



FINANCIAL STATEMENTS

for the year ended 30 June 2025

October 2025
This report contains 61 pages

WAW Credit Union Co-operative Limited
ABN 48 087 651 787
Customer-Owned Banking

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Directors' report

The Directors present their report, the Financial Statements of WAW Credit Union Co-operative Limited, trading as BankWAW (the 'organisation') for the year ended 30 June 2025, and the accompanying auditor's report.

Directors

The names and details of the Directors of the organisation in office during the financial year and until the date of this report unless noted otherwise are:

Allison M Jenvey, OAM FCPA, GAICD Director since 23 September 2020	Chair of the Board. Board Committee: Executive & Remuneration Committee (Chair). Occupation: Retired. Experience: Public Practice Accounting, Corporate Governance, Agriculture, Education and Training and Health.
Fiona A Shanks B.Bus (HRM), Dip.BusMan, CAHRI, GAICD Director since 29 November 2017	Board Committees: Audit Committee. Board Representative on Director Nominations Committee Occupation: Chief People Officer. Experience: Organisational Development, Culture and Staff Engagement, Human Resource Management, Local Government, Healthcare, Community.
Julie H Guest BBus (Acct), CAANZ Director since 29 November 2017	Board Committees: Audit Committee and Risk Management Committee. Occupation: Accountant. Experience: Public Practice, Accounting, Auditing, Local Government, ADI Director.
Gavan A Nolan B.Ec (ANU), CAANZ Director since 20 November 2019	Board Committees: Risk Management Committee (Chair), Executive and Remuneration Committee. Occupation: Retired. Experience: Business Review & Turnaround, Financial Reconstruction, Risk Management, Stakeholder Consultation and Collaboration.
Stephen W Sampson DipFS, FAIM, FFINSIA, FAIBF, MAICD, JP Director since 23 September 2020	Board Committee: Risk Management Committee and Audit Committee. Occupation: Retired. Experience: ADI Executive, Strategic Innovation, Governance and Compliance, Risk Management, Business Development.
Matthew Grogan BSc, LLB (Hons), GDLP Director since 17 November 2021	Board Committee: Audit Committee (Chair), Executive and Remuneration Committee. Occupation: Solicitor. Experience: Legal Practice, Small Business, Community Energy.
Rob McKie Director since 13 November 2024	Board Committee: Risk Management Committee. Occupation: Consultant. Experience: Digital Transformation, technology, and cybersecurity, with a strong focus on governance and risk management.
Phillip Friedlieb Director since 16 November 2022 <i>Resigned 13 November 2024</i>	Board Committee: Risk Management Committee and Audit Committee. Occupation: Retired Experience: Business and Agri Relationship Manager

All Directors are considered to be independent non-executive Directors.

Company Secretary

Mr Michael A Mack, BBus (E-Comm), GAICD, was appointed as Chief Executive Officer and Company Secretary of the Credit Union on 23 September 2016, and continues to act in this capacity.

Directors' report (cont'd)

Directors' meetings

The numbers of meetings of Directors (including meetings of Committees) held during the year and the numbers of meetings attended by each Director were as follows:

Director	Board of Director Meetings		Executive & Remuneration Committee		Audit Committee		Risk Management Committee	
	A	B	A	B	A	B	A	B
A Jenvey	12	11	5	5	6	5	5	5
F Shanks	12	*8	-	-	2	*1	2	0
J Guest	12	12	-	-	6	4	3	3
G Nolan	12	11	5	5	-	-	5	4
S Sampson	12	10	-	-	6	3	5	5
M Grogan	12	12	5	5	6	6	-	-
R McKie	8	8	-	-	-	-	3	2
P Friedlieb	4	3	-	-	4	2	2	1

A – Number of meetings the Director was eligible to attend during the year

B – Number of meetings attended

* Director Fiona Shanks was granted a formal leave of absence from the Board between the 27 February 2025 to the 31 March 2025, during which period she did not attend meetings. Attendance figures shown include meetings held during this period.

Continuing professional development (CPD)

The Board has set clear training and development expectations for Directors to ensure a high level of knowledge and skills is maintained to fulfil the duties of a Director of an Authorised Deposit-taking Institution (ADI).

Individual Directors must complete a minimum 60 hours of CPD per triennium. All current Directors have undertaken training and development activities during the period 1 July 2024 to 30 June 2025 in order to meet these requirements.

Principal activities

The principal activity of the organisation is to raise funds from the organisation's customers for the purpose of making loans to customers. No significant change in the nature of the activity has occurred during the year.

Trading results

The profit for the financial year, before income tax, was \$3,197,430 (2024: \$1,633,965). Income tax expense was \$713,429 (2024: \$415,854).

Review of operations

Net loans and advances for the year have increased by \$1,134,207 to \$558,614,225.

Deposits increased during the year by \$1,688,317 to \$657,616,255.

Equity during the year has increased by \$3,087,227 to \$47,402,045.

There were no significant changes in the operations of the organisation. Economic conditions during the period reflected a relatively stable official cash rate, notwithstanding consecutive 25 basis point reductions in the second half of the year in February and May 2025. The outlook for interest rates continues to see a bias toward easing due to moderating inflation and a marginally weaker economic outlook.

Directors' report (cont'd)

Review of operations (cont'd)

Competitive pressures are increasing in lending; however, loan demand remains relatively strong and loan delinquency is low across the portfolio. The impact of changing economic conditions has been taken into account as part of Expected Credit Loss (ECL) modelling and judgements, as discussed at Note 1(f) and Note 1(s).

The organisation continued to grow its deposit base across the period in a consistent, predictable manner to ensure the long-term stability of its funding base is maintained. Given the outlook for interest rates and structural changes in the economy, the Board continues to see higher levels of Liquidity as an ongoing feature of the organisation's Balance Sheet.

Dividends

The organisation does not have permanent share capital and has therefore not paid, or declared, any dividends for the financial year.

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the organisation during the financial year under review.

Events subsequent to balance date

On 22 August 2025, the Credit Union entered into a contract to purchase a new head office property located in Wodonga for a total consideration of \$4.2M. Settlement of the purchase occurred on 30 September 2025.

Other than the above, no matters or circumstances have arisen since the end of the reporting period which have or may significantly affect the operations of the Credit Union, the results of those operations, or the state of affairs of the organisation in future financial years.

Likely developments

The organisation will continue to operate an ethical, sustainable (from a financial, and environmental perspective) and socially beneficial financial institution that aims to create a positive social impact by putting customers and community at the centre of decision-making.

Further information about likely developments in the operations of the organisation, and the expected results of those operations in future financial years, has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the institution.

Environmental regulation

BankWAW's operations are not currently subject to specific environmental regulation under Commonwealth or State legislation beyond general business obligations. The Board believes the organisation has adequate systems to manage environmental responsibilities and is committed to ongoing improvement.

During the year, the organisation undertook a strategic review that placed a stronger focus on environmental, social, and governance (ESG) considerations. This included identifying opportunities to integrate ESG into decision-making and preparing for upcoming disclosure requirements.

In particular, the Board has considered the introduction of the Australian Sustainability Reporting Standards (ASRS), including AASB S2 Climate-related Disclosures, which will be phased in under the Corporations Act from 1 January 2025. Based on current thresholds, BankWAW will be required to report as part of Group 3, commencing for the financial year ending 30 June 2028. The organisation is proactively taking steps to ensure readiness ahead of this requirement.

Directors' report (cont'd)

Directors' benefits

During, or since the end of the financial year, no Director of the organisation 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 as shown in the general purpose financial statements) by reason of a contract entered into by the organisation (or an entity that the organisation controlled, or a body corporate that was related to the organisation when the contract was made, or when the Director received, or became entitled to receive, the benefit) with:

- a Director,
- a firm of which a Director is a member, or
- an entity in which a Director has a substantial financial interest.

Indemnification and insurance of Directors and Officers

During the year, a premium was paid in respect of a contract insuring Directors and Officers of the organisation against liability. Those covered by the insurance contract include the Directors, Executive Officers, Secretary and certain employees. In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

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

Corporate governance

BankWAW is committed to high standards of corporate governance. The organisation is directed and controlled by its Board of Directors through systems of oversight, delegation, and policies to achieve business objectives responsibly and in line with accountability and integrity standards.

The Board's Composition, Competencies and Succession Planning framework ensures the Board collectively possesses the skills and experience needed to govern the organisation effectively, aligned to the Strategic Plan and the requirements of the banking sector. This is supported by an annual appraisal process assessing the performance of individual Directors, the Board as a whole, and its Committees. The process also identifies development needs and informs succession planning.

In carrying out its governance responsibilities, the Board ensures ongoing compliance with the Australian Prudential Regulation Authority's (APRA) Prudential Standard CPS 510 Governance, CPS 520 Fit and Proper, and CPS 220 Risk Management.

Internal audit:

BankWAW reappointed AFS & Associates to the position of Internal Auditor from 1 July 2025 for a three year term. The assessment of the internal audit function, performance of the Internal Auditor and associated appointment processes were carried out in accordance with corporate policy and relevant regulatory standards.

External audit:

During the year, the Board resolved to conduct a competitive tender process for external audit services, recognising the benefits of periodic reviews and auditor rotation in maintaining good governance standards. Following a rigorous assessment process, KPMG was appointed as External Auditor for a three-year period commencing with the financial year ending 30 June 2025. This appointment was confirmed at the 2024 Annual General Meeting in accordance with the organisation's Constitution and the Corporations Act 2001. The Board acknowledges the high standard of service provided by Crowe Albury.

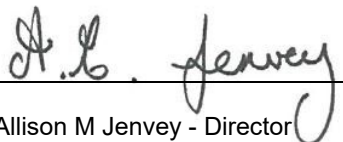
Directors' report (cont'd)

Auditor independence declaration

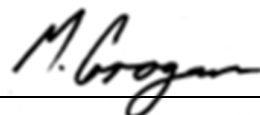
The auditor independence declaration for the year ended 30 June 2025 has been received and can be found on page 8 of the financial report.

Dated at Wodonga this 21st day of October 2025.

Signed in accordance with a resolution of the Directors.



Allison M Jenvey - Director
Chair, Board of Directors



Matthew P Grogan - Director
Chair, Audit Committee



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

To the Directors of WAW Credit Union Co-operative Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of WAW Credit Union Co-operative Limited for the financial year ended 30 June 2025 there have been:

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

A stylized signature of the KPMG firm, consisting of the letters 'KPMG' in a bold, blue, sans-serif font, with a stylized graphic of four squares above the letters.

KPMG

A handwritten signature of Darren Ball, consisting of a stylized 'D' and 'B' followed by a horizontal line.

Darren Ball

Partner

Adelaide

21 October 2025

Statements of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2025

	Note	Consolidated and BankWAW	
		2025 \$	2024 \$
Interest revenue	2	37,281,622	33,989,775
Interest expense	2	(19,379,795)	(18,919,538)
Net interest income		17,901,827	15,070,237
Non-interest revenue	3(a)	2,195,220	2,292,540
General and administration		(5,204,575)	(4,572,913)
Depreciation and amortisation expense	4(a)	(878,984)	(737,246)
Personnel costs	4(b)	(8,484,953)	(8,033,177)
Other expenses	4(c)	(96,465)	(96,979)
Net impairment (loss)/reversal on financial assets		533	(3,693)
Fees and commission expense		(2,235,173)	(2,284,804)
Profit before tax		3,197,430	1,633,965
Income tax expense	5	(713,429)	(415,854)
Profit after tax		2,484,001	1,218,111
<i>Other comprehensive income:</i>			
Items that will not be reclassified subsequently to profit or loss:			
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		603,226	100,577
Other comprehensive income for the year, net of tax		603,226	100,577
Total comprehensive income for the year attributable to customers		3,087,227	1,318,688

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes set out on pages 13 to 57.

Statement of Changes in Equity For the year ended 30 June 2025

	Consolidated and BankWAW				
	Retained Profits \$	General Reserve \$	Asset Revaluation Reserve \$	Financial Asset Reserve \$	Total \$
Year ended 30 June 2024					
Opening balance at 1 July 2023	3,202,654	36,302,369	2,569,901	921,206	42,996,130
Profit after tax	1,218,111	-	-	-	1,218,111
Other comprehensive income	-	-	-	100,577	100,577
Total comprehensive income for the period	1,218,111	-	-	100,577	1,318,688
Transfer to/(from) general reserve	(3,202,654)	3,202,654	-	-	-
Closing balance at 30 June 2024	1,218,111	39,505,023	2,569,901	1,021,783	44,314,818
Year ended 30 June 2025					
Opening balance at 1 July 2024	1,218,111	39,505,023	2,569,901	1,021,783	44,314,818
Profit after tax	2,484,001	-	-	-	2,484,001
Other comprehensive income	-	-	-	603,226	603,226
Total comprehensive income for the period	2,484,001	-	-	603,226	3,087,227
Transfer to/(from) general reserve	(1,218,111)	1,914,524	-	(696,413)	-
Closing balance at 30 June 2025	2,484,001	41,419,547	2,569,901	928,596	47,402,045

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes set out on pages 13 to 57.

Statement of Financial Position As at 30 June 2025

		Consolidated and BankWAW	
	Note	2025	2024
		\$	(Restated)*
		\$	\$
ASSETS			
Cash and cash equivalents	7	10,074,839	6,406,089
Receivables due from other financial institutions	8	130,421,623	131,337,723
Income tax receivable	6	12,934	591,210
Other receivables	9	959,041	1,316,931
Customer loans and advances	10	558,614,225	557,480,018
Other financial assets	12	1,554,807	1,972,282
Property, plant and equipment	13	8,220,863	8,464,229
Right-of-use assets	19	701,478	822,471
Intangible assets	14	1,448,008	780,483
Deferred tax assets		-	366,273
Prepayments		259,440	227,204
TOTAL ASSETS		712,267,258	709,764,913
LIABILITIES			
Customer deposits	15	657,616,255	655,927,938
Accounts payable and other liabilities	16	4,293,517	6,016,624
Lease liabilities	19	747,328	898,317
Employee benefits	17	1,398,593	1,267,390
Deferred tax liabilities	6	809,520	1,339,826
TOTAL LIABILITIES		664,865,213	665,450,095
NET ASSETS		47,402,045	44,314,818
EQUITY			
Reserves		44,918,044	43,096,707
Retained profits		2,484,001	1,218,111
TOTAL EQUITY		47,402,045	44,314,818

*The comparative information is restated on account of correction of errors. See Note 1(t).

The Statement of Financial Position is to be read in conjunction with the accompanying notes set out on pages 13 to 57.

Statement of Cash Flows

For the year ended 30 June 2025

		Consolidated and BankWAW	
		2025	2024
	Note	\$	(Restated)*
		\$	\$
Cash flows from operating activities			
Interest received		37,365,254	34,215,874
Interest paid		(19,819,924)	(18,142,674)
Payments to employees and suppliers		(17,450,771)	(13,397,431)
Receipts from other services		2,701,538	1,920,595
Income tax paid		(500,263)	(1,100,130)
		<u>2,295,834</u>	<u>3,496,234</u>
Net increase in loans and advances		(1,133,673)	(19,117,592)
Net increase in deposits		1,688,317	22,877,052
Net cash from operating activities	18(a)	<u>2,850,478</u>	<u>7,255,694</u>
Cash flows from / (used in) investing activities			
Net (increase) / decrease in receivables from other financial institutions		916,100	(9,884,519)
Acquisition of property, plant and equipment		(159,952)	(314,021)
Acquisition of intangible assets		(954,891)	(610,234)
Proceeds from sale of plant and equipment		13,534	22,792
Proceeds from sale of other financial assets		1,221,778	-
Net cash from / (used in) investing activities		<u>1,036,569</u>	<u>(10,785,982)</u>
Cash flows from financing activities			
Repayment of the lease liabilities		(218,297)	(159,874)
Net cash used in financing activities		<u>(218,297)</u>	<u>(159,874)</u>
Net increase / (decrease) in cash and cash equivalents		<u>3,668,750</u>	<u>(3,690,161)</u>
Cash and cash equivalents at 1 July		<u>6,406,089</u>	<u>10,096,250</u>
Cash and cash equivalents at 30 June	7	<u>10,074,839</u>	<u>6,406,089</u>

*The comparative information is restated on account of correction of errors. See Note 1(t).

The Statement of Cash Flows is to be read in conjunction with the accompanying notes set out on pages 13 to 57.

Notes to the Financial Statements For the year ended 30 June 2025

1. Material accounting policy information

WAW Credit Union Co-operative Limited, trading as BankWAW (the organisation) is a company domiciled in Australia. The Financial Statements were authorised for issuance by the Directors on the 21st day of October 2025.

The address of the Credit Union's registered offices is 11 Stanley St, Wodonga, VIC, 3690.

The Credit Union is incorporated and domiciled in Australia. The principal activity of the organisation is to raise funds from the organisation's customers for the purpose of making loans to customers. No significant change in the nature of the activity has occurred during the year.

(a) Statement of compliance

The Financial Statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board.

(b) Basis of preparation and consolidation

The financial statements are presented in Australian dollars. The financial statements have been prepared on the basis of historical costs except for land and buildings and other financial assets.

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Credit Union.

Judgements made by Management in the application of Australian Accounting Standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 1(q).

The Credit Union presents the statement of financial position showing assets and liabilities in their broad order of liquidity because this presentation provides more relevant information than separate current and non-current classifications. The financial report has been prepared on a going concern basis.

Subsidiaries are entities controlled by BankWAW. BankWAW controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

BankWAW has elected to present both BankWAW as an individual entity and as a consolidated entity on the basis that the impact of consolidation is not material to the entity. This applies to all other information unless otherwise stated.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits at call, and other short-term deposits (such as term deposits and negotiable certificates of deposits, with original maturities of three months or less) held with Authorised Deposit-taking Institutions (ADIs).

Cash and cash equivalents are initially recognised at cost plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method, less any expected credit losses or impairment losses.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

1. Material accounting policy information (cont'd)

(d) Receivables due from other financial institutions (cont'd)

Receivables due from other financial institutions include investments with original maturities greater than three months, such as floating rate notes and government bonds. These are typically held via the Austraclear system with the Reserve Bank of Australia and are classified as high-quality liquid assets under APRA prudential standards.

Receivables due from other financial institutions are initially recognised at cost plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method, less any expected credit losses or impairment losses.

(e) Customer loans and advances

Loans and advances are measured at amortised cost using the effective interest rate method, less any expected credit losses / impairment losses.

An analysis of the Credit Union's loan origination fees and associated cost structure indicated that the net amount of fee revenue required to be deferred is not material, and accordingly no deduction from loans has been made.

If the terms of a financial asset are modified, an assessment is made to determine if the changes to the terms of the existing financial asset are considered substantial. If the change in cash flows are substantially different, the original financial asset is derecognised and a new asset is recognised at fair value. Any gain or loss between the original and new asset is recognised in profit or loss. Where a modification is considered to not be substantial, the Credit Union recalculates the gross carrying amount using the original effective interest rate and recognises the difference in profit or loss.

(f) Provision for impairment / expected credit losses of financial assets

AASB 9's impairment requirements use forward-looking information to recognise expected credit losses – the "expected credit loss model" (ECL).

In applying this forward-looking approach, a distinction is made between:

- Financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (performing loans) ('Stage 1'); and
- Financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' covers financial assets that have objective evidence of impairment (loans in default) at the reporting date.

Measurement of ECL

The Credit Union applies a three-stage approach to measuring expected credit losses (ECLs) for financial assets that are not measured at fair value through profit or loss.

- 12-months ECL (Stage 1) - The portion of lifetime ECL associated with the probability of default events occurring within the next 12 months.
- Lifetime ECL – not impaired (Stage 2) - ECL associated with the probability of default events occurring throughout the life of an instrument.
- Lifetime ECL – impaired (Stage 3) - Lifetime ECL, but interest revenue is measured based on the carrying amount of the instrument net of the associated ECL.

Exposures are assessed on a collective basis in Stage 1, and on individual basis in Stage 2 and Stage 3. At each reporting date, the Credit Union assesses the credit risk of exposures in comparison to the risk at initial recognition, to determine the stage that applies to the associated ECL measurement. If the credit risk of an exposure has increased significantly since initial recognition, the asset will migrate to Stage 2. If no significant increase in credit risk is observed, the asset will remain in Stage 1. Should an asset become credit-impaired it will be transferred to Stage 3.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

1. Material accounting policy information (cont'd)

(f) Provision for impairment / expected credit losses of financial assets (cont'd)

Critical accounting estimates and judgements in the ECL

A number of significant judgements are required in applying the accounting requirements for measuring ECL, which are detailed below:

Assumptions used for estimating impairment

In assessing the impairment of financial assets under the expected credit loss model, the Credit Union defines default as occurring when a loan obligation is 90 days past due. The definition of default largely aligns with that applied by APRA for regulatory reporting purposes, and the criteria used for internal credit risk management purposes.

Assessment of significant increase in credit risk

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; and
- Loans with approved hardship or modified terms.

Grouping of loans for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogenous. The Credit Union has elected to use the following segments when assessing credit risk for Stage 1 of the ECL model:

- Mortgage loans – secured by residential property
- Mortgage loans – secured by commercial property
- Personal loans – secured and unsecured including overdrafts / overdrawn; and
- Secured by funds

Sensitivity analysis and forward-looking information

The Credit Union's expected credit loss modelling incorporates prevailing economic conditions in Australia, including inflation levels, unemployment rates, and the interest rate environment. These indicators are considered in scenario analysis and probability-weighted outcomes to ensure the model remains appropriately responsive to changes in credit risk.

The Credit Union has prepared a sensitivity analysis over the allowance for expected credit losses, taking into consideration the following individual scenarios across the Credit Union's loan portfolio. The scenarios, including the underlying indicators, have been developed using a combination of publicly available data, internal forecasts and third-party information to form the base case scenario.

Base Case – the scenario was prepared using reasonable and supportable information that is relevant and available without undue cost or effort at balance date. The Credit Union took into consideration hardship loans, loan-to-value ratio on security for loans in hardship, borrower's capacity to repay and expected default of borrowers, unemployment rates (based on the forecasted unemployment rates from the Reserve Bank of Australia).

Worse than Base Case – this scenario considered a deterioration of borrower's capacity to repay and expected default of borrowers, a future increase in interest and unemployment rates, and a price shock to the property market compared to the base case.

Better than Base Case – this scenario considered an improvement in the borrower's capacity to repay and unexpected default of borrowers, a future decrease in unemployment rates, and an improvement to the property market compared to the base case.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

1. Material accounting policy information (cont'd)

(f) Provision for impairment / expected credit losses of financial assets (cont'd)

The results of the sensitivity analysis performed, taking into consideration a probability-weighted average of each different scenario eventuating, showed that the effect was not material compared to the Credit Union's base case allowance for expected credit losses. The Credit Union has elected to use the base case to measure its expected credit loss allowance at 30 June 2025.

Given the economic uncertainties and the judgement applied to factors used in determining the expected default of borrowers in future period, expected credit losses reported by the Credit Union should be considered as a best estimate within a range of possibilities.

Loans and advances are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Credit Union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out the individual asset level. Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI. Financial assets that written off could still be subject to enforcement activities in order to comply with the Credit Union's procedures for recovery of amounts due.

ECL Calculation

The ECL is calculated using three main parameters i.e. a probability of default (PD), a loss given default (LGD) and an exposure at default (EAD) combined with historical, current and forward-looking information, including macro-economic data.

- For accounting purposes, the 12-months and lifetime
- PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of loan.
- The LGD represents expected loss conditional on default, taking into account the mitigating effect of collateral, and its expected value when realised.
- The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdown of a facility.

The 12-months ECL is equal to the discounted sum over the next 12-months of monthly PD multiplied by LGD and EAD. Lifetime ECL is calculated using the discounted sum of monthly PD over the full remaining life multiplied by LGD and EAD.

(g) Other financial assets

AASB 9 requires the Credit Union's equity investments in other financial assets to be held at fair value. The Credit Union has elected for these to be held at fair value through other comprehensive income (FVOCI). Subsequent movements in fair value are recognised in other comprehensive income and never reclassified to profit or loss.

Financial assets within the scope of AASB 9 expected credit loss (ECL) requirements comprise all financial debt instruments measured FVOCI. The ECL represents the present value of expected cash shortfalls following the default of a financial instrument. For financial assets classified as FVOCI, any credit losses are recognised in the fair value reserve.

(h) Property, plant and equipment & intangible assets

Land and buildings

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. Directors assess fair value on an annual basis, and in the non-valuation years utilise a desktop valuation provided by external independent valuer to support their opinion.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

1. Material accounting policy information (cont'd)

(h) Property, plant and equipment & intangible assets (cont'd)

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Any gain or loss on disposal of an item of plant and equipment is recognised in profit or loss.

Leasehold improvements

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Depreciation/amortisation

Depreciation/amortisation is charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The maximum estimated useful lives in the current and comparative periods are as follows:

• Buildings	40 years
• Office furniture & equipment	5 years
• Leasehold and office improvements	shorter of lease terms and 10 years
• Motor vehicles	5 years
• Computer hardware	4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Land is not depreciated.

Intangible assets

Items of computer software which are not integral to the computer hardware owned by the Credit Union are classified as intangible assets.

Computer software is amortised over the expected useful life of the software. The maximum estimated useful lives in the current and comparative periods are as follows:

• Computer software	3 years
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Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Credit Union.

(i) Employee entitlements

Long term service benefits

The Credit Union's net obligation in respect of long term service benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to high quality corporate bonds at the balance date which have maturity dates approximating to the terms of the Credit Union's obligations.

Short term benefits

Liabilities for employee benefits for wages, salaries and annual leave expected to be taken within 12 months represent present obligations resulting from employees services provided to reporting date, calculated at undiscounted amounts based on remuneration wages and salary rates that the Credit Union expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax. Annual leave expected to be taken after 12 months is discounted back to present value using the rates attached to high quality corporate bond rates at balance date.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

1. Material accounting policy information (cont'd)

(j) Customer deposits

Customer deposits are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

(k) Accounts payable and other liabilities

These amounts represent liabilities for goods and services provided to the Credit Union prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

(l) Revenue recognition

Interest revenue

Interest income arising from financial assets held at amortised cost is recognised using the effective interest rate (EIR) method. The EIR is the rate that discounts estimated future cash receipts or payments over the expected life of the financial asset or liability to the gross carrying amount or amortised cost. Fees and transaction costs that are integral to the lending arrangement are recognised in the profit and loss over the expected life of the instrument in accordance with the effective interest rate method.

The calculation of effective interest rate does not include expected credit loss. Interest income that is classified as impaired is recognised by applying the effective interest rate to the amortised cost carrying value, being the gross carrying amount after deducting the impairment loss.

Fee income

Loan, account and transaction fee income relates to fees that are not deemed to be an integral part of the effective interest rate.

Fee income relating to deposit or loan accounts is either:

- Transaction based and therefore recognised when the performance obligation related to the transaction is fulfilled, or
- Related to performance obligations carried out over a period of time, therefore recognised on a systemic basis over the life of the agreement as the services are provided.

Transaction fees and provision of services are defined within product terms and conditions.

Commissions

Commission income which includes insurance and financial planning advice is recognised when the performance obligation is satisfied.

Dividend income

Dividend income is recognised when the right to receive income is established.

Income from property

Rental income from leases is recognised on a straight-line basis over the term of the lease.

(m) Leases

Credit Union as a lessee

The Credit Union has elected to separate non-lease components from lease components and has accounted for payments separately, rather than as a single component.

Right-of-Use Asset (ROUA) Measurement

The ROUA is measured at cost, which is made up of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, any additional direct costs at the lease commencement and an estimate of any costs to dismantle and remove or make good the asset at the end of the lease term, less any leases incentives received.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

1. Material accounting policy information (cont'd)

(m) Leases (cont'd)

Lease Liability Measurement

The Credit Union measures the present value of the lease payments unpaid at the time of the lease commencement, discounted using the interest rate implicit in the lease or the Credit Union's incremental borrowing rate. Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method.

Depreciation of ROUA

The Credit Union depreciates the ROUA on a straight-line basis from the lease commencement date to the earlier of the end of useful life of the ROUA or the end of the lease term.

Short-Term and Low-Value Leases

Short term leases (term less than 12 months) or low-value leases (underlying asset value below \$10,000) will be accounted for by expensing the rent payments in the profit and loss statement on a straight line basis over the term of the lease.

Credit Union as a lessor

The lease is 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.

The lease income for an operating lease is recognised on a straight-line basis over the lease term.

(n) Income tax

Income tax for the periods presented comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years.

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 that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance date.

(o) Goods and Services Tax (GST)

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 2019. In addition, certain prescribed purchases are subject to reduced input tax credits (RITC), of which 75% of the GST paid is recoverable.

(p) Reserves

General reserve

Annually a transfer is performed between retained profits and the general reserve. The general reserve represents the accumulation of prior years' trading profits of the Credit Union after transfers to reserves.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

1. Material accounting policy information (cont'd)

(p) Reserves

The general reserve includes amounts allocated for the purpose of a shareholder share redemption balance per Compliance Note 2001.084. As at 30 June 2025, \$337,241 (2024: \$336,605) of the general reserve represents the amount of redeemable preference shares redeemed by the Credit Union since 1 July 1999. Accounting principles requires that the redemption of the shares be made out of profits. Since the value of the shares has been paid to members in accordance with the terms and conditions of the share issue, the account represents the amount of profits appropriated to the account.

Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of land and buildings.

Financial asset reserve

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

(q) Accounting estimates and judgements

Management has been involved in the development, selection and disclosure of the Credit Union's critical accounting policies and estimates and the application of these policies and estimates. In particular, information about areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 1(f) and Note 11 – Impairment of loans and advances with regards to the expected credit loss modelling and judgements, including:
 - Determining criteria for significant increase in credit risk: An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Credit Union takes into account qualitative and quantitative reasonable and supportable forward-looking information;
 - Choosing appropriate models and assumptions for the measurement of expected credit loss; and
 - Establishing groups of similar financial assets for the purposes of measuring expected credit loss: When expected credit loss is measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics.
- Note 13 – Fair value assumptions used for land and buildings; and
- Note 12 – Fair value assumptions used for other financial assets.

(r) 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.

(s) New or amended accounting standards not yet mandatory

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2025 and earlier application is permitted. The Credit Union, however, has not early adopted them in preparing this financial report as those standards remain subject to ongoing assessment. These standards are not expected to have a material impact on the Credit Union's financial statements with the exception of AASB 18 detailed below.

AASB 18 Presentation and Disclosure in the Financial Statements (for profit entities) was issued in June 2024 and will be effective for the Credit Union on 1 July 2027. The new standard on presentation and disclosure in financial statements focuses on significant updates to the income statements with greater disaggregation of information to enhance transparency, comparability and consistency on how financial measures are communicated.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

1. Material accounting policy information (cont'd)

(s) New or amended accounting standards not yet mandatory (cont'd)

The new key concepts relate to the structure of the statements, required disclosures for certain profit or loss performance measures that are reported outside an entity's financial statements (management-defined performance measures) and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Management will assess the requirements of AASB 18, and evaluate data, systems, process, controls and reporting considerations in order to transition to the new standard.

(t) Reclassification of comparative figures

During the year ended 30 June 2025, the Credit Union reviewed the classification of certain investments previously reported under 'cash and cash equivalents' and 'receivables due from other financial institutions'. This reassessment was undertaken to more accurately reflect the nature and liquidity of these instruments, in line with AASB 101 *Presentation of Financial Statements* and AASB 107 *Statement of Cash Flows*.

Security deposits, negotiable certificate of deposits (NCD), floating rate notes and government bonds with maturities greater than 90 days were previously classified as 'cash and cash equivalents' due to their holding via Austraclear and designation as high-quality liquid assets under APRA. These have now been reclassified to 'receivables due from other financial institutions' to better reflect their longer-term nature and liquidity profile.

Term deposits with maturities of 90 days or less, previously classified as 'receivables due from other financial institutions' (as they were not held via Austraclear and not considered high-quality liquid assets under APRA), have now been reclassified to 'cash and cash equivalents' due to their short-term nature and high liquidity.

In accordance with AASB 101, comparative figures for the year ended 30 June 2024 have been restated to reflect these changes.

Impact of Reclassification on Comparative Figures

The impact of the reclassification is as follows:

Statement of financial position – 30 June 2024 Comparative year

Line Item	30 June 2024 (as previously stated)	Adjustments	30 June 2024 (restated)
Cash and cash equivalents	130,197,356	(123,791,267)	6,406,089
Receivables due from other financial institutions	7,546,456	123,791,267	131,337,723
Total assets	709,398,640	-	709,398,640
Net assets	44,314,818	-	44,314,818

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

1. Material accounting policy information (cont'd)

(t) Reclassification of comparative figures (cont'd)

Impact on the Statement of Cash Flows

The reclassification has also resulted in changes to the presentation of certain cash flows in the statement of cash flows for the comparative period.

Statement of cashflow – 30 June 2024 Comparative year

Line Item	30 June 2024 (as previously stated)	Adjustments	30 June 2024 (restated)
Cashflow from investing activities			
Net (increase) / decrease in receivables from other financial institutions	5,997,787	(15,882,306)	(9,884,519)
Net cash from/(used in) investing activities	5,096,324	(15,882,306)	(10,785,982)
Net increase / (decrease) in cash and cash equivalents	12,192,144	(15,882,306)	(3,690,161)
Cash and cash equivalents at 1 July	118,005,212	(107,908,962)	10,096,250
Cash and cash equivalents at 30 June	130,197,356	(123,791,267)	6,406,089

- Cash flows relating to term deposits with maturities of three months or less are now included within cash and cash equivalents, resulting in changes to the opening and closing balances of cash and cash equivalents presented in the statement of cash flows.
- Cash flows relating to security deposits, NCD, floating rate notes and government bonds with maturities greater than three months are now presented as investing activities, rather than as movements in cash and cash equivalents.

The comparative statement of cash flows for the year ended 30 June 2024 has been restated accordingly to ensure consistency with the revised classification. The opening balance of cash and cash equivalents at 1 July 2023 has also been restated to align with the new classification, ensuring comparability across all periods presented.

Notes to the Financial Statements

For the year ended 30 June 2025 (cont'd)

	2025	2024
	\$	\$
2. Interest revenue and interest expense		
Interest Revenue		
Loans and advances - customers	30,897,576	28,411,234
Investment securities	6,384,046	5,578,541
	<u>37,281,622</u>	<u>33,989,775</u>
Interest Expense		
Deposits - customers	(19,303,936)	(18,851,401)
Short-term borrowings	(9,155)	(7,361)
Lease liabilities	(66,704)	(60,776)
	<u>(19,379,795)</u>	<u>(18,919,538)</u>
3. Other revenue & other income		
a) Non-Interest Revenue		
Revenue from contracts with customers		
Loan fees	385,761	404,796
Transaction and other fees	1,075,131	1,085,320
Commissions – insurance related	319,428	456,402
Commissions – other	9,555	11,537
	<u>1,789,875</u>	<u>1,958,055</u>
Other sources of income		
Rent	217,803	208,986
Dividends	92,855	98,717
Gain on disposal of assets (net)	13,534	22,792
Other income	81,153	3,990
	<u>405,345</u>	<u>334,485</u>
Total non-interest revenue	<u>2,195,220</u>	<u>2,292,540</u>

Revenue recognition is summarised in the accounting policy at Note 1(l).

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

3. Other revenue & other income (cont'd)

a) Non-Interest Revenue (cont'd)

Further details with regards to the revenue from contracts with customers under AASB 15 is disclosed below:

	Nature and timing of satisfaction of performance obligations	Revenue recognition under AASB 15
Fee income		
Loan fees	Loan fees and charges includes fees for ongoing loan account management, as well as late repayment fees and other penalty charges. These fees and charges are charged to the customer's account as incurred.	Loan fees and charges are recognised at the point in time when the transaction takes place.
Electronic transaction fees / Visa card fees / Other fees	The Credit Union provides financial services to members. Fees for ongoing account management are charged to the customer's account on a monthly basis. Transaction-based fees are charged to the customer's account when the transaction takes place.	Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.
Commission income		
Insurance	Commission income is generated via the issuing of third party insurance policies to members. A financial contribution is also available to help cover the direct costs of projects and/or campaigns.	Commission income is recognised when the insurance policy is issued. Commission income for renewals is recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of a significant reversal in a subsequent period. The receipt of renewal commission income is outside the control of the Credit Union. Any marketing contributions are recognised in the year the campaign occurs.
Other	Other commission includes sale of foreign currency via Travelex.	Revenue is recognised at the point in time when it is received as that is when the service has occurred.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

	2025 \$	2024 \$
4. Depreciation & amortisation expenses, personnel expenses & other expenses		
a) Depreciation and amortisation expenses		
Depreciation and amortisation of property, plant and equipment:		
Plant and equipment	233,856	257,360
Buildings	158,222	157,953
Leasehold improvements	11,239	13,004
Depreciation of right-of-use assets	188,301	182,907
Amortisation of intangible assets	287,366	126,022
	<u>878,984</u>	<u>737,246</u>
b) Personnel expenses		
Wages and salaries	7,251,652	6,877,033
Other associated personnel expenses	285,094	288,421
Contributions to defined contribution superannuation plans	948,207	867,723
	<u>8,484,953</u>	<u>8,033,177</u>
c) Other expenses		
Occupancy costs	96,465	96,979
Total other expenses	<u>96,465</u>	<u>96,979</u>

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

	2025	2024
	\$	\$
5. Income tax		
Profit before tax	3,197,430	1,633,965
Prima facie income tax expense calculated at 25% on net profit (2024: 25%)	799,357	408,491
Increase/(decrease) in income tax due to:		
Non-deductible expenses	6,306	7,118
Imputation credits	(29,846)	(28,330)
Under/(over) provision for income tax in prior year	(12,755)	8,361
Utilisation of tax losses not previously recognised	(5,308)	-
Other differences in tax treatment	(44,325)	20,214
Income tax expense	<u>713,429</u>	<u>415,854</u>
Current tax expense	1,091,294	522,483
Deferred tax expense	(365,110)	(114,990)
Prior year adjustment	(12,755)	8,361
Income tax expense	<u>713,429</u>	<u>415,854</u>

6. Taxation balances

Deferred tax assets and liabilities are attributable to the following:

Deferred tax assets		
Customer Loans & Advances	3,606	3,739
Accounts Payable & Other Liabilities	45,885	51,330
Employee Benefits	314,262	292,243
Leases ⁽²⁾	11,463	18,961
Total deferred tax assets	<u>375,216</u>	<u>366,273</u>
Deferred tax liabilities		
Prepayments	(64,860)	(56,801)
Other Financial Assets	(308,559)	(339,621)
Property, Plant & Equipment, & Intangibles ⁽¹⁾	(811,317)	(943,404)
Total deferred tax liabilities	<u>(1,184,736)</u>	<u>(1,339,826)</u>
Total net deferred tax liabilities	<u>(809,520)</u>	<u>(973,553)</u>

1. The Credit Union's land and buildings includes property that is exempt from Capital Gains Tax (CGT). As such a deferred tax liability in relation to the revaluation has only been recognised on the properties that are subject to CGT.
2. The deferred tax outcome of the ROUA and lease liability have been offset, given that they relate to the same underlying lease transaction. The deferred tax liabilities and deferred tax assets for ROUA and lease liability are \$175,370 (2024: \$205,618) and \$186,833 (2024: \$224,579), respectively.

Income tax receivable

The current tax receivable by the Credit Union is \$12,934 (2024: \$591,210 receivable) and represents the amount of income taxes receivable in respect of current and prior periods.

Notes to the Financial Statements

For the year ended 30 June 2025 (cont'd)

	2025 \$	2024 \$
6. Taxation balances (cont'd)		
Income tax (receivable)	(12,934)	(591,210)
Movement in taxation (receivable)		
Balance at beginning of year	(591,210)	(21,924)
Current year's income tax expense on profit before tax	1,091,294	522,483
Income tax paid	(500,263)	(1,100,130)
Prior year adjustment	(12,755)	8,361
Balance at end of year	(12,934)	(591,210)
7. Cash and cash equivalents	2025 \$	2024 Restated* (\$)
Cash on hand and at bank	1,128,842	1,150,972
Cash at bank	448,214	4,208,661
Deposits at call	1,500,000	1,000,000
Negotiable certificate of deposits	4,949,024	-
Term Deposits	2,048,759	46,456
	<u>10,074,839</u>	<u>6,406,089</u>

* The amounts have been restated for the correction of error set out in Note 1(t) relating to the correction of classification of cash and cash equivalents.

Credit rating of cash & cash equivalents⁽¹⁾

Cuscal Limited – rated A	1,948,214	5,208,661
Banks – rated AA- and above	-	-
Banks – rated below AA-	6,997,783	46,456
N/A – cash on hand	1,128,842	1,150,972
	<u>10,074,839</u>	<u>6,406,089</u>

⁽¹⁾ Credit ratings are based on recognised S&P long-term ratings.

* The comparative information is restated on account of correction of errors. See Note 1(t).

Notes to the Financial Statements

For the year ended 30 June 2025 (cont'd)

	2025	2024
	\$	Restated* (\$)
8. Receivables due from other financial institutions		
Security Deposits	14,370,000	14,370,000
Negotiable certificate of deposits	42,551,623	43,967,723
Term Deposits	5,500,000	7,500,000
Floating rate note securities (FRNS)	16,000,000	16,000,000
Government securities	52,000,000	49,500,000
	<u>130,421,623</u>	<u>131,337,723</u>

*The comparative information is restated on account of correction of errors. See Note 1(t).

Remaining maturity analysis

Longer than 3 and not longer than 12 months	55,551,623	54,967,723
Longer than 12 months and not longer than 5 years	52,000,000	69,370,000
Longer than 5 years	22,870,000	7,000,000
	<u>130,421,623</u>	<u>131,337,723</u>

Credit rating of receivables due from other financial institutions

Cuscal Limited – rated A	14,370,000	14,370,000
Banks – rated AA- and above	68,000,000	67,500,000
Banks – rated below AA-	48,051,623	49,467,723
	<u>130,421,623</u>	<u>131,337,723</u>

	2025	2024
	\$	\$
9. Other receivables		
Interest receivables	856,552	940,184
Other	102,489	376,747
	<u>959,041</u>	<u>1,316,931</u>

10. Customer loans and advances

Overdrafts – customers	3,209,000	3,865,174
Term loans – customers	555,419,648	553,629,800
Gross loans and advances – customers	558,628,648	557,494,974
Provision for impairment	(14,423)	(14,956)
	<u>558,614,225</u>	<u>557,480,018</u>

Maturity analysis

Overdrafts	3,209,000	3,865,174
Not longer than 3 months	5,241,972	5,441,443
Longer than 3 and not longer than 12 months	14,846,185	14,931,737
Longer than 1 and not longer than 5 years	80,750,076	81,222,135
Longer than 5 years	454,581,415	452,034,485
	<u>558,628,648</u>	<u>557,494,974</u>

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

10. Customer loans and advances (cont'd)

Security held against loans

	2025 \$	2024 \$
Secured by mortgage over residential property	517,141,261	519,568,971
Secured by mortgage over commercial property	38,026,279	33,325,843
<i>Total loans secured by real estate</i>	555,167,540	552,894,814
Secured by funds	481,321	1,010,844
Partly secured by goods mortgage	2,876,478	3,514,166
Fully unsecured	103,309	75,150
	<u>558,628,648</u>	<u>557,494,974</u>

It is not practicable to value all collateral as at the balance date due to the variety of assets and condition. A breakdown of the quality of the residential real estate mortgage security on a portfolio basis is as follows:

Loan to Value Ratio of 80% or less	453,652,712	450,962,358
Loan to Value Ratio of more than 80% but mortgage insured	18,664,386	24,981,266
Loan to Value Ratio of more than 80% but government guaranteed.	44,261,686	43,625,347
Loan to Value Ratio of more than 80% not mortgage insured or government guaranteed.	562,447	-
	<u>517,141,231</u>	<u>519,568,971</u>

Concentration of risk

Significant individual exposures

The loan portfolio of the Credit Union does not include any loans or advances which represents 10% or more of capital.

Geographical concentrations

The Credit Union has an exposure to groupings of individual loans which concentrate risk and create exposure to the geographical areas of North Eastern Victoria and Southern New South Wales.

The geographical segment details are below:

- Victoria	387,775,287	378,065,570
- New South Wales	154,763,040	162,124,202
- Other	16,090,321	17,305,202
	<u>558,628,648</u>	<u>557,494,974</u>

11. Impairment of loans and advances

Total provision comprises of:

Expected credit loss allowance	14,423	14,956
Total provision	<u>14,423</u>	<u>14,956</u>

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

11. Impairment of loans and advances (cont'd)

Amounts arising from expected credit loss:

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

Credit risk exposure under expected credit loss - 2025	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loan category	2025 \$	2025 \$	2025 \$	2025 \$
<i>Mortgages loans – secured by property (residential & commercial)</i>				
Up to 30 days	544,829,880	-	-	544,829,880
More than 30 days, but less than 90 days*	-	9,443,184	-	9,443,184
More than 90 days, but less than 180 days	-	-	247,225	247,225
More than 180 days, but less than 270 days	-	-	153,779	153,779
More than 270 days, but less than 365 days	-	-	216,044	216,044
More than 365 days	-	-	277,428	277,428
<i>Personal loans – secured & under secured (including overdrafts / overdrawns)</i>				
Up to 30 days	3,441,388	-	-	3,441,388
More than 30 days, but less than 90 days*	-	-	956	956
More than 90 days, but less than 180 days	-	-	6,227	6,227
More than 180 days, but less than 270 days	-	-	518	518
More than 270 days, but less than 365 days	-	-	-	-
More than 365 days	-	-	12,019	12,019
<i>Secured by funds</i>				
Total carrying amount – gross	548,271,268	9,443,184	914,196	558,628,648
Less expected credit loss allowance	-	-	(14,423)	(14,423)
Total carrying amount – net	548,271,268	9,443,184	899,773	558,614,225
Security analysis -Stage 2 & Stage 3				
Estimated collateral – after discount	N/A	15,018,775	1,806,246	16,825,021

*Includes Hardship Loans

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

11. Impairment of loans and advances (cont'd)

Credit risk exposure under expected credit loss - 2024	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loan category	2024 \$	2024 \$	2024 \$	2024 \$
<i>Mortgages loans – secured by property (residential & commercial)</i>				
Up to 30 days	542,674,570	-	-	542,674,570
More than 30 days, but less than 90 days*	-	9,515,155		9,515,155
More than 90 days, but less than 180 days	-	-	212,481	212,481
More than 180 days, but less than 270 days	-	-	154,327	154,327
More than 270 days, but less than 365 days	-	-	-	-
More than 365 days	-	-	277,428	277,428
<i>Personal loans – secured & under secured (including overdrafts / overdrawns)</i>				
Up to 30 days	4,643,469	-	-	4,643,469
More than 30 days, but less than 90 days	-	-	1,695	1,695
More than 90 days, but less than 180 days	-	-	3,986	3,986
More than 180 days, but less than 270 days	-	-	1,094	1,094
More than 270 days, but less than 365 days	-	-	-	-
More than 365 days	-	-	10,769	10,769
<i>Secured by funds</i>	-	-	-	-
Total carrying amount – gross	547,318,039	9,515,155	661,780	557,494,974
Less expected credit loss allowance	(624)	-	(14,332)	(14,956)
Total carrying amount – net	547,317,415	9,515,155	647,448	557,480,018
Security analysis -Stage 2 & Stage 3				
Estimated collateral – after discount	N/A	16,744,956	1,077,615	17,822,571

*Includes Hardship Loans

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

11. Impairment of loans and advances (cont'd)

Reconciliation of allowance for impairment

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

2025:

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Movement category	2025 \$	2025 \$	2025 \$	2025 \$
Balance at 1 July 2024	624	-	14,332	14,956
Movement due to increase in loans & advances	-	-	-	-
Movement due to changes in credit risk & model parameters	(624)	-	91	(533)
Bad debts written off from provision	-	-	-	-
Balance at 30 June 2025	-	-	14,423	14,423

During the 2025 financial year, there was no significant change to the gross carrying amount of financial instruments subject to the expected credit loss provision.

2024:

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Movement category	2024 \$	2024 \$	2024 \$	2024 \$
Balance at 1 July 2023	5,863	-	5,400	11,263
Movement due to increase in loans & advances	-	-	-	-
Movement due to changes in credit risk & model parameters	(5,239)	-	8,932	3,693
Bad debts written off from provision	-	-	-	-
Balance at 30 June 2024	624	-	14,332	14,956

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

	2025 \$	2024 \$
11. Impairment of loans and advances (cont'd)		
Loans restructured		
Loans restructured during the financial year - all	171,775	-
Balance at the end of the financial year	170,771	-
 Loans restructured during the financial year – moved from Stage 2 or Stage 3, to Stage 1	-	-
Balance at the end of the financial year	-	-
 Sale of asset acquired through enforcement of security		
Opening balance of enforcement security	-	-
Real estate acquired through enforcement of security	-	-
Expenses	-	-
Proceeds from sale of property & insurance claim	-	-
Balance of loan written off	-	-
Specific provision for impairment written back	-	-
Balance at the end of the financial year	-	-
 12. Other financial assets		
 Equity investment securities designated as fair value through other comprehensive income (FVOCI) – held at fair value		
- Shares in Cuscal Limited (a)	1,466,136	1,769,136
- Shares in Experteq (TransAction Solutions Pty Ltd)	88,671	203,146
	<u>1,554,807</u>	<u>1,972,282</u>

(a) Cuscal Limited

The Credit Union designated its investment in CUSCAL equity securities as at FVOCI, as the Credit Union considers this investment to be strategic in nature. In November 2024, CUSCAL listed on the Australian Securities Exchange ('ASX'). As part of this initial public offering (IPO), the Credit Union sold 50% of its shareholding in CUSCAL. Refer to Note 25 for more details on the fair value measurement.

Notes to the Financial Statements

For the year ended 30 June 2025 (cont'd)

	2025	2024
	\$	\$
13. Property, plant and equipment		
Land		
At fair value	1,686,900	1,686,900
	<u>1,686,900</u>	<u>1,686,900</u>
Buildings on freehold land		
At fair value	6,334,296	6,344,862
Accumulated depreciation	(474,129)	(315,906)
	<u>5,860,167</u>	<u>6,028,956</u>
Office furniture, plant and equipment, computer hardware and motor vehicles		
At cost	2,053,436	1,985,267
Accumulated depreciation	(1,420,961)	(1,289,454)
	<u>632,475</u>	<u>695,813</u>
Leasehold improvements		
At cost	553,682	553,682
Accumulated amortisation	(512,361)	(501,122)
	<u>41,321</u>	<u>52,560</u>
Carrying amount of total property, plant and equipment	<u>8,220,863</u>	<u>8,464,229</u>

(a) Valuations

The freehold land and/or buildings at Beechworth, Chiltern, Corryong, Myrtleford, Lavington, Tallangatta, Wangaratta and Wodonga were independently valued in May 2022 by Acumentis Albury NSW (Acumentis), Certified Practising Valuers, on the basis of and in accordance with Australian Accounting Standards AASB 13 Fair Value Measurement and AASB 116 Property, Plant & Equipment. These valuations were adopted by the Credit Union as at 30 June 2022. The Credit Union has a set policy for regular valuation of freehold land and buildings at least once every three financial years. Refer to Note 1(r) and Note 25 for further information on fair value measurement. Valuations conducted in a prior period are formally reviewed at least annually to ensure that they continue to represent an accurate assessment.

On 31 May 2025, the Credit Union received a further independent valuation from Acumentis which indicated a small overall reduction in the value of property assets of \$105,000 (–1.31%) compared with the 2022 valuations. A review by the Executive concluded, and the Board supported, that this movement is not material in the context of the Credit Union's total assets and equity position. Accordingly, the existing 2022 valuations have been retained for the purposes of the financial statements as at 30 June 2025.

The Directors have assessed that the carrying amount of land and buildings does not differ materially from that which would be determined using fair value at 30 June 2025. The next independent full valuation is scheduled to be completed by 30 June 2028.

Notes to the Financial Statements for the year ended 30 June 2025 (cont'd)

13. Property, plant and equipment (cont'd)

(b) Reconciliations

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

	Land	Buildings	Plant and equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2023	1,686,900	6,160,147	713,266	18,213	8,578,526
Additions	-	26,762	239,908	47,351	314,020
Revaluations	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	-	(157,953)	(257,361)	-	(415,313)
Amortisation	-	-	-	(13,004)	(13,004)
Balance at 30 June 2024	1,686,900	6,028,956	695,813	52,560	8,464,229
Balance at 1 July 2024	1,686,900	6,028,956	695,813	52,560	8,464,229
Additions	-	-	159,952	-	159,952
Revaluations	-	-	-	-	-
Transfers	-	(10,566)	10,566	-	-
Disposals	-	-	-	-	-
Depreciation	-	(158,223)	(233,856)	-	(392,079)
Amortisation	-	-	-	(11,239)	(11,239)
Balance at 30 June 2025	1,686,900	5,860,167	632,475	41,321	8,220,863

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

14. Intangible assets

	2025 \$	2024 \$
At cost – computer software	3,447,878	2,534,811
Accumulated amortisation	(1,999,870)	(1,754,328)
	<u>1,448,008</u>	<u>780,483</u>

Reconciliations

Reconciliations of the carrying amounts for each class of intangible assets are set out below:

Computer software & licences

Balance at beginning of the year	780,483	296,271
Acquisitions	954,891	610,234
Disposals	-	-
Amortisation	(287,366)	(126,022)
Balance at end of the year	<u>1,448,008</u>	<u>780,483</u>

15. Customer deposits

Deposits at call	380,372,573	358,875,476
Term deposits	277,243,682	297,052,462
	<u>657,616,255</u>	<u>655,927,938</u>

Remaining maturity analysis

At call	380,127,893	358,875,475
Not longer than 3 months	180,096,627	152,905,176
Longer than 3 and not longer than 12 months	86,603,888	126,214,970
Longer than 1 and not longer than 5 years	10,787,847	17,932,317
	<u>657,616,255</u>	<u>655,927,938</u>

Concentration of deposits

Geographical concentrations

The Credit Union operates in the geographic areas of North Eastern Victoria and Southern New South Wales and customer deposits at balance date were principally received from customers employed in these areas.

The geographical segment details are below:

- Victoria	489,168,861	490,379,907
- New South Wales	147,214,772	146,815,090
- Other	21,232,622	18,732,941
	<u>657,616,255</u>	<u>655,927,938</u>

Significant individual customer deposits

As at 30 June 2025, the Credit Union's deposit portfolio did not have any deposit which represented 5% or more of total liabilities (2024: Nil).

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

	2025 \$	2024 \$
16. Accounts payable and other liabilities		
Accrued interest payable	3,439,540	3,879,669
Sundry creditors, accruals and customer clearing accounts	853,977	2,136,955
	<u>4,293,517</u>	<u>6,016,624</u>
17. Employee benefits		
Current		
Salaries and wages accrued	141,543	98,421
Liability for long service leave	503,223	526,364
Liability for annual leave	613,800	570,537
	<u>1,258,566</u>	<u>1,195,322</u>
Non current		
Liability for long service leave	140,027	72,068
	<u>1,398,593</u>	<u>1,267,390</u>
18. Reconciliation of cash flows from operating activities	2025 \$	2024 \$
(a) Cash flow from operating activities		
Profit after income tax	2,484,001	1,218,111
<i>Non-cash flows in operating profit/(loss):</i>		
Gain on sale of non-current assets	(13,534)	(22,792)
Depreciation on property, plant & equipment	392,078	415,314
Amortisation on leasehold improvements	11,239	13,004
Amortisation of intangible assets	287,366	126,022
Depreciation of ROUA	188,301	182,907
Impairment (reversal)/ charge	(534)	3,693
Provision for employee entitlements	88,081	82,007
<i>Changes in assets and liabilities:</i>		
Decrease/(increase) in other receivables	357,890	(306,295)
Increase in deferred tax asset	(8,943)	(35,168)
Increase/(decrease) in prepayments	(32,236)	1,306
(Decrease)/increase in accounts payable & other liabilities	(1,723,107)	2,453,146
Increase/(decrease) in income tax receivable	578,276	(569,286)
Increase in salaries & wages accrued	43,123	14,088
Decrease in deferred tax liability	(356,167)	(79,823)
Net cash from revenue activities	<u>2,295,834</u>	<u>3,496,234</u>
Add/(deduct) non-revenue operations		
Increase in loan and advances	(1,133,673)	(19,117,592)
Increase in deposits	1,688,317	22,877,052
	<u>2,850,478</u>	<u>7,255,694</u>

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

18. Reconciliation of cash flows from operating activities (cont'd)

(b) Cash flows presented on a net basis

Cash flows arising from the following activities are presented on a net basis in the Statement of Cash Flows:

- (i) customer deposits to and withdrawals from deposit accounts and short-term borrowings;
- (ii) borrowings and repayments on loans, advances and other receivables; and
- (iii) movements in investment securities.

(c) Credit Union overdraft facility

The Credit Union has access to an overdraft facility provided by Cuscal Limited to the extent of \$7,500,000 (2024: \$7,500,000) and incurs an interest rate of 6.85% (2024: 7.30%). This overdraft facility is secured by a Cash Deposit. As at 30 June 2025, the facility was unused (2024: facility was unused).

19. Leases

(a) Credit Union as a lessee

Nature of the leasing activities

The Credit Union leases properties at Albury, Wodonga, Walwa, Walla Walla and Yackandandah which are used as member service centres as well as another Wodonga property used for administrative staff. A storage shed is also leased for equipment and stock overflow.

Extension options

A number of the building leases contain extension options which allow the Credit Union to extend the lease term by beyond the non-cancellable period. The Credit Union includes options in the leases to provide flexibility and certainty to the Credit Union operations and reduce costs of moving premises, and the extension options are at the Credit Union's discretion.

At commencement date and each subsequent reporting date, the Credit Union assesses where it is reasonably certain that the extension options will be exercised.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

19. Leases (cont'd)

(a) Credit Union as a lessee (cont'd)

	2025 \$	2024 \$
Right-of-use assets		
At cost	926,502	1,190,113
Accumulated depreciation	(225,024)	(367,642)
	<u>701,478</u>	<u>822,471</u>
Reconciliation of the carrying amount of each class of right-of-use assets		
<i>Land & Buildings</i>		
Balance at start of the year	822,471	887,303
Depreciation charge	(188,301)	(182,908)
increase in right-of-use assets due to changes in lease liability	67,308	118,076
Balance at end of the year	<u>701,478</u>	<u>822,471</u>
Lease liabilities		
Current		
Not later than 1 year	204,946	190,574
Non-current		
Later than 1 year	542,382	707,743
	<u>727,328</u>	<u>898,317</u>
Maturity analysis of lease liabilities based on contractual undiscounted cash flows		
Not later than 1 year	240,714	219,992
Later than 1 year and not later than 5 years	628,780	702,521
Later than 5 years	10,149	128,938
	<u>879,643</u>	<u>1,051,451</u>

The Credit Union does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Credit Union's finance function.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

19. Leases (cont'd)

(a) Credit Union as a lessee (cont'd)

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:

	2025	2024
	\$	\$
Interest expense on lease liabilities	66,704	60,776
Rental expenses relating to variable lease payments (not included in the measurement of lease liabilities)	13,699	11,830
Rental expense relating to short-term leases	8,791	8,115
Rental expenses relating to low-value assets	2,756	2,526
Statement of cash flows		
Total cash outflow for leases (including interest)	256,394	242,919

Exemptions applied

The Credit Union has applied the exemptions relating to short-term leases and leases of low-value assets, as described at Note 1(m).

As at 30 June 2025, the Credit Union is committed to \$921 for short-term leases (2024: \$921).

Key assumptions used in calculations

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

- **Assessment of lease term** – as discussed above, this considers the extension options on a lease by lease basis.
- **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. This 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.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

19. Leases

(b) Credit Union as a lessor

OPERATING LEASES

Nature of the leasing activities

The Credit Union receives rental income from various tenants who lease a portion of the land and buildings owned at Beechworth and Northpoint Tower, Lavington. These leases have been classified as operating leases for financial reporting purposes and the assets are included as property, plant and equipment in the Statement of Financial Position (refer Note 13).

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 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 are shown below:

	2025	2024
	\$	\$
Lease / rental income (excluding variable lease payments not dependent on an index or rate)	210,584	208,986
Lease / rental income relating to variable lease payments not dependent on an index or rate	7,219	-
Total lease / rental income	<u>217,803</u>	<u>208,986</u>

FINANCE LEASES

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

Notes to the Financial Statements

For the year ended 30 June 2025 (cont'd)

20. Contingent liabilities and credit commitments

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 customers. The total credit related commitments and the financial guarantees do not necessarily represent future cash requirements.

The Credit Union uses the same credit policies and assessment criteria in making commitments and conditional obligations for off-balance sheet risks as it does for on-balance sheet loan assets.

Credit related commitments include approved but undrawn loans, credit limits and loan redraw facilities.

Security analysis of credit related commitments	Credit related commitments		Financial guarantees	
Secured by:	2025 \$	2024 \$	2025 \$	2024 \$
Secured by mortgage over real estate	83,781,083	84,219,004	1,263,119	1,471,641
Secured by funds	-	-	181,004	148,364
Partly secured by goods mortgage	318,585	368,248	-	-
Fully unsecured	2,034,570	1,475,954	7,000	7,000
Total	86,134,238	86,063,206	1,451,123	1,627,005

Other contingent liabilities

WAW Credit Union Co-operative Limited is a party to the Credit Union Financial Support Scheme (CUFSS). The majority of Australian Mutual ADI's have established a self-regulatory system "CUFSS Limited" as an additional protection for depositors and in addition to other rigorous standards maintained by ADIs. CUFSS is a company limited by guarantee with each credit union's guarantee being \$100.

As a member of CUFSS, the Credit Union:

- May be required to advance funds of up to 3% (excluding permanent loans) of total assets to another credit union requiring financial support; and
- Agrees, in conjunction with other members, to fund the operating costs of CUFSS.

21. Auditors' remuneration

Amounts paid or payable to the External Auditor of WAW Credit Union (including GST) for:

KPMG (2025 auditor):

Audit of the financial statements of the Credit Union 107,030
Other regulatory assurance services 8,470
Other services –business advisory 37,400

Crowe Albury (2024 auditor):

Audit of the financial statements of the Credit Union - 88,550
Other regulatory assurance services - 27,500
Other services – taxation & business advisory - 9,031

2025 \$	2024 \$
107,030	-
8,470	-
37,400	-
-	88,550
-	27,500
-	9,031
152,900	125,081

The above amounts exclude out of pocket expenses recovered.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

22. Key management personnel

The following were key management personnel (KMP) 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

A M Jenvey	Board Chair Executive & Remuneration Committee Chair
F A Shanks	Director
J H Guest	Director
G A Nolan	Director Risk Management Committee Chair
S W Sampson	Director
M P Grogan	Director Audit Committee Chair
R McKie	Director (Commenced 13 November 2024 after conclusion of 2024 AGM)
P W Friedlieb	Director (Resigned 13 November 2024 at conclusion of 2024 AGM)

Executives

M A Mack	Chief Executive Officer / Company Secretary
R P Kearney	Regulatory Services Manager / Chief Risk Officer
V J McFarlane	Chief Financial Officer (Resigned 9 July 2025)
G M Whitehead	People, Sales & Marketing Manager
T M Finnen	Digital Transformation Manager
F C Sergi	IT & Systems Manager

Transactions with key management personnel

In addition to their salaries, the Credit Union also provides banking services and products to key management personnel as outlined below.

Key management personnel compensation

The key management personnel compensation included in "personnel costs" (see Note 4) are as follows:

	2025 \$	2024 \$
Short-term employee benefits	1,496,479	1,287,420
Other long-term benefits	21,104	22,409
Post-employment benefits	178,701	157,169
	<u>1,696,285</u>	<u>1,466,998</u>

The above excludes out of pocket reimbursements.

All remuneration to Directors was approved by shareholders at the Annual General Meeting of BankWAW, held on 13 November 2024.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

22. Key management personnel (cont'd)

Loans to key management personnel and other related parties

Details regarding the aggregate of loans made, guaranteed or secured by the Credit Union to key management personnel and their related parties are as follows:

	2025 \$	2024 \$
Loans to key management personnel and other related parties	2,006,995	1,011,503

During the year, loans (including redraws and overdrafts) totalling \$2,058,734 (2024: \$729,078) were advanced to KMP and their related parties. Repayments of \$787,801 (2024: \$209,031) were made. Overdraft facilities totalling \$14,726 (2024: \$13,812) were outstanding at 30 June 2025.

Terms and policy. Transactions with KMP are approved and administered on terms and conditions consistent with those available to other customers for the equivalent product. A concessional staff lending facility is available to eligible employees in accordance with the staff lending policy (one such facility was funded during the year; 2024: one). Directors are not eligible for concessional staff lending rates.

Pricing. Interest is charged at prevailing customer rates for the applicable product at the time, or the approved concessional staff rate where eligible. At 30 June 2025 these included 5.74% for the *Back to Basics* variable residential loan with LVR <80% and 3.74% for concessional staff rates (2024: 6.29% and 3.74% respectively).

Security and purpose. Loans to KMP are secured in accordance with the organisation's credit risk policy and in most cases this involves registered first mortgages, typically over residential property. While the majority are secured over owner-occupied dwellings, in some cases loans are made for investment properties and secured against the property by registered first mortgage.

Credit quality. Interest income from these loans totalled \$84,637 (2024: \$34,747). No loans were impaired, no allowances were recognised, and these exposures were not assessed to have experienced a significant increase in credit risk during the year.

There were no other loans advanced during the year and no other receivables outstanding at 30 June 2025 (2024: Nil).

Deposits from key management personnel and other related parties

	2025 \$	2024 \$
Total value term and savings deposits from key management personnel and other related parties	411,200	312,704
Total interest paid on deposits to key management personnel and other related parties	7,602	4,674

Deposits from KMP and their related parties are accepted on the same terms and conditions as those available to other customers. No special terms or concessions were provided.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

22. Key management personnel (cont'd)

Other key management personnel transactions with the Credit Union

From time to time, key management personnel and their related parties may conduct standard banking transactions with the Credit Union. These transactions are carried out in the ordinary course of business and on the same terms and conditions that apply to other customers.

In addition, certain key management personnel or their related parties hold positions in other entities that may give them control or significant influence over the financial or operating policies of those entities. Where such entities transacted with the Credit Union during the reporting period, the transactions were conducted in the ordinary course of business on normal commercial terms and conditions and on an arm's-length basis.

23. Risk management objectives and policies

Introduction

The Board of the Credit Union has overall responsibility for the establishment and oversight of the organisation's risk management framework. The Board has approved a policy of compliance and risk management to suit the risk profile of the Credit Union.

The Credit Union's risk management focuses on the major areas of strategic risk, market & interest rate risk, credit risk, liquidity risk and operational risk. Authority flows from the Board of Directors to the Risk Management Committee which are integral to the management of risk.

The main elements of risk governance are as follows.

Board: This is the primary governing body. It approves the level of risk which the Credit Union is exposed to and the framework for identifying, monitoring, managing, mitigating and reporting those risks. The Board has developed a Risk Appetite Statement and associated framework that operates in accordance with the Risk Profile of the Credit Union.

Risk Management Committee: This is the key body in the control of risk within the Credit Union. It consists of representatives from the Board of Directors and works directly with the Chief Risk Officer and the Chief Executive Officer. The Risk Management Committee does not form a view of acceptability of risks but instead reviews risks and controls that are used to mitigate those risks.

Audit Committee: This is the key body to oversee and control the management and presentation of financial information of the Credit Union. It consists of representatives from the Board of Directors and works directly with the Finance Manager and the Chief Executive Officer. The Audit Committee also facilitates the External and Internal Auditor arrangements.

Asset & Liability Committee (ALCO): This is a committee of Senior Management that meets at least monthly on the overall identification, monitoring, management, mitigation and reporting of operational issues (including interest rate risk exposure), and ensures that policies and procedures adopted by the Board are implemented.

Chief Risk Officer: The Chief Risk Officer assists the Board, Risk Management Committee and senior management to develop and maintain risk management frameworks, whilst promoting a sustainable risk and compliance culture. The Chief Risk Officer provides effective challenge to management and the Board to support sound risk-based decision-making that is in accordance with the Credit Union's Risk Management Framework. The Chief Risk Officer reports directly to the Chief Executive Officer; attends the Board and Risk Management Committee meetings; and has direct access to the Board of Directors.

Internal audit: Internal audit has responsibility for reviewing risk management controls and testing in line with the Audit Policy & Risk Management Policy Manuals.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

23. Risk management objectives and policies (cont'd)

(a) Market risk

The objective of the Credit Union's market risk management is to monitor, manage, control, identify and report market risk exposures in order to optimise the balance between risk and return. Market risk is the financial impact through changes in interest rates, foreign exchange rates or other prices and volatilities that may have an adverse effect on the Credit Union's financial performance and position. The Credit Union is not exposed to foreign exchange or currency risk. The Credit Union does not trade in the financial instruments it holds on its books. The Credit Union is exposed only to interest rate risk arising from changes in market interest rates within its own banking book.

Interest rate risk in the banking book

The Credit Union is exposed to interest rate risk in its banking book (IRRBB) due to mismatches between the repricing dates of assets and liabilities. The interest rate risk in the banking book is monitored and managed daily by the Asset and Liability Committee (ALCO) and reported to the Board monthly. Oversight of interest rate risk is also carried out by the Board Risk Management Committee through the organisation's Risk Appetite Statement reporting. The level of mismatch on the banking book is set out in Note 24 below. Note 24 displays the period over which each asset or liability will reprice. This risk is not considered significant to warrant the use of derivatives to mitigate this risk.

Method of managing risk

The Credit Union monitors its interest rate risk by the use of interest rate sensitivity and repricing maturity analysis. The details and assumptions used in this analysis are set out below.

Interest rate sensitivity

The Credit Union maintains a balanced 'on book' strategy by ensuring that the net interest gap between assets and liabilities is not excessive. The gap is measured monthly to identify and manage interest rate movements and maturity profiles that, in turn, support actions through targeted interest rate settings across both assets and liabilities in order to return any imbalances back to within acceptable risk tolerance levels. Further measures designed to evaluate IRRBB include Value at Risk (VaR) and Earnings at Risk (EaR) calculations, which are determined by using specialised asset and liability management software and associated systems.

Based on the calculations at 30 June 2025 and 30 June 2024, the EaR (net interest margin) impact for a 2.00% increase/decrease in interest rates would be a \$550,046 decrease/increase (2024: \$127,425). A decrease of 2.00% in interest rates would have a much larger impact on the net profit due to not being able to reprice the whole deposit book due to current market interest rate settings. The above calculations are made on the assumption that repricing occurs across all asset and liability products immediately and are designed this way to get a measure of a worst case scenario.

(b) Liquidity and funding risk

Liquidity and funding risk is the risk that the Credit Union may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments or customers' withdrawal demands. Board policy requires the Credit Union to maintain adequate liquidity and funding arrangements along with committed credit facilities to meet the cash flow needs of customers for withdrawal demands and borrowings as and when required.

The Credit Union is required to adopt prudent practices in managing liquidity risks and to maintain adequate levels of liquidity to meet obligations as they fall due across a wide range of operating circumstances.

The Credit Union manages its liquidity and funding risk by:

- Continuously monitoring actual and forecast daily cash flows;
- Monitoring the maturity profiles of financial assets and liabilities;
- Having in place repurchase arrangements with the Reserve Bank of Australia for the conversion of a qualifying investment to cash should the need arise.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

23. Risk management objectives and policies (cont'd)

(b) Liquidity and funding risk (cont'd)

- Maintaining an adequate funding structure and approach that reflects the size, business mix and operational complexity of the organisation;
- Monitoring and managing liquidity ratios on a daily basis and forecasting future liquidity requirements;
- Maintaining a portfolio of high quality liquid assets that reflects the Credit Union's size, business mix and operational complexity that enables the Credit Union to withstand a severe liquidity stress event; and
- Maintaining membership of the Credit Union Financial Support Scheme.

The Credit Union is required to maintain a minimum 12% of total liabilities as liquid assets capable of being converted to cash within 48 hours in accordance with APRA prudential standards. The Credit Union has established policy to maintain liquidity levels well above the regulatory minimum with a set of internal trigger levels starting at 3% above the required regulatory minimum.

The maturity profile of the Credit Union's liquidity portfolio based on the contractual terms is set out in the note 24(b) to the financial statements.

Liquidity ratios as at the end of the financial year were as follows:

	2025	2024
Minimum Liquidity Holdings (MLH)	19.02%	18.53%
Operational Liquidity (non MLH holdings)	1.08%	1.08%
Total Liquidity Holdings	20.10%	19.61%

(c) Credit risk

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

CREDIT RISK - LOANS & ADVANCES:

All loans and facilities are held within Australia. The geographic distribution is monitored and analysed. Concentrations are described in Note 10.

The Credit Union assesses applicants against the following general credit risk policy principles: capacity, commitment, collateral, character and intent to repay the loan or facility. Responsible lending underpins the Credit Union's policy and procedures.

The Credit Union has established policies related to:

- Credit assessment and approval of loans and facilities covering acceptable risk and security requirements;
- Acceptable exposure limits for individual borrowers, non-mortgage secured loans, commercial lending and concentrations to geographic and industry groups;
- The ongoing review of individual and collective credit exposures;
- Provisions to recognise the impairment of loans and facilities; and
- Debt recovery procedures.

A regular review of compliance with credit risk and associated policies and procedures is conducted as part of the Credit Union's internal audit program with the outcomes reported to the Audit Committee and the Risk Management Committee.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

23. Risk management objectives and policies (cont'd)

Past due and impaired

A financial asset is past due when the counterparty has failed to make a payment when contractually due. A past due classification can trigger various actions such as a renegotiation, enforcement of covenants, or legal proceedings.

For loans where repayments are doubtful, external agencies may be engaged to conduct recovery action. Exposure to losses arise predominately in personal loans and facilities not secured by registered mortgages over real estate.

Details are set out in Note 1(f) and Note 11 with regards to the expected credit loss provisioning used by the Credit Union.

Bad Debts

For unsecured loans and facilities, amounts are written off when collection of the loan or facility is considered to be remote. All write offs are identified and actioned on a case by case basis.

Collateral secured loans

The loan portfolio is primarily secured by residential property, all of which is located in Australia. Therefore, the Credit Union is exposed to risks related to the Loan to Value Ratio (LVR) should the property market be subject to a substantial negative change in valuations.

The risk of losses from loans is reduced by the diverse nature, geographic spread and quality of the security taken as well as the quality of credit assessments.

The Credit Union maintains a focus on well secured residential mortgages lending with an 80% loan to valuation ratio or less. Where a residential mortgage has a loan to valuation ratio of greater than 80%, then Lender's Mortgage Insurance is required. Note 10 outlines the nature and extent of the security held against loans and other credit facilities as at the balance date.

Concentration risk – loans

Concentration risk is a measurement of the Credit Union's exposure to an individual borrower, industry or geographical areas.

The Credit Union has in place a large exposure policy limit of 10% of capital. The Credit Union can lend above 10% of capital however APRA must be consulted prior to undertaking the loan or facility. APRA may impose additional capital requirements on the Credit Union if it considers the aggregate large exposures of 10% of capital or more is deemed to be higher than prudentially acceptable. As at 30 June 2025 the Credit Union had no large exposures of 10% of capital or more (2024: Nil).

The aggregate value of large exposure loans is set out in Note 10. The Credit Union holds no significant concentration risk amongst its members. Concentration exposures to individuals or groups of related parties are closely identified, monitored and managed; and an annual review will be prepared for any exposure over 5 per cent of capital.

Credit Risk – Receivables due from other financial institutions and cash and cash equivalent

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

The risk of losses from liquidity investments is mitigated by the nature and quality of the counterparties as reflected by independent risk ratings of the counterparties and the limits to concentration as approved by APRA from time to time.

The Credit Union uses the ratings of reputable ratings agencies to assess the credit quality of all investment exposure, where applicable, using the credit quality assessment scale in APRA prudential guidance note AGN 112.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

23. Risk management objectives and policies (cont'd)

Credit Risk – Receivables due from other financial institutions and cash and cash equivalent (cont'd)

Given the high quality of these investments, the Credit Union does not expect any counterparty to fail to meet its obligations. The exposure values associated with each credit quality investment body are detailed in Notes 7 and Note 8.

(d) **Operational risk**

Operational risk is the risk of loss to the Credit Union resulting from inadequate or failed internal processes, people and systems or from external events as distinct from other material risks. Operational risks in the Credit Union relate to risks arising from a number of sources including legal matters, compliance, business continuity, information technology, outsourced service failures, fraud, and employee errors.

Operational risk capital charge

The Credit Union uses the Standardised approach in accordance with prudential standards, which is considered to be most suitable for its business given the nature of its operations and associated activities. The operational risk capital charge is calculated based upon 10% of the Credit Union's Credit Risk Weighted Assets.

(e) **Capital management**

The Credit Union's minimum capital levels are prescribed by APRA. Under the APRA prudential standards capital levels are assessed in three components:

- Credit risk
- Market risk (trading book)
- Operational risk

The market risk component is not required as the Credit Union does not operate a trading book for financial instruments. Prior to 1 January 2023 the Credit Union used the standardised approach for credit risk and operational risk, in accordance with APRA requirements. From January 1, 2023, APRA changed the Prudential Standard *APS 110 Capital Adequacy* and in accordance with this requirement the Credit Union adopted the standardised approach to operational risk and the standardised approach to credit risk under APRA Reporting Standard *ARS 112 Capital Adequacy: Standardised Approach to Credit Risk*.

Capital Adequacy Ratio calculation⁵

	2024 \$	2024 \$
Common Equity Tier 1 Capital		
Net tier 1 capital	45,673,378	42,867,729
Tier 2 Capital		
Net tier 2 capital	-	624
Total capital	45,673,378	42,868,353
Risk profile		
Credit risk	235,672,682	237,462,160
Operational risk	23,567,264	23,746,216
Total risk weighted assets	259,239,946	261,208,376
Capital adequacy ratio	17.62%	16.41%

From 1 January 2023, the Credit Union has set a Minimum Capital Adequacy Ratio of 14.00% to be maintained, or an APRA advised Prudential Capital Requirement (PCR), whichever is higher at any given time.

Notes to the Financial Statements For the year ended 30 June 2025 (cont'd)

23. Risk management objectives and policies (cont'd)

(e) Capital management (cont'd)

To manage the Credit Union's capital, the Board and management closely monitor the capital adequacy ratio monthly along with movements in asset levels and earnings. Policies have been implemented that requires reporting to the Board and APRA if the capital adequacy ratio is likely to fall below a trigger level. Further a 5-year projection of the capital levels is maintained and updated on a biannual basis to allow for the measurement and analysis of strategic decisions and/or trends and their impact on capital levels.

Internal capital adequacy assessment process

The Credit Union manages capital levels for both current and future activities through the Board Risk Management Committee. The activities and assessments by the Risk Management Committee are reviewed by the Board in its capacity as the primary governing body. The capital required for any change in the Credit Union's strategic direction, forecasts or factors related to unforeseen circumstances are assessed by the Risk Management Committee and the Board as and when required.

Notes to the Financial Statements for the year ended 30 June 2025 (cont'd)

24. Financial instruments

(a) Interest rate risk

The Credit Union's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities recognised at the balance date are as follows. The repricing periods reflect the earlier of the next contractual repricing date or the maturity date of the asset or liability.

Financial instruments	Floating interest rate		Fixed interest rate repricing in:						Non-interest bearing		Total carrying amount as per the Statement of Financial Position		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		More than 5 years							
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 %	2024 %
Financial assets:														
Cash and cash equivalents (Restated)	1,948	5,209	6,998	46	-	-	-	-	1,129	1,151	10,075	6,406	3.26%	3.86%
Receivables from other financial institutions (Restated)	-	-	126,421	123,338	4,000	8,000	-	-	-	-	130,421	131,338	4.67%	4.16%
Other receivables	-	-	-	-	-	-	-	-	959	1,317	959	1,317	N/A	N/A
Customer loans and advances (gross)	449,212	373,100	44,906	135,756	64,511	48,639	-	-	-	-	558,629	557,495	5.54%	5.19%
Other financial assets		-		-		-	-	-	1,555	1,972	1,555	1,972	N/A	N/A
Total financial assets	451,160	378,309	178,325	259,140	68,511	56,639			3,643	4,440	701,639	698,528	N/A	N/A
Financial liabilities:														
Customer deposits	380,359	358,862	266,456	279,120	10,788	17,932	-	-	13	14	657,616	655,928	2.94%	2.93%
Accounts payable and other liabilities	-	-	-	-	-	-	-	-	4,294	6,017	4,294	6,017	N/A	N/A
Total financial liabilities	380,359	358,862	266,456	279,120	10,788	17,932	-	-	4,307	6,031	661,910	661,945	N/A	N/A

N/A - not applicable for non-interest bearing financial instruments.

Notes to the Financial Statements for the year ended 30 June 2025 (cont'd)

24. Financial instruments (cont'd)

(b) Maturity profile of financial assets and liabilities

Monetary assets and liabilities have differing maturity profiles depending on the contractual terms, and in the case of loans the repayment amount and frequency. The table below shows the period in which different monetary assets and liabilities will mature and be eligible for renegotiation or withdrawal. In the case of loans, the table shows the period over which the principal outstanding will be repaid based on the remaining period to the repayment date assuming contractual repayments are maintained, and is subject to change in the event repayment conditions are varied. Financial assets and liabilities are at the undiscounted values (including future interest expected to be earned or paid). Accordingly, these values will not agree to the carrying amounts of the Statement of Financial Position.

Financial instruments	Within 3 months		From 3 to 12 months		From 1 to 5 years		More than 5 years		No maturity		Total cash flows		Total carrying amount per Statement of Financial Position	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Financial assets:														
Cash and cash equivalents (Restated)	9,019	5,259	-	-	-	-	-	-	1,129	1,151	10,148	6,410	10,075	6,406
Receivables from other financial institutions (Restated)	67,189	103,555	4,010	29,455	57,012	-	4,042	-	-	-	132,253	133,010	130,421	131,338
Other receivables (ex accrued interest)	-	-	-	-	-	-	-	-	103	377	103	377	103	377
Customer loans and advances (gross)	16,497	17,038	37,130	36,263	196,033	191,747	710,449	701,762	-	-	960,109	946,810	558,629	557,495
Other financial assets	-	-	-	-	-	-	-	-	1,555	1,972	1,555	1,972	1,555	1,972
Total financial assets	92,705	125,852	41,140	65,718	253,045	191,747	714,491	701,762	2,787	3,500	1,104,168	1,088,579	700,783	697,588
Financial liabilities:														
Customer deposits	563,294	514,366	90,078	131,039	10,792	17,932	-	-	13	14	664,177	663,351	657,616	655,928
Accounts payable and other liabilities (ex accrued interest)	-	-	-	-	-	-	-	-	854	2,137	854	2,137	854	2,137
Total financial liabilities	563,294	514,366	90,078	131,039	10,792	17,932	-	-	867	2,151	665,031	665,488	658,470	658,065

Notes to the financial statements For the year ended 30 June 2025 (cont'd)

24. Financial instruments (cont'd)

(c) Financial instruments fair value

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

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

The only financial instrument that the Credit Union holds at fair value in the Statement of Financial Position is in relation to equity instruments held as other financial assets. Refer to Note 25 for further details on the valuation technique applied to other financial assets.

For all other financial instruments (not measured at fair value), the description of the valuation techniques and assumptions are detailed below:

Cash and cash equivalents

The carrying values of cash and cash equivalents within 90 days approximates their fair value as they are short term in nature.

Receivables due from other financial institutions

The fair value of receivables due from other financial institutions is based on current market rates.

Customer loans and advances:

The majority of the Credit Union's loans are variable rate loans. The carrying amount of these loans is considered to approximate fair value. The net fair values of any non-variable rate loans are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending arrangements. The net fair value of impaired loans was calculated by discounting expected cash flows using a rate which includes a premium for the uncertainty of the flows. The assessed fair value of customer loans and advances is \$557,221,171 as at 30 June 2025, compared to carrying amount of \$558,614,225 (30 June 2024: \$550,397,194 and \$557,480,018 respectively).

Customer deposits:

The fair value of on call and fixed rate deposits repricing within 60 months is the amount shown in the Statement of Financial Position. The maximum term for fixed term deposits accepted by the Credit Union is two years.

The Credit Union has assessed its own credit risk in regard to the fair value of deposits, and has assessed that no material valuation adjustment is required.

Accounts payable and other liabilities:

The carrying amount approximates fair value as they are short term in nature.

Notes to the financial statements For the year ended 30 June 2025 (cont'd)

24. Financial instruments (cont'd)

(d) Categories of financial instruments

The following information classifies the financial instruments into measurement classes.

	Note	2025 \$	2024 Restated \$
Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	7	10,074,839	6,406,089
Receivables due from other financial institutions	8	130,421,623	131,337,723
Other receivables	9	959,041	1,316,931
Customer loans and advances (gross)	10	558,628,648	557,494,974
		<u>700,084,151</u>	<u>696,555,717</u>
Financial assets at fair value through other comprehensive income (FVOCI)			
Other financial assets	12	1,554,807	1,972,282
		<u>1,554,807</u>	<u>1,972,282</u>
Total financial assets		<u>701,638,958</u>	<u>698,527,999</u>
Financial liabilities			
Financial liabilities at amortised cost			
Accounts payable and other liabilities	16	4,293,519	6,016,624
Customer deposits	15	657,616,255	655,927,938
Lease liabilities		727,328	898,317
Total financial liabilities		<u>662,637,102</u>	<u>662,842,897</u>

25. Fair value measurement

Fair value hierarchy

Refer to details of the fair value hierarchy at Note 1(q).

2025	Level 1	Level 2	Level 3	Total
Assets measured at fair value	\$	\$	\$	\$
Land and buildings	-	7,547,067	-	7,547,067
Other financial assets (at FVOCI)	1,466,136	-	88,671	1,554,807
Total	<u>1,466,136</u>	<u>7,547,067</u>	<u>88,671</u>	<u>9,101,874</u>

2024	Level 1	Level 2	Level 3	Total
Assets measured at fair value	\$	\$	\$	\$
Land and buildings	-	7,715,856	-	7,715,856
Other financial assets (at FVOCI)	-	-	1,972,282	1,972,282
Total	<u>-</u>	<u>7,715,856</u>	<u>1,972,282</u>	<u>9,688,138</u>

Refer to Note 24(c) with regards to the disclosure of fair value for financial instruments held at amortised cost.

Notes to the financial statements For the year ended 30 June 2025 (cont'd)

25. Fair value measurement (cont'd)

Assets measured at fair value based categorised as Level 2

Land and buildings have been valued based on similar assets, location and market conditions.

Assets measured at fair value based categorised as Level 3

Movement category	Other financial assets (at FVOCI) Total	
	2025 \$	2024 \$
Opening balance at 1 July	1,972,282	1,838,180
Revaluation through other comprehensive income	804,303	134,102
Sale of other financial assets	(1,221,778)	-
Transfer to Level 1	(1,466,136)	-
Closing balance - at 30 June	88,671	1,972,282

As at 30 June 2025, the Credit Union holds shares in CUSCAL and Experteq, classified as fair value through other comprehensive income.

Transfer out of Level 3 - CUSCAL Shares

In November 2024, CUSCAL was listed on the Australian Securities Exchange (ASX). As part of the IPO, the Credit Union sold 50% of its shareholding in CUSCAL. The remaining 50% continues to be held as at 30 June 2025.

Following the ASX listing, the CUSCAL shares are now classified as Level 1 assets, as they are traded in an active market and have observable quoted prices.

Prior to the ASX listing in November 2024, the Credit Union classified its investment in CUSCAL as a Level 3 asset, as there was no active market or quoted price available. During this period, the Credit Union estimated the fair value of the shares using unobservable inputs, specifically the net assets of CUSCAL based on its most recent financial statements.

Experteq Shares

As at 30 June 2025, the Credit Union's investment in Experteq remains classified as a Level 3 asset, as there is no active market for these shares. The fair value continues to be determined using unobservable inputs, including net asset valuations and other internal financial metrics, consistent with AASB 13 requirements. The valuation methodology is reviewed periodically and approved by management.

26. Capital expenditure commitments

	2025 \$	2024 \$
Capital expenditure commitments		
Estimated capital expenditure contracted for at balance date but not provided for (payable not later than one year):		
Property, plant & equipment	-	-
Intangibles	-	33,187
	-	33,187

Expenditure commitments are stated inclusive of Goods and Services Tax.

Notes to the financial statements For the year ended 30 June 2025 (cont'd)

27. Parent Entity Disclosures and Subsidiaries

(a) Parent Entity Disclosures

As at, and throughout the financial year ended 30 June 2025 the parent of the Consolidated Entity was BankWAW.

	BankWAW	
	2025	2024
	\$	\$
Result of the parent entity		
Profit after tax	2,484,001	1,218,111
Other comprehensive income for the year, net of tax	603,226	100,577
Total comprehensive income for the year	<u>3,087,227</u>	<u>1,318,688</u>

	BankWAW	
	2025	2024
	\$	\$
ASSETS		
Total assets	712,267,258	709,764,913
Total liabilities	<u>664,865,213</u>	<u>665,450,095</u>
Net assets	<u>47,402,045</u>	<u>44,314,818</u>
Total equity of parent entity		
Reserves	44,918,044	43,096,707
Retained profits	<u>2,484,001</u>	<u>1,218,111</u>
Total equity	<u>47,402,045</u>	<u>44,314,818</u>

(b) Subsidiaries

WAW Community Trust

The WAW Community Trust is a separate entity created by WAW Credit Union Co-operative Limited. The Trust was established solely for the purpose of providing money, property or benefits to or for eligible charitable entities in our community.

The Trustee of the Trust is WAW Community Fund Ltd.

The Directors of the Trustee are current key management personnel of BankWAW, and as at 30 June 2025* were:

- Michael Mack
- Ross Kearney

*Vincent McFarlane resigned as Director on 19 June 2025.

Notes to the financial statements For the year ended 30 June 2025 (cont'd)

27. Parent Entity Disclosures and Subsidiaries (cont'd)

(b) Subsidiaries (cont'd)

WAW Community Trust (cont'd)

The Trustee and its Directors do not receive remuneration from the Trust, or any other related party in relation to their appointment. WAW Credit Union Co-operative Limited is the administrator of the Trust and receives no remuneration for this role. WAW Community Trust prepares an annual financial report and has appointed an independent registered auditor.

Plus Insure

On 12 May 2025, the Credit Union acquired the remaining 50% interest in Plus Insure Pty Ltd, a company originally established as a joint venture with a local insurance broker. As a result, the Credit Union obtained control of the entity and has consolidated Plus Insure as a subsidiary from that date in accordance with AASB 10 *Consolidated Financial Statements*.

Plus Insure is intended to operate as an insurance brokerage business. To the extent publicly recorded, its operations will be conducted under the AFSL held by Insurance Advisernet Australia Pty Ltd (AFSL 240549), which is a member of the Austbrokers network and operates under the broader AUB Group structure.

The entity was inactive during the year ended 30 June 2025, and the acquisition has not had a material impact on the Credit Union's consolidated financial position or performance.

28. Subsequent events

On 22 August 2025, the Credit Union entered into a contract to purchase a new head office property located in Wodonga for a total consideration of \$4.2M. Settlement of the purchase occurred on 30 September 2025.

Other than the above, no matters or circumstances have arisen since the end of the reporting period which have or may significantly affect the operations of the Credit Union, the results of those operations, or the state of affairs of the organisation in future financial years.

29. Corporate information

WAW Credit Union Co-operative Limited is incorporated under the Corporations Act 2001. The Credit Union's registered office and head office is located at 11 Stanley Street, Wodonga, Victoria.

The organisation's principal business is the provision of deposit, lending and related financial services to individual and business customers of the Credit Union.

Consolidated entity disclosure statement

WAW Credit Union Co-operative Limited
Consolidated Entity disclosure statement
As at 30 June 2025

Entity Name:	Entity Type	Trustee, Partner or Participant JV	Place formed/ Country of incorporation	Ownership interest %	Tax Residency
WAW Credit Union Co-operative Limited	Body corporate	N/A	Australia	-	Australia
WAW Community Fund Limited*	Body corporate	Trustee	Australia	100	Australia
WAW Community Trust	Trust	N/A	Australia	N/A	Australia
Plus Insure	Body corporate	N/A	Australia	100	Australia

**WAW Community Fund Limited is a Company Limited by Guarantee and is also regulated by the Australian Charities and Not for Profit Commission (ACNC). The Trustee for WAW Community Trust.*

Key assumptions and judgments

Determination of Tax Residency

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

In determining the tax residency, the Credit Union has applied the following interpretations:

- **Australian tax residency**
The Credit Union has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance of Tax Ruling TR 2018/5.
- **Trust**
Australian tax law does not contain specific residency tests for trusts. Generally, trusts are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

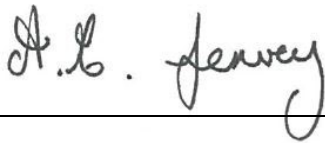
Directors' declaration

In the opinion of the Directors of WAW Credit Union Co-operative Limited (the Credit Union):

1. the financial statements and notes, set out on pages 9 to 57, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the year ended on that date; and
 - (b) complying with the Australian Accounting Standards and the *Corporations Regulations 2001*; and
2. 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; and
3. The information disclosed in the consolidated entity disclosure statement on page 58 is true and correct.

Dated at Wodonga this 21st day of October 2025.

Signed in accordance with a resolution of the Directors:



Allison M Jenvey - Director
Chair, Board of Directors



Matthew P Grogan - Director
Chair, Audit Committee

Independent Auditor's Report

To the members of WAW Credit Union Co-operative Limited

Opinion

We have audited the consolidated **Financial Report** of WAW Credit Union Co-operative Limited (the Group Financial Report). We have also audited the Financial Report of WAW Credit Union Co-operative Limited (the Company Financial Report).

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

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

- Statement of Financial Position as at 30 June 2025;
- Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2025;
- Notes, including material accounting policies; and
- Directors' declaration.

The **Group** consists of the Company and its entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

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

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

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

Emphasis of Matter - comparative information

We draw attention to Note 1(t) to the financial statements which indicates that the comparative information presented as at and for the year ended 30 June 2024 has been restated. Our opinion is not modified in respect of this matter.

The financial report of WAW Credit Union Co-operative Limited for the year ended 30 June 2024 was audited by another auditor who issued an unmodified opinion on that financial report on 26 September 2024.

Other Information

Other Information is financial and non-financial information in the WAW Credit Union Co-operative Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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

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

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

Responsibilities of the Directors for the Financial Reports

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Reports is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/apzlw0y/ar3_2024.pdf. This description forms part of our Auditor's Report.



KPMG



Darren Ball

Partner

Adelaide

21 October 2025