regional australia bank

2025 ANNUAL REPORT

Directors

Michael Fenech
David Johnson
Jennifer Leslie
Sally Mackenzie
Graham Olrich
Julie Osborne
David Rootes

Chief Executive Officer

David Heine

Company Secretary

David Munday

Assistant Company Secretary

Andrew Gahan

Registered Office

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Madgwick Drive
ARMIDALE NSW 2350

Solicitors

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ADELAIDE SA 5000

Daniels Bengtsson Legal & Consulting
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QUEEN VICTORIA BUILDING NSW 1230

Bankers

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SYDNEY NSW 2000

Cuscal Limited
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SYDNEY NSW 2000

Auditors

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International Tower 3
300 Barangaroo Avenue
SYDNEY NSW 2000

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Regional Australia Bank Ltd ABN 21 087 650 360 AFSL & Australian Credit Licence 241167.

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About us

A Bank That Belongs to the Regions

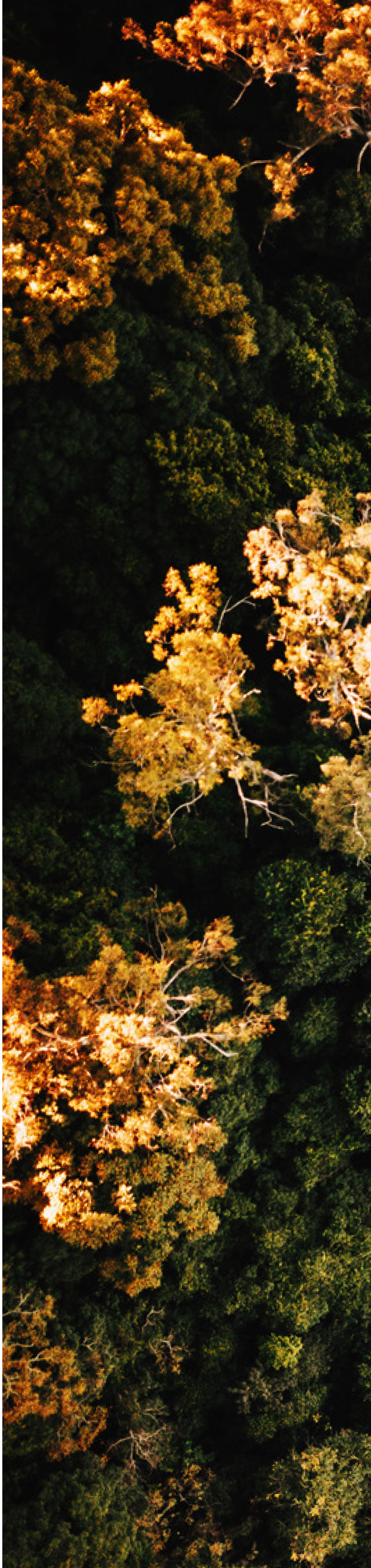
At Regional Australia Bank, we live and breathe the regional Australian spirit. We're proud to call regional Australia home, and proud to be owned by the people who live here. Unlike the big banks, we don't answer to shareholders. We answer to our members: over 100,000 regional Australians who trust us to put their needs first.

That's why we reinvest heavily in the communities we serve. This year alone, our Community Partnership Program returned $2,799,217 to regional organisations.

Supporting our regions isn't a side project, it's the reason we exist. Every time we help someone reach their financial goals or support a local business to grow, we're helping our communities thrive. That's our measure of success.

We're focused every single day on what matters most: the prosperity of regional Australia. By delivering quality, competitively priced products, offering superior service, and investing directly back into our communities, we're working to build stronger futures across the regions.

We currently have thirty-nine branches across regional NSW, including the New England North West, Central West, Riverina, Mid North Coast and Greater Newcastle regions, each staffed by locals who are deeply committed to helping you succeed. We recognise the vital role our branches play in regional life, and we're proud to be committed to keeping them open.

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Letter from our CEO & Chair

David Heine,
Chief Executive Officer
Regional Australia Bank

Michael Fenech,
Chair of the Board
Regional Australia Bank

Dear Members,

It is with great pride that we reflect on what has been a significant and transformative year for Regional Australia Bank.

Over the past twelve months, our organisation has experienced strong and meaningful growth, not just in our financial position or membership numbers, but in the depth of impact we are making across the regional communities we serve. As a purpose-led customer owned bank, this progress reflects our ability to do more of what we were created to do: to support, invest in, and empower regional Australians.

We are owned by you, our members. This means we are not driven by the need to drive higher share prices. We are driven by the communities we serve. Every dollar we make is reinvested with purpose: into better banking services and stronger community partnerships.

This year, through our Community Partnership Program, we proudly invested $2.8 million into local causes. These funds supported grassroots organisations, community events, environmental initiatives and sporting clubs, helping build more connected and vibrant towns and regions.

"Helping more Australians in regional areas have access to fair, transparent, and community-focused banking is core to our purpose."

We believe that what we do makes a difference. It is our ambition to share this difference with more regional communities. We have worked hard to strengthen and build independence across regional Australia by welcoming new members and expanding our services across a wider footprint. Our growth this year includes: 11.4% increase in lending volume and 2,863 new members.

We recently signed a memorandum of understanding with Summerland Bank that would see our network of branches grow from thirty-nine to forty-nine. Summerland Bank shares our vision and values as a community focussed customer owned bank. Together we will be able to provide members with wider access to personalised face-to-face banking, sharper pricing, new products underpinned by the same great service. Our proposed merger will also give our staff a wider range of career opportunities and even more flexibility.

The driving force behind our success is a dedicated team of over 350 staff across regional Australia. Locals who live, work, and contribute to their communities. This will always be the key to personalised relationship banking that treats our members as people, rather than numbers. We'd like to thank all staff for their ongoing contribution. Their care for our members remains the foundation stone of our success this year.

Looking ahead, we remain committed to growing with purpose. That means continuing to invest in the services and technologies that improve the lives of our members and the communities where we all live. It also means ensuring that our decisions are guided by long-term thinking, community voice, and sustainability, just as they always have been.

Thank you for your continued support, together we are shaping a strong future for regional Australia.

Warm regards,
David Heine & Michael Fenech

2024-2025 Highlights

We've worked hard this year to deliver more for our members. Building stronger communities, improving our service, and introducing smarter tools to make your banking easier. Every step we've taken has been about supporting you and helping your community thrive. Here's how we've grown in 2024–2025.

Community & Presence

- Opening of a **new branch** in Wellington, NSW
- **Combined RAB & MCU branches** into a more convenient central location for members
- Welcomed **30 new team members**, strengthening our ability to serve members across the regions.
- **Maintenance** of service during **natural disasters**

Service Improvements

- **75% of calls** now answered within 50 seconds at the Contact Centre.
- All Regions and Contact Centre achieved **loan funding targets,** supporting more members locally.

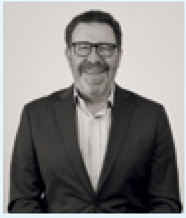
Digital Convenience

- Upgrade of **27 new ATM's** across the regions
- **87%** of mortgage documents now **signed electronically** (DocuSign).
- Introduced **Digital Verification of Identity** for mortgage borrowers.
- **New digital onboarding** for joint, youth, business, and company accounts.

Financial Strength

- Our S&P rating was maintained at **BBB+**, a sign of **strong security.**
- Broker Channel lending seeing **significant growth** from the year before.

Meet our Board of Directors

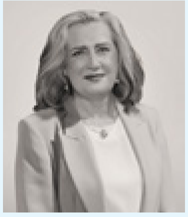


Michael Fenech

As Chair of the Board, Michael brings extensive banking industry knowledge, with particular expertise in risk management, leadership and strategy. He has held several senior executive and Chief Executive roles across the Australian banking sector and is currently active as a consultant to financial institutions, as well as holding multiple Board positions. In addition to Chair of the Board, his responsibilities include Ex-officio Member of the Risk Committee, Audit Committee and Corporate Governance Committee.

David Johnson

David Johnson has served as a Director of the Bank since 2016. David has extensive experience in the banking and business sectors at senior management and company secretary levels. Now retired, he brings broad Board experience in financial performance, audit, risk, and governance, having served as a Director on boards across varied industries since 1995. He is a graduate of the Australian Institute of Company Directors. Key responsibilities on the Board include Member of the Audit Committee.



Jennifer Leslie

Jennifer is a non-executive director with over fifteen years of board-level experience and a diverse career forged in the Hunter Region. Jennifer is a Chartered Accountant and a Fellow of the Australian Institute of Company Directors, who has held senior positions with national consulting firms, Pitcher Partners and PwC. She has held board and committee positions with some of regional NSW's most significant organisations including Newcastle Permanent, University of Newcastle, Hunter New England Health District and Maitland City Council. She is also a Non-Executive Director the national not for profit organisation, CoAct as well as community housing provider, Home in Place. Key responsibilities on the Board include Chair and Member of the Audit Committee and Member of the Risk Committee.

Sally Mackenzie

Sally brings experience in corporate social responsibility, strategy, stakeholder engagement, regulatory policy, and risk management to the Board. She has over two decades of experience across a range of public and private sector roles including senior executive roles at Australia Post and Telstra. She is CEO & Founder of Delta Advisory – a public policy and government relations boutique consulting firm and the host of Future. Scape podcast. Sally is Vice President of the Australian Professional Government Relations Association and has been Deputy Chair of the Domestic Violence Crisis Service and Canberra Rape Crisis Centre. Key responsibilities on the Board include being a Member of the Corporate Governance Committee and a Member of the Risk Committee.

Graham Olrich

Graham has extensive knowledge and experience in banking spanning over forty years, with many of those as CEO / Managing Director of Credit Union Australia (CUA). Graham has served as a Non-executive Director on many boards over the past twenty years. Key responsibilities on the Board include Chair and Member of the Corporate Governance Committee and Member of Risk Committee.

Julie Osborne

Julie has a strong background in banking, finance, insurance and the not-for-profit sector, and in excess of twenty-five years in financial services. In her fifteen years at Westpac Banking Corporation, Julie led the Structured Finance business within the Treasury Division and served on various Westpac Group subsidiary companies in Australia and the United States. More recently, Julie consulted to KPMG in the Audit, Assurance and Risk Consulting practice with a focus on the financial services industry. She currently serves on the boards of various companies in Australia. Key responsibilities on the Board include Chair and Member of the Risk Committee and Member of the Audit Committee.

David Rootes

David brings over seventeen years of regional mutual ADI board experience, most recently as Chair of Macquarie Credit Union for more than three years. He also has thirty-five years' experience as an IT professional and currently runs his own consulting business. David has spent the majority of his career across multiple IT and management roles in the electricity distribution industry and has consulted to State Government and Not-for-Profit organisations. He has a passion for regional development and community involvement. Key responsibilities on the Board include Member of the Corporate Governance Committee.

Emeritus Professor Alison Sheridan *(Resigned 21 November 2024)*

Through her extensive experience as a business educator and researcher, Alison brings a deep knowledge of leadership, strategy, and risk management to the Board. She has lived and worked in the New England region for more than three decades and is an experienced non-executive Director. Key responsibilities on the Board until her resignation include Chair of the Risk Committee and Member of the Corporate Governance Committee. Alison Sheridan resigned as a director from 21 November 2024.

Meet our Executive Team

David Heine
Chief Executive Officer

David brings extensive experience to Regional Australia Bank having worked across the finance and banking sectors for over thirty years. David has held executive positions at Cuscal Ltd, eftpos, Cardtronics and Linfox Armaguard specialising in innovation, technology, financial markets, balance sheet management and payment systems. He has served as a Director at eftpos, Australian Payments and Clearing Association (now AusPayNet) and Credit Union Financial Support System (CUFSS).

Michelle Edmonds
Deputy Chief Executive Officer

Having over twenty-seven years' experience in the financial sector, twenty-four of these spent in various Management roles, Michelle brings an extensive wealth of knowledge to the Executive Management team. Responsible for the Customer portfolio, she holds formal qualifications in Business (majoring in Human Resources) from the University of New England, and qualifications in Positive Psychology and Advanced Management.

Julie Armstrong
Chief Operations Officer

With over twenty-five years experience in Financial Services and Banking, Julie offers extensive experience in leading and developing high performing teams across multi-disciplinary functions including operations, sales and risk. Passionate about developing and delivering outstanding customer experiences, Julie has a proven track record in scaling organisations and has been instrumental in growing successful, thriving and mature businesses. Julie operated as Chief Information Officer up until 30th June 2025 and commenced as the Chief Operations Officer from 1st July 2025.

Les Bailey
Chief Risk Officer

With over twenty years' experience within the customer-owned banking sector, Les has held numerous non-executive Director and senior executive roles specialising in Strategy, Governance, Risk Management, Compliance and Retail Distribution. Les holds a Master's degree in Business Administration (MBA) and is also a graduate of the Australian Institute of Company Directors. Les operated as Chief Operations Officer up until 30th June 2025 and commenced as the Chief Risk Officer from 1st July 2025.

James Harris

Chief Financial Officer

James has extensive financial management and executive experience across banking and financial services in Australia, Europe and North America. James has accountability across the Treasury and Finance functions of the bank and is a Fellow of Certified Practising Accountants (FCPA), holding formal qualifications in accounting and finance from the University of New England and FINSIA.

Rachel Mitchell

Chief People and Culture Officer

Rachel Mitchell has a passion for people and seeing them reach their full potential, with seventeen years of people and culture experience from Higher Education and organisational psychology consultancy. Rachel is committed to making a meaningful difference in the lives of others and has formal qualifications in Business Management and Psychology from the University of Queensland.

David Munday

Chief Governance & Legal Officer and Company Secretary

David Munday has extensive executive management experience in the banking sector. David has accountability for the bank's corporate governance, company secretariat, compliance and legal matters. David also holds the position of Company Secretary. He has formal qualifications in business, law and is a Chartered Company Secretary. David is a graduate of the Harvard Business School and the Australian Institute of Company Directors.

Chris Stace

Chief Product Officer

Chris leads Regional Australia Bank's product portfolio with responsibility for strategic product direction to build great products for members that deliver sustainable value for the bank. With a background in business planning, marketing, operations, strategy and delivery of transformational change programs, Chris brings over seventeen years of banking and finance leadership experience to the executive management team. Before this role, Chris was the Chief Operations Officer at Regional Australia Bank. Chris has a Bachelor of Business in Management from the University of New England.

Campbell Nicoll

Chief Risk Officer (Ceased from 1 July 2025)

Having over twenty years' experience in Credit and Non-Financial Risk Management, Campbell brings a strong risk management background to the Executive Management Team. Campbell is both a Chartered Banker and a Fellow of FINSIA. Prior to his role at Regional Australia Bank, Campbell's experience within the financial sector includes General Manager positions at ASB Bank (New Zealand) and Bank of South Pacific (Fiji). Campbell ceased as the Chief Risk Officer from 1st July 2025.

Our Community Partnership Program

What is the Community Partnership Program?

At Regional Australia Bank, our purpose is clear: to use the power of money to help build strong regional communities.

Our Community Partnership Program (CPP) allows members to support the causes that matter most to them, simply by using an eligible everyday account and nominating a recipient group from 2,205 registered community organisations and causes.

At no cost to our members, we donate a percentage of our profits based on their average annual account balance. Helping fund the people, services, and organisations that strengthen wellbeing and opportunity across regional Australia.

How does the program work?

1. Open a Community Partnership Account

Open an eligible everyday account that qualifies for the Community Partnership Program when you sign up.

2. Choose a Recipient Group

Select a participating community group or charity from our list of 2,205 registered causes, from schools and sporting clubs to health, environment, and support services.

3. Bank as Usual

Continue your everyday banking.
No extra steps, fees, or effort required.

4. Watch the Impact Grow

Each year, we calculate your average annual account balance and donate a percentage of our profits directly to your chosen group.

Our Current Contribution Rates (as of July 1, 2025):

- **1.00% p.a.** of the average balance to your nominated community group.
- **0.70% p.a.** to groups supporting themselves.

COMMUNITY PARTNERSHIP PROGRAM

Learn more

Community Partnership Spotlight

STANDING BESIDE BACKTRACK

EMPOWERING YOUTH, STRENGTHENING REGIONAL FUTURES

In Armidale, NSW, **BackTrack Youth Works** is more than an organisation. It's a lifeline for vulnerable young people weathering life's toughest storms. Founded in 2006 by Bernie Shakeshaft, BackTrack began with a humble shed, a dedicated group of volunteers, and a pack of working dogs. Today, it's a nationally recognised initiative that's transforming lives across regional Australia.

At its core, BackTrack is united by a simple yet powerful mission: ***"to keep kids alive, out of jail, and chasing their hopes and dreams."***

Through education, training, and employment opportunities, BackTrack empowers at-risk youth to break free from cycles of hardship and envision a brighter future. The approach goes beyond checklists and milestones, it's about surrounding young people with support, connection, and hope as they work toward their full potential.

Creating Opportunities, Changing Lives

BackTrack's success stories are proof of its life-changing impact. Each participant's transformation tells a story of perseverance and possibility. Many achieve key milestones, like earning their RoSA (Record of School Achievement), obtaining their learner permits, or securing rewarding apprenticeships. One of BackTrack's recent triumphs saw a long-time participant graduate as a fully qualified tradesperson. This was not merely personal growth, it was a ripple effect that inspired their family and community alike.

Beyond individual achievements, BackTrack contributes to the wider community by encouraging youth to give back. Participants engage in outreach activities, such as disaster recovery efforts, visiting aged care homes, or volunteering in schools. These initiatives instil a sense of purpose and belonging, vital elements that help young people rebuild their confidence while uplifting Armidale. It's a win-win for all.

Regional Australia Bank's Role in the Journey

From day one, **Regional Australia Bank** has stood shoulder to shoulder with BackTrack. When BackTrack struggled to cover core costs like insurance, Regional Australia Bank stepped in as one of the group's earliest and most loyal partners. That belief has only deepened over the years, with Regional Australia Bank providing essential funding and resources that have fuelled BackTrack's remarkable growth and regional influence.

The partnership goes beyond financial aid. Whether supporting BackTrack's celebrated **Paws Up program,** where youth and working dogs train together, or hosting financial literacy workshops, Regional Australia Bank brings tangible and strategic value. Their shared commitment to supporting regional resilience has shaped some of BackTrack's biggest milestones.

More recently, as BackTrack received the gift of a farm to support its long-term plans, Regional Australia Bank has been instrumental in helping the program chart its exciting future. By assisting with strategies for sustainability and scaling operations, Regional Australia Bank ensures that BackTrack continues to grow and touch even more lives, both in Armidale and across regional Australia through the emerging BackTrack Network.

Building a Legacy Together

The growing relationship between BackTrack and Regional Australia Bank is a shining example of what happens when shared values meet meaningful support. BackTrack's transformational work perfectly mirrors Regional Australia Bank's commitment to building stronger regional communities. "Regional Australia Bank has stood side by side with us," says Bernie Shakeshaft, "helping turn a challenging start into a vision that's changing lives throughout Armidale and beyond."

Scan here

Read the full story here

Our Commitment to Community

SUPPORTING HEALTH EQUITY IN GLEN INNES

In 2025, the Glen Innes Health Hub officially opened its doors, delivering a major step forward for accessible, integrated healthcare in the New England region. Regional Australia Bank was proud to support the development of the hub through our Community Partnership Program (CPP), directing locally generated funds toward a facility designed by the community, for the community.

Developed under the Federal Government's Innovative Models of Care program, the Glen Innes Health Hub brings together general practice, women's health, mental health, and chronic disease management in one central location. With local governance and input from key health stakeholders, the model reflects a new era in regional healthcare, one that values place-based, responsive, and sustainable solutions.

For Regional Australia Bank, supporting the Health Hub was a natural alignment with our purpose. We believe that strong regional communities need more than financial services, they need access to health, education, and opportunity. By backing local projects like this through the CPP, we're enabling regional Australians to directly influence and improve outcomes in their own communities.

The Glen Innes Health Hub is already making a difference to people's lives, reducing travel, improving access, and strengthening local confidence in the health system. We are proud to stand behind this project and the passionate community that made it happen.

STANDING AGAINST VIOLENCE WITH LIBERTY SERVICES & TOXTAILS

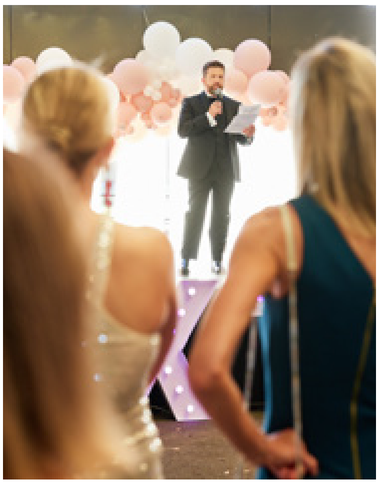
*In 2025, Regional Australia Bank was proud to support ToxTails, an inspiring community event in Port Macquarie that raised more than **$63,000** for Liberty Domestic and Family Violence Specialist Services.*

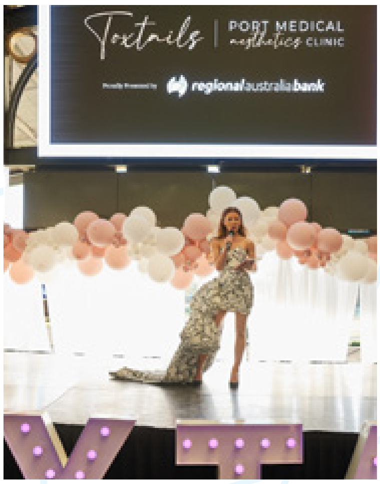
Liberty provides essential, often life-saving support to women and children experiencing domestic and family violence, including crisis accommodation, legal advocacy, counselling, and financial empowerment programs. These services are critical in regional areas where access to support can be limited, and the challenges of isolation make safety even harder to secure.

ToxTails united the Port Macquarie community in a powerful show of support. From businesses and local leaders to everyday residents, the event was a celebration of courage, resilience, and community action. Regional Australia Bank's support reflects our commitment to backing those who are doing the vital work of creating safer, more equitable futures.

As a customer-owned bank, we believe in putting people first and that means supporting the real needs of the regions we serve. By funding Liberty through initiatives like ToxTails, we're standing beside frontline organisations addressing one of the most pressing societal issues in Australia today.

Together with our members, we're helping to drive change, support healing, and build a future where every woman and family can feel safe, supported, and hopeful.

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We understand that everyone's financial situation is unique, which is why our expert team is dedicated to crafting a home loan, including tailored rates, to help match your needs.

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Corporate Governance Statement

This Corporate Governance Statement describes Regional Australia Bank's key governance functions and articulates how decision making is undertaken to ensure the sustainability of its banking performance and long-term value to its communities, members, and employees.

BOARD OVERSIGHT

The Board has been focused on setting the 'tone at the top' and being more visible with staff, at various levels, and members at community events. This has assisted the Board to enhance a culture of frank and open discussion. These practices have assisted the Board with strengthening their view on the business environment and strengthening engagement.

Regional Australia Bank's Corporate Governance Framework guides effective decision making across all aspects of the bank. This corporate governance framework outlines the operational alignment between the Board and management and is designed to ensure a clear structure of oversight of key controls and effective leadership.

The Board and Chief Executive Officer (CEO) instil a culture of acting lawfully, ethically and responsibly, which is supported by the values of Integrity, Respect, and Fairness. These values and the behaviours underpin the banks operational activities and the transparency to protect members interests and to ensure there is a strong risk culture in place.

The Board ensures effective control of the corporate governance framework through delegation, risk management and a system of independent assurance regarding financial and non-financial reporting.

Regional Australia Bank's Corporate Governance Framework is designed to effectively manage the bank and is outlined as follows:

GOVERNANCE FRAMEWORK

Role of the Board

The Board's role and responsibilities are set out in the Board Corporate Governance Policy, which also adopts the Corporate Governance Framework. The Board has a broad range of policies which detail the purpose, specific roles and responsibilities, delegations, operation, and performance of the Board.

Key elements of the Board's responsibilities are described as follows:

- set the strategic direction, and approve major initiatives and objectives
- monitor financial and strategic performance
- maintain a direct and ongoing dialogue with external and internal auditors
- approve the bank's risk appetite, risk policies and risk management strategy
- monitor compliance with regulatory and statutory requirements and the implementation of associated policies
- approve and monitor the values, culture, reputation and ethical standards
- set the performance standards for the Chief Executive Officer (CEO) and monitor ongoing performance
- undertake Board and director performance assessments
- participate in member engagement and events.

In addition, the Board Chair meets with key regulators.

The Board carries out its role in accordance with the values of Integrity, Respect, and Fairness. To ensure these values are adhered to, the Board has established guidelines designed around skills, competency, knowledge, experience and values for the nomination and selection of directors and for the operation of the Board.

Meetings of the Board are held regularly. Board committees meet as often as required (no less than four times per year) to carry out their respective functions to support and advise the Board. During FY2025, the Board and committees continued to enable virtual attendance at Board and Board committee meetings as needed to respond to flexible ways of working and achieving environmental cost savings.

Importantly, the Board has delegated day to day management of Regional Australia Bank to the CEO. The scope of this delegation is outlined in the Board Delegation of Authority Policy to ensure effective oversight with appropriate empowerment, accountability, and performance. The management committees assist in the exercise of the CEO's delegated authority.

Review of Performance

The Board undertakes an annual performance evaluation process designed to assess the performance and effectiveness of the Board, the Board committees, and each individual director.

Evaluating the performance of each individual director is based on the expectation they are performing their duties in the best interest of members, in accordance with Regional Australia Bank's values, their respective duties and obligations as a director and the bank's strategic objectives. Outcomes from the individual director reviews is then reflected in the Board Skills and Assessment Matrix so that there is an understanding of the collective skills of the Board and skills of respective directors.

During FY2025 the Board used an external governance specialist to assist it with providing an independent review of the Board's performance.

During FY2025 the Board's focus on governance activities included:

Board renewal and succession planning development.

Implementation of changes to regulatory standards that focus on strengthening governance and risk management.

Meeting with staff and members as part of the bank's ongoing engagement.

The Board approves the performance objectives and measures of the CEO, with the Chair undertaking a bi-annual review of the CEO's performance. The CEO has a similar structured process which periodically evaluates the performance of each individual Executive Manager.

STRUCTURING THE BOARD TO ADD VALUE

Board Skills, Experience and Diversity

The Board comprises high quality directors with an appropriate mix and diversity of relevant financial, industry experience and other necessary skills, and expertise.

This is considered essential to the effectiveness of the Board and its committees and to also meet the bank's strategic objectives.

Each year the Board reviews its collective skills against the Board's skills, experience and knowledge requirements to ensure these address the bank's existing and emerging strategic, business and governance issues. The Board Skills Matrix also assists with guiding the identification of potential director candidates. The election of directors is determined in accordance with Regional Australia Bank's Constitution, and other statutory and regulatory requirements. Directors are either member elected or are appointed by the Board, allowing the Board the flexibility to source appropriate skills and expertise onto the Board when necessary.

The Board Corporate Governance Committee has been delegated responsibility to review and make recommendations to the Board regarding Board diversity, and to assist in the director nomination process. The Board requires that each of its directors and executive management undertake fit and proper and Financial Accountability Regime (FAR) accountability character assessments to ensure compliance with APRA's Prudential Standard CPS 520 Fit and Proper as well as the FAR regime requirements.

Details of the directors' experience and qualifications are set out in the directors report.

Board Tenure

12 Years or more	**28.5%**
7 - 11 Years	**28.5%**
3-6 Years	**14.5%**
Less than 3 Years	**28.5%**

43%

of the Directors are female

Collectively a strong balance of experience, skills and diversity to deliver long term value creation

	Board Experience, Skills & Diversity	
Experience	Financial Performance	
	Legal and Compliance	
	People, Culture, Conduct	
	Experience with a Regional Context	
	Experience in the role as a Director	
	Leadership	
	Strategy	
	Customer Service	
Skills	Risk Management	
	Technology, Digitisation and Cyber	
	Contemporary Banking Skills	
	Governance	
Tenure	12 years or more	3
	7 to 11 years	2
	3 to 6 years	1
	Less than 3 years	2
Diversity	Female (4 out of 8)	50%
	Male (4 out of 8)	50%
	Composition 5 member elected 3 Board appointed	

Board Committees

Regional Australia Bank's three (3) Board committees assist the Board in its oversight role. These committees are the Board Audit Committee, Board Risk Committee, and the Board Corporate Governance Committee.

Each of the Board committees has its own terms of reference that sets out its purposes, authority, duties, and responsibilities. The Board and its committees are structured to ensure that they are of a size that facilitates effective and efficient decision making; comprise directors with a broad range of skills and experience from a diverse range of backgrounds appropriate to Regional Australia Bank's business; and that the Board Chair, Audit Committee Chair and Risk Committee Chair are independent directors.

The following table provides an overview of the role of the Board Committees.

Board Committee	Role
Audit Committee	Assists the Board in fulfilling its statutory and fiduciary duties with its oversight and review of the reporting of financial information and the internal control environment, including an understanding of the financial, tax and accounting risks. The Audit Committee reviews reports from the Internal Auditor and the External Auditor and also monitors their performance and effectiveness.
Corporate Governance Committee	Assists the Board in ensuring that Regional Australia Bank operates in accordance with a clear, consistent and effective governance framework that conforms to Regional Australia Bank's legal, regulatory and governance obligations and the required standards of corporate behaviour. The committee monitors legal and regulatory developments relating to the governance framework to ensure it is operating against best practice. The Board Corporate Governance Committee also undertakes the responsibility of assessing all persons, including existing directors, prior to their appointment or election as a director as to their fitness and propriety and their FAR regime accountability. The committee makes recommendations to the Board on candidates for appointment as director. The Board Corporate Governance Committee also comprises the Board Remuneration Committee. This committee makes recommendations to the Board on the remuneration to be paid to directors, the CEO and Executive Managers, to ensure it remains market-competitive, adheres to legislative and prudential requirements and that risk outcomes are appropriately reflected.
Risk Committee	Assists the Board in ensuring there is an efficient and effective risk framework to bring the transparency, focus and independent judgement to oversee Regional Australia Bank's operations. This involves evaluating the adequacy and effectiveness of Regional Australia Bank's risk management framework, risk appetite and the appropriateness of the risk culture.

Directors' Independence

APRA's Prudential Standard CPS 510 on governance requires Authorised Deposit Taking Institutions (ADI's) to have a majority of independent directors at all times. All the directors of Regional Australia Bank serve in a non-executive capacity and the Board has adopted specific principles in determining directors' independence.

The Board assesses independence annually in accordance with its Governance Policy, requiring each director to disclose all information that could reasonably be considered to influence their capacity to act as an independent non-executive director.

100%

of the Board are Independent Directors

Access to Independent Information and Advice

In order to fulfil their responsibilities, the Board collectively, and each director individually, has the right to engage independent professional advice whenever it is considered necessary. Individual directors may seek independent professional advice on any matter connected with the discharge of their responsibilities to ensure they exercise their objective, unfettered and independent judgement as a director.

In addition, the Board, the Board's committees, and individual directors, at the expense of Regional Australia Bank, may obtain relevant professional advice, as required, to assist in undertaking their role. All directors have unrestricted access to records and information of Regional Australia Bank to assist with discharging their fiduciary duty.

ACTING ETHICALLY AND RESPONSIBLY – *OUR GUIDING PRINCIPLES*

The Board, CEO, Executive Management, and all employees are responsible for adhering to, and promoting, high standards of ethical behaviour, values, behaviours, and decision making.

Code of Conduct

The Board operates in a manner reflecting Regional Australia Bank's values and behaviours. To support this, the Board sets the 'tone from the top' and has developed a Code of Conduct which is reviewed annually to ensure it reflects and instils the highest standards and level of behaviour and practices as well as providing a guideline for ethical behaviour and decision making expected by all Regional Australia Bank employees..

Regional Australia Bank's culture is built on living the values of:

Conflict of Interest

The Board recognises that conflicts of interest or potential conflicts of interest may arise from time to time for its directors. In accordance with the Corporations Act 2001 (Cth) and Regional Australia Bank's Constitution and Conflicts of Interest Policy, each director must ensure that no action or decision is taken that places their interest in front of the interests of Regional Australia Bank. Directors and Executive Management are required to disclose to the Board any material matter (whether actual or potential) in which they may have an interest.

The Board has established a process for the handling of actual or potential conflicts of interest with respect to the activities or decision-making responsibilities of Regional Australia Bank's directors and Executive Management. Directors are also given the opportunity to declare any interest as a standing item in each of the respective Board committees and Board meeting agendas.

Management Delegation

The CEO is responsible for day-to-day leadership and management of Regional Australia Bank's business activities and implementation of Board-approved strategies, policies, resolutions, and directions.

As a key operation of the Governance Framework to ensure responsible decision making, the CEO has a structure of management committees, as well as Executive Management to make decisions in relation to operational matters. Delegations from the CEO to management are clearly documented. They are designed to enhance the empowerment of decision-making by individuals and to improve efficiency in member service and experience as well as managing business risks.

Whistle-blower Protection

The bank is committed to a culture of risk management and compliance, ethical behaviour, and good corporate governance. The bank's whistle-blower protection policy enables individuals to voice concerns or escalate serious matters on a confidential basis, without fear of reprisal, dismissal, or discriminatory treatment.

REMUNERATE FAIRLY AND RESPONSIBLY

Regional Australia Bank seeks to ensure that remuneration programs have regard to performance and financial soundness, satisfy governance, legal and regulatory requirements, encourage behaviours that mitigate against all risks and do not reward conduct that is contrary to the bank's values, culture or risk appetite.

The Board recognises that to achieve the bank's strategic objectives, it must attract, motivate and retain exceptional people with the relevant industry and specialist experience. The Board, through the oversight of the Board Corporate Governance Committee, is responsible for remuneration practices that assist in attracting and retaining Executive Management and other individuals who are critical to Regional Australia Bank's success.

It is Regional Australia Bank's objective to provide maximum member benefit from the retention of a high-quality Board and leadership team by remunerating fairly and responsibly by reference to prevailing market benchmarks and performance.

In accordance with the requirements of APRA's Prudential Standard CPS 510 on governance, Regional Australia Bank has a structure for managing approval of remuneration for Board, the CEO, and Executive Management. The CEO has designed the Executive Management remuneration to provide the necessary motivation to grow the business in a profitable manner over the medium to long term.

The Board regularly undertakes an independent review of remuneration to ensure that remuneration practices are prudent and consistent with competitive market practices.

SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Board of Regional Australia Bank is committed to ensuring that the financial reports present a true and fair view and are constructed in accordance with applicable accounting rules and policies. The Board, through the responsibility of the Board Audit Committee, maintain a close focus to ensure the external auditor is independent and serves member's interests by accessing the true financial position of Regional Australia Bank.

ENVIRONMENTAL AND SOCIAL IMPACT

The Board of Regional Australia Bank is committed to managing the environmental and social impacts of the bank's business activities and operations. This is achieved through long term decisions to serve members / customers well and help our communities grow into the future.

The Board Environmental Policy Framework focuses on the commitment to act as a responsible partner to all the bank's stakeholders and to ensure that Regional Australia Bank manages its business in an environmentally sustainable manner.

The board also maintains a strong focus on supporting regional Australian communities, to assist with building long-term community resilience and wellbeing.

RECOGNISE AND MANAGE RISK

A strong risk culture is critical to Regional Australia Bank's business. The responsibility for risk management at Regional Australia Bank is at the business level. The Board has delegated to the CEO the responsibility for implementing a system of internal controls to identify and manage these risks.

The Board is responsible for overseeing the establishment and ongoing monitoring of risk management systems and frameworks and for setting the bank's risk appetite, as well as overseeing risks inherent in Regional Australia Bank's business.

Each Executive Manager has clearly outlined accountabilities in their respective roles and are accountable to the CEO that the systems of risk management and internal controls under their respective business areas operate effectively to manage the risks of Regional Australia Bank.

There are established systems, frameworks, policies, processes and people that have oversight and management of material risks. These are embedded as controls to manage Regional Australia Bank's material business risks. Further explanatory notes on the management of risks are included throughout the financial report.

Regional Australia Bank operates using a Three Lines of Defence approach to risk management which assists in ensuring a strong risk culture. All employees at Regional Australia Bank are responsible for managing risk and operating within the set risk profile of the bank.

The approach of the Three Lines of Defence operating structure is outlined in the diagram below:

3 LINES OF DEFENCE, RISK GOVERNANCE MODEL

Financial Review

Director Report

The Directors present their report together with the consolidated financial statements of Regional Australia Bank Ltd ('the Company'), and the CMG Funding Trust No.1 ('the Trust') for the financial year ended 30 June 2025 and the auditor's report.

The Company is a public company registered under the *Corporations Act 2001 (Cth)* limited by shares.

The Trust is a Special Purpose Vehicle deemed under the Accounting Standards to be controlled by the Company for the year ended 30 June 2025 (together referred to as 'the Group').

Principal Activities

The principal activities of the Group during the year were the provision of retail and commercial financial services to customers in the form of taking deposits and giving financial accommodation as prescribed by Regional Australia Bank's Constitution.

Results

The profit of the Group for the year before income tax is $28,650,000 (2024: $37,888,000) representing a strong result in a period of strong inflation and high interest rates. These results include impairment provisions relating to economic conditions and climate related natural disasters.

Directors' Qualifications, Experience and Special Responsibilities

At the date of this report, the Board comprises seven Non-Executive Directors. The names of the Directors in office at any time during or since the end of the year, together with details of their qualifications, experience and special responsibilities are as follows:

Name	Qualifications	Position	Experience and Special Responsibilities
Michael Fenech	BEc, GAICD	Non-Executive Director	- Director since 2014 - Chair from 22 November 2024 - Member & Chair of the Corporate Governance Committee until 22 November 2024 - Ex-officio Member of the Audit Committee from 22 November 2024 - Ex-officio Member of the Corporate Governance Committee from 22 November 2024 - Ex-officio Member of the Risk Committee from 22 November 2024
Graham Olrich	Dip FS, Dip FS (Credit Union Directorship), FAICD	Non-Executive Director	- Director since 2011 - Chair to 22 November 2024 - Ex-officio Member of the Audit Committee until 22 November 2024 - Ex-officio Member of the Corporate Governance Committee until 22 November 2024 - Ex-officio Member of the Risk Committee until 22 November 2024 - Member of Risk Committee from 22 November 2024 - Chair and Member of Corporate Governance Committee from 22 November 2024
Emeritus Professor Alison Sheridan	BAgEc (Hons), PhD, GAICD	Non-Executive Director	- Director since 2003 - Director to 21 November 2024 - Member & Chair of the Risk Committee until 21 November 2024 - Member of the Corporate Governance Committee until 21 November 2024
David Johnson	BA, CPA, GAICD	Non-Executive Director	- Director since 2016 - Member of the Risk Committee until 22 November 2024 - Chair of the Audit Committee until 22 November 2024 and Member of the Audit Committee from 22 November 2024
Sally Mackenzie	BA, MCom, GAICD	Non-Executive Director	- Director since March 2022 - Member of the Risk Committee - Member of the Corporate Governance Committee
Jennifer Leslie	BCom, FCA (Aust), FAICD, FGIA	Non-Executive Director	- Director since 2023 - Member of the Audit Committee until 22 November 2024 and Chair and Member of Audit Committee from 22 November 2024 - Member of the Risk Committee
Julie Osborne	BEc, LLB, LLM, GAICD, FGIA	Non-Executive Director	- Director since 2023 - Member of the Audit Committee - Member of the Risk Committee until 22 November 2024 and Chair and Member of the Risk Committee from 22 November 2024
David Rootes	B. IT (Dist)	Non-Executive Director	- Director since 1 April 2024 - Member of the Corporate Governance Committee

Emeritus Professor Alison Sheridan resigned as a Director on 21 November 2024

Director Report

Information on Company Secretary

The Company Secretary is David Munday, LLB, BComm, Grad Dip Applied Corporate Governance, AGIA, GAICD who was appointed to the position in 2004. Andrew Gahan, LLB, BComm, Diploma Financial Planning was appointed Assistant Company Secretary in 2022.

Directors' Benefits

No Director has received or become entitled to receive, during, or since the end of the financial year, a benefit because of a contract made by the Company with a Director, a firm of which a Director is a member, or an entity in which a Director has a substantial financial interest, other than that disclosed in Note E2 of the financial report.

Information on Board and Committee Meetings for the financial year ended 30 June 2025

	Board		Corporate Governance		Audit		Risk	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Michael Fenech	12	12	5	5	4	4	2	2
Graham Olrich	12	12	4	4	4	4	4	4
Emeritus Professor Alison Sheridan	4	4	2	2	-	-	2	2
David Johnson	12	11	-	-	4	4	2	2
Sally Mackenzie	12	10	4	4	-	-	4	3
Jennifer Leslie	12	12	-	-	4	4	4	4
Julie Osborne	12	12	-	-	4	4	4	4
David Rootes	12	12	4	4	-	-	-	-

Emeritus Professor Alison Sheridan resigned as a Director on 21 November 2024

Directors, Officers or Auditors Insurance Indemnity

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

No insurance premiums have been paid to provide insurance for the benefit of the auditors of the Company.

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying, against a liability, any person who is or has been an officer or auditor of the Group.

Significant Changes in State of Affairs

In October 2024, Regional Australia Bank ("RAB') and Summerland Bank announced they had signed a Memorandum of Understanding to explore merging the two Northern NSW based organisations to create a leading customer-owned bank in regional Australia. Following completion of a thorough due diligence process the RAB and Summerland Board's approved the commitment of each organisation to merge, subject to achieving the regulatory and member approvals.

Since June 2025, RAB and Summerland have been progressing the required regulatory approvals, and preparation for Special General Meetings where the eligible members of each organisation will have an opportunity to vote on the proposed merger. It is currently anticipated that the proposed merger will be considered at Special General Meetings of each organisation to be held in November 2025 and, subject to obtaining member approvals, completion of the merger will occur on the 1 July 2026.

Significant Events After the Balance Date

The proposed merger between Regional Australia Bank and Summerland Bank was approved by the Australian Prudential Regulation Authority (APRA) on 28 August 2025.

Regional Australia Bank holds 3,116 shares in Indue Limited (Indue). Cuscal on the 22 August 2025 announced to the Australian Stock Exchange (ASX) that it is acquiring all the shares in Indue via a conditional, binding Share Sale and Purchase Agreement that will see Cuscal acquire 100% of Indue's shares for $75 million in cash consideration subject to satisfaction of conditions precedent, including receipt of required regulatory approvals.

Other than disclosed above, there has not arisen in the interval between the end of this financial year and the date of this report any item, transaction or event of a material or unusual nature, likely in the opinion of the Directors, to significantly affect the operations of the Group, the results of operations, or the state of the affairs of the Group in future financial year.

Director Report

Likely Developments and Expected Results

No matter, circumstance or likely development in the operations has arisen since the end of the financial year that has significantly affected or may significantly affect:

(a) the operations of the Group;

(ii) the results of those operations; or

(iii) the state of affairs of the Company

in the financial years subsequent to this financial years.

Rounding

The financial report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC *Corporations (Rounding in financial / directors' reports) Instruments 2016/191* .

Parent Entity Reporting

The Group has adopted relief under *ASIC Corporation (Parent Entity Financial Statements) Instrument 2021/195* . This instrument permits a Group to include its Parent Entity (the Company) with its consolidated financial statements (the Group).

Non-Audit Services

The following non-audit services were provided by the Company's auditor, KPMG. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* . The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

KPMG received or are due to receive the following amounts for the provision of non-audit services for the year ended 30 June 2025:

	2025	**2024**
	$	**$**
Taxation services	74,017	72,889
Total	74,017	72,889

Auditor's Independence Declaration

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

Public Prudential Disclosures

Regional Australia Bank (RAB) is classed as a Non-Significant Financial Institution under the revised Prudential Standard APS 330 Public Disclosure that applies from 1st January 2023.

Please refer to the APRA website for published statistics that are relevant to RAB (Monthly Authorised Deposit-taking Institution Statistics | APRA and Quarterly authorised deposit-taking institution statistics | APRA).

Monthly Authorised Deposit-taking Institution Statistics | APRA

Quarterly authorised deposit-taking institution statistics | APRA

Signed in accordance with a resolution of the Board of Directors.

Michael Fenech

Director

Jennifer Leslie

Director

Date: 26 September 2025

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

To the Directors of Regional Australia Bank Ltd

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

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Nic Buchanan
Partner
Sydney
26 September 2025

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

	Notes	Group		Company	
		2025	2024	2025	2024
		$'000	$'000	$'000	$'000
Interest income using the effective interest method	B1	**203,315**	184,939	**232,535**	213,652
Interest expense using the effective interest method	B1	**(104,154)**	(80,226)	**(138,983)**	(114,890)
Net interest income		**99,161**	104,713	**93,552**	98,762
Non-interest income	B2	**5,435**	6,738	**11,251**	12,886
Net operating income		**104,596**	111,451	**104,803**	111,648
Loan impairment expense and bad debts write back or recovered / (write off)	C2 (b)	**1,780**	(957)	**1,780**	(957)
Employee benefits expense	E1 (a)	**(43,825)**	(38,116)	**(43,825)**	(38,116)
Occupancy expense		**(3,741)**	(3,358)	**(3,741)**	(3,358)
Depreciation and amortisation expense		**(1,795)**	(1,423)	**(1,795)**	(1,423)
Information technology and communication expense		**(11,388)**	(10,454)	**(11,388)**	(10,454)
Member transaction costs		**(9,231)**	(8,978)	**(9,231)**	(8,978)
Other operating expenses		**(7,746)**	(10,277)	**(7,953)**	(10,474)
Total operating expenses		**(75,946)**	(73,563)	**(76,153)**	(73,760)
Profit before income tax		**28,650**	37,888	**28,650**	37,888
Income tax expense	B3 (a)	**(8,615)**	(11,387)	**(8,615)**	(11,387)
Net profit after tax attributable to members		**20,035**	26,501	**20,035**	26,501
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Revaluation of Other Financial Assets		**16**	-	**16**	-
Income tax relating to revaluation of Other Financial Assets	B3 (b)	**(5)**	-	**(5)**	-
		11	-	**11**	-
Items that will be reclassified to profit and loss					
Revaluation of Land and Buildings		**-**	955	**-**	955
Income tax relating to revaluation of Land and Buildings	B3 (b)	**-**	(287)	**-**	(287)
		-	668	**-**	668
Other comprehensive income for the year, net of tax		**11**	668	**11**	668
Total comprehensive income for the year		**20,046**	27,169	**20,046**	27,169

Statement of Financial Position

As at 30 June 2025

	Notes	Group 2025 $'000	Group 2024 $'000	Company 2025 $'000	Company 2024 $'000
ASSETS					
Cash and cash equivalents	B4	**219,320**	249,725	**178,018**	212,173
Investments at amortised cost	C4	**434,423**	382,084	**434,423**	382,084
Loans, advances and notes from securitisation trust at amortised cost	C2	**3,162,666**	2,839,698	**3,777,666**	3,454,698
Trade and other receivables	C6	**2,271**	3,828	**4,144**	7,564
Other Financial Assets	C3	**917**	2,403	**917**	2,403
Land and buildings	F5	**5,248**	5,450	**5,248**	5,450
Property, plant and equipment	C7	**4,728**	4,566	**4,728**	4,566
Intangible Assets - computer software		**3,514**	378	**3,514**	378
Right of use assets	F2	**2,578**	3,804	**2,578**	3,804
Current tax receivables		**4,146**	-	**4,146**	-
Net deferred tax assets	B3 (b)	**3,368**	3,491	**3,368**	3,491
Total Assets		**3,843,179**	3,495,427	**4,418,750**	4,076,611
LIABILITIES					
Deposits	C1	**3,423,862**	3,104,797	**3,423,862**	3,104,797
Trade and other payables	C8	**37,469**	43,463	**37,462**	43,457
Lease Liabilities		**2,932**	4,217	**2,932**	4,217
Current tax liabilities		**-**	574	**-**	574
Employee Benefits	E1 (b)	**6,016**	5,881	**6,016**	5,881
Provisions		**121**	136	**121**	136
Other Borrowings	C9	**71,490**	55,112	**647,068**	636,302
Total Liabilities		**3,541,890**	3,214,180	**4,117,461**	3,795,364
Net Assets		**301,289**	281,247	**301,289**	281,247
MEMBERS FUNDS					
Contributed Equity		**61,982**	63,227	**61,982**	63,227
Capital Reserve Account	D2	**1,148**	1,137	**1,148**	1,137
Reserves	D3	**1,541**	1,532	**1,541**	1,532
Retained earnings		**236,618**	215,351	**236,618**	215,351
Total Members Funds		**301,289**	281,247	**301,289**	281,247

Statements of Changes in Members Funds
For the year ended 30 June 2025

Group	Contributed Equity $'000	Capital Reserve Account $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2023	47,998	1,126	863	188,862	238,849
Total Net profit after tax attributable to members	-	-	-	26,501	26,501
Revaluation of Other Financial Assets	-	-	-	-	-
Revaluation of Property, Plant and Equipment	-	-	669	-	669
Transfer of Reserves on Merger of MCU	15,229	47	-	-	15,276
Transfer to/ (from) Reserves	-	(36)	-	(11)	(47)
Balance at 30 June 2024	63,227	1,137	1,532	215,351	281,247
Balance at 1 July 2024	**63,227**	**1,137**	**1,532**	**215,351**	**281,247**
Total Net profit after tax attributable to members	**-**	**-**	**-**	**20,035**	**20,035**
Revaluation of Other Financial Assets	**-**	**-**	**11**	**(4)**	**7**
Revaluation of Property, Plant and Equipment	**-**	**-**	**-**	**-**	**-**
Prior Year Merger Revision Transfer to/(from) Reserves	**(1,245)**	**(22)**	**(2)**	**1,269**	**-**
Transfer to/ (from) Reserves	**-**	**33**	**-**	**(33)**	**-**
Balance at 30 June 2025	**61,982**	**1,148**	**1,541**	**236,618**	**301,289**

Company	Contributed Equity $'000	Capital Reserve Account $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2023	47,998	1,126	863	188,862	238,849
Total Net profit after tax attributable to members	-	-	-	26,501	26,501
Revaluation of Other Financial Assets	-	-	-	-	-
Revaluation of Property, Plant and Equipment	-	-	669	-	669
Transfer of Reserves on Merger of MCU	15,229	47	-	-	15,276
Transfer to/ (from) Reserves	-	(36)	-	(11)	(47)
Balance at 30 June 2024	63,227	1,137	1,532	215,351	281,247
Balance at 1 July 2024	**63,227**	**1,137**	**1,532**	**215,351**	**281,247**
Total Net profit after tax attributable to members	**-**	**-**	**-**	**20,035**	**20,035**
Revaluation of Other Financial Assets	**-**	**-**	**11**	**(4)**	**7**
Revaluation of Property, Plant and Equipment	**-**	**-**	**-**	**-**	**-**
Prior Year Merger Revision	**(1,245)**	**(22)**	**(2)**	**1,269**	**-**
Transfer to/ (from) Reserves	**-**	**33**	**-**	**(33)**	**-**
Balance at 30 June 2025	**61,982**	**1,148**	**1,541**	**236,618**	**301,289**

Statements of Cash Flows
For the year ended 30 June 2025

		Group		Company	
		2025	2024	2025	2024
CASH FLOW FROM OPERATING ACTIVITIES	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**
Interest received		**203,315**	184,939	**232,535**	213,652
Dividends received		**22**	22	**22**	22
Fees and commissions received		**5,624**	5,407	**6,340**	5,407
Other income		**4,093**	2,103	**9,193**	8,251
Interest paid		**(106,925)**	(68,297)	**(141,754)**	(102,961)
Payments to suppliers and employees		**(80,317)**	(63,703)	**(78,662)**	(63,867)
Income taxes paid		**(13,212)**	(17,166)	**(13,212)**	(17,166)
(Increase) / decrease in operating assets					
Receivables from financial institutions		**-**	35,000	**-**	35,000
Member loans		**(320,214)**	(264,646)	**(320,214)**	(264,646)
Increase/(Decrease) in operating liabilities					
Member deposits		**319,065**	288,312	**319,065**	288,312
Term funding facility		**-**	(212,958)	**-**	(212,958)
Other Borrowings (incl self securitisation)		**16,378**	55,112	**10,766**	64,611
Net cash provided by / (used in) operating activities	B4 (c)	**27,830**	(55,875)	**24,080**	(46,343)
CASH FLOW FROM INVESTING ACTIVITIES					
(Proceeds for) / Payments for investments at amortised cost		**(52,339)**	8,641	**(52,339)**	8,641
Payments for other financial assets		**433**	(511)	**433**	(511)
Proceeds from sale of property, plant and equipment		**63**	14	**63**	14
Payments for property, plant and equipment		**(1,374)**	(2,071)	**(1,374)**	(2,071)
Purchase of intangible assets		**(3,519)**	(267)	**(3,519)**	(267)
Cash Transferred in as part of MCU Merger		**-**	4,158	**-**	4,158
Net cash provided by / (used in) investing activities		**(56,736)**	9,964	**(56,736)**	9,964
CASH FLOW FROM FINANCING ACTIVITIES					
Payment of lease liabilities		**(1,499)**	(1,342)	**(1,499)**	(1,342)
Net cash used in financing activities		**(1,499)**	(1,342)	**(1,499)**	(1,342)
Total net decrease in cash held		**(30,405)**	(47,253)	**(34,155)**	(37,721)
Cash and cash equivalents at 1 July		**249,725**	296,979	**212,173**	249,894
Cash and cash equivalents at 30 June	B4 (a)	**219,320**	249,725	**178,018**	212,173

A ABOUT THIS REPORT

Corporate Information

The financial statements of Regional Australia Bank Ltd ('the Company') for the year ended 30 June 2025 were authorised for issuance in accordance with a resolution of the Directors on 26 September 2025.

The consolidated financial statements as at and for the year ended 30 June 2025 comprise Regional Australia Bank Ltd ('the Company'), and the CMG Funding Trust No.1 ('the Trust'), a Special Purpose Vehicle deemed under the Accounting Standards to be controlled by the Company for the year ended 30 June 2025 (together referred to as 'the Group').

The registered office is at Technology Park, Madgwick Drive, Armidale NSW 2350.

The Company is a public company registered under the *Corporations Act 2001 (Cth)* limited by shares.

The principal activities of the Group are the provision of retail and commercial financial products and services to members in the form of taking deposits and giving financial accommodation as prescribed by Regional Australia Bank's Constitution. The members are the owners of the Company.

Basis of Preparation

The consolidated financial statements of the Company are general purpose financial statements which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have been prepared on a historical cost basis, except for land and buildings and other financial assets, which have been measured at fair value.

Amounts are presented in Australian dollars, which is the Group's presentation currency. These amounts have been rounded to the nearest thousand dollars ('000), or in certain cases to the nearest dollar, as allowed by ASIC *Corporations Instrument 2016/191*.

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Statement of Compliance with IFRS

The financial statements comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis of Consolidation

The consolidated financial statements include those of the Company and a Special Purpose Vehicle (the CMG Funding Trust No. 1, the securitisation trust) which relates to the issuance of residential mortgage-backed securities (RMBS). RMBS are issued by the securitisation trust and held by the Company for entering into potential repurchase agreement with the Reserve Bank of Australia for short term funding requirements. The securitisation trust is consolidated, as the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. The securitisation trust's underlying assets, liabilities, revenues, expenses and cash flows are reported in the Statements of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statements of Changes in Equity and Statements of Cash Flows. All inter-company transactions and balances have been eliminated on consolidation including any unrealised profit.

Material Accounting Policies

(i) Financial Assets

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

A financial asset is derecognised where:

- the rights to receive cash flows from the asset have expired; and
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party unless under a 'pass-through' arrangement; or
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A ABOUT THIS REPORT (continued)

(ii) Impairment of non financial assets

The Group assesses at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and the difference is recognised as the impairment loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of the asset is increased to its recoverable amount.

(iii) Financial instruments

Classification and measurement of financial instruments

Cash and cash equivalents

Cash and cash equivalent include cash on hand, deposits at call with ADIs along with restricted cash held on deposit by the CMG Funding Trust No 1. Cash and cash equivalents are measured at amortised cost.

Receivables from financial institutions

Receivables from financial institutions are short term deposits less than twelve months held with ADIs for the purpose of managing liquidity. The receivables from financial institutions are measured at amortised cost.

Investments at amortised cost

Investments at amortised cost are held by the Group in separate portfolios to provide interest income and meet liquidity requirements. The Group considers these securities are held within a business model whose objective is achieved by collecting contractual cash flows, however, sales may occur that would be incidental to the business model. The financial assets have a maturity no longer than 5 years and contractual terms of these assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Investments are held at amortised cost.

Loans and advances to members

Loans and advances to members are classified at amortised cost. The Group considers these securities are held within a business model whose objective is achieved by collecting contractual cash flows. The financial assets have a maturity no longer than 30 years and contractual terms of these assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets therefore have been classified as financial assets held at amortised cost.

Trade and other receivables

Trade and other receivables are classified at amortised cost as they are held to collect under the Group's business model.

Other financial assets

Other Financial assets are equity securities that represent investments the Group intends to hold for long term strategic purposes. As permitted by AASB 9, the Group has designated these investments at the date of initial application as measured at fair value through other comprehensive income (FVOCI).

Impairment of financial assets recorded at amortised cost

Investments recorded at amortised cost AASB 9 requires the recognition of 12 month expected credit losses (the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition ('Stage 1'), and lifetime expected credit losses for financial instruments for which the credit risk has significantly increased since initial recognition ('Stage 2'), or which are credit impaired ('Stage 3').

A ABOUT THIS REPORT (continued)

(iii) Financial instruments (continued)

Calculation of expected credit losses (ECL)

Expected credit losses (ECLs) are calculated using three main parameters i.e. a probability of default (PD), a loss given default (LGD) and an exposure at default (EAD). These parameters are generally derived from statistical models combined with historical, current and forward looking information, including macro economic data.

For accounting purposes, the 12 months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance date and future economic conditions that affect the credit risk.

The LGD represents expected loss conditional on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money.

The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the balance date to the default event together with any expected drawdown of a facility.

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

Determining a significant increase in credit Risk (SICR)

The Group assess when a significant increase in credit risk has occurred using qualitative and quantitative information. Information used includes internal risk grade indicators, hardship applications and loan segment information. As a backstop, financial instruments that are 30 days or more past due are treated as 'Stage 2'. Exposures move back to 'Stage 1' once they no longer meet the criteria for a significant increase in credit risk.

Definition of default

The Group uses the definition of default aligned to the internal credit risk management framework. Default is generally defined as the point in time when the borrower is unlikely to meet its credit obligations in full, without recourse by the Group to take realisation of collateral; or the borrower is 90 days or more past due. When this occurs the loan is placed in stage 3 and a specific provision (or impairment) is estimated against the loan. This provision is measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's effective interest rate. For impaired financial assets drawn and undrawn components, expected credit loss also reflects any credit losses related to the portfolio of the loan commitment that is expected to be drawn down over the remaining life of the instrument. When a financial asset is credit impaired, interest ceases to be recognised on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, interest income is calculated by applying the original effective interest rate to the amortised cost of the asset, which is the gross carrying amount less the related loan loss provision. The best estimate of a loan loss is calculated using the weighted average of the shortfall gross carrying amount minus discounted expected future cash flow. Cash flows from collateral are included in the measurement of the expected credit losses of the related financial asset. The estimation of future cash flows are subject to significant estimation, uncertainty and assumptions.

Write off

Loans and the related ECL are written off, either partially or in full, when there is no realistic prospect of recovery. Indicators which trigger a write-off may include: bankruptcy, restructuring where there is a high improbability of recovery of part of the remaining exposure or when there is a high improbability of recovery of the remaining loan exposure or certainty that no recovery can be realised. If a provision for impairment has been recognised in relation to a loan, write offs are made against the provision. If no provision for impairment has previously been recognised, write offs are recognised as expenses in the Statement of Profit or Loss and Other Comprehensive Income.

Incorporation of Forward Looking information

The Group uses a range of relevant forward looking data, including macro economic forecasts and assumptions, for the determination of unbiased general economic adjustments and any idiosyncratic or targeted portfolio / geographical adjustments, in order to support the calculation of ECLs.

Forward looking adjustments for both macro-economic adjustments and more targeted portfolio / geographical adjustments, reflect reasonable and supportable forecasts of potential future conditions that are not captured in a base ECL calculation.

Macro-economic factors taken into consideration include, but are not limited to, unemployment, interest rates, gross domestic product, and residential property prices. Portfolio and geographical adjustment taken into consideration include, but are not limited to, portfolio composition, and environmental conditions. The factors require an evaluation of both the current and forecast direction of the economic and environmental cycle.

Incorporating forward looking information, including macro-economic forecasts increases the degree of judgement required to assess how the changes in these data points, will affect ECLs. The methodologies and assumptions, including any forecasts of future economic and environmental conditions are reviewed regularly.

Whilst Cash and cash equivalents, Investments at amortised cost and trade receivables are subject to the impairment requirements of AASB 9, the identified impairment loss is immaterial.

Additional information about how the Group measures the allowance for impairment is described in Note C2.

A ABOUT THIS REPORT (continued)

(iv) Leases

At inception of a contract the Group assesses whether a contract is, or contains a lease based on the definition of a lease, as explained in Note F2.

As a lessee, the Group leases assets including property and equipment. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most of these leases - i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted at the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Other significant accounting policies can be found next to the note to which they relate.

(v) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has used its judgements, assumptions and applied estimates of future events. Some of these include areas involving:

- impairment assessment and charges on loans and advances (C2a);
- fair value of financial assets and liabilities (C3);
- recoverability of deferred tax assets (B3);

Further information on specific judgements, assumptions made and estimates applied, are contained within the notes to the financial statements.

(vi) New accounting standards and interpretations not yet adopted

AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2] AASB 2021-2 became effective for annual reporting periods beginning on or after 1 January 2024. The amendments require the disclosure of material accounting policies rather than significant accounting policies and clarify the distinction between accounting policies and accounting estimates. The amendments do not result in any changes to the accounting policies.

The Australian Accounting Standards Board approved a new standard AASB 18 Presentation and Disclosure of Financial Statements for application by Australian entities preparing financial statements in accordance with Australian Accounting Standards. The new standard will commence for annual periods beginning on or after 1 January 2027. The new standard will require income and expenses to be classified into one of five categories including investing, financing, income taxes, discontinued operations and operating.

B OUR BUSINESS PERFORMANCE

B1 INTEREST INCOME AND EXPENSE

(i) Interest income and expense

All Interest income and interest expense is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial instrument over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

Loan interest is calculated on the basis of daily balance outstanding and is charged in arrears to a member's account on the last day of each month. Interest income on impaired loans is recognised using the original effective interest rate.

	Group		Company	
	2025	**2024**	**2025**	**2024**
Interest Income using the effective interest method	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	**14,643**	18,025	**11,350**	14,670
Investments at Amortised Cost	**17,322**	15,972	**17,322**	15,972
Loans and advances to members	**171,000**	150,636	**171,716**	150,685
Interest income accrued on impaired financial assets	**350**	306	**350**	306
Interest income on notes receivable from securitisation trust	**-**	-	**31,797**	32,019
Total interest income using the effective interest method	**203,315**	184,939	**232,535**	213,652
Interest Expense using the effective interest method				
Deposits	**102,061**	79,530	**102,061**	79,530
Other Borrowings	**2,093**	696	**36,922**	35,360
Total interest expense using the effective interest method	**104,154**	80,226	**138,983**	114,890
Net Interest Income	**99,161**	104,713	**93,552**	98,762

B2 NON-INTEREST INCOME

(i) Fees and commission income

The Group earns fee and commission income from a diverse range of services it provides to its members. Under AASB 15, the assessment is based on whether the Group has satisfied its performance obligations under the contract.

Loan fee income earned or expenses incurred which are associated with the origination of loans and advances or financial liabilities are deferred and form part of the amortised cost of the asset or liability and result in an adjustment to the effective interest rate method.

Transaction fees, payment service income, write-offs recovered and other non interest income are recognised at a point in time in which the transaction takes place and the related performance obligation has been completed or when an amount previously written off is recorded.

Insurance commissions are recognised once the performance obligation is satisfied. Insurance commissions which are earned on an on-going basis after an initial successful customer referral are required to be recognised as a contract asset under AASB 15, Note C3. The Group's performance obligations are to introduce or refer successful insurance policy applications. The performance obligations are therefore satisfied at the point in time the policy is placed by the provider. Cash is received each month based on the premium paid by the client in the previous month. Trail ceases once the policy is terminated.

	Group		Company	
	2025	**2024**	**2025**	**2024**
Non-Interest Income	**$'000**	**$'000**	**$'000**	**$'000**
Loan fees	**568**	1,367	**1,588**	1,702
Transaction fees	**1,435**	1,458	**1,131**	1,123
Insurance commissions	**706**	925	**706**	925
Payment services income	**1,915**	1,657	**1,915**	1,657
Write-offs recovered	**77**	138	**77**	138
Other non-interest income	**734**	1,193	**5,834**	7,341
Total non-interest income	**5,435**	6,738	**11,251**	12,886

B3 TAX

(a) Income Tax

The income tax expense or income for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses, if available, only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

	Group		Company	
	2025	**2024**	**2025**	**2024**
Numerical reconciliation of income tax expense to prima facie tax payable:	**$'000**	**$'000**	**$'000**	**$'000**
Profit from continuing operations before income tax expense	**28,650**	37,888	**28,650**	37,888
Prima facie tax calculated at 30% payable on the profit (2024: 30%)	**8,595**	11,366	**8,595**	11,366
Add tax effect of:				
Imputation credits	**(9)**	(6)	**(9)**	(6)
Sundry items	**30**	28	**30**	28
(Over)/under provision for income tax in prior year(s)	**-**	(1)	**-**	(1)
Income tax attributable to profit	**8,615**	11,387	**8,615**	11,387
Current tax charge	**8,107**	11,930	**8,107**	11,930
Deferred tax charge / (benefit)	**508**	(543)	**508**	(543)
	8,615	11,387	**8,615**	11,387

(b) Deferred Tax Assets and Liabilities

Deferred tax assets				
Plant, property and equipment	**276**	406	**276**	406
Loan provisions	**1,173**	1,987	**1,173**	1,987
Employee leave benefits	**1,805**	1,764	**1,805**	1,764
Accrued expenses	**59**	114	**59**	114
Right of Use Asset	**1,965**	1,694	**1,965**	1,694
Other	**446**	44	**446**	44
	5,725	6,009	**5,725**	6,009

B3 TAX (continued)

	Group		Company	
(b) Deferred Tax Assets and Liabilities (continued)	**2025**	**2024**	**2025**	**2024**
Deferred tax liabilities	**$'000**	**$'000**	**$'000**	**$'000**
Asset Revaluation Reserve - Land & Buildings	**(487)**	(497)	**(487)**	(497)
Right of Use Asset	**(1,859)**	(1,570)	**(1,859)**	(1,570)
Contract Asset	**-**	(451)	**-**	(451)
Other	**(12)**	-	**(12)**	-
	(2,358)	(2,518)	**(2,358)**	(2,518)
Net deferred tax assets	**3,368**	3,491	**3,368**	3,491
Movements:				
Opening balance at 1 July 2024	**3,491**	3,235	**3,491**	3,235
Transfer of Business	**396**	-	**396**	-
Credited/(charged) to the income statement	**(508)**	543	**(508)**	543
Credited/(charged) to other comprehensive income	**(11)**	(287)	**(11)**	(287)
Closing balance at 30 June 2025	**3,368**	3,491	**3,368**	3,491
Deferred tax assets to be recovered after more than 12 months	**5,725**	6,009	**5,725**	6,009
Deferred tax liabilities to be recovered after more than 12 months	**2,358**	2,518	**2,358**	2,518

(c) Franking Account

The amount of franking credits available for the subsequent financial year are:

Franking account balance as at the end of the financial year at 30% (2024: 30%)	**104,189**	86,749	**104,189**	86,749
Franking credits transferred from Merger	**3,936**	-	**3,936**	-
Franking credits that will arise from payment of income tax instalments as at the end of the financial year	**13,219**	17,431	**13,219**	17,431
Franking credits that will arise from receipt of dividends recognised as receivables as at the end of the financial year	**9**	9	**9**	9
Franking account balance for future reporting periods	**121,353**	104,189	**121,353**	104,189

B4 CASH AND CASH EQUIVALENTS

Cash on hand, deposits at call and short-term deposits in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in values. For the purposes of the Cash Flow Statements, cash and cash equivalents consist of cash and cash equivalents net of outstanding bank overdrafts.

(a) Company and Group Reconciliations of cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand, cash equivalents and 'at call' deposits, net of overdrafts with other financial institutions. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Group		Company	
	2025	**2024**	**2025**	**2024**
	$'000	**$'000**	**$'000**	**$'000**
Cash on hand	**5,248**	7,333	**5,248**	7,333
Deposits at call	**212,066**	242,392	**170,764**	204,840
Short-term deposits	**2,006**	-	**2,006**	-
Total cash and cash equivalents	**219,320**	249,725	**178,018**	212,173

Cash includes deposits in the CMG Funding Trust No. 1 (Trust) that is cash held as part of the normal operations of the internal securitisation facility. The total cash held in the Trust at 30 June 2025 is $41,301,877 (2024: $37,322,316).

The Group's exposure to interest rate risk is discussed in Note C5. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Cash flows presented on a net basis

Cash flows arising from the following activities are presented on a net basis in the Cash Flow Statements:

- customer deposits in and withdrawals from savings and at call, term and other deposit accounts;
- purchases and proceeds of net investments at amortised cost; and
- provision of member loans and the repayment of such loans.

(c) Reconciliation of cash flow from operations with profit after income tax

	Group 2025	Group 2024	Company 2025	Company 2024
Profit after income tax	**20,035**	26,501	**20,035**	26,501
Non-cash flows in profit after income tax:				
Amortisation of Intangible Assets	**383**	154	**383**	154
Depreciation (including Lease amortisation)	**2,697**	2,498	**2,697**	2,498
(Gain) / loss on sale of property, plant and equipment	**(60)**	371	**(60)**	371
Interest on lease liabilities	**214**	214	**214**	214
Net Interest on loans and advances	**347**	-	**347**	-
Loan impairment expense / (release) and bad debts written off	**(2,323)**	957	**(2,323)**	957
Changes in assets and liabilities:				
Increase in member loans (gross)	**(319,993)**	(264,415)	**(319,993)**	(264,415)
Decrease in receivables from financial institutions	**-**	35,000	**-**	35,000
Increase in trade and other receivables	**1,557**	2,926	**3,420**	2,959
(Increase) / decrease in deferred tax asset	**284**	(980)	**284**	(980)
Increase in provisions	**120**	355	**120**	355
Increase in deposits	**319,065**	287,662	**319,065**	287,662
Decrease in income taxes payable	**(4,720)**	(5,522)	**(4,720)**	(5,522)
Increase / (decrease) in deferred tax liability	**(160)**	723	**(160)**	723
Increase / (decrease) in other borrowings	**16,378**	(157,846)	**10,766**	(148,347)
Increase / (decrease) in trade and other payables	**(5,994)**	15,526	**(5,995)**	15,527
Net cash provided by (used in) operating activities	**27,830**	(55,875)	**24,080**	(46,343)

C BANKING ACTIVITIES AND RISK MANAGEMENT

C1 DEPOSITS

All member deposits are initially recognised at the fair value of the amount received adjusted for any transaction costs. After initial recognition, deposits are subsequently measured at amortised cost using the effective interest method.

Interest is calculated on the daily balance and posted to the accounts periodically, or on maturity of the term deposit. Interest expense on savings is brought to account on an accrual basis.

	Group		Company	
	2025	**2024**	**2025**	**2024**
	$'000	**$'000**	**$'000**	**$'000**
Member call deposits (including members' shares)	**2,050,474**	1,902,699	**2,050,474**	1,902,699
Member term deposits	**1,373,388**	1,202,098	**1,373,388**	1,202,098
Total Deposits	**3,423,862**	3,104,797	**3,423,862**	3,104,797

(a) Deposit Maturity analysis

At call	**2,050,474**	1,902,699	**2,050,474**	1,902,699
Not longer than 3 months	**576,939**	467,640	**576,939**	467,640
Longer than 3 months and not longer than 6 months	**525,819**	436,835	**525,819**	436,835
Longer than 6 months and not longer than 12 months	**253,923**	282,851	**253,923**	282,851
Longer than 12 months	**16,707**	14,772	**16,707**	14,772
	3,423,862	3,104,797	**3,423,862**	3,104,797

C2 LOANS, ADVANCES AND NOTES FROM SECURITISATION TRUST

Loans and advances to members, including loans to Key Management Personnel, are initially recognised at fair value. Such assets are measured at amortised cost using the effective interest method, inclusive of loss allowance. Amortised cost is calculated by taking into account any fees and costs that are an integral part of the effective interest rate.

Note: At the company level the receivables from the Securitised trust attributable to the Class B notes do not meet the "Solely Payments of Principal and Interest "criteria under AASB 9. These are therefore carried at Fair Value through Profit and Loss. These amounts eliminate on consolidation.

Loans and advances to members				
Personal Loans	**55,576**	51,788	**55,576**	51,788
Mortgage Loans	**2,817,781**	2,530,250	**2,817,781**	2,530,250
Commercial Loans	**253,260**	228,083	**253,260**	228,083
Revolving Credit	**37,951**	35,969	**37,951**	35,969
Total loans and advances	**3,164,568**	2,846,090	**3,164,568**	2,846,090
Total provision for impairment	**(3,870)**	(6,624)	**(3,870)**	(6,624)
Net deferred origination cost	**1,968**	232	**1,968**	232
Net loans and advances to members	**3,162,666**	2,839,698	**3,162,666**	2,839,698
Notes receivable from securitisation trust at amortised cost	**-**	-	**615,000**	615,000
Net loans, advances and notes from securitisation trust	**3,162,666**	2,839,698	**3,777,666**	3,454,698

C2 LOANS, ADVANCES AND NOTES FROM SECURITISATION TRUST (continued)

(a) Impairment of loans and advances

The Group assesses the impairment of loans and advances on a forward looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk (SICR). Further details are included in Accounting polices (iii) Financial Instruments.

The collective assessment takes account of impairment that is likely to be present in the portfolio utilising an 'expected credit loss' (ECL) model. The model groups financial instruments into loan sub-portfolios that exhibit similar characteristics with further categorisation of the loan book into 12 months ECL and lifetime ECL. The 12 months ECL is from the date a financial asset is first recognised ('Stage 1'), lifetime ECL if the credit risk on that financial asset has significantly increased since the initial recognition ('Stage 2') and for assets that are assessed as credit impaired ('Stage 3') are included in individually assessed allowances. Refer to Accounting polices (iii) Financial Instruments for details of how the model is calculated and how the movement in credit risk is determined.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or decreased by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to 'Write-offs recovered'.

Refer to Accounting polices (iii) Financial Instruments for details on the Group's write-off policy.

The management economic uncertainty overlay was removed during the 30 June 2025 financial year. The removal of this portion of the overlay was in response to the significant economic events both domestically as well as globally which saw elevated inflation rates, wage stagnation coupled with an ongoing high-interest rate environment from which the Bank did not experience any material deterioration in the loan portfolio.
With the economy now experiencing reduced inflation which will reduce wage pressure indicates that the economy is stabilising after a period of elevated interest rates. This change in economic conditions along with supporting evidence through stress tests and the ongoing credit quality of the loan portfolio has provided justification for the removal of the economic overlay in the current financial year.

The Group has also undertaken additional forward looking sensitivity analysis of the credit portfolios in relation to natural disasters and climate uncertainty to appropriately apply a prudent management adjustment overlay to the ECL allowance. This adjustment was measured based on results from stress testing the credit portfolios to measure changes in exposures and expected credit losses under potential stressed scenarios driven by natural disasters such as flood, bushfires, drought and climate uncertainty. These stressed scenarios provided a movement in default and collateral securities based on an alternative severe bad case. The applied adjustments were based on management judgement, historical experience, available information and portfolio outlook.

As a result of the sensitivity analysis performed for both potential impacts from the potential impact of economic conditions and from potential natural disasters and climate uncertainty the ECL model was adjusted by a management overlay with regards to these measured stress testing results.

	Company and Group	
	2025	**2024**
	$'000	**$'000**
Reported probability weighted ECL	**3,870**	6,624
Included in ECL:		
Management economic uncertainty overlay	**-**	1,900
Management natural disaster and climate uncertainty overlay	**900**	400

The following sensitivity table shows the reported provision for ECL based on the probability weighted scenarios and what the provisions for ECL would be assuming a 100% weighting is applied to the base case scenario and to the downside scenario when all other assumptions are held constant as at 30 June.

Reported probability weighted ECL	**3,870**	6,624
100% base scenario	**3,755**	6,455
100% upside scenario	**3,185**	5,815
100% downside scenario	**4,326**	7,094

C2 LOANS, ADVANCES AND NOTES FROM SECURITISATION TRUST (continued)

(a) Impairment of loans and advances (continued)

The following table indicates the current weightings applied by the Group at 30 June:

Model	Weighting 2025	Weighting 2024
Base	**60%**	60%
Upside	**10%**	10%
Downside	**30%**	30%

The modelled provision for ECL is a probability weighted estimate of the Group's view of the forward looking distribution of potential outcomes. The base scenario has been adjusted with the latest view of available information regarding the various interplay of economic, societal and government responses regarding the economic conditions and potential natural disaster and climate uncertainty impacts. The current view is weighted as a 60% probable outcome of a base scenario, a 10% upside outcome and a 30 % downside outcome.

Provision for impairments on loans and advances to members — Company and Group

	Stage 1	Stage 2	Stage 3	
	12-mth ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	Collective Provision	Collective Provision	Specific Provision	Total
	$'000	$'000	$'000	$'000
At 1 July 2024	4,882	111	1,631	6,624
Transferred to 12 months ECL collectively assessed	16	(16)	-	-
Transfer to lifetime ECL not credit impaired collectively assessed	(8)	8	-	-
Transfer to lifetime ECL credit impaired	-	(1)	1	-
New and increased provisions net of releases	(1,485)	(25)	(813)	(2,323)
Impaired loans written off	-	-	(431)	(431)
At 30 June 2025	3,405	77	388	3,870

Provision for impairments on loans and advances to members — Company and Group

	Personal Loans	Mortgage Loans	Commercial loans	Revolving Credit	Total
	$'000	$'000	$'000	$'000	$'000
At 1 July 2024	863	5,170	411	180	6,624
Charge/(recovery) for the year	(358)	(2,490)	(158)	252	(2,754)
At 30 June 2025	505	2,680	253	432	3,870
Individual impairment	-	388	-	-	388
Collective impairment	505	2,292	253	432	3,482
	505	2,680	253	432	3,870
Gross amount of loans in arrears	1,435	45,319	2,333	215	49,302

C2 LOANS, ADVANCES AND NOTES FROM SECURITISATION TRUST (continued)

(a) Impairment of loans and advances (continued)

Provision for impairments on loans and advances to members	Company and Group			
	Stage 1	Stage 2	Stage 3	
	12-mth ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	Collective Provision	Collective Provision	Specific Provision	Total
	$'000	$'000	$'000	$'000
At 1 July 2023	4,287	125	1,474	5,886
Transferred to 12 months ECL collectively assessed	21	(21)	-	-
Transfer to lifetime ECL not credit impaired collectively assessed	(3)	3	-	-
Transfer to lifetime ECL credit impaired	-	(4)	4	-
New and increased provisions net of releases	577	8	465	1,050
Impaired loans written off	-	-	(312)	(312)
At 30 June 2024	4,882	111	1,631	6,624

	Company and Group				
	Personal Loans	Mortgage Loans	Commercial loans	Revolving Credit	Total
	$'000	$'000	$'000	$'000	$'000
At 1 July 2023	677	4,623	406	180	5,886
Charge/(recovery) for the year	186	547	5	-	738
At 30 June 2024	863	5,170	411	180	6,624
Individual impairment	-	1,631	-	-	1,631
Collective impairment	863	3,539	411	180	4,992
	863	5,170	411	180	6,624
Gross amount of loans in arrears	1,493	54,495	5,870	524	62,382

C2 LOANS, ADVANCES AND NOTES FROM SECURITISATION TRUST (continued)

	Company and Group	
	2025	**2024**
(b) Loan impairment expense and bad debt written off	**$'000**	**$'000**
Loan impairment expense /(release)	**(2,211)**	645
Bad debts written off	**431**	312
	(1,780)	957
(c) Loan Maturity Analysis		
Not longer than 3 months	**27**	8,397
Longer than 3 months and not longer than 12 months	**2,117**	20,455
Longer than 12 months and not longer than 5 years	**43,986**	91,027
Longer than 5 years	**3,118,438**	2,726,211
Total gross loans and advances to members	**3,164,568**	2,846,090
(d) Loan Security dissection		
Secured by mortgage over Commercial property	**198,437**	168,371
Secured by mortgage over real estate	**2,871,760**	2,586,095
Partly secured by goods mortgage	**66,606**	56,175
Wholly unsecured	**27,765**	35,449
Total gross loans and advances to members	**3,164,568**	2,846,090

(e) Loan to valuation ratio

The Group accepts a number of methods to value collateral for supporting loans. Real estate is valued utilising a licensed panel of valuers, the purchase price of arms length residential sales, Valuer General notices and market appraisals from real estate agents (a lower loan to valuation ratio is applied). Motor vehicles are valued by reference to an independent valuation guide.

It is impractical to provide a period end valuation of the security held against loans due to the large number of assets to be valued to arrive at the amount. A breakdown of the loan to valuation ratio on loans secured by mortgages over real estate, on a portfolio basis is as follows:

Loan to valuation ratio of less than 80%	**2,561,393**	2,286,889
Loan to valuation ratio of more than 80% but mortgage insured	**124,697**	148,069
Loan to valuation ratio of more than 80% but not mortgage insured	**384,108**	319,508
Total loans secured by mortgage over real estate and commercial property	**3,070,197**	2,754,466

The Loan to valuation ratio of more than 80% but not mortgage insured includes $300.7m (2024: $257.8m) of loans that are covered by government guarantees.

(f) Concentration of loans

New South Wales	**2,777,300**	2,542,293
Other	**387,268**	303,797
Total	**3,164,568**	2,846,090

There were no loans to individual or related groups of members which exceed 10% of member funds in aggregate.

There is no concentration of loans to individual members employed in a particular industry.

C3 OTHER FINANCIAL ASSETS

Equity Securities designated as FVOCI

		Group		Company	
		2025	2024	2025	2024
		$'000	$'000	$'000	$'000
Australian Settlements Limited		**3**	3	**3**	3
MyState Limited		**3**	4	**3**	4
Indue Ltd		**872**	872	**872**	872
MoneyMe Limited		**33**	16	**33**	16
TransAction Solution Limited: A class		**6**	6	**6**	6
		917	901	**917**	901
Contract assets					
Insurance contracts	B2 (i)	**-**	1,502	**-**	1,502
		-	1,502	**-**	1,502
Total Other Financial Assets		**917**	2,403	**917**	2,403

Other Financial Asset investments are non-derivative financial assets, principally equity securities. After initial recognition Other Financial Asset securities are measured at fair value with gains or losses being recognised as other comprehensive income (FVOCI) until the investment is derecognised, at which time the cumulative gains or losses recognised in other comprehensive income are transferred to retained earnings.

The Group has classified investments in unlisted securities as Other Financial Assets investments and movements in fair value are recognised directly in equity. The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance date. For equity investments with no active market, fair values are estimated on the basis of the actual or forecasted financial position and results of the underlying assets or net assets taking consideration their risk profile. Refer to Note C5 (d).

The fair value of the shareholding of Indue Ltd, Australian Settlements Limited and TransAction Solutions was based on a Net Asset Valuation basis performed in 2025. Indue Ltd, Australian Settlements Limited and TransAction Solutions were created to supply services to mutual banks, credit unions and building societies, and they do not have an independent business focus. The shares in Indue Ltd and Australian Settlements Limited are held to enable the Group to receive essential banking services and TransAction Solutions for technology services.

Cuscal on the 22 August 2025 announced to the Australian Stock Exchange (ASX) that it is acquiring all the shares in Indue via a conditional, binding Share Sale and Purchase Agreement that will see Cuscal acquire 100% of Indue's shares for $75 million in cash consideration subject to satisfaction of conditions precedent, including receipt of required regulatory approvals. RAB have chosen not to revalue the holding in Cuscal until there is certainty that the acquisition is approved by the regulator and is certain of taking place.

MyState Ltd is listed on the Australia Stock Exchange (ASX: MYS) and shares are valued at market price as at the balance date.

MoneyMe Limited is listed on the Australian Stock Exchange (ASX: MME) and shares are valued at market price as at the balance date.

C4 INVESTMENTS AT AMORTISED COST

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The assets are subject to impairment under AASB 9. The estimated provision for impairment losses was determined to be immaterial.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as Investments at Amortised Cost as they are held within a business model whose objective is achieved by collecting the contractual cash flows. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of the difference between the initially recognised amount and the maturity amount.

	Group		Company	
	2025	2024	2025	2024
Current	**$'000**	**$'000**	**$'000**	**$'000**
ADI debt investments	**187,475**	196,560	**187,475**	196,560
Semi Government securities	**10,037**	54,309	**10,037**	54,309
Commonwealth Government securities	**29,788**	-	**29,788**	-
Residential Mortgage Backed securities	**5,713**	7,114	**5,713**	7,114
Total current investments at amortised cost	**233,012**	257,983	**233,012**	257,983
Non-Current				
ADI debt investments	**157,950**	105,463	**157,950**	105,463
Semi Government securities	**41,657**	15,088	**41,657**	15,088
Commonwealth Government securities	**-**	-	**-**	-
Corporate Debt Investments	**1,804**	-	**1,804**	-
Total non-current investments at amortised cost	**201,411**	124,101	**201,411**	124,101
Total investments at amortised cost	**434,423**	382,084	**434,423**	382,084

C5 RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk, liquidity risk and operational risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity in the case of interest rate risk and ageing analysis for credit risk.

The Group manages these risks on a daily basis through the operational responsibilities of Executive and Senior Management and the functioning of the Asset and Liability Committee (ALCo), the Credit Committee, the Non-Financial Risk Committee (NFRC), the Transformational Change Committee (TCC), and the Product Committee under policies approved by the Board after recommendation from the Audit Committee or Risk Committee.

(a) Credit Risk

Credit risk is the risk that the Group will incur a loss when its members, clients or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits for individual counterparties, geographical and industry concentrations and monitoring these exposures.

The Group has established a credit control review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Credit limits are established by use of a comprehensive assessment process. The credit control review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

(i) Maximum exposure to credit risk

Maximum exposure to credit risk before collateral held or other credit enhancements:

	Group		Company	
	2025	**2024**	**2025**	**2024**
Credit risk exposures relating to on balance sheet assets:	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	**219,320**	249,725	**178,018**	212,173
Receivables from financial institutions	**-**	-	**-**	-
Loans and advances to members	**3,164,568**	2,846,090	**3,164,568**	2,846,090
Notes receivable from securitisation trust	**-**	-	**615,000**	615,000
Other financial assets	**917**	2,403	**917**	2,403
Investments at amortised cost	**434,423**	382,084	**434,423**	382,084
Total on balance sheet	**3,821,499**	3,484,130	**4,397,070**	4,065,314
Credit risk exposures relating to off balance sheet assets:				
Guarantees	**2,982**	3,170	**2,982**	3,170
Loan Repayments in advance	**237,700**	206,704	**237,700**	206,704
Undrawn loan commitments	**152,052**	143,267	**152,052**	143,267
Total off balance sheet	**392,734**	353,141	**392,734**	353,141
Total on and off balance sheet	**4,214,233**	3,837,271	**4,789,804**	4,418,455

(ii) Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the member. Guidelines are in place with regards to the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- for commercial lending, charges over real estate properties and inventory; and
- for retail lending, mortgages over residential properties.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

The terms and conditions are specific to individual loan and security types.

It is the Group's policy to dispose of repossessed collateral in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. The Group does not occupy repossessed properties for business use.

C5 RISK MANAGEMENT (continued)

(a) Credit Risk (continued)

(ii) Collateral (continued)

Maximum exposure to credit risk taking into account the estimated FV of collateral held

	Group 2025			
		Estimated FV of collateral held		
	Exposure to credit risk	Property	Total Collateral	Net Exposure
Credit risk exposures relating to on balance sheet assets:	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	**219,320**	**-**	**-**	**219,320**
Trade and other receivables	**2,271**	**-**	**-**	**2,271**
Loans and advances to members - Secured	**3,136,803**	**6,248,601**	**6,248,601**	**-**
Loans and advances to members - Unsecured	**27,765**	**-**	**-**	**27,765**
Other financial assets	**917**	**-**	**-**	**917**
Investments at amortised cost	**434,423**	**-**	**-**	**434,423**
Total on balance sheet	**3,821,499**	**6,248,601**	**6,248,601**	**684,696**
Credit risk exposures relating to off balance sheet assets:				
Guarantees	**2,982**	**-**	**-**	**2,982**
Loan Repayments in advance	**237,700**	**-**	**-**	**237,700**
Undrawn loan commitments	**152,052**	**-**	**-**	**152,052**
Total off balance sheet	**392,734**	**-**	**-**	**392,734**
Total on and off balance sheet	**4,214,233**	**6,248,601**	**6,248,601**	**1,077,430**

	Group 2024			
		Estimated FV of collateral held		
	Exposure to credit risk	Property	Total Collateral	Net Exposure
Credit risk exposures relating to on balance sheet assets:	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	249,725	-	-	249,725
Trade and other receivables	3,828	-	-	3,828
Loans and advances to members - Secured	2,810,641	4,317,451	4,317,451	-
Loans and advances to members - Unsecured	35,449	-	-	35,449
Other financial assets	2,403	-	-	2,403
Investments at amortised cost	382,084	-	-	382,084
Total on balance sheet	3,484,130	4,317,451	4,317,451	673,489
Credit risk exposures relating to off balance sheet assets:				
Guarantees	3,170	-	-	3,170
Loan Repayments in advance	206,704	-	-	206,704
Undrawn loan commitments	143,267	-	-	143,267
Total off balance sheet	353,141	-	-	353,141
Total on and off balance sheet	3,837,271	4,317,451	4,317,451	1,026,631

During the financial period the Group realised $425,523 (2024: $262,501) of real estate and other assets through the enforcement of security. As at period-end, the market value of assets in possession by the Group was nil (2024: nil).

The Group uses external agents to realise the value as soon as practicable, generally at auction, to settle indebtedness. Any surplus funds are returned to the borrower or are otherwise dealt with in accordance with appropriate insolvency regulations.

C5 RISK MANAGEMENT (continued)

(a) Credit Risk (continued)

(iii) Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment under Stage 2 or Stage 3 of the ECL calculation.

(iv) Impairment assessment

The main considerations for loan impairment assessment are as follows:

- whether any payments of principal or interest are overdue; or
- there are any known difficulties in the cash flows of counterparties; or
- infringements of the original terms of the contract.

The Group addressed impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

(v) Collectively assessed allowances

Allowances are assessed collectively for losses in sub-portfolios of loans and advances that are not individually assessed. Allowances are evaluated on each reporting date with each portfolio being separately reviewed. The grouping for collective impairment assessment is Personal Loans, Mortgage Loans, Commercial Loans and Revolving Credit.

Impairment losses are estimated by taking into consideration the following information: historical losses on the portfolio, current economic conditions, forecasts of future economic conditions and expected receipts and recoveries. Management is responsible for calculating the length of the emergence period which can extend for as long as eighteen months.

(vi) Individually assessed allowances

The Group determines specific allowances for credit impaired Stage 3 loans. When specific allowances are assessed the value may, or may not consider taking security into consideration.

(vii) Analysis of age of financial assets that are past due but not impaired

	Company and Group				
As at 30 June 2025	**1 to 30 days**	**30 to 60 days**	**60 to 90 days**	**90+ days**	**Total**
Loans and advances to members	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Personal Loans	**817**	**226**	**59**	**332**	**1,435**
Mortgage Loans	**30,395**	**4,733**	**1,950**	**4,253**	**41,331**
Commercial Loans	**1,229**	**263**	**-**	**841**	**2,333**
Revolving Credit	**89**	**44**	**7**	**77**	**217**
Total	**32,530**	**5,266**	**2,017**	**5,503**	**45,316**
As at 30 June 2024					
Loans and advances to members					
Personal Loans	893	146	151	274	1,464
Mortgage Loans	37,853	4,914	2,445	5,317	50,529
Commercial Loans	1,960	74	2,576	1,260	5,870
Revolving Credit	278	78	29	139	524
Total	40,984	5,211	5,201	6,990	58,387

C5 RISK MANAGEMENT (continued)

(a) Credit Risk (continued)

(viii) Analysis of financial assets individually determined to be impaired

	2025			2024		
	Gross Impaired Assets	Individually Assessed Provisions	Impaired Assets Net of Assessed Provisions	Gross Impaired Assets	Individually Assessed Provisions	Impaired Assets Net of Assessed Provisions
Company and Group	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Loans and advances to members	**3,986**	**388**	**3,598**	3,995	1,631	2,364
Financial assets individually assessed as impaired	**3,986**	**388**	**3,598**	3,995	1,631	2,364

(ix) Credit quality of financial assets

The credit quality of loans and advances and financial investments, can be assessed by reference to external credit ratings (if available):

	Stage 1		Stage 2		Stage 3	
	12-mth ECL		Lifetime ECL not credit impaired		Lifetime ECL credit impaired	
	Collective Provision		Collective Provision		Specific Provision	
	Company and Group		Company and Group		Company and Group	
	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000
Loans and Advances	**3,147,445**	2,824,308	**4,889**	4,674	**12,234**	17,108

ECL stage 1: Corresponds to a senior investment grade to investment grade security with a Standard and Poor's rating of AAA to BBB-

ECL Stage 2: Corresponds to a sub-investment grade security with a Standard and Poor's rating of BB+

ECL stage 3: Corresponds to a security in default with a Standard and Poor's rating of D

Cash and cash equivalents and Investments at amortised cost	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
AAA	**69,076**	65,977	**69,076**	65,977
AA	**328,091**	325,879	**286,789**	288,327
A	**52,268**	53,298	**52,268**	53,298
BBB	**196,857**	179,145	**196,857**	179,145
Unrated	**7,451**	7,510	**7,451**	7,510
	653,743	631,809	**612,441**	594,257

Financial Investments are subject to ECL provision but the Group has assessed the amount as immaterial.

C5 RISK MANAGEMENT (continued)

(a) Credit Risk (continued)

(ix) Credit quality of financial assets (continued)

The portfolio composition of loans and advances to members are as follows:

	Company and Group			
	Housing	Commercial	Personal	Total
As at 30 June 2025	**$'000**	**$'000**	**$'000**	**$'000**
Loans	**2,817,781**	**253,260**	**55,576**	**3,126,617**
Revolving Credit and Overdrafts	**2,685**	**23,215**	**12,051**	**37,951**
Total Balances	**2,820,466**	**276,475**	**67,627**	**3,164,568**
Percentage of portfolio	**89.1%**	**8.7%**	**2.2%**	**100.0%**
Maximum percentage under Group policy	**100.0%**	**17.0%**	**30.0%**	
As at 30 June 2024				
Loans	2,530,250	228,083	51,788	2,810,121
Revolving Credit and Overdrafts	2,445	19,372	14,152	35,969
Total Balances	2,532,695	247,455	65,940	2,846,090
Percentage of portfolio	89.0%	8.7%	2.3%	100.0%
Maximum percentage under policy	100.0%	17.0%	30.0%	

(b) Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has wholesale funding sources and emergency funding tools in addition to its core deposit base, manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows.

The Group maintains a portfolio of high quality liquid assets that can be easily liquidated in the event of an unforeseen interruption to cash flow. The Group also has lines of credit available, including membership of the Credit Union Financial Support Scheme (CUFSS), that it can access to meet its liquidity needs. As a member of CUFSS, the Group has contractually committed emergency liquidity funding available from the CUFSS members.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. The most important of these is to maintain minimum regulatory limits on the ratio of net liquid assets to customer liabilities, set to reflect market conditions. Net liquid assets consists of cash and short term bank deposits available for immediate sale.

In order to minimise the risk of the Group's liquidity ratio falling below minimum regulatory limits the Board has determined a target liquidity ratio of 11%. In the event that the Group's liquidity ratio falls below 11%, or is considered to be at risk of falling below that level, specific remedial measures are required to be taken by the Board and management.

The liquidity ratio during the year was as follows:

	2025	2024
	%	%
As at 30 June	**15.54**	16.84
Average during the period	**16.58**	17.29
Highest	**18.42**	19.04
Lowest	**14.10**	15.04

C5 RISK MANAGEMENT (continued)

(b) Liquidity Risk (Continued)

Maturities of financial liabilities

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the expected maturity date or settlement date.

The amounts disclosed in the table are the contractual undiscounted cash flows.

	Company and Group					
Financial Liabilities	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**No Maturity**	**Total**
As at 30 June 2025	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Deposits	**2,050,474**	**592,748**	**805,579**	**18,370**	**-**	**3,467,170**
Trade and other payables	**13,983**	**-**	**-**	**-**	**-**	**13,983**
Lease Liability	**2,932**	**-**	**-**	**-**	**-**	**2,932**
Other Borrowings	**-**	**59,500**	**12,500**	**-**	**-**	**72,000**
Total financial liabilities	**2,067,389**	**652,248**	**818,079**	**18,370**	**-**	**3,556,086**
Contingent liabilities	**2,982**	**-**	**-**	**-**	**-**	**2,982**
Commitments	**305,563**	**84,189**	**-**	**-**	**-**	**389,752**
Total other liabilities	**308,545**	**84,189**	**-**	**-**	**-**	**392,734**
As at 30 June 2024						
Deposits	1,902,699	495,392	724,363	16,314	-	3,138,768
Trade and other payables	16,992	-	-	-	-	16,992
Lease Liability	4,217	-	-	-	-	4,217
Other Borrowings	-	45,100	10,500	-	-	55,600
Total financial liabilities	1,923,908	540,492	734,863	16,314	-	3,215,577
Contingent liabilities	2,899	-	-	-	-	2,899
Commitments	277,434	72,537	-	-	-	349,971
Total other liabilities	280,333	72,537	-	-	-	352,870

The table excludes a company liability of $1,116,035,564 (2024: $1,176,705,451) over the maturity profile of self securitised mortgage loans all of which are greater than 5 years referred to in Note C9.

C5 RISK MANAGEMENT (continued)

(c) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The board has established limits on Value at Risk (VaR) and interest rate gaps for stipulated periods. Positions are monitored on a daily basis and hedging strategies are considered to ensure positions are maintained within the established limits.

(i) Value at Risk (VaR)

VaR is a statistical measure of the potential loss expected due to a change in market conditions arising from currently held positions, given a certain confidence level and holding period. VaR is presented as a dollar amount and is based on historically observed volatility. The holding period represents the implied liquidation period of the portfolio. It is the number of days required to either liquidate a portfolio or hedge the risk within the portfolio. The observation period is the number of days over which the previous market data (interest rates) is observed to predict the future. The 99% confidence level is the degree of confidence with which the VaR number will not be exceeded. A 99% confidence level implies that for 99 out of 100 observations, the market value based loss will not be greater than the VaR number.

As a normal distribution is used, the standard deviation of the portfolio is multiplied by 2.33 to achieve a 99% confidence level. A proxy set of interest rates must be used to estimate the changes in the yield curve. The proxy curve used by the Group is the interbank yield curve constructed from the official cash rate, BBSW and swap rates.

Since VaR is an integral part of the Group's interest rate risk management, VaR limits have been established for all non-trading operations and exposures are reviewed monthly against the limits by management.

	Group		Company	
	2025	**2024**	**2025**	**2024**
	$'000	**$'000**	**$'000**	**$'000**
VaR exposure at 30 June	**1,840**	1,666	**1,840**	1,666
Average monthly VaR exposure	**1,948**	2,393	**1,948**	2,393
Maximum monthly VaR exposure	**2,700**	3,048	**2,700**	3,048
Minimum monthly VaR exposure	**1,567**	1,666	**1,567**	1,666

(ii) Sensitivity

The following table demonstrates the sensitivity to a reasonable change in interest rates, with all other variables held constant, of the Group's statement of profit and loss and other comprehensive income. This methodology was also applied in previous years.

The sensitivity of the statement is the effect of the assumed changes in interest rates on the net income for one year, based on fixed rate non-trading financial assets and liabilities, and other stable funding liabilities, held at year end.

1% shift upwards of interest rate impact to income statement	**3,915**	5,649	**3,915**	5,649
1% shift downwards of interest rate impact to income statement	**(3,915)**	(5,649)	**(3,915)**	(5,649)

(d) Fair Value Measurements of financial assets and liabilities

AASB 13 Financial Instruments: Disclosures, requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The majority of financial assets and financial liabilities of the Group are carried at amortised cost. While this is the value at which the Group expects the assets to be realised and the liabilities to be settled , the table below includes the estimated fair values as at 30 June.

C5 RISK MANAGEMENT (continued)

(d) Fair Value Measurements of financial assets and liabilities (continued)

	Group				
As at 30 June 2025	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair Value**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash and cash equivalents	**219,320**	**219,320**	**-**	**-**	**219,320**
Investments at Amortised cost	**434,423**	**-**	**434,423**	**-**	**434,423**
Loans and advances	**3,162,666**	**-**	**-**	**3,162,666**	**3,162,310**
Trade and other receivables	**2,271**	**2,271**	**-**	**-**	**2,271**
Other Financial assets	**917**	**36**	**-**	**881**	**917**
Total financial assets	**3,819,597**	**221,627**	**434,423**	**3,163,547**	**3,819,241**
Financial liabilities					
Deposits	**3,423,862**	**-**	**3,423,862**	**-**	**3,420,396**
Trade and other payables	**37,469**	**37,469**	**-**	**-**	**37,469**
Other Borrowings	**71,490**	**-**	**71,490**	**-**	**71,490**
Total financial liabilities	**3,532,821**	**37,469**	**3,495,352**	**-**	**3,529,355**
As at 30 June 2024					
Financial assets					
Cash and cash equivalents	249,725	249,725	-	-	249,725
Investments at Amortised cost	382,084	-	382,084	-	382,084
Loans and advances	2,839,698	-	-	2,839,698	2,830,929
Trade and other receivables	3,828	3,828	-	-	3,828
Other Financial assets	2,403	20	-	2,383	2,403
Total financial assets	3,477,738	253,573	382,084	2,842,081	3,468,969
Financial liabilities					
Deposits	3,104,797	-	3,104,797	-	3,103,349
Trade and other payables	43,463	43,463	-	-	43,463
Other Borrowings	55,112	-	55,112	-	55,112
Total financial liabilities	3,203,372	43,463	3,159,909	-	3,201,924

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

Cash and cash equivalents and receivables from financial institutions; trade and other receivables and payables

The carrying values of cash, cash equivalents, liquid assets, trade receivables and payables, other receivables and other payables and receivables due from other financial institutions approximate their fair value as they are short term in nature or are receivable or payable on demand.

Investments at amortised cost

The amortised cost carrying value approximates fair value and they are considered level 2 under the fair value measurement hierarchy.

Loans and advances to members

The carrying value of loans, advances and other receivables is net of specific provisions for impairment. These are carried at amortised cost. The amortised cost carrying value will approximate fair value for variable rate loans. The fair value of fixed loans is calculated by utilising discounted cash flow models (i.e. the net present value of the portfolio future principal and interest cash flows), based on the period to maturity of the fixed loans. Loans, advances and other receivables are considered level 3 under the fair value measurement hierarchy.

C5 RISK MANAGEMENT (continued)

(d) Fair Value Measurements of financial assets and liabilities (continued)

Other financial assets

Investments in unlisted and listed equity investments with a fair value of $916,708 (2024: $895,105) were included in Other Financial Asset Investments as at 30 June 2025.

All Other Financial Assets other than MyState Ltd and MoneyMe Ltd (level 1) are categorised as level 3 within the fair value hierarchy of AASB 13. There is no immediate intention to dispose of these investments. There were no changes between levels during the year.

Deposits

Deposits are carried at amortised cost. The amortised cost carrying value approximated fair value for call and variable rate deposits. The fair value of Term Deposits is calculated by using the discounted cash flows of the future principal and interest), based on the period to maturity of the deposit type and the interest rate applicable to its related period to maturity. Deposits are considered level 2 under the fair value hierarchy.

As at 30 June 2025 and 2024 there were no transfers of securities between levels.

(e) Operational Risk

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

The Group manages these risks on a daily basis through the operational responsibilities of Executive and Senior management and the functioning of the Non-Financial Risk Committee (NFRC) under policies approved by the Board after recommendation from the Audit Committee or Risk Committee covering specific areas, such as outsourcing risk, fraud risk and business continuity risk.

C6 TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts owed to the Group for services provided, accrued interest on loans and advances, investments, unpresented cheques and deposits not yet banked on the bank account and reimbursements of expenses incurred on behalf of a third party. Trade and other receivables includes interest accrued on investments which is received on maturity. Amounts due for services provided are normally settled in 30 days.

Trade and other receivables are initially recorded at fair value including transaction costs. At reporting date, trade and other receivables are measured at amortised cost. These have been assessed for AASB 9 ECL and the amount is immaterial.

	Group		Company	
	2025	**2024**	**2025**	**2024**
	$'000	**$'000**	**$'000**	**$'000**
Accrued Interest and other accrued income	**458**	2,295	**458**	2,295
Sundry debtors and settlement accounts	**233**	177	**233**	93
Intercompany receivable from securitisation trust	-	-	**1,873**	3,820
Prepayments	**1,580**	1,356	**1,580**	1,356
Total trade and other receivables	**2,271**	3,828	**4,144**	7,564

There were no receivables past due at balance date. With the exception of the intercompany receivable from the securitisation trust, the majority of trade and other receivables are collectable within 12 months.

C7 PROPERTY, PLANT AND EQUIPMENT

All plant and equipment balances at 30 June 2025 and 30 June 2024 are non-current.

Property, plant and equipment are stated at cost, including direct and incremental acquisition costs, less accumulated depreciation and impairment if required. Subsequent costs are capitalised where it enhances the asset. Depreciation is calculated using the straight-line method over the asset's estimated useful economic life.

The useful lives of major depreciable asset categories are as follows:

Leasehold improvements	5 to 15 years
Furniture and Fixtures	5 to 15 years
Office equipment	3 to 15 years
Computer hardware	3 to 15 years
Fleet vehicles	6 years

Property, plant and equipment are derecognised upon disposal or where no future economic benefits are expected from its use or disposal. Upon derecognition, any resulting gain or loss, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit and loss in the Statement of Comprehensive Income.

	Company and Group					
As at 30 June 2025	**Leasehold Improvements**	**Furniture & Fixtures**	**Office Equipment**	**Computer Hardware**	**Fleet Vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1st July 2024, net of accumulated depreciation	**2,641**	**161**	**171**	**269**	**1,324**	**4,566**
Additions	**96**	**-**	**85**	**638**	**555**	**1,373**
Disposals	**-**	**-**	**-**	**-**	**(2)**	**(3)**
Depreciation P/L	**(534)**	**(17)**	**(92)**	**(247)**	**(321)**	**(1,211)**
Balance at 30 June 2025	**2,203**	**144**	**165**	**660**	**1,555**	**4,726**
As at 30 June 2025						
Cost Fair Value	**9,171**	**1,557**	**2,200**	**2,312**	**2,543**	**17,783**
Accumulated Depreciation and Impairment	**(6,968)**	**(1,413)**	**(2,034)**	**(1,653)**	**(988)**	**(13,056)**
Net carrying amount	**2,203**	**144**	**165**	**660**	**1,555**	**4,728**

	Company and Group					
As at 30 June 2024	**Leasehold Improvements**	**Furniture & Fixtures**	**Office Equipment**	**Computer Hardware**	**Fleet Vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1st July 2023, net of accumulated depreciation	1,757	174	193	372	770	3,266
Merger with Macquarie Credit Union Limited	-	69	12	28	-	109
Additions	1,315	4	69	165	895	2,448
Disposals	-	(68)	(16)	(27)	(11)	(122)
Depreciation P/L	(431)	(18)	(87)	(269)	(330)	(1,135)
Balance at 30 June 2024	2,641	161	171	269	1,324	4,566
As at 30 June 2024						
Cost Fair Value	9,075	1,557	2,114	1,677	2,118	16,541
Accumulated Depreciation and Impairment	(6,434)	(1,396)	(1,943)	(1,408)	(794)	(11,975)
Net carrying amount	2,641	161	171	269	1,324	4,566

C8 TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at amortised cost and represent accrued interest on deposits and liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade liabilities are normally settled within 30 days.

	Group		Company	
	2025	**2024**	**2025**	**2024**
	$'000	**$'000**	**$'000**	**$'000**
Accrued interest payable	**23,486**	26,471	**23,486**	26,471
Sundry creditors and accrued expenses	**3,964**	5,060	**3,957**	5,054
Clearing accounts	**10,019**	11,932	**10,019**	11,932
Total trade and other payables	**37,469**	43,463	**37,462**	43,457

C9 OTHER BORROWINGS

Self Securitisation

The Company has established the Trust to provide access to emergency liquidity support in the event of a systemic liquidity crisis. The Trust is in substance controlled by the Company. Accordingly, the Trust is consolidated into the Company's financial statements. The Company sells the rights to future cash flows of eligible residential home loans into the Trust and receives funds equal to the aggregated outstanding balances on all loans which the Trust has purchased and subsequently issued Notes for investors to invest in. Two classes of notes were issued by the Trust and both are fully owned by the Company. Whilst the rights to the underlying cash flows have been transferred, the Company has been appointed to service the loans and must continue to manage the loans as if it were the lender. Accordingly, the mortgage loans and associated financial liability from the Trust on transfer of the loans are recognised in the Company's financial statements.

During the financial year, an additional balance of $182,394,403 (2024: $183,134,000) of loans was transferred to the trust.

Negotiable Certificates of Deposit

The Company established a Negotiable Certificate of Deposit (NCD) programme in December 2023 following the Company receiving an External Credit Rating (ECR) from S&P Global Ratings. The NCDs are debt obligations created by contract, issued in accordance with, and subject to Austraclear Regulations. The NCDs are denominated in Australian dollars only and issued in denominations of A$50,000 or such other minimum denomination as may be permitted by the Austraclear Regulations from time to time (with a minimum parcel size of $500,000).

The Company issue the NCDs at a discount to investors on an actual 365 days basis and for a minimum maturity of 7 days and a maximum maturity of 365 days. The NCDs are direct, unsubordinated and unsecured obligations of the Issuer and will rank at least equally with all other direct, unsubordinated and unsecured obligations of the Issuer, except obligations mandatorily preferred by law. The net proceeds realised from the issue of NCDs are used by the Company for member lending purposes.

	Group		Company	
	2025	**2024**	**2025**	**2024**
	$'000	**$'000**	**$'000**	**$'000**
Loans assigned to the securitisation trust	**-**	-	**575,578**	581,190
Negotiable Certificate of Deposits	**71,490**	55,112	**71,490**	55,112
	71,490	55,112	**647,068**	636,302

D CAPITAL

D1 CAPITAL MANAGEMENT

The Group maintains an actively managed capital base to cover risks inherent in its business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Australian Prudential Regulation Authority (APRA).

The primary objectives of the Group's capital management activities are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains healthy capital ratios in order to support its activities.

During the past year the Group has complied in full with all its externally imposed capital requirements.

Although the Group actively monitors and manages its risk exposure in each of these areas, the Group does not calculate and determine its minimum capital needs by allocating a specific value or 'capital charge' to each type of risk. Rather, the Board has resolved that the Group will maintain, based on the outcomes of its annual capital planning processes, an 'internal minimum' target capital ratio (TCR) of 14%

For capital adequacy purposes, authorised deposit-taking institutions must hold a minimum amount of Common Equity Tier 1 capital and Additional Tier 1 capital. In addition, they may include an amount of Tier 2 capital as part of their required capital holdings, up to the limits specified in the Prudential Standard *APS 110: Capital Adequacy*.

The Prudential Standard sets out the essential characteristics that an instrument must have to qualify as Tier 1 or Tier 2 capital for inclusion in the capital base for assessing Level 1 and Level 2 capital adequacy.

Tier 1 capital comprises the highest quality capital components. Tier 2 capital includes other components that, to varying degrees, fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of an institution as a going concern.

For capital adequacy purposes, the capital base at Level 1 and Level 2 is defined as the sum of Common Equity Tier 1, Additional Tier 1 and Tier 2 capital after all specified deductions and adjustments, subject to the various limits that apply.

	Group	
	2025	**2024**
	$'000	**$'000**
Common Equity Tier 1 Capital	**291,003**	273,987
Tier 2 Capital	**5,695**	5,695
Total Capital	**296,698**	279,682
Risk Weighted Assets	**1,674,596**	1,507,061
	%	**%**
Risk-based Capital Ratio	**17.72%**	18.56%

The Group has been in compliance with the capital requirements imposed by APRA throughout the year.

The risk weights attached to each asset are based on the weights prescribed by APRA. There has been an overall increase in risk weighted assets during the year as a result of organic growth from the mortgage loan portfolio.

	Group		Company	
	2025	**2024**	**2025**	**2024**
D2 CAPITAL RESERVE ACCOUNT	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance	**1,137**	1,126	**1,137**	1,126
Transfer from/(to) retained earnings	**11**	11	**11**	11
Closing balance	**1,148**	1,137	**1,148**	1,137

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

D CAPITAL (Continued)

D3 RESERVES

	Group		Company	
	2025	**2024**	**2025**	**2024**
Other reserves	**$'000**	**$'000**	**$'000**	**$'000**
Land and Buildings revaluation reserve	**1,527**	1,527	**1,527**	1,527
Other Financial Asset investments revaluation reserve	**14**	5	**14**	5
Total other reserves	**1,541**	1,532	**1,541**	1,532
Movements				
Land and Buildings revaluation reserve				
Opening balance	**1,527**	858	**1,527**	858
Movement in Land and Building revaluation reserve	**-**	669	**-**	669
Balance at end of year	**1,527**	1,527	**1,527**	1,527
Other Financial Asset investments revaluation reserve				
Opening balance	**5**	5	**5**	5
Movement in Other Financial Asset revaluation reserve	**9**	-	**9**	-
Balance at end of year	**14**	5	**14**	5

The Land & Buildings revaluation reserve records increments and decrements arising from the revaluation of land and buildings.

The Other Financial Asset investments revaluation reserve records investment in primarily equity investments that are not held for trading and are measured at fair value through other comprehensive income, where an irrecoverable election has been made by management. Amounts in the reserve are subsequently transferred to retained earnings, and not profit or loss, when the asset is derecognised. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

E EMPLOYEES

E1 EMPLOYEE BENEFITS EXPENSE

	Company and Group	
	2025	**2024**
(a) Employee benefits expense	**$'000**	**$'000**
Salaries and wages	**33,184**	28,169
Superannuation expense	**3,640**	2,928
Other employee benefits expense	**7,001**	7,019
	43,825	38,116

(b) Provision for Employee benefits

Liabilities for wages, salaries and annual leave are expected to be settled within 12 months of the reporting date after the end of the period in which the employees render related service are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. The liability for annual leave is recognised in the provision for annual leave.

The liability for long service leave is not expected to be settled within 12 months after the end of the period in which the employees render the related service recognised in the provision for long service leave and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the corporate bond rate at reporting date on national government bonds with terms to maturity that match, as closely as possible, to the estimated future cash flows.

Contributions are made by the Group to an employee's superannuation fund and are charged to the Statement of Profit or Loss and Other Comprehensive Income as incurred.

	Group		Company	
	2025	**2024**	**2025**	**2024**
Current	**$'000**	**$'000**	**$'000**	**$'000**
Annual leave	**2,795**	2,713	**2,795**	2,713
Long service leave	**2,599**	2,641	**2,599**	2,641
Total current provisions	**5,394**	5,354	**5,394**	5,354
Non-current				
Long service leave	**622**	527	**622**	527
Total non-current provisions	**622**	527	**622**	527
Total provisions	**6,016**	5,881	**6,016**	5,881

E2 KEY MANAGEMENT PERSONNEL

(a) Remuneration of Key Management Personnel (KMP)

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director of that entity. KMP have been taken to comprise the Directors and members of the Executive Management Team responsible for the day to day financial management and operational management of the Group.

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

	Company and Group	
	2025	2024
	$	$
Short-term employee benefits	**4,385,493**	3,986,617
Termination benefits	**388,357**	-
Superannuation contributions	**355,666**	318,641
Total remuneration of KMP	**5,129,516**	4,305,258

Remuneration shown as short term benefits means (where applicable) wages, salaries, paid annual leave, paid sick leave, profit-sharing and bonuses, and value of fringe benefits received, but excludes out of pocket expense reimbursements.

(b) Loans to KMP

All loans disbursed to KMP were approved on the same terms and conditions, which are applicable to members for each class of loan. There are no loans that are impaired in relation to the loan balances with KMP and have been assessed in the ECL model as part of the Stage 1 collective provision.

KMP who are not directors receive a concessional rate of interest on their loans and facilities. These benefits, where subject to fringe benefits tax, are included in the remuneration in (a) above.

There are no benefits or concessional terms and conditions applicable to the close family members of the KMP.

The aggregate value of loans to KMP as at balance date:	**6,394,707**	6,323,930
The total value of revolving credit facilities to KMP as at balance date:	**158,500**	158,500
Less amounts drawn down and included in total loans above	**(39,429)**	(39,707)
Net revolving credit facilities available	**119,071**	118,793
Fixed term loans disbursed to KMP during the year:	**295,000**	250,000
Average balance of revolving credit facilities	**29,199**	38,124
Total loans disbursed to KMP	**324,199**	288,124
Interest and other revenue earned on loans and revolving credit facilities to KMP	**264,350**	314,587
ECL Provision for KMP Loans and credit facilities	**-**	-

(c) Deposits from KMP

Total value of term and savings deposits from KMP as at balance date:	**1,685,840**	2,038,263
Total interest paid on deposits to KMP during the year:	**53,923**	40,631

Directors have received interest on deposits with the Group during the financial year. Interest has been paid on terms and conditions no more favourable than those available on similar transactions to members of the Group.

The Group's policy for receiving deposits from other related parties and in respect of other related party transactions, is that all transactions are approved and deposits accepted on the same terms and conditions that apply to members for each type of deposit.

(d) Other transactions of KMP

There are no benefits paid or payable to the close family members of the KMP.

Apart from the above transactions, there are no service contracts to which KMP or their close family members are an interested party.

F OTHER DISCLOSURES

F1 REMUNERATION OF AUDITORS

	Group		Company	
	2025	2024	2025	2024
Remuneration of the auditor for:	$	$	$	$
Statutory and Regulatory Audits	**369,239**	345,039	**369,239**	345,039
Other Audit Services	**44,345**	34,504	**44,345**	34,504
Taxation Services	**74,017**	72,889	**74,017**	72,889
Total remuneration of auditors	**487,601**	452,432	**487,601**	452,432

F2 LEASES

(a) Leases as a Lessee

The Group has entered into commercial leases on certain commercial properties from which branches operate. The leases typically run for a period between one to ten years, with an option to renew the lease after that date. Lease payments are renegotiated at the expiry of the lease, or on exercising of option to renew, to reflect market rental. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The retail and office property leases are entered into are classified as leases under AASB 16.

The Group leases office equipment with contract terms of 5 years. These leases are short-term and of low value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information for which the Group as a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

	Company and Group	
	2025	2024
Land and Buildings	**$'000**	**$'000**
Balance at 1 July	**3,804**	4,422
Depreciation charge for the year	**(1,285)**	(1,229)
Additions to right-of-use assets	**59**	676
Derecognition of right-to-use assets	**-**	(65)
Balance at 30 June	**2,578**	3,804

(ii) Amounts recognised in profit or loss

Leases under AASB 16		
Interest on lease liabilities	**148**	214
Expenses relating to short-term leases	**934**	737

(iii) Amounts recognised in statement of cash flows

Total Cash outflow for leases	**1,499**	1,342

(iv) Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the Lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options.

At 30 June 2025, management has not considered whether any of the extension options will be exercised.

F3 COMMITMENTS

To meet the financial needs of members, the Group enters into loan commitments. Even though these obligations may not be recognised on the Statements of Financial Position, they do contain credit risk and are therefore part of the overall risk of the Group.

(a) Undrawn Loan Commitments

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

However, the potential credit loss is less than the total unused commitment since most commitments to extend credit are contingent upon members maintaining specific standards. The Group monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter term commitments.

These commitments have been considered when estimating the overall ECL provisions for loans and advances. See note C2 a) for breakdown of ECL.

	Group		Company	
	2025	**2024**	**2025**	**2024**
	$'000	**$'000**	**$'000**	**$'000**
Loans Approved but not funded	**84,189**	72,537	**84,189**	72,537
Loan Repayments in advance	**237,700**	206,704	**237,700**	206,704
Undrawn lines of commitment	**67,863**	70,730	**67,863**	70,730
	389,752	349,971	**389,752**	349,971

F4 CONTINGENT LIABILITIES

Credit Union Financial Support Scheme (CUFSS)

The parent is a party to the Credit Union Financial Support Scheme (CUFSS). CUFSS is a voluntary scheme to provide financial support to member Australian mutual ADI's in the event of a liquidity problem. CUFSS is a company limited by guarantee with each members guarantee being $100.

As a member of CUFSS, the parent:

- May be required to advance funds of up to 3% of total assets (capped at $100 million) to a CUFSS member requiring financial support.
- Agrees, in conjunction with other members, to fund the operating costs of CUFSS.

No such directions has, at balance date, been requested to the parent.

Financial Guarantees

Letters of guarantee commit the Group to make payments on behalf of customers in the event of a specific act, generally related to contract performance. Guarantees carry the same credit risk as loans. The guarantees committed to by the Group are secured by term deposit and / or real property.

The amount guaranteed at balance date is limited to $2,982,143 (2024:$3,170,332).

F5 LAND AND BUILDINGS

Land and buildings are measured at fair value, based on periodic but at least triennial valuations by external independent valuers, less subsequent depreciation on buildings and less any impairment losses recognised after the date of revaluation. The fair value is reassessed prior to sale.

Any property revaluation increment is credited to the land and building revaluation reserve included in the equity section of the statements of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statements of profit or loss and other comprehensive income, in which case the increase is recognised in profit or loss.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Both the Armidale head office and branch properties were last revalued based on an independent assessment by Herron Todd White Valuers as at June 2024.

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

	Group		Company	
	2025	**2024**	**2025**	**2024**
(a) Land and buildings	**$'000**	**$'000**	**$'000**	**$'000**
At valuation	**5,450**	5,450	**5,450**	5,450
Less accumulated depreciation	**(202)**	-	**(202)**	-
Total land and buildings	**5,248**	5,450	**5,248**	5,450

(b) Movements in carrying amounts

Reconciliations of the carrying amounts of each class of land and buildings between the beginning and end of the current financial year are set out below.

Balance at 1 July	**5,450**	4,630	**5,450**	4,630
Depreciation expense	**(202)**	(135)	**(202)**	(135)
Balance at 30 June	**5,248**	5,450	**5,248**	5,450

F6 SUBSEQUENT EVENTS

The proposed merger between Regional Australia Bank and Summerland Bank was approved by the Australian Prudential Regulation Authority (APRA) on 28 August 2025.

Regional Australia Bank holds 3,116 shares in Indue Limited (Indue). Cuscal on the 22 August 2025 announced to the Australian Stock Exchange (ASX) that is acquiring all the shares in Indue via a conditional, binding Share Sale and Purchase Agreement that will see Cuscal acquire 100% of Indue's shares for $75 million in cash consideration subject to satisfaction of conditions precedent, including receipt of required regulatory approvals.

Other than disclosed above, there has not arisen in the interval between the end of this financial year and the date of this report any item, transaction or event of a material or unusual nature, likely in the opinion of the Directors, to significantly affect the operations of the Group, the results of operations, or the state of the affairs of the Group in future financial year.

G1 BUSINESS COMBINATIONS

On 1 April 2024, Regional Australia Bank Limited (acquirer) merged with Macquarie Credit Union Limited (acquiree). The post merger name continued to be Regional Australia Bank Limited (RAB). The merger is part of the acquirers growth strategy and provided the acquirer the opportunity to expand regionally in western New South Wales. In addition, the merger provided the members of the acquiree the opportunity to have additional products, services, digital capabilities, and competitive pricing.

The merger, originally announced in July 2023, was approved by members of the acquiree in March 2024 and subsequently approved by APRA, The merger legally took effect on 1 April 2024. On this date Macquarie Credit Union (MCU) voluntarily transferred its assets and liabilities to RAB under the Financial Sector (Transfer and Restructure) Act 1999 (Cth). As a result, there was no consideration transferred or purchase price of the merger. MCU members ceased to be members of MCU and each was automatically issued a new share and became a member of RAB.

Costs of $2.1m were incurred in relation to the merger and integration costs for the period ended 30 June 2024. These expenses are included within the respective expense categories in the Statements of Profit and Loss and Other Comprehensive Income.

Business Combinations are accounted for using the acquisition method as at the acquisition date, which is the date the assets and liabilities of Macquarie Credit Union were transferred to Regional Australia Bank.

On the date of combination the assets and liabilities of MCU were transferred to RAB at carrying value which approximates fair value. There was no consideration paid as a result of the merger.

The fair value of the identifiable assets and liabilities of MCU assumed at the date of acquisition were:

	1 April 2024
Assets	**$'000**
Cash and cash equivalents	4,158
Investments at amortised cost	25,231
Loans and advances (incl loan impairment)	101,909
Other Financial Assets	6
Current tax receivable	4
Accrued Interest and other Accrued Income	185
Other assets	187
Property, plant and equipment	748
Right-of-use assets	222
Total Assets	**132,650**
Liabilities	
Deposits including interest payable	116,628
Trade and Other Payables	5
Lease liabilities	331
Employee benefits	410
Total Liabilities	**117,374**
Net Assets	**15,276**

The loans and advances comprises of gross contractual amounts due of $102m

All fair values are disclosed on a provisional basis. A completion audit was conducted on the balance sheet on 31 March 2024 by Crowe Audit Australia, if new information is obtained within one year of the date of merger about facts and circumstances that existed at the date of merger identified adjustments to the above amounts, or any additional provisions that existed at the date of merger, then the accounting for acquisition will be revised.

Consolidated Entity Disclosure Statement
For the year ended 30 June 2025

Entity Name	Body Corporate, partnership or trust	Place Incorporated	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign Tax resident	Jurisdiction for Foreign tax resident
Regional Australia Bank Limited	Body Corporate	Australia	N/A	Australian	N/A
CMG Funding Trust No.1 (A)	Trust	Australia	N/A	Australian	N/A

(A) CMG Funding Trust No. 1 Pty Ltd ("Trust") is used to provide liquidity to the parent Regional Australia Bank Limited ("RAB") through an internal securitisation facility, whereby Notes have been issued from the Trust to RAB in return for the internal securitisation of RAB loans. Refer to note C9 Borrowings - Self Securitisation.

Independent Auditor's Report

To the members of Regional Australia Bank Ltd

Opinions

We have audited the consolidated ***Financial Report*** of Regional Australia Bank Ltd (the Group Financial Report). We have also audited the Financial Report of Regional Australia Bank (the Company Financial Report).

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

The ***Financial Reports*** comprise:

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

The ***Group*** consists of Regional Australia Bank Ltd (the Company) and the entity it controlled at the year end or from time to time during the financial year.

Basis for opinions

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

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

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

Other Information

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

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

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

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

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

Responsibilities of the Directors for the Financial Reports

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Reports

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Reports is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Nic Buchanan
Partner
Sydney
26 September 2025

DECLARATION BY DIRECTORS

The Directors of Regional Australia Bank Ltd (the Company) declare that in the opinion of the Directors:

(a) The financial statements and notes of the consolidated Group and Company are in accordance with the *Corporations Act 2001* (Cth), including:

(i) giving a true and fair view of the financial position of the consolidated Group and Company as at 30 June 2025 and of its performance for the year ended on that date; and

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

(b) The consolidated entity disclosure statement as at 30 June 2025 is true and correct; and

(c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(d) The financial statements comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Board of Directors.

Michael Fenech

Director

Jennifer Leslie

Director

Date: 26 September 2025

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