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**Transport Mutual
Credit Union
Limited**
**Annual Financial
and Sustainability
Report**

FOR THE YEAR ENDED
30 JUNE 2025
ABN 78 087 650 600



transport
mutual
credit union



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We must embrace change while respecting our history

DEAR MEMBERS,

On behalf of the Board of Directors of Transport Mutual Credit Union, I am pleased to present our 61st Annual Report for the financial year ended 30 June 2025.

It is a great honour to serve as Chair of our mutual bank. I am grateful to the past Chairs and Directors I've had the privilege to work with, from whom I have learned so much. I look forward to continuing to build on their legacy and strengthening our mutual movement. As we look to the future, we must embrace change while respecting our history, adapting and growing to meet your needs. While change is inevitable, one thing remains constant: our unwavering commitment to putting members at the heart of everything we do.

BOARD AND TEAM ACKNOWLEDGEMENTS

I extend a warm welcome to our new Directors, Chris Goudanas and Patricia Barber, who bring valuable skills and strong connections to our organisation.

I would also like to express our sincere gratitude to Vince Taranto, our former Chair, who retired earlier this year after more than 26 years of dedicated service, and to Meredyth-Ann Williams, who served on the Board for over 19 years. Their commitment has been extraordinary. Vince has been instrumental in strengthening the mutual movement and positioning Transport Mutual for ongoing success. We are particularly grateful for his innovative idea to introduce the fortnightly Lucky Members Draw — be sure to check it out for your chance to win.

Meredyth-Ann has played an integral role in governance, most notably as former Chair of the Risk Committee. We thank her for her significant contributions and wish her all the very best. We have been fortunate to benefit from the mentorship and guidance of both Vince and Meredyth-Ann over many years.

Finally, I would like to thank our dedicated team at TMCU, led by John and Kathy, who deliver outstanding service to our members every day, and our Board of Directors for their continued dedication and commitment.

REGULATORY ENVIRONMENT

We welcome the recent announcement by our regulator, APRA, of a move towards a "three-tier supervision model". While further details are yet to be released, we are optimistic that this will be a positive step for our credit union and anticipate that TMCU will fall within the "small banks" category.

As always, our Board and management will continue to work diligently to ensure we remain fully compliant with all regulatory requirements.

KEY HIGHLIGHTS 2024-25

This year, we celebrated several milestones and initiatives, including:

- The launch of our upgraded internet banking platform.
- Continued partnership with atmX, providing members with direct charge-free ATM transactions wherever you go.
- Hosting a social bike ride for members and their families in partnership with Bicycle NSW.
- Commencing our strategic planning cycle, guided by feedback from our member survey.
- Board and senior management participation in governance training sessions to ensure our skills remain current.
- Passing on a 25-basis point interest rate cut to our members in February.

These initiatives reflect our commitment to improving services and delivering value to our members.



LOOKING AHEAD: OPPORTUNITIES AND STRATEGIC DIRECTION

Earlier this year, our Board held a Strategic Planning Day, incorporating the valuable feedback many of you provided through our Member Survey.

We are focused on digital upgrades to ensure our products and services remain contemporary. Recent enhancements include improved payment security, enabling members to verify payee details before transfers, and more streamlined online forms.

LOOKING AHEAD, WE WILL INTRODUCE:

- A seamless loan application process to improve the member experience.
- Support for Apple Pay after our recent live release of Google Pay and Samsung Pay.
- Instant payments, targeted for launch in 2026.
- These digital initiatives are direct responses to what you, our members, have asked for, and we are excited to bring them to you in the year ahead.

NAVIGATING A CHANGING EXTERNAL ENVIRONMENT

To best serve our members, we must balance cost efficiency, service expansion, and process simplification while protecting against the growing threats of cyberattacks and financial crime. Investment in technology is essential, and we will continue to prioritise it while also strengthening relationships with our members to bring more business to TMCU.

Across the sector, we have seen ongoing consolidation among mutuals due to the rising costs of technology, compliance, and regulation. Rest assured, TMCU remains agile and well-positioned to adapt, ensuring we continue to deliver strong member value.

CONTINUING OUR MUTUAL VALUES

Members can be proud that TMCU is part of the wider customer-owned banking sector, which serves more than 5.4 million Australians and continues to provide purpose-led banking.

As a father of two young boys, I take great pride in knowing that TMCU will be here to support them through products like our kids' savings accounts, and in the future, when they have families of their own. Together with the Board and management, I am committed to upholding the values of mutual banking — where you, our members, are also our shareholders.

On behalf of the Board of Directors, I commend this report to you. I extend my sincere thanks to my fellow Directors for their dedication and to you, our members, for your loyalty and support.

**We look forward to
working with you
to achieve your
financial goals
— today,
tomorrow, and
well into the
future.**



Clement Siu

Clement Siu

CHAIR

26TH SEPTEMBER 2025

FROM ROADS TO RENEWABLES:

How TMCU has Evolved

From humble origins as a credit union serving road staff to becoming a forward-thinking leader in sustainable banking, Transport Mutual Credit Union (TMCU) has come a long way in its 61 years of operation.



As many of our members know, we began our journey in 1964 as the Main Roads Staff Credit Union, established to help employees of the NSW Department of Main Roads (DMR) and their families access loans, savings and banking services.

When the Roads and Traffic Authority (RTA) was formed by the NSW Government 25 years later, the credit union was renamed RTA Staff Credit Union. Membership numbers grew, as the credit union began to expand beyond the DMR to include other transport sector employees and their families, such as those working at Service NSW, RailCorp, Sydney Buses and Sydney Ferries.

In 2012, a vote was cast to rename the credit union to what you know it as today: Transport Mutual Credit Union.

Since then, TMCU has evolved from a transport-based organisation to a leader in green banking, which has opened up the credit union to a new membership base of environmentally conscious Australians. We proudly still support our transport members though – some of whom have been with us since the early days of operation.

Today, one of our standout platforms is GreenRoad, which supports the adoption of electric and hybrid vehicles by offering flexible finance solutions. The program also helps members invest in solar panels and home battery storage systems, making sustainable living more accessible and affordable.

Looking forward, TMCU is committed to further reducing our environmental impact while offering competitive rates, exceptional service and a strong focus on community.

Our mission is clear: to build a better, more sustainable future for our members – without losing sight of where we began.



CHIEF EXECUTIVE'S REPORT

Dear Members,

As we reflect on the past year, I am proud to share the progress and resilience of Transport Mutual Credit Union (TMCU). In an environment marked by economic uncertainty, rapid technological change and heightened competition, our focus has remained to deliver exceptional value to members while safeguarding the long-term strength of your organisation.

This commitment, central to our identity as a member-owned mutual, has guided every decision we made throughout 2025. Our profits are reinvested for the benefit of our members, rather than paid out as dividends, ensuring that every dollar of surplus directly supports better products, services and experiences for the people we serve.

NAVIGATING A CHANGING LANDSCAPE

The broader financial services sector continues to evolve at pace. Across Australia, smaller mutual banks and credit unions are navigating rising compliance and regulatory costs, significant investment requirements for digital transformation and intensifying competition from both major banks and fintech disruptors.

Industry bodies such as our Customer Owned Banking Association and insights from the *Australian Financial Review* during 2025 highlight the growing trend of consolidation among smaller mutuals. This reflects the reality that achieving scale is now essential to compete effectively and to keep pace with the evolving expectations of members and regulators.

At TMCU, we have continued to navigate this environment independently, focusing on prudent growth, strong governance, and careful management of members' funds. While consolidation across the industry remains an external reality, our priority is to remain agile and explore opportunities that enhance member value and ensure our long-term sustainability.

PERFORMANCE AND FINANCIAL STRENGTH

Despite the challenging environment, TMCU delivered a solid financial performance in 2025.

Key Metric	2024	2025	Movement
Net Profit	\$157,534	\$229,087	↑ 45%
Total Assets	\$107.98M	\$106.49M	↓ 1.4%
Member Deposits	\$96.02M	\$92.91M	↓ 3.2%
Loans to Members	\$83.89M	\$87.17M	↑ 3.9%
Capital Adequacy Ratio	17.62%	18.57%	Strong
Members	5,934	5,988	Stable

This performance demonstrates TMCU's financial strength and stability, while continuing to deliver value back to our members.

KEY HIGHLIGHTS

Net profit increased by 45%, reflecting disciplined cost management and modest loan growth.

- Member loans grew by 3.9%, driven by demand for housing finance and growth in our GreenRoad sustainable loan products.
- Member deposits decreased by 3.2%, in line with broader sector liquidity trends as households navigated cost-of-living pressures.
- Our capital adequacy ratio remains very strong at 18.57%, well above regulatory minimums, ensuring that TMCU is well positioned to manage future challenges.

INVESTING IN OUR MEMBERS

During 2025, we continued to invest in digital and member-facing services to provide greater convenience, security, and flexibility.

- **Digital banking enhancements:** Upgrades to our mobile app and online banking platforms improved usability and accessibility, making it easier for members to manage their finances anytime, anywhere.

- **Cybersecurity investments:** We strengthened our information security framework to meet the evolving expectations of APRA and ASIC, ensuring that our members' data remains protected against emerging threats.
- **GreenRoad loan growth:** With increasing demand for environmentally conscious solutions, our sustainable loan offerings — including electric vehicle and solar financing — continued to grow, reinforcing our commitment to supporting a cleaner, greener future.

These initiatives reflect our focus on continuous improvement, aligning with both member needs and regulatory standards.

COMMUNITY AND MEMBER SUPPORT

TMCU's role extends beyond financial services — we are a part of the community we serve. In 2025, we:

- Supported members experiencing financial hardship through tailored assistance programs, including fee waivers and flexible loan arrangements.
- Continued our community sponsorships and partnerships, with a particular focus on supporting those working in the transport sector.

These actions underscore our purpose: improving the financial well-being of our members and contributing to the communities in which we live and work.

GOVERNANCE AND LEADERSHIP

2025 saw important changes in our leadership team and Board:

- **New Chair:** Clement Siu was appointed as Chair in April 2025, bringing extensive experience in governance and risk management.
- **Board renewal:** We welcomed Chris Goudanas and Patricia Barber as Directors, adding depth and diversity to the Board's skillset.
- We acknowledge the outstanding contributions of Vince Taranto and Meredyth-Ann Williams, who stepped down from the Board after many years of dedicated service. We owe Vince and Meredyth-Ann a tremendous debt of gratitude.

These changes reflect our ongoing commitment to strong governance and effective oversight.

LOOKING AHEAD

As we look to 2026 and beyond, our focus is on building a sustainable and resilient future for TMCU and its members.

Our strategic priorities include:

- **Sustainable growth:** Carefully expanding our membership and lending portfolio while safeguarding financial stability.
- **Digital innovation:** Continuing to invest in secure, user-friendly digital platforms that meet member expectations.
- **Operational efficiency:** Streamlining processes and improving productivity to keep costs low for members.
- **Strategic flexibility:** Remaining agile and open to opportunities that strengthen our position and enhance member services in a rapidly changing sector.

The financial services landscape will continue to evolve, and it is vital that TMCU remains responsive and forward-thinking. By doing so, we will ensure that our members continue to benefit from the unique value of a member-owned organisation.

I would like to thank our members, staff and Board for their unwavering support throughout 2025. Your trust and commitment are the foundation of TMCU's success over the past six decades. Together, we will continue to build a strong, sustainable, and innovative credit union — one that remains firmly focused on the needs of our members, both today and in the years to come.



John Kavalieros

CHIEF EXECUTIVE

26TH SEPTEMBER 2025

BUILDING A SUSTAINABLE FUTURE

Our sustainability focus at a glance

TMCU helps its members to reduce their environmental footprint through solar energy. The following numbers illustrate the difference we are making together.



NUMBER OF PANELS
GENERATING

43,511
(cumulative)



ANNUAL ENERGY GENERATION IN KILOWATTS

23,039,360 kWh

Assumptions:
43,511 panels generating in Sydney

Source: <https://solar4ever.com.au/PowerProduction.php>



FOOTPRINT OF AREA GENERATING

69,618m²
(cumulative)

The size of almost 10 rugby fields

Source: <https://www.harrodsport.com/advice-and-guides/rugby-pitch-dimensions-markings>



DAILY ENERGY GENERATION

63,122 kWh
(cumulative)

**Average household in Australia uses
18-24 kWh per day.**

Source: <https://gosolarquotes.com.au/how-many-watts-does-a-house-use-per-day-week-month/>



YEARLY CO² SAVINGS

15,479,010
kilograms

source: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>



YEARLY EQUIVALENT CO² EMISSIONS OF



2,079
homes energy use
for one year

source: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>



205

**Tanker trucks worth
of petrol**

source: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>



35,837

barrels of oil consumed

source: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

Making it count

TMCU's member numbers grew by almost 4% in the past year, as word continued to spread about our sustainable products. As we look to the future, we'll make sure innovation remains a key focus.



In recent years, Transport Mutual has attracted a new and loyal following from Australians looking to change environmental outcomes. While we began as a mutual serving people working in roads and transport, our membership base and mission have evolved and we're now proud to be known as a pioneer in sustainable banking options. Part of the proof of concept is in our member growth. In 2021, we had 4575 members and in 2025, we're approaching 6000. Increasingly, the community is telling us they support efforts to create a cleaner future, with growing demand for our GreenRoad products, especially solar and electric vehicle financing.

Sustainability has continued to inform both our strategy and community participation. Throughout 2024-25, we showcased our commitment to the environment and the community through our continued partnership with Bicycle NSW. We hosted a community ride for members and their families, which gave us the opportunity to meet face-to-face with the community, hear their stories and talk further about how we can make a difference.

We also saw first-hand the effects of climate change throughout the year. In March, Cyclone Alfred shut down parts of the NSW north coast and Queensland coast, with torrential rainfall and powerful winds. We supported affected members by offering tailored financial assistance, including insurance claim support, loan deferrals and emergency access to funds.

As we look forward to 2025-26 and beyond, our promise to members is to continue to evolve our offering to help meet the challenges of the future and to try and ensure sustainable banking products are available for upcoming generations.



'Their word is their bond':

Terry's long partnership with TMCU

Terry Orvad's relationship with the credit union now known as Transport Mutual dates back close to 50 years. With plenty of choice in the market, he says there's a standout reason he's stuck with TMCU.

"It's the people who make it what it is today."



"It's the people who make it what it is today," he says.

"My long involvement with the credit union has not been by accident... there were a number of things that kept me attached.

"The rate of interest they gave me on my investments was a contributing factor, but the main factor was the people I got to work with."

The 89-year-old retiree first became involved with the credit union when he worked for the NSW Government, as a member of what was then called the Department of Main Roads.

Back then, employees were given a choice to join and have their pay directed into the credit union.

The Tamworth local says high service standards were there from his earlier days with the credit union and have evolved over time.

"Many of the friendships I established continue right up until today," he says.

When Mr Orvad retired after 55 years working with the NSW Government, he chose to have his super transferred to his TMCU account. While he values the personal touch TMCU offers most, he says there's also a strong business proposition.

"While they have been generous with me, they have been competitive as well," he says. "They are in a very competitive field."

In today's changing landscape, Mr Orvad says he also values the security TMCU offers.

A few years ago, he had a fire on his property that destroyed his shed and led to an insurance settlement to rebuild.

"I have used the credit union to transfer money from my account to subcontractors and contractors, with the knowledge that not only are they providing my funds, but they're keeping my funds secure," he says.

As Mr Orvad approaches his 90th birthday, he says the credit union has been an important part of his life.

"There have been heaps of times that I've been really glad that they're there for me. Their word is their bond," he says.

"I want to offer my congratulations to the credit union for everything that they do."



'Your opinions matter':

What Jack Lehane loves about working for TMCU

If you've been a member of Transport Mutual Credit Union (TMCU) in the past 10 years, it's likely you've come across the name 'Jack Lehane'.

"You have a bit more of a say and your opinion matters...You can have your finger in a lot of different pies and you can really gain experience across different areas."

— JACK LEHANE



The loyal finance analyst has worn a number of different hats for the credit union, from branch admin and finance to dealing with frauds. At the beginning though, he was on a short-term contract.

"I have worked in credit unions since I was 15, with my Dad involved in credit unions for most of his life... I started out at Transport Mutual in a temporary contract – a maternity leave contract – for six months, but that turned into a permanent role under Kathy [Loutas]," he says.

Since then, he hasn't looked back.

Jack is now approaching long-service leave with TMCU and is soon to hit another milestone: having a child with his partner in the NSW Central West city of Bathurst.

"In 2020, when we were all sent home because of the COVID-19 pandemic, my partner and I took the opportunity to move out to Bathurst and buy a house," he says.

For Jack, the decision was driven by affordability but enabled by the supportive culture at TMCU.

"Transport Mutual was really supportive of the whole transition, particularly John [Kavalieros].

Jack set up a home office and continued his role as usual – just from a different location.

While flexibility has kept him bonded to the credit union, one of the things he loves most about TMCU is the team.

"It's a small credit union and you know everyone in the team really well," he says.

"It doesn't have the big corporate feel – in bigger places, you may only know the five people in your direct team and everyone else is just a name on an email. Transport Mutual isn't like that," he says.

The culture also values the opinion of different stakeholders within the team.

"You have a bit more of a say and your opinion matters... You can have your finger in a lot of different pies and you can really gain experience across different areas," he says.

As a long-term employee, Jack has also had the opportunity to meet loyal members.

"You really get to know them over the years, particularly through the Annual General Meetings (AGMs)," he says.

As he prepares for his baby's arrival in January, Jack has started thinking about long service leave. He says he's also grateful he made the move to Bathurst and is still doing what he loves at TMCU.

"It's just a supportive place and we're all friends," he says.



Financial Summary

Transport Mutual Credit Union Limited

Financial Report for the year
ended 30 June 2025

ABN 78 087 650 600



Clement Siu



Michael Collier



Jacqui McDonald



Sharlyn Ho



Robert Picone



Chris Goudanas



Patricia Barber



Vince Taranto



Meredyth-Ann Williams

NOTICE OF 61ST ANNUAL GENERAL MEETING

The 61st Annual General Meeting of Transport Mutual Credit Union Limited (ABN 78 087 650 600 – AFSL / Australian Credit Licence 240718) will be held at TMCU Head Office, Ground Floor, 410 Elizabeth Street Surry Hills NSW on Friday 28th November 2025, commencing at 6.00 pm.

MEMBERS OF THE BOARD OF DIRECTORS

Clement Siu	Chair (from 24/4/25), Board Risk Committee Deputy Chair, Board Audit Committee Member
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Michael Collier	Deputy Chair (from 29/7/25), Board Risk Committee Member
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Jacqui McDonald	Director, Board Risk Committee Chair, Board Audit Committee Deputy Chair, Whistleblower Complaints Officer
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Sharlyn Ho	Director, Board Audit Committee Chair, Board Sustainability Committee Deputy Chair
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Robert Picone	Director, Board Risk Committee Member
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Chris Goudanas	Director (from 30/5/25), Board Audit Committee Member
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Patricia Barber	Director (from 30/5/25)
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Vince Taranto	Chair, Board Sustainability Committee Member (resigned 24/4/25)
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Meredyth-Ann Williams	Director, Board Risk Committee Chair, Board Audit Committee Member (resigned 10/4/25)
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ADMINISTRATION

John Kavalieros	Chief Executive Officer and Company Secretary
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Kathy Loutas	Deputy Chief Executive
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Greg Arvanitakis	Operations Supervisor
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Harry Maragos	I.T. Officer
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Jack Lehane	Finance Analyst
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Maria Reissis	Member Services Officer
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Steven Day	Loans Officer
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Ebony Kreshl	Member Services Officer
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John Kavalieros
CEO AND COMPANY
SECRETARY



Kathy Loutas
DEPUTY
CHIEF EXECUTIVE

External Auditor

Crowe Audit Australia
491 Smollett Street, Albury NSW

Internal Auditor

Brighton Consulting Pty Ltd
Level 9, 24 Albert Road, South Melbourne VIC

Solicitors

Daniels Bengtsson Lawyers
Level 8, 46 Market Street, Sydney NSW
Hall & Wilcox Lawyers
Level 18, 347 Kent Street, Sydney NSW

Bankers

Cuscal Limited Centralised Banking Scheme
– National Australia Bank
1 Margaret Street, Sydney NSW

Abbreviations

AFSL	Australian Financial Services Licence Financial Services authorisation covering the provision of banking services and credit.
APRA	Australian Prudential Regulation Authority Federal Government regulatory body responsible for the prudential supervision of banks, life insurers, general insurers, superannuation funds, building societies, Credit Unions and friendly societies. APRA is fully funded by the industries that it supervises. TMCU contributes to APRA's costs via an annual supervisory levy.
ASIC	Australian Securities and Investments Commission Federal Government corporate and financial services regulator. Regulations include advising, selling and disclosure of financial products and services, protection of markets and consumers from manipulation, deception and unfair practices, and promotion of honesty and fairness in securities and futures markets and in company affairs.
CUFSS	CUFSS Limited An industry-based liquidity support provider with the objective of protecting the interests of Credit Union Members as depositors and to promote financial sector stability in relation to Credit Unions.
Cuscal	Cuscal Limited An organisation which provides assistance to Credit Unions with wholesale banking, electronic funds transfers and other services. Cuscal is registered under the Corporations Act 2001 and is subject to direct supervision by APRA. Refer Note 33 for further information.

Note: Any further reference to the "Credit Union" is reference to Transport Mutual Credit Union Limited (TMCU, the Credit Union) and vice versa. Transport Mutual Credit Union Limited (ABN 78 087 650 600 – AFSL / Australian Credit Licence 240718) is a public company limited by shares, under the Corporations Act 2001.

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Key Statistics of the Credit Union

	JUN-21	JUN-22	JUN-23	JUN-24	JUN-25
Members (No.)	4,575	4,775	5,805	5,934	5,988
Deposits \$	73,899,136	83,479,449	93,436,675	96,023,399	92,906,814
Average Member Deposits \$	16,153	17,483	16,096	16,182	15,516
Loans \$	75,305,259	80,900,395	90,626,772	83,889,024	87,170,554
Average Loan balances \$	16,460	16,942	15,612	14,137	14,558
Loans funded in the year \$M	17.3	22.6	24.2	14.3	17.0
Bad debts written off against profit \$	-	-	-	-	-
Capital Adequacy ratio %	20.10	18.95	17.39	17.62	18.57
Total Reserves \$	9,941,054	10,095,482	10,407,102	10,663,678	11,153,430
Total Assets \$	95,461,867	102,123,874	119,125,435	107,983,749	106,495,138
Reserves to Assets %	10.33	9.89	8.74	9.88	10.47
Return/Average Assets %	0.07	0.08	0.28	0.14	0.21
Staff/Member ratio	1:571	1:596	1:726	1:741	1:749
Staff/Assets ratio	1:\$11.93M	1:\$12.76M	1:\$14.89M	1:\$13.49M	1:\$13.31M

Products and Services

Loans and Other Services	Deposits and Access Services
Variable Home Loans	At Call Savings
Fixed Home Loans	Fixed Term Deposits
Other Housing or Investment Loans	BPAY
FastRoad Car Loans	Bank@Post
GreenRoad EV / Hybrid / Solar Loans	Visa Debit Cards
Personal Loans	Payroll Deposits
FreeWheel Bicycle Loan	Direct Credits
Personal Overdrafts	Direct Debits
Internet Banking	Financial Planning Services
Mobile App	International Transfers
Mobile Banking / Digital Wallets	ATM and EFTPOS access
Clement Card low interest line of credit	Kid's Saver account

DIRECTORS' REPORT

The Directors of Transport Mutual Credit Union Limited (Credit Union) present their report together with the Financial Statements for the financial year ended 30 June 2025. The Credit Union is a company registered under the *Corporations Act 2001*.

INFORMATION ON DIRECTORS

The following persons were Directors of Transport Mutual Credit Union during or since the end of the financial year:

NAME	POSITION	QUALIFICATIONS	EXPERIENCE	RESPONSIBILITIES
Clement Siu	Chair (from 24/4/25)	B.Com, CPA, MAGPI	15 Years	Deputy Chair, Board Risk Committee Deputy Chair, Board Audit Committee Member
Michael Collier	Deputy Chair (from 29/7/25)	B.Com (Info Sys), Dip Bus (Legal Serv), Dip Bus (RE Mgmt)	4 Years	Board Risk Committee Member
Jacqui McDonald	Director		17 Years	Whistleblower Complaints Officer, Board Audit Committee Deputy Chair, Board Risk Committee Member
Sharlyn Ho	Director	MFin&Acc, CPA, BCom (ProfAccg&Law), DipFinPlan	4 Years	Board Audit Committee Chair, Board Sustainability Committee Deputy Chair
Robert Picone	Director	CertCivEng, FAITPM	6 Years	Board Risk Committee Member
Chris Goudanas	Director (from 30/5/25)	BE Civil, MPM	3 Years	Board Audit Committee Member
Patricia Barber	Director (from 30/5/25)	B,Bus (Bus Mgt), Dip Fin Mkts (SIA), GAICD, SA FINSIA	2 Years	
Vincent E. Taranto	Chair (resigned 24/4/25)	BSc, DipTCP	27 Years	Chair, Board Sustainability Committee Member
Meredyth-Ann Williams	Director (resigned 10/4/25)	DipTeach, BA (Hons) Psych, Dip.Clin.Hyp	20 Years	Board Risk Committee Chair, Board Audit Committee Member

The name of the Company Secretary in office at the end of the year is:

NAME	QUALIFICATIONS	EXPERIENCE
John Kavalieros	MBA, DipFS, AIM	29 Years

The Credit Union's *Associate Directorship* programme allows prospective Directors to gain experience and understanding of Board membership prior to possible future nomination as full Directors on the Board. The names of *Associate Directors* during or since the end of the year are:

NAME	QUALIFICATIONS	EXPERIENCE
Lindy Gerke	BSc	2 Years

DIRECTORS' MEETING ATTENDANCE

The number of meetings held and attended by Directors of the Board are as follows:

DIRECTOR	BOARD		BOARD AUDIT COMMITTEE		BOARD RISK COMMITTEE		BOARD REMUNERATION COMMITTEE		BOARD SUSTAINABILITY COMMITTEE	
	Meetings Eligible	Meetings Attended	Meetings Eligible	Meetings Attended	Meetings Eligible	Meetings Attended	Meetings Eligible	Meetings Attended	Meetings Eligible	Meetings Attended
Clement Siu	12	11	6	5	5	5	1	1	-	-
Michael Collier	12	7	-	-	1	1	1	1	-	-
Jacqui McDonald	12	10	6	4	5	4	1	1	-	-
Sharlyn Ho	12	8	6	6	-	-	1	1	1	1
Robert Picone	12	12	-	-	5	5	1	1	-	-
Chris Goudanas	1	1	-	-	-	-	-	-	-	-
Patricia Barber	1	1	-	-	-	-	-	-	-	-
Vincent E. Taranto	12	8	-	-	-	-	1	1	1	1
Meredyth-Ann Williams	10	7	4	3	4	2	1	0	-	-

All directors requested and were granted leave for meetings they were unable to attend.

DIRECTORS' BENEFITS

No Director has received or become entitled to receive during, or since the end of the financial year, a benefit because of a contract made by the Credit Union, or a controlled entity, or a related body corporate with a Director, a firm of which a Director is a Member or a Credit Union in which a Director has a substantial financial interest, other than that disclosed in Note 31 of the financial report.

INDEMNIFYING OFFICER OR AUDITOR

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

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

PRINCIPAL ACTIVITIES

The principal activities of the Credit Union during the year were the provision of retail financial services to Members. This includes the provision of retail financial services to members in the form of taking deposits and giving financial loans to members as governed by the Constitution. No significant changes in the nature of these activities occurred during the year.

OPERATING RESULTS

The net profit of the Credit Union for the year after providing for income tax was \$229,087 (2024: \$157,534).

DIVIDENDS

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

REVIEW OF OPERATIONS

The results of the Credit Union's operations from its activities of providing financial services to its Members did not change significantly from those of the previous year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

EVENTS OCCURRING AFTER THE END OF THE REPORTING DATE

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

LIKELY DEVELOPMENTS, BUSINESS STRATEGIES AND PROSPECTS

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

- 1 The operations of the Credit Union;
- 2 The results of those operations; or
- 3 The state of affairs of the Credit Union

in the financial years subsequent to this financial year.

The Credit Union will continue to develop its product and services offerings and to develop processes and systems necessary to support the delivery of its products and services. Further details can be found in the Chair and CEO reports.

ENVIRONMENTAL LEGISLATION

Transport Mutual Credit Union's operations are not subject to any particular or significant environmental regulations under a law of the Commonwealth or of a State or Territory in Australia.

AUDITOR'S INDEPENDENCE

The auditors have provided the declaration of independence to the Board as prescribed by s307 of the Corporations Act 2001 as set out on page 10.

ROUNDING

The Credit Union is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

THIS REPORT IS MADE IN ACCORDANCE WITH A RESOLUTION OF THE BOARD OF DIRECTORS AND IS SIGNED FOR AND ON BEHALF OF THE DIRECTORS BY:



Clement Siu
CHAIR



Sharlyn Ho
BOARD AUDIT COMMITTEE CHAIR

SIGNED AND DATED THIS 26TH DAY OF SEPTEMBER 2025

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Transport Mutual Credit Union Limited ('the Company') is a public company limited by guarantee.

The Company does not have any controlled entities and is therefore not required by the Australian Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A)(a) of the Corporations Act 2001 does not apply to the Company.

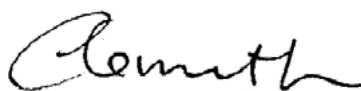
DIRECTORS' DECLARATION

In the opinion of the Directors of Transport Mutual Credit Union Limited:

- a. The financial statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Member Equity, and accompanying notes, are in accordance with the Corporations Act 2001, including:
 - i Giving a true and fair view of the company's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and
 - ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b. There are reasonable grounds to believe that Transport Mutual Credit Union Limited will be able to pay its debts as and when they become due and payable; and
- c. The information disclosed in the consolidated entity disclosure statement is true and correct.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS:

On behalf of the Directors.



Clement Siu
CHAIR



Sharlyn Ho
BOARD AUDIT COMMITTEE CHAIR

SIGNED AND DATED THIS 26TH DAY OF SEPTEMBER 2025

Auditor Independence Declaration Under S307C of the *Corporations Act 2001* to the Directors of Transport Mutual Credit Union Limited

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

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



CROWE AUDIT AUSTRALIA



BRADLEY D BOHUN
Partner

29th September 2025
Albury

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

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Transport Mutual Credit Union Limited

Independent Auditor's Report to the Members of Transport Mutual Credit Union Limited

Opinion

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

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

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

Basis for Opinion

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

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

Other Information

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

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



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

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

Responsibilities of the Directors for the Financial Report

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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



CROWE AUDIT AUSTRALIA



BRADLEY D BOHUN
Partner

29th September 2025
Albury

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Interest income	3.a	5,648,090	5,905,920
Interest expense	3.c	(2,493,506)	(2,987,569)
Net interest income		<u>3,154,584</u>	<u>2,918,351</u>
Fees and commissions and other income	3.b	<u>212,275</u>	<u>212,404</u>
		<u>3,366,859</u>	<u>3,130,755</u>
Less:			
Non-interest expenses			
Impairment losses on loans receivable from Members	3.d	(46,196)	(31,264)
Fee and commission expenses		(183,068)	(196,796)
General administration			
- Employees compensation and benefits		(768,016)	(970,312)
- Depreciation and amortisation	3.e	(349,908)	(243,829)
- Information technology		(926,973)	(804,077)
- Other administration		(275,131)	(278,370)
Other operating expenses		<u>(529,159)</u>	<u>(399,442)</u>
Total non-interest expenses		<u>(3,078,451)</u>	<u>(2,924,090)</u>
Profit before income tax		288,408	206,665
Income tax expense	4	(59,321)	(49,131)
Profit after income tax		<u>229,087</u>	<u>157,534</u>
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets held at FVOCI, net of tax		<u>260,665</u>	<u>99,042</u>
Total other comprehensive income		<u>260,665</u>	<u>99,042</u>
Total comprehensive income for the period		<u>489,752</u>	<u>256,576</u>

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

Statement of Financial Position

As at 30 June 2025

	Note	2025 \$	2024 \$
ASSETS			
Cash and cash equivalents	5	10,044,945	14,468,292
Receivables	6	181,905	255,635
Investment securities			
- at amortised cost	7	4,469,731	5,464,639
- at fair value through OCI	7	844,617	514,350
Loans to Members	8	87,170,554	83,889,024
Property, plant and equipment	10	2,928,307	2,391,180
Intangible assets	12	844,039	982,272
Deferred tax assets	11	11,040	18,357
TOTAL ASSETS		106,495,138	107,983,749
LIABILITIES			
Deposits from Members	14	92,906,814	96,023,399
Payables to other financial institutions	13	1,000,000	-
Creditor accruals and settlement accounts	15	1,089,106	1,053,663
Current tax liabilities	16	(19,186)	(30,460)
Deferred tax liabilities	17	169,622	100,019
Employee benefits	18	195,352	173,450
TOTAL LIABILITIES		95,341,708	97,320,071
NET ASSETS		11,153,430	10,663,678
MEMBERS' EQUITY			
Capital reserve account	19	-	44,140
FVOCI reserve	22	548,382	287,717
Asset revaluation reserve	21	305,151	305,151
General reserve for credit losses	20	400,000	400,000
Retained earnings		9,899,897	9,626,670
TOTAL MEMBERS' EQUITY		11,153,430	10,663,678

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

Statement of Changes in Member Equity

For the year ended 30 June 2025

	Capital Reserve	Retained Earnings	Reserve For Credit Losses	FVOCI Reserve	Asset Revaluation Reserve	Total Equity
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2023	42,250	9,471,026	400,000	176,420	317,406	10,407,102
Total net profit for the year	-	157,534	-	-	-	157,534
Other comprehensive income for the year	-	-	-	111,297	(12,255)	99,042
Sub – total	42,250	9,628,560	400,000	287,717	305,151	10,663,678
Transfers to (from) reserves						
Transfer to reserve for credit losses in year	1,890	(1,890)	-	-	-	-
Total at 30 June 2024	44,140	9,626,670	400,000	287,717	305,151	10,663,678
Balance as at 1 July 2024	44,140	9,626,670	400,000	287,717	305,151	10,663,678
Total net profit for the year	-	229,087	-	-	-	229,087
Other comprehensive income for the year	-	-	-	260,665	-	260,665
Sub – total	44,140	9,855,757	400,000	548,382	305,151	11,153,430
Transfers to (from) reserves						
Transfer to reserve for credit losses in year	(44,140)	44,140	-	-	-	-
Total at 30 June 2025	-	9,899,897	400,000	548,382	305,151	11,153,430

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

Statement of Cash Flows

For the year ended 30 June 2025

	Note	2025 \$	2024 \$
OPERATING ACTIVITIES			
Interest received		5,735,561	5,875,874
Fees and commissions		178,011	189,708
Dividends received		7,937	22,378
Interest paid		(2,415,118)	(2,724,761)
Suppliers and employees		(2,659,286)	(2,720,832)
Income taxes (paid)/refunded		(40,730)	(103,141)
Net cash from revenue activities	34.b	806,375	539,226
Inflows from other operating activities			
Net increase/(decrease) in Member deposits		(3,188,918)	2,750,698
Net (increase)/decrease in Member loans		(3,286,912)	6,757,898
Net (decrease)/increase in receivables from other financial institutions		1,994,909	(4,534,628)
Net cash from/ (used in) operating activities		(4,480,921)	5,513,194
INVESTING ACTIVITIES			
Outflows			
Purchase of fixed and intangible assets		(748,801)	(668,771)
Net cash used in investing activities		(748,801)	(668,771)
FINANCING ACTIVITIES			
Inflows/ (outflows) from financing activities			
Increase/ (decrease) in borrowings		-	(2,295,834)
Net cash from/ (used in) financing activities		-	(2,295,834)
Total net cash increase		(4,423,347)	2,548,589
Cash at beginning of year		14,468,292	11,919,703
Cash at end of year	34.a	10,044,945	14,468,292

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

Notes to the Financial Statements

For the year ended 30 June 2025

1 Basis of preparation

a. Nature of operations

The principal activities of Transport Mutual Credit Union Limited ('the Credit Union') include the provision of retail financial services to members in the form of taking deposits and giving financial loans to members.

b. General information and statement of compliance

This financial report is prepared for the Credit Union for the year ended 30th June 2025. The general purpose financial statements of the Credit Union have been prepared in accordance with the requirements of the Corporations Act 2001, the Australian Accounting Standards and with other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards ('IFRS's) as issued by the International Accounting Standards Board ('IASB'). Transport Mutual Credit Union Limited is a for-profit entity for the purpose of preparing the financial statements.

Transport Mutual Credit Union Limited is a public company incorporated and domiciled in Australia.

The report was authorised for issue on 26th September 2025 in accordance with a resolution of the Board of Directors. The financial report is presented in Australian dollars.

c. Basis of measurement

The financial statements have been prepared on an accruals basis, and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

The accounting policies are consistent with the prior year unless otherwise stated.

d. Changes in material accounting policies

Adoption of new and revised accounting standards

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

2 Summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes below.

a. Classification and measurement of financial assets

Recognition and measurement

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

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- equity fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

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

Amortised cost

Financial assets are classified at amortised cost when they are held within a business model to solely collect contractual cash flows and the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest (SPPI). Amortised cost is calculated by taking into account any discount or premium on the issue of the asset and costs that are an integral part of the effective interest rate. Gains and losses are recognised in the income statement when the financial assets are derecognised or impaired.

Equity instruments at FVOCI

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. This equity security represents investment that the Credit Union intends to hold long term for strategic purposes. 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 entities.

b. Classification and measurement of financial liabilities

The Credit Union's financial liabilities include borrowings, Members deposits and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Credit Union has designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within interest expense, or non- interest expenses.

c. Loans and advances

Recognition and measurement

Loans and advances are initially measured at fair value plus incremental direct transaction costs attributable to the origination of the loan or advance, which are primarily brokerage and origination fees. These costs are amortised over the useful life of the loan and subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

Impairment of financial assets

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

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

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

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

Measurement of ECL

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

- *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Credit Union in accordance with the contract and the cash flows that the Credit Union expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Credit Union if the commitment is drawn down and the cash flows that the Credit Union expects to receive; and
- *financial guarantee contracts:* the expected payments to reimburse the holder less any amounts that the Credit Union expects to recover.

Note 24 details the credit risk management approach for loans.

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.

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.

d. Interest income and other income

Interest income

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

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

Loan origination fees and discounts - Loan establishment fees and discounts are initially deferred as part of the loan balance and are brought to account as income over the expected life of the loan as interest revenue, with the exception of Green Loan establishment fees that are recognised on the income statement immediately.

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

Revenue

Revenue represents revenue from contracts with customers, where the Credit Union has provided services to a customer in exchange for consideration that is not the provision of a lease, an insurance product, or a financial instrument.

Fees on loans - The fees charged on loans after origination of the loan are recognised as revenue over time when the service is provided.

The Credit Union's performance obligation is to provide ongoing services related to account maintenance, a service from which the customer benefits as the service is provided and is recognised over-time. Due to the nature of the services, they are recognised as a series of services comprising a single performance obligation. Where fees are discounted due to other relationships, the fees are estimated and recognised as a contract liability measured at the estimated value of the promised services, based on their relative stand-alone selling price and estimated period of delivery.

Net gains and losses

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

e. Property, plant and equipment

Land is recognised at fair value and revalued every 3 years. Buildings are measured at fair value less accumulated depreciation. Property, plant and equipment, with the exception of freehold land, are depreciated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to the Credit Union. The useful lives are adjusted if appropriate at each reporting date. The carrying value of land and buildings is reviewed annually and if the fair value of a revalued asset differs materially from its carrying amount, it is revalued. Estimated useful lives as at the reporting date are as follows:

- Buildings - 40 years
- Plant and equipment - 3 to 7 years
- Assets less than \$300 are not capitalised
- Land is not depreciated.

f. Provision for employee benefits

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

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 high quality 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.

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

Contributions are made by the Credit Union to an employee's preferred choice of compliant superannuation fund and are charged to the income statement as incurred.

g. Income tax

The income tax expense shown in profit or loss is based on the profit before income tax adjusted for any non-deductible, or non-assessable items between accounting profit and taxable income. Deferred tax assets and liabilities are recognised using the statement of financial position 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 an income tax benefit to be obtained.

h. Goods and services tax (GST)

As a financial institution the Credit Union is input taxed on all income except for income from commissions and some fees. An input taxed supply is not subject to GST collection, and similarly the GST paid on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases are 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.

i. Cash and cash equivalents

Cash comprises at call deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. Cash equivalents have a short maturity of three months or less from the date of acquisition.

j. Intangible assets

Expenditure on the research phase of projects to develop new customised software for IT and telecommunication systems is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Credit Union intends to and has sufficient resources to complete the project
- the Credit Union has the ability to use or sell the software; and
- the software will generate probable future economic benefits

Development costs not meeting these criteria for capitalisation are expensed as incurred. Employee directly attributable costs include software incurred costs for development along with an appropriate portion of relevant overheads and borrowing costs.

Subsequent measurement

All intangible assets, including software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described below. The following useful lives are applied:

- Software: 3-5 years

k. Accounting estimates and judgements

Valuation of land and buildings

Management has made critical accounting estimates when applying the Credit Union's accounting policies with respect to the valuation of land and buildings. In accordance with AASB 13 fair value for land should be based on highest and best use. Management has considered a number of factors including physical characteristic e.g. location or size, any legal restriction e.g. zoning and financial feasibility, recent sales evidence for comparable properties, and overall market conditions.

Expected credit loss provision

The Credit Union uses various models and assumptions in measuring fair value of financial assets. (e.g. Cuscal Shares). Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of price risk and factors such as sales evidence, dividend history, price earning multiple and overall market conditions.

Management has made critical accounting estimates when applying the Credit Union's accounting policies with respect to the measurement of expected credit loss (ECL) allowance – refer Note 9. Key areas of judgement to be considered under the standard include:

- Recognition of credit losses based on "Stage 1" 12 month expected losses and "Stage 2", and "Stage 3" lifetime expected credit losses.
- Determining criteria for significant increase in credit risk: An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Credit Union takes into account qualitative and quantitative reasonable and supportable forward-looking information.
- Choosing appropriate models and assumptions for the measurement of ECL.
Financial instruments are grouped on the basis of shared risk characteristics.

	2025	2024
	\$	\$
3. Statement of profit or loss and other comprehensive income		
a. Analysis of interest income		
Interest revenue on assets carried at amortised cost		
Cash – deposits at call	389,571	428,883
Receivables from financial institutions	425,200	574,979
Loans to Members	4,833,319	4,902,058
Total interest revenue	<u>5,648,090</u>	<u>5,905,920</u>
b. Fee, commission and other income		
Fee and commission revenue		
Other fee income for service provided at point in time	157,793	168,937
Other commissions	20,218	20,772
Total fee and commission revenue	<u>178,011</u>	<u>189,709</u>
Other income		
Dividends received on held at fair value equity assets	26,327	22,378
Gain/(loss) on disposal of assets	7,937	-
Miscellaneous income	-	317
Total other income	<u>34,264</u>	<u>22,695</u>
	<u>212,275</u>	<u>212,404</u>
Total fee, commission and other income		
c. Interest expenses		
Deposits from other financial institutions	6,496	281,369
Deposits from Members	2,482,764	2,687,725
Short term borrowings	4,246	18,475
Total interest expense	<u>2,493,506</u>	<u>2,987,569</u>
d. Impairment losses		
Loans and advances		
Increase/(decrease) in provision for impairment	9,610	(784)
Bad debts written off against provision	36,586	32,408
Total impairment losses	<u>46,196</u>	<u>31,264</u>

	2025	2024
	\$	\$
3. Statement of profit or loss and other comprehensive income continued		
e. Other prescribed disclosures		
General administration – Depreciation and amortisation expense		
Buildings	64,604	64,604
Plant and equipment	60,460	46,704
Software	224,844	132,521
	<u>349,908</u>	<u>243,829</u>
f. General administration - Auditor's remuneration (excl. GST)		
Audit fees	58,900	55,550
Other regulatory services	13,500	12,650
	<u>72,400</u>	<u>68,200</u>
4. Income tax expense		
The prima facie tax payable on profit is reconciled to the income tax expense in the accounts as follows:		
Profit before tax	<u>288,408</u>	<u>206,665</u>
Prima facie tax payable on profit before income tax at 25%	72,102	51,667
Add tax effect of amounts not deductible/(taxable)		
Franking credit uplift	2,821	2,360
Tax offset for franked dividends	(11,283)	4,544
- Adjustments for current tax of prior periods	(4,319)	(9,440)
- Total income tax expense in income statement	<u>59,321</u>	<u>49,131</u>
5. Cash and cash equivalents		
Deposits at call	10,044,945	14,468,292
	<u>10,044,945</u>	<u>14,468,292</u>

	2025 \$	2024 \$
6. Receivables		
Interest receivable on deposits with other financial institutions	44,088	104,301
Prepayments	79,970	127,513
Sundry debtors and settlement accounts	57,847	23,821
	<u>181,905</u>	<u>255,635</u>
7. Investment securities		
Investment securities at amortised cost		
Term deposits with Banks	2,969,731	2,964,639
Floating Rate Notes	1,500,000	2,500,000
	<u>4,469,731</u>	<u>5,464,639</u>
Equity investment securities designated as FVOCI		
Cuscal Limited*	831,384	501,602
Experteq*	13,233	12,748
	<u>844,617</u>	<u>514,350</u>
Total investment securities	<u>5,314,348</u>	<u>5,978,989</u>

*** Cuscal Limited**

This Company supplies services to its member organisations which include Credit Unions and Mutual Banks. The shares are able to be traded on the open market since being listed on the Australian Stock Exchange from 25th November 2024.

Management assesses the fair value of Cuscal Limited shares based on the quoted market price on the Australian Securities Exchange (ASX) at the reporting date.

*** Experteq**

This Company supplies computer bureau services to the Credit Union.

	2025 \$	2024 \$
8. Loans to Members		
a. Amount due comprises:		
Overdrafts and revolving credit	92,072	78,290
Term loans	87,281,906	84,008,777
Subtotal	87,373,978	84,087,067
Less:		
Unamortised loan origination fees	(22,827)	(21,897)
Subtotal	87,351,151	84,065,170
Less: Provision for impaired loans	(180,597)	(176,146)
	87,170,554	83,889,024
b. Credit quality - Security held against loans		
Secured by mortgage over real estate	72,233,039	66,748,627
Partly secured by goods mortgage	3,615,640	4,320,926
Wholly unsecured	11,525,299	13,017,514
	87,373,978	84,087,067

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

Security held as mortgage against real estate is on the basis of:		
– Loan to valuation ratio of less than 80%	65,010,135	56,878,146
– Loan to valuation ratio of more than 80% but mortgage insured	3,518,423	4,003,128
– Loan to valuation ratio of more than 80% and not mortgage insured	3,704,481	5,867,353
Total	72,233,039	66,748,627

c. Concentration of loans

The values detailed below include 'statement of financial position' values, and undrawn facilities as described in Note 28.

(i) Loans to Individual or related groups of Members which exceed 10% of total Members' equity	8,152,604	7,752,388
Total	8,152,604	7,752,388

Loans to Members are concentrated to individuals employed in the transport sector in NSW.

(ii) Geographical concentrations		
NSW	62,899,545	60,830,338
Victoria	9,983,459	10,171,164
Queensland	9,193,316	8,459,493
South Australia	1,272,761	672,381
Western Australia	2,208,983	1,984,362
ACT	963,224	1,016,746
Other	852,690	952,583
	87,373,978	84,087,067
(iii) Loans by purpose		
Residential loans and facilities	72,233,039	66,748,627
Personal loans and facilities	15,140,939	17,338,440
	87,373,978	84,087,067

9. Provision on impaired loans

(a) Amounts arising from ECL

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

	Gross Carrying value	ECL Allowance	Carrying value	Gross Carrying value	Provision for impairment	Carrying value
	2025 \$	2025 \$	2025 \$	2024 \$	2024 \$	2024 \$
Loans to Members:						
- Mortgages	72,233,039	-	72,233,039	66,748,627	-	66,748,627
- Personal	15,048,867	180,597	14,868,270	17,260,151	176,146	17,084,005
- Overdrafts	92,072	-	92,072	78,289	-	78,289
Total to natural persons	87,373,978	180,597	87,193,381	84,087,067	176,146	83,910,921
Total	87,373,978	180,597	87,193,381	84,087,067	176,146	83,910,921

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

	Stage 1 12-month ECL 2025 \$	Stage 2 Lifetime ECL 2025 \$	Stage 3 Lifetime ECL 2025 \$	Total 2025 \$
Loans to Members:				
- Mortgages	-	-	-	-
- Personal	36,953	-	143,644	180,597
- Overdrafts	-	-	-	-
Carrying amount	36,953	-	143,644	180,597

9. Provision on impaired loans continued

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

	Stage 1 12-month ECL 2025 \$	Stage 2 Lifetime ECL 2025 \$	Stage 3 Lifetime ECL 2025 \$	Purchased credit impaired 2025 \$	Total 2025 \$
Loans to Members					
Balance at 1 July 2024	42,112	-	134,034	-	176,146
Changes in the loss allowance					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	(16,400)	-	16,400	-	-
- Net movement due to change in credit risk	11,241	-	23,900	-	35,141
- Write-offs	-	-	(30,690)	-	(30,690)
Balance at 30 June 2025	36,953	-	143,644	-	180,597

Key assumptions in determining the ECL

Measurement of ECL

The key inputs into the measurement of ECL include the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters are generally derived from internal analysis, management judgements and other historical data. They are adjusted to reflect forward-looking information as described below.

Stage 1 of the impairment model is calculated using the inputs as follows:

PD estimates are calculated based on arrears over 90 days and other loans and facilities where the likelihood of future payments is low. The definition of default is consistent with the definition of default used for internal credit risk management and regulatory reporting purposes. Instruments which are 90 days past due are generally considered to be in default.

LGD is the magnitude of the likely loss if there is a default. The Credit Union estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD percentage applied considers the structure of the loan, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by residential property, Loan to Value Ratios (LVR) are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

9. Provision on impaired loans continued

EAD represents the expected exposure in the event of a default. The Credit Union derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and future expectations.

The Credit Union has elected to calculate the impairment model by reviewing all loans 30+ days in arrears to determine the expected credit loss. Where no repayments have been received, a provision has been included for unsecured loans. No provision has been included for secured loans.

(a) Significant increase in credit risk

The Credit Union is not required to develop an extensive list of factors in defining a 'significant increase in credit risk'. In assessing significant increases in credit risk where a loan or class of loans must move to Stage 2 the following factors have been considered in the Credit Union's current model:

- Loans more than 30 days past due
- Loans with approved hardship or modified terms

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Credit Union considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Credit Union's historical experience and expert judgement, relevant external factors and including forward-looking information.

The Credit Union presumes that the credit risk on a financial asset has increased significantly since initial recognition when the exposure is more than 30 days past due unless the Credit Union has reasonable and supportable information that demonstrates otherwise.

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 expected credit losses for each portfolio segment. Given the lack of loss experience by the Credit Union and across the wider industry, more emphasis has been applied to the historical data available as opposed to forward looking information. 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 an impact and therefore adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis. 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.

Stage 3 of the impairment model will be assessed on an individual basis based on the provisioning requirement in APS 220.

	2025 \$	2024 \$
10. Property, plant and equipment		
a. Property – at fair value		
Less: Provision for depreciation	2,070,339	2,070,339
	(391,201)	(326,598)
Total property	1,679,138	1,743,741
 Plant and equipment - at cost	 238,826	 276,699
Less: Provision for depreciation	(129,914)	(179,260)
Total plant and equipment	108,912	97,439
 Land – at fair value	 550,000	 550,000
 Capital – work in progress	 590,257	 -
 Total property, plant and equipment	 2,928,307	 2,391,180

b. Movement in the assets balances during the year were:

2025					2024				
Property	Plant & equipment	Land	Capital - work in progress	Total	Property	Plant & equipment	Land	Capital - work in progress	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1,743,741	97,439	550,000	-	2,391,180	1,808,345	81,308	550,000	-	2,439,653
-	-	-	-	-	-	-	-	-	-
-	90,998	-	590,257	681,255	-	62,834	-	-	62,834
-	(19,065)	-	-	(19,065)	-	-	-	-	-
(64,603)	(60,460)	-	-	(125,063)	(64,604)	(46,703)	-	-	(111,307)
1,679,138	108,912	550,000	590,257	2,928,307	1,743,741	97,439	550,000	-	2,391,180

c. Measuring property and buildings at fair value

The fair value of the Credit Union's land and buildings is estimated based on appraisals performed by independent, professionally qualified property valuers as at 27 March 2023. The Directors assessed the fair value of the land and buildings with comparable sales in June 2025. The Credit Union noted the assessment did not warrant any revaluation adjustments due to its immaterial impact. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and Audit Committee at each reporting date.

The directors determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

	2025 \$	2024 \$
11. Deferred taxation assets		
Deferred tax assets	<u>11,040</u>	<u>18,357</u>

Deferred tax assets comprise:

- Accrued expenses not deductible until incurred	6,968	3,583
- Provisions for impairment on loans	35,911	33,509
- Provisions for employee benefits	48,838	43,363
- Depreciation on fixed assets	(95,622)	(78,100)
- Deferred loan fees	5,707	5,474
- Allowance for expected credit losses	9,238	10,528
	<u>11,040</u>	<u>18,357</u>

12. Intangible assets

a. Software

Software	1,444,527	1,381,969
Less: Provision for amortisation	<u>(600,488)</u>	<u>(399,697)</u>
	<u>844,039</u>	<u>982,272</u>

b. Movement in the assets balances during the year were:

	2025		2024	
	Software	Total	Software	Total
	\$	\$	\$	\$
Opening balance	982,272	982,272	508,856	508,856
Purchases	86,611	86,611	605,937	605,937
Amortisation charge	(224,844)	(224,844)	(132,521)	(132,521)
Balance at the end of the year	844,039	844,039	982,272	982,272

	2025 \$	2024 \$
13. Payables to other financial institutions	1,000,000	
Corporate Deposits	1,000,000	-

Corporate deposits represent payables to other financial institutions on term deposits which range from 2 to 12 months. These are not secured.

14. Deposits from Members

Member deposits		
- At call	40,993,680	45,539,422
- Term	51,853,254	50,424,637
Member withdrawable shares	59,880	59,340
	92,906,814	96,023,399

There were no defaults on interest and capital payments on these liabilities in the current or prior year.

Concentration of Member deposits

(i) Significant individual Member deposits which in aggregate represent more than 10% of the total liabilities:	-	-
(ii) Geographical concentrations		
NSW	84,465,196	88,899,373
Victoria	3,341,386	2,666,053
Queensland	2,744,889	1,958,938
South Australia	537,178	8,748
Western Australia	208,904	339,093
ACT	240,259	258,030
Tasmania	1,314,858	1,349,914
Northern Territory	3,691	3,829
Other	50,453	539,421
Total per statement of financial position	92,906,814	96,023,399

15. Creditor accruals and settlement accounts

Creditors and accruals	27,868	32,507
Interest payable on deposits	871,310	792,922
Sundry creditors & settlement accounts	189,927	228,234
	1,089,105	1,053,663

16. Taxation assets and liabilities

Current income tax (receivable)	(19,186)	(30,460)
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17. Deferred tax liabilities

	2025 \$	2024 \$
Deferred tax liabilities	<u>169,622</u>	<u>100,019</u>
Deferred income tax liability comprises:		
- Tax due on assets held at fair value investments held in equity	114,275	44,672
- Tax due on building and land held at fair value	<u>55,347</u>	<u>55,347</u>
	<u>169,622</u>	<u>100,019</u>

18. Employee Benefits

Current		
Long service leave	109,110	99,954
Annual leave	<u>85,019</u>	<u>72,741</u>
	<u>194,129</u>	<u>172,695</u>
Non-current		
Long service leave	<u>1,223</u>	<u>755</u>
	<u>1,223</u>	<u>755</u>
	<u>195,352</u>	<u>173,450</u>

19. Capital reserve account

Balance at the beginning of the year	44,140	42,250
Transfer from retained earnings on share redemptions	<u>(44,140)</u>	<u>1,890</u>
Balance at the end of year	<u>-</u>	<u>44,140</u>

Share redemption

During the reporting period, Regulatory Guide 68 which required member shares balance to be held in a separate reserve was repealed. As a result, the Credit Union has transferred the balance to retained earnings.

20. General reserve for credit losses

General reserve for credit losses	<u>400,000</u>	<u>400,000</u>
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A general reserve for credit losses covers potential future loan defaults and expected losses that cannot yet be specifically identified.

21. Asset revaluation reserve

Balance at the beginning of the year	305,151	317,406
Less: deferred tax thereon	<u>-</u>	<u>(12,255)</u>
Balance at the end of the year	<u>305,151</u>	<u>305,151</u>

22. FVOCI reserve

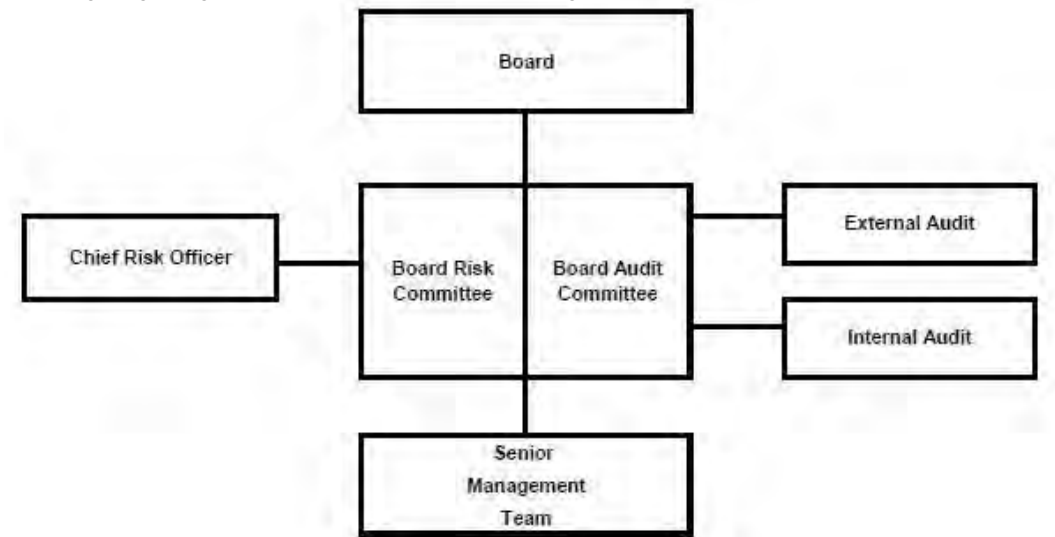
Balance at the beginning of the year	287,717	176,420
Add: Increase on revaluation of investment	330,268	111,297
Less: deferred tax thereon	<u>(69,603)</u>	<u>-</u>
Balance at the end of the year	<u>548,382</u>	<u>287,717</u>

The Credit Union has elected to recognise changes in fair value of certain investments in equity securities in Other Comprehensive Income. These changes are accumulated within the FVOCI reserve within equity. The Credit Union transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

23. Financial risk management objectives and policies Introduction

The Board has endorsed a policy of compliance and risk management to suit the risk profile of the Credit Union and to comply with APRA's risk management standards. The Credit Union's risk management framework focuses on the major areas of market risk, strategic risk, capital risk, liquidity risk, credit risk and operational risk. Authority flows from the Board of Directors to the Board Audit Committee (BAC) and Board Risk Committee (BRC) which is integral to the management of risk.

The following diagram gives an overview of the risk management structure:



The main elements of risk governance are as follows:

Board: This is the primary governing body. It approves the level of risk to which the Credit Union is exposed and the framework for reporting and mitigating those risks. The Board carries out monitoring through monthly review of operational reports, to ensure risk levels are within the parameters set by the Board. It also ensures that contingency plans are in place to achieve business continuity in the event of serious disruption to business operations. The Board is held accountable for risk governance by APRA.

Senior Management: Senior Management is responsible for management of the Credit Union's compliance frameworks in accordance with Board approved criteria and policy and is responsible for implementation of the Board approved risk management strategy, as well as developing policies, controls, processes and procedures for identifying and managing risks in all of the Credit Union's activities.

Board Audit Committee (BAC): The BAC is charged with providing the Board with reports designed to give an independent and objective view of the organisation's compliance with its controls that are in place to effectively manage risk. The BAC recommends the appointment of internal and external auditors and assesses auditor performance against annual plans.

Board Risk Committee (BRC): The BRC is charged with assisting the Board to formulate a risk strategy and to nurture an organisation-wide culture of appropriate risk management. In addition, the BRC reviews the effectiveness of the risk management framework and monitors adherence to risk-related policy and procedures. The BRC approves the appointment of the Chief Risk Officer.

Chief Risk Officer (CRO): The CRO is responsible for conducting targeted and random testing of the Board approved risk management framework to ensure the Credit Union meets its risk related policy, legislative and prudential requirements in active support of the Board's risk-based culture. The CRO is responsible for challenging Senior Management around business decisions within the Risk Management Framework compliance testing.

Internal Audit: Internal audit is responsible for implementing controls testing and assessment as required by the BAC to ensure the Credit Union complies with all policy, legislative and prudential requirements.

Key risk management policies encompassed in the overall risk management framework include:-

- Corporate Governance
- Market Risk
- Liquidity management
- Credit risk management
- Operations risk management
- Information Security risk management
- Capital management including ICAAP
- Business Continuity Planning
- Recovery and Exit Planning
- Pandemic Planning
- Fraud Risk Management
- Whistleblowing
- Complaints and Dispute Resolution

The Credit Union has undertaken the following strategies to minimise the risks arising from financial instruments.

a. Market risk

The Credit Union aims to manage and control market risk exposures in order to optimise risk and return. 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 risk. The Credit Union does not trade in the financial instruments it holds on its books. The Credit Union is exposed only to interest rate risk arising from changes in market interest rates. Day-to-day management of market risk is the responsibility of Senior Management, with monthly and quarterly reporting going to the Board.

Interest rate risk

Interest rate risk is the risk of variability of the fair value or future cash flows arising from financial instruments due to changes in interest rates. This Credit Union does not have a treasury operation and does not trade in financial instruments.

Interest rate risk in the banking book

The Credit Union is exposed to interest rate risk in its Banking book due to mismatches between the repricing dates of assets and liabilities.

The interest rate risk on the Banking book is measured daily, reported to senior management weekly, and to the Board.

In the banking book the most common risk the Credit Union faces arises from fixed rate assets and liabilities. This exposes the Credit Union to the risk of sensitivity should interest rates change.

The level of mismatch on the banking book is set out in Note 26 which displays the period that each asset and liability will reprice as at the reporting date.

Method of managing risk

The Credit Union manages its interest rate risk through the use of interest rate sensitivity analysis, the detail and assumptions used are set out below. The Credit Union's exposure to market risk is measured and monitored using interest rate sensitivity models.

The policy of the Credit Union to manage this risk is to maintain a balanced strategy by ensuring the net interest rate gap between assets and liabilities is not excessive. The measured gap resulting from a 1% and a 2% change in interest rates is reported to the Board monthly and is subject to approved limits. The gap identifies any large repricing exposure to interest rate movement, which the Credit Union can then reduce to acceptable levels through targeted fixed rate interest investment and loan products.

Based on the calculations as at 30th June 2025 the decrease in net income for a 1% increase in interest rates would be \$124,513 (2024: (\$136,525)). This means the Credit Union is less exposed to interest rate risk than it was in 2024.

- The method used in determining the sensitivity is to evaluate the profit based on the timing of the interest repricing on the banking book of the Credit Union for the next 12 months. In doing the calculation the assumptions applied were that the interest rate change would be applied equally to the loan products and term deposits;
- the rate change would be as at the beginning of the 12-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 the term maturity, or be replaced by deposits with similar terms and rates applicable;
- savings deposits would reprice in less than 30 days;
- fixed rate loans would all reprice to the new interest rate at the contracted date;
- variable loans would reprice between 31 and 90 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.

There has been no change to the way the Credit Union manages and measures market risk in the reporting period.

b. Liquidity risk

Liquidity risk is the risk that the Credit Union may encounter difficulty 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 Management maintains adequate cash reserves and committed credit facilities so as to meet Member withdrawal demands.

The Credit Union manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer term forecasted 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.

TMCU 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, TMCU can access emergency liquidity funding via CUFSS drawing upon its available member-contributed funding pool (currently totaling in excess of \$900 million), 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 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 a minimum 12% and the ratio is checked daily. Should the liquidity ratio fall below 13%, Management and Board are to address the matter and ensure that funds are obtained from new deposits, or borrowing facilities.

The maturity profile of the financial assets and financial liabilities, based on the contractual repayment terms are set out in the specific Note 26. The ratio of liquid funds over the past year is set out below:

Liquid funds to total adjusted liabilities	2025	2024
As at 30 th June	14.55%	20.13%
Average for the year	18.55%	21.39%
Minimum during the year	14.55%	18.11%
Liquid funds to Member Deposits		
As at 30 th June	15.47%	20.77%

c. Credit risk

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.

Credit risk – loans

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

	2025		
Loans	Carrying value	Commitments	Max exposure
	\$	\$	\$
Mortgage	72,233,039	9,540,370	81,773,409
Personal	15,048,867	1,824,137	16,873,004
Overdrafts	92,072	64,112	156,184
Total to natural persons	87,373,978	11,428,619	98,802,597

	2024		
Loans	Carrying value	Commitments	Max exposure
	\$	\$	\$
Mortgage	66,748,627	7,414,515	74,163,142
Personal	17,260,150	1,943,971	19,204,121
Overdrafts	78,290	48,806	127,096
Total to natural persons	84,087,067	9,407,292	93,494,359

Carrying value is the gross value on the statement of financial position before any impairment of loans. Maximum exposure is the value on the statement of financial position plus the undrawn facilities (loans approved not advanced; redraw facilities; line of credit facilities; overdraft facilities; credit cards limits). The details are shown in Note 29.

All loans and facilities are within Australia. Concentrations are described in Note 8.

The method of managing credit risk is by way of strict adherence to the credit assessment policies before the loans 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 and compliant with TMCUs responsible lending obligations to ensure that loans are only made to Members that are 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;
- 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;
- Review of compliance with the above policies;

A regular review of compliance is conducted as part of the internal and external 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 loans is regarded as *impaired*, unless other factors indicate the impairment should be recognised sooner.

Weekly reports monitor the loan repayments to detect delays in repayments and recovery action is undertaken after 7 days. For loans where repayments are doubtful, external consultants are engaged to conduct recovery action once the loan is over 90 days in arrears. The exposures to losses arise predominantly in the 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 impairment loss, based on the net present value of future anticipated cash flows, is recognised in profit or loss. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral.

Statement of financial position provisions are maintained at a level that management deems sufficient to absorb probable incurred losses in the Credit Union's loan portfolio from homogenous portfolios of assets and individually identified loans.

A provision for incurred losses 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. Specific loans and portfolios of assets are provided against depending on a number of factors including changes in a counterparty's industry, regional economic factors and technological developments, as well as identified structural weaknesses or deterioration in cash flows.

Past due value is the 'on statement of financial position' loan balances which are past due by 90 days or more. The ECL allowance relates to the loans to Members. Details are as set out in Note 9.

Bad debts

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

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

A reconciliation in movement of both past due and impaired exposure provision is provided in Note 9.

Collateral securing loans

The majority of the portfolio of the loan book is secured on residential property in Australia, primarily in New South Wales. Therefore, the Credit Union is exposed to risks in the increase of the Loan to Value (LVR) ratio should the property market be subject to a decline in NSW.

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

The Board policy is to maintain at least 70%-85% of the loans in well secured residential mortgages which carry an 80% loan to valuation ratio or less. Note 8 describes the nature and extent of the security held against the loans held as at the reporting date.

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 per cent) a large exposure is considered to exist. No additional capital is required to be held against these but APRA must be consulted. 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 8. Concentration exposures to counterparties are closely monitored on a monthly basis and reviews being prepared for all exposures over 5% of the capital base.

Concentration risk – industry

The Credit Union has a concentration in retail lending to Members, who are employed in the transport sector in NSW. This concentration is considered acceptable on the basis that the Credit Union was formed to service these Members, and the employment concentration is not exclusive. Recent green initiatives has brought a non-transport customer demographic to the Credit Union. Should Members leave the transport industry the loans continue and other employment opportunities are available to the Members to facilitate the repayment of the loans. The details of the geographical and industry concentrations are set out in Note 8.

Credit risk – liquid investments

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

There is a concentration of credit risk with respect to investment receivables with the placement of investments in Cuscal and/or other ADIs. Credit risk is reduced by having a policy that only allows the Credit Union to invest funds in APRA approved ADIs, and the concentration risk is controlled by policies that limit the exposure to any one ADI at \$2 million for institutions other than Cuscal.

Under the liquidity support scheme at least 3.0% of the total assets must be invested in Cuscal Limited, to allow the scheme to have adequate resources to meet its obligations if needed. All other investment must be with financial institutions with a rating of a minimum of BB minus.

External credit assessment for institution investments

The Credit Union uses the ratings of reputable ratings agencies to assess the credit quality of all investment exposure, where applicable, using the credit quality assessment scale in APRA prudential guidance AGN 112. The credit quality assessment scale within this standard has been complied with.

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

	2025	2024
Investments	Carrying value	Carrying value
Cuscal Deposits – rated A+	10,044,945	14,468,292
Banks and Credit Unions – rated A above	-	-
Banks and Credit Unions – rated below A	4,469,731	5,464,640
Total	14,514,676	19,932,932

d. Fraud

Fraud can arise from Member card PIN's and internet passwords being compromised. The Credit Union has systems in place which are considered to be robust enough to prevent material fraud. However, in common with all retail banking institutions, fraud is potentially a material expense. Fraud is ever evolving and loss has traditionally occurred across the industry from methods including card skimming, internet password theft and false loan applications. TMCU mitigates some fraud risk under its corporate insurance policy and through a system of internal controls overseen by the Board.

e. IT systems

A serious risk would be the failure of the Credit Union's core banking and IT network suppliers, to meet contractual 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 number of Credit Unions. This organisation has the experience in-house to manage short-term problems and has a contingency plan to manage 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 cards, 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.

f. Capital management

The capital levels are prescribed by Australian Prudential Regulation Authority (APRA). Under the APRA prudential standards capital is determined in three components:

- Credit risk
- Market risk (trading book)
- Operations risk.

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

Capital resources

Tier 1 Capital

Tier 1 capital comprises

- Capital Reserve (Member shares)
- Retained profits
- FVOCI Reserve
- Asset Revaluation Reserve.

Tier 2 Capital

Tier 2 Capital consists of capital instruments that combine the features of debt and equity in that they are structured as debt instruments, but exhibit some of the loss absorption and funding flexibility features of equity.

There are a number of criteria that capital instruments must meet for inclusion in Tier 2 capital resources as set down by APRA. Tier 2 capital generally comprises of the General Reserve for Credit Losses.

Capital in the Credit Union is made up as follows:

	2025	2024
Tier 1 Common Equity		
Capital reserve	-	44,140
FVOCI reserve	548,382	287,717
Asset revaluation reserve	305,151	305,151
Retained earnings	9,899,897	9,626,670
	<u>10,753,430</u>	<u>10,263,678</u>
Less: prescribed deductions	<u>(1,592,765)</u>	<u>(1,308,248)</u>
Net Tier 1 Common Equity	<u>9,160,665</u>	<u>8,955,430</u>
Tier 2 Capital		
Tier 2 Capital instruments		
Reserve for credit losses	<u>400,000</u>	<u>400,000</u>
Less prescribed deductions / adjustments	<u>-</u>	<u>-</u>
Net Tier 2 Capital	<u>400,000</u>	<u>400,000</u>
Total Capital	<u>9,560,665</u>	<u>9,810,544</u>

The Credit Union is required to maintain a minimum capital level of 8% as compared to the risk weighted assets at any given time.

The risk weights attached to each asset are based on the weights prescribed by APRA in its Guidance APS 112. The rules apply the risk weights according to the level of underlying security.

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

2025	2024	2023	2022	2021
Basel III	Basel III	Basel III	Basel III	Basel III
18.57%	17.62%	17.39%	18.95%	20.10%

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 if the capital ratio falls below 16%, and to the regulator if the capital ratio falls below 15%.

Capital for Operational Risk

The Credit Union uses the standardised approach which is considered to be most suitable for its business given the small number of distinct transaction streams. The Operational Risk Capital Requirement is calculated by mapping the Credit Union's three year average net interest income and net non-interest income to the Credit Union's various business lines.

Based on this approach, the Credit Union's operational risk requirement is as follows:

- Operational risk capital requirements of \$467,996 (2024: \$482,751).

It is considered that the Standardised approach accurately reflects the Credit Union's operational risk other than for the specific items set out below.

The Credit Union manages its capital level for both current and future activities through the Board Risk Committee. The reports of the Committee are approved by the Board in its capacity as the primary governing body. The capital required for any change in the Credit Union's forecasts for asset growth or unforeseen circumstances is assessed by the Board, and factored into the annual budget. Additionally the Board prepares a capital budget to underpin the Credit Union's strategic and business plans.

In relation to the operational risks, the major measurements for additional capital are recognised by the monitoring and stress testing for :

- Fraud risk - The capital held to cover fraud risks is equal to the higher of our largest loss in the last ten years at \$1,468 (2024: \$4,870).
- Asset impairment – the impact of economic and employment factors on the loan losses, and/or recovery of investments.
- Property value decline – the impact on property values declining and the related exposure to higher capital required to recognise potential losses or risk weight on assets. The Credit Union's approach is to take a 5 per cent capital charge in instances where the LVR exceeds 80 per cent only in instances where the exposure is on an impaired loan in excess of 90 days. This is considered appropriate as it is only in these relatively poor-quality exposures where there is a significant risk that the Credit Union may need to draw on the security held.
- Interest rate risk – measures the impact on capital from changes in interest rates impacting the net interest margin and net surplus.
- Events impacting the additional costs of retention of liquid funds and exercising available liquidity drawdown facilities.

The optional additional capital charge recognised by the Board equates to \$514,796 (2024: \$531,026).

24. Categories of financial instruments

The following information classifies the financial instruments into measurement classes

	Note	2025 \$	2024 \$
Financial assets - carried at amortised cost			
Cash	5	10,044,945	14,468,292
Investment securities	7	4,469,731	5,464,640
Loans to Members	8&9	87,170,554	83,889,024
Receivables	6	181,905	255,635
Total carried at amortised cost		101,867,135	104,077,591
Equity investment in Cuscal and Experteq	7	844,617	514,350
Total carried at FVOCI		844,617	514,350
Total financial assets		102,711,752	104,591,941
Financial liabilities – carried at amortised cost			
Creditors	15	1,004,086	980,921
Deposits from other institutions	13	1,000,000	-
Deposits from Members	14	92,906,814	96,023,399
Total carried at amortised cost		94,910,900	97,004,320
Total financial liabilities		94,910,900	97,004,320

25. Maturity profile of financial assets and liabilities (undiscounted)

Monetary assets and liabilities have differing maturity profiles depending on the contractual term and in the case of loans the repayment amount and frequency. The table below shows the period in which different monetary assets and liabilities held will mature and be eligible for renegotiation or withdrawal. In the case of loans, the table shows the period over which the principal outstanding will be repaid based on the remaining period to the repayment date assuming contractual repayments are maintained and is subject to change in the event that current repayment conditions are varied. Financial assets and liabilities are at the undiscounted values (including future interest expected to be earned or paid). Accordingly, these values will differ from the statement of financial position.

	Within 1 month \$,'000	1-3 months \$,'000	3-12 months \$,'000	1-5 years \$,'000	After 5 years \$,'000	No Maturity \$,'000	Total cash flows \$,'000	Total carrying value \$,'000
2025								
<u>Assets</u>								
Cash	10,045	-	-	-	-	-	10,045	10,045
Advances to financial institutions	990	5,510	-	1,500	-	-	8,000	8,000
Receivables	102	-	-	-	-	80	182	182
Loans & Advances	817	1,751	7,336	33,847	102,533	-	146,284	146,284
FVOCI equity investments	-	-	-	-	-	845	845	845
Total financial assets	11,954	7,261	7,336	35,347	102,533	925	165,356	165,356
<u>Liabilities</u>								
Creditors	1,089	-	-	-	-	-	1,089	1,089
Deposits from other financial institutions	-	500	500	-	-	-	1,000	1,000
Borrowings	-	-	-	-	-	-	-	-
Deposits from Members – at call	40,994	-	-	-	-	-	40,994	40,994
Deposits from Members – term	4,541	15,612	29,376	2,444	-	-	51,973	51,973
On balance sheet	46,624	16,112	29,876	2,444	-	-	95,056	95,056
Undrawn loan commitments	11,429	-	-	-	-	-	11,429	11,429
Total financial liabilities	58,053	16,112	29,876	2,444	-	-	106,485	106,485
	Within 1 month \$,'000	1-3 months \$,'000	3-12 months \$,'000	1-5 years \$,'000	After 5 years \$,'000	No Maturity \$,'000	Total cash flows \$,'000	Total carrying value \$,'000
2024								
<u>Assets</u>								
Cash	14,468	-	-	-	-	-	14,468	14,468
Advances to financial institutions	2,930	7,429	2,561	3,500	-	-	16,420	16,420
Receivables	128	-	-	-	-	128	256	256
Loans & Advances	840	1,788	7,493	34,537	101,226	-	145,884	145,884
FVOCI equity investments	-	-	-	-	-	514	514	514
Total financial assets	18,366	9,217	10,054	38,037	101,226	642	177,542	177,542
<u>Liabilities</u>								
Creditors								
Deposits from other financial institutions	1,054	-	-	-	-	-	1,054	1,054
Borrowings	-	-	-	-	-	-	-	-
Deposits from Members – at call	45,539	-	-	-	-	-	45,539	45,539
Deposits from Members – term	6,685	13,562	26,722	3,575	-	-	50,544	50,544
On balance sheet	53,278	13,562	26,722	3,575	-	-	97,137	97,137
Undrawn loan commitments	9,407	-	-	-	-	-	9,407	9,407
Total financial liabilities	62,685	13,562	26,722	3,575	-	-	106,544	106,544

26. Interest rate change profile of financial assets and liabilities

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.

2025	Within 1 month \$,000	1-3 months \$,000	3-12 months \$,000	1-5 years \$,000	After 5 years \$,000	Non- interest bearing \$,000	Total \$,000
<u>Assets</u>							
Cash	10,045	-	-	-	-	-	10,045
Receivables	-	-	-	-	-	182	182
Advances to financial Institutions	990	5,510	-	1,500	-	-	8,000
Loans and advances	86,356	-	1,033	-	15	-	87,374
FVOCI equity investments	-	-	-	-	-	845	845
Total financial assets	97,391	5,510	1,033	1,500	15	1,027	106,446
<u>Liabilities</u>							
Creditors	-	-	-	-	-	1,089	1,089
Deposits from financial institution	-	500	500	-	-	1,000	1,000
Borrowings	-	-	-	-	-	-	-
Deposits from Members	45,415	15,612	29,376	2,444	-	60	92,907
Sub total	45,415	16,112	29,876	2,444	-	1,149	94,996
Undrawn loan commitments	11,429	-	-	-	-	-	11,429
Total financial liabilities	56,844	16,112	29,876	2,444	-	1,149	106,425
2024	Within 1 month \$,000	1-3 months \$,000	3-12 months \$,000	1-5 years \$,000	After 5 years \$,000	Non- interest bearing \$,000	Total \$,000
<u>Assets</u>							
Cash	14,468	-	-	-	-	-	14,468
Receivables	-	-	-	-	-	256	256
Advances to financial Institutions	2,930	7,429	2,561	3,500	-	-	16,420
Loans and advances	80,735	1,007	263	94	1,988	-	84,087
FVOCI equity investments	-	-	-	-	-	514	514
Total financial assets	98,133	8,436	2,824	3,594	1,988	770	115,745
<u>Liabilities</u>							
Creditors	-	-	-	-	-	1,054	1,054
Deposits from financial institution	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-
Deposits from Members	52,106	13,562	26,722	3,575	-	59	96,024
Sub total	52,106	13,562	26,722	3,575	-	1,113	97,078
Undrawn loan commitments	9,407	-	-	-	-	-	9,407
Total financial liabilities	61,513	13,562	26,722	3,575	-	1,113	106,485

27. Fair value of financial assets and liabilities

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

For the financial and non-financial assets where the fair values are reported below, all are measured using Level 3 unobservable inputs. The description of the valuation technique(s) and the inputs used in the fair value measurement are in the notes that follow.

Fair value has been determined on the basis of the present value of expected future cash flows under the terms and conditions of each financial asset and financial liability.

Significant assumptions used in the determining the cash flows are that the cash flows will be consistent with the contracted cash flows under the respective contracts. The calculation reflects the interest rate applicable for the remaining term to maturity not the rate applicable to original term.

The information is only relevant to circumstances at the reporting date and will vary depending on the contractual rates applied to each asset and liability, relative to market rates and conditions at the time. No assets held are regularly traded by the Credit Union, and there is no active market to assess the value of the financial assets and liabilities. The values reported have not been adjusted for the changes in credit ratings of the assets.

	Fair Value \$,000	2025 Carrying Value \$,000	Variance \$,000	Fair Value \$,000	2024 Carrying Value \$,000	Variance \$,000
Financial assets						
Cash	10,045	10,045	-	14,468	14,468	-
Advances to other financial institutions	2,970	2,970	-	5,465	5,465	-
Receivables (1)	182	182	-	256	256	-
Loans and advances	87,171	87,171	-	83,889	83,889	-
FVOCI equity investments	845	845	-	514	514	-
Total financial assets	101,213	101,213	-	104,592	104,592	-
Financial liabilities						
Deposits from other financial institutions	1,000	1,000	-	-	-	-
Borrowings	-	-	-	-	-	-
Deposits from Members – Call	40,994	40,994	-	45,539	45,539	-
Deposits from Members – Term	51,973	51,973	-	50,544	50,544	-
Creditors (1)	1,089	1,089	-	1,054	1,054	-
Total financial liabilities	95,056	95,056	-	97,137	97,137	-

(1) For these assets and liabilities, the carrying value approximates the fair value.

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

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

Liquid assets and receivables from other financial institutions

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

Loans and advances

The carrying value of loans and advances is net of unearned income and both general and specific provisions for doubtful debts.

27. Fair value of financial assets and liabilities (continued)

For variable rate loans, (excluding impaired loans) the amount shown in the statement of financial position is considered to be a reasonable estimate of fair value subject to the assessment of the credit spread on personal loans considered to be less marketable. The fair value for fixed rate loans is calculated by utilising discounted cash flow models (i.e. the net present value of the portfolio future principal and interest cash flows), based on the period to maturity of the loans. The discount rates applied were based on the current applicable rate offered for the average remaining term of the portfolio.

The fair value of impaired loans was calculated by discounting expected cash flows using a rate which includes a premium for the uncertainty of the flows.

Deposits from Members

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

Assets measured at fair value on the Statement of Financial Position

Fair value measurement at end of
the reporting period using:

	Balance	Level 1	Level 2	Level 3
Land and building	2,229,137	-	2,229,137	-
Financial assets at FVOCI	844,617	831,384	-	13,233
Total	3,073,754	831,384	2,229,137	13,233

The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets measured at fair value based on Level 3 in the Statement of Financial Position.

Fair value measurement at the end of the reporting
period

	Shares	Land and building
Balance at beginning of year	514,349	-
Total gains or losses in other comprehensive income	330,268	-
Adjustment to deferred tax liabilities	-	-
Purchases	-	-
Transfers to Level 1	(831,384)	-
Depreciation		-
Closing balance	13,233	-

	2025 \$	2024 \$
28. Financial commitments		
a. Outstanding loan commitments		
–The loans approved but not funded	3,154,804	700,010
b. Loan redraw facilities		
–The loan redraw facilities available	7,751,712	8,179,873
c. Undrawn loan facilities		
–Loan facilities available to Members for overdrafts and line of credit loans are as follows:		
–Total value of facilities approved	586,215	576,215
–Less: Amount advanced	(64,112)	(48,806)
–Net undrawn value	522,103	527,409
–These commitments are contingent on Members maintaining credit standards and ongoing repayment terms on amounts drawn.		
Total financial commitments	11,428,619	9,407,292
d. Computer capital commitments		
–Not later than one year	243,088	293,905
–Later than 1 year but not 2 years	-	192,566
–Later than 2 years but not 5 years	-	-
–Later than 5 years	-	-
	243,088	486,471
e. Computer Bureau Charges		
–Not later than one year	95,568	47,784
–Later than 1 year but not 2 years	-	-
–Later than 2 years but not 5 years	-	-
–Later than 5 years	-	-
	95,568	47,784

29. Standby borrowing facilities

The Credit Union has a borrowing facility with Cuscal Limited of:

	2025			2024		
	Gross	Current Borrowing	Net Available	Gross	Current Borrowing	Net Available
	\$	\$	\$	\$	\$	\$
Overdraft facility	500,000	-	500,000	500,000	-	500,000
Total standby borrowing facilities	500,000	-	500,000	500,000	-	500,000

Withdrawal of the loan facility is subject to the availability of funds at Cuscal. Cuscal holds an equitable mortgage charge over all the assets of the Credit Union as security against loan and overdraft amounts drawn under the facility arrangements.

30. Contingent liabilities

Liquidity support scheme

TMCU 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, TMCU may be called upon by CUFSS to contribute to emergency liquidity loans for one or more other CUFSS members. Should TMCU 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 TMCU could be required to provide to other members cannot exceed, in aggregate, 3% of TMCU's assets capped at \$100 million.

31. Disclosures on Directors and other key management personnel

Remuneration of key management persons (KMP)

Key Management Persons are those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, directly or indirectly, including any Director (whether executive or otherwise) of that Credit Union. *Control* is the power to govern the financial and operating policies of a Credit Union so as to obtain benefits from its activities.

KMP have been taken to comprise the Directors and the 2 members (2024: 2 members) of the executive management responsible for the day to day financial and operational management of the Credit Union.

The aggregate compensation to *key management persons* during the year comprising amounts paid or payable or provided for was as follows:

	2025			2024		
	Directors	Other KMP	Total	Directors	Other KMP	Total
	\$	\$	\$	\$	\$	\$
(a) Short-term employee benefits	-	414,074	414,074	-	407,791	407,791
(b) Post-employment benefits - superannuation contributions	-	47,071	47,071	-	44,645	44,645
(c) Other long-term benefits – net increases in long service leave provision	-	5,181	5,181	-	6,724	6,724
Total	-	466,326	466,326	-	459,160	459,160

In the above table, remuneration shown as short-term benefits means salaries, paid annual leave and paid sick leave, value of fringe benefits received, but excludes out of pocket expense reimbursements.

Loans to Director, related parties and other Key Management Persons

The Credit Union's policy for lending to Directors is that all loans are approved, and deposits accepted on the same terms and conditions which are available to Members for each class of loan or deposit. Employees of the Credit Union are entitled to apply for personal loans at a discounted staff interest rate. The aggregate value of such loans as at balance date amounted to \$27,772 (2024: \$10,183). There are no loans which are impaired in relation to the loan balances with Directors or other KMP.

The details of transactions during the year are as follows:

b. Loans to Directors, related parties and other key management persons	2025 \$	2024 \$
(i) The aggregate value of loans to Directors and other key management persons as at balance date amounted to:	<u>2,575,878</u>	<u>1,770,733</u>
(ii) During the year the aggregate value of loans disbursed to Directors and other key management persons amounted to:		
Revolving credit facilities	-	-
Personal loans	-	-
Term Loans	<u>923,794</u>	<u>-</u>
	<u>923,794</u>	<u>-</u>
(iii) Interest and other revenue earned on loans and revolving credit facilities	<u>102,629</u>	<u>37,032</u>

Other transactions between related parties include deposits from Directors, and other KMP are -

Total value term and savings deposits from Directors and KMP	<u>5,958,783</u>	<u>5,835,641</u>
Total interest paid on deposits to Directors and KMP	<u>224,230</u>	<u>211,920</u>

The Credit Union's policy for receiving deposits from KMP is that all transactions are approved, and deposits accepted on the same terms and conditions which applied to Members for each type of deposit.

Transactions with Other Related Parties

Other transactions between related parties include deposits from Director related entities or close family members of Directors, and other Key Management Persons.

The Credit Union's policy for receiving deposits from related parties is that all transactions are approved, and deposits accepted on the same terms and conditions which applied to Members for each type of deposit.

There are no benefits paid or payable to the close family members of key management persons.

There are no material service contracts to which key management persons or their close family members are an interested party.

32. Outsourcing arrangements

The Credit Union has outsourcing arrangements with the following providers of services:

a. Cuscal Limited

- (i) Provides the license rights to Visa Card in Australia and settlement with other institutions for ATM transactions, Visa card transactions, direct entry transactions, as well as the production of Visa cards for use by Members;
- (ii) This company operates the computer network used to link Visa cards operated through approved ATM providers to the Credit Union's I.T. Systems
- (iii) Provides treasury and money market facilities to the Credit Union. The Credit Union invests a material amount of its liquid assets with Cuscal, to comply with the Liquidity Support Scheme requirements.

b. Ultradata Australia Pty Ltd

Provides and maintains the Core Banking application software utilised by the Credit Union and hosts the Credit Union's corporate website and e-business marketing services.

c. Experteq

Experteq operates computer bureau facilities on behalf of the Credit Union and other mutual financial institutions. The Credit Union has a management contract with Experteq for the supply of I.T. support staff and services to meet the day to day needs of the Credit Union and to ensure compliance with Prudential Standards.

d. Brighton Consulting Pty Ltd

Brighton Consulting provides internal audit services to the Credit Union under an agreement overseen by Board Audit Committee.

e. InterAction

InterAction is the mailing house contracted by the Credit Union to provide statement mailing services to Members.

f. Laminar Group

Laminar is the Credit Union's proxy to participate in the Austraclear debt securities transfer system.

g. G.A.P. Tech Pty Ltd

G.A.P. Tech provides Chief Risk Officer services to the Credit Union under an agreement overseen by the Board Risk Committee.

33. Events occurring after the reporting period

There are no other matters or circumstances that have arisen since the end of the financial year which may significantly affect the operations, or state of affairs of Transport Mutual Credit Union Limited in subsequent financial years.

	2025 \$	2024 \$
34. Notes to cash flow statement		
(a) Reconciliation of cash		
Cash includes cash on hand, and deposits at call with other financial institutions and comprises:		
–Cash on hand		
–Deposits at call	10,044,945	14,468,292
Total cash	<u>10,044,945</u>	<u>14,468,292</u>
(b) Reconciliation of cash from operating activities to operating profit		
The net cash increase/(decrease) from operating activities is reconciled to the profit after tax		
Profit after income tax	229,087	157,534
Add (Deduct):		
–Increases/(Decreases) in amortised fees on loans	931	(19,444)
–Increase/(Decrease) in provision for loans	4,451	(706)
–Depreciation expense	349,908	243,829
Increase/(Decrease) in liabilities		
Creditors and accruals	(4,639)	(28,553)
Interest payable	78,388	262,808
Staff entitlements	21,902	904
Income tax	11,274	(62,409)
Current tax liabilities	-	-
(Increase)/Decrease in assets		
Interest receivable – deposits FI's	60,213	(10,919)
Prepayments	47,543	(12,217)
Deferred tax asset	7,317	8,399
Net cash from revenue activities	<u>806,375</u>	<u>539,226</u>

35. Corporate information

The Credit Union is a company limited by shares and is registered under the *Corporations Act 2001*.

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.

The address of the registered office is: Ground Floor
410 Elizabeth Street
Surry Hills NSW 2010

The address the principal place of business is: Ground Floor
410 Elizabeth Street
Surry Hills NSW 2010

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transport
mutual
credit union

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REPORT LOST OR STOLEN CARDS (24 HRS/ 7DAYS)

1800 648 027 (Visa cards – from within Australia)
+61 2 8299 9101 (Visa cards – from outside Australia)

REPORT SUSPECTED FRAUDULENT CARD ACTIVITY (24HRS/7DAYS)

1300 705 750

FAX (02) 9763 3199

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