Annual Report

2025/2026



Bank Orange



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To Bank Orange

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Financial Year 2025-2026

Welcome to Bank Orange





It has been a year of steady and successful growth at Bank Orange. Over the period we grew the loan and deposit books and maintained sufficient profit to augment our capital base to facilitate continued investment for the future and provide adequate capital to sustain responsible growth. In summary, total assets grew at 8.3% to reach $343.4m. In that mix good support from new and existing members generated loans growth of $10.7m or just under 5%, while deposits expanded by $24.5m or 8.7% to $307.6m. After a pre tax profit of $1.09m and net profit of $0.8m capital finished the year at 31.7m. This is a very sound 21.7%. It is particularly positive that all of Bank Orange's capital is Common Equity Tier One, the highest quality capital available to a bank.

While careful balance sheet management is the path to long term financial health, as a bank owned by its member customers Bank Orange continues to be committed to improving the financial position of those individuals and families, its community and ensuring that it is sustainable into the future.

With rising interest rates and cost of living pressures it is extremely important for individuals and families to manage their finances in ways which protect and improve their standard of living and lifestyle. Bank Orange recognises that being able to establish and manage finances in a responsible way is very important at such times. Our loan, deposit and payment products are strongly competitive on their own and through the high standards of service we set ourselves. We make no secret of the priority we put on providing high quality service and protecting our members' financial position. In doing so we use technology as needed but rely on our great staff who continue to ensure that each and every member receives the same attention which has been a feature of the credit union/bank since its inception in 1964.

To sustain and improve on that service delivery the year has seen continued significant investment in the products with a mix of incremental improvements and growth in controls and risk management protections.

We are highly alert to the benefits and risks of artificial intelligence and associated cyber technology. As the Australian Government backed banking framework, the Scams Prevention Framework takes shape we remain focused on detecting, disrupting and preventing our members against scammers and in doing so ensure ongoing trust in electronic banking. We accept that this will reduce potential profits and the speed of transactions, but believe the safety of our members is paramount. To support our staff deliver optimum service and provide good stewardship of assets we continued renovation of the branch head office at 288 Summer Street. We are fortunate to have these premises and acknowledge the foresight of previous boards and staff to in building sufficient resources to facilitate quality working conditions for service delivery.

As a local community bank we recognise the importance of supporting our community. Over the year the bank committed to providing at least 5% of profit to the community in addition to maximising the amount of operational spending including staff remuneration in the local area. It was pleasing that the 5% target was exceeded and we remain committed to maintaining and exceeding that level. Over the year a wide range of groups benefited from community partnerships and grants, which are now issued monthly. Similarly we continue to maintain as many jobs and operational spending in the local area which provides an economic benefit as well as promoting the health of our region.

Michael Kemp

Chair of Board of Directors

Lewis von Stieglitz

Chief Executive Officer









Team Bank Orange

We acknowledge the continued commitment and passion that drives our people in delivering a high level of service to our customers and our community. We're proud of our ability to maintain strong relationships with our customers, suppliers and community members. Our focus continues to build capability, experience and knowledge of our team as we strive to deliver brilliance.

Board of Directors

Michael Kemp (Chairperson)
Benjamin Baker (Vice Chairperson)
Darren Budworth
Michelle Catlin
Tim Edmondstone
Andrew Kent
Amanda Mooney

Our Team

Lewis von Stieglitz (CEO)
Janice Aguilos
Kristine Barraclough
Kirsty Burton
Elizabeth Clements
Quintyn Fisher
Kasey George
Jake Gillette
Tayla Harvey
Sonia Healey
Wendy Herbert
Michelle Johnson
Katrina Nicholls
Adaku Oba
Sandra Paniz
Anish Patel
Stacey Roberts
Layla Sandilands
Helen Sharman
Lesley Staniforth
Aleisha Vardanega

Snapshot

OUR FINANCIAL PERFORMANCE

$343.4M
TOTAL ASSETS
Increase of 8.3% from $317.2 in 2025

$10.7M
LENDING GROWTH
4.8% Increase from 221M from 2025

$307.7M
DEPOSITS
Increase of 8.7% from $283.1M in 2025

$806,474
NET PROFIT AFTER TAX
Decrease of 20.8% from $1M in 2025

1.48%
LOANS 30 DAYS OR MORE IN ARREARS
AS % TO TOTAL LOAN PORTFOLIO
Decrease of 19.3% from 1.84% in 2025

21.65%
CAPITAL ADEQUACY RATIO
Decrease of 5.2% from 22.83 in 2025

OUR MEMBERS, CUSTOMERS AND COMMUNITY

30.9k
NUMBER OF MEMBERS

$59.4M
NEW LOANS GROWTH (NEW FUNDING)
Increase of 1.19% from 58.7m in 2025

$69.2k
AMOUNT OF DIRECT DONATIONS TO OUR COMMUNITY
Including Community Support Grants Program, financial education forums and information nights.

1,762
FACEBOOK FOLLOWERS
Increase from 1728 in 2024-2025

779
INSTAGRAM FOLLOWERS
Increase from 703 in 2024-2025







ORANGE CREDIT UNION LIMITED
ABN 34 087 650 477

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2026

ORANGE CREDIT UNION LIMITED
ABN 34 087 650 477

Registered Office:
288-292 Summer Street
Orange NSW 2800

Postal Address:
PO Box 992
Orange NSW 2800

Email: ocu@bankorange.com.au
Website: www.bankorange.com.au

Company Secretary:
Lewis von Stieglitz

Management:
Mr Lewis von Stieglitz – Chief Executive Officer
Mr A. P Patel – CFO
Mrs S Roberts – CRO

Auditor:
Intentus Chartered Accountants

Internal Auditor:
DBP Consulting Pty Limited

Solicitors:
Daniels Bengtsson Pty Limited, Sydney

Bankers:
CUSCAL Limited

Australian Financial Services Licence Number: 240768

ORANGE CREDIT UNION LIMITED
ABN 34 087 650 477

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ORANGE CREDIT UNION LIMITED
ABN 34 087 650 477

DIRECTORS' REPORT

Your Directors submit the financial report of the Credit Union for the year ended 30 June 2026.

DIRECTORS

The names of the Directors in office at the date of this report, or who held office during the course of the financial year, are:

Mr Michael Kemp
Ms Michelle Catlin
Mr Tim Edmonstone
Mr Andrew Kent
Mrs Amanda Mooney
Mr Darren Budworth
Mr Benjamin Baker

Unless otherwise stated, the Directors have been in office since the start of the financial year to the date of this report.

COMPANY SECRETARY

The following person held the position of company secretary at the date of this report:
Mr Lewis von Stieglitz – Master of Business Administration majoring in management, marketing and strategy (University of New England). Mr von Stieglitz has worked in the financial services industry across a range of management and executive roles for over 35 years. Mr von Stieglitz was appointed Company Secretary on 2 August 2023.

PRINCIPAL BUSINESS ACTIVITIES

The principal business activities of the Credit Union during the year were the provision of financial services to members in the form of taking deposits and giving financial accommodation as prescribed by the Constitution. There were no significant changes in the nature of the Credit Union's activities during the year.

OPERATING RESULTS

The amount of profit of the Credit Union for the financial year after providing for income tax was $806,474 (2025: $1,017,805)

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Credit Union remained competitive in its lending proposition, supporting the continued lending growth in 2025-26. The previous increases in the RBA cash rate, have contributed to the Credit Union's interest margins, including pressure from the cost of deposit retention. There has still been a focus on cost control, compliance related information technology expenses and a start to modernising the information technology infrastructure which have contributed to the increased spend.

Orange Credit Union will continue to support local businesses by promoting them wherever possible.

There were no other significant changes in the state of the affairs of the Credit Union for the year.

REVIEW OF OPERATIONS

Profit for the year totalled $806,474 compared to $1,017,805 in 2024-25. Interest revenue increased by $383,097 to $15,644,169.

Operating expenses reduced by $14,478 to $8,307,356, Employee compensation and benefits increased by $35,956 to $3,075,824. Other significant areas of expenditure are administration expenses of $3,044,247 and information technology expenses of $1,859,564.

Gross loans to members increased by $10,624,423 to $232,310,330. The principal area of increase was for residential loans.

Members' savings and deposits increased by $24,541,798 to $307,677,505.

EVENTS OCCURRING AFTER BALANCE DATE

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

LIKELY DEVELOPMENTS AND RESULTS

The Credit Union will continue to pursue its strategic plan (business plan) of increasing the profitability and market share of its business during the next financial year.

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICE HOLDERS

During the year, a premium was paid in respect of a contract insuring directors and officers of the company against liability. The officers of the Credit Union covered by the insurance contract include the Directors, Executive Officers, Secretary, and Employees. In accordance with normal commercial practice, disclosure of the total amount of premium payable under the insurance contract and the nature of liabilities covered is prohibited by a confidentiality clause in the contract. No insurance cover has been provided for the benefit of the auditors of the Credit Union.

ENVIRONMENTAL ISSUES

Orange Credit Union's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or State. The Credit Union is considering how to appropriately apply, record and verify the new obligations with respect to environmental and social governance. Whilst not mandatory for the Credit Union, every effort will be made to ensure that we participate where able.

PROCEEDINGS ON BEHALF OF CREDIT UNION

No person has applied for leave of the Court to bring proceedings on behalf of the Credit Union or intervene in any proceedings to which the Credit Union is a party for the purpose of taking responsibility on behalf of the Credit Union for all or any part of those proceedings.

The Credit Union was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE

The auditors have provided a declaration of independence to the Board of Directors (the Board) prescribed by the *Corporations Act 2001* (Cwlth) as set out on page 8.

INFORMATION ON DIRECTORS

The Directors in office at the date of this report, or who held office during the course of the financial year, are:

Michael Kemp	
Current Occupation	Farmer and Grazier Director Rural Financial Counselling Service, NSW
Credit Union Experience	Director of Orange Credit Union for 12 years Associate Director from 31.07.13 to 25.11.14 Member of the Australian Institute of Company Directors
Current Board Positions	Chair of Board of Directors Member of Corporate Governance Committee
Interest in Shares	1 Member Share
Michelle Catlin	
Current Occupation	Associate Director, Infrastructure and Assets NSW Department of Communities and Justice
Credit Union Experience	Director of Orange Credit Union for 10 years Associate Director from 28.01.15 to 29.11.16 Member of the Australian Institute of Company Directors
Current Board Position	Member of Audit Committee Member of Risk Committee
Interest in Shares	1 Member Share
Tim Edmonstone	
Current Occupation	Director Economics, Insights & Analysis NSW Department of Primary Industries and Regional Development
Credit Union Experience	Director of Orange Credit Union for 7 years. Associate Director from 26.7.17 to 30.07.19
Current Board Position	Chair of Audit Committee Member of Risk Committee
Interest in Shares	1 Member Share
Andrew Kent	
Current Occupation	Business Manager, Trinity Christian School
Credit Union Experience	Director of Orange Credit Union for 15 years Associate Director from 01.07.10 to 22.03.11 Member of the Australian Institute of Company Directors
Current Board Positions	Chair of Corporate Governance Committee
Interest in Shares	1 Member Share

INFORMATION ON DIRECTORS (continued)

Amanda Mooney	
Current Occupation	Business Manager, James Sheahan Catholic High School
Credit Union Experience	Director of Orange Credit Union for 13 years Associate Director from 10.11.11 to 31.07.13
Current Board Positions	Member of Audit Committee Chair of Risk Committee
Interest in Shares	1 Member Share
Darren Budworth	
Current Occupation	Executive Director, Assets, Grants & Lending, NSW Department of Primary Industries and Regional Development
Credit Union Experience	Director of Orange Credit Union for 2 years Associate Director from 22.11.23 to 21.11.24
Current Board Positions	Member of Audit Committee Member of Risk Committee
Interest in Shares	1 Member Share
Ben Baker	
Current Occupation	Chief Operations Officer, Eagle Direct Director, Smart Technology Ventures
Credit Union Experience	Director of Orange Credit Union for 2 years Associate Director from 22.11.23 to 21.11.24.
Current Board Positions	Vice Chair of Board of Directors Member of Corporate Governance Committee
Interest in Shares	1 Member Share

DIRECTORS' MEETINGS

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

	Board	Audit Committee	Risk Committee	Corporate Governance	Director Only Meeting (including Special meeting)
No. of meetings held:	6	3	3	4	7
No. of meetings attended:					
M Catlin	6	3	3	-	7
M Kemp	6	-	-	3	7
A Kent	6	-	-	4	7
A Mooney	6	3	3	-	7
T Edmonstone	6	3	3	-	6
D Budworth	6	2	2	2	7
B Baker	6	2	2	3	7

All Directors were eligible to attend all meetings for the Committees which they were a member of. The Board positions are not elected at the commencement of each financial year. Consequently, Directors may not be eligible to attend all of the Committee meetings held during the financial year, despite being Committee members at year end.

Attendance details marked (-) denotes non-membership of the Committee.

DIRECTORS' BENEFITS

All Directors of the Credit Union have received or become entitled to receive a benefit for their duties and responsibilities as Directors. These benefits are detailed in the notes attached to these financial reports.

Signed in accordance with a resolution of the Board of Directors and is signed at Orange on the 30th day of September 2026.

Michael Kemp
Director
Chair of Board of Directors

Timothy Francis Edmonstone
Director
Chair of Audit Committee

intentus
CHARTERED ACCOUNTANTS

Thorough, Attentive, Earnest

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF ORANGE CREDIT UNION LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Orange Credit Union Limited. As the lead audit principal for the audit of the financial report of Orange Credit Union Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

(ii) any applicable code of professional conduct in relation to the audit.

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Intentus

JThomas
Jodie Thomas
Principal

23 Sale Street
Orange NSW 2800

Dated: 30 September 2026

CHARTERED ACCOUNTANTS

PO Box 69, Orange NSW 2800
1/23 Sale St, Orange NSW 2800
Ph: 02 6362 5100

127 Keppel Street, Bathurst NSW 2795
Ph: 02 6362 5100

Liability limited by a scheme approved under Professional Standards Legislation

ORANGE CREDIT UNION LIMITED
ABN 34 087 650 477

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 $	2025 $
Interest revenue	4.1	15,644,169	15,261,072
Interest expense	4.2	(7,115,305)	(6,692,188)
Net interest income		**8,528,864**	**8,568,884**
Fees, commissions and other income	5	869,500	1,113,300
Total interest and fee income		**9,398,364**	**9,682,184**
Non-interest expenses:			
Impairment gains (losses) on loans receivable from members	12	49,810	(19,710)
General administration:			
- Employees compensation and benefit	6	(3,075,824)	(3,039,868)
- Depreciation and amortisation	6	(253,060)	(261,654)
- Information technology	6	(1,859,564)	(1,631,411)
- Occupancy expenses	6	(124,471)	(146,035)
- Other administration	6	(3,044,247)	(3,223,156)
Total non-interest expenses		(8,307,356)	(8,321,834)
Profit for the year before income tax		1,091,008	1,360,350
Income tax benefit (expense)	8	(284,534)	(342,545)
Profit for the year after income tax		**806,474**	**1,017,805**
Other comprehensive income, net of income tax		-	-
Total other comprehensive income for the period		-	-
Total comprehensive income for the year		**806,474**	**1,017,805**

This statement should be read in conjunction with the notes to the financial statements.

ORANGE CREDIT UNION LIMITED
ABN 34 087 650 477

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Retained Earnings $	Total $
Balance at 1 July 2024	30,485,806	30,485,806
Profit for the year after income tax	1,017,805	1,017,805
Total Comprehensive Income	1,017,805	1,017,805
As at 30 June 2025	**31,503,611**	**31,503,611**
Profit for the year after income tax	806,474	806,474
Total Comprehensive Income	**806,474**	**806,474**
As at 30 June 2026	**32,310,085**	**32,310,085**

ORANGE CREDIT UNION LIMITED
ABN 34 087 650 477

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Notes	2026 $	2025 $
Assets:			
Cash and liquid assets	9	19,418,099	14,493,554
Receivables	10	1,636,583	1,699,092
Loans and advances to members	11	232,158,807	221,482,724
Investment securities	13	87,079,654	77,779,654
Property, plant and equipment	14	2,281,300	970,839
Deferred tax assets	8.3	246,592	268,133
Intangibles	15	600,427	526,589
Total Assets		**343,421,462**	**317,220,585**
Liabilities:			
Deposits from members	16	307,677,505	283,135,707
Payables and other liabilities	17	2,955,492	2,241,819
Provisions	18	278,009	234,627
Current tax liabilities	8.4	177,968	89,985
Deferred tax liabilities	8.4	22,403	14,836
Total Liabilities		311,111,377	**285,716,974**
Net Assets		**32,310,085**	**31,503,611**
Members' Equity:			
Retained earnings		32,310,085	31,503,611
Total Members' Equity		**32,310,085**	**31,503,611**

This statement should be read in conjunction with the notes to the financial statements.

ORANGE CREDIT UNION LIMITED
ABN 34 087 650 477

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 $	2025 $
Cash flows from operating activities:			
Revenue inflows:			
Interest received on loans		10,907,811	10,892,266
Interest received on investments		4,655,964	4,262,636
Dividends received		-	-
Fees and commissions received		800,914	1,063,934
Other income		73,541	49,366
Revenue outflows:			
Interest paid on members' savings		(7,325,701)	(6,562,313)
Interest paid on borrowings		(1,280)	(5,571)
Payments to suppliers and employees		(8,167,180)	(7,911,963)
Income taxes received / (paid)		(167,443)	(572,013)
Net cash flows from revenue activities	30.3	776,626	1,216,342
Members' loan repayments		48,794,747	45,644,879
Members' loan fundings		(59,421,020)	(58,753,143)
Net increase in member deposits and shares		24,541,798	18,064,752
Net increase / (decrease) in members' clearing accounts		1,174,708	(772,979)
Net decrease / (increase) in deposits to other financial institutions		(9,300,000)	(5,650,000)
Net cash provided by/ (used in) operating activities		6,566,859	(250,149)
Cash flows from investing activities:			
Consideration for disposal of property, plant and equipment		38,000	-
Payment for property, plant and equipment		(1,471,828)	(58,426)
Payment for intangibles		(208,486)	(227,859)
Net cash used in investing activities		(1,642,314)	(286,285)
Net increase / (decrease) in cash held		4,924,545	(536,434)
Cash held at the beginning of the year		14,493,554	15,029,988
Cash held at the end of the year	30.2	**19,418,099**	**14,493,554**

This statement should be read in conjunction with the notes to the financial statements.

ORANGE CREDIT UNION LIMITED
ABN 34 087 650 477

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

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1. BASIS OF PREPARATION

1.1 Reporting Entity

These financial statements are prepared for Orange Credit Union Limited (the Credit Union) as an individual entity, for the year ended 30 June 2026. The Credit Union is a company, limited by shares, incorporated and domiciled in Australia. The statements were authorised for issue on 30 September 2026 in accordance with a resolution of the Board.

Orange Credit Union Limited is a company limited by shares and is registered under the *Corporations Act 2001* (Cwlth).

The address of the registered office is:	Orange Credit Union Limited 288-292 Summer Street Orange NSW 2800
The address the principal place of business is:	288-292 Summer Street Orange NSW 2800

The nature of the operations and its principal activities are the provision of deposit taking facilities and loan facilities to the members of the Credit Union.

1.2 Statement of Compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and interpretations of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

1.3 Basis of Accounting

(a) Basis of preparation

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Australian dollars.

Comparatives are consistent with prior years.

1. BASIS OF PREPARATION (CONTINUED)

1.3 Basis of Accounting (Continued)

(b) Goods and services tax

As a financial institution, the Credit Union is input taxed on all income except for income from commissions and some fees. An input taxed supply is not subject to goods and services tax (GST) collection, and the GST on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases is generally recovered on a proportionate basis. In addition, certain prescribed purchases are subject to reduced input tax credits (RITC), of which 75% of the GST paid is recoverable.

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

The net amount of GST recoverable from, or payable to the ATO, is included as a current asset or current liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

2 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

- Note 12 - Impairment of loans and advances with regards to the Expected Credit Loss (ECL) modelling and judgements, including:
  - Determining criteria for significant increase in credit risk: An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Credit Union takes into account qualitative and quantitative reasonable and supportable forward-looking information.
  - Choosing appropriate models and assumptions for the measurement of ECL; and
  - Establishing groups of similar financial assets for the purposes of measuring ECL: When ECL is measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics.
- Note 13 and Note 21 - Fair value assumptions used investment securities;
- Note 21.2, Note 14 and Note 15 – impairment and estimated useful lives of property, plant and equipment (depreciation) and intangible assets (amortisation).

3 CHANGES IN ACCOUNTING POLICIES

3.1 New standards applicable for the current year

There were no new accounting standards which became effective for the first time at 30 June 2026 which impacted on the Credit Union.

3.2 New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Credit Union has decided not to early adopt these Standards. The Credit Union's assessment of the impact of these new standards and new interpretation is that these are not significant and not likely to impact the financial report of the Credit Union and as such have not been reported on.

4. INTEREST REVENUE AND INTEREST EXPENSE

4.1 Interest revenue

	2026 $	2025 $
Interest revenue on assets carried at amortised cost:		
Receivables from financial institutions	4,736,358	4,368,806
Loans to members	10,907,811	10,892,266
Total interest revenue	15,644,169	15,261,072

4.2 Interest expense

Interest expense on liabilities carried at amortised cost:		
Members savings deposits	3,885,668	2,918,013
Term deposits	3,228,357	3,768,604
External Borrowings	1,280	5,571
Total interest expense	7,115,305	6,692,188

Accounting Policy

Interest revenue and interest expense are recognised using the effective interest rate (EIR) method for financial assets and financial liabilities carried at amortised cost. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial asset or liability. Fees and transaction costs that are integral to the lending arrangement are recognised in the income statement over the expected life of the instrument in accordance with the EIR method.

When the estimates of payments or receipts of a financial instrument are subsequently revised, the carrying amount is adjusted to reflect the actual or revised cash flows with the re-measurement recognised as part of interest income (financial assets) or interest expense (financial liabilities).

The calculation of EIR does not include ECL. Interest income for financial assets that have become credit impaired subsequent to initial recognition is recognised by applying the EIR to the amortised cost carrying value (being the gross carrying amount after deducting the impairment loss).

5 FEES, COMMISSIONS AND OTHER INCOME

	2026 $	2025 $
Fees and commissions revenue		
Fee income on loans	57,420	54,315
Other fee income	739,575	826,210
Insurance commissions	3,919	179,263
Other commissions	-	4,146
Total fee and commission revenue	800,914	1,063,934
Other income		
Dividends received on available for sale assets	-	-
Bad debts recovered	8,986	5,929
(Loss)\Gain on sale of assets	(4,955)	-
Miscellaneous revenue	64,555	43,437
Total other income	68,586	49,366
Total fees, commissions and other income	869,500	1,113,300

Accounting Policy

Fees and commissions

Fees and commission income include fees other than those that are an integral part of EIR.

Fee income relating to deposit or loan accounts is either:

- transaction based and therefore recognised at a point in time when the transaction takes place, or
- related to performance obligations carried out over a period of time and therefore recognised on a systematic basis over the life of the agreement as the services are provided.

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

Insurance commission

Upfront commission – revenue in the form of a commission generated on successful placement of an insurance application is recognised at a point in time on inception of the policy.

Renewal commission – Commission income for renewals is recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of a significant reversal in a subsequent period.

Dividend income

Dividends are brought to account in profit or loss when the right to receive income is established.

6 NON-INTEREST EXPENSES

The following items of expense are shown as part of General Administration expenses in the Statement of Profit and Loss and Other Comprehensive Income and are considered to be significant to the understanding of the financial performance:

	2026 $	2025 $
Depreciation and amortisation		
Depreciation	118,412	132,148
Amortisation of intangible assets	134,648	129,506
Total depreciation and amortisation	253,060	261,654
Information technology	1,859,564	1,631,411
Property expenses	124,471	146,035
Employee benefits expenses		
Salaries	2,255,515	2,278,378
Superannuation contributions	358,109	284,600
Annual leave	48,817	34,740
Long service leave	22,257	23,478
Fringe benefits expense	35,945	49,740
Other	355,181	368,932
Total employee benefits expenses	3,075,824	3,039,868
Other administrative expenses		
Card and payment costs	1,327,264	1,419,047
Board costs	349,254	333,450
Consultancy	114,219	337,332
Loans administration	78,102	53,978
Marketing and promotion	344,115	239,293
Member chequing	(466)	(501)
Member protection	583,621	568,630
Office administration	248,138	271,927
Total other administrative expenses	3,044,247	3,223,156

7. AUDITOR'S REMUNERATION

Amounts received or due and receivable by the auditors of the Credit Union for:

Audit of the financial statements	72,820	72,380
Other assurance services	12,320	10,560
	85,140	82,940

8. INCOME TAX

8.1 Current tax expense

	2026 $	2025 $
The components of tax expense (benefit) comprise:		
Current income tax payable	255,426	350,112
Decrease / (Increase) in deferred tax asset	7,567	(1,154)
(Decrease) / Increase in deferred tax liability	21,541	(6,413)
Total tax expense	284,534	342,545

8.2 Reconciliation of current year tax payable to income tax expense

Prima facie tax on profit before income tax at 25% (2025: 25.0%)	272,752	340,087
Plus / (Less) tax effect of:		
Non-deductible entertainment expenses	589	1,344
Difference in Tax and Accounting Depreciation	(25,003)	14,208
Movement in deferred tax	29,108	(7,567)
Other movements	7,088	(5,527)
	284,534	342,545

8.3 Tax assets

Income Tax receivable	-	-
Current Tax Assets	-	-
Property, plant and equipment	114,888	141,935
Employee leave entitlements	69,502	58,657
Provision for Impaired loans	37,881	50,796
Other	24,321	16,745
Intangibles	-	-
Deferred Tax Assets	246,592	268,133

8.4 Tax Liabilities

Income tax payable	177,968	89,985
Current Tax Liabilities	177,968	89,985
Property, plant and equipment, intangibles and financial assets	22,403	14,836
Deferred Tax Liabilities	22,403	14,836

8.5 Franking Credits

Franking credits held by the Credit Union after adjusting for franking credits that will arise from the payment of income tax payable as at the end of the financial year is:	9,005,994	8,844,285
	9,005,994	8,844,285

8. INCOME TAX (CONTINUED)

Accounting Policy

Income tax

The income tax expense shown in the Statement of Profit and Loss and Other Comprehensive Income is based on the operating profit before income tax adjusted for any non-tax-deductible or non-assessable items between accounting profit and taxable income. Deferred tax assets and liabilities are recognised using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets or liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. These differences are presently assessed at 25%.

Deferred tax assets are only brought to account if it is probable that future taxable amounts will be available to utilise those temporary differences. The recognition of these benefits is based on the assumption that no adverse change will occur in income tax legislation; and the anticipation that the Credit Union will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be obtained.

9 CASH AND LIQUID ASSETS

	2026 $	2025 $
Cash on hand	247,033	661,375
Imprest and bank accounts	5,602,697	3,182,504
Short term deposits and deposits at call	13,568,369	10,649,675
	19,418,099	14,493,554

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three (3) months or less, and bank overdrafts.

10 RECEIVABLES

Sundry debtors and clearing accounts	550,133	693,036
Interest receivable on receivables from other financial institutions	925,410	851,336
Capitalisation Costs – FRN's	161,040	154,720
	1,636,583	1,699,092

11. LOANS AND ADVANCES TO MEMBERS

	2026 $	2025 $
Overdrafts and revolving credit	33,284	40,929
Term loans	232,277,046	221,644,978
	232,310,330	221,685,907
Less: Provision for impaired loans	(151,523)	(203,183)
	232,158,807	221,482,724

11.1 Credit quality – security held against loans

Secured by mortgage over real estate	227,414,690	216,217,028
Partly secured by goods mortgage	4,077,929	4,524,973
Wholly unsecured	817,711	943,906
	232,310,330	221,685,907

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

Security held as mortgages against real estate:		
- Loan to valuation ratio of less than 80%	214,492,188	203,184,813
- Loan to valuation ratio of more than 80% but mortgage insured	1,913,765	3,577,421
- Loan to valuation ratio of more than 80% but not mortgage insured	11,008,737	9,454,794
	227,414,690	216,217,028

11.2 Concentration of loans

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

(i)	Loans to individuals or related groups of members which exceed 10 % of capital – aggregate value	3,197,087	Nil
(ii)	Loans to members are mainly concentrated in Central Western New South Wales. All loans are within Australia.		
(iii)	Loans by type were:		
-	Residential loans and facilities	223,313,961	214,236,628
-	Personal loans and facilities	4,907,193	5,478,188
-	Business loans and facilities	4,089,176	1,971,091
		232,310,330	221,685,907

11 LOANS AND ADVANCES TO MEMBERS (CONTINUED)

Accounting Policy

(i) Basis of recognition

All loans are initially recognised at fair value, net of loan origination fees and inclusive of transaction costs incurred. Loans are subsequently measured at amortised cost. Any material difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss and Other Comprehensive Income over the period of the loans using the effective interest method.

Loans to members are reported at their recoverable amount representing the aggregate amount of principal and unpaid interest owing to the Credit Union at balance date, less any allowance or provision against debts considered doubtful. A loan is classified as impaired where recovery of the debt is considered unlikely as determined by the Board.

APRA has mandated that interest is not recognised as revenue after contractually obligated payments have not been made for more than 90 days for a loan facility.

(ii) Interest earned

Term Loans – The loan interest is calculated on the basis of the daily balance outstanding and is charged in arrears to a member's account on the last day of each month.
Overdraft – The loan interest is calculated initially on the basis of the daily balance outstanding and is charged in arrears to a member's account on the last day of each month.
Non-Accrual Loan Interest – while still legally recoverable, interest is not brought to account as income where the Credit Union is informed that the member is deceased, or where a loan is impaired.

11.3 Movement in the provision for impairment

	2026 $	2025 $
Opening balance	203,183	195,195
Bad debts written off against provision	(1,850)	(11,722)
(Writeback) \Loans provided for during the year	(49,810)	19,710
	151,523	203,183

11.4 Impaired loans written off

Amounts written off against the provisions	1,850	11,722
Bad debts expense	(51,660)	7,989
Bad debts recovered in the period	8,986	5,929

11 LOANS AND ADVANCES TO MEMBERS (CONTINUED)

11.5 Amounts arising from Expected Credit Losses (ECL)

The loss allowance as of the year end by class of exposure/asset are summarised in the table below.

	2026 Gross Value	2026 ECL Allowance	2026 Carrying Value	2025 Gross Value	2025 ECL Allowance	2025 Carrying Value
	$	$	$	$	$	$
Loans to members						
Mortgage	223,313,961	(31,500)	223,282,461	214,236,628	(29,430)	214,207,198
Commercial	4,089,176	-	4,089,176	1,971,091	-	1,971,091
Personal	4,873,909	(101,493)	4,772,416	5,437,259	(160,400)	5,276,859
Overdrafts	33,284	(18,530)	14,754	40,929	(13,353)	27,576
Total	232,310,330	(151,523)	232,158,807	221,685,907	(203,183)	221,482,724

The analysis of the Credit Union's credit risk exposure per class of financial asset and "stage" without reflecting the effects of any collateral or other credit enhancements is demonstrated in the following tables.

2026

Loans to members	Stage 1 12 Month ECL 2026 $	Stage 2 Lifetime ECL 2026 $	Stage 3 Lifetime ECL 2026 $	Carrying Value 2026 $
Mortgage	31,500	-	-	31,500
Commercial	-	-	-	-
Personal	13,405	10,817	77,271	101,493
Society One	-	-	-	-
Overdrafts	32	1,094	17,404	18,530
ECL Allowance	44,937	11,911	94,675	151,523

2025

Loans to members	Stage 1 12 Month ECL 2025 $	Stage 2 Lifetime ECL 2025 $	Stage 3 Lifetime ECL 2025 $	Carrying Value 2025 $
Mortgage	29,430	-	-	29,430
Commercial	-	-	-	-
Personal	15,189	27,124	118,087	160,400
Society One	-	-	-	-
Overdrafts	101	519	12,733	13,353
ECL Allowance	44,720	27,643	130,820	203,183

11 LOANS AND ADVANCES TO MEMBERS (CONTINUED)

11.5 Amounts arising from Expected Credit Losses (ECL) (Continued)

The tables below represent the reconciliation from the opening balance to the closing balance of the ECL allowance for loans and advances to customers for which impairment requirements under AASB 9 apply, for the current and previous financial years.

2026

	Stage 1 Collective provision 12-month ECL $	Stage 2 Collective provision Lifetime ECL Not credit-impaired $	Stage 3 Collective provision Lifetime ECL Credit impaired $	Stage 3 Specific provision Lifetime ECL Credit impaired	Total $
Balance at 1 July 2025-	44,720	27,643	130,820	-	203,183
Transfers during the period to:					
- **Stage 1**	217				217
- **Stage 2**		(15,732)			(15,732)
- **Stage 3**			(36,145)		(36,145)
Net re-measurement of ECL					
Write-backs					
Write-offs					
Balance at 30 June 2026	**44,937**	**11,911**	**94,675**	**-**	**151,523**

2025

	Stage 1 Collective provision 12-month ECL $	Stage 2 Collective provision Lifetime ECL Not credit-impaired $	Stage 3 Collective provision Lifetime ECL Credit impaired $	Stage 3 Specific provision Lifetime ECL Credit impaired	Total $
Balance at 1 July 2024	46,365	58,546	90,284	-	195,195
Transfers during the period to:					
- Stage 1	(1,645)				(1,645)
- Stage 2		(30,903)			(30,903)
- Stage 3			40,536		40,536
Net re-measurement of ECL					
Write-backs					
Write-offs					
Balance at 30 June 2025	44,720	27,643	130,820	-	203,183

11. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

11.6 Analysis of loans that are impaired or potentially impaired based on age of repayments outstanding

	2026 Carrying Value $	2026 Provisions $	2025 Carrying Value $	2025 Provisions $
0 to 90 days in arrears	3,367,441	84,110	3,285,262	134,814
90 to 180 days in arrears	37,089	22,865	431,633	6,052
180 to 270 days in arrears	8,457	8,457	273,252	26,293
270 to 365 days in arrears	-		-	-
Over 365 days in arrears	17,561	17,561	76,111	22,739
Over limit facilities	18,587	18,530	22,189	13,285
Total	3,449,135	151,523	4,088,447	203,183

Some impaired loans are secured by bill of sale over motor vehicles or other assets of varying value. It is not practicable to determine the fair value of all collateral as at the balance date due to the variety of assets and condition.

11.7 Loans with repayments past due but not regarded as impaired

There are loans with a value of $3,367,441 past due which are not considered to be impaired, due to the very short number of days past due. Of these, loans totalling $3,026,379 are secured by residential property valued in excess of the loan due. It is not practicable to identify the security over all loans past due.

11.8 Assets acquired via enforcement of security

	2026 $	2025 $
Motor vehicles	-	-
Real estate	-	-

It is the policy of the Credit Union to sell the assets at the earliest opportunity after all other measures to assist the members to repay the debts have been exhausted.

12. LOAN IMPAIRMENT

Accounting Policy

(i) Provision for impairment

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

Orange Credit Union considers a broad range of information when assessing credit risk and measuring ECLs, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The Credit Union measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12 months ECL.

- Debt investment securities that are determined to have a low credit risk in considering their credit risk rating (refer Note 19); and
- Other financial instruments on which credit risk has not significantly increased since initial recognition.

The Credit Union considers credit risk to have increased significantly when a loan is 30 days or more in arrears.

Forward-looking approach

The approach to determining the ECL includes forward-looking information.

The Credit Union has performed historical analysis and identified the key economic variables impacting credit risk and ECLs for each portfolio segment. Consideration has also been given to the level of undue cost and effort involved in utilising complex statistical models, which is not considered appropriate for the size and complexity of the portfolio.

The Credit Union has considered other forward-looking considerations such as the impact of future unemployment rates, property prices, regulatory change and external market risk factors, which are deemed to have a material impact and therefore an adjustment has been made to the ECL for such factors. The Credit Union considers the ECL to represent its best estimate of the possible outcomes and is aligned with information used by the Credit Union for other purposes such as strategic planning and budgeting. Periodically the Credit Union carries out stress testing of more extreme shocks to calibrate its determination of other potential scenarios.

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

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

12. LOAN IMPAIRMENT (CONTINUED)

- Stage 3' would cover financial assets that have objective evidence of impairment (loans in default/non-performing) at the reporting date.

Additional information regarding the estimation of the ECL provision at reporting date is contained in Note 11.

Measurement of ECL

Measurement of the ECL is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Credit Union expects to receive).

Credit risk categorisation

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

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

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

Stage 2: significant increase in credit risk

Financial assets are categorised as being within stage 2 where an instrument has experienced a significant increase in credit risk since initial recognition. For these assets, provision is made for losses from credit default events expected to occur over the lifetime of the instrument. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Credit Union uses the criteria of 30 days past due or loans under credit watch as the criteria to identify whether there has been a significant increase in credit risk.

Stage 3: credit impaired (or defaulted) loans

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

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

12. LOAN IMPAIRMENT (CONTINUED)

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

Interest income on stage 3 credit impaired loans is recognised in the income statement on the loan balance net of the ECL provision. The balance sheet value of stage 3 loans reflects the contractual terms of the assets and continues to increase over time with the contractually accrued interest.

Transfers between stages
Transfers from stage 1 to 2 occur when there has been a significant increase in credit risk and from stage 2 to 3 when credit impairment is indicated as described above. For assets in stage 2 or 3, loans can transfer back to stage 1 or 2 once the criteria for a significant increase in credit risk or impairment are no longer met.

(i) Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

12. LOAN IMPAIRMENT (CONTINUED)

(ii) Credit-impaired financial assets

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

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

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

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

(iii) Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Credit Union cannot identify the ECL on the loan commitment component separately from those on the drawn component: The Credit Union presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

(iv) Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Credit Union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Credit Union's procedures for recovery of amounts due.

12. LOAN IMPAIRMENT (CONTINUED)

Bad debts written off

Bad debts are written off from time to time as determined by management and the Board when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off against the provision for impairment previously recognised. If no provision had been recognised, the write offs are recognised as expenses in the Statement of Profit and Loss and Other Comprehensive Income.

12.1 Impairment losses

Loans and advances

	2026 $	2025 $
Increase / (decrease) in provision for impairment	(51,660)	7,989
Bad debts written off	1,850	11,721
Total impairment expense (reversal)	(49,810)	19,710

13 INVESTMENT SECURITIES

Investment securities at amortised cost		
Negotiable Certificate of Deposits	-	-
Floating Rate Notes	56,350,000	50,370,000
FRD	8,820,000	9,500,000
Term Deposits	20,000,000	16,000,000
Investment securities designated as FVOCI		
Experteq	9,654	9,654
Society One Unit Trust	1,900,000	1,900,000
Total Value of Investment Securities	87,079,654	77,779,654

Investment securities accounted for at FVOCI are held in unlisted companies.

Accounting Policy

The basis on which fair value is determined is outlined in note 21 and is categorised as Level 2 in the fair value hierarchy.

14 PROPERTY, PLANT AND EQUIPMENT

	2026 $	2025 $
Land	200,400	200,400
Buildings – at cost	1,667,141	1,405,498
Less: provision for depreciation	(882,933)	(815,070)
	784,208	590,428
Plant and equipment – at cost	1,431,422	1,436,669
Less: provision for depreciation	(1,354,146)	(1,337,629)
Work In Progress - Building Renovations	1,161,302	43,368
	1,238,578	142,408
Motor vehicles – at cost	67,055	57,850
Less: provision for depreciation	(8,941)	(20,247)
	58,114	37,603
Total property, plant and equipment	2,281,300	970,839

The movements in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year is shown below:

	Beginning balance $	Additions $	Disposals WDV $	Depreciation expense $	Carrying amount at year end $
Land and buildings	790,828	261,643	-	(67,863)	984,608
Plant and equipment	142,408	1,143,130	(8,245)	(38,715)	1,238,578
Motor vehicles	37,603	67,055	(34,710)	(11,834)	58,114
Totals	970,839	1,471,828	(42,955)	(118,412)	2,281,300

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

ACCOUNTING POLICY

(i) Determination of carrying values

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the Statement of Profit and Loss and Other Comprehensive Income during the financial period in which they are incurred.

(ii) Depreciation

The depreciable amount of all fixed assets including building assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Credit Union commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Property	2.5-10%
Office furniture and equipment	10 - 20%
IT equipment	33%
Motor Vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit and Loss and Other Comprehensive Income.

Assets with a cost less than $1,000 are not capitalised.

15. INTANGIBLES

	2026 $	2025 $
Work in progress – IT projects	227,686	201,651
Computer software	2,327,827	2,145,376
Less: accumulated amortisation	(1,955,086)	(1,820,438)
Total intangible assets	600,427	526,589

The movement in the carrying amounts for the intangible assets between the beginning and end of the current financial year is shown below:

	Beginning balance $	Additions $	Disposals WDV $	Amortisation expense $	Carrying amount at year end $
Computer software	526,589	208,486	-	(134,648)	600,427

Accounting Policy

Capitalised software costs that are not an integral part of the associated hardware are classified as intangible assets and are amortised over the useful life of the asset and assessed for impairment whenever there is an indication that the asset may be impaired. The amortisation of the intangible asset is recognised as an expense in the Statement of Profit and Loss and Other Comprehensive Income.

Computer software is amortised over the expected useful life of the software being 4 years (25%).

16. DEPOSITS FROM MEMBERS

Member deposits:		
- At call	223,832,019	200,162,424
- At term	83,751,596	82,876,625
Member withdrawable shares	93,890	96,658
	307,677,505	283,135,707

16.1 Concentration of member deposits

There is no (0) member who individually has deposits which represent 10% or more of Tier 1 capital (2025: Nil).

16. DEPOSITS FROM MEMBERS (CONTINUED)

ACCOUNTING POLICY

(i) Basis for measurement

Member savings and term investments are recognised on the date at which they originated and are initially measured at fair value plus incremental direct transaction costs. Member deposits are stated at the aggregate amount of moneys owing to depositors as at balance date. Member's deposits are subsequently measured at their amortised cost using the effective interest method.

(ii) Interest payable

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

17. PAYABLES AND OTHER LIABILITIES

	2026 $	2025 $
Payables and accrued expenses	381,333	431,764
Accrued interest payable	855,768	1,067,444
Members' clearing accounts	1,504,105	485,468
Deferred Income	214,286	257,143
	2,955,492	2,241,819

18. PROVISIONS

Annual leave	166,418	132,309
Long service leave	111,591	102,318
	278,009	234,627

18. PROVISIONS (CONTINUED)

18.1 Reconciliation of provision balances

The movement in each provision category during the year is as follows:

	2026 $	2025 $
Annual leave		
Opening balance	132,309	115,821
Additional provision raised during the year	48,817	34,740
Amounts used	(14,708)	(18,252)
Closing balance	166,418	132,309
Long service leave		
Opening balance	102,318	78,840
Additional (reduction in) provision raised during the year	22,257	23,478
Amounts used	(12,984)	-
Closing balance	111,591	102,318

Accounting Policy

Short-term Employee benefits

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Credit Union expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Credit Union does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period. Annual leave liability is still presented as current liability for presentation purposes under AASB 101 Presentation of Financial Statements.

Provision is made for the Credit Union's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year, have been measured at their nominal amount.

Other Employee Benefits

Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits discounted using corporate bond rates.
Provision for long service leave is on a pro-rata basis from commencement of employment with the Credit Union based on the present value of its estimated future cash flows.

18. PROVISIONS (CONTINUED)

Annual Leave

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

Contributions are made by the Credit Union to an employee's superannuation fund and are charged to profit or loss as incurred.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Credit Union views effective risk management as key to achieving and maintaining its operational and strategic objectives.

The Credit Union has systems for identifying, measuring, evaluating, monitoring, reporting, and controlling material risks that may affect its ability to meet its obligations to members and other stakeholders. These systems, together with the structures, policies, processes, and people supporting them, comprise the Credit Union's Risk Management Framework.

The Risk Management Framework is consistent with the Credit Union's strategic objectives, business plan, risk appetite statement and tolerances.

The Board is responsible for setting and approving the Credit Union's Risk Management strategy and framework. The active identification of risks and implementation of mitigation measures is the responsibility of Management.

To assist the Board in discharging its responsibility in relation to risk management, the Board has delegated certain activities to the Risk and Audit Committees.

The Board has also delegated relevant authority to the Chief Executive Officer and the Chief Risk Officer (CRO) to enable the setting and implementing certain risk management policies and procedures.

In accordance with CPS 220 the Board and Chief Executive Officer ensures that the Credit Union meets its prudential and statutory requirements and has management practices to limit risks to prudential levels. The Board attests to the risk management functions in the annual declaration to APRA.

Risk Governance

The Credit Union is committed to a three lines-of-defence risk governance model: -

The first line of defence comprises the business management who assume ownership of the risks and who are responsible for the day-to-day risk management decision-making.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

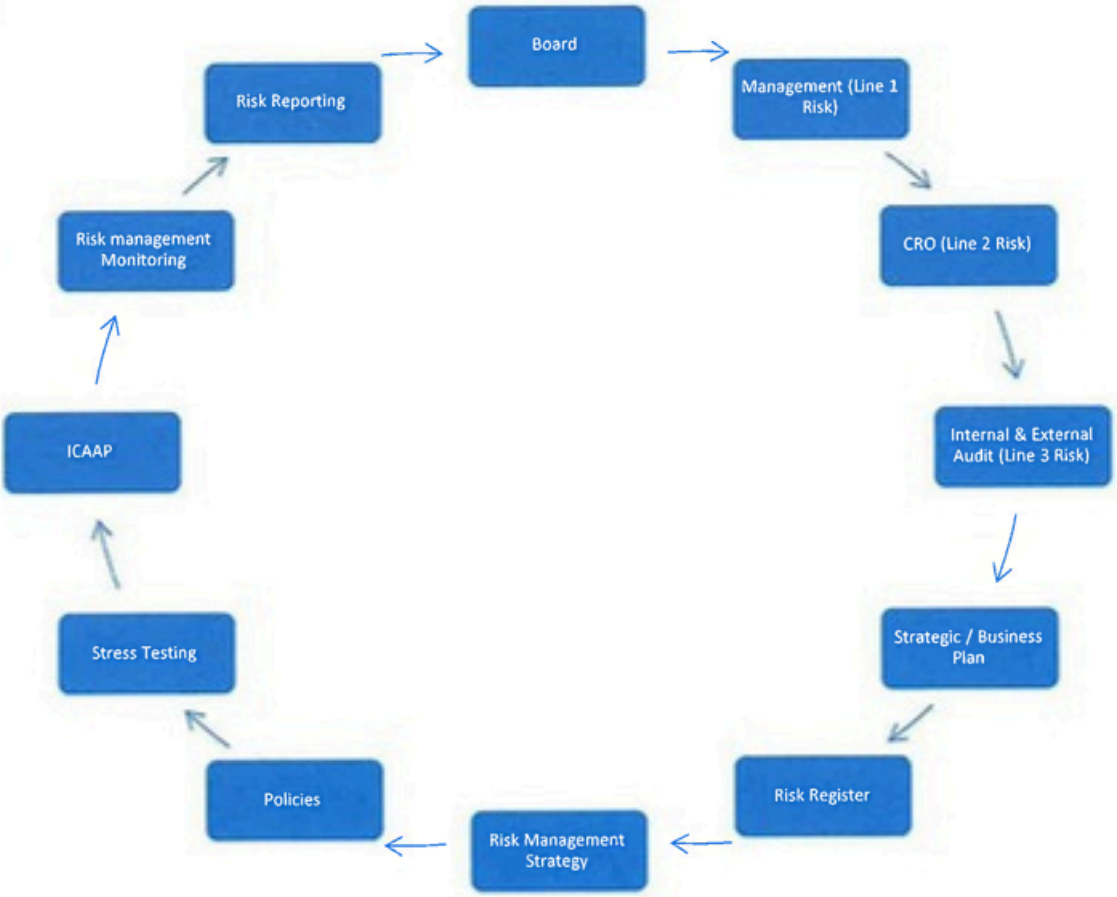
The second line of defence comprises the CRO and is functionally independent from the first line-of-defence. The second line-of-defence supports the Board by:

a) developing risk management policies, systems and processes to facilitate a consistent approach to the identification, assessment and management of risks;
b) providing specialist advice and training to Board and first line-of-defence on risk related matters;
c) providing objective review and challenge to the information provided; and
d) providing oversight of the risk profile and its reporting and escalation to the Board.

The third line-of-defence comprises the independent Audit functions who provides assurance to the Board and its Committees that:

a) the risk management framework has been complied with and is operating effectively; and
b) at least every three years, a comprehensive review of the appropriateness, effectiveness and adequacy of the risk management framework is performed.

The components of Orange Credit Union's risk management framework are summarised in the following diagram:



19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Roles and Responsibilities

The Board is ultimately responsible for the Risk Management functions of the Credit Union.

The Board has delegated certain Risk Management authorities to the Audit and Risk Committees, and to the Chief Executive Officer.

The Chief Executive Officer is totally responsible for those Risk Management Functions delegated to Management by the Board. The Chief Executive Officer delegates certain authorities to other members of the Management Team and staff to ensure the efficiency of the Risk Management Framework.

All delegated authorities are authorised and reviewed annually by the Board.

The following diagram shows an overview of this structure:



19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk Committee

The Board Risk Committee shall:-

- assist the Board by providing an objective oversight of the implementation and operation of the risk management framework;
- advise the Board on the current and future risk appetite and the risk management strategy;
- oversee the implementation of the risk management strategy;
- review and challenge Management's decisions relating to material risk items;
- set objectives and review the performance of the Chief Risk Officer (CRO); and
- engage the CRO in relevant sections of Risk Committee meetings.

Audit Committee

The Board Audit Committee shall: -

- assist the Board by providing an objective review of the financial reporting and risk management;
- oversee financial accounting and reporting, and APRA statutory reporting.
- oversee internal and external Audit;
- review audit findings and ensure issues are addressed in a timely manner; and
- provide assurance to the Board that the risk management system is performing as intended.

Chief Executive Officer

The Chief Executive Officer is responsible for management of the Credit Union's operations in accordance with Board approved criteria, appetite and policy.

This includes management of the Credit Union compliance frameworks in accordance with Board approved criteria and policy and responsibility for implementing Board approved risk management strategy, developing policies, controls, processes and procedures for identifying and managing risks in all the Credit Union's activities.

Chief Risk Officer

The Chief Risk Officer is independent from business lines, other revenue-generating responsibilities, and the finance function. The CRO is responsible for the establishment, monitoring, and maintenance of the organisation's risk management framework. The CRO shall review and challenge Management's decisions relating to material risk items.

Internal Audit

Internal audit has responsibility for implementing the controls testing and assessment as required by the Audit Committee.

19.1 Market risk policy

The objective of the Credit Union's market risk management is to manage and control market risk exposures in order to optimise risk and return.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk is the risk that changes in interest rates, foreign exchange rates or other prices and volatilities will have an adverse effect on the Credit Union's financial condition or results. The Credit Union is not exposed to currency risk and other significant price risks. The Credit Union does not trade in the financial instruments it holds on its books.

The Credit Union is exposed only to interest rate risk arising from changes in market interest rates.

Interest rate risk

Interest rate risk is the risk of variability of the fair value of future cash flows arising from financial instruments due to the changes in interest rates. The policy of the Credit Union to manage interest rate risk is to maintain a balanced 'on book' strategy by ensuring that the cumulative sensitivity between assets and liabilities is not excessive. The Credit Union's policy is not to undertake derivatives to match the interest rate risks.

The Credit Union's exposure to interest rate risk is set out in Note 23 which details the contractual interest change profile.

The Credit Union's exposure to market risk is measured and monitored using various interest rate sensitivity models. In these models, the following assumptions are used:

- the interest rate change would be applied equally over the loan products and term deposits;
- the rate change would be as at the beginning of the twelve-month period and no other rate changes would be effective during the period;
- the term deposits would all reprice to the new interest rate at maturity, or be replaced by deposits with similar terms and rates applicable;
- savings deposits would reprice to the new interest rate, using the assumption that the sticky deposits are allocated to the twelve-month bucket, and non-sticky deposits are allocated to the one-month bucket.
- fixed rate loans would all reprice to the new interest rate at the contracted date;
- mortgage loans would all reprice to the new interest rate within 28 days;
- personal loans would all reprice to the new interest rate within 28 days;
- all loans would be repaid in accordance with the current average repayment rate (or contractual repayment terms);
- the value and mix of call savings to term deposits will be unchanged; and
- the value and mix of personal loans to mortgage loans will be unchanged.

Value at Risk (VaR) is used to measure the expected loss to the Credit Union's financial instrument portfolio, given a confidence level of 99%. This is calculated on a quarterly basis by an independent consultant, G Treasury and is reported to the Board. The Credit Union aims to limit its value at risk up to 15% of capital, given a 1 year holding period. At 30 June 2026, the risk was assessed at $1,607,857 (5.07%).

19.0 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

19.1 Market risk policy (continued)

The Credit Union also engages G Treasury to assess the Net Present Value (NPV) variance as a percentage of capital and considers the impact for a 2% parallel shift in the yield curve. This is also calculated on a quarterly basis and is reported to the Board. The Credit Union aims to limit this up to 10% of capital. At 30 June 2026, the worst-case impact was assessed at $989,450 (3.12%).

19.2 Credit risk management

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

(i) Credit risk – loans

The analysis of the Credit Union's loans by class is as follows:

Loan class	2026 Carrying value $	2026 Undrawn facilities $	2026 Maximum exposure $	2025 Carrying value $	2025 Undrawn facilities $	2025 Maximum exposure $
Housing	223,313,961	14,982,968	238,296,929	214,236,628	15,982,500	230,219,128
Personal	4,907,193	517,947	5,425,140	5,478,188	521,055	5,999,243
Commercial	4,089,176	401,756	4,490,932	1,971,091	3,674	1,974,765
Total	232,310,330	15,902,671	248,213,001	221,685,907	16,507,229	238,193,136

Carrying value is the value in the Statement of Financial Position. Maximum exposure is the value in the Statement of Financial Position plus the undrawn facilities (loans approved not advanced, redraw facilities and undrawn overdrafts).

All loans and facilities are within Australia and are mainly concentrated in Central Western New South Wales.

The method of managing credit risk is by way of strict adherence to the credit assessment policies before the loan is approved and close, monitoring of defaults in the repayment of loans thereafter on a weekly basis. The credit policy has been endorsed by the Board to ensure that loans are only made to members that are creditworthy (capable of meeting loan repayments).

The Credit Union has established policies over the:

- credit assessment and approval of loans and facilities covering acceptable risk assessment and security requirements;
- limits of acceptable exposure over the value to individual borrowers, non-mortgage secured loans and commercial lending;

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

19.2 Credit risk management (Continued)

- reassessing and review of the credit exposures on loans and facilities;
- establishing appropriate provisions to recognise the impairment of loans and facilities;
- debt recovery procedures; and
- review of compliance with the above policies.

A regular review of compliance with these policies is conducted as part of the internal audit scope.

Past due and impaired

A financial asset is past due when the counterparty has failed to make a payment when contractually due. As an example, a member enters into a lending agreement with the Credit Union that requires interest and a portion of the principal to be paid every month. On the first day of the next month, if the agreed repayment amount has not been paid, the loan is past due. Past due does not mean that a counterparty will never pay, but it can trigger various actions such as renegotiation, enforcement of covenants or legal proceedings. Once the past due exceeds 90 days the loan is regarded as impaired, unless other factors indicate the impairment should be recognised sooner.

Loan repayments are reviewed each day to detect delays in repayments. Recovery action is undertaken after 5 days. For loans where repayments are doubtful, external consultants may be engaged to conduct recovery action once the loans are over 60 days in arrears. The exposures to losses arise predominantly in personal loans and facilities not secured by registered mortgages over real estate.

If such evidence exists, the estimated recoverable amount of that asset is determined and any ECL is recognised in the Statement of Profit and Loss and Other Comprehensive Income. In estimating these cash flows, management makes judgements about counterparty's financial situation and the net realisable value of any underlying collateral.

In addition to specific provisions against individually significant financial assets, the Credit Union makes collective assessments for each financial asset portfolio segmented by similar risk characteristics.

Provisions in the Statement of Financial Position are maintained at a level that management deems sufficient to absorb ECLs in the Credit Union's loan portfolio from homogenous portfolios of assets and individually identified loans.

A provision for ECLs is established on all past due loans after a specified period of repayment default where it is probable that some of the capital will not be repaid or recovered.

The provisions for impaired and past due exposures relate to the loans to members.

Past due value is the 'on statement of financial position' loan balances which are past due by 90 days or more.

Details of past due and impaired loans are as set out in Note 11.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

19.1 Credit risk management (Continued)

Bad debts

Amounts are written off when collection of the loan or advance is considered to be remote. All write-offs are on a case-by-case basis and must be approved by the Board, taking account of the exposure at the date of the write off.

On secured loans, the write-off takes place upon the ultimate realisation of collateral value or from claims on any related mortgage insurance.

A reconciliation of the movement of both past due and impaired exposure provisions is provided in Note 11.

Collateral securing loans

A sizeable portfolio of the loan book is secured on residential property in Australia. Therefore, the Credit Union is exposed to risks in the reduction of the loan to value (LVR) cover should the property market be subject to a decline.

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

Concentration risk – individuals

Concentration risk is a measurement of the Credit Union's exposure to an individual counterparty (or group of related parties). If prudential limits are exceeded as a proportion of the Credit Union's regulatory capital (10%) a large exposure is considered to exist. No capital is required to be held against these exposures, but APRA must be informed. APRA may impose additional capital requirements if it considers the aggregate exposure to all loans over the 10% capital benchmark to be higher than acceptable.

The aggregate value of large exposure loans is set out in Note 11. The Credit Union currently has no significant concentrations of exposures to members. Concentration exposures to counterparties are closely monitored with annual reviews being prepared for all exposures over 5% of the capital base.

Concentration risk – industry

There is no concentration of credit risk with respect to loans and receivables as the Credit Union has a large number of customers dispersed in various areas of employment.

The Credit Union has a concentration in retail lending for members who reside in the Central-West of New South Wales (NSW). This concentration is considered acceptable on the basis that the Credit Union was formed to service these members and the employment concentration in the area is not exclusive. Should members leave the area, the loans continue, and other employment opportunities are available to the members to facilitate the repayment of the loans.

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

19.2 Credit risk management (Continued)

(ii) Credit risk – liquid investments

The Board has established policies to manage liquidity risks with respect of investment receivables. These policies were regularly reviewed during the year. Under the Board's current policy, the Credit Union may:

- invest in unrated authorised deposit-taking institutions (ADIs), for an amount up to 10% of tier one capital or $3million cap, provided the ADI is registered for the government guarantee; the Credit Union will only invest in those ADI's that have a capital adequacy ratio above 14%, of which 80% of capital is Tier 1.
- invest funds with ADI's that have a Standard & Poor's (S&P) short term rating of B or better for an amount up to 25% of tier one capital or $6 million cap.
- With the exception of Cuscal, invest funds with ADI's that have a S&P short term rating of A or better for an amount up to 25% of tier one capital or higher with APRA's approval.
- for Cuscal the maximum exposure limit is 200% of tier one Capital.

In addition, under the Commonwealth Government's Financial Claims Scheme, deposit balances up to and including $250,000 per institution is guaranteed.

During the year, the Credit Union has spread its investment portfolio over a range of ADIs and considers the risk of loss of liquid investments to be minimal.

The Credit Union uses the ratings of S&P to assess the credit quality of all investment exposure, where applicable, using the credit quality assessment scale in APRA Prudential Guidance Note AGN 112. The credit quality assessment scale within this standard has been complied with.

The Credit Union may invest up to 40% of the total HQLA portfolio in HQLA Bonds that are included on the RBA list of repo-eligible securities.

The investment exposure values associated with each credit quality step are as follows:

	2026 Carrying value $	2026 Past due value $	2026 Provision $	2025 Carrying value $	2025 Past due value $	2025 Provision $
CUSCAL (AA)	9,878,006	-	-	7,497,048	-	-
ADIs – A1	34,713,060	-	-	35,105,131	-	-
ADIs – A2	5,000,000	-	-	5,000,000	-	-
ADIs – A3	3,250,000	-	-	8,500,000	-	-
ADIs – BBB	42,500,000	-	-	28,600,000	-	-
Unrated	9,000,000	-	-	5,000,000	-	-
Total	104,341,066	-	-	89,702,179	-	-

(iii) Credit risk – guarantees

The Credit Union does not have any third party guarantees in place.

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a. Liquidity Risk

Liquidity risk is the risk that the Credit Union may encounter difficulties raising funds to meet commitments associated with financial instruments (e.g. borrowing repayments or member withdrawal demands).

It is the policy of the Board that the Credit Union maintains adequate cash reserves and committed credit facilities so as to meet the member withdrawal demands when requested.

The Credit Union manages liquidity risk by:

- continuously monitoring actual daily cash flows;
- monitoring the maturity profiles of financial assets and liabilities;
- maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities; and
- monitoring the prudential liquidity ratio daily.

The Credit Union is a party to the Credit Union Financial Support Scheme (CUFSS) and has executed an Industry Support Contract (ISC) with CUFSS. The purpose of the CUFSS scheme is to provide members with emergency liquidity support in accordance with the terms of the ISC, a contract which has been certified by APRA under the Banking Act.

As a member of CUFSS, the Credit Union can access emergency liquidity funding via CUFSS drawing upon its available member-contributed funding pool (currently totalling in excess of $900million), plus additional voluntary liquidity support from members via funds from the Reserve Bank of Australia in accordance with the terms of a "Special Loan Facility", as defined in the ISC.

The Credit Union is required to maintain at least 9% of total adjusted liabilities as liquid assets capable of being converted to cash within 24 hours under the APRA Prudential Standards. The Credit Union policy is to maintain at least 10% of funds as liquid assets to maintain adequate funds for meeting member withdrawal requests. This ratio is checked daily. Should the liquidity ratio fall below this level, the management and Board are to address the matter and ensure that the liquid funds are obtained from new deposits or available borrowing facilities.

The maturity profiles of the financial liabilities, based on the contractual repayment terms, are set out in the Note 22. The ratio of liquid funds over the past year is set out below.

	2026 $	2025 $	2026 (%)	2025 (%)
Total minimum liquidity holdings				
As at 30 June	77,588,099	64,863,554		
Total adjusted liabilities				
As at 30 June	329,934,814	307,496,658	23.52	21.09
Average for the year	321,987,218	302,880,929	24.98	21.81
Minimum during the year	311,315,816	298,223,953	23.52	21.07

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b. Operational risk

Operational risk is the risk of loss to the Credit Union resulting from deficiencies in processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks. Operational risks in the Credit Union relate mainly to those risks arising from a number of sources including legal compliance, business continuity, data infrastructure, outsourced services failures, fraud, and employee errors.

The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses through the implementation of controls, whilst avoiding procedures which inhibit innovation and creativity. These risks are managed through the implementation of polices and systems to monitor the likelihood of the events and minimise the impact.

Systems of internal control are enhanced through:

- the segregation of duties between employee duties and functions, including approval and processing duties;
- documentation of the policies and procedures, employee job descriptions and responsibilities, to reduce the incidence of errors and inappropriate behaviour;
- implementation of whistleblowing policies to promote a compliant culture and awareness of the duty to report exceptions by staff;
- education of members to review their account statements and report exceptions to the Credit Union promptly;
- effective dispute resolution procedures to respond to member complaints;
- effective insurance arrangements to reduce the impact of losses; and
- contingency plans for dealing with the loss of functionality of systems, premises or staff.

Fraud

Fraud can arise from member cards, PINs and internet passwords being compromised where not protected adequately by the member. It can also arise from other systems failures. The Credit Union has systems in place which are considered to be robust enough to prevent any material fraud. However, in common with all retail banks, fraud is potentially a real cost to the Credit Union.

IT systems

The worst-case scenario would be the failure of the Credit Union's core banking and IT network suppliers to meet customer obligations and service requirements.

The Credit Union has outsourced the IT systems management to an independent data processing centre (IDPC) which is owned by a collection of credit unions. This organisation has the experience in-house to manage any short-term problems and has a contingency plan to manage any related power or systems failures. Other network suppliers are engaged on behalf of the Credit Union by the industry body CUSCAL to service the settlements with other financial institutions for direct entry, ATM, Visa, and BPAY.

A full disaster recovery plan is in place to cover medium to long-term problems which is considered to mitigate the risk to an extent such that there is no need for any further capital to be allocated.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

19.5 Capital management

Part of the risk management framework is the Internal Capital Adequacy Assessment Process (ICAAP). This process ensures that the Credit Union has adequate systems and procedures in place to identify, manage, measure, and monitor the risks of the Credit Union so as to ensure that the Credit Union maintains sufficient capital consistent with its risk profile. It also includes a capital management plan for managing the Credit Union's capital levels on an ongoing basis.

The ICAAP is reviewed annually or whenever there is a material change in the Credit Union's risk profile. The Board will assess the amount of capital required if there is a change in the Credit Union's forecasts for asset growth or unforeseen circumstances.

The capital levels are prescribed by APRA. Under the APRA prudential standards, capital is determined in three components:

- Credit risk;
- Market risk (trading book); and
- Operational risk.

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

Regulatory capital

Regulatory Tier 1 and Tier 2 Capital are defined under APS 111 *Capital Adequacy: Measurement of Tier 1 Capital*

For the Credit Union,
Tier 1 Capital comprises of:

- Retained earnings;
- Regulatory adjustments (net DTA/DTL position and intangible assets); and
- FVOCI Reserve.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

19.5 Capital management (Continued)

	2026 $	2025 $
Common Equity Tier 1 Capital		
Retained earnings	32,310,085	31,503,611
Add: FVOCI Reserve	-	-
Less: regulatory adjustments	(596,933)	(567,983)
Net Tier 1 Capital	31,713,152	30,935,628
Tier 2 Capital	-	-
Total Capital	31,713,152	30,935,628

Risk weighted assets

The Credit Union has determined to maintain a minimum capital level as compared to the risk weighted assets at any given time. The risk weightings attached to each asset are based on the weights prescribed by APRA in its Prudential Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk. The risk weightings are applied according to the level of the underlying security.

Capital adequacy ratio

The capital ratio as at the end of the financial year over the past 5 years is as follows:

2026	2025	2024	2023	2022
21.65%	22.83%	23.86%	22.71%	19.38%

The level of capital ratio can be affected by growth in assets relative to growth in reserves and by changes in the mix of assets.

To manage the Credit Union's capital the Credit Union reviews the ratio monthly and monitors major movements in the asset levels. Policies have been implemented to require reporting to the Board and APRA if the capital ratio falls below 16%.

20. CATEGORIES OF FINANCIAL INSTRUMENTS

	Note	2026 $	2025 $
Financial assets – carried at amortised cost			
Cash and liquid assets	9	19,418,099	14,493,554
Investment Securities	13	85,170,000	75,870,000
Accrued receivables	10	1,636,583	1,699,092
Loans to members	11	232,158,807	221,482,724
Total financial assets carried at amortised cost		338,383,489	313,545,370
FVOCI Investments	13	1,909,654	1,909,654
TOTAL FINANCIAL ASSETS		340,293,143	315,455,024
Financial liabilities – carried at amortised cost			
Deposits from members	16	307,677,505	283,135,707
Payables and other liabilities	17	2,955,492	2,241,819
TOTAL FINANCIAL LIABILITIES		310,632,997	285,377,526

21. FAIR VALUE MEASURMENT

21.1 Financial Instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Credit Union becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Credit Union commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

(ii) Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including arm's length transactions, reference to similar instruments and option pricing models.

(ii) Classification and subsequent measurement (continued)

Financial assets are classified into the following categories upon initial recognition:

- Amortised cost;
- Fair value through profit or loss (FVPL); or
- Fair value through other comprehensive income (FVOCI).

21. FAIR VALUE MEASURMENT (CONTINUED)

21.1 Financial Instruments (Continued)

Subsequent measurement of financial assets

Financial assets at amortised costs

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Orange Credit Union's cash and cash equivalents, loans and advances to members and trade receivables fall into this category of financial instruments as well as negotiable certificates of deposits (NCDs), floating rate notes (FRNs) and term deposits.

Financial assets at Fair Value through Profit or Loss (FVPL)

Financial assets that are within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Fair Value through Other Comprehensive Income (FVOCI)

Investments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities – Experteq and units in the Society One Personal Loans Trust.

(iii) Impairment

AASB 9 requires the use of forward-looking information to recognise ECLs - the 'expected credit loss model' (ECL). Instruments within the scope of the requirements comprise all financial assets measured at amortised cost and investment debt securities measured at FVOCI. These include cash, receivables, loans and advances to members and investment securities.

The Credit Union considers a broader range of information when assessing credit risk and measuring ECLs, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the financial asset.

21. FAIR VALUE MEASURMENT (CONTINUED)

21.1 Financial Instruments (Continued)

(iv) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of Profit and Loss and Other Comprehensive Income.

21.2 Impairment of non-financial assets

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

21.3 Measurement of fair values

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

When measuring the fair value of an asset or liability, the Credit Union uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Credit Union recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The fair value of the Credit Union's investment in unlisted equity securities, is based on consideration of sales in a limited market and the investee's net tangible assets.

22. MATURITY PROFILE OF FINANCIAL INSTRUMENTS

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

2026	Carrying Amount $	0 to 3 months $	3 to 12 months $	1 to 5 years $	5+ years $	No maturity $	Total $
Financial assets							
Cash on hand	247,033	-	-	-	-	247,033	247,033
Cash at bank and investments	104,341,066	8,916,437	36,964,656	48,816,836	3,427,786	19,171,066	117,296,781
Loans to members	232,158,807	4,302,544	11,432,472	71,905,696	276,507,125	-	364,147,837
Other assets (non-interest bearing)	550,133	550,133	-	-	-	-	550,133
Total financial assets	337,297,039	13,769,114	48,397,128	120,722,532	279,934,911	19,418,099	482,241,784
Financial Liabilities							
Trade payables and other liabilities	2,099,724	2,099,724	-	-	-	-	2,099,724
Lease liabilities	-	-	-	-	-	-	-
Deposits from members	307,677,505	25,272,789	59,401,104	1,036,265	-	223,925,909	309,636,067
Total financial liabilities	309,777,229	27,372,513	59,401,104	1,036,265	-	223,925,909	311,735,791

22. MATURITY PROFILE OF FINANCIAL INSTRUMENTS (CONTINUED)

2025	Carrying Amount $	0 to 3 months $	3 to 12 months $	1 to 5 years $	5+ years $	No maturity $	Total $
Financial assets							
Cash on hand	661,375	-	-	-	-	661,375	661,375
Cash at bank and investments	89,702,179	8,251,434	23,568,904	47,201,546	4,137,830	13,832,179	96,991,893
Loans to members	221,482,724	1,509,121	9,408,895	68,194,699	258,931,040	-	338,043,755
Other assets (non-interest bearing)	693,036	693,036	-	-	-	-	693,036
Total financial assets	312,539,314	10,453,591	32,977,799	115,396,245	263,068,870	14,493,554	436,390,059
Financial Liabilities							
Trade payables and other liabilities	1,174,375	1,174,375	-	-	-	-	1,174,375
Lease liabilities	-	-	-	-	-	-	-
Deposits from members	283,135,707	21,083,497	62,895,929	847,827	-	200,259,082	285,086,335
Total financial liabilities	284,310,082	22,257,872	62,895,929	847,827	-	200,259,082	286,260,710

23. INTEREST RATE CHANGE PROFILE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities have conditions which allow interest rates to be amended either on maturity (term deposits and term investments) or after adequate notice is given (loans and savings). The table below shows the respective value of funds where interest rates are capable of being altered within the prescribed time bands, being the earlier of the contractual repricing date or maturity date.

2026	Within 1 month $	1 to 3 months $	3 to 12 months $	1 to 5 years $	5+ years $	Non-interest rate sensitive $	Total $
Financial assets							
Cash and liquid assets	19,171,066	-	-	-	-	247,033	19,418,099
Receivables due from other financial institutions	10,300,000	48,550,000	21,000,000	2,000,000	3,320,000	-	85,170,000
Accrued receivables	-	-	-	-	-	1,636,583	1,636,583
Loans to members	107,522,115	8,461,230	37,659,287	78,667,698	-	-	232,310,330
FVOCI equity investments	-	-	-	-	-	1,909,654	1,909,654
Total financial assets	136,993,181	57,011,230	58,659,287	80,667,698	3,320,000	3,793,270	340,444,666
Financial Liabilities							
Trade payables and other liabilities	-	-	-	-	-	2,955,492	2,955,492
Lease liabilities	-	-	-	-	-	-	-
Deposits from members	234,857,723	14,115,398	57,617,948	992,546	-	93,890	307,677,505
Total financial liabilities	234,857,723	14,115,398	57,617,948	992,546	-	3,049,382	310,632,997

2025	Within 1 month $	1 to 3 months $	3 to 12 months $	1 to 5 years $	5+ years $	Non-interest rate sensitive $	Total $
Financial assets							
Cash and liquid assets	13,832,179	-	-	-	-	661,375	14,493,554
Receivables due from other financial institutions	11,000,000	40,050,000	16,000,000	5,500,000	3,320,000	-	75,870,000
Accrued receivables	-	-	-	-	-	1,699,092	1,699,092
Loans to members	113,994,846	26,443,425	42,096,391	39,151,245	-	-	221,685,907
FVOCI equity investments	-	-	-	-		1,909,654	1,909,654
Total financial assets	138,827,025	66,493,425	58,096,391	44,651,245	3,320,000	4,270,121	315,658,207
Financial Liabilities							
Trade payables and other liabilities	-	-	-	-	-	2,241,819	2,241,819
Lease liabilities	-	-	-	-	-	-	-
Deposits from members	208,314,496	12,583,635	61,123,285	801,784	-	96,658	282,919,858
Total financial liabilities	208,314,496	12,583,635	61,123,285	801,784	-	2,338,477	285,161,677

24. FINANCIAL COMMITMENTS

	2026 $	2025 $
Loan commitments		
Loans approved, but not funded	2,131,218	4,417,678
Loan redraw facilities available	13,747,281	12,056,159
	15,878,499	16,473,837
Overdraft facility commitments		
Unused member overdraft facilities	24,172	33,392
	15,902,671	16,507,229

25. EXPENDITURE COMMITMENTS

25.1 Future capital commitments

At 30 June 2026, the Credit Union has future capital commitments of $394,371 relating to the Branch Renovation. (2025: $Nil)

25.2 Other expenditure commitments

In the normal course of business, the Credit Union enters into various types of contracts that give rise to contingent or future obligations. These contracts generally relate to the financing needs of the members. The Credit Union applies the same credit policies and assessment criteria in making commitments and conditional obligations for off-balance sheet risks as it does for on-balance sheet loan assets. The Credit Union holds collateral supporting these commitments where it is deemed necessary.
As at 30 June 2026, the Credit Union had no commitments to further expenditure (2025: $Nil).

26. CONTINGENT LIABILITIES

The Credit Union is a party to the Credit Union Financial Support Scheme (CUFSS) and has executed an Industry Support Contract (ISC) with CUFSS. The purpose of the CUFSS scheme is to provide members with emergency liquidity support in accordance with the terms of the ISC, a contract which has been certified by APRA under the Banking Act.

As a member of CUFSS, the Credit Union may be called upon by CUFSS to contribute to emergency liquidity loans for one or more other CUFSS members. Should the Credit Union be required to contribute funding, any such liquidity loans would be structured and priced in accordance with normal commercial terms, as determined by CUFSS. The total amount of funding that the Credit Union could be required to provide to other members cannot exceed, in aggregate, 3% of the Credit Union's assets capped at $100 million.

27. KEY MANAGEMENT PERSONNEL DISCLOSURES

27.1 Remuneration of key management personnel

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, directly or indirectly including any Director. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

KMP have been taken to comprise of the Directors and the three members of the executive management team during the financial year, responsible for the day-to-day financial and operational management of the Credit Union.

	Year ended 30 June 2026			Year ended 30 June 2025		
	Directors	Other KMP	Total	Directors	Other KMP	Total
Short-term benefits	252,570	683,346	935,916	246,126	677,899	924,025
Post-employment benefits	30,308	82,002	112,310	28,304	77,958	106,262
Other long-term benefits	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-
Total	282,878	765,348	1,048,226	274,430	755,857	1,030,287

27. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

27.1 Remuneration of key management personnel (continued)

Compensation includes all employee benefits as defined in AASB 119 *Employee Benefits*. Employee benefits are all forms of consideration paid, payable or provided by the Credit Union, or on behalf of the Credit Union, in exchange for services rendered to the Credit Union.

Compensation includes:

1. short-term employee benefits, such as wages, salaries, paid annual leave, paid sick leave, and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as salary packaged) for current employees;
2. post-employment benefits such as pensions, and other retirement benefits;
3. other long-term employee benefits, including long-service leave or other long-service benefits, and, if they are not payable wholly within twelve months after the end of the period, bonuses; and
4. termination benefits.

27.2 Loans to key management personnel and their close members of family

	Year ended 30 June 2026			Year ended 30 June 2025		
	Directors	Other KMP	Family	Directors	Other KMP	Family
Opening balance	-	1,111,237	563,553	-	1,405,664	577,431
Loans Funded	-	-	-	-	20,000	-
Interest charged	-	35,416	27,153	-	38,521	28,881
Write-off	-	-	-	-	-	-
Closing Balance	-	1,013,455	591,998	-	1,111,237	563,553

Loans provided to Other KMP or staff / spouse jointly for any purpose are provided at 85% of the rate of interest on offer to members for a similar loan /overdraft facility. Other KMP are required to pay any Fringe Benefits Tax arising from these discounted interest rates. Loans to Directors are at the rate of interest on offer to members for a similar loan / overdraft facility. Loans provided to close members of family of KMP are on conditions no more favourable than those extended to members generally. Security has been obtained for these loans in accordance with the Credit Union's lending policy.

There is no provision for impairment in relation to any loan extended to KMP or their close members of family. No loan impairment expense in relation to these loans has been recognised during the period.

27.3 Other transactions

There were no other transactions during the financial year between the Credit Union and members of the Board

27. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

27.4 KMP and their close members of family saving, term deposit and revolving credit facility accounts

	Year ended 30 June 2026			Year ended 30 June 2025		
	Directors	Other KMP	Family	Directors	Other KMP	Family
Opening balance	57,799	4,770	374,270	50,991	3,918	252,012
Interest paid	1,902	105	747	14	-	8,219
Closing balance	162,941	11,549	156,447	57,799	4,770	374,270
Numbers in group	7	4	10	9	3	18

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

28. ECONOMIC DEPENDENCY

The Credit Union has an economic dependency on the following suppliers of services:

(i) CUSCAL Limited – This entity provides central banking facilities as well as facilitating some member services.

(ii) Experteq – this company operates the computer facility on behalf of the Credit Union, in conjunction with other Credit Unions. The Credit Union has a management contract with Experteq to supply computer support staff and services to meet the day to day needs of the Credit Union and compliance with relevant prudential standards.

(iii) Credit Union Financial Support System Limited (CUFSS) – this entity provides emergency liquidity support to the Credit Union.

(iv) Ultradata Australia Pty Ltd – this company supplies and maintains the application software utilised by the Credit Union.

29. SEGMENTAL REPORTING

The Credit Union operates exclusively in the retail financial services industry within Australia.

30. STATEMENT OF CASH FLOWS

30.1 Cash flows presented on a net basis

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

(i) member deposits to and withdrawals from savings, money market and other deposit accounts;
(ii) sales and purchases of maturing certificates of deposit;
(iii) provision of member loans and the repayment of such loans.

30.2 Reconciliation of cash

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

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

	2026 $	2025 $
Cash balance comprises:		
- Cash on hand	247,033	661,375
- Imprest accounts	5,602,697	3,182,504
- Deposits at call less than 90 days	13,568,369	10,649,675
	19,418,099	14,493,554

30.3 Reconciliation of net cash flows from revenue activities to profit for the year after income tax

Profit for the year after income tax	806,474	1,017,805
Non-cash items		
Loan impairment loss	(49,810)	19,710
Depreciation and amortisation	253,060	261,654
Loss \ (Gain) on sale of motor vehicle	4,955	-
Movements in assets and liabilities		
Deferred income tax asset	21,541	(6,413)
Deferred income tax liability	7,567	(1,154)
Provision for income tax	87,983	(221,901)
Accrued interest receivable	(80,394)	(106,170)
Accrued interest payable	(211,676)	124,304
Provision for employee entitlements	43,382	39,966
Creditors and accruals	(93,289)	14,974
Prepayments	(13,167)	73,567
Net cash flows from revenue activities	776,626	1,216,342

31. CORPORATE GOVERNANCE DISCLOSURES

Board

The Credit Union Board has responsibility for the overall management and strategic direction of the Credit Union.

Board members are independent of management and have been elected by members on a rotation of every 3 years.

Each Director must be eligible to act under the constitution as a member of the Credit Union and *Corporations Act 2001* (Cwlth) criteria. Directors need to also satisfy the fit and proper criteria set down by APRA.

The Board has established policies to govern conduct of the Board meetings, director conflicts of interest and training so as to maintain director awareness of emerging issues and to satisfy all governance requirements.

The Board is responsible for:

- Monitoring matters of risk management and APRA reporting obligations;
- Monitoring compliance with applicable laws;
- Chief Executive Officer remuneration and benefits;
- Staff remuneration policies;
- Financial budgets and performance criteria;
- Approval of large loans or commercial loans; and
- The acknowledgement of management approved interest rate changes.

Board remuneration

The Board receives remuneration from the Credit Union in the form of Director fees approved by members and reimbursement of out-of-pocket expenses. There are no other benefits received from the Credit Union by the Directors.

Audit Committee

An Audit Committee has been formed to assist the Board in relevant matters of financial prudence. The Committee is comprised of a number of directors and has senior management participation.

The Audit Committee oversees the financial reporting and audit process. Its role includes:

- The oversight of all statutory reporting requirements;
- Monitoring audit reports received from internal and external auditors and management's responses thereto;
- Liaising with the auditors (internal and external) on the scope and results of their work;
- Ensuring the external auditors remain independent in the areas of work conducted;
- The oversight of the Credit Union's compliance function.

31. CORPORATE GOVERNANCE DISCLOSURES (continued)

Risk Committee

A Risk Committee has been formed to assist the Board in managing the risk framework of the Credit Union. The Committee is comprised of a number of directors and has senior management participation.

Its role includes:

- The oversight of management's responsibilities to assess and manage the Credit Union's credit risk, market risk, liquidity risk, insurance risk, operational risk, capital risk and strategic and business risk; and
- Reviewing issues raised by the Internal and External Auditors that impact the Credit Union's risk management framework.

Management Remuneration

All management are remunerated by salary packages. Bonus benefits are available to management, provided certain criteria are met.

Governance, Compliance & Risk Officer (CRO)

The Credit Union has a Governance, Compliance & Risk Officer (CRO), who is responsible for the establishment, monitoring, and maintenance of the Credit Union's risk management framework. The officer is independent from business lines, other revenue-generating responsibilities, and the finance function.

In addition, the Governance, Compliance & Risk Officer is responsible for maintaining the awareness of staff for all changes in compliance legislation and responding to staff inquiries on compliance matters. The officer also monitors the Financial Services Reform (FSR) licence obligations.

External audit

Audit is performed by the Intentus Chartered Accountants. Through their prior history with Morse Group, Intentus has been auditing credit unions for 40 years and audits four (4) credit unions in NSW. Intentus utilises computer assisted audit software and data automation software to supplement the compliance testing.

The work performed by the external auditors is examined by the Audit Committee to ensure that it is consistent with the current external audit reporting role and does not impair their independence.

Internal audit

An internal audit function has been established using the services of DBP Consulting Pty Limited to deal with the areas of internal control compliance and regulatory compliance.

31. CORPORATE GOVERNANCE DISCLOSURES (continued)

Regulation

The Credit Union is regulated by:

- Australian Prudential Regulation Authority (APRA) for the prudential risk management of the Credit Union.
- Australian Securities and Investments Commission (ASIC) for adherence to *Corporations Act 2001* (Cwlth), Accounting Standards disclosures in the financial statements and FSR requirements and for compliance with the National Consumer Credit Protection Act.

The FSR legislation requires the Credit Union to disclose details of products and services, maintain training for all staff that deal with the members and provide an effective and independent complaints handling process. Under the FSR licensing arrangements all staff which deal with the public are required to be trained and certified to a level of skill commensurate with the services provided.

Both ASIC and APRA conduct periodic inspections and the auditors report to both regulators annually on compliance with respective requirements. The external auditors also report to both ASIC on the FSR compliance and APRA on the prudential policy compliance.

Work Health & Safety (WHS)

The nature of the finance industry is such that the risk of injury to staff and the public are less apparent than in other high-risk industries. Nevertheless, the Credit Union's two most valuable assets are staff and members and steps need to be taken to maintain their security and safety when circumstances warrant.

WHS policies have been established for the protection of both members and staff and are reviewed at least annually for relevance and effectiveness.

Staff are trained in robbery procedures and offices are designed to detract from such acts by:

- Little or no cash being held in accessible areas
- Cameras and monitoring equipment visible throughout the office

Office premises are examined regularly to ensure that the electrical safety and physical safety measures are appropriate to the needs to the public and staff. Independent security consultants report regularly on the areas of improvement which may be considered.

The Credit Union has established a WHS checklist that is completed monthly by staff. Any concerns raised are actioned in a prompt manner. Secure cash handling policies are in place and injury from lifting heavy weights and RSI are managed by proper techniques to minimise the risk of damage.

All staff have access to trauma counsellors where required following an incident which may impair their feeling of safety in the workplace.

31. CORPORATE GOVERNANCE DISCLOSURES (continued)

Disclosures required under CPS 511 Remuneration

The entity is Orange Credit Union Limited trading as Bank Orange. The bank does not have any subsidiaries or related party entities. The entity is not a significant financial institution (Non - SFI)

Governance and remuneration

Remuneration is overseen and decisioned by the Board of Directors, which overseas remuneration practices and performs the function of a Board Remuneration Committee as part of its other responsibilities. It considers remuneration as part of the 3 Year Operating Plan in conjunction with appropriate updates to the Strategic Plan where appropriate.

Remuneration is aligned with Bank Orange's Strategic Business Plan, Risk Appetite Statement and other policies as nominated at law, regulation and internal policy.

Bank Orange's Remuneration Policy applies to all employees of the Credit Union and is designed to:

- attract and retain individuals and employees who have the necessary skills for the effective and prudent management of the Credit Union;
- encourage behaviour that supports the Credit Union's long-term sustainability, financial soundness, risk culture and risk management framework;
- structure remuneration of risk and financial control personnel in a way that does not compromise the independence of these personnel in performing their functions;
- aligns with the Credit Union's Board-approved 3 year rolling business plan, strategic objectives; and risk management framework as required under Prudential Standard CPS 220 Risk Management;
- promotes effective management of both financial and non-financial risks, sustainable performance;
- supports the prevention and mitigation of conduct risk.

Remuneration is structured to promote sustainable performance and long term soundness and prevent and mitigate conduct risk.

The following employees are identified as Senior Managers (key roles) in accordance with CPS 510:

Chief Executive Officer

Chief Financial Officer

Chief Risk Officer

Bank Orange has no other employees that it considers as material risk takers or Senior Managers in accordance with CPS 510 Governance. All the individuals named in the Key Roles are paid a salary including superannuation. Bank Orange does not pay variable remuneration of any kind.

Consequence management

Consequence Management relates to the expectations of employees as outlined in the Code of Conduct and applicable policies. Consequence Management seeks to ensure that the processes for managing complaints and inappropriate behaviour in the workplace and the consequences applies for the inappropriate behaviour is:

a) Fair, appropriate, and proportionate to the conduct concerned and that individual circumstances and other relevant factors are considered.

b) Considers the relevant legislative, policy and regulatory requirements.

c) Provides support and guidance to manage inappropriate conduct in the workplace fairly and reasonably.

Risk and Compliance Staff

The performance and remuneration of risk and compliance staff is assessed according to objectives specific to the roles they undertake, which is independent of the business they oversee. Remuneration is reviewed and benchmarked against the market, and internally, to ensure it is set at an appropriate level.

ORANGE CREDIT UNION LIMITED
ABN 34 087 650 477

DIRECTORS' DECLARATION

The Directors of Orange Credit Union Limited declare that:

(a) The financial statements and notes set out on pages 9 to 65, are in accordance with the *Corporations Act 2001* and:

(i) comply with Australian Accounting Standards which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards ; and

(ii) give a true and fair view of the financial position as at 30 June 2026 and of the performance for the year ended on that date of the Credit Union.

(b) The consolidated entity disclosure statement is true and correct; and

(c) In the Directors' opinion there are reasonable grounds to believe that the Credit Union will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed at Orange on the 30th day of September 2026 for and on behalf of the Directors by:

Michael Kemp
Director
Chair of Board of Directors

Tim Edmonstone
Director
Chair of Audit Committee

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Orange Credit Union Limited is not required by Australian Accounting Standards to prepare consolidated financial statements. As a result, subsection 295(3A)(a) of the *Corporations Act 2001* to prepare a *Consolidated Entity Disclosure Statement* does not apply to the Company.

Signed in accordance with a resolution of the Directors:



Michael Kemp
Director
Chair of Board of Directors



Tim Edmonstone
Director
Chair of Audit Committee

Dated: 30 September 2026

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ORANGE CREDIT UNION LIMITED
ABN 34 087 650 477

Opinion

We have audited the financial report of Orange Credit Union Limited (the Credit Union), which comprises the Statement of Financial Position as at 30 June 2026, and the Statement of Profit and Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements including material accounting information, the Consolidated Entity Disclosure Statement and the Director's Declaration.

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

(i) giving a true and fair view of the Credit Union's financial position as at 30 June 2026 and of its performance for the year then ended; and

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

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Credit Union's annual report for the year ended 30 June 2026 but does not include the financial report and our auditor's report thereon.

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

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

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

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Liability limited by a scheme approved under Professional Standards Legislation

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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Thomas

Jodie Thomas
Principal

23 Sale Street
Orange NSW 2800

Dated: 30 September 2026