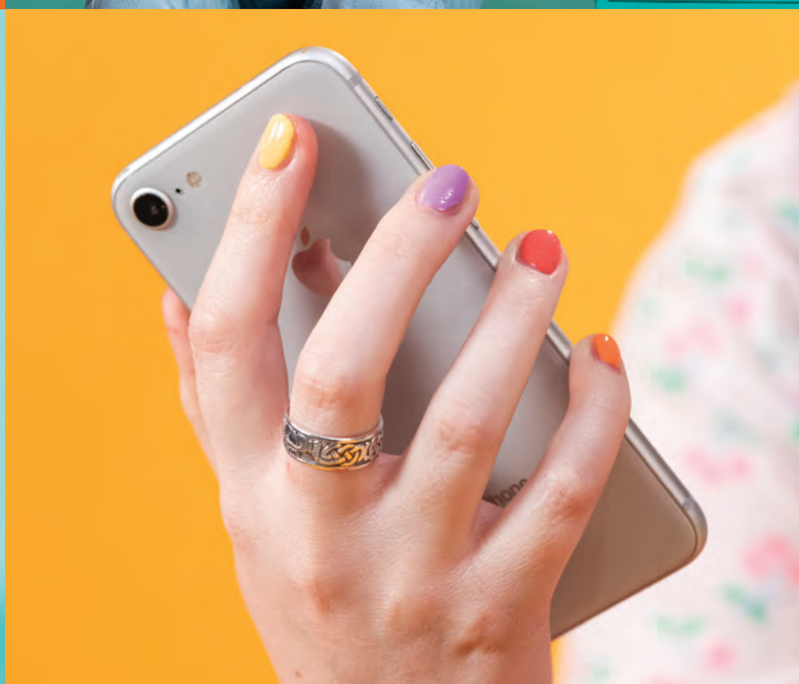
Annual Report 2022

credit unionsa

Annual Report Contents

When you say...

What if?



CEO & Chair Message

Credit Union SA has a long history within South Australia and I'm proud of how we contribute to the lives of our members, staff, partners and the wider community. Our Values; *People First, Strive to Achieve and Be our Best* ensure that people are at the forefront of what we do each and every day. We never underestimate the important role we play for our members or take for granted the trust that is placed in us. **Thank you for your support over the past 12 months and we look forward to a successful year ahead.**

Todd Roberts
CEO, Credit Union SA

Credit Union SA has built a strong and capable business amassing some 53,000 members and a passionate, driven team. We want to continue to put people first and be a trusted partner, helping more of our members achieve their dreams of home ownership. Smart investment in digital will be a key pillar to our delivery to provide a seamless experience for our members and help us take advantage of opportunities as they arise. We have recently set our strategic goals for the new Financial year and defined how we can continue to deliver on our purpose to Help South Australians thrive and exceptional member experience. Our strategy has been simplified and focussed on those areas where we can succeed and create a strong, sustainable organisation – with and for our members. I'm excited by what we can achieve over the next three years to unleash the enormous potential that sits within Credit Union SA and help more South Australians thrive.

Carolyn Mitchell
Chair, Credit Union SA

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 2022 and the Auditor's 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 Chair of the Board Independent Non-Executive Director since 2009 (and previously Independent Non-Executive Director of PowerState Credit Union Limited) Member, Board Risk Committee Member, Board Governance Committee	Company Director/Consultant *Other Board Memberships:* Agrisano Holdings Pty Ltd (Chair); NetballSA (Chair); Risk Management and Audit Committee, Department of Human Services (Chair) Tonkin Consulting Pty Ltd (Chair); JusticeNet SA Incorporated (Director); Lawguard Management Pty Ltd (Director); Townsend House Incorporated (Chair); The Royal South Australian Deaf Society Incorporated (Chair); Adelaide Symphony Orchestra (Director); Member of Audit, Finance and Risk Committee, UniSA
Julie Anne COOPER GD.Mgt, BA, FAICD Independent Non-Executive Director since February 2019 Chair, Board Governance Committee	Company Director *Other Board Memberships:* Nova Systems Pty Ltd (Chair); South Australian Film Corporation (Chair); ASC Pty Ltd (Director); AICD National Board (Director); Risk and Audit Committee, Adelaide Crows Foundation (Chair); Shearn and Co Pty Ltd (Director); Sarah Group (Board Advisor); Helping Hand, Member of Finance and Property Committee (Director); Member Finance and Audit Committee, Adelaide Football Club
Paul Carl DEWSNAP PGDDigBus, DipElecEng, MAICD Independent Non-Executive Director since February 2019 Member, Board Risk Committee	Company Director/Consultant *Other Board Memberships:* Advisory Board of Affiniti Solutions (Chair); Data Action Pty Ltd (Director); Digital Resilience Pty Ltd (Director); My Security Adviser Pty Ltd (from March 2021) (Director); Australia India Chamber of Commerce - South Australian Chapter (Committee Member); Buzz ER Pty Ltd (Advisory Board)
Nicolle Shelley RANTANEN REYNOLDS MBA, MComLaw, BCom (Acc), CSM, FAICD, FCPA, FTIA Independent Non-Executive Director since 2011 Chair, Board Audit Committee Member, Board Risk Committee	Public Trustee (South Australia) *Other Board Memberships:* Grange Golf Club (Vice President and Chair Finance Committee); Thoroughbred Racing NT (Deputy Chair and Chair of Risk Committee); Clayton Church Homes (Director and Chair of Governance Committee); Cancer Council SA (Director and Chair of Finance Committee); Board of Governors and Member of Audit, Finance and Risk Committee, UniSA; CAWRA (Chair, Audit Committee); Advisory Board Member, Australian Institute of Company Directors; Office for Recreation, Sport and Racing (Member of Risk & Audit Committee); City of Marion (Member Finance Committee)
Philip Leon Fernand RIQUIER MBA, B Bus, FAICD, FCPA, Chartered Banker Independent Non-Executive Director since 2018 Chair, Board Risk Committee Member, Board Audit Committee	Company Director *Other Board Memberships:* LHI Retirement Incorporated (Director); Capital Prudential Pty Ltd (Director); My Venue Pty Ltd (Director)
Nicholas Chapman ANDERSON **FCA, B.Acc. GAICD** **Appointed 1 February 2022** Independent Non-Executive Director Member, Board Audit Committee (1 February 2022)	Company Director *Other Board Memberships:* Director, Capital Family Office Pty Ltd (Director); Capital Strategies Pty Ltd (Director); Multiple Officer and Trustee positions with private companies and trusts

Director's Report continued

Name, qualifications and special responsibilities	Experience
Louise SMALL **Appointed 1 October 2021** Independent Non-Executive Director Member, Board Governance Committee (1 October 2021)	Company Director *Other Board Memberships*: SA Football Commission (Director)
Alexandrea CANNON **Retired 30 September 2021** 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 Member, Board Governance Committee	Company Director/Consultant/AICD Facilitator *Other Board Memberships* (as at 30 September 2021): SATAC Ltd (Chair); SA Heart Centres Pty Ltd (Director); Winston Churchill Memorial Trust National Board (Director); Bizbuild Pty Ltd (Director)
Kathryn Anne JORDAN **Retired 31 December 2021** B Soc Sci (Human Services), B Ed ECE, GAICD Independent Non-Executive Director since 2016 Member, Board Governance Committee	Company Director, *Other Board Memberships* (as at 31 December 2021): Early Childhood Education leader; Owner, Better Balance Coaching

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

Company Secretary

Ms Nicole Santinon LLB (Hons), BIntSt, GDLP, Prof Cert SMSF, AAICD was appointed Company Secretary effective 13 December 2021. Ms Santinon is a corporate & commercial lawyer and corporate governance professional who formerly practised as a tax and superannuation lawyer both in private legal practice and as in-house senior legal counsel.

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 2022 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			6	5	2	2
N Anderson	BA	5	5	2	2				
J Cooper	ME	11	11					4	4
P Dewsnap	BA	11	11			6	5		
L Small	BA	8	8	1	1			3	3
N Rantanen Reynolds	ME	11	10	4	4	6	5		
P Riquier	ME	11	11	4	4	6	5		
K Jordan^	ME	6	6					2	2
A Cannon^^	ME	3	3	1	1			1	1

(*) Eleven scheduled Board meetings [and one (1) Board Strategy Planning meeting]
^Resigned 31 December 2021
^^Resigned 30 September 2021

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

Director's Report continued

Directors' Interests

No Director has declared any interest in existing or proposed contracts with the Credit Union during the financial year ended 30 June 2022, and to the date of this report.

Principal Activities

During the financial year ended 30 June 2022 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 2022 of $1.762 million (2021: $2.245million). Total assets of the Credit Union as at 30 June 2022 were $1.402 billion (2021: $1.307billion) including members' net loans and advances of $1.166 billion (2021: $1.026 billion).

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

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 rapidly increasing interest rates 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.

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 2022.

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 28th day of September 2022 in accordance with a resolution of the Board of Directors of Credit Union SA Ltd.

Carolyn Mitchell	**Nicolle Rantanen Reynolds**
Chair of the Board	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 2022 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

28 September 2022

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.

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 2022 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 2022;
- 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

28 September 2022

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 2022

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 2022 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 28th day of September 2022, in accordance with a resolution of the Board of Directors of the Credit Union.

Carolyn Mitchell
Chair of the Board

Nicolle Rantanen Reynolds
Chair of the Audit Committee

Statements of Financial Position

As at 30 June

		Consolidated		Credit Union	
		2022	2021	2022	2021
	Notes	$'000	$'000	$'000	$'000
Assets					
Cash and cash equivalents	8	49,187	64,728	33,018	51,284
Due from other financial institutions	9	168,801	198,272	168,801	198,272
Trade and other receivables	10	1,234	1,533	1,373	1,021
Net loans and advances	11, 12	1,166,423	1,026,295	1,166,423	1,026,295
Other investments	27	-	-	253,500	243,500
Other financial assets	13	8,830	3,223	8,830	3,223
Equity accounted investees	14	-	4,940	-	4,940
Property, plant and equipment	15	3,244	4,501	3,244	4,501
Derivative assets	26	442	221	442	221
Deferred tax assets	7	1,099	1,177	1,099	1,177
Intangible assets	16	1,967	1,568	1,967	1,568
Other assets	17	619	781	599	772
Total assets		**1,401,846**	**1,307,239**	**1,639,296**	**1,536,774**
Liabilities					
Members' deposits	18	1,217,486	1,136,891	1,217,486	1,136,891
Due to other financial institutions		63,562	48,610	63,562	48,610
Borrowings	27	-	-	236,005	229,171
Derivative liabilities	26	368	34	368	34
Trade and other payables	19	5,833	7,136	7,278	7,500
Income received in advance		94	-	94	-
Income tax payable	7	67	224	67	224
Provisions	20	2,772	2,875	2,772	2,875
Total liabilities		**1,290,182**	**1,195,770**	**1,527,632**	**1,425,305**
Net assets		**111,664**	**111,469**	**111,664**	**111,469**
Equity					
Retained earnings	21	109,767	107,690	109,767	107,690
Fair value reserves	21	1,032	2,486	1,032	2,486
Cash flow hedge reserve	21	74	187	74	187
General reserve for credit losses	21	729	1,045	729	1,045
Redeemed member shares	21	62	61	62	61
Trust issued Units	21	-	-	-	-
Total equity		**111,664**	**111,469**	**111,664**	**111,469**

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	
		2022	2021	2022	2021
	Notes	$'000	$'000	$'000	$'000
Income					
Interest revenue	4	28,833	31,012	30,976	33,276
Interest expense	4	(3,392)	(6,245)	(9,358)	(13,798)
Net interest revenue		25,441	24,767	21,618	19,478
Non interest revenue	5	4,917	4,537	8,694	9,764
Share of profit of equity accounted investees	5, 14	114	277	114	277
Total income		**30,472**	**29,581**	**30,426**	**29,519**
Expenses					
Impairment losses on loans and advances	12	79	101	79	101
Other expenses	6	(28,490)	(26,633)	(28,444)	(26,571)
Total expenses		**(28,411)**	**(26,532)**	**(28,365)**	**(26,470)**
Profit before tax		2,061	3,049	2,061	3,049
Income tax expense	7	(299)	(804)	(299)	(804)
Profit for the year		**1,762**	**2,245**	**1,762**	**2,245**
Items that are or may be reclassified to profit or loss					
Cash flow hedge reserve		(113)	(239)	(113)	(239)
Equity investments at FVOCI		1,207	385	1,207	385
Due from other financial institutions at FVOCI		(2,661)	283	(2,661)	283
Other comprehensive income for the year, net of tax		**(1,567)**	**429**	**(1,567)**	**429**
Total comprehensive income for the year		**195**	**2,674**	**195**	**2,674**

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
2022							
Opening equity		**107,690**	**2,486**	**1,045**	**187**	**61**	**111,469**
Profit for the year		1,762	-	-	-	-	1,762
Changes to the fair value of cash flow hedges		-	-	-	(113)	-	(113)
Other comprehensive income for the year		-	(1,454)	-	-	-	(1,454)
General Reserve for Credit Losses	12	316	-	(316)	-	-	-
Transfer (to)/from redeemed member shares		(1)	-	-	-	1	-
Closing equity	21	**109,767**	**1,032**	**729**	**74**	**62**	**111,664**
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**

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
2022							
Opening equity		**107,690**	**2,486**	**1,045**	**187**	**61**	**111,469**
Profit for the year		1,762	-	-	-	-	1,762
Changes to the fair value of cash flow hedges		-	-	-	(113)	-	(113)
Other comprehensive income for the year		-	(1,454)	-	-	-	(1,454)
General Reserve for Credit Losses	12	316	-	(316)	-	-	-
Transfer (to)/from redeemed member shares		(1)	-	-	-	1	-
Closing equity	21	**109,767**	**1,032**	**729**	**74**	**62**	**111,664**
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**

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

	Notes	Consolidated 2022 $'000	Consolidated 2021 $'000	Credit Union 2022 $'000	Credit Union 2021 $'000
Cash flows from operating activities					
Interest received		28,727	30,922	30,802	33,209
(Increase) in members loans and advances		(140,049)	(77,396)	(140,049)	(77,396)
Interest paid		(3,667)	(7,415)	(9,633)	(14,968)
Increase in member deposits	18	80,595	64,835	80,595	64,835
Increase in due to other financial institutions		14,952	-	14,952	-
Non-interest income received		4,735	4,527	7,929	10,436
Non-interest expenses paid		(26,055)	(24,385)	(24,918)	(24,039)
Income tax paid	7(d)	(378)	(811)	(378)	(811)
Net cash flow (used in)/from operating activities	8(b)	**(41,140)**	**(9,723)**	**(40,700)**	**(8,734)**
Cash flow from investing activities					
(Increase)/decrease in due from other financial institutions	9	26,810	(14,915)	26,810	(14,915)
Net (increase)/ decrease in Notes receivable		-	-	(10,000)	48,000
Dividends received from equity accounted investees		99	36	99	36
Dividends from Equity Investments		512	42	512	42
Proceeds from sale of equity accounted investee		560	-	560	-
Proceeds from sale of property, plant and equipment		58	301	58	301
Payments for property, plant, equipment and intangibles	15,16	(1,324)	(770)	(1,324)	(770)
Net cash flow (used in)/ from investing activities		**26,715**	**(15,306)**	**16,715**	**32,694**
Cash flow from financing activities					
Payment of lease liabilities	23	(1,116)	(752)	(1,116)	(752)
Proceeds from term funding facility	27	-	42,607	-	42,607
(Increase)/decrease in notes receivable from securitisation		-	-	6,835	(43,754)
Net cash flow from/(used in) financing activities		**(1,116)**	**41,855**	**5,719**	**(1,899)**
Net increase in cash equivalents		**(15,541)**	**16,826**	**(18,266)**	**22,061**
Cash and cash equivalents at beginning of the year		64,728	47,902	51,284	29,223
Cash and cash equivalents at end of the year	8(a)	**49,187**	**64,728**	**33,018**	**51,284**

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

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 2022 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 Financial 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 28 September 2022.

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

(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.

(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 2022.

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	%
2022						
Interest revenue						
Cash and cash equivalents	70,046	54	0.08%	48,203	27	0.06%
Due from other financial institutions	192,457	1,477	0.77%	192,457	1,477	0.77%
Loans and advances	1,075,159	27,077	2.52%	1,075,159	27,077	2.52%
Notes receivable	-	-	-	245,171	2,170	0.89%
Derivatives	45,918	225	0.49%	45,918	225	0.49%
	1,383,580	**28,833**	**2.08%**	**1,606,909**	**30,976**	**1.93%**
Interest expense						
Payables due to other financial institutions	48,796	97	0.20%	48,796	97	0.20%
Member deposits	1,179,352	3,229	0.27%	1,179,352	3,229	0.27%
Borrowings	-	-	-	223,031	5,966	2.68%
Derivatives	45,918	66	0.14%	45,918	66	0.14%
	1,274,066	**3,392**	**0.27%**	**1,497,097**	**9,358**	**0.63%**
Interest margin		**25,441**	**1.81%**		**21,618**	**1.30%**
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	-	-	-	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	69	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%**

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	
	2022	**2021**	**2022**	**2021**
	$'000	$'000	$'000	$'000
Non interest revenue				
Distribution from Trust	-	-	3,553	4,979
Loan fees	1,509	1,309	1,509	1,309
Bad debts recovered	75	78	75	78
Dividends received	512	42	512	42
Gain from sale of property, plant & equipment	48	60	48	60
Income from sub-leasing right-of-use assets	10	13	10	13
Other fee revenue	362	350	362	350
Other commission revenue	2,395	2,633	2,395	2,633
Other revenue	6	52	230	300
Total non interest revenue	**4,917**	**4,537**	**8,694**	**9,764**
Investments in associates				
Share of profit in associates before income tax	153	395	153	395
Income tax expense	(39)	(118)	(39)	(118)
Total share of profit in associates	**114**	**277**	**114**	**277**
Total non interest revenue	**5,031**	**4,814**	**8,808**	**10,041**

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	
	2022	**2021**	**2022**	**2021**
	$'000	$'000	$'000	$'000
Administration expenses				
Staff				
Employee benefits	12,542	11,827	12,542	11,827
Contributions to defined contribution plans	1,181	1,041	1,181	1,041
Occupancy				
Operating lease expenses	144	162	144	162
Occupancy expenses	217	228	217	228
Information technology				
Information technology expenses	3,571	2,833	3,571	2,833
Finance costs				
Interest on lease liabilities	87	101	87	101
Other				
Administrative expenses	2,307	2,400	2,275	2,354
Depreciation of property, plant & equipment	1,466	1,461	1,466	1,461
Amortisation intangibles	759	666	759	666
Distribution channel costs	3,954	3,790	3,954	3,790
Impairment losses	(76)	9	(76)	9
Marketing expenses	1,468	1,338	1,468	1,338
Loss on disposal of property, plant & equipment	17	20	17	20
Other	853	757	839	741
Total non- interest operating expenses	**28,490**	**26,633**	**28,444**	**26,571**

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	2022 %	2022 $'000	2021 %	2021 $'000
(a) Reconciliation between tax expense and pre-tax profit				
Profit before tax		2,061		3,049
Income tax expense	25%	515	26%	793
Increase/(decrease) in income tax expense due to:				
Non allowable expenses	0.34%	7	0.16%	5
Non assessable income	(10.65%)	(219)	(3.28%)	(100)
Tax expense reflecting change in corporate tax rate	-	(4)	-	106
Income tax expense on pre-tax net profit	**14.69%**	**299**	**26.37%**	**804**
(b) Tax expense recognised in profit or loss comprises:				
Current tax expense in respect of the current year		322		875
Adjustments to prior years		-		-
		322		875
Deferred tax expense relating to the origination and reversal of temporary differences		(19)		(177)
Tax expense reflecting change in corporate tax rate		(4)		106
Total tax expense		**299**		**804**
(c) Income tax payable / (Current tax asset)				
Movements during the year were as follows:				
Balance at beginning of the year		224		280
Income tax paid (net of refund)		(378)		(811)
Current year income tax liability on operating profit		322		875
Over provision in prior years		(101)		(120)
Income tax payable		**67**		**224**

Note 7. Income Tax (continued)

Credit Union	2022 %	2022 $'000	2021 %	2021 $'000
(a) Reconciliation between tax expense and pre-tax profit				
Profit before tax		2,061		3,049
Income tax expense	25%	515	26.00%	793
Increase/(decrease) in income tax expense due to:				
Non allowable expenses	0.34%	7	0.16%	5
Non assessable income	(10.65%)	(219)	(3.28%)	(100)
Tax expense reflecting change in corporate tax rate	-	(4)	-	106
Income tax expense on pre-tax net profit	**14.69%**	**299**	**26.37%**	**804**
(b) Tax expense recognised in profit or loss comprises:				
Current tax expense in respect of the current year		322		875
Adjustments to prior years		-		-
		322		875
Deferred tax expense relating to the origination and reversal of temporary differences		(19)		(177)
Tax expense reflecting change in corporate tax rate		(4)		106
Total tax expense		**299**		**804**
(c) Income tax payable / (Current tax asset)				
Movements during the year were as follows:				
Balance at beginning of the year		224		280
Income tax paid (net of refund)		(378)		(811)
Current year income tax liability on operating profit		322		875
Under/Over provision in prior years		(101)		(120)
Income tax payable		**67**		**224**

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
2022				
Employee benefits	712	(26)	-	686
Loans and advances	368	(47)	-	321
Property, plant and equipment	293	(32)	-	261
Leases	189	5	-	194
Undeducted capital expenditure	13	(3)	-	10
Other	26	25	-	51
Deferred tax assets	**1,601**	**(78)**	**-**	**1,523**
Equity accounted investees	(424)	-	-	(424)
Deferred tax liabilities	**(424)**	**-**	**-**	**(424)**
Net deferred tax assets (liabilities)	**1,177**	**(78)**	**-**	**1,099**
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**

Note 7. Income Tax (continued)

Credit Union	Opening balance restated for change in corporate tax rate $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Closing balance $'000
2022				
Employee benefits	712	(26)	-	686
Loans and advances	368	(47)	-	321
Property, plant and equipment	293	(32)	-	261
Leases	189	5	-	194
Undeducted capital expenditure	13	(3)	-	10
Other	26	25	-	51
Deferred tax assets	**1,601**	**(78)**	**-**	**1,523**
Equity accounted investees	(424)	-	-	(424)
Deferred tax liabilities	**(424)**	**-**	**-**	**(424)**
Net deferred tax assets (liabilities)	**1,177**	**(78)**	**-**	**1,099**
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**

(e) Unrecognised deferred tax asset

Credit Union SA has carried forward capital losses of $0.662 million (2021: $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	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash and cash equivalents	49,187	21,673	33,018	8,229
Investments with other financial institutions	-	43,055	-	43,055
Total Cash for statement of cash flows	**49,187**	**64,728**	**33,018**	**51,284**

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

	Consolidated 2022 $'000	Consolidated 2021 $'000	Credit Union 2022 $'000	Credit Union 2021 $'000
Profit for the year	**1,762**	**2,245**	**1,762**	**2,245**
Add/(deduct) non-cash items				
Provisions for impairment	(186)	(212)	(186)	(212)
Depreciation of property, plant and equipment	1,466	1,461	1,466	1,461
Amortisation of intangible assets	759	666	759	666
Impairment losses	(76)	9	(76)	9
Net (gain)/loss on disposal of property, plant and equipment	(31)	(40)	(31)	(40)
Share of profit of equity accounted investments	(114)	(277)	(114)	(277)
Total adjustments for non-cash items	1,818	1,607	1,818	1,607
Add/(deduct) changes in assets or liabilities during the financial year				
Increase in loans and advances	(139,942)	(77,285)	(139,942)	(77,285)
Increase in member deposits	80,595	64,835	80,595	64,835
Increase in amounts due to other financial institutions	14,952	-	14,952	-
Increase in accrued interest receivable	(106)	(90)	(175)	(67)
Decrease in accrued interest payable	(276)	(1,170)	(276)	(1,170)
(Increase)/decrease in other assets	29	(363)	(543)	291
Increase/(decrease) in other liabilities	107	505	1,188	817
Increase in income tax payable	(157)	(56)	(157)	(56)
Increase in deferred tax assets	78	49	78	49
Total changes in assets or liabilities	**(44,720)**	**(13,575)**	**(44,280)**	**(12,586)**
Net cash (used in)/from operating activities	**(41,140)**	**(9,723)**	**(40,700)**	**(8,734)**

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	
	2022	**2021**	**2022**	**2021**
	$'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	10,362	42,489	10,362	42,489
Deposits with other financial institutions - FVOCI	143,189	140,533	143,189	140,533
	168,801	**198,272**	**168,801**	**198,272**

Not longer than 3 months until maturity	41,244	59,338	41,244	59,338
Longer than 3 months not longer than 12 months until maturity	31,859	23,010	31,859	23,010
Longer than 1 year and not longer than 5 years until maturity	95,698	115,924	95,698	115,924
	168,801	**198,272**	**168,801**	**198,272**

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	
	2022	**2021**	**2022**	**2021**
	$'000	$'000	$'000	$'000
Interest receivable	492	386	631	456
Net Investment in Sub-Lease	399	551	399	551
Other	343	596	343	14
	1,234	1,533	1,373	1,021

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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Loans and advances carried at amortised cost				
Revolving credit facilities	26,679	28,428	26,679	28,428
Term loans - secured	1,098,123	967,361	1,098,123	967,361
Term loans - unsecured	42,906	31,977	42,906	31,977
Gross Loans and advances	**1,167,708**	**1,027,766**	**1,167,708**	**1,027,766**
Specific provision for impairment	(205)	(179)	(205)	(179)
Expected credit loss provision for impairment	(1,080)	(1,292)	(1,080)	(1,292)
Net Loans and advances	**1,166,423**	**1,026,295**	**1,166,423**	**1,026,295**
Loans and advances by maturity				
Lines of credit (including unsecured overdrafts)	26,679	28,428	26,679	28,428
Not longer than 3 months	10	8	10	8
Longer than 3 months not longer than 12 months	1,162	188	1,162	188
Longer than 1 year and not longer than 5 years	25,204	20,301	25,204	20,301
Longer than 5 years	1,114,653	978,841	1,114,653	978,841
Gross Loans and advances	**1,167,708**	**1,027,766**	**1,167,708**	**1,027,766**
Loans and advances by security				
Secured by mortgage	1,118,223	983,808	1,118,223	983,808
Secured by other	283	606	283	606
Unsecured	49,202	43,352	49,202	43,352
Gross Loans and advances	**1,167,708**	**1,027,766**	**1,167,708**	**1,027,766**
Loans and advances by purpose				
Residential	1,113,973	983,760	1,113,973	983,760
Personal	49,323	43,782	49,323	43,782
Commercial	4,412	224	4,412	224
Gross Loans and advances	**1,167,708**	**1,027,766**	**1,167,708**	**1,027,766**

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	1,099,529	978,851	1,099,529	978,851
Other residents	68,179	48,915	68,179	48,915
Gross Loans and advances	**1,167,708**	**1,027,766**	**1,167,708**	**1,027,766**

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 2022, loans to members of the education community of South Australia totalled $374.509 million (2021: $349.064 million). This represents approximately 32.6% of the total loan portfolio (2021: 34.4%).

As at 30 June 2022, the Group had no loan facilities with an outstanding balance in excess of 10% of its total capital (2021: 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 rapidly increasing interest rate environment and the general deterioration in the economic environment on the Credit Union's measurement of ECL. The economic uncertainty represents a material downside risk to the economy and the Group incorporated estimates, assumptions and judgments including an event risk overlay to account for forecast changes to account for the 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 the current economic environment created significant estimation uncertainty in relation to the measurement of the Group's expected credit losses. The rapidly increasing interest rate environment 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	
	2022	2021	**2022** $'000	2021 $'000
100% upside scenario	4.62% to 1.80%	5.83% to 3.00%	(25)	(51)
100% base scenario	4.62% to 3.87%	5.83% to 5.08%	(40)	(58)
100% downside scenario	4.62% to 6.94%	5.83% to 8.15%	155	227

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)

	Notes	Consolidated 2022 $'000	Consolidated 2021 $'000	Credit Union 2022 $'000	Credit Union 2021 $'000
(a) Provisions for impairment					
Specific provision	11	205	179	205	179
Expected credit loss provision					
Stage 1: 12 Months ECL - not credit impaired	11	520	845	520	845
Stage 2: Lifetime ECL - not credit impaired	11	13	45	13	45
Stage 3: Lifetime ECL - credit impaired	11	547	401	547	401
Total provision for impairment		1,285	1,470	1,285	1,470
General reserve for credit losses recognised in equity	21	729	1,045	729	1,045
Total of provisions for impairment and general reserve for credit losses recognised in equity		**2,014**	**2,515**	**2,014**	**2,515**
(b) Impairment losses on loans and advances					
Individually assessed provisions for impairment increase		26	30	26	30
Expected credit loss provision for impairment decrease		(212)	(242)	(212)	(242)
Bad debts written off directly to profit and loss		107	111	107	111
Charge to profit and loss		**(79)**	**(101)**	**(79)**	**(101)**
(c) Impaired loans and assets acquired					
Non accrual loans					
Balance		2,577	6,180	2,577	6,180
Restructured loans					
Balance		1,765	3,420	1,765	3,420

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	(19)	(51)	(19)	(51)
Net interest foregone	**(19)**	**(51)**	**(19)**	**(51)**

Note 12. Impairment of Loans and Advances (continued)

Consolidated and Credit Union

2022	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 2021	**845**	**45**	**401**	**179**	**1,470**
Changes due to financial assets recognised in the opening balance that have:					-
Transferred to 12-month ECL	-	1	112	81	194
Transferred to Collective provision Stage 2	2	-	-	2	4
Transferred to Collective provision Stage 3	1	2	-	-	3
Transferred to Specific provision Lifetime ECL	2	2	9	-	13
New loans and advances originated	136	-	-	-	136
Loans discharged	(488)	(39)	25	(91)	(593)
Bad debts written off	22	2	-	34	58
Charge to income statement	**(325)**	**(32)**	**146**	**26**	**(185)**
Balance at 30 June 2022	**520**	**13**	**547**	**205**	**1,285**

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	-	0	30
Charge to income statement	**20**	**26**	**(288)**	**30**	**(212)**
Balance at 30 June 2021	**845**	**45**	**401**	**179**	**1,470**

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 2022 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 $0.185 million (2021: decreased by $0.212 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 $0.026 million to $0.205 million (2021: $0.030 million) primarily due to higher individually assessed impairment in unsecured loans.

Collective provisions decreased by $0.212 million (2021: $0.242 million), comprised of:

- 12 months ECL (Stage 1) - ECL decreased by $0.325 million (2021: increase of $0.020 million) due to decreases in historical and modelled loss given default rates and decreases to the model economic factor being the South Australian unemployment rate.
- Lifetime ECL not credit impaired (Stage 2) - ECL decreased by $0.032 million (2021: increase of $0.026 million) primarily due to the unwinding of COVID-19 provision estimates.
- Lifetime ECL credit impaired (Stage 3) – ECL increased by $0.145 million (2021: increase by $0.288 million) due to increased provision estimates relating to future economic uncertainty.

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 investments in Cuscal Ltd and Data Action Pty Ltd classified as level 3. The Group determines fair value by referencing independent external valuations and considering net tangible assets.

Unlisted investments comprise shares held in Cuscal Ltd and Data Action Pty Ltd. The constitution limits the ability of the Group to sell Cuscal shares and mandates a prescriptive process for the sale of shares in Data Action Pty Ltd.

The Group classifies its equity investment in Cuscal Ltd and Data Action Pty Ltd as FVOCI as the assets are 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 $0.512 million for the year ended 30 June 2022 (2021: $0.042 million).

During the year the Group has derecognised its interests in Data Action Pty Ltd as an Investment in Associate. The Group has subsequently recognised an Equity investment at fair value given the Group's investment amounts to 15.9% and the Group does not consider it has significant influence over Data Action Pty Ltd.

	Consolidated		Credit Union	
	2022	**2021**	**2022**	**2021**
	$'000	$'000	$'000	$'000
Unlisted Shares at Fair Value				
Cuscal Ltd	4,431	3,223	4,431	3,223
Data Action	4,399	-	4,399	-
	8,830	3,223	8,830	3,223

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.

During the year the Group derecognised its interests in Data Action Pty Ltd as an Investment in Associate. An Equity Investment is subsequently being recognised for the interest retained in Data Action Pty Ltd. Refer Note 13.

The Group sold its full investment in Blackwood Nominees on 30 June 2022 for $0.560 million resulting in a reversal of a prior period impairment of $0.076 million. Subsequent to the year end the Group recovered its share of equity accounted for profits for the year ended 30 June 2022 through payment of a completion dividend equal to the amount of share of profits.

		Consolidated	
		2022	**2021**
	Note	$'000	$'000
Investment in Data Action Pty Ltd	28	-	4,357
Investment in Blackwood Nominees Pty Ltd	28	-	583
		-	**4,940**

A reconciliation of the movement in Equity Accounted Investees is presented as per below:

	2022	**2021**
	$'000	$'000
Opening Balance	4,940	4,699
Share of Profit in Associates	114	241
Sales of Investment in Blackwood Nominees Pty Ltd	(583)	-
Derecognition of Interests in Data Action Pty Ltd	(4,471)	-
Closing Balance	**-**	**4,940**

Note 14. Equity Accounted Investees (continued)

Investment in Data Action Pty Ltd

The Group holds a 15.90% ownership interest (2021:15.90%) 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. During the year the Group derecognised its interests in Data Action Pty Ltd as an Investment in Associate. An Equity Investment is subsequently being recognised for the interest retained in Data Action Pty Ltd. Refer Note 13.

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

Investment in Data Action Pty Ltd	2022 $'000	2021 $'000
Current assets	-	23,124
Non-current assets	-	21,802
Total Assets	**-**	**44,926**
Current liabilities	-	8,322
Non-current liabilities	-	9,202
Total Liabilities	**-**	**17,524**
Net Assets	-	27,402
Group's Share of Net Assets	-	4,357
	-	**15.90%**
Income	-	60,330
Expenses	-	(58,371)
Profit after tax	**-**	**1,959**
Group's share of profit and total comprehensive income (15.9%)	-	311
Dividends received by the Group	-	-
Group's share of net profit	**-**	**311**

Note 14. Equity Accounted Investees (continued)

Investment in Blackwood Nominees Pty Ltd

The Group held a 50.00% (2021: 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.

The Group sold its full investment in Blackwood Nominees on 30 June 2022 for $0.560 million.

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

Investment in Blackwood Nominees Pty Ltd	2022 $'000	2021 $'000
Current assets	-	232
Non-current assets	-	80
Total Assets	**-**	**312**
Current liabilities	-	126
Non-current liabilities	-	71
Total Liabilities	**-**	**197**
Net Assets	-	116
Group's Share of Net Assets	-	58
	-	**50.00%**
Income	-	682
Expenses	-	(545)
Profit after tax	**-**	**137**
Group's share of profit and total comprehensive income (50.00%)	-	68
Dividends received by the Group	-	(37)
Group's share of net profit	**-**	**31**

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	2.5%
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
2022						
Opening	**162**	**112**	**5,331**	**4,671**	**-**	**10,276**
Additions	-	-	-	241	-	241
Transfers	-	-	-	-	-	-
Disposals/ Derecognition	-	-	-	(490)	-	(490)
Closing	**162**	**112**	**5,331**	**4,422**	**-**	**10,027**
Less: Accumulated depreciation/ impairment						
Opening	(162)	(112)	(1,968)	(3,533)	-	(5,775)
Disposals/ Derecognition	-	-	-	458	-	458
Depreciation expense	-	-	(984)	(482)	-	(1,466)
Closing	**(162)**	**(112)**	**(2,952)**	**(3,557)**	**-**	**(6,783)**
Net book value 30 June 2022	**-**	**-**	**2,379**	**865**	**-**	**3,244**

	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**

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
2022						
Opening	**162**	**112**	**5,331**	**4,671**	**-**	**10,276**
Additions	-	-	-	241	-	241
Transfers	-	-	-	-	-	-
Disposals/ Derecognition	-	-	-	(490)	-	(490)
Closing	**162**	**112**	**5,331**	**4,422**	**-**	**10,027**
Less: Accumulated depreciation/ impairment						
Opening	(162)	(112)	(1,968)	(3,533)	-	(5,775)
Disposals/ Derecognition	-	-	-	458	-	458
Depreciation expense	-	-	(984)	(482)	-	(1,466)
Closing	**(162)**	**(112)**	**(2,952)**	**(3,557)**	**-**	**(6,783)**
Net book value 30 June 2022	**-**	**-**	**2,379**	**865**	**-**	**3,244**

	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**

As at 30 June 2022, property, plant and equipment includes right-of-use assets with a carrying value of $2.379 million (2021: $3.363million) 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 from the date the asset becomes operational 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

2022	Intangible Software $'000	Work in progress $'000	Total $'000
Cost			
Balance at 1 July 2021	2,048	521	2,569
Additions	44	1,187	1,231
Transfers	1,196	(1,196)	-
Disposals/ Derecognition	(175)	(69)	(244)
Closing balance as at 30 June 2022	**3,113**	**443**	**3,556**
Amortisation and Impairment			
Balance at 1 July 2021	(1,001)	-	(1,001)
Amortisation	(760)	-	(760)
Disposals/ Derecognition	172	-	172
Closing balance as at 30 June 2022	**(1,589)**	**-**	**(1,589)**
Net book value as at 30 June 2022	**1,525**	**443**	**1,967**

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**

Note 16. Intangible Assets (continued)

Credit Union

2022	Intangible Software $'000	Work in progress $'000	Total $'000
Cost			
Balance at 1 July 2021	2,048	521	2,569
Additions	44	1,187	1,231
Transfers	1,196	(1,196)	-
Disposals/ Derecognition	(175)	(69)	(244)
Closing balance as at 30 June 2022	**3,113**	**443**	**3,556**
Amortisation and Impairment			
Balance at 1 July 2021	(1,001)	-	(1,001)
Amortisation	(760)	-	(760)
Disposals/ Derecognition	172	-	172
Closing balance as at 30 June 2022	**(1,589)**	**-**	**(1,589)**
Net book value as at 30 June 2022	**1,525**	**443**	**1,967**

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**

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. Whilst Software as a service is under development the costs incurred are treated as prepayments and such prepayments are amortised from when the software becomes operational over the period that economic benefits are derived of 3 to 5 years.

	Consolidated		Credit Union	
	2022	**2021**	**2022**	**2021**
	$'000	$'000	$'000	$'000
Prepayments	385	756	365	747
Software as a Service	228	-	228	-
Set up costs CUSA MTG Trust – net	6	25	6	25
	619	**781**	**599**	**772**

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	
	2022	**2021**	**2022**	**2021**
	$'000	$'000	$'000	$'000
Withdrawable shares	**71**	**74**	**71**	**74**
Deposits carried at amortised cost:				
At call deposits	908,344	774,177	908,344	774,177
Term deposits	309,071	362,640	309,071	362,640
Total member deposits	**1,217,486**	**1,136,891**	**1,217,486**	**1,136,891**

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 2022, deposits from members of the education community of South Australia totalled $249.909 million (2021: $212.529 million). This represents approximately 20.5% of total deposits (2021: 18.7%).

As at 30 June 2022 deposits from members currently residing in South Australia totalled $1,160.302 million (2021: $1,076.526 million). This represents approximately 95.3% of total deposits (2021: 94.7%).

As at 30 June 2022, the Group has no individual or group of deposit facilities with an outstanding balance in excess of 10.0% of its total liabilities (2021: 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	
	2022	**2021**	**2022**	**2021**
	$'000	$'000	$'000	$'000
Trade creditors	1,472	1,381	1,472	1,381
Accrued interest payable on deposits	517	891	517	891
Accrued interest payable to other financial institutions	163	70	163	70
Derivative interest accrued	5	-	5	-
Lease liability	3,509	4,625	3,509	4,625
Other creditors and accruals	167	169	1,612	533
	5,833	**7,136**	**7,278**	**7,500**

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.

Note 20. Provisions (continued)

	Consolidated		Credit Union	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Provision for Leases				
Opening balance	46	46	46	46
Provision created	-	-	-	-
Provision utilised	-	-	-	-
Closing Balance	**46**	**46**	**46**	**46**
Provision for long service leave				
Opening balance	1,931	1,645	1,931	1,645
Provision created	64	391	64	391
Provision utilised	(227)	(105)	(227)	(105)
Closing Balance	**1,768**	**1,931**	**1,768**	**1,931**
Provision for annual leave				
Opening balance	898	768	898	768
Provision created	265	200	265	200
Provision utilised	(205)	(70)	(205)	(70)
Closing Balance	**958**	**898**	**958**	**898**
Total Provisions	**2,772**	**2,875**	**2,772**	**2,875**
Number of employees				
Number of full time equivalent employees at year end	130	137	130	137

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	
	2022 $'000	**2021** $'000	**2022** $'000	**2021** $'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 2022 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. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

	2022 $'000	**2021** $'000
Opening Balance as at 1 July 2021	3,363	4,347
Depreciation Charge for the year	(984)	(984)
Balance as at 30 June 2022	**2,379**	**3,363**

See Note 25 for maturity analysis of lease liabilities as at 30 June 2022.

(b) Amounts recognised in Profit or Loss

	2022 $'000	**2021** $'000
Interest Expense on Lease Liabilities	87	101
Interest Income on Net Investment in Sub-Lease	10	13

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

(c) Amounts recognised in Statement of Cashflows

	2022 $'000	2021 $'000
Principal portion of lease liability	1,203	853
Interest portion of lease liability	(87)	(101)
Total cash outflow for leases	**1,116**	**752**

Principal portion of sub-lease	(162)	(157)
Interest portion of sub-lease	10	13
Total cash inflow from sub-lease	**(152)**	**(144)**

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

	2022 $'000	2021 $'000
Less than one year	167	162
Between one and two years	173	167
Between two and three years	73	173
Between three and four years	1	73
Total undiscounted lease receivables	**413**	**575**
Unearned finance income	13	24
Net investment in the Sub-Lease	**399**	**551**

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

(b) Capital commitments

	Consolidated		Credit Union	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Capital expenditure commitments	221	170	221	170

(c) Outstanding loan commitments

	Consolidated		Credit Union	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Loans approved but not yet funded				
Residential	52,542	31,546	52,542	31,546
Personal	295	320	295	320
	52,836	**31,866**	**52,836**	**31,866**

(d) Members' unused credit facilities

	Consolidated		Credit Union	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Revolving credit and redraw facilities	**226,471**	**210,402**	**226,471**	**210,402**

(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 $0.025 million (2021: $0.057 million). The unsecured balance of these guarantees totals nil (2021: $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, J.A. Cooper, P.C. Dewsnap, N.S. Rantanen Reynolds, P.L.F. Riquier. N. C. Anderson (from 1 February 2022), L. Small (from 1 October 2021), A.Canon (to 30 September 2021), K.A. Jordan (to 31 December 2021).

Executive Management Committee -

T.M. Roberts, C.A. Ryan, T.M.E. Prowse, D.P Boddington, K.L. Beard, N. Santinon (from 13 December 2021),

L. Reinhardt (from 17 January 2022), T. Foster (from 21 February 2022), A. Smith (to 5 November 2021), M. Lovell (to 19 November 2021), I. Karounos (to 11 March 2022).

(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:

	2022 $	2021 $
Short-term employee benefits	2,395,591	2,039,982
Payments to defined contribution plans	193,154	175,265
Other long-term benefits	51,592	85,247
Termination benefits	126,818	-
	2,767,155	**2,300,494**

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

	2022 $	2021 $
Aggregate loans to key management personnel outstanding at reporting date;		
Mortgage and personal loans	3,986,389	5,515,596
Lines of credit (including unsecured overdrafts)	-	-
	3,986,389	**5,515,596**
Aggregate amount of loans made during the year to key management personnel:		
Total loans made during the year	1,740,814	3,557,285
Aggregate amount of interest charged during the year to key management personnel:		
Mortgage and personal loans	84,373	102,356
Aggregate amount of repayments made during the year to key management personnel:		
Mortgage and personal loans	3,356,393	1,133,910
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 N.S. Rantanen Reynolds, T.M. Roberts, C.A. Ryan, K.L. Beard and T.M.E. Prowse.

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% (2021: 9%) of adjusted liabilities as a minimum liquidity holding (MLH). The Credit Union prudently, under its liquidity risk policy, has an MLH of 10% (2021: 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 (2021: $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	
	2022	2021	2022	2021
	%	%	%	%
As at 30 June:				
Liquidity holding - MLH	14.85	18.60	14.85	18.60
Liquidity holding - non MLH	0.47	2.03	0.47	2.03
Liquidity holding - Total	**15.32**	**20.63**	**15.32**	**20.63**

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
2022							
Financial Liabilities							
Member deposits	1,217,486	1,217,486	908,415	105,928	167,531	35,612	-
Due to other financial institutions	63,562	63,562	-	14,952	6,003	42,607	-
Interest payable	685	1,743	-	329	980	434	-
Lease liabilities	3,509	3,624	-	367	1,101	2,156	-
Trade and other payables	1,639	1,639	-	1,639	-	-	-
	1,286,881	**1,288,054**	**908,415**	**123,215**	**175,615**	**80,809**	**-**
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**	**-**

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
2022							
Financial Liabilities							
Member deposits	1,217,486	1,217,486	908,415	105,928	167,531	35,612	-
Due to other financial institutions	63,562	63,562	-	14,952	6,003	42,607	-
Borrowings	236,005	236,005	-	-	-	-	236,005
Interest payable	685	1,743	-	329	980	434	-
Lease Liabilities	3,507	3,624	-	367	1,101	2,156	-
Trade and other payables	3,086	3,086	-	3,086	-	-	-
	1,524,331	**1,525,506**	**908,415**	**124,662**	**175,615**	**80,809**	**236,005**
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**

(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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Exposure to credit risk				
Individually impaired				
Gross amount	2,577	6,180	2,577	6,180
Less Allowance for impairment	(205)	(179)	(205)	(179)
Carrying amount	**2,372**	**6,001**	**2,372**	**6,001**
Stage 1: 12-Months ECL				
Current	1,156,868	1,009,903	1,156,868	1,009,903
1-29 days	5,669	9,930	5,669	9,930
30-59 days	-	10	-	10
60-89 days	1	-	1	-
90 days or greater	-	-	-	-
	1,162,538	**1,019,843**	**1,162,538**	**1,019,843**
Less Stage 1 ECL	(520)	(845)	(520)	(845)
Stage 2: Lifetime ECL				
1-29 days	-	37	-	37
30-59 days	2,593	367	2,593	367
60-89 days	-	1,336	-	1,336
90 days or greater	-	-	-	-
	2,593	**1,740**	**2,593**	**1,740**
Less Stage 2 ECL	(13)	(45)	(13)	(45)
Stage 3: Lifetime ECL				
1-29 days	-	-	-	-
30-59 days	-	-	-	-
60-89 days	-	-	-	-
90 days or greater	-	2	-	2
	-	**2**	**-**	**2**
Less Stage 3 ECL	(547)	(401)	(547)	(401)
Carrying amount	**1,164,051**	**1,020,294**	**1,164,051**	**1,020,294**
Total Carrying Amount	**1,166,423**	**1,026,295**	**1,166,423**	**1,026,295**

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	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash and cash equivalents	8	49,187	64,728	33,018	51,284
Due from other financial institutions	9	168,801	198,272	168,801	198,272
Trade and other receivables	10	1,234	1,533	1,373	1,021
Loans and advances	11, 12	1,166,423	1,026,295	1,166,423	1,026,295
Notes receivable	27	-	-	253,500	243,500
Derivative assets	26	442	221	442	221
Total maximum exposure		**1,386,087**	**1,291,049**	**1,623,557**	**1,520,953**

(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	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Revenue Sensitivity:				
As at 30 June	1,399	196	1,399	196
Average for the period	770	598	770	598
Maximum for the period	1,399	1,094	1,399	1,094
Minimum for the period	20	10	20	10
	2022 %	2021 %	2022 %	2021 %
Revenue Sensitivity as a percentage of total capital:				
As at 30 June	1.44%	0.21%	1.44%	0.21%
Average for the period	0.79%	0.63%	0.79%	0.63%
Maximum for the period	1.44%	1.16%	1.44%	1.16%
Minimum for the period	0.02%	0.01%	0.02%	0.01%

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 **2022**	**< 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	-	-	-	-	49,187	49,187	0.08%
Due from other financial institutions	76,560	92,241	-	-	-	168,801	0.77%
Loans and advances	804,105	35,644	307,882	20,004	72	1,167,708	2.52%
Other financial assets	-	-	-	-	8,830	8,830	-
Trade and other receivables	-	-	-	-	1,234	1,234	-
Derivative assets	-	-	442	-	-	442	0.49%
	880,665	**127,885**	**308,325**	**20,004**	**59,323**	**1,396,202**	**2.08%**
Financial Liabilities							
Member deposits	609,538	233,675	35,612	-	338,661	1,217,486	0.27%
Due to other financial institutions	4,997	15,957	42,607	-	-	63,562	0.20%
Trade & other payables	-	-	-	-	5,835	5,835	-
Derivative liabilities	2	9	357	-	-	368	-
	614,538	**249,642**	**78,576**	**-**	**344,496**	**1,287,251**	**0.27%**
Interest Rate Swaps assets/(liabilities)	**(22,500)**	**(20,000)**	**(2,500)**	**-**	**-**	**-**	**-**

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	-
Derivative liabilities	-	-	34	-	-	34	-
	553,686	**275,557**	**78,910**	**-**	**284,518**	**1,192,671**	**0.52%**
Interest Rate Swaps assets/(liabilities)	**(40,000)**	**10,000**	**30,000**	**-**	**-**	**-**	**-**

Note 25. Financial Risk Management (continued)

Credit Union **2022**	**< 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	-	-	-	-	33,018	33,018	0.06%
Due from other financial institutions	76,500	92,241	-	-	-	168,801	0.77%
Loans and advances	804,105	35,644	307,882	20,004	72	1,167,708	2.52%
Other financial assets	-	-	-	-	8,830	8,830	-
Trade and other receivables	-	-	-	-	1,373	1,373	-
Notes receivable	195,360	-	-	-	-	195,360	0.89%
Derivative assets	-	-	442	-	-	442	0.49%
	1,077,258	**128,185**	**308,325**	**20,004**	**43,294**	**1,577,066**	**1.93%**
Financial Liabilities							
Member Deposits	609,538	233,675	35,612	-	338,661	1,217,486	0.27%
Due to other financial institutions	4,997	15,957	42,607	-	-	63,562	0.20%
Borrowings	236,005	-	-	-	-	236,005	2.68%
Trade & other payables	-	-	-	-	1,614	1,614	-
Derivative liabilities	2	9	357	-	-	368	-
	850,543	**249,642**	**78,576**	**-**	**340,275**	**1,519,035**	**0.63%**
Interest Rate Swaps assets/(liabilities)	**(22,500)**	**(20,000)**	**(2,500)**	**-**	**-**	**-**	**-**

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**	**-**	**277,888**	**1,422,206**	**0.95%**
Interest Rate Swaps assets/(liabilities)	**(40,000)**	**10,000**	**30,000**	**-**	**-**	**-**	**-**

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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Total qualifying capital	97,567	98,821	97,567	98,821
Risk Weighted Assets	603,073	554,033	603,073	554,033

	2022	2021	2022	2021
	%	%	%	%
Capital adequacy ratio				
As at 30 June	16.18	17.84	16.18	17.84

(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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Opening balance	-	-	229,171	272,925
Movement	-	-	6,834	(43,754)
Closing balance	**-**	**-**	**236,005**	**229,171**

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 2022 is $37.500 million (2021: $60.000 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	
	2022	**2021**	**2022**	**2021**
	$'000	$'000	$'000	$'000
Less than 1 year	(11)	58	20,000	30,000
1 to 2 years	(357)	163	10,000	20,000
2 to 5 years	442	(34)	7,500	10,000
Closing balance	**74**	**187**	**37,500**	**60,000**

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**
	2022	**2021**	**2022**	**2021**	
	$'000	$'000	$'000	$'000	
Financial Assets					
Cash and cash equivalents	49,187	64,728	49,187	64,728	Level 1
Due from other financial institutions	168,801	198,272	168,801	198,272	Level 2
Net loans and advances	1,166,423	1,026,295	1,168,890	1,029,596	Level 3
Other financial assets	8,830	3,223	8,830	3,223	Level 3
Trade and other receivables	1,234	1,533	1,234	1,533	Level 1
Derivative Assets	442	221	442	221	Level 2
	1,394,917	**1,294,272**	**1,397,384**	**1,297,573**	
Financial Liabilities					
Members' deposits	1,217,486	1,136,891	1,217,030	1,137,257	Level 2
Due to other financial institutions	63,562	48,610	63,562	48,610	Level 2
Accounts payable and other liabilities	5,835	7,111	5,835	7,111	Level 1
Derivative liabilities	368	34	368	34	Level 2
	1,287,251	**1,192,646**	**1,286,795**	**1,193,012**	

Credit Union	**Total carrying amount as per Statements of Financial Position**		**Aggregate net fair value**		**Fair value hierarchy**
	2022	**2021**	**2022**	**2021**	
	$'000	$'000	$'000	$'000	
Financial Assets					
Cash and cash equivalents	33,018	51,285	33,018	51,285	Level 1
Due from other financial institutions	168,801	198,272	168,801	198,272	Level 2
Net loans and advances	1,166,423	1,026,295	1,168,890	1,029,596	Level 3
Other financial assets	8,830	3,223	8,830	3,223	Level 3
Trade and other receivables	1,373	1,021	1,373	1,021	Level 1
Other Investments	195,360	185,360	195,360	185,360	Level 2
Derivative Assets	-	221	-	221	Level 2
	1,573,805	**1,465,529**	**1,576,272**	**1,468,978**	
Financial Liabilities					
Members' deposits	1,217,486	1,136,891	1,217,030	1,137,258	Level 2
Due to other financial institutions	63,562	48,610	63,562	48,610	Level 2
Accounts payable and other liabilities	7,280	7,500	7,280	7,500	Level 1
Borrowings	236,005	229,171	236,005	229,171	Level 2
Derivative liabilities	368	34	368	34	Level 2
	1,524,701	**1,422,206**	**1,524,245**	**1,422,573**	

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 Entity	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2022				
Due from other financial institutions - FVOCI	-	143,189	-	143,189
Other financial assets	-	-	8,830	8,830
Derivative assets	-	442	-	442
Derivative liabilities	-	(368)	-	(368)
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)

Credit Union	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2022				
Due from other financial institutions - FVOCI	-	143,189	-	143,189
Other financial assets	-	-	8,830	8,830
Derivative assets	-	442	-	442
Derivative liabilities	-	(368)	-	(368)
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)

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 (2021: 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 $85.010 million (2021: $35.129 million) during the financial year as part of its ongoing self-securitisation program. In accordance with APRA's requirement, the Credit Union has extended its self-securitisation programme to 20.57% of total deposits. The outstanding balance of the loans transferred as at 30 June 2022 was $236.005 million (2021: $229.171 million).

As at 30 June 2022, a total of $58.140 million (2021: $58.140 million) self-securitisation notes were pledged in a repurchase agreement with the RBA to access a $48.610 million (2021: $48.610 million) tranche of the RBA Term Funding Facility.

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 (2021: $48.610 million).

Note 28. Related Party Disclosures

a) The Credit Union provided payroll processing and administration services on behalf of Blackwood Nominees Pty Ltd until 30 June 2022 when CUSA sold its interest in 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. During the year the Group derecognised its interest in Data Action Pty Ltd as an Investment in Associate. An Equity Investment is subsequently being recognised for the interest retained in Data Action Pty Ltd. Refer Note 13 and 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.

Ownership interest

	Note	2022 %	2021 %
Data Action	13,14	15.90	15.90
Blackwood Nominees Pty Ltd	14	-	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:

	2022 $	2021 $
Technology services	2,646,843	2,252,160
Management fee	3,850	4,200
Interest expense	5,296	20,492
Aggregate amounts payable to non key management personnel related party:		
At call deposits	44	54
Term deposits	2,000,000	2,000,000

Note 29. Auditors' Remuneration

	Consolidated		Credit Union	
	2022	2021	2022	2021
	$	$	$	$
Audit services				
Auditors of the Credit Union				
KPMG Australia:				
- Audit of financial statements	138,918	171,615	138,918	171,615
- Other regulatory audits	34,180	33,369	34,180	33,369
	173,098	**204,984**	**173,098**	**204,984**
Other services				
Auditors of the Credit Union				
KPMG Australia:				
- In relation to tax and other services	28,509	28,260	28,509	28,260
Total auditor remuneration	**201,607**	**233,244**	**201,607**	**233,244**

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 $29.056 million (2021: $28.240 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

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 2022 financial statements.

Credit Union SA Ltd

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AFSL/Australian Credit Licence Number 241066

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Annual General Meeting
The Annual General Meeting of Credit Union SA Ltd will be held on Wednesday 16 November 2022 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
ANZ 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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