Annual Report 2021

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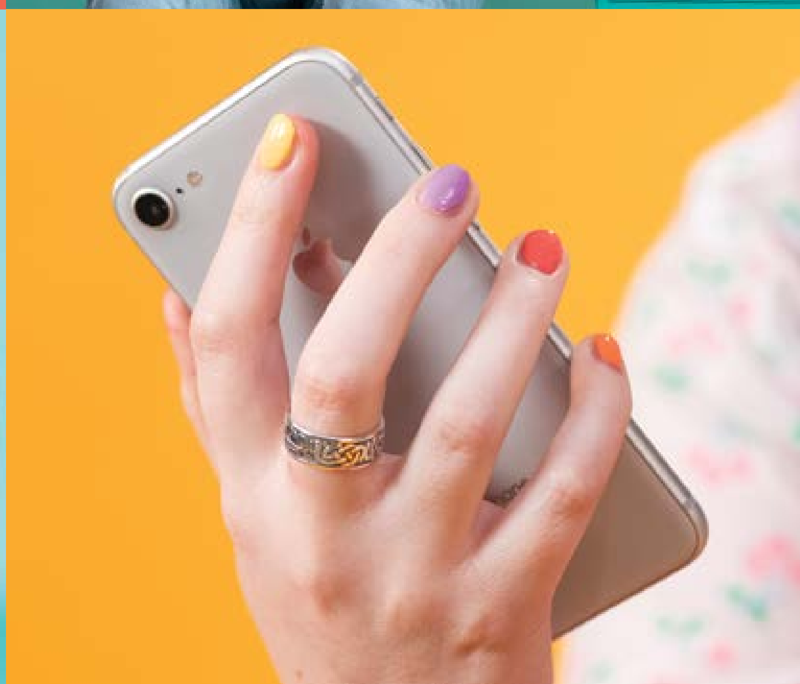
Annual Report Contents

4 Directors' Report
7 Lead Auditor's Independence Declaration
8 Independent Auditor's Report
9 Directors' Declaration
10 Statements of Financial Position
11 Statements of Profit or Loss and Other Comprehensive Income
12 Statements of Changes in Equity
14 Statements of Cash Flows
15 Notes to the Financial Statements

When you say...

What if?



Helping South Australians thrive

Credit Union SA has a strong community-based history, having delivered innovative financial services and products to members for over 60 years.

Our focus has not changed and today, our purpose remains strong in the hearts of our people – helping South Australians thrive, every day.

We are here for our South Australian community; partnering with members to help them thrive and succeed in their endeavours. We do this because our ownership structure creates a sense of belonging and freedom to be ourselves – and to do things and act differently in the best interest of our members.

It's why our values reflect our beliefs and principles as an organisation – they are at the heart of what we do and who we are and why we come to work every day.

Looking ahead, we will continue to honour our strong community connections, values and purpose by supporting our members through the most important events in their lives and delivering market leading and innovative financial products and services.

Todd Roberts
CEO, Credit Union SA

Our Values

People First
We thrive as a team by putting people first.

Strive to Achieve
We are a trusted partner helping our Members to thrive and achieve.

Be our Best
Our purpose, performance and high standards drive us.

We say...

Why not!

Directors' Report

The Directors present their report together with the financial report of Credit Union SA Ltd (the "Credit Union") for the financial year ended 30 June 2021 and the Auditors' report thereon.

Directors

The Directors of the Credit Union at any time during or since the end of the financial year, including details of their qualifications, experience and special responsibilities are:

Name, qualifications and special responsibilities	Experience
Carolyn Anne MITCHELL LLB, GDLP, FAICD Independent Non-Executive Director since 2009 (and previously Independent Non-Executive Director of PowerState Credit Union Limited) Chair of the Board Member, Board Governance Committee (until February 2021) Member, Board Risk Committee (from February 2021)	Company Director/Consultant *Other Board Memberships:* Tonkin Consulting Pty Ltd (Chair); JusticeNet SA Incorporated; Lawguard Management Pty Ltd; Agrisano Holdings Pty Ltd (Chair); Member of Audit, Finance and Risk Committee, UniSA; Townsend House Incorporated; The Royal South Australian Deaf Society Incorporated; Risk Management and Audit Committee, Department of Human Services (Chair); Thylation R&D Pty Ltd; Thylation Operations Pty Ltd
Alexandrea CANNON MBA, B Bus, FAICD, FAHRI, FAMI Independent Non-Executive Director since 2009 (and previously Independent Non-Executive Director of PowerState Credit Union Limited) Member, Board Audit Committee (from February 2021) Chair, Board Governance Committee (until February 2021) Member, Board Governance Committee	Company Director/Consultant/AICD Facilitator *Other Board Memberships:* SATAC Limited (Chair); Winston Churchill Memorial Trust National Board; Leaders Institute of SA Inc. (Chair); Bizbuild Pty Ltd; MBA Advisory Committee, UniSA (Chair)
Julie Anne COOPER GD.Mgt, BA, FAICD Independent Non-Executive Director since February 2019 Member, Board Audit Committee (until February 2021) Chair, Board Governance Committee (from February 2021)	Company Director *Other Board Memberships:* SmartSat Co-operative Research Centre; Nova Systems Pty Ltd (Deputy Chair); Adelaide Crows Foundation; Adelaide Crows Foundation, Risk and Audit Committee (Chair); Sarah Group (Board Advisor); AICD SA/NT Tomorrow's Director Committee; AICD SA/NT Divisional Council Member
Paul Carl DEWSNAP PGDDigBus, DipElecEng, MAICD Independent Non-Executive Director since February 2019 Member, Board Risk Committee	Company Director/Consultant *Other Board Memberships:* Data Action Pty Ltd; Advisory Board of Affiniti Solutions (Chair); Digital Resilience Pty Ltd; My Security Adviser Pty Ltd; Buzz ER Pty Ltd (Advisory Board)
Kathryn Anne JORDAN B Soc Sci (Human Services), B Ed ECE, GAICD Independent Non-Executive Director since 2016 Member, Board Audit Committee (until February 2021) Member, Board Risk Committee (until February 2021) Member, Board Governance Committee (from February 2021)	Company Director; Early Childhood Education leader; Owner, Better Balance Coaching *Other Board Memberships:* Nil
Nicolle Shelley RANTANEN REYNOLDS MBA, MComLaw, BCom (Acc), CSM, FAICD, FCPA, FTIA Independent Non-Executive Director since 2011 Chair, Board Audit Committee (from February 2021) Chair, Board Risk Committee (until February 2021) Member, Board Risk Committee	Public Trustee (South Australia) *Other Board Memberships:* Office for Recreation, Sport and Racing (Risk & Audit Committees); The Grange Golf Club (Vice President, Chair of Finance); SA Harness Racing; Clayton Church Homes; CAWRA (Chair, Audit Committee); Cancer Council SA (Chair, Finance Committee); Board of Governors, UniSA; Member of Audit, Finance and Risk Committee, UniSA; AICD SA/NT Advisory Board (National Reporting Committee Member); City of Marion (Audit Committee); Thoroughbred Racing NT

Name, qualifications and special responsibilities	Experience
Philip Leon Fernand RIQUIER MBA, B Bus, FAICD, FCPA Independent Non-Executive Director since 2018 Chair, Board Audit Committee (until February 2021) Member, Board Audit Committee Chair, Board Risk Committee (from February 2021)	Company Director *Other Board Memberships:* LHI Retirement Incorporated; Capital Prudential Pty Ltd; My Venue Pty Ltd

Directors were in office from the beginning of the financial year until the date of this report, unless stated otherwise.

Company Secretary

Ms Melissa Lovell LLB (Hons), BIntSt, MBA, GAICD, FGIA was appointed Company Secretary effective 1 May 2019. Ms Lovell is a commercial lawyer and corporate governance professional who has held senior roles with private and ASX-listed companies and formerly practised as a banking and financial services lawyer in Australia and the UK.

Directors' Meetings

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Credit Union during the financial year are:

Director	Director Type	Board		Audit Committee		Risk Committee		Governance Committee	
		A(*)	B	A	B	A	B	A	B
C Mitchell (Chair)	ME	11	11			4	4	3	3
A Cannon	ME	11	11	2	2			6	6
J Cooper	BA	11	9	2	2			6	6
P Dewsnap	BA	11	11			8	8		
K Jordan	ME	11	10	2	1	4	4	3	3
N Rantanen Reynolds	ME	11	11	2	2	8	7		
P Riquier	BA	11	11	4	4	4	4		

(*) Eleven scheduled Board meetings

A Number of meetings held during the period the Director was a member of the Board or Board Committee.
B Number of meetings attended by the Director

ME Member Elected Directors
BA Board Appointed Director

Directors' Interests

During the financial year ended 30 June 2021, the Credit Union extended its Consultancy Agreement with Origin8 Enterprises Pty Ltd (ACN 632 488 549), a company owned by Mr Paul Carl Dewsnap, to provide the services of a nominee Director for the Credit Union on the board of Data Action Pty Ltd. This Consultancy Agreement was terminated in April 2021.

No other Director has declared any interest in existing or proposed contracts with the Credit Union during the financial year ended 30 June 2021, and to the date of this report.

Principal Activities

During the financial year ended 30 June 2021 the principal activities of the Credit Union were the provision of financial services to its members, including accepting members' deposits, advancing loans to members and acting as a general insurance agent. There were no significant changes to these activities during the year.

Review of Operations

The Credit Union recorded a profit after tax for the year ended 30 June 2021 of $2.245 million (2020: $2.329 million). Total assets of the Credit Union as at 30 June 2021 were $1.307 billion (2020: $1.199 billion) including members' net loans and advances of $1.026 billion (2020: $948.799 million).

In the opinion of the Directors the impact of the COVID-19 Pandemic on the Credit Union is represented in the financial statements. The impacts have been fairly represented through the increase to expected credit losses (refer note 12) and the Credit Union's self-securitisation program (refer note 27).

Change in the State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Credit Union that occurred during the financial year under review.

Dividends

The Constitution of the Credit Union prevents the distribution of dividend payments on member shares.

Events Subsequent to the Reporting Date

As a result of the evolving nature of the COVID-19 pandemic and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Group is not in a position to reasonably estimate the financial effects of the COVID-19 pandemic on the future financial performance and financial position of the Group. Other than the current disclosures, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Credit Union, the results, or the state of affairs of the Credit Union in future financial years.

Likely Developments

Disclosure of information regarding likely developments in the operations of the Credit Union in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Credit Union. Accordingly, this information has not been disclosed in this report.

The Credit Union has considered the impact of the COVID-19 Pandemic on future financial performance and has incorporated the impact in its future operating plans. In particular the Credit Union has heightened monitoring of its exposure to credit losses, is maintaining an elevated self-securitisation program and has utilised its full allocation of the RBA term funding facility.

Environmental Regulations

The Credit Union's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, Directors believe that the Credit Union has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those requirements as they apply to the Credit Union.

Regulatory Disclosures

In accordance with Prudential Standard APS 330, the Credit Union publicly discloses information on its risk profile, risk management, capital adequacy, capital instruments and remuneration practices to contribute to the transparency of the financial markets and to enhance market discipline. This information is published on the Credit Union's public website under Regulatory Disclosures.

Indemnification and Insurance of Directors and Officers

During the period, the Credit Union paid a premium in relation to a Directors and Officers liability insurance policy, indemnifying the Directors and its Executives against certain liabilities. The Directors have not included the details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability and legal expenses insurance contract, as such disclosure is prohibited under the terms of the contract.

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

The Lead Auditor's Independence Declaration is set out on page 7 and forms part of the Directors' Report for the year ended 30 June 2021.

Rounding off

The Credit Union is a registered company of a kind referred to in 'ASIC Corporations (*Rounding in Financial/Directors Reports*) Instrument 2016/191', relating to the "rounding off" of amounts in the Directors' Report and financial statements. Amounts in the Directors' Report and financial statements have been rounded to the nearest thousand dollars in accordance with that Instrument, unless otherwise indicated.

Signed at Adelaide this 31st day of August 2021 in accordance with a resolution of the Board of Directors of Credit Union SA Ltd.

Carolyn Mitchell
Chair of the Board

Nicolle Rantanen Reynolds
Chair of the Audit Committee

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

To the Directors of Credit Union SA Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Credit Union SA Ltd for the financial year ended 30 June 2021 there have been:

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

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

KPMG

KPMG

Darren Ball
Partner
Adelaide
31 August 2021

Independent Auditor's Report

To the Members of Credit Union SA Ltd

Opinion

We have audited the consolidated Financial Report of Credit Union SA Ltd (the Group Financial Report). We have also audited the Financial Report of Credit Union SA Ltd (the Company Financial Report).

In our opinion, each of the accompanying Group Financial Report and Company Financial Report of Credit Union SA Ltd are in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Group's and Company's financial position as at 30 June 2021 and of their financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

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

- Statements of financial position as at 30 June 2021;
- Statements of profit or loss and other comprehensive income, Statements of changes in equity, and Statements of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of Credit Union SA Ltd (the **Company**) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

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

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

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

Other Information

Other Information is financial and non-financial information in Credit Union SA Ltd's annual reporting which is provided in addition to the Financial Reports and the Auditor's Report. The Directors are responsible for the Other Information.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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

KPMG

Darren Ball
Partner
Adelaide
31 August 2021

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Directors' Declaration

For the year ended 30 June 2021

In the opinion of the Directors of Credit Union SA Ltd ("the Credit Union"):

a) the financial statements and notes set out on pages 10 to 68 are in accordance with the *Corporations Act 2001* including:

   i. giving a true and fair view of the Credit Union's and the Group's financial position as at 30 June 2021 and of their performance, for the financial year ended on that date;

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

b) the financial statements also comply with the International Financial Reporting Standards as disclosed in Note 2; and,

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

Signed at Adelaide this 31st day of August 2021, in accordance with a resolution of the Board of Directors of the Credit Union.

Carolyn Mitchell	**Nicolle Rantanen Reynolds**
Chair of the Board	Chair of the Audit Committee

Statements of Financial Position

As at 30 June

	Notes	Consolidated 2021 $'000	Consolidated 2020 $'000	Credit Union 2021 $'000	Credit Union 2020 $'000
Assets					
Cash and cash equivalents	8	64,728	47,902	51,284	29,223
Due from other financial institutions	9	198,272	183,357	198,272	183,357
Trade and other receivables	10	1,533	1,534	1,021	1,700
Net loans and advances	11, 12	1,026,295	948,799	1,026,295	948,799
Other Investments	27	-	-	243,500	291,500
Other financial assets	13	3,223	2,838	3,223	2,838
Equity accounted investees	14	4,940	4,699	4,940	4,699
Property, plant and equipment	15	4,501	5,922	4,501	5,922
Derivative assets	26	221	426	221	426
Deferred tax assets	7	1,177	1,226	1,177	1,226
Intangible assets	16	1,568	1,474	1,568	1,474
Other assets	17	781	341	772	330
Total assets		**1,307,239**	**1,198,518**	**1,536,774**	**1,471,494**
Liabilities					
Members' deposits	18	1,136,891	1,072,056	1,136,891	1,072,056
Due to other financial institutions		48,610	6,003	48,610	6,003
Borrowings	27	-	-	229,171	272,925
Derivative Liabilities	26	34	-	34	-
Trade and other payables	19	7,136	8,905	7,500	8,956
Income received in advance		-	20	-	20
Income tax payable	7	224	280	224	280
Provisions	20	2,875	2,459	2,875	2,459
Total liabilities		**1,195,770**	**1,089,723**	**1,425,305**	**1,362,699**
Net assets		**111,469**	**108,795**	**111,469**	**108,795**
Equity					
Retained earnings	21	107,690	105,233	107,690	105,233
Fair value reserves	21	2,486	1,818	2,486	1,818
Cash flow hedge reserve	21	187	426	187	426
General reserve for credit losses	21	1,045	1,259	1,045	1,259
Redeemed member shares	21	61	59	61	59
Trust issued Units	21	-	-	-	-
Total equity		**111,469**	**108,795**	**111,469**	**108,795**

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 June

		Consolidated		Credit Union	
		2021	**2020**	**2021**	**2020**
	Notes	$'000	$'000	$'000	$'000
Income					
Interest revenue	4	31,012	37,315	33,276	39,132
Interest expense	4	(6,245)	(13,540)	(13,798)	(18,018)
Net interest revenue		24,767	23,775	19,478	21,114
Non interest revenue	5	4,537	5,326	9,764	7,926
Share of profit of equity accounted investees	5, 14	277	501	277	501
Total income		**29,581**	**29,602**	**29,519**	**29,541**
Expenses					
Impairment losses on loans and advances	12	101	(1,162)	101	(1,162)
Other expenses	6	(26,633)	(25,396)	(26,571)	(25,335)
Total expenses		**(26,532)**	**(26,558)**	**(26,470)**	**(26,497)**
Profit before tax		3,049	3,044	3,049	3,044
Income tax expense	7	(804)	(715)	(804)	(715)
Profit for the year		**2,245**	**2,329**	**2,245**	**2,329**
Items that are or may be reclassified to profit or loss					
Cash flow hedge reserve		(239)	426	(239)	426
Equity Investments at FVOCI		385	9	385	9
Due from Other Financial Institutions at FVOCI		283	132	283	132
Other comprehensive income for the year, net of tax		**429**	**567**	**429**	**567**
Total comprehensive income for the year		**2,674**	**2,896**	**2,674**	**2,896**

The above Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

As at 30 June

Consolidated Entity	Notes	Retained Earnings $'000	Fair Value Reserves $'000	General Reserve for Credit Losses $'000	Cash Flow Hedge Reserve $'000	Redeemed member shares $'000	Total $'000
2021							
Opening equity		**105,233**	**1,818**	**1,259**	**426**	**59**	**108,795**
Profit for the year		2,245	-	-	-	-	2,245
Changes to the fair value of cash flow hedges		-	-	-	(239)	-	(239)
Other comprehensive income for the year		-	668	-	-	-	668
General Reserve for Credit Losses	12	214	-	(214)	-	-	-
Transfer (to)/from redeemed member shares		(2)	-	-	-	2	-
Closing equity	21	**107,690**	**2,486**	**1,045**	**187**	**61**	**111,469**
2020							
Opening equity		**103,280**	**1,677**	**774**	**-**	**57**	**105,788**
Adjustments on Initial application of AASB 16 (after tax)		111	-	-	-	-	111
Restated opening Equity		**103,391**	**1,677**	**774**	**-**	**57**	**105,899**
Profit for the year		2,329	-	-	-	-	2,329
Changes to the fair value of cash flow hedges		-	-	-	426	-	426
Other comprehensive income for the year		-	141	-	-	-	141
General Reserve for Credit Losses	12	(485)	-	485	-	-	-
Transfer (to)/from redeemed member shares		(2)	-	-	-	2	-
Closing equity	21	**105,233**	**1,818**	**1,259**	**426**	**59**	**108,795**

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Changes in Equity continued

As at 30 June

Credit Union	Notes	Retained Earnings $'000	Fair Value Reserves $'000	General Reserve for Credit Losses $'000	Cash Flow Hedge Reserve $'000	Redeemed member shares $'000	Total $'000
2021							
Opening equity		**105,233**	**1,818**	**1,259**	**426**	**59**	**108,795**
Profit for the year		2,245	-	-	-	-	2,245
Changes to the fair value of cash flow hedges		-	-	-	(239)	-	(239)
Other comprehensive income for the year		-	668	-	-	-	668
General Reserve for Credit Losses	12	214	-	(214)	-	-	-
Transfer (to)/from redeemed member shares		(2)	-	-	-	2	-
Closing equity	21	**107,690**	**2,486**	**1,045**	**187**	**61**	**111,469**
2020							
Opening equity		**103,280**	**1,677**	**774**	**-**	**57**	**105,788**
Adjustments on Initial application of AASB 16 (after tax)		111	-	-	-	-	111
Restated opening Equity		**103,391**	**1,677**	**774**	**-**	**57**	**105,899**
Profit for the year		2,329	-	-	-	-	2,329
Changes to the fair value of cash flow hedges		-	-	-	426	-	426
Other comprehensive income for the year		-	141	-	-	-	141
General Reserve for Credit Losses	12	(485)	-	485	-	-	-
Transfer (to)/from redeemed member shares		(2)	-	-	-	2	-
Closing equity	21	**105,233**	**1,818**	**1,259**	**426**	**59**	**108,795**

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Cash Flows

For the year ended 30 June

		Consolidated		Credit Union	
		2021	**2020**	**2021**	**2020**
	Notes	$'000	$'000	$'000	$'000
Cash flows from operating activities					
Interest received		30,922	37,558	33,209	39,355
(Increase)/decrease in members loans and advances		(77,396)	35,418	(77,396)	35,418
Interest paid		(7,415)	(15,631)	(14,968)	(20,109)
Increase in member deposits	18	64,835	6,747	64,835	6,747
Due to other financial institutions		-	(8,000)	-	(8,000)
Non-interest income received		4,527	5,719	10,436	8,206
Non-interest expenses paid		(24,385)	(22,431)	(24,039)	(22,575)
Income tax paid	7c	(811)	(1,238)	(811)	(1,238)
Net cash flow (used in)/from operating activities	8(b)	**(9,723)**	**38,142**	**(9,734)**	**37,804**
Cash flow from investing activities					
Due from other financial institutions	9	(14,915)	(17,265)	(14,915)	(17,265)
Net (increase)/decrease in Notes receivable		-	-	48,000	(194,100)
Dividends received from equity accounted investees	14	36	94	36	94
Dividends from Equity Investments		42	183	42	183
Proceeds from sale of property, plant and equipment	15	301	-	301	-
Payments for property, plant, equipment and intangibles	15,16	(770)	(1,131)	(770)	(1,131)
Net cash (used in)/from investing activities		**(15,306)**	**(18,119)**	**32,694**	**(212,219)**
Cash flow from financing activities					
Payment of lease liabilities	23	(752)	(696)	(752)	(696)
Proceeds from term funding facility	27	42,607	6,003	42,607	6,003
(Increase)/decrease in notes receivable from securitisation		-	-	(43,754)	179,342
Net cash from/(used in) financing activities		**41,855**	**5,307**	**(1,899)**	**184,649**
Net increase in cash equivalents		**16,826**	**25,330**	**22,061**	**10,234**
Cash and cash equivalents at beginning of the year		47,902	22,572	29,223	18,989
Cash and cash equivalents at end of the year	8(a)	**64,728**	**47,902**	**51,284**	**29,223**

Cash flows arising from the following activities are presented on a net basis:
i) member deposits to and withdrawals from deposit accounts
ii) borrowings and repayments on loans, advances and other receivables
iii) dealings with other financial institutions

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1	**General Information**	16
Note 2	**Basis of Preparation**	16
Note 3	**Statement of Significant Accounting Policies**	17
Note 4	**Interest Revenue and Interest Expense**	18
Note 5	**Non-Interest Revenue**	19
Note 6	**Other Expenses**	20
Note 7	**Income Tax**	21
Note 8	**Cash and Cash Equivalents**	25
Note 9	**Due from Other Financial Institutions**	26
Note 10	**Trade and Other Receivables**	26
Note 11	**Loans and Advances**	27
Note 12	**Impairment of Loans and Advances**	28
Note 13	**Other Financial Assets**	33
Note 14	**Equity Accounted Investees**	34
Note 15	**Property, Plant and Equipment and Right of Use Assets**	37
Note 16	**Intangible Assets**	40
Note 17	**Other Assets**	43
Note 18	**Member Deposits**	43
Note 19	**Trade and Other Payables**	44
Note 20	**Provisions**	45
Note 21	**Equity**	47
Note 22	**Financing Facilities**	47
Note 23	**Commitments, Contingent Liabilities and Contingent Assets**	48
Note 24	**Key Manangement Personnel**	51
Note 25	**Financial Risk Management**	53
Note 26.	**Fair Value of Financial Instruments**	62
Note 27	**Securitisation and Repurchase Agreement**	65
Note 28	**Related Party Disclosures**	66
Note 29	**Auditors' Remuneration**	67
Note 30	**Franking Account**	68
Note 31	**Segment Information**	68
Note 32	**Economic Dependency**	68
Note 33	**Subsequent Events**	68

Notes to the Financial Statements

Note 1. General Information

Reporting Entity

Credit Union SA Ltd (the "Credit Union"), is a company domiciled in Australia. These consolidated financial statements comprise the Credit Union, its subsidiaries and its equity accounted investees (together referred to as the "Group").

Credit Union SA Ltd's registered office and its principal place of business is as follows:

400 King William St, Adelaide
South Australia, 5000.

Principal Activities

During the financial year ended 30 June 2021 the principal activities of the Credit Union were the provision of financial services to its members, including accepting members' deposits, advancing loans to members and acting as a general insurance agent. There were no changes to these activities during the year and no changes are anticipated for the coming year.

Note 2. Basis of Preparation

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report complies with International Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board. The Credit Union is a for-profit entity for the purposes of preparing the financial statements.

The financial report was authorised for issue by the Directors on 31 August 2021.

Details of the Credit Union's accounting policies, including changes during the year, are contained within the Notes to the Financial Statements.

(b) Basis of Measurement

The financial report has been prepared on the historical cost basis except for financial instruments classified as fair value through other comprehensive income which are stated at their fair value in the statements of financial position.

(c) Functional and Presentation Currency

The financial report is presented in Australian dollars, which is the Credit Union's functional currency. The Credit Union is a registered company of a kind referred to in 'ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/91' relating to the "rounding off" of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial statements have been rounded to the nearest thousand dollars in accordance with that Instrument, unless otherwise indicated.

(d) Use of Estimates and Judgements

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

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

Information about critical judgements in applying accounting policies that have had the most significant effect on the amounts recognised in the financial statements are included the following notes:

- Note 12 - Impairment of Loans and Advances
- Note 23 - Leases

(e) Basis of Consolidation

The Group operates a securitisation vehicle under its self-securitisation programme. In considering whether it has control the Group considers whether it significantly affects the key decisions that manage the vehicle's returns. As a result, the Group has concluded that it controls the securitisation vehicle.

(f) Other Accounting Policies

(i) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss, unless an asset has previously been revalued, in which case the impairment loss is first recognised as a reversal to the extent of that previous revaluation, with any excess recognised through profit or loss.

Note 2. Basis of Preparation (continued)

(ii) Reversals of impairment

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss no longer exists and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

When an impairment loss is reversed, it is reversed through the profit or loss.

Note 3. Statement of Significant Accounting Policies

New Standards and Interpretations Adopted

The Group did not adopt any new standards or make amendments to existing interpretations for the year ending 30 June 2021.

Note 4. Interest Revenue and Interest Expense

Net interest revenue is recognised on the amortised cost basis using the effective interest method.

Loan origination fees and direct costs integral to the establishment of loans and advances are deferred and amortised to interest income over the effective life of the loan using the effective interest method.

The following tables show the average balance for each of the major categories of interest bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate.

	Consolidated			Credit Union		
	Average Balance	Interest	Average Interest Rate	Average Balance	Interest	Average Interest Rate
	$'000	$'000	%	$'000	$'000	%
2021						
Interest revenue						
Cash and cash equivalents	55,273	83	0.15%	36,553	32	0.09%
Due from other financial institutions	201,614	1,511	0.75%	201,614	1,511	0.75%
Loans and advances	984,977	29,090	2.95%	984,977	29,090	2.95%
Notes Receivable	-	-	0.00%	272,240	2,315	0.85%
Derivatives	57,616	328	0.57%	57,616	328	0.57%
	1,299,480	**31,012**	**2.39%**	**1,553,000**	**33,276**	**2.14%**
Interest expense						
Payables due to other financial institutions	29,931	70	0.23%	29,931	70	0.23%
Member deposits	1,107,923	6,146	0.55%	1,107,923	6,146	0.55%
Borrowings	-	-	-	253,590	7,553	2.98%
Derivatives	57,616	29	0.05%	57,616	29	0.05%
	1,195,470	**6,245**	**0.52%**	**1,449,060**	**13,798**	**0.95%**
Interest margin		**24,767**	**1.87%**		**19,478**	**1.19%**
2020						
Interest revenue						
Cash and cash equivalents	35,494	154	0.43%	28,498	104	0.36%
Due from other financial institutions	160,825	2,674	1.66%	160,825	2,674	1.66%
Loans and advances	955,758	34,437	3.60%	955,758	34,437	3.60%
Notes Receivable	-	-	-	130,153	1,867	1.43%
Derivatives	31,639	50	0.16%	31,639	50	0.16%
	1,183,716	**37,315**	**3.15%**	**1,306,873**	**39,132**	**2.99%**
Interest expense						
Payables due to other financial institutions	3,364	59	1.75%	3,364	59	1.75%
Member deposits	1,066,501	13,439	1.26%	1,066,501	13,439	1.26%
Borrowings	-	-	-	125,200	4,478	3.58%
Derivatives	31,639	42	0.13%	31,639	42	0.13%
	1,101,504	**13,540**	**1.23%**	**1,226,704**	**18,018**	**1.47%**
Interest margin		**23,775**	**1.92%**		**21,114**	**1.52%**

Note 5. Non-Interest Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

- Other fees and commissions are brought to account in accordance with AASB 15 Contracts with Customers with revenue recognised in alignment with the associated performance obligations. The Group recognises revenue when it transfers control over a service to a customer.
- Income from sub-leasing right-of-use assets is recognised in accordance with AASB 16. Lease payments received under operating leases are recognised as income on a straight-line basis over the lease term.
- Dividends from equity investments are recognised at the date when the right to receive the dividend has been established.
- Income from investments in associates represents the Group's share of the profit in associates before income tax.

	Consolidated		Credit Union	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Non interest revenue				
Distribution from Trust	-	-	4,979	2,480
Loan fees	1,309	1,113	1,309	1,113
Bad debts recovered	78	90	78	90
Dividends received	42	183	42	183
Gain from sale of property, plant & equipment	60	-	60	-
Income from sub-leasing right-of-use assets	13	16	13	16
Other fee revenue	350	451	350	451
Other commission revenue	2,633	3,419	2,633	3,419
Other revenue	52	54	300	174
Total non interest revenue	**4,537**	**5,326**	**9,764**	**7,926**
Investments in Associates				
Share of profit in associates before income tax	395	715	395	715
Income tax expense	(118)	(214)	(118)	(214)
Total share of profit in Associates	**277**	**501**	**277**	**501**
Total non interest revenue	**4,814**	**5,827**	**10,041**	**8,427**

Contract Balances

The Group holds receivables to the value of nil (2020: $0.024 million) for referral commission recognised in accordance with AASB 15 Contracts with Customers as at 30 June 2021 under Trade and Other Receivables in the Statement of Financial Position.

Note 6. Other Expenses

Employee benefits

Salaries, annual leave and other employee entitlements expected to be paid or settled within 12 months of employees rendering service are measured at their nominal amounts using remuneration rates that the Group expects to pay when the liabilities are settled.

Refer to Note 20 Provisions for balances of employee benefit related provisions.

	Consolidated		Credit Union	
	2021 $'000	**2020** $'000	**2021** $'000	**2020** $'000
Administration expenses				
Staff				
Employee benefits	11,827	11,000	11,827	11,000
Contributions to defined contribution plans	1,041	1,011	1,041	1,011
Occupancy				
Operating lease expenses	162	134	162	134
Occupancy expenses	228	243	228	243
Information technology				
Information technology expenses	2,833	2,706	2,833	2,706
Finance costs				
Interest on Lease Liabilities	101	114	101	114
Other				
Administrative expenses	2,400	1,886	2,354	1,834
Depreciation property, plant & equipment	1,461	1,541	1,461	1,541
Amortisation intangibles	666	601	666	601
Distribution channel costs	3,790	3,508	3,790	3,508
Impairment losses	9	222	9	222
Marketing expenses	1,338	1,511	1,338	1,511
Loss on disposal of property, plant & equipment	20	17	20	17
Other	757	902	741	893
Total non- interest operating expenses	**26,633**	**25,396**	**26,571**	**25,335**

With the exception of low value leases and leases of less than 12 months, expenses associated with operating leases are shown as depreciation of the right-of-use asset and interest expense associated with the lease liability.

Note 7. Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Consolidated	2021 %	2021 $'000	2020 %	2020 $'000
(a) Reconciliation between tax expense and pre-tax profit				
Profit before tax		3,049		3,044
Income tax expense	26.00%	793	27.50%	837
Increase/(decrease) in income tax expense due to:				
Non allowable expenses	0.16%	5	0.23%	7
Non assessable income	(3.28%)	(100)	(6.95%)	(212)
Tax expense reflecting change in corporate tax rate	-	106	-	83
Income tax expense on pre-tax net profit	**26.37%**	**804**	**20.78%**	**715**
(b) Tax expense recognised in profit or loss comprises:				
Current tax expense in respect of the current year		875		989
Adjustments to prior years		-		-
		875		989
Deferred tax expense relating to the origination and reversal of temporary differences		(177)		(357)
Tax expense reflecting change in corporate tax rate		106		83
Total tax expense		**804**		**715**
(c) Income tax payable / (Current tax asset)				
Movements during the year were as follows:				
Balance at beginning of the year		280		572
Income tax paid (net of refund)		(811)		(1,281)
Current year income tax liability on operating profit		875		989
Under provision in prior years		(120)		-
Income tax payable		**224**		**280**

Note 7. Income Tax (continued)

Credit Union	**2021** %	**2021** $'000	**2020** %	**2020** $'000
(a) Reconciliation between tax expense and pre-tax profit				
Profit before tax		3,049		3,044
Income tax expense	26.00%	793	27.50%	837
Increase/(decrease) in income tax expense due to:				
Non allowable expenses	0.16%	5	0.23%	7
Non assessable income	(3.28%)	(100)	(6.95%)	(212)
Tax expense reflecting change in corporate tax rate	-	106	-	83
Income tax expense on pre-tax net profit	**26.37%**	**804**	**20.78%**	**715**
(b) Tax expense recognised in profit or loss comprises:				
Current tax expense in respect of the current year		875		989
Adjustments to prior years		-		-
		875		989
Deferred tax expense relating to the origination and reversal of temporary differences		(177)		(357)
Tax expense reflecting change in corporate tax rate		106		83
Total tax expense		**804**		**715**
(c) Income tax payable / (Current tax asset)				
Movements during the year were as follows:				
Balance at beginning of the year		280		572
Income tax paid (net of refund)		(811)		(1,281)
Current year income tax liability on operating profit		875		989
Under provision in prior years		(120)		-
Income tax payable		**224**		**280**

Note 7. Income Tax (continued)

(d) Movement in deferred tax balances

Consolidated

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
	$'000	$'000	$'000	$'000
2021				
Employee benefits	668	44	-	712
Loans and advances	463	(95)	-	368
Property, plant and equipment	419	(126)	-	293
Leases	105	84	-	189
Undeducted capital expenditure	16	(3)	-	13
Other	22	4	-	26
Deferred tax assets	**1,693**	**(92)**	**-**	**1,601**
Equity accounted investees	(467)	43	-	(424)
Deferred tax liabilities	**(467)**	**43**	**-**	**(424)**
Net deferred tax assets (liabilities)	**1,226**	**(49)**	**-**	**1,177**
2020				
Employee benefits	767	(99)	-	668
Loans and advances	204	259	-	463
Property, plant and equipment	454	(35)	-	419
Prepaid lease incentive	33	(33)	-	-
Leases	(42)	147	-	105
Undeducted capital expenditure	18	(2)	-	16
Other	28	(6)	-	22
Deferred tax assets	**1,462**	**231**	**-**	**1,693**
Equity accounted investees	(509)	42	-	(467)
Deferred tax liabilities	**(509)**	**42**	**-**	**(467)**
Net deferred tax assets (liabilities)	**953**	**273**	**-**	**1,226**

Note 7. Income Tax (continued)

Credit Union	Opening balance restated for change in corporate tax rate	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
	$'000	$'000	$'000	$'000
2021				
Employee benefits	668	44	-	712
Loans and advances	463	(95)	-	368
Property, plant and equipment	419	(126)	-	293
Leases	105	84	-	189
Undeducted capital expenditure	16	(3)	-	13
Other	22	4	-	26
Deferred tax assets	**1,693**	**(92)**	**-**	**1,601**
Equity accounted investees	(467)	43	-	(424)
Deferred tax liabilities	**(467)**	**43**	**-**	**(424)**
Net deferred tax assets (liabilities)	**1,226**	**(49)**	**-**	**1,177**
2020				
Employee benefits	767	(99)	-	668
Loans and advances	204	259	-	463
Property, plant and equipment	454	(35)	-	419
Prepaid lease incentive	33	(33)	-	-
Leases	(42)	147	-	105
Undeducted capital expenditure	18	(2)	-	16
Other	28	(6)	-	22
Deferred tax assets	**1,462**	**231**	**-**	**1,693**
Equity accounted investees	(509)	42	-	(467)
Deferred tax liabilities	**(509)**	**42**	**-**	**(467)**
Net deferred tax assets (liabilities)	**953**	**273**	**-**	**1,226**

(e) Unrecognised deferred tax asset

Credit Union SA has carried forward capital losses of $0.787 million (2020: $0.787 million) which have not been recognised as a deferred tax asset because it is uncertain that future capital gains will be available from which the Credit Union can utilise the benefit.

Note 8. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and deposits at call placed with other financial institutions are initially measured at fair value then subsequently at amortised cost.

(a) Reconciliation of cash for statements of cash flows

	Consolidated		Credit Union	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash and cash equivalents	21,673	24,779	8,229	6,100
Investments with other financial institutions	43,055	23,123	43,055	23,123
Total Cash for statement of cash flows	**64,728**	**47,902**	**51,284**	**29,223**

(b) Reconciliation of Profit for the year to net cash flow from operating activities

	Consolidated 2021	Consolidated 2020	Credit Union 2021	Credit Union 2020
Profit for the year	**2,245**	**2,329**	**2,245**	**2,329**
Add/(deduct) non-cash items				
Provisions for impairment	(212)	1,001	(212)	1,001
Depreciation of property, plant and equipment	1,461	1,541	1,461	1,541
Amortisation of intangible assets	666	601	666	601
Impairment losses	9	222	9	222
Net (gain)/loss on disposal of property, plant and equipment	(40)	17	(40)	17
Share of profit of equity accounted investments	(277)	(501)	(277)	(501)
Total adjustments for non-cash items	1,607	2,881	1,607	2,881
Add/(deduct) changes in assets or liabilities during the financial year				
Decrease/(increase) in loans and advances	(77,285)	35,579	(77,285)	35,579
Increase in member deposits	64,835	6,748	64,835	6,747
(Increase) in amounts due to other financial institutions	-	(8,000)	-	(8,000)
(Increase)/decrease in accrued interest receivable	(90)	244	(67)	225
(Decrease)/increase in accrued interest payable	(1,170)	(2,091)	(1,170)	(2,091)
(Increase)/decrease in other assets	(363)	455	291	347
Increase/(decrease) in other liabilities	505	520	817	310
(Decrease) in income tax payable	(56)	(292)	(56)	(292)
Decrease/(Increase) in deferred tax assets	49	(231)	49	(231)
Total changes in assets or liabilities	**(13,575)**	**32,932**	**(12,586)**	**32,594**
Net cash (used in)/from operating activities	**(9,723)**	**38,142**	**(8,734)**	**37,804**

Note 9. Due from Other Financial Institutions

Due from other financial institutions are classified at amortised cost when they are held in a business model with the objective of collecting contractual cash flows or at fair value through other comprehensive income when they are held in a business model with the objective of collecting cash flows or realising the asset through sale.

	Consolidated		Credit Union	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deposits held to maturity				
Deposits with Cuscal Ltd	15,250	15,250	15,250	15,250
Deposits with other financial institutions	42,489	52,472	42,489	52,472
Deposits with other financial institutions - FVOCI	140,533	115,635	140,533	115,635
	198,272	**183,357**	**198,272**	**183,357**

Not longer than 3 months until maturity	59,338	54,705	59,338	54,705
Longer than 3 months not longer than 12 months until maturity	23,010	45,785	23,010	45,785
Longer than 1 year and not longer than 5 years until maturity	115,924	82,867	115,924	82,867
	198,272	**183,357**	**198,272**	**183,357**

Note 10. Trade and Other Receivables

Trade and other receivables, comprise non-interest bearing debtors, and are initially recognised at fair value and subsequently measured at amortised cost. Receivables with a short duration are not discounted.

	Consolidated		Credit Union	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Interest receivable	386	296	456	389
Net Investment in Sub-Lease	551	695	551	695
Other	596	543	14	616
	1,533	1,534	1,021	1,700

Note 11. Loans and Advances

Loans and advances comprise term and revolving credit facilities provided to members and member overdrawn savings accounts and are initially recorded at fair value including incremental direct transaction costs. They are subsequently measured at amortised cost, using the effective interest method, less impairment losses (refer to note 12).

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the loan or advance to the net carrying amount of the loan or advance. When estimating the future cash flows, the Group considers all contractual terms of the loan or advance excluding any future credit losses. Included in this calculation are all fees paid or received that are integral to the contract.

	Consolidated		Credit Union	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Loans and advances carried at amortised cost				
Revolving credit facilities	28,428	31,637	28,428	31,637
Term loans - secured	967,361	899,608	967,361	899,608
Term loans - unsecured	31,977	19,236	31,977	19,236
Gross Loans and advances	**1,027,766**	**950,481**	**1,027,766**	**950,481**
Specific provision for impairment	(179)	(149)	(179)	(149)
Collective provision for impairment	-	-	-	-
Expected credit loss provision for impairment	(1,292)	(1,533)	(1,292)	(1,533)
Net Loans and advances	**1,026,295**	**948,799**	**1,026,295**	**948,799**
Loans and advances by maturity				
Lines of credit (including unsecured overdrafts)	28,428	31,637	28,428	31,637
Not longer than 3 months	8	11	8	11
Longer than 3 months not longer than 12 months	188	358	188	358
Longer than 1 year and not longer than 5 years	20,301	16,740	20,301	16,740
Longer than 5 years	978,841	901,735	978,841	901,735
Gross Loans and advances	**1,027,766**	**950,481**	**1,027,766**	**950,481**
Loans and advances by security				
Secured by mortgage	983,808	917,653	983,808	917,653
Secured by other	606	1,570	606	1,570
Unsecured	43,352	31,258	43,352	31,258
Gross Loans and advances	**1,027,766**	**950,481**	**1,027,766**	**950,481**
Loans and advances by purpose				
Residential	983,760	917,565	983,760	917,565
Personal	43,782	32,367	43,782	32,367
Commercial	224	549	224	549
Gross Loans and advances	**1,027,766**	**950,481**	**1,027,766**	**950,481**

Concentration of risk

The Credit Union's loans are predominantly concentrated in South Australia.

This creates an exposure to a particular segment as follows:

South Australian residents	978,851	919,495	978,851	919,495
Other residents	48,915	30,986	48,915	30,986
Gross Loans and advances	**1,027,766**	**950,481**	**1,027,766**	**950,481**

Note 11. Loans and Advances (continued)

The Group has a significant exposure to groupings of individual loans which concentrate risk and create exposure to the employment sector of educators in both the government and non-government South Australian school systems. As at 30 June 2021, loans to members of the education community of South Australia totalled $349.064 million (2020: $348.066 million). This represents approximately 34.4% of the total loan portfolio (2020: 36.6%).

As at 30 June 2021, the Group had no loan facilities with an outstanding balance in excess of 10% of its total capital (2020: nil).

Note 12. Impairment of Loans and Advances

The Group applies a three-stage approach to measuring expected credit losses (ECLs) for loans and advances. Exposures are assessed on a collective basis in each stage unless there is sufficient evidence that one or more events associated with an exposure could have a detrimental impact on estimated future cash flows. Where such evidence exists, the exposure is assessed on an individual basis.

Stage and Measurement basis:

- 12-months ECL – Performing (Stage 1) The portion of lifetime ECL associated with the probability of default events occurring within the next 12 months.
- Lifetime ECL – Underperforming (Stage 2) ECL associated with the probability of default events occurring throughout the life of a loan where the loan has seen a significant increase in credit risk.
- Lifetime ECL – Non-performing (Stage 3) Lifetime ECL where the loan has met the technical definition of default however has not been assessed on an individual basis.

Impaired loans assessed on an individual basis are held in a specific provision lifetime ECL.

At each reporting date, the Group assesses the credit risk of exposures in comparison to the risk at initial recognition, to determine the stage that applies to the associated ECL measurement.

When determining whether credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information based on the Group's historical experience and credit assessment including forward-looking information. Furthermore, when determining whether the risk of default has increased significantly since initial recognition, the Group considers the arrears of each individual loan.

If the credit risk of a loan has increased significantly since initial recognition, the asset will migrate to Stage 2. Should an asset become impaired (90 days past due) it will be transferred to Stage 3. Credit exposures will migrate back to Stage 1 and 2 should signs of increased credit risk and impairment be reversed which includes but not limited to consistently good payment behaviour over a period of time.

In the preparation of the ECL provisioning the Group considered the impact of the COVID-19 pandemic on the Credit Union's measurement of ECL. The COVID-19 pandemic represents a material downside risk to the economy and has generated an expected deterioration of significant risk factors within the Group's ECL model. The Group incorporated estimates, assumptions and judgments including an event risk overlay to account for forecast changes to account for these significant risk factors in the portfolio.

Modified financial assets

A loan that is restructured or renegotiated is derecognised if the existing agreement is cancelled and a new agreement made on substantially different terms or if the terms of an existing agreement are modified such that the restructured loan is a substantially different instrument. Where such loans are derecognised, the restructured contract is a new loan and is assessed in accordance with the Group's credit policy.

ECL Calculation

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

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

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

The reported ECL is an unbiased and probability weighted amount based on three economic scenarios, a business as usual, economic upturn and economic downturn. The economic scenarios are driven by a single key macroeconomic factor, the South Australian Unemployment rate which takes into account the current and forecast economic environment. Given the Group's high geographic concentration to South Australia the Group's loan performance is highly correlated to this macroeconomic factor.

A General Reserve for Credit Losses is also maintained to cover the general risks inherent in the loan portfolios. Movements in the General Reserve for Credit Losses are recognised as an appropriation of retained earnings. The Australian Prudential Regulation Authority ("APRA") requires Authorised Deposit-taking Institutions to maintain a level of provision for regulatory purposes. The Group calculates its GRCL under a lifetime ECL methodology. The difference between the ECL calculated under AASB 9 and those required by APRA is represented by the General Reserve for Credit Losses within equity.

ECL Sensitivity Analysis

The uncertainty of the impact of COVID-19 introduced significant estimation uncertainty in relation to the measurement of the Group's expected credit losses. The uncertain and ongoing nature of COVID-19 could impact the credit quality of the Credit Union's exposures and has been allowed for in the ECL provision.

The Credit Union's ECL was calculated with a probability weighting of 75% for the base scenario, 5% for the upside scenario and 20% for the downside scenario.

The table below illustrates the sensitivity of ECL to key factors.

	Unemployment Rate		Increase/(Decrease) in ECL	
	2021	2020	**2021** $'000	2020 $'000
100% upside scenario	5.83% to 3.00%	5.52% to 8.35%	(51)	(127)
100% base scenario	5.83% to 5.08%	7.35% to 9.35%	(58)	(45)
100% downside scenario	5.83% to 8.15%	8.35% to 12.81%	227	64

Write-off policy

The Group writes off a loan balance when it is determined that the loan is uncollectible. This determination is reached after considering information such as occurrence of a significant change in the borrower's financial position such that the borrower can no longer pay the obligation under the terms of the contract, or that the proceeds from collateral will not be sufficient to pay back the entire exposure. Any subsequent recoveries of these loan write-offs are recognised through profit or loss.

Note 12. Impairment of Loans and Advances (continued)

		Consolidated		Credit Union	
		2021	2020	2021	2020
	Notes	$'000	$'000	$'000	$'000
(a) Provisions for impairment					
Specific provision	11	179	149	179	149
Expected credit loss provision					
Stage 1: 12 Months ECL - not credit impaired	11	845	825	845	825
Stage 2: Lifetime ECL - not credit impaired	11	45	19	45	19
Stage 3: Lifetime ECL - credit impaired	11	401	689	401	689
Total provision for impairment		1,470	1,682	1,470	1,682
General reserve for credit losses recognised in equity	21	1,045	1,259	1,045	1,259
Total of provisions for impairment and general reserve for credit losses recognised in equity		**2,515**	**2,941**	**2,515**	**2,941**

(b) Impairment losses on loans and advances				
Individually assessed provisions for impairment increase/(decrease)	30	(32)	30	(32)
Expected credit loss provision for impairment increase/ (decrease)	(242)	1,033	(242)	1,033
Individually assessed provisions for impairment increase	111	161	111	161
Charge to profit and loss	**(101)**	**1,162**	**(101)**	**1,162**

(c) Impaired loans and assets acquired				
Non accrual loans				
Balance	6,180	5,401	6,180	5,401
Restructured loans				
Balance	3,420	17,436	3,420	17,436
Assets acquired through security enforcement				
Net fair value of assets acquired through enforcement of security during the financial year	-	449	-	449

These assets represent properties and motor vehicles which have been subsequently sold.

Interest revenue on non-accrual and restructured loans	-	-	-	-
Interest foregone on non-accrual and restructured loans	(51)	(50)	(51)	(50)
Net interest recognised / (foregone)	**(51)**	**(50)**	**(51)**	**(50)**

Note 12. Impairment of Loans and Advances (continued)

Consolidated and Credit Union

2021	Stage 1 12-months ECL not credit impaired Collective provision	Stage 2 Lifetime ECL not credit impaired Collective provision	Stage 3 Lifetime ECL credit impaired Collective provision	Specific provision Lifetime ECL	Total
Balance at 30 June 2020	**825**	**19**	**689**	**149**	**1,682**
Changes due to financial assets recognised in the opening balance that have:					
Transferred to 12-month ECL	-	26	61	68	155
Transferred to Collective provision Stage 2	1	-	-	2	3
Transferred to Collective provision Stage 3	2	1	(183)	-	(180)
Transferred to Specific provision Lifetime ECL	3	2	30	-	35
New loans and advances originated	231	-	-	-	231
Loans discharged	(235)	(15)	(196)	(40)	(486)
Bad debts written off	18	12	-	-	30
Charge to income statement	**20**	**26**	**(288)**	**30**	**(212)**
Balance at 30 June 2021	**845**	**45**	**401**	**179**	**1,470**

Note 12. Impairment of Loans and Advances (continued)

Consolidated and Credit Union

2020	Stage 1 12-months ECL not credit impaired Collective provision	Stage 2 Lifetime ECL not credit impaired Collective provision	Stage 3 Lifetime ECL credit impaired Collective provision	Specific provision Lifetime ECL	Total
Balance at 30 June 2019	**497**	**3**	**0**	**181**	**681**
Changes due to financial assets recognised in the opening balance that have:					
Transferred to 12-month ECL	2	-	-	5	7
Transferred to Collective provision Stage 2	(28)	-	28	-	-
Transferred to Collective provision Stage 3	-	-	84	-	84
Transferred to Specific provision Lifetime ECL	-	-	-	-	-
New loans and advances originated	140	3	-	-	143
Bad debts written off	(114)	(3)	(112)	(5)	(234)
Charge to income statement	**328**	**16**	**689**	**(32)**	**1,001**
Balance at 30 June 2020	**825**	**19**	**689**	**149**	**1,682**

Impact of movements in gross carrying amount on provision for expected losses

Impairment provision reflects expected credit losses measured using the three-stage approach and a specific provision - lifetime ECL held for exposures assessed individually. The following explains how significant changes in the gross carrying amount of loans and advances during the 2021 financial year have contributed to the changes in the provision for credit impairment for the Group under the expected credit loss model.

Overall, the total impairment provision decreased by $0.212 million (2020: increased by $1.001 million) compared to the balance at the beginning of the year. This net decrease is driven by an improved economic outlook with risks associated with COVID-19 now better understood. Specific provisions increased by $0.030 million to $0.179m (2020: $0.032 million) primarily due to higher individually assessed impairment in unsecured loans.

Collective provisions decreased by $0.242million (2020: $1.033 million), comprised of:

- 12 months ECL (Stage 1) - ECL increased by $0.020 million (2020: $0.328 million) due to an increase in credit exposures largely offset by an improved economic outlook.
- Lifetime ECL not credit impaired (Stage 2) - ECL increased by $0.026 million (2020: $0.016 million) primarily due to loans migrating from Stage 1 as a result of changes in credit quality.
- Lifetime ECL credit impaired (Stage 3) - ECL decreased by $0.288 million (2020: increase by $0.689 million) due to the unwinding of COVID-19 provision estimates.

Note 13. Other Financial Assets

Equity investments that are not held for trading are classified as Fair Value through Other Comprehensive Income with fair value determined by reference to the fair value hierarchy with the Group investment in Cuscal Ltd classified as level 3. The Group considers a market approach and net tangible asset method in determining the fair value to assess a range of possible outcomes.

Given the availability of information the fair value of Group's equity investment in Cuscal is determined by the net tangible assets method.

	Consolidated		Credit Union	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Unlisted Shares at Fair Value				
Cuscal Ltd	3,223	2,838	3,223	2,838

Unlisted investments comprise shares held in Cuscal Ltd. Cuscal Ltd's constitution limits the ability of the Group to sell Cuscal Ltd shares.

The Group classifies its equity investment in Cuscal Ltd as FVOCI as the asset is not held for trading and it recognises only dividend income in profit and loss. Changes to fair value of its equity investment are recognized in OCI and are never reclassified to profit or loss. The Group received dividends from Cuscal Ltd of $0.042 million for the year ended 30 June 2021 (2020: $0.183 million).

Note 14. Equity Accounted Investees

The financial statements comprise the financial statements of the Group's interest in equity accounted investees comprising interest in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Credit Union's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

		Consolidated	
		2021	**2020**
	Note	$'000	$'000
Investment in Data Action Pty Ltd	28	4,357	4,137
Investment in Blackwood Nominees Pty Ltd	28	583	562
		4,940	**4,699**

Note 14. Equity Accounted Investees (continued)

Investment in Data Action Pty Ltd

The Group holds a 15.90% ownership interest (2020:15.90%) in Data Action Pty Ltd, an Australian, non-listed resident company. Data Action's principal activities are the provision of software solutions and hosted technology services to the customer owned financial services industry. The Group accounts for this investment using the equity method. The Group's share of profit is accounted for based on its shareholding. The Group has determined that it has significant influence because it has the power to participate in the financial and operating policy decisions of Data Action through Board representation.

No impairment indicators exist for this investment.

Summary financial information for Data Action Pty Ltd, not adjusted for the percentage of ownership held by the Group:

	2021 $'000	2020 $'000
Current assets	23,124	22,396
Non-current assets	21,802	22,488
Total Assets	**44,926**	**44,884**
Current liabilities	8,322	7,000
Non-current liabilities	9,202	11,868
Total Liabilities	**17,524**	**18,868**
Net Assets	27,402	26,016
Group's Share of Net Assets	4,357	4,137
	15.90%	**15.90%**
Income	60,330	41,420
Expenses	(58,371)	(38,612)
Profit after tax	**1,959**	**2,808**
Group's share of profit and total comprehensive income (15.9%)	311	446
Dividends received by the Group	-	-
Group's share of net profit	**311**	**446**

Note 14. Equity Accounted Investees (continued)

Investment in Blackwood Nominees Pty Ltd

The Group holds a 50.00% (2020: 50.00%) ownership in Blackwood Nominees Pty Ltd, an Australian, non-listed resident company. Blackwood Nominees principal activities are the provision of loan broking services within South Australia. The Group accounts for this investment using the equity method. The Group's share of profit is accounted for based on its shareholding.

At 30 June 2021, the Group reassessed the carrying amount of its investment in Blackwood Nominees Pty Ltd for indicators of impairment. As a result, the recoverable amount of the investment was formally reassessed.

Estimates of recoverable amounts are based on the assets' value-in-use, determined by discounting each asset's estimated future cash flows at asset specific discount rates. The post-tax discount rates applied were 20.00% (2020: 20.00%).

As the recoverable amount for the investment was determined to be higher than the carrying amount at 30 June 2021, no impairment loss was recognised in profit or loss (2020: $0.153 million).

Summary financial information for Blackwood Nominees Pty Ltd, not adjusted for the percentage of ownership held by the Group:

	2021 $'000	2020 $'000
Current assets	232	87
Non-current assets	80	117
Total Assets	**312**	**204**
Current liabilities	126	89
Non-current liabilities	71	42
Total Liabilities	**197**	**131**
Net Assets	116	74
Group's Share of Net Assets	58	36
	50.00%	**50.00%**
Income	682	551
Expenses	(545)	(428)
Profit after tax	**137**	**123**
Group's share of profit and total comprehensive income (50.00%)	68	62
Dividends received by the Group	(37)	(95)
Group's share of net profit	**31**	**(33)**

Note 15. Property, Plant and Equipment and Right of Use Assets

Recognition and measurement

Items of property, plant and equipment (PP&E) are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Where parts of an item of PP&E have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of PP&E are determined by comparing the proceeds from disposal with the carrying amount of PP&E and recognised net within other income in the profit or loss.

Please refer to Note 23(a) for the depreciation accounting policy for Right-of-Use Asset.

Depreciation

All PP&E, except land, have limited useful lives and are depreciated using the straight line method over their estimated useful lives.

The depreciation rates used for each class of assets for the current and comparative period are as follows:

Depreciable Assets

Building works	2.50%
Office furniture and fittings	10.0% to 15.0%
Plant and equipment	20.0%
Computer equipment	20.0% to 33.3%
Motor Vehicles	17.0 to 20.0%
Leasehold Improvements	10.0% to 18.4%

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually and adjusted if appropriate.

Note 15. Property, Plant and Equipment and Right of Use Assets (continued)

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

Consolidated

	Freehold land $'000	Buildings $'000	Right-of-Use Asset $'000	Plant & equipment $'000	Work in Progress $'000	Total $'000
2021						
Opening	**275**	**245**	**5,331**	**4,545**	**-**	**10,396**
Additions	-	-	-	301	-	301
Transfers	-	-	-	-	-	-
Disposals/ Derecognition	(113)	(133)	-	(175)	-	(421)
Closing	**162**	**112**	**5,331**	**4,671**	**-**	**10,276**
Less: Accumulated depreciation/ impairment						
Opening	(162)	(122)	(984)	(3,206)	-	(4,474)
Disposals/ Derecognition	-	13	-	147	-	160
Depreciation expense	-	(3)	(984)	(474)	-	(1,461)
Closing	**(162)**	**(112)**	**(1,968)**	**(3,533)**	**-**	**(5,775)**
Net book value 30 June 2021	**-**	**-**	**3,363**	**1,138**	**-**	**4,501**

	Freehold land $'000	Buildings $'000	Right-of-Use Asset $'000	Plant & equipment $'000	Work in Progress $'000	Total $'000
2020						
Opening	**275**	**245**	**-**	**4,317**	**11**	**4,848**
Recognition of right-of-use asset on initial application of AASB16	-	-	5,331	-	-	5,331
Opening Adjusted	**275**	**245**	**5,331**	**4,317**	**11**	**10,179**
Additions	-	-	-	407	-	407
Transfers	-	-	-	11	(11)	-
Disposals/ Derecognition	-	-	-	(190)	-	(190)
Closing	**275**	**245**	**5,331**	**4,545**	**-**	**10,396**
Less: Accumulated depreciation/ impairment						
Opening	(162)	(119)	-	(2,827)	-	(3,108)
Disposals/ Derecognition	-	-	-	175	-	175
Depreciation expense	-	(3)	(984)	(554)	-	(1,541)
Closing	**(162)**	**(122)**	**(984)**	**(3,206)**	**-**	**(4,474)**
Net book value 30 June 2020	**113**	**123**	**4,347**	**1,339**	**-**	**5,922**

Note 15. Property, Plant and Equipment and Right of Use Assets (continued)

Credit Union

	Freehold land $'000	Buildings $'000	Right-of-Use Asset $'000	Plant & equipment $'000	Work in Progress $'000	Total $'000
2021						
Opening	**275**	**245**	**5,331**	**4,545**	**-**	**10,396**
Additions	-	-	-	301	-	301
Transfers	-	-	-	-	-	-
Disposals/ Derecognition	(113)	(133)	-	(175)	-	(421)
Closing	**162**	**112**	**5,331**	**4,671**	**-**	**10,276**
Less: Accumulated depreciation/ impairment						
Opening	(162)	(122)	(984)	(3,206)	-	(4,474)
Disposals/ Derecognition	-	13	-	147	-	160
Depreciation expense	-	(3)	(984)	(474)	-	(1,461)
Closing	**(162)**	**(112)**	**(1,968)**	**(3,533)**	**-**	**(5,775)**
Net book value 30 June 2021	**-**	**-**	**3,363**	**1,138**	**-**	**4,501**

	Freehold land $'000	Buildings $'000	Right-of-Use Asset $'000	Plant & equipment $'000	Work in Progress $'000	Total $'000
2020						
Opening	**275**	**245**	**-**	**4,317**	**11**	**4,848**
Recognition of right-of-use asset on initial application of AASB 16	-	-	5,331	-	-	5,331
Opening Adjusted	**275**	**245**	**5,331**	**4,317**	**11**	**10,179**
Additions	-	-	-	407	-	407
Transfers	-	-	-	11	(11)	-
Disposals/ Derecognition	-	-	-	(190)	-	(190)
Closing	**275**	**245**	**5,331**	**4,545**	**-**	**10,396**
Less: Accumulated depreciation/ impairment						
Opening	(162)	(119)	-	(2,827)	-	(3,108)
Disposals/ Derecognition	-	-	-	175	-	175
Depreciation expense	-	(3)	(984)	(554)	-	(1,541)
Closing	**(162)**	**(122)**	**(984)**	**(3,206)**	**-**	**(4,474)**
Net book value 30 June 2020	**113**	**123**	**4,347**	**1,339**	**-**	**5,922**

As at 30 June 2021, property, plant and equipment includes right-of-use assets with a carrying value of $3.363million (2020: $4.347million) related to the head office lease.

The Group's property comprising Land and Buildings were sold on 7th June 2021 and subsequently derecognised.

Note 16. Intangible Assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is calculated over the cost of the asset, or any other amount substituted for cost, less its residual value.

Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software	3-4 years

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

Impairment of intangible assets

The carrying amounts of the Group's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of intangible assets is the greater of their fair value less costs to sell and value in use.

Note 16. Intangible assets (continued)

Consolidated

2021	Intangible Software $'000	Work in progress $'000	Total $'000
Cost			
Balance at 1 July 2020	2,395	56	2,451
Additions	18	745	763
Transfers	279	(279)	-
Disposals/ Derecognition	(644)	(1)	(645)
Closing balance as at 30 June 2021	**2,048**	**521**	**2,569**
Amortisation and Impairment			
Balance at 1 July 2020	(977)	-	(977)
Amortisation	(666)	-	(666)
Disposals/ Derecognition	642	-	642
Closing balance as at 30 June 2021	**(1,001)**	**-**	**(1,001)**
Net book value as at 30 June 2021	**1,047**	**521**	**1,568**

2020	Intangible Software $'000	Work in progress $'000	Total $'000
Cost			
Balance at 1 July 2019	1,496	457	1,953
Additions	87	669	756
Transfers	970	(970)	-
Disposals/ Derecognition	(158)	(100)	(258)
Closing balance as at 30 June 2020	**2,395**	**56**	**2,451**
Amortisation and Impairment			
Balance at 1 July 2019	(532)	-	(532)
Amortisation	(601)	-	(601)
Disposals/ Derecognition	156	-	156
Closing balance as at 30 June 2020	**(977)**	**-**	**(977)**
Net book value as at 30 June 2020	**1,418**	**56**	**1,474**

Note 16. Intangible Assets (continued)

Credit Union

2021	Intangible Software $'000	Work in progress $'000	Total $'000
Cost			
Balance at 1 July 2020	2,395	56	2,451
Additions	18	745	763
Transfers	279	(279)	-
Disposals/ Derecognition	(644)	(1)	(645)
Closing balance as at 30 June 2021	**2,048**	**521**	**2,569**
Amortisation and Impairment			
Balance at 1 July 2020	(977)	-	(977)
Amortisation	(666)	-	(666)
Disposals/ Derecognition	642	-	642
Closing balance as at 30 June 2021	**(1,001)**	**-**	**(1,001)**
Net book value as at 30 June 2021	**1,047**	**521**	**1,568**

2020	Intangible Software $'000	Work in progress $'000	Total $'000
Cost			
Balance at 1 July 2019	1,496	457	1,953
Additions	87	669	756
Transfers	970	(970)	-
Disposals/ Derecognition	(158)	(100)	(258)
Closing balance as at 30 June 2020	**2,395**	**56**	**2,451**
Amortisation and Impairment			
Balance at 1 July 2019	(532)	-	(532)
Amortisation	(601)	-	(601)
Disposals/ Derecognition	156	-	156
Closing balance as at 30 June 2020	**(977)**	**-**	**(977)**
Net book value as at 30 June 2020	**1,418**	**56**	**1,474**

Note 17. Other Assets

Other assets are comprised of non-interest bearing receivables and prepayments and are initially recognised at fair value and subsequently measured at amortised cost less impairment losses. Receivables with a short duration are not discounted.

	Consolidated		Credit Union	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Prepayments	756	298	747	287
Set up costs CUSA MTG Trust – net	25	43	25	43
	781	**341**	**772**	**330**

Note 18. Member Deposits

Member deposits are brought to account at fair value less attributable incremental direct transaction costs and subsequently measured at amortised cost. Interest and yield related fees are recognised in profit or loss based on the effective interest rate basis.

	Consolidated		Credit Union	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Withdrawable shares	**74**	**77**	**74**	**77**
Deposits carried at amortised cost:				
At call deposits	774,177	628,834	774,177	628,834
Term deposits	362,640	443,145	362,640	443,145
Total member deposits	**1,136,891**	**1,072,056**	**1,136,891**	**1,072,056**

The Group has an exposure to groupings of individual deposits which concentrate risk and create exposure to the employment sector of educators in both the government and non-government school systems. As at 30 June 2021, deposits from members of the education community of South Australia totalled $212.529 million (2020: $176.427 million). This represents approximately 18.7% of total deposits (2020: 16.5%).

As at 30 June 2021 deposits from members currently residing in South Australia totalled $1,076.526 million (2020: $1,020.496 million). This represents approximately 94.7% of total deposits (2020: 95.2%).

As at 30 June 2021, the Group has no individual or group of deposit facilities with an outstanding balance in excess of 10.0% of its total liabilities (2020: Nil).

Note 19. Trade and Other Payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. Trade payables are non-interest bearing and are normally settled within 30 days.

The average credit period in relation to trade and other payables is less than 30 days.

	Consolidated		Credit Union	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Trade creditors	1,381	736	1,381	736
Accrued interest payable on deposits	891	2,131	891	2,131
Accrued interest payable to Other Financial Institutions	70	-	70	-
Lease Liability	4,625	5,377	4,625	5,377
Other creditors and accruals	169	661	533	712
	7,136	**8,905**	**7,500**	**8,956**

Note 20. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(a) Employee Entitlements

The provisions for employee entitlements to wages, salaries, annual leave and long service leave represent the amounts which the Group has a present obligation to pay resulting from employees' services provided up to the reporting date. The liability for employees' entitlements to annual leave and long service leave has been calculated at nominal amounts based on expected wage and salary rates and includes related on-costs. The liability for employees' entitlements to other long term benefits represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees' services provided up to reporting date. The discount rate is the yield at reporting date on high quality corporate bonds that have a maturity date approximating the Group's obligations.

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Group contributes to a number of employee superannuation plans for the provision of benefits to employees on retirement, death or disability. Benefits provided under the plans are based on contributions for each employee. Employees contribute various percentages of their gross income to their nominated fund. Further contributions are made by the Group for the benefit of its employees. Other than superannuation guarantee commitments, there is no legally enforceable obligation on the Group to contribute to the superannuation plans.

As the funds are accumulation funds, adequate funds are held to satisfy all benefits payable in the event of termination of the plan and voluntary or compulsory termination or retirement of each employee.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(b) Provisions

(i) Provision for future rent

Provision for future rent represents the unamortised balance of the aggregate benefit of incentives received in relation to new or renewed operating lease arrangements. These incentives are recognised as a reduction of the rental expense over the lease term on a straight line basis. On transition to AASB 16 Leases, the 30 June 2020 closing balance was transferred to Retained Earnings.

Note 20. Provisions (continued)

	Consolidated		Credit Union	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Provision for Leases				
Opening balance	46	-	46	-
Provision created	-	46	-	46
Provision utilised	-	-	-	-
Closing Balance	**46**	**46**	**46**	**46**
Provision for long service leave				
Opening balance	1,645	1,717	1,645	1,717
Provision created	391	255	391	255
Provision utilised	(105)	(327)	(105)	(327)
Closing Balance	**1,931**	**1,645**	**1,931**	**1,645**
Provision for annual leave				
Opening balance	768	832	768	832
Provision created	200	96	200	96
Provision utilised	(70)	(160)	(70)	(160)
Closing Balance	**898**	**768**	**898**	**768**
Total Provisions	**2,875**	**2,459**	**2,875**	**2,459**
Number of employees				
Number of full time equivalent employees at year end	137	121	137	121

Note 21. Equity

(a) Retained earnings

Retained earnings comprise the accumulated profits of the Group net of transfers to the general reserve for credit losses, redeemed member shares and transfers from the fair value reserve. Retained earnings are held in order for the Group to meet its prudential requirements.

(b) Redeemed member shares

Under the Corporations Act 2001, redeemed member shares (member's $2 shares) may only be redeemed out of the Group's profit or through a new issue of shares for the purpose of the redemption. The value of member shares for existing members is disclosed as a liability in note 18.

(c) General Reserve for Credit Losses

APRA Prudential Standard APS 220 Credit Quality requires a reserve to be held to cover credit losses estimated but not certain to arise in the future over the lifetime of all individual facilities. The general reserve for credit losses (GRCL) is calculated using a lifetime expected credit loss methodology identical to that used for AASB 9 expected credit loss provisions. The GRCL represents an appropriation of retained profits to non-distributable reserves when the regulatory reserve is greater than the accounting provision. The purpose of the GRCL is to provide the Group with freely available capital which can be used to absorb credit losses should they materialise.

(d) Cash Flow Hedge Reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments used in cash flow hedges pending subsequent recognition in the profit or loss as the hedged cash flows affect the profit or loss.

(e) Fair Value Reserves

Fair value reserves comprise the revalued component of financial assets that are categorised as FVOCI under AASB 9.

Note 22. Financing Facilities

The Group has access to the following lines of credit:

	Consolidated		Credit Union	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Total facilities available				
Overdraft facilities	5,000	5,000	5,000	5,000
	5,000	**5,000**	**5,000**	**5,000**
Facilities not utilised at balance date				
Overdraft facilities	5,000	5,000	5,000	5,000
	5,000	**5,000**	**5,000**	**5,000**

For the financial year ended 30 June 2021 the above facilities are secured against a security deposit held with Cuscal Ltd. Interest charged on these facilities and received on the security deposit are at prevailing market rates.

Note 23. Commitments, Contingent Liabilities and Contingent Assets

(a) Lease commitments

Leases as lessee

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The Group leases its head office and branch. The lease term for the head office building and branch is 6 years. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

The Group's lease of head office and branch contains extension options. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Information about leases for which the Group is a lessee is presented below.

(a) Right-of-Use Assets

Right-of-use assets relate to leased branch and office premises that are presented within property, plant and equipment (see Note 15). A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at the amount equal to the lease liability, adjusted by the amount of any direct establishment costs, prepaid or accrued lease payments.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

	2021	**2020**
	$'000	$'000
Opening Balance	4,347	5,331
Depreciation Charge for the year	(984)	(984)
Closing Balance	**3,363**	**4,347**

See Note 25 for maturity analysis of lease liabilities as at 30 June 2021.

(b) Amounts recognised in Profit or Loss

	2021	**2020**
	$'000	$'000
Interest Expense on Lease Liabilities	101	114
Interest Income on Net Investment in Sub-Lease	13	16

Note 23. Commitments, Contingent Liabilities and Contingent Assets (continued)

(c) Amounts recognised in Statement of Cashflows	**2021** $'000	**2020** $'000
Principal portion of lease liability	853	810
Interest portion of lease liability	(101)	(114)
Total cash outflow for leases	**752**	**696**

Principal portion of sub-lease	(157)	(152)
Interest portion of sub-lease	13	16
Total cash inflow from sub-lease	**(144)**	**(136)**

Leases as lessor

The Group sub-lets office space relating to the lease it holds as a lessee presented above as right-of-use asset. The right-of-use assets recognised from the head leases are presented under leases as lessor, and measured at fair value at the transition date. The Group assessed the classification of the sub-lease contract with reference to the right-of-use asset rather than the underlying assets and concluded that it is a finance lease under AASB 16.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

Operating Leases under AASB 16

	2021 $'000	**2020** $'000
Less than one year	162	157
Between one and two years	167	162
Between two and three years	173	167
Between three and four years	73	173
Between four and five years	-	73
More than five years	-	-
Total undiscounted lease receivables	**575**	**732**
Unearned finance income	24	37
Net investment in the Sub-Lease	**551**	**695**

Note 23. Commitments, Contingent Liabilities and Contingent Assets (continued)

(b) Capital commitments

	Consolidated		Credit Union	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Capital expenditure commitments	170	69	170	69

(c) Outstanding loan commitments

	Consolidated		Credit Union	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Loans approved but not yet funded				
Residential	31,546	6,995	31,546	6,995
Personal	320	218	320	218
	31,866	**7,213**	**31,866**	**7,213**

(d) Members' unused credit facilities

	Consolidated		Credit Union	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Revolving credit and redraw facilities	**210,402**	**203,182**	**210,402**	**203,182**

(e) Contingent Liabilities

At reporting date the Group had fully secured financial guarantees in place, to the beneficiary of ANZ Banking Group Ltd and Cuscal Ltd that it had provided on behalf of members totalling $0.057 million (2020: $0.057 million). The unsecured balance of these guarantees totals $0.032 million (2020: $0.032 million). No loss on these guarantees is anticipated.

Note 24. Key Manangement Personnel

(a) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director of the Group.

The names of persons who were key management personnel of the Group at any time during the financial year are as follows:

Non-executive Directors -

C.A. Mitchell, A. Cannon, J.A. Cooper, P.C. Dewsnap, K.A. Jordan, N.S. Rantanen Reynolds, P.L.F. Riquier.

Executive Management Committee -

T.M. Roberts, C.A. Ryan, T.M.E. Prowse, I. Karounos, M. Lovell (from 28 September 2020), D.P Boddington (from 28 September 2020), K.L. Beard (from 28 September 2020), A. Smith (from 31 May 2021).

(b) Aggregate income (including superannuation payments) received, or due and receivable by all key management personnel of the Group or related parties is included in employee benefits (Note 6):

The aggregate compensation of the key management personnel of the Group is set out below:

	2021 $	2020 $
Short-term employee benefits	2,039,982	1,705,963
Payments to defined contribution plans	175,265	153,947
Other long-term benefits	85,247	141,184
Termination benefits	-	193,708
	2,300,494	**2,194,802**

The Group does not pay any post employment benefits or share-based payments to key management personnel.

Note 24. Key Manangement Personnel (continued)

(c) Loans to key management personnel

	2021 $	2020 $
Aggregate loans to key management personnel outstanding at reporting date;		
Mortgage and personal loans	5,515,596	2,991,865
Lines of credit (including unsecured overdrafts)	-	-
	5,515,596	**2,991,865**
Aggregate amount of loans made during the year to key management personnel:		
Total loans made during the year	3,557,285	1,208,101
Aggregate amount of interest charged during the year to key management personnel:		
Mortgage and personal loans	102,356	90,701
Aggregate amount of repayments made during the year to key management personnel:		
Mortgage and personal loans	1,133,910	425,738
Net movement in lines of credit (including unsecured overdrafts) including interest charged	-	-

The Key management personnel who held loan accounts with the group during the year were A.Cannon, N.S. Rantanen Reynolds, K.A. Jordan, C. Ryan, T.M.E. Prowse, K.L. Beard and M. Lovell.

Loans to key management personnel may include joint loans with partners where both parties are jointly and severally liable. All loans were subject to normal terms and conditions and there were no breaches of these terms and conditions during the year. All key management personnel hold a withdrawable share as members of the Group. No impairment losses have been recorded against balances outstanding during the period with key management personnel and no specific allowance made for impairment.

Note 25. Financial Risk Management

(a) Financial risk management

This note presents information about the Group's and the Credit Union's exposure to each of the above risks, the Groups' objectives, policies and processes for measuring and managing risk, and the Group's and the Credit Union's management of capital.

The Group has exposure to the following risks arising from financial instruments:

- Liquidity risk
- Credit risk
- Market risk

The Credit Union's Board of Directors is ultimately responsible for the sound and prudent management of the Group. The Board of Directors has established a Risk Committee that is responsible for establishing an effective risk management framework to manage the Group's exposure to risk. It is also responsible for ensuring that risks are managed within approved limits and for overseeing compliance to relevant policies. The Risk Committee reports regularly to the Board of Directors on its activities.

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

The Credit Union's Board of Directors has established an Audit Committee to assist the Board of Directors in fulfilling its responsibilities relating to internal controls and the accounting and reporting practices of the Credit Union. It serves as an independent and objective party to review the financial information and associated risks presented by management to members, regulators and the general public. The Audit Committee is responsible for reviewing the effectiveness of internal controls and risk management systems established by management to enable compliance with legislation, prudential standards, accounting standards and Board Policies. The Audit Committee is assisted in its oversight role by Internal Audit. The Audit Committee reports to the Board of Directors on its activities.

(b) Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its payment obligations as they fall due, including repaying member deposits, or that the Group has insufficient capacity to fund increases in assets. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations and is closely monitored by the Group.

The Group's approach to managing liquidity is to maintain a portfolio of liquid assets to manage potential stresses in funding sources. The liquidity portfolio held is in accordance with APRA's Prudential Standard APS210 Liquidity which requires the Credit Union to hold high quality liquid assets to 9% (2020: 9%) of adjusted liabilities as a minimum liquidity holding (MLH). The Credit Union prudently, under its liquidity risk policy, has an MLH of 10% (2020: 10%) which it terms an MLH ratio. The Credit Union's Board liquidity risk policy requires the MLH ratio to be managed between 12% and 15%, allowing for surplus liquidity above the 15% upper limit to be invested in non-MLH investments. The MLH and Total Liquidity ratios are reported to management daily and to the Board on a monthly basis.

In addition to the liquidity portfolio, the Credit Union also has a $5.000 million (2020: $5.000 million) overdraft facility (refer to Note 22) and a self-securitisation programme with which it can access emergency liquidity through an RBA repo facility (refer to Note 27).

The Group's liquidity risk management practices remain unchanged in the presence of the COVID-19 pandemic however the Group's self-securitisation program remains elevated in response to APRA's COVID-19 requirements (refer to Note 27).

Note 25. Financial Risk Management (continued)

The Group's MLH liquidity ratio and total liquidity ratio as at the end of the reporting period and comparative period were as follows:

	Consolidated		Credit Union	
	2021	**2020**	**2021**	**2020**
	%	%	%	%
As at 30 June:				
Liquidity holding - MLH	18.60	19.72	18.60	19.72
Liquidity holding - nonMLH	2.03	-	2.03	-
Liquidity holding - Total	**20.63**	**19.72**	**20.63**	**19.72**

The liquidity ratio of the Credit Union is not materially different from the Group.

The tables below summarise the maturity profile of the Group's financial liabilities as at reporting date based on contractual undiscounted repayment obligations. The Credit Union expects that many members will not request repayment on the earliest date the Credit Union could be required to pay and the tables do not reflect the cash flows indicated by the Credit Union's deposit retention history.

Consolidated	Carrying amount	Contractual Cash flows	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2021							
Financial Liabilities							
Member deposits	1,136,891	1,136,891	774,250	144,190	188,185	30,266	-
Due to other financial institutions	48,610	48,610	-	-	-	48,610	-
Interest payable	961	2,912	-	927	1,489	496	-
Lease Liabilities	4,625	4,824	-	218	985	3,621	-
Trade and other payables	1,550	1,550	-	1,550	-	-	-
	1,192,637	**1,194,787**	**774,250**	**146,885**	**190,659**	**82,993**	**-**
2020							
Financial Liabilities							
Member deposits	1,072,056	1,072,056	628,910	209,978	181,201	51,967	-
Due to other financial institutions	6,003	6,003	-	-	-	6,003	-
Interest payable	2,131	7,567	-	3,376	2,855	1,336	-
Lease Liabilities	5,377	5,682	-	214	641	4,827	-
Trade and other payables	1,397	1,397	-	1,397	-	-	-
	1,086,964	**1,092,705**	**628,910**	**214,965**	**184,697**	**64,133**	**-**

Note 25. Financial Risk Management (continued)

Credit Union	Carrying amount $'000	Contractual Cash flows $'000	On demand $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	> 5 years $'000
2021							
Financial Liabilities							
Member deposits	1,136,891	1,136,891	774,250	144,190	188,185	30,266	-
Due to other financial institutions	48,610	48,610	-	-	-	48,610	-
Borrowings	229,171	229,171	-	-	-	-	229,171
Interest payable	961	2,912	-	927	1,489	496	-
Lease Liabilities	4,625	4,824	-	218	985	3,621	-
Trade and other payables	1,914	1,914	-	1,914	-	-	-
	1,422,172	**1,424,322**	**774,250**	**147,249**	**190,659**	**82,993**	**229,171**
2020							
Financial Liabilities							
Member deposits	1,072,056	1,072,056	628,910	209,978	181,201	51,967	-
Due to other financial institutions	6,003	6,003	-	-	-	6,003	-
Borrowings	272,925	272,925	-	-	-	-	272,925
Interest payable	2,131	7,567	-	3,376	2,855	1,336	-
Lease Liabilities	5,377	5,682	-	214	641	4,827	-
Trade and other payables	1,449	1,449	-	1,449	-	-	-
	1,359,941	**1,365,682**	**628,910**	**215,017**	**184,697**	**64,133**	**272,925**

(c) Credit risk management

Credit risk arises from the possibility that the counterparty to a financial instrument will not adhere to the terms of the contract with the Group when settlement becomes due.

The largest exposure to credit risk is in the area of loans and advances and amounts due from other financial institutions. Risk in this area is managed in the following ways:

- credit risk policies are in place and each loan application is assessed using these policies;
- appropriate insurance over underlying security for loans is put in place where necessary;
- credit exposures to members and other financial institutions are regularly monitored; and,
- regular compliance reviews are undertaken by Internal Audit.

Note 25. Financial Risk Management (continued)

The Group holds collateral against loans and advances to members in the form of mortgage interests over real property and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

Details of the Group's impaired loans and advances as at the reporting date are disclosed below and in Note 12.

	Consolidated		Credit Union	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Exposure to credit risk				
Individually impaired				
Gross amount	6,180	5,401	6,180	5,401
Less Allowance for impairment	(179)	(149)	(179)	(149)
Carrying amount	**6,001**	**5,252**	**6,001**	**5,252**
Stage 1: 12-Months ECL				
Current	1,009,903	923,659	1,009,903	923,659
1-29 days	9,930	7,881	9,930	7,881
30-59 days	10	20	10	20
60-89 days	-	2	-	2
90 days or greater	-	-	-	-
	1,019,843	**931,562**	**1,019,843**	**931,562**
Less Stage 1 ECL	(845)	(825)	(845)	(825)
Stage 2: Lifetime ECL				
1-29 days	37	70	37	70
30-59 days	367	5,264	367	5,264
60-89 days	1,336	8,190	1,336	8,190
90 days or greater	-	-	-	-
	1,740	**13,524**	**1,740**	**13,524**
Less Stage 2 ECL	(45)	(19)	(45)	(19)
Stage 3: Lifetime ECL				
1-29 days	-	-	-	-
30-59 days	-	-	-	-
60-89 days	-	-	-	-
90 days or greater	2	(6)	2	(6)
	2	**(6)**	**2**	**(6)**
Less Stage 3 ECL	(401)	(689)	(401)	(689)
Carrying amount	**1,020,294**	**943,547**	**1,020,294**	**943,547**
Total Carrying Amount	**1,026,295**	**948,799**	**1,026,295**	**948,799**

The majority of past due loans are mortgage loans secured by property with no loss expected.

The Group's cash and cash equivalents, Due from other financial institutions, Trade and other receivables, Derivative assets and Notes Receivable are neither past due nor impaired. The Group's outstanding loan commitments and members' unused credit facilities are neither past due nor impaired.

Note 25. Financial Risk Management (continued)

The Group limits its credit exposure to other financial institutions by investing its liquidity portfolio in instruments in accordance with APRA's minimum investment grade criteria and limits its counterparties to Australian domiciled ADI's (meeting the Board liquidity policy requirements). The Group does not expect any counterparty to fail to meet its obligations.

The Group's maximum exposure to credit risk at the reporting date (without taking into account the value of any collateral or other security in the event other parties fail to perform their obligations under financial instruments) in relation to each class of recognised financial asset is the carrying amount of those assets (net of any provision for impairment).

The Group's maximum exposure to credit risk at the reporting date was:

		Consolidated		Credit Union	
	Note	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cash and cash equivalents	8	64,728	47,902	51,284	29,223
Due from other financial institutions	9	198,272	183,357	198,272	183,357
Trade and other receivables	10	1,533	1,534	1,021	1,700
Net Loans and advances	11, 12	1,026,295	948,799	1,026,295	948,799
Notes Receivable	27	-	-	243,500	291,500
Derivative assets	26	221	426	221	426
Total maximum exposure		**1,291,049**	**1,182,018**	**1,520,593**	**1,455,005**

(d) Market risk management

Market risk is the risk to the Group's earnings that arise from fluctuations in interest rates and credit spreads (the Group is not exposed to equity, foreign currency or commodity price movements). The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. The Group is predominately exposed to interest rate risk. Interest rate risk is managed principally through monitoring the sensitivity of the Group's financial assets and liabilities, measured as discounted cash-flows, against interest rate movement scenarios and the use of derivatives. Derivatives, in the form of interest rate swaps, are utilised to manage the repricing mismatch between assets and liabilities. The Group is exposed to a declining interest rates. An analysis of the Group's sensitivity, both as dollars and as a percentage of capital, to a 100 basis point parallel (increase)/decrease in market rates is as follows:

	Consolidated		Credit Union	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Revenue Sensitivity:				
As at 30 June	196	890	196	890
Average for the period	598	756	598	756
Maximum for the period	1,094	1,438	1,094	1,438
Minimum for the period	10	405	10	405

	2021 %	2020 %	2021 %	2020 %
Revenue Sensitivity as a percentage of total capital:				
As at 30 June	0.21%	0.95%	0.21%	0.95%
Average for the period	0.63%	0.81%	0.63%	0.81%
Maximum for the period	1.16%	1.56%	1.16%	1.56%
Minimum for the period	0.01%	0.44%	0.01%	0.44%

Note 25. Financial Risk Management (continued)

To manage exposure to interest rate risk, the Group has quantified acceptable risk parameters, and has put in place a third party interest rate risk management system to monitor performance against those parameters and a risk management framework periodically reviewed by the Board and Risk Committee, together with reporting of results to the Board and Risk Committee.

The following summarises the Group's interest rate gap position (before discounting cash flows) and the effective interest rates of financial assets and financial liabilities for the Group. Financial instruments are classified by the date at which the applicable rate will next be reset.

Consolidated

2021	< 1 month $'000	1 month to 12 months $'000	1 year to 5 years $'000	6 years to 10 years $'000	Non-interest Earning/ Bearing $'000	Total Carrying Value $'000	Weighted Average Rate %
Financial Assets							
Cash and cash equivalents	43,055	-	-	-	21,673	64,728	0.15%
Due from other financial institutions	87,016	111,256	-	-	-	198,272	0.75%
Loans and advances	788,258	63,647	161,027	14,746	88	1,027,766	2.95%
Other financial assets	-	-	-	-	3,223	3,223	-
Trade and other receivables	-	-	-	-	1,533	1, 533	-
Derivative Assets	221	-	-	-	-	221	0.57%
	918,550	**174,903**	**161,027**	**14,746**	**26,517**	**1,295,743**	**2.39%**
Financial Liabilities							
Member Deposits	553,686	275,557	30,266	-	277,382	1,136,891	0.54%
Due to other financial institutions	-	-	48,610	-	-	48,610	0.71%
Trade & other payables	-	-	-	-	7,136	7,136	0.00%
Derivative Liabilities	-	-	34	-	-	34	0.00%
	553,686	**275,557**	**78,910**	**-**	**284,518**	**1,192,671**	**0.52%**
Interest Rate Swaps assets/(liabilities)	**(40,000)**	**10,000**	**30,000**	**-**	**-**	**-**	**-**

2020	< 1 month $'000	1 month to 12 months $'000	1 year to 5 years $'000	6 years to 10 years $'000	Non-interest Earning/ Bearing $'000	Total Carrying Value $'000	Weighted Average Rate %
Financial Assets							
Cash and cash equivalents	23,123	-	-	-	24,779	47,902	0.43%
Due from other financial institutions	56,489	126,868	-	-	-	183,357	1.66%
Loans and advances	764,654	75,763	103,276	6,512	276	950,481	3.60%
Other financial assets	-	-	-	-	2,838	2,838	-
Trade and other receivables	-	-	-	-	1,534	1,534	-
Derivative Assets	231	195	-	-	-	426	-
	844,497	**202,826**	**103,276**	**6,512**	**29,427**	**1,186,538**	**3.15%**
Financial Liabilities							
Member Deposits	506,029	323,645	51,967	-	190,415	1,072,056	1.26%
Due to other financial institutions	-	-	6,003	-	-	6,003	1.75%
Trade & other payables	-	-	-	-	8,905	8,905	-
	506,029	**323,645**	**57,970**	**-**	**199,320**	**1,086,964**	**1.47%**
Interest Rate Swaps assets/(liabilities)	**(30,000)**	**(20,000)**	**50,000**	**-**	**-**	**-**	**-**

Note 25. Financial Risk Management (continued)

Credit Union

2021	< 1 month $'000	1 month to 12 months $'000	1 year to 5 years $'000	6 years to 10 years $'000	Non-interest Earning/ Bearing $'000	Total Carrying Value $'000	Weighted Average Rate %
Financial Assets							
Cash and cash equivalents	43,055	-	-	-	8,229	51,284	0.09%
Due from other financial institutions	87,016	111,256	-	-	-	198,272	0.83%
Loans and advances	788,258	63,647	161,027	14,746	88	1,027,766	2.95%
Other financial assets	-	-	-	-	3,223	3,223	-
Trade and other receivables	-	-	-	-	1,021	1,021	-
Notes Receivable	185,360	-	-	-	-	185,360	0.85%
Derivative Assets	221	-	-	-	-	221	0.57%
	1,103,910	**174,903**	**161,027**	**14,746**	**12,561**	**1,467,147**	**2.17%**
Financial Liabilities							
Member Deposits	553,686	275,557	30,266	-	277,382	1,136,891	0.54%
Due to other financial institutions	-	-	48,610	-	-	48,610	0.71%
Borrowings	229,171	-	-	-	-	229,171	2.98%
Trade & other payables	-	-	-	-	7,500	7,500	-
Derivative Liabilities	-	-	34	-	-	34	-
	782,857	**275,557**	**78,910**	**-**	**284,882**	**1,422,206**	**0.95%**
Interest Rate Swaps assets/(liabilities)	**(40,000)**	**10,000**	**30,000**	**-**	**-**	**-**	**-**

2020	< 1 month $'000	1 month to 12 months $'000	1 year to 5 years $'000	6 years to 10 years $'000	Non-interest Earning/ Bearing $'000	Total Carrying Value $'000	Weighted Average Rate %
Financial Assets							
Cash and cash equivalents	23,123	-	-	-	6,101	29,223	0.36%
Due from other financial institutions	56,489	126,868	-	-	-	183,357	1.66%
Loans and advances	764,654	75,763	103,276	6,512	276	950,481	3.60%
Other financial assets	-	-	-	-	2,838	2,838	-
Trade and other receivables	-	-	-	-	1,700	1,700	-
Notes Receivable	284,320	-	-	-	-	284,320	1.43%
Derivative Assets	231	195	-	-	-	426	0.16%
	1,128,817	**202,826**	**103,276**	**6,512**	**10,914**	**1,452,345**	**2.99%**
Financial Liabilities							
Member Deposits	506,029	323,645	51,967	-	190,415	1,072,056	1.26%
Due to other financial institutions	-	-	6,003	-	-	6,003	1.75%
Borrowings	272,925	-	-	-	-	272,925	3.58%
Trade & other payables	-	-	-	-	8,956	8,956	-
	778,954	**323,645**	**57,970**	**-**	**199,371**	**1,359,941**	**1.47%**
Interest Rate Swaps assets/(liabilities)	**(30,000)**	**(20,000)**	**50,000**	**-**	**-**	**-**	**-**

Note 25. Financial Risk Management (continued)

(e) Capital Management

The Group's capital management approach is designed to best serve the interests of its members and adhere to the minimum capital requirements set by APRA under its capital adequacy standard APS 110. The Group ensures compliance with regulatory capital requirements through its internal capital adequacy assessment process (ICAAP). The ICAAP, which forms a component of the capital management policy and represents an annual review of capital adequacy, considers both current capital levels and future capital requirements.

The Group maintains capital through the appropriation of retained earnings to general reserves (refer Note 21(c)). No other capital instruments are utilised.

In accordance with the Basel III capital framework, the Group has adopted a standardised approach to the calculation of credit risk when determining the capital adequacy ratio.

There have been no material changes in the Group's management of capital during the period. Details of the Group's capital adequacy ratio as at the reporting date were as follows:

	Consolidated		Credit Union	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Total qualifying capital	98,821	93,522	98,821	93,522
Risk Weighted Assets	554,033	505,931	554,033	505,931

	2021 %	2020 %	2021 %	2020 %
Capital adequacy ratio				
As at 30 June	17.84	18.49	17.84	18.49

(f) Financial Liabilities

Financial instruments are initially recognised at fair value plus any attributable transaction costs. Subsequently financial instruments are required to be classified into measurement categories which determine the accounting treatment of the item. The Group has the following categories:

Liabilities: Measured at amortised cost, using the effective interest rate method

The Group derecognises financial instruments when the contractual rights to the cash flows of the financial asset expire, or in the case of financial liabilities when the contractual obligations are discharged, cancelled or expire.

	Consolidated		Credit Union	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Opening balance	-	-	272,925	93,583
Movement	-	-	(43,754)	179,342
Closing balance	**-**	**-**	**229,171**	**272,925**

Note 25. Financial Risk Management (continued)

(g) Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

The Credit Union designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Credit Union formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Credit Union makes an assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated.

The Credit Union only utilises cash flow hedging relationships which are outlined below.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedge reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. However, if the derivative is novated to a central counterparty by both parties as a consequence of laws or regulations without changes in its terms except for those that are necessary for the novation, then the derivative is not considered as expired or terminated.

The Credit Union uses interest rate swaps to hedge its exposure to interest rate risks arising from operational and financing activities. The Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates. The Group enters into interest rate swap contracts for the sole purpose of managing interest rate exposures in the Statements of Financial Position and not for speculative purposes.

The notional vale of the derivatives held as cash flow hedges as at 30 June 2021 is $60.000 million (2020: $50.000 million).

The following table details the Group's net fair values and notional principal amounts at the remaining terms of interest rate swap contracts outstanding as at the reporting date:

	Net Fair Value		Notional Principal Amount	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Less than 1 year	58	-	30,000	-
1 to 2 years	163	171	20,000	30,000
2 to 5 years	(34)	255	10,000	20,000
Closing balance	**187**	**426**	**60,000**	**50,000**

Note 26. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction on the measurement date.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incoporates all of the factors that market participants would take into account in pricing a transaction.

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

Cash and cash equivalents:

The carrying amount equates to fair value due to the short term nature of these financial instruments.

Due from other financial institutions:

These financial assets represent the Group's liquidity portfolio and are comprised of MLH investments and term deposits held with Australian domiciled ADIs. Where the MLH investments have an original tenor of greater than 12 months they are reported at fair value through other comprehensive income. The fair value of Due from other financial institutions held at FVOCI is estimated using discounted cash flow analysis, based on current market rates for similar arrangements. The fair value of all other investments are reported at amortised cost.

Loans and advances:

Fair value has been determined through the discounting of future cash flows which represents a difference between existing loan interest rates and current market interest rates. For fixed rate loans the discount factor is based on the applicable benchmark bank bill swap rate. For variable rate loans, which are repriced at the discretion of the Group, fair value is set at the carrying value.

Derivatives:

Fair value for the Credit Union's interest rate swaps has been determined by discounting future cash flows which are based on current implied forward rates as at the reporting date.

Other financial assets:

Other financial assets are classified as fair value through other comprehensive income. In determining fair value the Group considers a market approach, income approach and net tangible asset method in determining the fair value to assess a range of possible outcomes.

Trade and other receivables:

These financial assets are substantially short-term in nature and predominantly comprise individual assets with variable interest rates, consequently carrying value approximates fair value because of the short term repricing opportunity. For those financial assets that will be repriced beyond twelve months, the aggregate net fair value has been determined by calculating the net present value of future cash flows using market rates as at reporting date.

Accounts payable and other liabilities:

These financial liabilities are substantially short-term in nature and predominantly comprise individual liabilities with variable interest rates, consequently carrying value approximates fair value because of the short term repricing opportunity. For those financial liabilities that will be repriced beyond twelve months, the aggregate net fair value has been determined by calculating the net present value of future cash flows using market rates as at reporting date.

Members' deposits:

Fair value has been determined through the discounting of future cash flows which represents a difference between existing deposit interest rates and current market interest rates. For fixed term deposits the discount factor is based on the applicable benchmark bank bill swap rate. For at-call deposits, which are repriced at the discretion of the Group, fair value is set at the carrying value.

Self-securitisation:

Self-securitisation notes are valued at amortised cost.

Note 26. Fair Value of Financial Instruments (continued)

(a) Fair values

The aggregate fair value of financial assets and financial liabilities at the reporting date of the Group, are as follows:

Consolidated	**Total carrying amount as per Statements of Financial Position**		**Aggregate net fair value**		**Fair value hierarchy**
	2021 $'000	**2020** $'000	**2021** $'000	**2020** $'000	
Financial Assets					
Cash and cash equivalents	64,728	47,902	64,728	47,902	Level 1
Due from other financial institutions	198,272	183,357	198,272	183,357	Level 2
Net loans and advances	1,026,295	948,799	1,029,596	948,301	Level 3
Other financial assets	3,223	2,838	3,223	2,838	Level 3
Trade and other receivables	1,533	1,534	1,533	1,534	Level 1
Derivative Assets	221	426	221	426	Level 2
	1,294,272	**1,184,856**	**1,297,573**	**1,184,358**	
Financial Liabilities					
Members' deposits	1,136,891	1,072,056	1,137,257	1,071,638	Level 2
Due to other financial institutions	48,610	6,003	48,610	6,003	Level 2
Accounts payable and other liabilities	7,111	8,905	7,111	8,905	Level 1
Derivative liabilities	34	-	34	-	Level 2
	1,192,646	**1,086,964**	**1,193,012**	**1,086,546**	

Credit Union	**Total carrying amount as per Statements of Financial Position**		**Aggregate net fair value**		**Fair value hierarchy**
	2021 $'000	**2020** $'000	**2021** $'000	**2020** $'000	
Financial Assets					
Cash and cash equivalents	51,285	29,223	51,285	29,223	Level 1
Due from other financial institutions	198,272	183,357	198,272	183,357	Level 2
Net loans and advances	1,026,295	948,799	1,029,596	948,301	Level 3
Other financial assets	3,223	2,838	3,223	2,838	Level 3
Trade and other receivables	1,021	1,700	1,021	1,700	Level 1
Other Investments	185,360	284,320	185,360	284,320	Level 2
Derivative Assets	221	426	221	426	Level 2
	1,465,677	**1,450,663**	**1,468,978**	**1,450,165**	
Financial Liabilities					
Members' deposits	1,136,891	1,072,056	1,137,258	1,071,638	Level 2
Due to other financial institutions	48,610	6,003	48,610	6,003	Level 2
Accounts payable and other liabilities	7,500	8,956	7,500	8,956	Level 1
Borrowings	229,171	272,925	229,171	272,925	Level 2
Derivative liabilities	34	-	34	-	Level 2
	1,422,206	**1,359,940**	**1,422,573**	**1,359,522**	

Note 26. Fair Value of Financial Instruments (continued)

(b) Fair value hierarchy

The table below analyses the Group's financial instruments carried at fair value.

The different levels have been identified as follows:

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

Consolidated	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2021				
Due from Other Financial Institutions - FVOCI	-	140,533	-	140,533
Other financial assets	-	-	3,223	3,223
Derivative Assets	-	221	-	221
Derivative Liabilities	-	(34)	-	(34)
2020				
Due from Other Financial Institutions - FVOCI	-	115,635	-	115,635
Other financial assets	-	-	2,838	2,838
Derivative Assets	-	426	-	426
Derivative Liabilities	-	-	-	-

Credit Union	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2021				
Due from Other Financial Institutions - FVOCI	-	140,533	-	140,533
Other financial assets	-	-	3,223	3,223
Derivative Assets	-	221	-	221
Derivative Liabilities	-	(34)	-	(34)
2020				
Due from Other Financial Institutions - FVOCI	-	115,635	-	115,635
Other financial assets	-	-	2,838	2,838
Derivative Assets	-	426	-	426
Derivative Liabilities	-	-	-	-

Valuation methodology used as the basis for the level 3 allocation of other financial assets is as noted in Note 13.

There have not been any changes in the classification between levels during the year (2020: nil).

Note 27. Securitisation and Repurchase Agreement

(a) Securitisation

In the ordinary course of business, the Credit Union enters into transactions that result in the transfer of financial assets to a special purpose entity that consists of loans and advances to members.

In October 2017, the Credit Union established a residential mortgage-backed securitisation (RMBS) program for the purpose of self-securitisation and established the MTG CUSA Trust Repo Series No. 1 (the "Trust") to purchase mortgage loans it originated.

The Credit Union transferred loans totalling $35.129 million (2020: $214.316 million) during the financial year as part of its ongoing self-securitisation program. In accordance with APRA's COVID-19 response requirement, the Credit Union has extended its self-securitisation programme to 21.42% of total deposits. As at 30 June 2021, a total of $58.140 million (2020: $7.180 million) self-securitisation notes were pledged in a repurchase agreement with the RBA to access a $48.610 million (2020: $6.003 million) tranche of the RBA Term Funding Facility.

The outstanding balance of the loans transferred as at 30 June 2021 was $229.171 million (2020: $272.925 million).

The Group has not transferred substantially all of the risks and rewards associated with these loans and accordingly these loans are carried on the Group's balance sheet.

(b) Repurchase Agreement

In March 2020, in response to the COVID-19 pandemic, the Reserve Bank of Australia (RBA) established a term funding facility (TFF) allowing authorised deposit-taking institutions (ADIs) to access fixed rate funding for three (3) years at a price corresponding to the official cash rate. Securities sold under this agreement to repurchase are retained on the Statement of Financial Position when the majority of the risk and rewards of ownership remain with the Group. The related liability is included within Due to other financial institutions on the Statement of Financial Position when cash consideration is received.

The Group participated in the TFF for an amount of $48.610 million (2020: $6.003 million).

Note 28. Related Party Disclosures

a) The Credit Union provides payroll processing and administration services on behalf of Blackwood Nominees Pty Ltd. All transactions are under normal terms and conditions.

b) The Credit Union engages Data Action Pty Ltd to provide software and technology hosting services. Data Action Pty Ltd provides the software and technology services at arms' length and benefits are recognised through equity accounted earnings, refer Note 14.

c) The Credit Union holds a controlling interest in a special purpose vehicle with which securitisation transactions are entered into under normal commercial terms at arm's length. These transactions are eliminated upon consolidation.

4) The Credit Union entered into a Consultancy Agreement with Origin8 Enterprises Pty Ltd, a company owned by Mr Paul Carl Dewsnap, to provide the services of an interim nominee Director for the Credit Union on the Board of Directors of Data Action Pty Ltd on terms equivalent to an arm's length transaction. The Credit Union engaged these services from March until April 2021, for an aggregate fee of $0.030 million (2020: $0.030 million) per annum.

Ownership interest

	Note	2021 %	2020 %
Data Action	14	15.90	15.90
Blackwood Nominees Pty Ltd	14	50.00	50.00
MTG CUSA Trust Repo Series No1.	27	100.00	100.00

Aggregate amounts included in profit before income tax expense that resulted from transactions with the non-key management personnel related parties:

	2021 $	2020 $
Technology services	2,252,160	2,468,574
Management fee	4,200	4,200
Interest expense	20,492	59,545

Aggregate amounts payable to non key management personnel related party:		
At call deposits	54	173
Term deposits	2,000,000	2,000,000

Note 29. Auditors' Remuneration

	Consolidated		Credit Union	
	2021	**2020**	**2021**	**2020**
	$	$	$	$
Audit services				
Auditors of the Credit Union				
KPMG Australia:				
- Audit of financial statements	171,615	132,420	171,615	132,420
- Other regulatory audits	33,369	30,346	33,369	30,346
	204,984	**162,766**	**204,984**	**162,766**
Other services				
Auditors of the Credit Union				
KPMG Australia:				
- In relation to tax and other services	28,260	62,131	28,260	62,131
Total auditor remuneration	**233,244**	**224,897**	**233,244**	**224,897**

Note 30. Franking Account

The Credit Union has generated franking credits through paying income tax since the 1994/95 financial year. The ability to utilise these credits is restricted by the constitution of the Credit Union which does not currently permit dividend payments.

The balance of the consolidated franking account, adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements is $28.240 million (2020: $27.395 million).

The Credit Union is prevented from distributing the balance of the franking accounts.

Note 31. Segment Information

The Group operates predominately in the retail financial services industry within South Australia.

Specific segmentation of loans and deposits is set out in Notes 11 and 18.

Note 32. Economic Dependency

The Group has an economic dependency on the following suppliers of services.

Cuscal Ltd

As a provider and aggregator of financial service products to the financial services industry, this entity supplies the Credit Union with access to payment and settlement facilities in the form of BPay, Direct Entry and Chequing as well as access to acquiring and settlement facilities for electronic fund services via the ATM, EFTPOS and NPP networks. Cuscal Ltd also provides the Credit Union with rediCARD and VISA card services. In addition, Cuscal Ltd supplies transactional banking and money market services to the Credit Union. Cuscal Ltd also provides the electronic link between automatic teller machines, Bank@Post terminals, point of sale terminals and BPay transactions to members' accounts. The Credit Union invests a proportion of its high quality liquid assets with Cuscal Ltd. The Credit Union is a shareholder in Cuscal Ltd

Data Action Pty Ltd

The Credit Union is a shareholder in Data Action Pty Ltd. Data Action Pty Ltd provides the Credit Union with computer software solutions and hosted technology services.

Note 33. Subsequent Events

As a result of the ongoing and evolving nature of the COVID-19 pandemic and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Group is not in a position to reasonably estimate the financial effects of the COVID-19 pandemic on the future financial performance and financial position of the Group. Other than the current disclosures, there have been no events subsequent to reporting date which would have a material impact on the Group's 30 June 2021 financial statements.

Credit Union SA Ltd

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Annual General Meeting
The Annual General Meeting of Credit Union SA Ltd will be held on Wednesday 17 November 2021 commencing at 5.30pm (ACDT). For your safety and the safety of our community in light of the continuing COVID-19 pandemic, this year's AGM will again be webcast online.

Members will be able to participate in the meeting, including asking questions and voting online in real time.

Please refer to the Notice of Meeting available on our website at www.creditunionsa.com.au/agm

Bankers
Cuscal Limited
National Australia Bank Limited

Auditors
KPMG

Tax Agent
KPMG

Solicitors
Wallmans Lawyers
Fisher Jefferies
Piper Alderman
Jones Harley Toole

CEO
Todd Roberts
FCA, FAICD, FGLF

Credit Union SA Ltd
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AFSL/Australian Credit Licence 241066
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