordance with AASB 9 Financial Instruments*

|                                     |            |            |
|-------------------------------------|------------|------------|
| <b>4. Fee and commission income</b> |            |            |
| ATM fees                            | 132        | 129        |
| Direct debit fees                   | 53         | 52         |
| Loan fees                           | 129        | 115        |
| Direct entry reference fees         | 87         | 91         |
| Insurance commission                | 14         | 17         |
| BPAY transaction commission         | 35         | 36         |
| VISA card fees                      | 181        | 185        |
| VISA card commission                | 201        | 196        |
| Other fee and commission income     | 56         | 55         |
|                                     | <u>888</u> | <u>876</u> |

*Fee and commission income relating to deposit or loan accounts is transaction based and therefore recognised when the transaction takes place, or recognised over time as services are provided. The revenue relating to transactions is recognised at the point in time when the transaction takes place.*

*Transaction fees and provision of services are defined within product terms and conditions. Commission income is recognised when the performance obligation is satisfied.*

| <b>5. Other Income</b>                   | <b>2025</b>    | <b>2024</b>    |
|--|----------------|----------------|
|  | <b>\$ '000</b> | <b>\$ '000</b> |
| Dividend income                          | 81             | 88             |
| Rental income from investment properties | 232            | 218            |
| Bad debts recovered                      | 3              | 3              |
| Other revenue                            | 2              | 38             |
|  | <u>318</u>     | <u>347</u>     |

*Dividends are brought to account in the statement of profit and loss when the right to receive income is established.*

*Rental income from investment properties is recognised in the statement of profit and loss on a straight line basis over the term of the lease.*

|                                     |              |              |
|-------------------------------------|--------------|--------------|
| <b>6. Other expenses</b>            |              |              |
| <b>Fee and commission expenses</b>  |              |              |
| Dishonour fee expenses              | 7            | 7            |
| VISA card fees                      | 371          | 372          |
| Other fee and commission expenses   | 227          | 220          |
|                                     | <u>605</u>   | <u>599</u>   |
| <b>Personnel expenses</b>           |              |              |
| Wages and salaries                  | 3,657        | 3,276        |
| Superannuation contributions        | 390          | 343          |
| Payroll tax                         | 157          | 135          |
| Provision for employee entitlements | 24           | 165          |
|                                     | <u>4,228</u> | <u>3,919</u> |

*Personnel expenses are recognised in the period the employee has rendered service to the Credit Union, in accordance with AASB 119 Employee Benefits.*

|   |            |            |
|---|------------|------------|
| <b>Depreciation &amp; amortisation expenses</b> |            |            |
| Plant and equipment                             | 90         | 92         |
| Buildings                                       | 151        | 61         |
| Fixtures and fittings                           | 153        | -          |
| Right of use assets                             | 102        | 99         |
| Leasehold improvements                          | 13         | 23         |
| Investment properties                           | 112        | 124        |
| Intangible assets                               | 219        | 224        |
|   | <u>840</u> | <u>623</u> |

| <b>7. Auditor's remuneration</b>    | <b>2025</b>    | <b>2024</b>    |
|-------------------------------------|----------------|----------------|
| <b>Audit and review services</b>    | <b>\$ '000</b> | <b>\$ '000</b> |
| <b>Crowe</b>                        |                |                |
| Audit of financial statements       | 60             | 57             |
| Other regulatory assurance services | 35             | 30             |
| Other assurance services            | -              | -              |
|                                     | <u>95</u>      | <u>87</u>      |
| <b>Other services</b>               |                |                |
| <b>Crowe</b>                        |                |                |
| Taxation services                   | 9              | 8              |
| Other Regulatory reviews            | 21             | -              |
|                                     | <u>30</u>      | <u>8</u>       |
|                                     | <u>125</u>     | <u>95</u>      |

*The above amounts are on a GST exclusive basis, including any out of pocket costs recovered.*

## **8. Income tax expense**

### **a) Recognised in the income statement**

#### **Current tax expense**

|                             |            |            |
|-----------------------------|------------|------------|
| Current year                | 882        | 618        |
| Adjustments for prior years | (12)       | (31)       |
|                             | <u>870</u> | <u>587</u> |

#### **Deferred tax expense**

|   |              |             |
|---|--------------|-------------|
| Origination and reversal of temporary differences | (463)        | (3)         |
| Adjustments for prior years                       | -            | (73)        |
|   | <u>(463)</u> | <u>(76)</u> |

|  |            |            |
|--|------------|------------|
| Total income tax expense in income statement | <u>407</u> | <u>511</u> |
|--|------------|------------|

### **b) Reconciliation between income tax expense and profit before tax**

|  |            |            |
|--|------------|------------|
| Profit before tax  | 1,836      | 2,097      |
| Income tax using the domestic corporation tax rate (25%) | 459        | 524        |
| <i>Increase/(decrease) in income tax expense due to:</i> |            |            |
| Imputation gross-up on dividends received                | 9          | 9          |
| Non-deductible expenses                                  | 1          | 15         |
| Other differences in tax treatment                       | (15)       | 32         |
| Franking credits on dividends received                   | (35)       | (38)       |
| (Over)/under provided in prior periods                   | (12)       | (31)       |
|  | <u>407</u> | <u>511</u> |
| Income tax expense                                       | <u>407</u> | <u>511</u> |

*Income tax on the profit or loss and other comprehensive income for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.*

*Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.*

|                                     | <b>2025</b>    | <b>2024</b>    |
|-------------------------------------|----------------|----------------|
|                                     | <b>\$ '000</b> | <b>\$ '000</b> |
| <b>9. Cash and cash equivalents</b> |                |                |
| a) Cash on hand                     | 454            | 443            |
| Cash at bank                        | 12,269         | 13,711         |
|                                     | <u>12,723</u>  | <u>14,154</u>  |

*Cash and cash equivalents comprise cash on hand, at call deposits and short term deposits with original maturities of one month or less. Bank overdrafts that are repayable on demand and form an integral part of the Credit Union's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are measured at amortised cost using the effective interest method.*

**10. Financial assets**

**a) Loans and advances**

|                          |    |                |                |
|--------------------------|----|----------------|----------------|
| Overdrafts               |    | 45             | 64             |
| Term loans               |    | 275,169        | 250,492        |
| Loans to related parties | 27 | 4,393          | 4,484          |
| Provision for impairment | 11 | (117)          | (103)          |
| Total loans and advances |    | <u>279,490</u> | <u>254,937</u> |

**Placements with ADIs & Government**

**b) entities**

|   |  |               |               |
|---|--|---------------|---------------|
| Investments placed with other ADIs          |  | 70,621        | 74,100        |
| Investments placed with Government entities |  | 14,000        | 4,000         |
|   |  | <u>84,621</u> | <u>78,100</u> |

*Loans and advances and Placements with ADIs' and Government entities are financial assets held at amortised cost.*

*Further details of the risks associated with financial assets and the management of those risks are contained in Note 26. Details of loans to related parties are included at Note 27.*

| <b>11. Provision for Impairment - ECL</b>    | <b>Stage 1</b>      | <b>Stage 2</b>             | <b>Stage 3</b>         | <b>Total</b>   |
|--|---------------------|----------------------------|------------------------|----------------|
| <b>Loans and advances to members</b>         | <b>12 month ECL</b> | <b>not credit impaired</b> | <b>credit impaired</b> |                |
|  | <b>\$ '000</b>      | <b>\$ '000</b>             | <b>\$ '000</b>         | <b>\$ '000</b> |
| <b>2025</b>                                  |                     |                            |                        |                |
| Carrying amount at the beginning of the year | 89                  | 10                         | 4                      | 103            |
| Transfers due to change in credit risk       | -                   | -                          | -                      | -              |
| Net remeasurement of loss allowance          | 10                  | 7                          | (2)                    | 15             |
| Write Offs                                   | -                   | -                          | (1)                    | (1)            |
| <b>Balance as at 30 June 2025</b>            | <b>99</b>           | <b>17</b>                  | <b>1</b>               | <b>117</b>     |
| <b>2024</b>                                  | <b>\$ '000</b>      | <b>\$ '000</b>             | <b>\$ '000</b>         | <b>\$ '000</b> |
| Carrying amount at the beginning of the year | 61                  | 1                          | 31                     | 93             |
| Transfers due to change in credit risk       | -                   | -                          | -                      | -              |
| Net remeasurement of loss allowance          | 28                  | 9                          | (7)                    | 30             |
| Write Offs                                   | -                   | -                          | (20)                   | (20)           |
| <b>Balance as at 30 June 2024</b>            | <b>89</b>           | <b>10</b>                  | <b>4</b>               | <b>103</b>     |

The table above represents the reconciliation from the opening balance to the closing balance of the ECL allowance for loan and advances to members to which impairment requirements under AASB 9 apply.

The ECL represents the present value of expected cash shortfalls following the default of a financial instrument. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Credit Union expects to receive. The allowance for ECLs is based on an assessment of the probability of default, exposure at default and loss given default, discounted at the effective interest rate to give a net present value. The estimation of ECLs is unbiased and probability weighted, taking into account all reasonable and supportable information, including forward looking economic assumptions and a range of possible outcomes. ECLs are calculated from initial recognition of the financial asset for the behavioural life of the loan.

#### **Sensitivity analysis and forward looking approach**

The Credit Union has prepared a sensitivity analysis of the ECL, taking into consideration the following scenarios. These have been developed using a combination of publicly available data, internal forecasting and third party information.

*Base Case* – prepared using reasonable and supportable information that is available without undue cost or effort. This information includes any loans under Hardship arrangements, current loan to valuation ratios, borrowers capacity to repay and expected default ratios.

While interest rates have eased throughout 2025, offering some relief to borrowers, the broader cost of living pressures have continued to rise - dampening any financial reprieve. However, other factors such as high levels of household savings and the strength of the labour market have been instrumental in ensuring borrowers' ability to repay have not materially changed.

*Worse than Base Case* – considers a deterioration of the borrower's position (i.e. increased unemployment and/or a decline in the property market).

*Better than Base Case* – considers an improvement in the metrics highlighted above.

*The Credit Union has elected to use the base case to measure its ECL allowance at 30 June 2025. This was based on an assessment of the probability of each scenario occurring.*

*Given current economic uncertainty and judgement applied to assumptions, the expected credit losses reported should be considered as a best estimate within a range of possibilities.*

*The Mac uses the APRA Prudential Standard APS 220 ("Credit Quality") as a basis for calculating the Specific Statutory component of the Provision. An additional specific component is also applied based on the risk profile of the loan. In the case that these Prescribed Provisions are in excess of the ECL allowance, the total Provision held will be equivalent to the Prescribed Provision.*

### **Credit risk categorisation**

*For the purpose of calculating ECLs, assets are categorised into three 'stages' as follows:*

#### *Stage 1: no significant increase in credit risk since initial recognition*

*On initial recognition, and for financial assets where there has not been a significant increase in credit risk since the date of advance, provision is made for losses from credit default events expected to occur within the next 12 months. The ECL for these stage 1 assets continue to be recognised on this basis unless there is a significant increase in the credit risk of the asset. This is based on past history and adjusted for future expectations.*

#### *Stage 2: significant increase in credit risk*

*Financial assets are categorised as being within stage 2 where an instrument has experienced a significant increase in credit risk since initial recognition. For these assets, provision is made for losses from credit default events expected to occur over the lifetime of the instrument. In determining whether the risk of default has increased significantly since recognition, the Credit Union considers both quantitative and qualitative factors. These include:*

- *When a loan reaches 30 days past due;*
- *Loans with approved hardship or modified terms.*
- *Loans with high loan to valuation ratios (LVR) not supported by Lenders' Mortgage Insurance*

#### *Stage 3: credit impaired (or defaulted) loans*

*Financial assets are transferred into stage 3 when there is objective evidence that an instrument is credit impaired. Provisions for stage 3 assets are made on the basis of credit default events expected to occur over the lifetime of the instrument. Assets are considered credit impaired when:*

- *there is evidence of significant financial difficulty of the borrower or issuer;*
- *a breach of contract such as a default occurs or when a loan reaches 90 days past due;*
- *the restructuring of a loan or advance by the Credit Union on terms that the Credit Union would not consider otherwise;*

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- there is a disappearance of an active market for a security because of financial difficulties.

### **Write-offs**

Loans remain on the statement of financial position, net of associated provisions, until they are deemed to have no reasonable expectation of recovery. Loans are generally written off after realisation of any proceeds from collateral and upon conclusion of the collections process, including consideration of whether an account has reached a point where continuing attempts to recover are no longer likely to be successful. Where a loan is not recoverable, it is written off against the related provision for loan impairment once all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the value of impairment losses recorded in the income statement.

|                                     | <b>2025</b>    | <b>2024</b>    |
|-------------------------------------|----------------|----------------|
|                                     | <b>\$ '000</b> | <b>\$ '000</b> |
| <b>12. Other financial assets</b>   |                |                |
| Other equity investments - at FVOCI | 105            | 1,734          |
|                                     | <u>105</u>     | <u>1,734</u>   |

The Credit Union has elected for these equity investments to be held at fair value through other comprehensive income (FVOCI). Subsequent movements in fair value are recognized in other comprehensive income and never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss, unless the dividend clearly represents return of capital. Refer to Note 26(d) for further details on the determination of fair value of other financial assets.

During the 2025 financial year the Credit Union sold its shareholding in CUSCAL Ltd. This sale was undertaken as part of CUSCAL's Initial Public Offering ("IPO").

### **13. Tax assets and liabilities**

#### **Deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

#### **Deferred tax assets**

|   |            |            |
|---|------------|------------|
| Provisions                                  | 364        | 352        |
| Accruals                                    | 27         | 19         |
| Right of use asset (net of lease liability) | 5          | 3          |
| Other                                       | 13         | 12         |
| Total deferred tax assets                   | <u>409</u> | <u>386</u> |

#### **Deferred tax liabilities**

|  |              |              |
|--|--------------|--------------|
| Property, plant & equipment                  | (60)         | (95)         |
| Other financial assets - equity investments  | (6)          | (273)        |
| Other  | (69)         | (82)         |
| Total deferred tax liabilities               | <u>(135)</u> | <u>(450)</u> |
| <b>Net deferred tax assets/(liabilities)</b> | <u>274</u>   | <u>(64)</u>  |

| <b>14. Property, plant and equipment</b>   | <b>2025<br/>\$ '000</b> | <b>2024<br/>\$ '000</b> |
|--|-------------------------|-------------------------|
| <i>Freehold land and buildings</i>         |                         |                         |
| Freehold land-at cost                      | 427                     | 427                     |
| Buildings on freehold land-at cost         | 7,555                   | 1,478                   |
| Provision for depreciation                 | (329)                   | (440)                   |
|  | <u>7,653</u>            | <u>1,465</u>            |
| <i>Fixtures and Fittings</i>               |                         |                         |
| At cost                                    | 1,232                   | -                       |
| Provision for depreciation                 | (415)                   | -                       |
|  | <u>817</u>              | <u>-</u>                |
| <i>Leasehold improvements</i>              |                         |                         |
| At cost                                    | 231                     | 213                     |
| Provision for depreciation                 | (215)                   | (202)                   |
|  | <u>16</u>               | <u>11</u>               |
| <i>Plant and equipment</i>                 |                         |                         |
| At cost                                    | 630                     | 622                     |
| Provision for depreciation                 | (458)                   | (387)                   |
|  | <u>172</u>              | <u>235</u>              |
| Capital work in progress at cost           | <u>-</u>                | <u>5,679</u>            |
| <i>Total property, plant and equipment</i> |                         |                         |
| At cost                                    | 10,075                  | 8,419                   |
| Provision for depreciation                 | (1,417)                 | (1,029)                 |
|  | <u><u>8,658</u></u>     | <u><u>7,390</u></u>     |

### **Recognition and Measurement**

Items of property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

### **Depreciation**

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of PPE. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

- Buildings 40 years
- Plant and equipment 3-7 years
- Leasehold improvements 7-10 years
- Fixtures and fittings 5-10 years

The residual value, the useful life and the depreciation method applied to an asset are reviewed at least annually.

### **Fair Value Assessment**

The Board has assessed the methodology for determining the value of its Land & Buildings. While Fair Value methodologies have been taken into consideration it has been determined that historical cost is the most appropriate method of recognition & measurement.



The Credit Union's Camden properties were valued upon completion of the Head Office Building in late 2024. Additionally the Picton property was valued as at 30 June 2023. These valuations were both undertaken by an independent valuer in accordance with the Accounting Policy.

The aggregate value of Land & Buildings is in excess of Written Down Value. The Fair Value of the Credit Union's Land & Buildings is assessed at \$8m.

Fixtures & Fittings are separately disclosed from 1st July 2024. As part of the Camden premise redevelopment and subsequent capitalisation of this project, management reassessed the classification of Fixtures and Fittings. In previous years these have been classified as part of Freehold Land & Buildings. This change reflects a refinement in asset classification. It does not constitute a change in accounting policy and has therefore been accounted for prospectively. Where appropriate, changes have been made in the current year to applicable depreciation rates.

The redevelopment of the Camden premises was completed during the 2024/25 year. As such there are no amounts at balance date classified as Capital work in progress. Similarly, there are no future Capital Expenditure commitments

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

| <b>2025</b>                                  | Freehold<br>land and<br>buildings<br>\$ '000 | Fixtures<br>and<br>fittings<br>\$ '000 | Leasehold<br>improvements<br>\$ '000 | Plant and<br>equipment<br>\$ '000 | Capital<br>work in<br>progress<br>\$ | Total<br>\$ |
|--|--|--|--------------------------------------|-----------------------------------|--------------------------------------|-------------|
| Carrying amount at the beginning of the year | 1,465  | -                                      | 11                                   | 235                               | 5,679                                | 7,390       |
| Additions                                    | -  | 4                                      | -                                    | 45                                | 1,630                                | 1,679       |
| Transfer in/(out)                            | 6,339  | 966                                    | 18                                   | (14)                              | (7,309)                              | -           |
| Disposals                                    | -  | -                                      | -                                    | (4)                               | -                                    | (4)         |
| Depreciation/Amortisation                    | (151)  | (153)                                  | (13)                                 | (90)                              | -                                    | (407)       |
| Carrying amount at the end of the year       | 7,653  | 817                                    | 16                                   | 172                               | -                                    | 8,658       |
| <b>2024</b>                                  | Freehold<br>land and<br>buildings<br>\$ '000 | Fixtures<br>and<br>fittings<br>\$ '000 | Leasehold<br>improvements<br>\$ '000 | Plant and<br>equipment<br>\$ '000 | Capital<br>work in<br>progress<br>\$ | Total<br>\$ |
| Carrying amount at the beginning of the year | 1,526  | -                                      | 37                                   | 224                               | 289                                  | 2,076       |
| Additions                                    | -  | -                                      | -                                    | 107                               | 5,390                                | 5,497       |
| Transfer in/(out)                            | -  | -                                      | -                                    | -                                 | -                                    | -           |
| Disposals                                    | -  | -                                      | (3)                                  | (4)                               | -                                    | (7)         |
| Depreciation/Amortisation                    | (61)   | -                                      | (23)                                 | (92)                              | -                                    | (176)       |
| Carrying amount at the end of the year       | 1,465  | -                                      | 11                                   | 235                               | 5,679                                | 7,390       |

|                                | 2025<br>\$ '000 | 2024<br>\$ '000 |
|--------------------------------|-----------------|-----------------|
| <b>15. Investment property</b> |                 |                 |
| Investment property-at cost    | 4,274           | 4,249           |
| Provision for depreciation     | (1,875)         | (1,761)         |
|                                | <u>2,399</u>    | <u>2,488</u>    |

A reconciliation of the carrying amount is set out below:

|  |              |              |
|--|--------------|--------------|
| Carrying amount at the beginning of the year | 2,488        | 2,697        |
| Additions                                    | 23           | -            |
| Disposals                                    | -            | (85)         |
| Depreciation                                 | (112)        | (124)        |
| Carrying amount at the end of the year       | <u>2,399</u> | <u>2,488</u> |

*Investment property is property which is held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life. The estimated useful life for investment property in the current and comparative periods is 40 years. The Investment property was independently valued in late 2024 at \$4.5m which is well in excess of the written down value.*

*Refer to Note 23(b) for further details of leasing activities for these investment properties and Note 14 for further details of the fair value of investment property.*

#### **16. Intangibles**

|                            |            |            |
|----------------------------|------------|------------|
| Computer software-at cost  | 1,852      | 1,916      |
| Provision for amortisation | (1,501)    | (1,400)    |
| Intangible Assets          | <u>351</u> | <u>516</u> |
| Work in progress           | -          | 33         |
| Total Intangible Assets    | <u>351</u> | <u>549</u> |

Reconciliation of the carrying amount of intangible assets:

|  |            |            |
|--|------------|------------|
| Carrying amount at the beginning of the year | 549        | 601        |
| Additions                                    | 23         | 176        |
| Disposals                                    | (2)        | (4)        |
| Amortisation                                 | (219)      | (224)      |
| Carrying amount at year end                  | <u>351</u> | <u>549</u> |

*Where computer software costs are not integral to the associated hardware, they are recognized as an Intangible Asset. The criteria for recognition are that the asset can be clearly identified, reliably measured and probable that future economic benefits will be generated.*

*The capitalised costs of computer software comprises all costs directly attributable to developing the software, including costs for computer software paid to third parties. Intangible Assets are carried at capitalised cost less amortisation and any accumulated impairment losses.*

*Amortisation is recognised in profit or loss on a straight line basis over the estimated useful life of the computer software. The estimated useful life of computer software in the current and comparative periods is between 3 and 5 years.*

|   | 2025<br>\$ '000 | 2024<br>\$ '000 |
|---|-----------------|-----------------|
| <b>17. Other assets</b>   |                 |                 |
| Interest & fees receivable  | 569             | 536             |
| Investment premiums   | -               | 26              |
| Prepayments   | 316             | 328             |
| Other (including member clearing accounts)  | 664             | 403             |
|   | <u>1,549</u>    | <u>1,293</u>    |
| <b>18. Deposits</b>   |                 |                 |
| Call deposits   | 182,869         | 191,082         |
| Term deposits   | 169,447         | 133,905         |
| Accrued interest payable  | 2,537           | 1,832           |
|   | <u>354,853</u>  | <u>326,819</u>  |
| <i>Deposits, being member savings and term deposits are measured at amortised cost and are recognised as the aggregate amount of money owing to depositors.</i> |                 |                 |
| <b>19. Trade and other payables</b>   |                 |                 |
| Trade creditors   | 476             | 517             |
| Sundry creditors (including member clearing accounts)   | 1,239           | 1,309           |
| Trade and other payables are stated at amortised cost   | <u>1,715</u>    | <u>1,826</u>    |
| <b>20. Provisions</b>   |                 |                 |
| <b>Employee benefits</b>  |                 |                 |
| Annual leave  | 338             | 378             |
| Long service leave (1)  | 848             | 801             |
| Long service leave (2)  | 103             | 86              |
|   | <u>1,289</u>    | <u>1,265</u>    |
| <b>Other Provisions</b>   |                 |                 |
| Provision for Make Good   | 50              | 38              |
| Total Provisions  | <u>1,339</u>    | <u>1,303</u>    |

(1) Expected to be settled within 12 months

(2) Expected to be settled outside of 12 months

#### **Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Credit Union has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### **Long-term employee benefits**

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

|   | <b>Note</b> | <b>2025</b><br><b>\$ '000</b> | <b>2024</b><br><b>\$ '000</b> |
|---|-------------|-------------------------------|-------------------------------|
| <b>21. Equity</b>                         |             |                               |                               |
| <b>a) Retained earnings</b>               |             |                               |                               |
| Balance at the beginning of the year      |             | 29,219                        | 27,637                        |
| Profit for the year                       |             | 1,429                         | 1,586                         |
| Transfer (to)/from redeemed share capital | 21b(i)      | 162                           | (4)                           |
| Transfer (to)/from fair value reserve     | 21b(iii)    | 1,213                         | -                             |
| Balance at the end of the year            |             | <u>32,023</u>                 | <u>29,219</u>                 |
| <b>b) Reserves</b>                        |             |                               |                               |
| Redeemed share capital account            | 21b(i)      | -                             | 162                           |
| Fair value reserve                        | 21b(iii)    | 16                            | 855                           |
|   |             | <u>16</u>                     | <u>1,017</u>                  |
| <b>(i) Redeemed share capital account</b> |             |                               |                               |
| Balance at the beginning of the year      |             | 162                           | 158                           |
| Transfer (to)/from retained earnings      |             | (162)                         | -                             |
| Member shares redeemed during year        |             | -                             | 4                             |
| Balance at the end of the year            |             | <u>-</u>                      | <u>162</u>                    |

*The Redeemed Share Capital Reserve has been removed during 2024/25. ASIC has withdrawn Regulatory Guide RG 68 which details the requirements of disclosing the Redeemed Share Capital Account. The balance of the account has been transferred back to Retained Earnings.*

*Directors have considered their obligations in regard to Redeemable Preference Shares under S254K of the Corporations Act. There are appropriate mechanisms to satisfy these obligations.*

|   |  |           |            |
|---|--|-----------|------------|
| <b>(iii) Fair value reserve</b>                     |  |           |            |
| Balance at the beginning of the year                |  | 855       | 820        |
| Add: increase on revaluation of investment (Shares) |  | 499       | 47         |
| Less: deferred tax thereon                          |  | (125)     | (12)       |
| Less: transfer from Reserve upon sale of shares     |  | (1,213)   | -          |
| Balance at the end of the year                      |  | <u>16</u> | <u>855</u> |

*The fair value reserve relates to the revaluation of equity investments (other financial assets) classified as fair value through other comprehensive income.*

*The Credit Union sold its shareholding in CUSCAL Ltd during the year as part of their Initial Public Offering (IPO) and subsequent market listing. The transfer from the Reserve is the accumulated fair value increment (net of tax impact) that related to the holding of CUSCAL Ltd shares.*

## 22. Contingencies

*In the normal course of business the Credit Union enters into various types of contracts that give rise to contingent or future obligations. These contracts generally relate to the financing needs of Members. The Credit Union uses the same credit policies and assessment criteria in making commitments and conditional obligations for these risks as it does for ordinary loans and advances.*

|            | 2025    | 2024    |
|------------|---------|---------|
|            | \$ '000 | \$ '000 |
| Guarantees | 778     | 779     |

*Financial guarantees written are conditional commitments issued by the Credit Union to guarantee the performance of a Member to a third party. The Credit Union holds security over all guarantees issued.*

## 23. Leases

### (a) Credit Union as a lessee

#### ***Nature of the leasing activities***

*The Credit Union leases a property in Tahmoor, which is used as a member service centre, and photocopiers (which have applied the low value asset exemption).*

*At the lease commencement, the Credit Union recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Credit Union believes it is reasonably certain that the option will be exercised.*

*The Credit Union has elected to apply the exceptions to lease accounting for leases of low-value assets (defined by the Credit Union as \$10,000). The Credit Union recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.*

#### ***Terms and conditions of leases***

*A new lease was signed during the year for the Tahmoor Branch in October 2024. It is a 5 year lease expiring in October 2029. There is no extension option attaching to the lease. It has an annual pricing mechanism based on a fixed rate increase at each anniversary.*

*There is no non-index (i.e. CPI) related variable lease payments associated with this property lease.*

*There are no leases not yet commenced to which the lessee is committed.*

#### ***Right-of-use assets***

|                            | \$ '000 | \$ '000 |
|----------------------------|---------|---------|
| At cost                    | 541     | 528     |
| Accumulated depreciation   | (72)    | (498)   |
| Balance at end of the year | 469     | 30      |

*Reconciliation of the carrying amount of each class of right of use assets is set out below:*

|                                  | <b>2025</b>    | <b>2024</b>    |
|----------------------------------|----------------|----------------|
|                                  | <b>\$ '000</b> | <b>\$ '000</b> |
| <b>Land and Buildings</b>        |                |                |
| Balance at 1 July                | 30             | 129            |
| Depreciation charge              | (102)          | (99)           |
| Additions to right of use assets | 541            | -              |
| Balance at 30 June               | <u>469</u>     | <u>30</u>      |

***Lease liabilities***

|                       |            |           |
|-----------------------|------------|-----------|
| <i>Current</i>        |            |           |
| Not later than 1 year | 88         | 41        |
| <i>Non-current</i>    |            |           |
| Later than 1 year     | 400        | -         |
| Total                 | <u>488</u> | <u>41</u> |

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

|  |            |           |
|--|------------|-----------|
| Not later than 1 year                        | 133        | 41        |
| Later than 1 year and not later than 5 years | 473        | -         |
| Total  | <u>606</u> | <u>41</u> |

*The Credit Union does not face any significant liquidity risks with regard to its lease liabilities. Lease liabilities are monitored within the Credit Union's finance function.*

***Extension options***

*Given that there are no extension options attaching to the lease for the Tahmoor branch premises there are no potential future lease payments at 30 June 2025 not included in the lease liabilities (2024: nil).*

### **Income statement**

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

|   | <b>2025</b>    | <b>2024</b>    |
|---|----------------|----------------|
|   | <b>\$ '000</b> | <b>\$ '000</b> |
| Interest expense on lease liabilities       | 35             | 6              |
| Rental expense relating to low value assets | 14             | 17             |
|   | <u>49</u>      | <u>23</u>      |

### **Statement of cash flows**

|  |     |     |
|--|-----|-----|
| Total cash outflow for leases (including interest) | 128 | 123 |
|--|-----|-----|

### **Exemptions applied**

*The Credit Union has applied the exemptions relating to short-term leases and leases of low-value assets. As at 30 June 2025, the Credit Union has no commitment for short-term leases (2024: nil).*

### **Key assumptions used in calculations**

*The calculation of the right-of-use assets and lease liabilities are dependent on the following critical accounting judgements:*

*Determination of the appropriate rate to discount the lease payments – The Credit Union has used its incremental borrowing rate, as the rate implicit in the leases is not known. The Credit Union's assessed incremental borrowing rate was determined based on consideration of reference rates for commercial lending, lease term and a lease specific adjustment considering the 'secured borrowing' element of the leases.*

### **(b) Credit Union as a lessor**

*Leases are classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.*

### **OPERATING LEASES**

#### **Nature of the leasing activities**

*The Credit Union receives rental income from tenants who lease a portion of the land and buildings owned by the Credit Union in Camden. These leases are classified as operating lease for financial reporting purposes and the assets are included as investment properties in the Statement of Financial Position (refer Note 15).*

#### **Terms and conditions of leases**

*These operating lease contracts contain extension options at the right of the lessee. All contracts contain market review clauses in the event that the lessee exercises its options to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.*

The Credit Union manages the risk associated with the underlying investment property via appropriate insurance coverage and use of real estate agents where appropriate.

### **Income statement**

The amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income relating to operating leases where the Credit Union is a lessor (i.e. investment properties) are shown below:

|   | <b>2025</b><br><b>\$ '000</b> | <b>2024</b><br><b>\$ '000</b> |
|---|-------------------------------|-------------------------------|
| Lease/rental income (excluding variable lease payments not dependent on an index or rate)   | 232                           | 218                           |
| <b>Total lease/rental income relating to investment properties</b>  | <b>232</b>                    | <b>218</b>                    |
| Direct operating expenses (including repairs & maintenance) arising from investment property that generated rental income during the period | 232                           | 247                           |
| <b>Total direct operating expenses relating to investment properties</b>  | <b>232</b>                    | <b>247</b>                    |

Maturity analysis of lease payments receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

|   |            |            |
|---|------------|------------|
| < 1 year  | 178        | 155        |
| 1 - 2 years   | 70         | 55         |
| 2 - 3 years   | 65         | 4          |
| 3 - 4 years   | -          | -          |
| <b>Total undiscounted lease payments receivable</b> | <b>313</b> | <b>214</b> |

### **Finance Leases**

#### **Nature of the leasing activities**

The Credit Union is not the lessor in any arrangements assessed as a finance lease.

#### **24. Commitments**

##### **a) Outstanding loan commitments**

|                                   |       |       |
|-----------------------------------|-------|-------|
| Loans approved but not yet funded | 3,019 | 7,387 |
|-----------------------------------|-------|-------|

##### **b) Loan redraw facilities**

|                                    |        |        |
|------------------------------------|--------|--------|
| Undrawn value of redraw facilities | 43,622 | 41,643 |
|------------------------------------|--------|--------|

##### **c) Industry support contract**

The Credit Union is a member of the Credit Union Financial Support System ("CUFSS"), a company limited by guarantee to provide member institutions with financial support in the event of any of them experiencing liquidity or capital adequacy difficulties. The significant conditions of participation are:

- The Credit Union has executed an equitable charge in favour of CUSCAL; and
- The Credit Union has deposited 3% of its total assets as deposits with CUSCAL.



There is a cap on the amount that would be required to contribute to the provision of a loan facility in the event of a CUFSS member requiring assistance. The cap is equal to 3% of the contributing member's total assets.

|  | 2025<br>\$ '000 | 2024<br>\$ '000 |
|--|-----------------|-----------------|
| <b>d) Capital expenditure commitments</b>  |                 |                 |
| Estimated capital expenditure contracted for at balance date but not provided for (payable not later than one year): |                 |                 |
| Property, plant & equipment  | -               | 1,532           |

*Expenditure commitments are stated exclusive of Goods and Services Tax.*

## 25. Statement of cash flows

### Reconciliation of cash flows from operating

#### a) activities

|  |              |               |
|--|--------------|---------------|
| Profit after tax   | 1,429        | 1,586         |
| <i>Adjustments for:</i>  |              |               |
| Loss/(Gain) on disposal of property, plant & equipment                             | 5            | 96            |
| Depreciation and amortisation  | 840          | 624           |
| Impairment loss on loans and receivables   | 10           | 30            |
| <b>Net cash from operating activities before changes in assets and liabilities</b> | <b>2,284</b> | <b>2,336</b>  |
| Net (increase)/decrease loans funded   | (24,564)     | (19,057)      |
| Movement in interest receivable  | (33)         | (9)           |
| Movement in other receivables  | (355)        | 477           |
| Movement in prepayments  | 32           | (35)          |
| Movement in current tax assets   | (179)        | (286)         |
| Movement in net deferred tax assets  | (463)        | (3)           |
| Net increase/(decrease) in deposits  | 27,329       | 26,572        |
| Movement in accrued interest payable   | 705          | 1,526         |
| Movement in trade creditors  | (41)         | 85            |
| Movement in sundry creditors   | 31           | 936           |
| Movement in employee benefits  | 36           | 166           |
| <b>Net cash from/(used in) operating activities</b>                                | <b>4,782</b> | <b>12,708</b> |

#### b) Reconciliation of cash and cash equivalents

*Cash and cash equivalents comprises:*

|  |               |               |
|--|---------------|---------------|
| Cash on hand and at bank               | 12,723        | 14,154        |
| Overdraft                              | -             | -             |
| <b>Total Cash and cash equivalents</b> | <b>12,723</b> | <b>14,154</b> |

### Bank overdraft facility

The Credit Union has access to an overdraft facility provided by Cuscal Limited to the extent of \$4,000,000 (2024: \$4,000,000) and incurs an interest rate of 7.6% (2024: 8.1%). This overdraft facility is secured by a Cash Deposit.

## **26. Financial risk management**

### **Introduction and overview**

*The Credit Union has exposure to the following risks from its use of financial instruments:*

- *credit risk*
- *liquidity risk*
- *market risk*

*This note presents information about the Credit Union's exposure to each of the above risks, the Credit Union's objectives, policies and processes for measuring and managing risk, and the Credit Union's management of capital.*

### **Risk management framework**

*The Board of directors has an overall responsibility for the establishment and oversight of the Credit Union's risk management framework. The Board has established the Executive, Audit, Risk and Governance committees which are responsible for developing and monitoring the Credit Union's risk management policies. These Board committees report regularly to the Board of directors on their activities.*

*The Credit Union's risk management policies are established to identify and analyse the risks faced by the Credit Union, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Credit Union, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.*

*The Credit Union's Executive, Audit, Risk and Governance committees are responsible for monitoring compliance with the Credit Union's risk management policies and procedures, and reviewing the adequacy of the risk management framework in relation to the risks faced by the Credit Union. The Executive, Audit, Risk and Governance committees are assisted in these functions by the Chief Risk Officer and outsourced internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.*

**a) Credit risk**

*Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to the financial instrument fails to meet its contractual obligations, and arises principally from the Credit Union's loans and other receivables to members and deposits with other authorised deposit-taking institutions.*

*The Credit Union has established a credit risk management system incorporating methodologies with respect to monitoring and grading credit quality, measuring asset impairment, valuing security and provisioning.*

**Management of credit risk**

*The Board of Directors has delegated responsibility for the management of credit risk to the CEO. The Regional Lending Manager, reporting to the Chief Operating Officer (COO), is responsible for oversight of the Credit Union's credit risk, including:*

- *Formulation of credit policies covering collateral requirements, credit assessment risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.*
- *Establishing delegation structures for the approval of loans. Delegation limits are allocated to the Regional Managers and Branch Managers. Larger loans require the approval of the CEO or the Board of Directors as appropriate.*
- *In reviewing credit risk a member's character and capacity to service the loan commitment is assessed.*
- *Compliance reviews are undertaken by the Credit Control staff in conjunction with the Credit Union's Chief Risk Officer. The reviews centre on compliance with the Credit Union's Policies and Procedures, specifically the assessment of loan serviceability.*

## Exposure to credit risk

The carrying amount of the Credit Union's financial assets represents the maximum credit exposure. The following table summarises the exposure to credit risk at 30 June 2025:

|  | Loans and<br>advances to<br>members | Placements<br>with ADI's and<br>Government<br>entities | Cash and cash<br>equivalents |
|--|-------------------------------------|--|------------------------------|
|  | 2025<br>\$ '000                     | 2025<br>\$ '000  | 2025<br>\$ '000              |
| <b>Carrying Amount</b>   | <b>279,490</b>                      | <b>84,621</b>  | <b>12,723</b>                |
| <b>Stage 1: no significant increase in credit risk since initial recognition</b> |                                     |  |                              |
| Secured by mortgage - current  | 250,369                             | -  | -                            |
| Secured by mortgage - less than or equal to 30 days in arrears                   | -                                   | -  | -                            |
| Investment grade   | -                                   | 77,621   | 12,723                       |
| Unrated  | -                                   | 7,000  | -                            |
| Other  | 13,267                              | -  | -                            |
| Carrying amount  | 263,636                             | 84,621   | 12,723                       |
| <b>Stage 2: significant increase in credit risk</b>                              |                                     |  |                              |
| Secured by mortgage  | 15,807                              | -  | -                            |
| Other  | 161                                 | -  | -                            |
| Carrying Amount  | 15,968                              | -  | -                            |
| <b>Stage 3: credit impaired (or defaulted) loans</b>                             |                                     |  |                              |
| Secured by mortgage  | -                                   | -  | -                            |
| Other  | 3                                   | -  | -                            |
| Carrying Amount  | 3                                   | -  | -                            |
| Expected credit loss   | (117)                               | -  | -                            |
| <b>Total carrying amount</b>   | <b>279,490</b>                      | <b>84,621</b>  | <b>12,723</b>                |

For a definition of Stage 1, 2 & 3 refer to Note 11

Exposure to credit risk (continued)

The carrying amount of the Credit Union's financial assets represents the maximum credit exposure. The following table summarises the exposure to credit risk at 30 June 2024:

|  | Loans and<br>advances to<br>members | Placements<br>with ADI's and<br>Government<br>entities | Cash and cash<br>equivalents |
|--|-------------------------------------|--|------------------------------|
|  | 2024<br>\$ '000                     | 2024<br>\$ '000  | 2024<br>\$ '000              |
| <b>Carrying Amount</b>   | <b>254,937</b>                      | <b>78,100</b>  | <b>14,154</b>                |
| <b>Stage 1: no significant increase in credit risk since<br/>initial recognition</b> |                                     |  |                              |
| Secured by mortgage - current  | 239,933                             | -  | -                            |
| Secured by mortgage - less than or equal to 30 days in arrears                       | -                                   | -  | -                            |
| Investment grade   | -                                   | 77,100   | 14,154                       |
| Unrated  | -                                   | 1,000  | -                            |
| Other  | 10,204                              | -  | -                            |
| Carrying amount  | 250,137                             | 78,100   | 14,154                       |
| <b>Stage 2: significant increase in credit risk</b>                                  |                                     |  |                              |
| Secured by mortgage  | 4,883                               | -  | -                            |
| Other  | 10                                  | -  | -                            |
| Carrying Amount  | 4,893                               | -  | -                            |
| <b>Stage 3: credit impaired (or defaulted) loans</b>                                 |                                     |  |                              |
| Secured by mortgage  | -                                   | -  | -                            |
| Other  | 10                                  | -  | -                            |
| Carrying Amount  | 10                                  | -  | -                            |
| Expected credit loss   | (103)                               | -  | -                            |
| <b>Total carrying amount</b>   | <b>254,937</b>                      | <b>78,100</b>  | <b>14,154</b>                |

### **Impaired loans**

*Impaired loans are loans for which the Credit Union determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement.*

### **Past due loans but not impaired loans**

*Loans where contractual interest or principal payments are past due but the Credit Union believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Credit Union.*

### **Loans with renegotiated terms**

*Restructured loans have renegotiated terms due to deterioration in the borrower's financial position and where the Credit Union has made concessions outside of its normal policies and procedures. Once the loan has been restructured it remains in this category independent of satisfactory performance after restructuring.*

### **Collateral and other credit enhancements**

*The Credit Union holds collateral against loans and advances to members in the form of mortgage interests over property, other registered securities over assets, and guarantees. Mortgage insurance contracts are entered into in order to manage the credit risk around the residential loan mortgage portfolio. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.*

*An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:*

|                                    | <b>2025</b>    | <b>2024</b>    |
|------------------------------------|----------------|----------------|
|                                    | <b>\$ '000</b> | <b>\$ '000</b> |
| Against Individually impaired:     |                |                |
| Property value                     | -              | -              |
| Against past due but not impaired: |                |                |
| Property value                     | 6,350          | 7,010          |
| Other                              | -              | -              |
| <b>Total</b>                       | <b>6,350</b>   | <b>7,010</b>   |

### **Reposessed collateral**

*In the event of member default on a mortgage facility, any loan security is usually held as mortgagee in possession and therefore the Credit Union does not usually hold any real estate or other assets acquired through the enforcement of security. The Credit Union did not take possession of any property assets during the year (2024: \$Nil).*

## **Concentration of loans and other receivables**

*The Credit Union's maximum single exposure to an individual or groupings of individual loans should be no more than 10% of capital. Within the Credit Union's investment portfolio, the maximum capital exposure to any one Bank, rated Authorised Deposit-taking Institution (ADI), unrated Mutual ADI, and their related counterparties, is based on the long term rating and/or APRA guidelines.*

*The Credit Union operates predominantly in the finance industry within the Macarthur region of New South Wales.*

### **b) Liquidity risk**

*Liquidity risk is defined by the Credit Union as the risk associated with having difficulty in meeting financial obligations as they fall due.*

### **Management of liquidity risk**

*Liquidity risk is managed by regular monitoring of the volatility and maturity structure of the deposits and loans portfolios and identifying other risks, such as concentration within the deposits and loans portfolios, and maintaining a forward commitments register. The Credit Union reviews on a daily basis the liquidity profile of its financial assets and liabilities, and details of other projected cash flows arising from projected future business. A portfolio of short term liquid assets is maintained, comprising of short term liquid investment securities. The Credit Union's liquidity position is reviewed on both a daily and weekly basis. Reporting to the Board is undertaken on a monthly basis.*

### **Exposure to liquidity risk**

*The key measure used by the Credit Union for managing liquidity risk is the Minimum Liquidity Holdings (MLH) ratio as prescribed by the Credit Union's prudential regulator, the Australian Prudential Regulation Authority (APRA). This ratio measures the total of liquid assets as a percentage of the Credit Union's liability base. The Credit Union is to maintain a minimum 9% of total adjusted liabilities as liquid assets capable of being converted to cash within two business days.*

*Details of the Credit Union's MLH ratio at balance date and during the reporting period are as follows:*

|                                   | <b>2025</b> | <b>2024</b> |
|-----------------------------------|-------------|-------------|
| As at 30 June                     | 19.53%      | 22.14%      |
| Average liquidity for the year    | 19.93%      | 22.63%      |
| Minimum liquidity during the year | 17.98%      | 21.11%      |
| Maximum liquidity during the year | 21.23%      | 23.52%      |

*The Credit Union has a minimum internal MLH ratio limit of 15%.*

The residual contractual maturities of the Credit Union's financial liabilities are details as follows:

| <b>2025</b>                      | Carrying<br>amount<br>\$ '000 | Gross nominal<br>(outflow)/ inflow<br>\$ '000 | Less than 1<br>month<br>\$ '000 | 1 to 3 months<br>\$ '000 | 3 months to<br>1 year<br>\$ '000 | 1 to 5 years<br>\$ '000 |
|----------------------------------|-------------------------------|---|---------------------------------|--------------------------|----------------------------------|-------------------------|
| <b>Financial Liabilities</b>     |                               |   |                                 |                          |                                  |                         |
| Deposits                         | 354,853                       | (359,990)                                     | (208,033)                       | (54,511)                 | (95,903)                         | (1,543)                 |
| Trade and other payables         | 1,715                         | (1,715)                                       | (1,715)                         | -                        | -                                | -                       |
|                                  | 356,568                       | (361,705)                                     | (209,748)                       | (54,511)                 | (95,903)                         | (1,543)                 |
| Unrecognised loan<br>commitments | 3,019                         | (3,019)                                       | (3,019)                         | -                        | -                                | -                       |
| Total financial liabilities      | 359,587                       | (364,724)                                     | (212,767)                       | (54,511)                 | (95,903)                         | (1,543)                 |
| <b>2024</b>                      | Carrying<br>amount<br>\$ '000 | Gross nominal<br>(outflow)/ inflow<br>\$ '000 | Less than 1<br>month<br>\$ '000 | 1 to 3 months<br>\$ '000 | 3 months to<br>1 year<br>\$ '000 | 1 to 5 years<br>\$ '000 |
| <b>Financial Liabilities</b>     |                               |   |                                 |                          |                                  |                         |
| Deposits                         | 326,819                       | (330,653)                                     | (213,297)                       | (47,825)                 | (68,117)                         | (1,414)                 |
| Trade and other payables         | 1,826                         | (1,826)                                       | (1,826)                         | -                        | -                                | -                       |
|                                  | 328,645                       | (332,479)                                     | (215,123)                       | (47,825)                 | (68,117)                         | (1,414)                 |
| Unrecognised loan<br>commitments | 7,387                         | (7,387)                                       | (7,387)                         | -                        | -                                | -                       |
| Total financial liabilities      | 336,032                       | (339,866)                                     | (222,510)                       | (47,825)                 | (68,117)                         | (1,414)                 |



*The previous table shows the undiscounted cash flows on the Credit Union's financial liabilities on the basis of their earliest possible contractual maturity. The Credit Union's expected cash flows on these instruments vary significantly from this analysis. For example, at call deposits from members are expected to maintain a stable or increasing balance and unrecognised loan commitments are not expected to be drawn down immediately. The gross nominal inflow/(outflow) disclosed in the previous table is the contractual, undiscounted cash flow on the financial liability.*

**c) Market risk**

*Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Credit Union's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.*

**Management of market risk**

*The Credit Union has exposure to non traded interest rate risk generated by banking products such as loans and deposits. The Credit Union does not operate a trading book. Overall authority for the management of market risk is vested in the Audit Committee. The Audit Committee is responsible for the development of detailed risk management policies and for the review of their implementation.*

**Exposure to interest rate risk**

*The principal risk to which the Credit Union is exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring gaps in the maturity profiles of interest rate sensitive assets and liabilities.*

*In preparing and managing these maturity profiles, it is assumed that the contractual maturity period of assets and liabilities equates to their actual repricing.*

*The day to day monitoring of these gaps is undertaken by senior management, with the results of this monitoring reported to the Board of Directors on a monthly basis.*

*The Credit Union's potential exposure to movements in interest rates is measured as the cumulative gap in maturity time brackets as a percentage of pre-tax profit. This measures the impact of a 2% movement (either upwards or downwards) in market interest rates. At 30 June 2025, the exposure was \$101,710 (2024: \$89,347). This exposure reflects the potential impact on the Credit Union's annual profit. The 2% movement in market interest rates has long been determined as an extreme but plausible stress test to determine exposure to interest rate risk movements.*

The Credit Union uses Value At Risk (VAR) as its measure of interest rate risk exposure. A summary of the gap position of the Credit Union's banking book, expressed as a percentage of regulatory capital, as at 30 June 2025:

|               | <b>2025</b> | <b>2024</b> |
|---------------|-------------|-------------|
| As at 30 June | 0.32%       | 0.32%       |

In addition, the Credit Union uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on the banking book.

#### **d) Fair value**

A number of the Credit Union's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

##### *Financial instruments carried at fair value*

- The Credit Union's current 'equity investments' are not traded in active markets. As such, the Credit Union is unable to base the fair value of its other investments on quoted market prices. Other valuation techniques have been applied.
- The Board has considered whether the latest available reported net assets of the underlying investments reflect the probable value of the investment as a whole. Should this not be the case the carrying fair value of the assets is adjusted accordingly. This is done in consultation with the management of the respective investment entity.
- Given the inherent uncertainty of valuing these underlying investments (arising from their illiquid nature) the values of these underlying investments may differ from the values that would have been used had a ready market for the investments existed.

##### *Interest rates used for determining fair value*

The interest rates used to discount estimated cash flows, when applicable, are based on current market rates at the reporting date which incorporate an appropriate credit spread, and were as follows:

|                  | <b>2025</b>   | <b>2024</b>   |
|------------------|---------------|---------------|
| Loans to members | 5.09% - 8.12% | 5.69% - 8.62% |
| Deposits         | 0.7% - 4.30%  | 0.7% - 4.50%  |

##### *Financial instruments carried at amortised cost*

- The investment portfolio comprises of Floating Rate Notes, Security Deposits and a small portion of bonds. The material majority of these investments reprice quarterly, semi-annually or annually, and as such the fair value of these assets approximates their carrying amount.
- The fair values of all other liquid assets and other assets maturing within 12 months approximate their carrying amounts. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.

- The fair value of at call deposits with no specific maturity is approximately their carrying amount as they are short term in nature or are payable on demand.
- The fair value of term deposits at amortised cost is estimated by reference to current market rates offered on similar deposits.
- The fair value of variable rate financial instruments, including loan assets and liabilities carried at amortised cost are approximated by their carrying value. In the case of loan assets held at amortised cost, changes in the fair value do not reflect changes in credit quality, as the impact of credit risk is largely recognised separately by deducting the amount of an allowance for credit losses.
- The fair value of fixed rate loans at amortised cost is estimated by reference to current market rates offered on similar loans.

### Fair value hierarchy

The following tables show the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

|   |       |                          | Fair Value      |                 |                 |
|---|-------|--------------------------|-----------------|-----------------|-----------------|
|   | Note  | Carrying Amount (\$'000) | Level 1 \$ '000 | Level 2 \$ '000 | Level 3 \$ '000 |
| <b>30 June 2025</b>                                     |       |                          |                 |                 |                 |
| <b>Financial assets measured at FVOCI</b>               |       |                          |                 |                 |                 |
| Equity investments                                      | 12    | 105                      | -               | -               | 105             |
|   |       | <b>105</b>               | <b>-</b>        | <b>-</b>        | <b>105</b>      |
| <b>Financial assets measured at amortised cost</b>      |       |                          |                 |                 |                 |
| Loans and advances to members                           | 10(a) | 279,490                  | -               | -               | 280,201         |
|   |       | <b>279,490</b>           | <b>-</b>        | <b>-</b>        | <b>280,201</b>  |
| <b>Financial liabilities measured at amortised cost</b> |       |                          |                 |                 |                 |
| Deposits  | 18    | 354,853                  | -               | 354,528         | -               |
|   |       | <b>354,853</b>           | <b>-</b>        | <b>354,528</b>  | <b>-</b>        |
| <b>30 June 2024</b>                                     |       |                          |                 |                 |                 |
| <b>Financial assets measured at FVOCI</b>               |       |                          |                 |                 |                 |
| Equity investments                                      | 12    | 1,734                    | -               | -               | 1,734           |
|   |       | <b>1,734</b>             | <b>-</b>        | <b>-</b>        | <b>1,734</b>    |
| <b>Financial assets measured at amortised cost</b>      |       |                          |                 |                 |                 |
| Loans and advances to members                           | 10(a) | 254,937                  | -               | -               | 253,749         |
|   |       | <b>254,937</b>           | <b>-</b>        | <b>-</b>        | <b>253,749</b>  |
| <b>Financial liabilities measured at amortised cost</b> |       |                          |                 |                 |                 |
| Deposits  | 18    | 326,819                  | -               | 326,745         | -               |
|   |       | <b>326,819</b>           | <b>-</b>        | <b>326,745</b>  | <b>-</b>        |

The following table summarises the movement of Level 3 assets measured at fair value during the year:

| Movement category                              | Other financial assets<br>(at FVOCI) Total |                 |
|--|--|-----------------|
|  | 2025<br>\$ '000                            | 2024<br>\$ '000 |
| Opening balances at 1 July                     | 1,734                                      | 1,687           |
| Purchases on equity investments                | -  | -               |
| Revaluation through other comprehensive income | 499  | 47              |
| Sale of equity investments                     | (2,128)                                    | -               |
| Closing balance at 30 June                     | <b>105</b>                                 | <b>1,734</b>    |

#### e) Capital management - regulatory capital

The Credit Union's regulator, the Australian Prudential Regulation Authority (APRA) sets and monitors capital requirements for the Credit Union. The Credit Union reports to APRA under Basel II capital requirements and has adopted the standardised approach for credit risk and operational risk.

In implementing current capital requirements APRA requires the Credit Union to maintain a prescribed ratio of total capital to total risk weighted assets.

The Credit Union's regulatory capital is analysed in two tiers:

- Tier 1 capital, which includes ordinary share capital, general reserves and retained earnings, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on readily marketable securities classified as available for sale.

Risk weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures. The Credit Union's policy is to maintain a strong capital base so as to maintain member, creditor and market confidence and to sustain future development of the business. The Credit Union has complied with all externally imposed capital requirements throughout the period.

There have been no material changes in the Credit Union's management of capital during the period.

APRA has set a prudential capital requirement (PCR) for each Approved Deposit-Taking Institution (ADI) which must be met at all times. Subject to the minimum capital requirements of 8%, PCR's are set at a level proportional to each ADI's overall risk profile. A key principle of APRA's capital management framework is that ADI's should have a process for assessing their overall capital adequacy in relation to their risk profile and strategy for maintaining capital levels. This process is referred to as the Internal Capital Adequacy Assessment Process (ICAAP).

The Credit Union's regulatory capital position at 30 June was as follows:

|  | <b>2025</b>    | <b>2024</b>    |
|--|----------------|----------------|
|  | <b>\$ '000</b> | <b>\$ '000</b> |
| <b>Common Equity Tier 1 capital</b>                    |                |                |
| Retained earnings & reserves                           | 32,039         | 30,236         |
| Regulatory adjustments to Common Equity Tier 1 Capital | (730)          | (2,283)        |
| Total Common Equity Tier 1 Capital                     | 31,309         | 27,953         |
| <b>Total capital base</b>                              | <b>31,309</b>  | <b>27,953</b>  |
| Risk weighted assets                                   | 148,588        | 139,172        |
| of which:  |                |                |
| Credit Risk  | 135,080        | 126,520        |
| Operational Risk                                       | 13,508         | 12,652         |
| <b>Capital ratios</b>                                  |                |                |
| Capital Adequacy Ratio                                 | 21.07%         | 20.08%         |
| Tier 1 capital ratio                                   | 21.07%         | 20.08%         |

## **27. Related parties**

The following were key management personnel of the Credit Union at any time during the reporting period, and unless otherwise indicated were key management personnel for the entire period:

### **Non-executive directors**

- Peter Buckley
- Richard Drinnan (Resigned November 2024)
- Ashley Jennings
- Emma Macfarlane (Resigned July 2024)
- Shayley McCracken
- Lloyd Pollard (Resigned June 2025)
- Phillip Rankin
- Antony Schesser

### **Executives**

- David Cadden (CEO)
- Paul Brooks (CFO)
- Rebecca Brookes (COO)
- Craig Oliver (CRO)

### **Remuneration of key management personnel ("KMP")**

*The aggregate compensation of KMP comprises amounts paid, payable or provided for during the year. These amounts are as follows:*

|  | <b>2025</b>    | <b>2024</b>    |
|--|----------------|----------------|
|  | <b>\$ '000</b> | <b>\$ '000</b> |
| Short term employee benefits                           | 1,102          | 1,069          |
| Post employment benefits- Superannuation contributions | 128            | 111            |
| Other long term benefits                               | 24             | 41             |
| <b>Total</b>   | <b>1,254</b>   | <b>1,221</b>   |

*Remuneration shown as "Short term employee benefits" in the above table is defined as cash salaries, paid annual leave and movements in annual leave provision. All remuneration to directors was approved by the members at the previous Annual General Meeting of the Credit Union.*

### **Loans to key management personnel**

|  | <b>\$ '000</b> | <b>\$ '000</b> |
|--|----------------|----------------|
| The aggregate value of loans to KMP at balance date amounted to:           | 4,393          | 4,484          |
| The aggregate value of loans disbursed to KMP during the year amounted to: | 1,443          | 865            |
| Interest and fees earned on loans to KMP                                   | 213            | 195            |
| Repayments during the year   | 1,747          | 1,013          |

*The Credit Union's policy for lending to directors is that all loans are approved on the same terms and conditions that apply to members.*

*There are no benefits or concessional terms and conditions applicable to related parties of KMP. There are no loans to related parties which are impaired.*

### **Deposits to key management personnel**

*Other transactions between related parties include deposits from directors, and other KMPs are:*

|                                       | <b>\$ '000</b> | <b>\$ '000</b> |
|---------------------------------------|----------------|----------------|
| Total value term and savings deposits | 227            | 190            |
| Total Interest paid on deposits       | 6              | 2              |

*The above amounts include balances in respect of Lloyd Pollard (Resigned as Director on 30 June 2025 and appointed as Chief Strategy Officer on 2 July 2025).*

**28. Subsequent Events**

*There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations, or state of affairs of the Credit Union in future financial years.*

## **DIRECTORS' DECLARATION**

- 1 *In the opinion of the directors of Macarthur Credit Union Limited ('the Credit Union'):*
  - (a) *The financial statements and notes that are set out on pages 18 to 54 are in accordance with the Corporations Act 2001, including:*
    - (i) *Giving a true and fair view of the Credit Union's financial position as at 30 June 2025 and of its performance, for the financial year ended on that date; and*
    - (ii) *Complying with Australian Accounting Standards and the Corporations Regulations 2001; and*
  - (b) *There are reasonable grounds to believe that the Credit Union will be able to pay its debts as and when they become due and payable.*
- 2 *The directors draw attention to Note 2 (a) which includes a statement of compliance with International Financial Reporting Standards.*
- 3 *The consolidated entity disclosure statement on page 56 is true and correct.*

*Signed in accordance with a resolution of the directors:*



Peter Buckley  
Chairman of Board of Directors



Phillip Rankin  
Chairman of Audit Committee

Signed at Camden 24<sup>th</sup> September 2025



## **CONSOLIDATED ENTITY DISCLOSURE STATEMENT**

*Macarthur Credit Union Ltd does not have any controlled entities and is therefore not required by the Australian Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A) of the Corporations Act 2001 does not apply to the entity.*

## Macarthur Credit Union Ltd

### Independent Auditor's Report to the Members of Macarthur Credit Union Ltd

#### Opinion

We have audited the financial report of Macarthur Credit Union Ltd ('the Credit Union'), which comprises the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- (a) giving a true and fair view of the Credit Union's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Credit Union in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Other Information

The directors are responsible for the other information. The other information comprises the directors' report information contained in the Credit Union's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

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

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

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

### **Responsibilities of the Directors for the Financial Report**

The directors of the Credit Union are responsible for the preparation of

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

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

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

In preparing the financial report, the directors are responsible for assessing the ability of the Credit Union to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



**CROWE AUDIT AUSTRALIA**



**JASON GILBERT**  
Partner

24 September 2025  
Albury

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