Annual Report

for the year ended 30th June 2022

www.geelongbank.com.au

info@geelongbank.com.au

1300 361 555

Ford Co-operative Credit Society Limited ABN 74 087 651 456 trading as
Geelong Bank | AFSL/Australian Credit Licence 244351 | BSB 803 199

Geelong Bank

OUR VISION & MISSION

Vision: To be the primary institution meeting the personal financial services needs of our members.

Mission: Provide financial products and services that return value to members, workplaces and the local community.

CONTENTS

CORPORATE DIRECTORY

Established:	The Bank was incorporated in Victoria under the Co-operative Act on 12 September 1974.
Registered Office:	Head Office: 107 Gheringhap Street, Geelong VIC 3220
External Auditors:	Crowe Melbourne, 200 Malop Street, Geelong VIC 3220
Internal Auditors:	DBP Consulting Pty Ltd, Level 9, 24 Albert Road, South Melbourne VIC 3205
Solicitors & Legal	
Corporate Advisors:	Daniels Bengtsson, Level 4, 171 Clarence St, Sydney NSW 2000
Bankers:	Credit Union Services Corporation (Australia) Limited, 1 Margaret Street, Sydney NSW 2001
	National Australia Bank Limited, Malop Street, Geelong VIC 3220
Insurers:	Arranged through Adroit Insurance Group, 231 Moorabool Street, Geelong VIC 3220.

Ford Co-operative Credit Society Limited is prudentially regulated and approved as an Authorised Deposit-taking Institution (ADI).

All ADIs are equally subject to the depositor-protection provisions of the Banking Act 1959 and overseen by the Australian Prudential Regulatory Authority (APRA).

Ford Co-operative Credit Society Limited is a public company limited by shares, incorporated and domiciled in Australia and registered under the Corporations Act 2001.

Chair's Report

It is with pleasure that I present my third report as Chair for the 2021/22 financial year on behalf of your Board of Directors.

Since my last annual report, we have moved from multiple COVID 19 lockdowns and restrictions in Victoria, as vaccines have been rolled out and case numbers have continued to decrease. Whilst we can't be complacent, we welcome the return to a more normal way of life.

On behalf of the Board, I commend the dedication, resilience and performance of our Management and Staff as they continued to offer the high standards of service expected by our Members, whether working from home or in the office.

Geelong Bank's team delivered record breaking results that built upon our previous year and exceeded the goals set in the Strategic Plan:

- New loans increased by $52.265m ($28,616m 2020/21)
- Lending portfolio increased to $138.516m ($111.178m 2020/21)
- Operating profit before tax $1.045m ($574,000 2020/21)
- Total assets increased to $205.780m ($185.794m 2020/2021)

New loan applications and fundings were at the highest level in our 48 years history in both value and volume. We continued with the development and delivery of a range of products and services, which represent good value to our Members. In particular, the introduction of our suite of Fixed Rate loans ensured retention of existing Members and attraction of new Members who joined on-line, from all parts of Australia, attracted by competitive rates and our 5 star ratings from Canstar.

The Board decided to participate in a share buy-back offer by CUSCAL in December 2021. This resulted in a dividend of $537k, thus contributing to our year end profit.

Operating Environment

The Board believes the end of record low interest rates, increasing inflation, environmental impacts, and global geo-political instability will create challenges over the next two years. These are offset in part by the substantial increases in household savings over the past two years and record low unemployment.

Greater Geelong is one of the fastest growing regions in Australia and the Board expects that whilst there will be some easing in the property market, above average growth compared to national levels is likely. Overall investment in our region is also expected to continue to grow.

Financial services industry consolidation continues at all levels; your Board is, however, committed to meeting the needs of our Members, expanding our products and services, and remaining independent.

Strategic Objectives

Geelong Bank continues to be ideally placed to take advantage of the positive market conditions in our region. We will continue to grow our brand awareness, Members, loan and deposit portfolios over the next two years. We will deliver improved technology that will deliver Member benefits, efficiency and effectiveness.

As a Customer Owned Bank, acting ethically and responsibly is in our DNA. Ensuring that our Environmental, Social and Governance (ESG) and business practices support a sustainable community and environment will receive greater focus.

Board Changes

Your Board has undertaken a rigorous renewal program over several years to achieve a Board composition which has a range of appropriate skills to properly guide Geelong Bank, in the best interests of its Members. Earlier in 2022, Barbara Cronin and John Connor joined Board and committee meetings as observers and have been nominated to be appointed as Directors at the upcoming AGM.

Barb's deep knowledge of the banking and finance industry has been developed over 20 years' experience with Big 4 banks across multiple sectors, mainly in Geelong and surrounding areas. She is an experienced director and her current role is with a government regulatory agency.

John has extensive experience working in financial services in Australia and the UK. He is a Fellow of the Institute of Actuaries Australia, a Chartered Enterprise Risk Actuary and founder of multiple InsurTechs.

Dominic Raimondo, former Chair and a Director for fifteen years, has announced his intention to retire at the conclusion of the 2022 AGM. Highlights of Dom's tenure include guiding FCCS through the restructure of our business following the discontinuation of manufacturing by Ford Motor Company in 2016 and the transition to Geelong Bank in 2018.

Scott Randall, former Chair of the Audit Committee and a Director for eight years, resigned on 15 September 2022. Scott's enthusiasm, experience and skills have been invaluable. I wish to thank both Dom and Scott for their important contributions to FCCS / Geelong Bank.

On behalf of the Board, I wish to thank you, our Members, for your support of Geelong Bank. It is a privilege to assist you in achieving your financial goals.

Tim Boyd
Chair

CEO's Report

The 2021 / 2022 financial year has been both challenging and rewarding. COVID 19 remained an unwelcome feature of life. The Omnicom variant led to staff shortages due to illness or isolation. With record low unemployment in Australia, Geelong Bank, like so many other businesses, struggled to fill temporary and permanent vacancies. Our magnificent team did not allow these issues to impact their friendly, professional service to potential and existing Members across all channels. This resulted in unprecedented growth of our bank, new products and services, 5 Star Google ratings, and even a nomination to the Geelong Business Excellence Awards! Having now been chosen as a finalist, we are looking forward to the Gala Awards Dinner a couple of nights after our AGM in late October.

Customer Owned Banking Code of Practice

Following an extensive review, a new Code of Practice will be launched on 31 October 2022. Whilst Geelong Bank already complies with the current Code of Practice and a range of regulations to protect Members, this code establishes higher standards than the law requires in several areas and cover other areas not addressed by the law. Signing up to this voluntary code ensures that the 7 promises and 180 commitments will achieve 1 goal; putting our Members first.

Team Changes

Sadly, we lost one of our own unexpectedly to a short illness in November 2021. Mobile Lending Consultant Craig Elliott was well known and respected by the many Ford employees he assisted over the four years he was with FCCS / Geelong Bank. He was a great loss to the team who miss his willingness to share his vast lending knowledge and his cheeky sense of humour. Our thoughts continue to be with his family and his wide circle of friends and former colleagues.

Senior Member Service Officer Jo O'Neil retired in December 2021 after a long and varied career. Member Service Officer Jenny Trickey had also retired a few months earlier but has kindly come back on a number of occasions to assist with staff training and Member calls. Executive Assistant Kim Scott decided to take on a new challenge, in her son's business, after 28 years of loyal service. On behalf of our Members, Management, Staff, and the Board, we thank Jo, Jenny and Kim for their years of exceptional service.

I should also like to acknowledge with grateful thanks the support Director and former Chairman Dominic Raimondo provided to me when I was appointed Acting General Manager and subsequently CEO in 2019. Dominic's business experience and insights, diplomacy and calm manner were invaluable. I wish him and his family every happiness as he retires from the Board at the AGM.

The year ahead

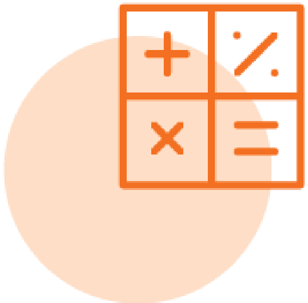
We will continue to build upon our achievements with one very clear aim; to improve the financial wellbeing of our Members. Whether it's new products and services such as the Consumer Data Right (Open Banking), PayTo and our 1, 2 Home Loan or upgrades to our information technology, Geelong Bank will always provide highly personalized service to you, our valued Members.

Vivien Allen
Chief Executive Officer

Stephen Allinson	Michelle Battye	Vivien Allen	Margaret Kinsey	Dino Chong
Finance & Administration Manager Company Secretary	Lending Operations & IT Manager	CEO	Member Services & Compliance Manager	Lending Business Development Manager

Highlights

Operating profit before tax
$1,045,000
($574,000 2020/21)



Capital Adequacy
15.97%
(14.92% 2020/21)

Total assets increased to
$205.780 million
($185.794m 2020/21)

New loans increased to
$52.265 million
($28.616 million 2020/21)

Lending portfolio increased to
$138.516 million
($111.178 million 2020/21)

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2022.

DIRECTORS

The names and qualifications of the Directors of the Ford Co-operative Credit Society Limited (the Bank) in office at the date of this report are:

Tim Boyd
DegMgt, CAHRI, GAICD

Tim joined the Board as an Associate Director in 2013, before becoming a full Director in 2014. He commenced as Chair of the Board and the Governance Committee in January 2020.

Tim's most recent role is Director of People and Culture with Carbon Revolution, a global technology company and OEM supplier of lightweight carbon fibre wheels to the global automotive industry.

Tim has had a 25 year career in Human Resources across private health insurance with GMHBA and automotive development with Ford Australia in roles ranging from internal HR consultancy, learning and organisational development management and international experience in the Asia Pacific region.

Tim is a lifelong Cats fan, has volunteered with the local CFA for over 20 years and thinks Geelong is a great place, along with his wife Jo, to raise his two daughters.

Allison Batten
GAICD

Allison joined the Board as an Associate Director in 2018, before becoming a full Director in January 2020. She is Deputy Chair of the Board and Chair of the Audit Committee.

Allison enjoyed a 25 year corporate career within the Retail sector, having held General Management positions with Target Australia Pty Ltd and The Reject Shop Ltd before starting her own Retail Business Consulting company in 2014. Since then Allison has worked with a broad range of Retail companies ranging from large ASX, privately owned SME's, Private Equity and small independent start-ups.

Allison brings to the Board a deep understanding of the rapid changes in consumer expectations and how generational groups require organisations to engage personally. Allison's expertise is in Business Strategy, Corporate Governance and Compliance, Business Contract Negotiation, Systems capability, Marketing and Supply Chain Management. She has extensive international experience within the Asia Pacific Region.

A lifelong resident of Geelong, Allison also sits on the AICD Geelong Regional committee.

Michael Carroll
BBus, MBA, CPA, FGIA, GAICD

Michael joined the Board as an Associate Director in 2016, before becoming a full Director in 2017. He is Vice Chair of the Governance Committee and Chair of the Risk Committee.

Michael is currently CFO for RT Health Fund Limited, prior to this he has held a number of senior roles at GMHBA Limited and business, finance and administration roles with St John of God Health Care and Woodside Petroleum in Melbourne and Perth.

Michael is an experienced Finance and Compliance executive with diverse industry experience across the Private Health Insurance, Health, Resources, and Investment Management sectors. His depth of experience extends across multiple disciplines including Accounting, Treasury, Company Secretarial, Information Technology, Commercial, Legal and Administration. He is also a Non-Executive Director at genU.

Dominic Raimondo
Dip Eng

Dominic Raimondo joined the Board as an Associate Director in 2002, before becoming a full Director in 2007. He was the Chair of the Board and Chair of the Governance Committee from November 2013 to January 2020. He is now a member of the Audit Committee.

Dominic served as a loyal employee with the Ford Motor Company for over 40 years, the last 10 years as a Company Manager. He is also on the Board of Geelong Museum of Motoring and Industry and volunteers and supports the Christmas lunch for the homeless.

Scott Randall
BEng, AssocDip Qual Tech

Scott joined the Board as an Associate Director in 2013, before becoming a full Director in 2014. He is now a member of the Risk Committee after being in the Audit Committee and Audit Committee Chair.

Scott has joined the management team at Steamatic Geelong & Warrnambool in August 2020 and holds an Assessment Manager position.

Scott's previous role was with Barwon Health Geelong, as Director - Support Services. Scott also assisted in the Barwon Health Foundation's fund raising activities through the year.

Scott worked at Ford Motor Company Australia for over 28 years in Production, Manufacturing, Quality Assurance and Purchasing.

Scott has been on the City of Greater Geelong council board 'Future Proofing Geelong' for 3 years. He was also on the Victorian Motor Cycle council for 2 years and the president of Otways Trail Riders (OTR - a local motorcycle club) for 10 years and one of (4) life members with OTR.

Mark Burrowes
B Ec, FAICD

Mark became a Director in October 2020. He is a member of the Governance Committee and the Risk Committee.

Mark is a Founding Director of Consigliere Pty Ltd, a family company advisory group. He is also a former Director of several Boards, including the Reach Foundation, the Starlight Children's Foundation, as well as Managing Director of Medibank Private, Chair of Hardings Hardware and most recently Chair of Scope (Aust) Pty Ltd.

He is a Fellow of the Australian Institute of Company Directors.

As well as his Board experience Mark has had a 40 year corporate career across the oil sector, banking and finance, health, and retailing. Most recently he has been involved in company turnarounds and he continues to work in the field of Mergers and Acquisitions.

Mark is a resident in the Greater Geelong region.

COMPANY SECRETARY

Mr Stephen Allinson, B. Comm. CPA, the Company's Finance and Administration Manager, has held the role of Company Secretary since July 2019 and continues to act in this capacity.

PRINCIPAL ACTIVITIES

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

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

DIRECTOR BENEFITS

No Director has received or become entitled to receive during, or since the financial year, a benefit because of a contract made by the Bank, controlled by the Bank, or a related body corporate with a Director, a firm of which is a member or Bank in which a Director has a substantial financial interest, other than disclosed in Note 35 of the financial report.

OPERATING RESULTS

Profit after income tax for the financial year was $1,039,922 (2021: $430,829).

REVIEW OF OPERATIONS

The results of the Bank's operations from its activities of providing financial services to its members did not change significantly from those of the previous year and a review of those operations are set out in the Chairman's Report.

DIVIDENDS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Bank during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect:

1. The operations of the Bank;
2. The results of those operations; or
3. The state of affairs of the Bank;

in subsequent financial years, except for matters noted in the Chairman's Report.

Other than the ongoing impact of the COVID-19 pandemic, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Bank, the results of those operations, or the state of affairs of the Bank in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors do not foresee any likely developments in the operations of the Bank that will affect the results of those operations in subsequent financial years.

INDEMNIFICATION AND INSURANCE

During the year, a premium was paid in respect of a contract insuring Directors and officers of the Bank against liability.

The officers of the Bank covered by the insurance contract include the Directors, executive officers, secretary and 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 Bank.

CORPORATE GOVERNANCE

The Bank is committed to achieving high standards of corporate governance. The Bank is directed and controlled by its Board of Directors, and through systems of delegation and policies, so as to achieve its business objectives responsibly and in accordance with high standards of accountability and integrity.

The Bank complies with the Australian Prudential Regulation Authority Standard CPS 510 *Governance,* CPS 520 *Fit & Proper* and the Prudential Practice Guide PPG 511 *Remuneration*.

These disclosures can be viewed on the Bank's website: geelongbank.com.au/about-us/disclosures-publications.

DIRECTORS' MEETINGS

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

	Board Meetings		Governance Committee Meetings		Audit Committee Meetings		Risk Committee Meetings	
	A	B	A	B	A	B	A	B
T.J. Boyd	10	10	3	3	4	4	-	-
A.R. Batten	10	10	1	1	4	4	1	1
M.W. Burrowes	10	8	3	3	-	-	4	4
M.J. Carroll	10	9	3	3	-	-	4	4
D.M. Raimondo	10	10	-	-	4	4	-	-
S.D. Randall	10	10	-	-	-	-	4	4

A – Number of meetings held during the time that the Director held office during the year.

B – Number of meetings attended.

Directors are appointed to Board Committees restricting attendance to Committee members unless otherwise invited to attend by the Chairman of the Committee.

In addition to the above meetings, as part of continuing professional development Directors also attend various Industry and Regulatory meetings and seminars.

ROUNDING

The amounts contained in this report and in the financial statements have been rounded off under the option available to the Bank under ASIC Corporations Instrument 2016/191. The Bank is an entity to which the Class Order applies.

AUDITOR'S INDEPENDENCE DECLARATION

The Directors have received the following declaration from the Bank's auditor which can be found on page 10.

Signed in accordance with a resolution of the Directors.

On behalf of the Board

Michael Carroll
Director

Dominic Raimondo
Director
Geelong, 15 September 2022

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Auditor Independence Declaration Under S307C of the *Corporations Act 2001* to the Directors of Ford Co-operative Credit Society Limited (trading as Geelong Bank)

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2022 there have been no contraventions of:

1) The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

2) Any applicable code of professional conduct in relation to the audit.

CROWE MELBOURNE

BRADLEY D BOHUN
Partner

15 September 2022
Albury

Board of Directors

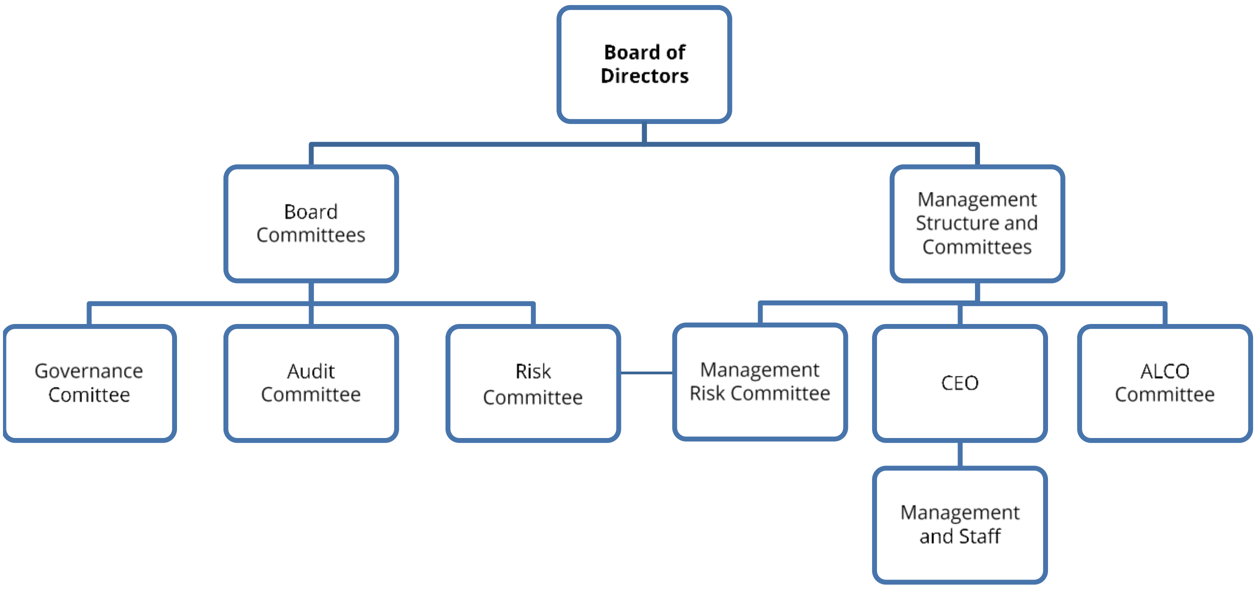
The Board of Directors is responsible for the corporate governance of the Bank. The Board guides and monitors the business and affairs of the Bank on behalf of the members by whom they are elected and to whom they are accountable. An important feature of the Board is to ensure compliance with the prudential and solvency requirements of the Australian Prudential Regulatory Authority (APRA) and the Australian Securities & Investments Commission (ASIC).

The key responsibilities of the Board include:

- Approving the strategic direction and related objectives and monitoring management performance in the achievement of these objectives;
- Adopting an annual budget and business plan and monitoring the financial performance of the Bank;
- Overseeing the establishment and maintenance of internal controls and effective monitoring systems;
- Ensuring all major business risks are identified and effectively managed; and
- Ensuring the Bank meets its legal and statutory obligations.

Structure of the Board

Directors of the Bank are considered to be independent and free from any business or other relationship that could interfere with, or could be perceived to materially interfere with the exercise of their unfettered and independent judgement.



Board Committees

The Board has established the following Committees which operate under a charter approved by the Board.

Governance Committee

The purpose of the Governance Committee is to assist the Board in the exercise of effective corporate governance, including oversight of the Bank's Governance and Fit & Proper Policies.

The purpose of the Governance Policy is to ensure strong Corporate Governance in the prudent management and financial soundness of the Bank and in maintaining public confidence in the financial system.

The purpose of the Fit & Proper – Responsible Person Policy is to manage the risk to its business or financial standing that persons acting in Responsible Person positions are fit and proper.

The Committee has also been appointed by the Board to fulfil the role of the Nominations and Remuneration Committees incorporating Board renewal, remuneration and nominations.

Audit Committee

The Audit Committee will assist the Board in fulfilling its oversight responsibilities and act as an interface between the Board and the internal and external auditors. The Audit Committee will review the:

- system of internal control;
- financial and regulatory/compliance reporting process; and
- audit process.

Risk Committee

The Risk Committee will assist the Board in fulfilling its oversight responsibilities and will be responsible for:

- oversight of the risk profile and risk management of the Bank within the context of the Board determined risk appetite (although ultimate responsibility for risk oversight and risk management rests with the Board, and the Committee will refer all matters of significant importance to the Board);
- making recommendations to the Board concerning the risk appetite and particular risks or risk management practices;
- reviewing management's plans for mitigation of the material risks faced by the Bank;
- oversight of the implementation and review of risk management and internal compliance and control systems; and
- promotion of awareness of a risk based culture and the achievement of a balance between risk and reward for risks accepted.

Management Committees

Assets & Liabilities Committee (ALCO)

ALCO is a Committee responsible for managing the financial assets and liabilities of the Bank. The Committee recommends policy, sets strategy and monitors risks related to the management of the Bank's assets and liabilities regarding:

- pricing of the financial assets and liabilities including interest rates and fees;
- interest margin;
- interest rate risk;
- funding and liquidity management;
- investment management; and
- profitability and capital management.

Management Risk Committee

The Management Risk Committee is responsible for periodically reviewing the Bank's risk profile, fostering a risk-aware culture and reporting to the Board Risk Committee (BRC) on the effectiveness of the risk management framework and of the Bank's management of its material business risks.

The primary function of the Committee is:

- the implementation and review of risk management and internal compliance and control systems;
- reporting to the BRC on management's plans for mitigation of the material risks faced by the Bank;
- making recommendations to the BRC concerning the risk appetite and particular risks or risk management practices; and
- promotion of awareness of a risk based culture amongst staff and the achievement of a balance between risk and reward for risks accepted.

Risk Management Objectives and Policies

The Board of Directors has implemented a Risk Management Policy which establishes the overall Risk Management Framework for managing operational risk. Specifically, the Risk Management Policy aims to:

- Contribute to profitable prudential performance by achieving an appropriate balance between realising opportunities while minimising losses;
- Maintain a comprehensive and up-to-date Risk Appetite Statement that addresses all material risks and sets the risk limits acceptable to the Board;
- Be concerned with risk as exposure to the consequences of uncertainty, or potential deviations from that which is planned or expected;
- Address Capital Management – refer Note 28; and
- Facilitate regular reporting to Senior Management, the Board and relevant Committees.

Risk Management Framework

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established separate Audit and Risk Committees which are responsible for developing and monitoring risk management processes. The Committees report regularly to the Board on their activities.

Risk management policies and procedures are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management processes and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities.

The Audit and Risk Committees oversee how management monitors compliance with the Bank's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit and Risk Committees are assisted in its oversight role by Internal Audit. Internal Audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Audit & Risk Committees.

The Bank has undertaken the following strategies to minimise risks.

Market Risk

The Bank is not exposed to currency risk, and does not trade in the financial instruments it holds on its books.

Credit Risk – Loans

The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken. The Board policy is to maintain at least 85% of loans in well secured residential mortgages which carry an 80% Loan to Valuation Ratio or less. Note 10 (c) describes the nature of the security held against the loans as at the balance date.

The Bank has a concentration in the retail lending for members who comprise employees and family in the Ford Motor Company. This concentration is considered acceptable on the basis that the Bank was formed to service these members, and the employment concentration is not exclusive. Should members leave the industry the loans continue and other employment opportunities are available to the members to facilitate the repayment of the loans. The details of the geographical and industry concentrations are set out in Note 10(e).

Credit Risk – Liquid Investments

The risk of losses from the liquid investments undertaken is reduced by the nature and quality of the independent rating of the investee and the limits to concentration in one entity.

The Board policy is that investments shall be widespread to avoid any undue concentration of risk and all investments must be with financial institutions with a rating in excess of BBB- or higher.

Credit Risk – Equity Investments

All investments in equity instruments are solely for the benefit of service to the Bank. The Bank invests in entities set up for the provision of services such as IT solutions, treasury services etc. where specialisation demands quality staff which is best secured by one entity. Further details of the investments are set out in Note 11.

Liquidity Risk

The Bank has set out in Note 27 the maturity profile of the financial assets and financial liabilities, based on the contractual repayment terms.

The Bank is required to maintain at least 12% of total adjusted liabilities as liquid assets capable of being converted to cash within 48 hours under the APRA Prudential standards. The Bank policy is to apply 15% of funds as liquid assets to maintain adequate funds for meeting member withdrawal requests. The ratio is checked daily. Should the liquidity ratio fall below this level the management and the Board are to address the matter and ensure that the liquid funds are obtained from new deposits and borrowing facilities available.

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness.

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022 $'000	2021 $'000
Interest Revenue	2	**3,810**	4,075
Interest Expense	2	**742**	1,168
NET INTEREST REVENUE	2	**3,068**	**2,907**
Other Revenue	3(a)	**1,075**	543
TOTAL OPERATING INCOME		**4,143**	**3,450**
Employee Benefits Expense	3(b)	**1,076**	1,022
Loan Impairment Expense		**38**	9
Depreciation and Amortisation	3(b)	**159**	157
Other Expenses	3(b)	**1,825**	1,688
PROFIT BEFORE INCOME TAX		**1,045**	**574**
Income Tax Expense	5(a)	**(5)**	(143)
PROFIT AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS		**1,040**	**431**
OTHER COMPREHENSIVE INCOME Items that will not be reclassified subsequently to profit or loss			
Asset revaluation reserve movement (net of tax)	23	**954**	240
Gain/(loss) on the revaluation of equity instruments at fair value through other comprehensive income, net of tax	24	**(198)**	47
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBERS		**1,796**	**718**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022	Notes	2022	2021
		$'000	$'000
ASSETS			
Cash and cash equivalents	6	**13,550**	3,277
Deposits with other financial institutions	7	**20,650**	28,600
Accrued receivables	8	**270**	248
Investment securities	9	**28,128**	38,427
Net loans and advances	10	**138,516**	111,178
Other financial assets	11	**92**	704
Property, plant and equipment	12	**4,369**	3,183
Other assets		**116**	82
Deferred tax assets	13	**89**	95
TOTAL ASSETS		**205,780**	185,794
LIABILITIES			
Deposits from members	15	**191,157**	169,717
Payables	16	**264**	225
Tax liabilities	17	**33**	30
Employee benefits	18	**228**	240
Deferred tax liabilities	19	**524**	648
Long term borrowings	20	**-**	3,111
TOTAL LIABILITIES		**192,206**	173,971
NET ASSETS		**13,574**	11,823
MEMBERS' EQUITY			
Capital reserve account	21	**133**	130
Reserves	22	**3,102**	3,102
Asset revaluation reserve	23	**2,339**	1,385
Financial asset reserve	24	**59**	257
Retained profits	25	**7,941**	6,949
TOTAL MEMBERS' EQUITY		**13,574**	11,823

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN MEMBERS' EQUITY

YEAR ENDED 30 JUNE 2022	Notes	Retained Profits $'000	Capital Reserve Account $'000	Asset Revaluation Reserve $'000	Reserves $'000	Financial Asset Reserve $'000	Total $'000
Total at 1 July 2020		6,522	126	1,145	3,102	210	11,105
Net Profit for the year		431	-	-	-	-	431
Less redeemed preference shares	21	(4)	4	-	-	-	-
Revaluation increments/(decrements)	23 24	-	-	240	-	47	287
Total at 30 June 2021		6,949	130	1,385	3,102	257	11,823
Total at 1 July 2021		6,949	130	1,385	3,102	257	11,823
Net Profit for the year		**1,040**	**-**	**-**	**-**	**-**	**1,040**
Less redeemed preference shares	21	**(3)**	**3**	**-**	**-**	**-**	**-**
Revaluation increments/(decrements)	23 24	**(45)**	**-**	**954**	**-**	**(198)**	**711**
Total at 30 June 2022		**7,941**	**133**	**2,339**	**3,102**	**59**	**13,574**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2022	Notes	2022	2021
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**3,798**	4,042
Dividends received		**613**	16
Borrowing costs		**(759)**	(1,329)
Other non-interest income received		**455**	544
Personnel and occupancy costs paid		**(1,188)**	(1,135)
General expenses paid		**(1,762)**	(1,460)
Income tax paid		**(67)**	(146)
Net movement in loans, advances and other receivables		**(27,338)**	1,442
Net movement in deposits and shares		**21,440**	23,683
NET CASH FLOWS FROM OPERATING ACTIVITIES	31(a)	**(4,808)**	25,657
CASH FLOWS FROM INVESTING ACTIVITIES			
Net movement in investments		**18,249**	(35,519)
Acquisition of property, plant and equipment		**(353)**	(222)
Proceeds from sale of Cuscal shares		**287**	-
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**18,183**	(35,741)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term borrowings		**(3,102)**	-
NET CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES		**(3,102)**	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**10,273**	(10,084)
Cash and cash equivalents at beginning of year		**3,277**	13,361
CASH AND CASH EQUIVALENTS AT END OF YEAR	31(b)	**13,550**	3,277

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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*. For the purpose of preparing the financial statements, the Bank is a for-profit entity.

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS ("AIFRS"). The financial statements of the Bank comply with IFRS and interpretations adopted by the International Accounting Standards Board, to the extent outlined below.

b) Basis of Preparation

The financial statements have been prepared on the basis of historical costs, unless stated otherwise.

The preparation of the 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 Bank.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Bank presents its statement of financial position showing assets and liabilities in their broad order of liquidity because this presentation provides reliable and more relevant information than separate current and non-current classifications. For each asset and liability line item that combines amounts expected to be recovered and settled within:

- no more than 12 months after the reporting date; and
- more than 12 months after the reporting date,

The Bank discloses in the notes the amount expected to be recovered or settled after more than 12 months.
The financial report was authorised for issue by the Directors on 15 September 2022.

c) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

d) Classification of financial assets

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

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

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

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of loans and receivables, which is presented within other expenses.

Classifications are determined by both:

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont….)**

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Bank's cash and cash equivalents, trade receivables fall into this category of financial instruments and bonds.

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

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

Impairment of the Bank's financial assets

The Bank's financial assets carried at amortised cost and those carried at fair value through other comprehensive income (FVOCI) are subject to AASB 9's three-stage expected credit loss model. The Bank measures loss allowances at an amount equal to lifetime expected credit losses (ECL), except for the following, for which they are measured as 12 months ECL.

- Debt investment securities that are determined to have a low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not significantly increased since initial recognition.

Loans to Members

Loans and advances' captions in the statement of financial position include:

- loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method; and
- loans and advances mandatorily measured at FVPL or designated as at FVPL; these are measured at fair value with changes recognised immediately in profit or loss.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

'Loans and advances' were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and that the Bank did not intend to sell immediately or in the near term.

Loans and advances to customers included:

- those classified as amortised cost; and
- those designated as at FVPL;

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont….)**

Loans and advances were initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

Interest earned
Term loans - interest is calculated on the basis of the daily balance outstanding and is charged in arrears to a members account on the last day of each month.

Overdraft – interest is calculated initially on the basis of the daily balance outstanding and is charged in arrears to a members account on the last day of each month.

Nonaccrual loan interest – while still legally recoverable, interest is not brought to account as income where the Bank is informed that the member has deceased, or loan is impaired.

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

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

Fees on loans
The fees charged on loans after origination of the loan are recognised as income when the service is provided or costs are incurred.

Net gains and losses
Net gains and losses on loans to members to the extent that they arise from the partial transfer of business or on securitisation, do not include impairment write downs or reversals of impairment write downs.

Reclassifications

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

Loan impairment

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss model' (ECL). Instruments within the scope of the requirements include loans and advances and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments.

The Bank considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.
In applying this forward-looking approach, a distinction is made between:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont….)

Measurement of ECL

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive.

Credit-impaired financial assets

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

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

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

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

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Bank 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Other Financial Assets

AASB 9 requires the Bank's equity investments in other financial assets to be held at fair value. The Bank 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. Dividends from these investments continue to be recorded as other income within the profit or loss, unless the dividend clearly represents return of capital. The Bank's other financial assets are equity investments in Transaction Solutions Pty Ltd.

e) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont....)**

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future taxable amounts will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Bank will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

f) Receivables - related parties entities

Amounts receivable from related parties/entities are carried at amortised cost. Details of the terms and conditions are set out in Note 35.

g) Property, plant and equipment & intangible assets

The Bank recognises in the carrying amount of an item of property, plant and equipment (PPE) the cost of replacing part of such an item when that cost is incurred; if it is probable that the future economic benefits embodied within the item will flow to the Bank, and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

<u>Cost and valuation</u>

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 building.

<u>Depreciation</u>

Depreciation is provided on a straight line basis (except motor vehicles where the diminishing value method is used) over the estimated useful life of all property, plant and equipment, other than freehold land. The estimated useful life in the current and comparative periods is as follows:

Major depreciation periods are:	
Freehold buildings:	40 years
Leasehold improvements:	10 years (lease term)
Plant and equipment:	3 to 7 years

<u>Intangible Assets</u>

Computer software held as intangible assets is amortised over the expected useful life of the software from the date installed ready for use. The expected useful life of computer software is 3 years.

<u>Recoverable amount</u>

The carrying amounts of the Bank's PPE are reviewed at each reporting date to determine whether there is any indicator of impairment. If any such indicator exists, then the assets recoverable amount is estimated. In determining recoverable amount the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate. Where carrying values exceed this recoverable amount assets are written down. Land is not revalued to an amount above its recoverable amount.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont….)

h) Member Deposits

Member savings and term investments are quoted at the aggregate amount of money owing to depositors.

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

i) Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the loans and borrowings using the effective interest method.

j) Provision for Employee Benefits

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

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Bank expects to pay as a result of the unused entitlement. Annual leave is discounted when calculating the leave liability as the Bank does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period.

Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits discounted using corporate bond rates.

Provision for long service leave is on a pro-rata basis from commencement of employment with the Bank based on the present value of its estimated future cash flows.

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

Contributions are made by the Bank to an employee's superannuation fund and are charged to the statement of comprehensive income as incurred.

k) Provisions

A provision is recognised when the Bank has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

l) Goods and Services Tax

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

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

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont….)**

m) Revenue recognition

Account fees

A monthly service fee is applicable on savings accounts for maintaining a customer's deposit account. Many of the Bank's savings account contracts with members comprise a variety of performance obligations including, but not limited to processing of transfers, use of ATMs for cash withdrawals, the issue of original debit cards, and provision of account statements.
Under AASB 15, the Bank must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both of the following criteria are met:

- the customer benefits from the good or service either on its own or together with other readily available resources; and
- the Bank's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the Bank does not provide a significant service integrating, modifying or customising it).

Insurance commission

Insurance commission revenue is in the form of commission generated on successful referral of an insurance application to the insurer. This commission is recognised at a point in time on inception of the insurance policy with the insurer which reflects when the Bank has fulfilled their performance obligation.

n) New or emerging standards not yet mandatory

Certain accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. Changes that are not likely to impact the financial report of the Bank have not been reported.

o) New accounting standards applicable for the current year

The Bank has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australia Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

p) Use of estimates and judgements

In the process of applying the Bank's accounting policies management has used judgements and made estimates in determining the amounts recognised in the financial statements. The most significant use of judgements and estimates are as follows:

(i) Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances on a monthly basis to assess whether an impairment loss should be recorded in the statement of comprehensive income. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired, and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident.

Management have made critical accounting estimates when applying the Bank's accounting policies with respect to the measurement of expected credit loss (ECL) allowance. Key areas of judgement to be considered under the new standard include:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont….)

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

(ii) Determination of fair values

A number of the Bank's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosures purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(iii) Property, plant and equipment

The fair value of land and buildings is based on a market approach. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Bank's land and buildings.

(iv) Equity and investing securities

The fair value of the investments held in TAS have been determined by calculating the net asset per share using the last published financial statements.

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022	2021
		$'000	$'000
2. INTEREST REVENUE AND INTEREST EXPENSE			
Interest Revenue			
Deposits with other financial institutions		**328**	342
Investment securities		**114**	50
Loans and advances		**3,368**	3,683
		3,810	4,075
Interest Expense			
Deposits		**740**	1,160
TFF borrowings		**2**	8
		742	1,168
Net Interest Income		**3,068**	2,907
3. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER SOURCES OF INCOME			
(a) Revenue from contracts with customers			
Fees and commissions			
- Loan fee income		**65**	51
- Other fee income		**108**	105
- Insurance commissions		**179**	175
- Other commissions		**12**	37
Total other revenue from contracts with customers		**364**	368
Other sources of income			
Dividends		**613**	16
Bad debts recovered		**3**	1
Income from property		**95**	91
Income from sale of investments		**-**	17
Governments grants		**-**	50
Total other sources of income		**711**	175
Total other income		**1,075**	543
(b) Other Operating Expenses			
Depreciation and amortisation			
- Plant and equipment		**133**	131
- Buildings		**26**	26
		159	157
Employee benefits expense			
- Personnel costs		**938**	885
- Provision for employee benefits		**17**	26
- Contributions to accumulation superannuation funds		**121**	111
		1,076	1,022
Other Expenses			
- IT/Software		**741**	660
- General and administration		**1,084**	1,028
		1,825	1,688
Total other operating expenses		**3,060**	2,867

3. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER SOURCES OF INCOME (cont…)

Further details with regards to the revenue from contract 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 Bank 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 3rd 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 Bank, and is a key judgement area. Financial contributions are recognised in the year the campaign occurs.
Card/Bpay/payment	Commission is paid based on the volume of member generated BPAY transactions and card transactions.	Revenue is recognised at the point in time when it is received as that is when the service has occurred.
Other	Other commission includes Travelex and term life insurance.	Revenue is recognised at the point in time when it is received as that is when the service has occurred.

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022	2021
		$'000	$'000
4. PROFIT BEFORE INCOME TAX EXPENSE			
Profit before income tax expense does not include any items whose disclosure is not relevant in explaining the financial performance of the Bank.			
5. INCOME TAX			
(a) The prima facie tax payable on operating profit is reconciled to the income tax expense in the accounts as follows:			
Profit from operations before tax		**1,045**	574
Prima facie tax payable on operating profit before income tax at 25% (2021: 26%)		**261**	149
Add tax effect of expenses not deductible			
- Other non-deductible expenses		**70**	(1)
		331	148
Add			
- Deferred Tax Expense		**5**	1
Less			
- Tax adjustment on sale of Cuscal Shares		**(69)**	-
- Franking Rebate		**(262)**	(6)
Income tax expense attributable to operating profit		**5**	143
(b) Franking Credits The amount of franking credits held by the Bank after adjusting for franking credits that will arise from the payment of income tax payable as at the end of the financial year is:		**3,141**	2,813
6. CASH AND CASH EQUIVALENTS			
Cash on hand		**238**	209
Deposits at call		**13,312**	3,068
		13,550	3,277
7. DEPOSITS WITH OTHER FINANCIAL INSTITUTIONS			
Interest earning deposits		**20,650**	28,600
Maturity Analysis			
Not longer than 3 months		**17,050**	25,000
Longer than 3 and not longer than 12 months		**3,600**	1,000
Longer than 1 and not longer than 5 years		**-**	2,600
		20,650	28,600

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022	2021
		$'000	$'000
8. ACCRUED RECEIVABLES			
Interest receivable		**107**	95
Other		**163**	153
		270	248
9. INVESTMENT SECURITIES			
Government and semi government securities/bonds		**12,475**	12,454
Floating rate notes		**15,653**	25,973
		28,128	38,427
Maturity Analysis			
Not longer than 3 months		**3,000**	3,000
Longer than 3 and not longer than 12 months		**2,000**	1,650
Longer than 1 and not longer than 5 years		**19,928**	27,323
Longer than 5 years		**3,200**	6,454
		28,128	38,427
10. LOANS AND ADVANCES			
Overdrafts		**41**	52
Term loans		**138,545**	111,196
		138,586	111,248
Provision for impairment	10(f)(i)	**(70)**	(70)
Total loans and advances (net)		**138,516**	111,178
(a) Aggregate amounts receivable from related parties:			
Directors and Director-related entities			
– Directors		**344**	371
(b) Maturity Analysis			
Overdrafts		**41**	52
Not longer than 3 months		**3**	4
Longer than 3 and not longer than 12 months		**81**	57
Longer than 1 and not longer than 5 years		**2,163**	2,152
Longer than 5 years		**136,298**	108,983
		138,586	111,248
c) Credit Quality – Security Dissection			
Secured by mortgage		**134,544**	107,141
Secured other		**3,757**	3,675
Unsecured		**285**	432
		138,586	111,248
It is not practicable to value all collateral as at the balance date due to the variety of assets and conditions. A breakdown of the quality of the residential mortgage security on a portfolio basis is as follows:			
- loan to valuation ratio of less than 80%		**125,774**	92,670
- loan to valuation ratio of more than 80% but mortgage insured		**7,986**	13,939
- loan to valuation ratio of more than 80% but not mortgage insured		**784**	532
		134,544	107,141

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022	2021
		$'000	$'000

10. LOANS AND ADVANCES (Cont...)

d) Funds Under Management

At 30 June 2022 the Bank provided management for $2,388,921 (2021 $2,891,791) of off balance sheet securitised loans to members which are financed by Perpetual Trustee Company Ltd (mortgage provider). These loans do not qualify for recognition in the books of the Bank and accordingly are not brought to account in the books of the Bank at any time. The Bank receives fees and commissions from borrowers and the mortgage provider for the establishment of the loans and for the ongoing management of the loans. The mortgage provider assumes all of the risk in relation to these loans.

(e) Concentration of Risk

The Bank has an exposure to groupings of individual loans which concentrate risk and create exposure to particular segments as follows:

	Notes	2022 $'000	2021 $'000
(i) Geographic			
- Victorian residents		**114,605**	104,365
- Other		**23,911**	6,813
		138,516	111,178
(ii) Industry			
- Employed by Ford Motor Company Limited		**8,060**	8,132

The Bank's loan portfolio includes six loans totalling $8,285,454 which represents 10% or more of capital.

(f) Provision on Impaired Loans

	Notes	2022 $'000	2021 $'000
(i) Loan Provisions Comprise:			
- Expected credit loss allowance		**70**	70
		70	70

FOR THE YEAR ENDED 30 JUNE 2022

10. LOANS AND ADVANCES (Cont...)

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:

Credit risk exposure under expected credit loss - 2022	**Stage 1 12 month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loan category	**2022 $'000**	**2022 $'000**	**2022 $'000**	**2022 $'000**
Mortgages loans – secured by residential or commercial property				
Up to 30 days	133,405	-	-	133,405
More than 30 days, but less than 90 days	-	713	-	713
More than 90 days	-	-	426	426
Personal loans – secured				
Up to 30 days	3,722	-	-	3,722
More than 30 days, but less than 90 days	-	-	-	-
More than 90 days	-	-	35	35
Personal loans - unsecured	283	2	-	285
Total carrying amount – gross	137,410	715	461	138,586
Less expected credit loss allowance	(68)	-	(2)	(70)
Total carrying amount – net	137,342	715	459	138,516
Security analysis - Stage 2 & Stage 3				
Estimated collateral – after discount	N/A	903	-	903

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:

2022:

	Stage 1 12 month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Movement category	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2021	49	21	-	70
Transfers between stages	-	-	-	-
Movement due to increase in loans & advances	-	-	-	-
Movement due to change in credit risk	19	17	2	38
Bad debts written off from provision		(38)		(38)
Changes in model/risk parameters	-	-	-	-
Balance at 30 June 2022	68	-	2	70

During the 2022 financial year, there was no significant change to the gross carrying amount of financial instruments subject to the expected credit loss provision.

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022	2021
		$'000	$'000
10. LOANS AND ADVANCES (Cont...)			
Non-accrual loans		-	-
(g) Past due but not impaired			
As at 30 June 2022 loans and advances of $1,176,156 (2021: $591,463) were past due but not impaired. Adequate security is held to cover recovery of the debt. The ageing analysis is as follows:			
Past due up to 90 days (fully secured)		715	591
Past due 90 - 365 days (fully secured)		461	-
		1,176	591

Key assumptions in determining the provision for impairment

In the course of the preparation of the annual report the Bank has determined the likely impairment loss on loans which have not maintained the loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as industrial restructuring, job losses or economic circumstances. In identifying the impairment likely from these events, the Bank is required to estimate the potential impairment using the length of time the loan is in arrears, the historical losses arising in past years, and the security held. Given the relatively small number of impaired loans, the circumstances may vary for each loan over time resulting in higher or lower impairment losses. An estimate is based on the period of impairment.

Incorporation of forward-looking information

The Bank has taken into consideration several macro-economic factors including unemployment rate, gross domestic product, housing price index and interest rates. Through analysis it was determined that the unemployment rate showed a correlation with the Bank's arrears history, therefore the Probability of Default ('PD') will be reviewed and adjusted if a significant change in the unemployment rate is forecast or has occurred. Due to the anticipated near-term outlook, including potential impacts of the COVID-19 pandemic, the PD at each stage has been reviewed and adjusted based on a forecasted increase in the unemployment rate.

The Bank also holds a general reserve for credit losses as an additional allowance for bad debts to comply with prudential requirements. Refer to Note 22 for details on this reserve.

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022	2021
11. OTHER INVESTMENTS		**$'000**	$'000
Shares in Unlisted companies – at fair value			
- Credit Union Services Corporation (Aust) Limited		**622**	578
- Increase in fair value during the year		**-**	44
- Sale of Cuscal shares during the year		**(622)**	-
		-	622
- Transaction Solutions Pty Limited		**82**	74
- Increase in fair value during the year		**10**	8
		92	82
		92	704

Disclosures on Shares held at FVOCI:

(a) Credit Union Services Corporation (Aust) Limited (CUSCAL)

The shareholding in CUSCAL is measured at fair value

This company was created to supply services to the member Credit Unions and does not have an independent business focus. These shares are held to enable the Bank to receive essential banking services – refer to Note 37. The shares are not able to be traded and are not redeemable.

The financial reports of CUSCAL record net tangible asset backing of these shares exceeding their cost value.

The Bank sold its shares in CUSCAL on the 21^{st} December 2021.

b) Transaction Solutions Pty Ltd

The shareholding in Transaction solutions Pty Ltd (TAS) is measured at fair value.

Fair Value Calculation – 2022

The Bank has assessed the net assets/share represents reasonable fair value approximation.

30 June 2021 net assets = $17.6m

Issued capital = $1,921,571 ordinary shares on issue

Net assets per share = $9.1881 / share x 9,993 = $91,817

These shares are held to enable the Bank to receive essential banking services – refer to Note 37.

The Bank is not intending, nor able to dispose of these shares, without a majority of TAS shareholder approval.

None of the Company's 'other investments' are traded in active markets and therefore the Company is unable to base the fair value of its other investments on quoted market prices or broker price quotations. As such, the Company determines fair values using other valuation techniques.

FOR THE YEAR ENDED 30 JUNE 2022

11. OTHER INVESTMENTS (Cont...)

All 'other investments' trade infrequently and have little price transparency, as such fair value estimates require varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific investment.

The valuation technique for all 'other investments' includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

For the full investment portfolio, the Board has considered whether the latest available reported net assets of these underlying investments reflect the probable value of the investment as a whole. Where this is not the case, the Board, in consultation with management of the respective investment entity, has adjusted the carrying fair value of those assets accordingly.

Because of the inherent uncertainty of valuing these underlying investments arising from their illiquid nature, the values of these underlying investments may differ from the values that would have been used had a ready market for the investments existed.

	Notes	2022	2021
12. PROPERTY, PLANT AND EQUIPMENT			
Freehold land			
At fair value		**2,650**	2,500
Buildings on freehold land			
At cost		**-**	1,022
At fair value		**1,075**	-
Less Provision for depreciation		**-**	(762)
Total buildings on freehold land		**1,075**	260
Total freehold land and buildings		**3,725**	2,760
Plant and equipment			
At cost		**2,537**	2,183
Less Provision for depreciation		**(1,893)**	(1,760)
Total plant and equipment		**644**	423
Total property, plant and equipment			
At cost		**2,537**	3,205
At fair value		**3,725**	2,500
Less Provision for depreciation		**(1,893)**	(2,522)
Total written down amount		**4,369**	3,183

a) While the valuation report does not indicate impairment of land and buildings, it does present estimation uncertainty regarding the increased valuation of the land and buildings. The valuation is performed as at the current date of valuation only. The fair value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). The Bank has determined that the carrying amount of land and buildings, and the fair value are not materially different. The Valuation is based on specific assumptions that appear reasonable based on current local market sentiment and forecasts.

FOR THE YEAR ENDED 30 JUNE 2022

12. PROPERTY, PLANT AND EQUIPMENT (cont….)

b) Valuations

Land and buildings are independently valued at frequencies not exceeding three years. The independent valuation of land and buildings at 9 March 2022 was performed by (Opteon) – Enza-Maree Taranto, AAPI Certified Practicing Valuer, API No. 86060.

The valuation basis for land and building is fair value in compliance with AASB13 *Fair Value.* The fair value of non-financial assets takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. In the opinion of the Directors there have been no significant changes in market value since 9 March 2022.

The revaluation surplus net of applicable deferred income taxes was credited to asset revaluation reserves in Note 23.

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

30 June 2022	**Land**	**Bldgs.**	**Plant & Equip.**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Carrying amount at start of year	**2,500**	**259**	**424**	**3,183**
Revaluation increments	**150**	**842**	**-**	**992**
Additions	**-**	**-**	**353**	**353**
Less Disposals	**-**	**-**	**-**	**-**
Less Depreciation	**-**	**(26)**	**(133)**	**(159)**
Carrying amount at end of year	**2,650**	**1,075**	**644**	**4,369**

30 June 2021	**Land**	**Bldgs.**	**Plant & Equip.**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Carrying amount at start of year	2,200	285	334	2,819
Revaluation increments	300	-	-	300
Additions	-	-	221	221
Less Disposals	-	-	-	-
Less Depreciation	-	(26)	(131)	(157)
Carrying amount at end of year	2,500	259	424	3,183

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022 $'000	2021 $'000
13. DEFERRED TAX ASSETS			
Deferred Tax Assets comprise:			
Provisions for impairment on loans		**17**	18
Provisions for staff entitlements		**62**	67
Provisions for other liabilities		**10**	10
		89	95
14. INTANGIBLE ASSETS			
Computer software		**799**	799
Less Provision for amortisation		**(799)**	(799)
		-	-
15. DEPOSITS FROM MEMBERS			
Call deposits		**148,206**	138,610
Term deposits		**42,920**	31,073
		191,126	169,683
Members withdrawable shares		**31**	34
		191,157	169,717
(a) Maturity Analysis			
On call		**148,206**	138,610
Not longer than 3 months		**22,646**	15,322
Longer than 3 and not longer than 12 months		**20,274**	15,751
No maturity specified		**31**	34
		191,157	169,717
(b) Concentration of Deposits			
The Bank has an exposure to groupings of individual deposits which concentrate risk and create exposure to particular segments as follows:			
(i) Geographic			
- Victorian residents		**139,334**	124,973
- Other		**51,823**	44,744
		191,157	169,717
(ii) Industry			
- Employed by Ford Motor Company Limited		**3,182**	2,850

The Bank's deposit portfolio does not include any deposit which represents 10% or more of total liabilities.

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022	2021
		$'000	$'000
15. DEPOSITS FROM MEMBERS (cont....)			
(c) Members withdrawable shares			
Since all member shares issued are withdrawable at the discretion of the member, on closure of their account, shares are recognised as liabilities rather than equity. All shares carry the same voting entitlements.			
Shares at beginning of the year		**34**	37
Shares issued in the year		**-**	1
Shares redeemed from share account		**(3)**	(4)
		31	34
16. PAYABLES			
Trade creditors		**149**	100
Accrued interest payable		**54**	71
Other creditors		**61**	54
		264	225
17. TAX LIABILITIES			
Taxation payable		**33**	30
18. EMPLOYEE BENEFITS			
Annual leave		**104**	97
Long service leave		**124**	143
		228	240
Current			
Provision for annual leave		**72**	73
Provision for long service leave		**9**	10
		81	83
Non-Current			
Provision for annual leave		**32**	24
Provision for long service leave		**115**	133
		147	157
19. DEFERRED TAX LIABILITIES			
Deferred tax liabilities		**524**	648
Deferred income tax liability comprises			
Tax on revalued land & Buildings held in equity		**501**	466
Tax on revalued of shares held in equity		**23**	182
		524	648
20. LONG TERM BORROWINGS			
Term Funding Facility (TFF)		**-**	3,111
		-	3,111

FOR THE YEAR ENDED 30 JUNE 2022

20. LONG TERM BORROWINGS (cont....)

Term Funding Facility (TFF)

On 19 March 2020, the RBA announced it was establishing a Term Funding Facility (TFF) for ADIs to reinforce the benefits to the economy of a lower RBA cash rate and encourage ADIs to support businesses. The facility provides three-year funding via repurchase transactions with the RBA at a cost of 0.25% and is available to be drawn through to the end of March 2021. On 30 March 2020, APRA announced that the benefit from the Initial Allowance of the TFF could be included in the reporting of Minimum Liquidity Holdings (MLH) from 31 March 2020 subject to having the necessary unencumbered collateral to access the facility. On 16 April 2020, APRA extended this treatment to include the Additional Allowance of the TFF.

The Bank's Initial Allowance was $3,328,800 was drawn on 8 April 2020 (purchase date). The collateral used to access the facility is $3,500,000 RBA Repo Bonds. The TFF is measured at amortised cost and recognised as the aggregate amount of money owing to the Reserve Bank of Australia (RBA) as part of the reciprocal purchase transaction. The amount of interest accrued at balance date is shown as part of the TFF. The Bank repaid the facility in full on the 14th October 2021.

	Notes	2022 $'000	2021 $'000
21. CAPITAL RESERVE ACCOUNT			
Balance at beginning of the year		**130**	126
Redeemed member shares		**3**	4
Balance at end of the year		**133**	130

Under the *Corporations Act 2001* (S.254K) redeemable shares (member shares) may only be redeemed out of profits or new shares issued for the purpose of the redemption. The Capital Reserve Account represents the shares redeemed by members. Member shares for existing and new members of the Bank are shown as Liabilities – refer Note 15(c).

	2022 $'000	2021 $'000
22. RESERVES		
General Reserve	**3,000**	3,000
General Reserve for Credit Losses	**102**	102
TOTAL RESERVES	**3,102**	3,102

General Reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purpose. There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

General Reserve for Credit Losses

This reserve records amounts previously set aside as a General Provision and is maintained to comply with the Prudential Standards as set down by APRA and as part of a prudent approach to risk management.

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022	2021
		$'000	$'000
23. ASSET REVALUATION RESERVE			
Asset revaluation reserve – land & buildings		**2,339**	1,385
Movement in reserves			
Asset revaluation reserve – land & building			
The asset revaluation reserve accounts for the unrealised gains on assets due to revaluation to fair value.			
Balance at the beginning of the year		**1,385**	1,145
Add: increase on revaluation of land		**150**	300
Add: increase on revaluation of buildings		**840**	-
Less: tax effect		**(36)**	(60)
Balance at the end of the year		**2,339**	1,385
24. FINANCIAL ASSET RESERVE			
Financial asset reserve at the beginning of the financial year		**257**	210
Sale of equity instruments – Cuscal shares		**(251)**	-
Transfer to/(from) financial asset reserve		**45**	-
Gain/(loss) on the revaluation of equity instruments		**10**	51
Less: tax effect		**(2)**	(4)
Financial asset reserve at the end of the Financial Year		**59**	257
25. RETAINED PROFITS			
Retained Profits at the beginning of the financial year		**6,949**	6,522
Add Profit for the year		**1,040**	431
Transfer to/(from) financial asset reserve		**(45)**	-
Less Transfer to Reserve Capital account on redemption of shares		**(3)**	(4)
Retained Profits at the end of the Financial Year		**7,941**	6,949
26. CATEGORIES OF FINANCIAL INSTRUMENTS			
The following information classifies the financial instruments into measurement classes.			
Financial assets - carried at amortised cost			
Cash	6	**238**	209
Receivables	8	**163**	153
Receivables from financial institutions	6,7,8,9	**62,197**	70,190
Loans to members	10	**138,516**	111,178
Total loans and receivables		**201,114**	181,730
Equity investments	11	**92**	704
Total carried at FVOCI		**92**	704
TOTAL FINANCIAL ASSETS		**201,206**	182,434
Financial liabilities – carried at amortised cost			
Payables	16	**264**	225
Deposits from members	15	**191,157**	169,717
Long term borrowings	20	**-**	3,111
TOTAL FINANCIAL LIABILITES		**191,421**	173,053
NET FINANCIAL ASSETS		**9,785**	9,381

FOR THE YEAR ENDED 30 JUNE 2022

27. MATURITY PROFILE OF FINANCIAL ASSETS AND LIABILITIES

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

2022	Within 1 month $'000	1-3 months $'000	3-12 months $'000	1-5 years $'000	After 5 years $'000	No Maturity $'000	TOTAL $'000
ASSETS							
Cash	**238**	**-**	**-**	**-**	**-**	**-**	**238**
Receivables from other financial institutions	**13,314**	**20,056**	**5,612**	**19,998**	**3,217**	**-**	**62,197**
Loans to members	**41**	**3**	**83**	**2,470**	**175,007**	**-**	**177,604**
Total financial Assets	**13,593**	**20,059**	**5,695**	**22,468**	**178,224**	**-**	**240,039**
LIABILITIES							
Creditors	**264**	**-**	**-**	**-**	**-**	**-**	**264**
Deposits from members							
- at call	**148,206**	**-**	**-**	**-**	**-**	**31**	**148,237**
Deposits from members							
- at term	**5,440**	**13,970**	**23,600**	**-**	**-**	**-**	**43,010**
On Balance Sheet							
Undrawn commitments	**4,529**	**-**	**-**	**-**	**-**	**-**	**4,529**
Total financial Liabilities	**158,439**	**13,970**	**23,600**	**-**	**-**	**31**	**196,040**

FOR THE YEAR ENDED 30 JUNE 2022

27. MATURITY PROFILE OF FINANCIAL ASSETS AND LIABLIITIES (Cont….)

2021	Within 1 month $'000	1-3 months $'000	3-12 months $'000	1-5 years $'000	After 5 years $'000	No Maturity $'000	TOTAL $'000
ASSETS							
Cash	209	-	-	-	-	-	209
Receivables from other financial institutions	3,067	28,017	2,655	29,969	6,482	-	70,190
Loans to members	52	4	59	2,490	143,105	-	145,710
Total financial Assets	3,328	28,021	2,714	32,459	149,587	-	216,109
LIABILITIES							
Creditors	225	-	-	-	-	-	225
Deposits from members							
- at call	138,610	-	-	-	-	34	138,644
Deposits from members							
- at term	6,371	8,439	16,049	50	-	-	30,909
Term Funding Facility	-	-	-	3,111	-	-	3,111
On Balance Sheet	145,206	8,439	16,049	3,161	-	34	172,889
Undrawn commitments	4,327	-	-	-	-	-	4,327
Total financial Liabilities	149,533	8,439	16,049	3,161	-	34	177,216

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022	2021
		$'000	$'000

28. CAPITAL MANAGEMENT

The Bank maintains an actively managed capital base to cover its risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking and adopted by (APRA).

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise members' value.

The Bank has a capital management plan and an Internal Capital Adequacy Assessment Process (ICAAP) to ensure it maintains an appropriate capital base to cover the risks inherent in the business. The plan and ICAAP includes addressing the capital requirements prescribed by regulators, principally through the Bank's strategy for managing capital resources over time, its capital target, how the required capital is to be met and actions and procedures for monitoring compliance with minimum regulatory capital adequacy requirements. The strategy primarily focuses on building accumulated reserves from earnings but may include share issues and subordinated debt raisings.

Capital adequacy is determined as a ratio of the capital base to the Bank's risk weighted exposures. Risk weighted exposures comprises all assets and certain other credit commitments, and operational risk, discounted by regulatory prescribed factors as appropriate, to reflect the lower risk profile of certain assets, commitments and operational risk.

The Bank manages as capital the following:

	2022 $'000	2021 $'000
Regulatory Capital Base	**13,574**	11,823
Less regulatory prescribed adjustments	**(92)**	(704)
Capital Base	**13,482**	11,119
Risk weighted exposures	**84,440**	74,545
Capital adequacy ratio	**15.97%**	14.92%

During the past year, the Bank has complied in full with all its externally imposed capital requirements and met its desired capital goals.

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022 $'000	2021 $'000
29. FINANCIAL COMMITMENTS			
(a) Outstanding loan commitments			
Loans approved but not funded	33 (b)	**1,713**	2,514
(b) Loan redraw facilities			
Loan redraw facilities available		**11,066**	11,506
(c) Undrawn loan facilities			
Loan facilities available to members for overdrafts and line of credit loans are as follows:			
Total value of facilities approved		**857**	865
Less: Amount advanced		**(41)**	(52)
Net undrawn value		**816**	813
These commitments are contingent on members maintaining credit standards and ongoing repayment terms on amounts drawn.			
Total financial commitments		**13,595**	14,833
30. DISCLOSURES ON DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL			
(a) Remuneration of Key Management Persons [KMP]			
KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any Director (whether executive or otherwise) of that Bank. Control is the power to govern the financial and operating policies of a Bank so as to obtain benefits from its activities.			
KMP have been taken to comprise the Directors (see Note 35) and the executive management being responsible for the day to day financial and operational management of the Bank. The aggregate compensation of KMP during the year comprising amounts paid or payable or provided for was as follows:			
Short-term employee benefits – salaries/annual leave/fees/non-monetary		**510**	491
Post-employment benefits - superannuation contributions		**44**	42
Other long-term benefits – long service leave		**11**	10
Total		**565**	543
(b) Loans to Directors and other KMP.			
Balance owing at 30 June		**743**	1,752
Summary of transactions:			
New loans advanced		**7**	969
Interest and fees charges		**23**	25
Repayments		**1,038**	417
Revolving credit facilities:			
Total value extended		**-**	-
Balance utilised at 30 June		**-**	-
Savings and term deposit services:			
Amounts deposited at 30 June		**1,180**	944

Loans and revolving credit facilities are made to KMP in the course of ordinary business on normal commercial terms and conditions. These include secured and unsecured loans. Loans must be repaid and paid out in cash. No loan or revolving credit is impaired and no loan has been written off as a bad debt. Savings and term deposit services are extended to KMP in the course of ordinary business on normal commercial terms and conditions. The KMP declare that they have no influence over, or are influenced by, close family members or other related parties that have lending or banking relationships with the Bank. These close family members or related parties conduct transactions with the Bank on normal terms and conditions offered to all other members.

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022	2021
		$'000	$'000
31. STATEMENT OF CASH FLOWS			
(a) Reconciliation of the operating profit after tax to the net cash flows from operations			
Profit after tax		1,040	431
Depreciation and amortisation of property, plant & equipment & intangibles		159	157
Debt costs		2	8
Changes in assets and liabilities			
(Increase)/Decrease in other financial assets		(34)	31
(Increase)/Decrease in accrued receivables		(22)	(10)
(Increase)/Decrease in deferred tax asset		6	2
(Increase)/Decrease loans and advances		(27,338)	1,452
Increase/(Decrease) in tax provision		3	(4)
Increase/(Decrease) in deferred tax liability		(91)	-
Increase/(Decrease) in payables		39	(114)
Increase/(Decrease) in provision for employee benefits		(12)	21
Increase/(Decrease) in member deposits		21,440	23,683
Net cash flow from operating activities		(4,808)	25,657
(b) Reconciliation of cash			
Cash balance comprises:			
– Cash		238	209
– Other short-term liquid assets		13,312	3,068
Closing cash balance		13,550	3,277

(c) 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;
(ii) borrowings and repayments on loans, advances and other receivables;
(iii) purchases of and proceeds from redemption of investments.

(d) Bank Overdraft Facility

The Bank has an overdraft facility available to the extent of $1,000,000 (2021 $1,000,000).

The overdraft facility is provided by Credit Union Services Corporation (Australia) Limited and is secured by way of cash security deposits.

32. EXPENDITURE COMMITMENTS

Capital expenditure commitments

Estimated capital expenditure contracted for at balance date but not provided for is nil (2021: nil).

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022 $'000	2021 $'000

33. CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

In the normal course of business the Bank 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 Bank 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. The Bank holds collateral supporting these commitments where it is deemed necessary.

(a) Contingent Liabilities

Credit Union Financial Support System Limited

With effect from 1 July 1999, Ford Co-operative Credit Society Limited is a party to the Credit Union Financial Support System (CUFSS). CUFSS is a voluntary scheme in which all Credit Unions that are affiliated with Credit Union Services Corporation (Australia) Limited (Cuscal) have agreed to participate.

CUFSS is a company limited by guarantee, each Credit Union's guarantee being $100.

As a member of CUFSS, the Bank:

- May be required to advance funds of up to 3% (excluding permanent loans) of total assets capped at a maximum of $100m to another Credit Union requiring financial support;
- Agrees, in conjunction with other members, to fund the operating costs of CUFSS.

(b) Credit related commitments

	Notes	2022 $'000	2021 $'000
Binding commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Approved but undrawn loans and unused continuing credit facilities.	29 (a)	**1,713**	2,514

FOR THE YEAR ENDED 30 JUNE 2022	Notes	2022	2021
		$'000	$'000
34. AUDITOR'S REMUNERATION			
Amounts received or due and receivable by the auditors of Ford Co-operative Credit Society Limited for:			
– an audit or review of the financial statements of the Bank		**49**	49
– other services in relation to the Bank		**14**	13
		63	62

35. RELATED PARTY DISCLOSURES

(a) The Directors of Ford Co-operative Credit Society Limited during the financial year were:

T.J. Boyd;
A.R. Batten;
M.W. Burrowes:
M.J. Carroll;
D.M. Raimondo; and
S.D. Randall.

(b) The following related party transactions occurred during the financial year:

Transactions with the Directors of Ford Co-operative Credit Society Limited
Loans and advances to Directors:
Loans and advances amounting to $345,885 (2021 $370,620) have been provided and repayments amounting to $26,736 (2021 $381,403) have been received by Ford Co-operative Credit Society Limited. The terms and conditions of all loans and advances to Directors are on the same basis as members and have not been breached. Each director would hold at least 1 share in the Bank.

36. SEGMENT INFORMATION

The Bank operates predominantly in the finance industry within the regions of Geelong, Melbourne and Sydney. The operations mainly comprise the acceptance of deposits and the provision of loans. Specific segmentation of loans and deposits are set out in Notes 10 & 15.

FOR THE YEAR ENDED 30 JUNE 2022

37. OUTSOURCING ARRANGEMENTS

The Bank has entered into contracts with, and has outsourcing arrangements with, the following organisations and service providers:

(a) Credit Union Services Corporation (Australia) Limited.
This company is the national services company for the affiliated Credit Union Movement within Australia. This company operates the payment switch used to link Visa Debit Cards operated through approved ATM and EFTPOS suppliers to the Bank's information system. The Bank has entered into an agreement with this entity for licences to operate computer software, support for software, rights to Visa Debit Cards, and the provision of central banking facilities.

(b) Transaction Solutions Pty Ltd
This company owns and operates the information system utilised by the Bank on a bureau basis and provides computer disaster recovery facilities.

(c) Ultradata Australia Pty Limited
Provides and maintains the application software utilised by the Bank to deliver its banking services.

(d) Other Relationships
Relationships also exist with Ford Motor Company of Australia and with other service providers for a range of other services to members, including: BPay, Bridges & Associates, QBE Insurance, and Western Union.

FOR THE YEAR ENDED 30 JUNE 2022

38. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The Bank's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in:						Non-interest Bearing		Total carrying amount as per the statement of financial position		Weighted average effective interest rate	
			1 year or less		1 - 5 years		More than 5 years							
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000	**2022 $'000**	2021 $'000	**2022 $'000**	2021 $'000	**2022 $'000**	2021 $'000	**2022 $'000**	2021 $'000	**2022 %**	2021 %
(i) Financial assets														
Cash and liquid assets	**13,312**	3,069	**-**	-	**-**	-	**-**	-	**238**	208	**13,550**	3,277	**0.68%**	0.00%
Deposits with other financial institutions	**-**	-	**20,650**	28,600	**-**	-	**-**	-	**-**	-	**20,650**	28,600	**1.59%**	0.44%
Loans and advances - related parties/entities	**344**	371	**-**	-	**-**	-	**-**	-	**-**	-	**344**	371	**3.81%**	3.56%
Unlisted shares	**-**	-	**-**	-	**-**	-	**-**	-	**92**	704	**92**	704	**N/A**	N/A
Government and semi-government bonds	**-**	-	**12,475**	12,454	**-**	-	**-**	-	**-**	-	**12,475**	12,454	**1.79%**	1.56%
Floating rate notes	**-**	-	**15,653**	25,973	**-**	-	**-**	-	**-**	-	**15,653**	25,973	**2.15%**	0.79%
Loans and advances	**138,172**	110,807	**-**	-	**-**	-	**-**	-	**-**	-	**138,172**	110,807	**2.84%**	3.14%
Total financial assets	**151,828**	114,247	**48,778**	67,027	**-**	-	**-**	-	**330**	912	**200,936**	182,186	**-**	-
(ii) Financial liabilities														
Deposits from members	**148,207**	138,609	**42,920**	31,073	**-**	-	**-**	-	**31**	34	**191,158**	169,716	**0.70%**	0.55%
Payables	**-**	-	**-**	-	**-**	-	**-**	-	**264**	225	**264**	225	**N/A**	N/A
Long Term Borrowings	**-**	-	**-**	-	**-**	3,111	**-**	-	**-**	-	**-**	3,111	**N/A**	0.25%
Total financial liabilities	**148,207**	138,609	**42,920**	31,073	**-**	3,111	**-**	-	**295**	259	**191,422**	173,052	**-**	-

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

FOR THE YEAR ENDED 30 JUNE 2022

38. FINANCIAL INSTRUMENTS (Cont...)

(b) Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date, are as follows.

	Total carrying amount as per the statement of financial position		**Aggregate net fair value**	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Financial assets				
Cash and cash equivalents	**13,550**	3,277	**13,550**	3,277
Deposits with other financial institutions	**20,650**	28,600	**20,650**	28,600
Government and semi government bonds	**12,475**	12,454	**12,475**	12,454
Floating rate notes	**15,653**	25,973	**15,653**	25,973
Loans and advances	**138,516**	111,178	**138,516**	111,178
Unlisted shares	**92**	704	**92**	704
Total financial assets	**200,936**	182,186	**200,936**	182,186
Financial liabilities				
Deposits from members	**191,158**	169,716	**191,051**	169,501
Payables	**264**	225	**264**	225
Term Funding Facility	**-**	3,111	**-**	3,111
Total financial liabilities	**191,422**	173,052	**191,315**	172,837

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities

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

Assets where the fair value is lower than the book value have not been written down in the accounts of the Bank 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 Bank has assessed that at balance date, the carrying amount of all financial instruments approximates fair value. The description of the valuation techniques and assumptions are detailed below:

Cash and Liquid assets due from other financial institutions

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

Loans and advances

The majority of the Bank'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.

Unlisted shares

The Company's 'unlisted shares are not traded in active markets and therefore fair values are determined using other valuation techniques. A full description of the valuation techniques used is included in Note 11.

FOR THE YEAR ENDED 30 JUNE 2022

38. FINANCIAL INSTRUMENTS (Cont…)

(b) Net fair values (cont….)

Deposits from members

The fair value of call and variable rate deposits, and fixed rate deposits repricing within 12 months, is the amount shown in the statement of financial position. Discounted cash flows were used to calculate the fair value of other term deposits, based upon the deposit type and the rate applicable to its related period to maturity. The maximum term for fixed term deposits accepted by the Bank is 2 years.

The Bank has assessed its own credit risk in regards to the fair value of deposits, and has assessed that no material valuation adjustment is required based on the capital management system utilised by the Bank as outlined at Note 28.

Short term borrowings

The carrying amount approximates fair value because of their short-term to maturity.

Long-term borrowings

The fair values of long-term borrowings are estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements.

Other financial liabilities

This includes interest payable and trade and other payables for which the carrying amount is considered to be a reasonable approximation of fair value given the short term nature.

(c) Interest rate risk

Fair value sensitivity analysis for fixed rate instruments

The Bank does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis

The Bank is exposed to interest rates arising from mismatches in the repricing dates between financial assets and financial liabilities. As at 30 June 2022, it is estimated that a general decrease of 1.00% in interest rates would decrease the Bank's profit before tax by approximately $312,578 (2021 $172,535 – 0.10%).

A general increase of 1.00% in interest rates would have an equal but opposite effect to the amounts shown above.

FOR THE YEAR ENDED 30 JUNE 2022

38. FINANCIAL INSTRUMENTS (Cont…)

(d) Credit risk exposures

The Bank's maximum exposures* to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

Concentrations of credit risk

The Bank minimises concentrations of credit risk in relation to loans receivable by undertaking transactions with a large number of customers within the specified categories. Refer also to Note 36 – Segment information.

Concentrations of credit risk on loans receivable arise in the following categories:

	Maximum credit risk exposure* for each concentration			
	Percentage of total loans receivable (%)		**$'000**	
Geographic/Industry	**2022**	2021	**2022**	2021
Victorian Residents	**83%**	94%	**114,604**	104,365
Other non-concentrated	**17%**	6%	**23,911**	6,813
	100%	100%	**138,515**	111,178
Employed by Ford Motor Company	**6%**	7%	**8,060**	8,132
Other non-concentrated	**94%**	93%	**130,456**	103,046
	100%	100%	**138,516**	111,178

Credit risk in loans receivable is managed in the following ways:
- a risk assessment process is used for all customers; and
- lenders' mortgage insurance is obtained for customers with high loan to value ratio securities.

* The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

The following table highlights the Bank's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets of liabilities that the entity can access at the measurement date.
Level 2: Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

FOR THE YEAR ENDED 30 JUNE 2022

39. FAIR VALUE MEASUREMENT

2022	**Level 2**		**Level 3**
Assets measured at fair value	**$**		**$**
Land & Buildings	**3,725**	Shares	**92**
Total Assets	**3,725**	Total Assets	**92**

2021	Level 2		Level 3
Assets measured at fair value	$		$
Land	2,500	Shares	704
Total Assets	2,500	Total Assets	704

The Bank has assessed that at balance date, the carrying amount of all financial instruments approximates fair value. Refer to Note 38(b).

Valuation techniques for fair value measurements:

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

Shares are unlisted equity investments. Given there are no quoted market prices and fair value cannot be reliable measured, investments are held at cost less impairment.

Movements in Level 2 & 3 assets during the current and previous financial year are as set out below:

	Land $	Shares $
Balance as at 1 July 2020		
Additions	2,200	653
Losses recognised in other comprehensive income	-	-
Revaluation increment through comprehensive income	-	-
Balance as at 30 June 2021	300	51
	2,500	704
	Land & Buildings **$**	**Shares** **$**
Balance as at 1 July 2021	**2,500**	**704**
Additions	**-**	**-**
Losses recognised in other comprehensive income	**-**	**-**
Revaluation increment through comprehensive income	**1,225**	**(612)**
Balance at 30 June 2022	**3,725**	**92**

The Company's unlisted shares are not traded in active markets and therefore fair values are determined using other valuation techniques. A full description of the valuation techniques used is included in Note 11.

40. EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any other matter or circumstances since the end of the financial year which has significantly affected or may significantly affect the operations of the Bank.

Other than the ongoing impact of the COVID-19 pandemic, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Bank, the results of those operations, or the state of affairs of the Bank in subsequent financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Ford Co-operative Credit Society Limited, we state that:
In the opinion of the Directors:

(a) the financial statements and notes of the Bank are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Bank's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and *Corporations Regulations 2001*;

(b) the financial statements and notes of the Bank also comply with International Financial Reporting Standards as disclosed in Note 1 to the Financial Statements;

and

(c) there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Michael Carroll
Director

Dominic Raimondo
Director
Geelong, 15 September 2022

Crowe

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Geelong Bank

Independent Auditor's Report to the Members of Ford Co-operative Credit Society Limited (trading as Geelong Bank)

Opinion

We have audited the financial report of Geelong Bank (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Geelong Bank is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information contained in the Company's Annual Report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.
Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

Crowe

CROWE MELBOURNE

BRADLEY D BOHUN
Partner

15 September 2022
Albury

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Melbourne, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees.

Geelong Bank

Where we grow