2022/2023

Annual Report
and Year in Review

credit union sa

Credit Union SA acknowledges and pays respect to the past, present and future Traditional Custodians and Elders of this nation and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples.

Contents

Foreword

From the Chair

Over the course of the last financial year, Credit Union SA has continued to build on its role in the South Australian community and made a positive impact on the lives of our members and staff. Our Purpose and Values continue to drive our activities and you'll see the positive impact of these initiatives covered in this report. It's been another busy year and we are proud of the achievements we have made, particularly the launch of our first Reconciliation Action Plan, further development of our Environmental, Social and Governance plan and launching innovative Employee Benefits to improve our staff wellbeing through Thrive and Birthday Leave days in addition to our flexible workplace practices.

On behalf of the Board, we are pleased to present this report highlighting our achievements this year. Thank you for your ongoing support, I look forward to continuing to build on this great work in the year ahead.

Carolyn Mitchell
Chair, Credit Union SA

Our Board of Directors

Nicholas Anderson
Director

Julie Cooper (née Shearn)
Director

Paul Dewsnap
Director

Philip Riquier
Director

Louise Small
Director

From the CEO

Our vision is to create a strong and sustainable organisation – with and for our members and I'm proud of the progress made this year, highlighted by the number of fantastic initiatives outlined in this report. During the year we celebrated outstanding financial achievement as we strengthened our financial position with increased total assets and generating a healthy profit to continue to reinvest in future growth. We have also made significant progress against our strategy and have ambitious plans to build further in the coming year. We want to continue to provide exceptional member experience and are increasingly looking at our digital capability as a key enabler to deliver this transformation.

We are incredibly passionate about South Australia and will continue to grow our position to be the go-to financial institution for our State. We are also building on our already strong relationship with the Education community, to support those who are leading the next generation.

As we continue to progress on our transformation journey, I'm confident in our collective ability to overcome challenges, adapt to changing circumstances, and capitalise on new possibilities in the year ahead. Together, we navigate this dynamic landscape, building upon our past accomplishments and embracing the future with unwavering determination and shared commitment to excellence.

Todd Roberts
CEO, Credit Union SA

Our Highlights

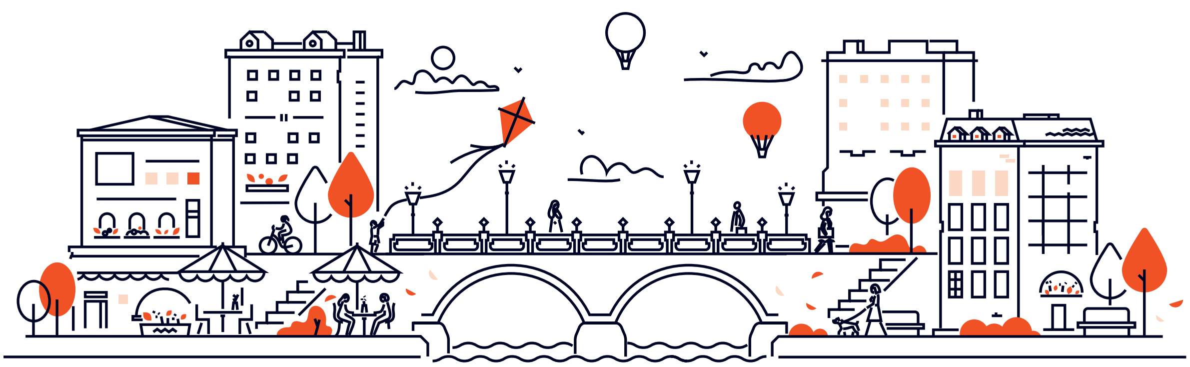
Financial Results

$6.41m
Net Profit after Tax

$1.65b
Total Asset Position

We Welcomed

3,800+	New Credit Union SA members
600+	New members from within the education community



We Helped

100+	Members start building a new home
180+	Members purchase their first home
530+	Members find and finance their dream home
460+	Members drive away in a new car
470+	Home owners refinance for a better deal

We Achieved

- Record home loans though our broker partnerships
- A renewed focus on our sales and internal capabilities
- Progress towards our new lending technologies
- Becoming participating lenders for the Australian Government's First Home Guarantee Scheme
- Partnering with the Australian Cyber Security Centre, furthering our commitment to keeping members safe
- Expanded our broker channels
- Supported residential construction with local developers
- Welcomed new staff across all teams

Our Strategic Focus

Our Purpose

Helping South Australians THRIVE

Our goal is to be the go-to financial institution for South Australians by delivering an exceptional experience, having a clear value proposition and growing sustainably.

Our Strategic Themes

- Increase Home Ownership and Active Members
- Inspire and Grow our People
- Enhance Digital Experiences
- Strengthen the Organisation

Our Values

- People First
- Strive to Achieve
- Be Our Best

Investing in Our Members

As our strategy evolves, our ambition for Credit Union SA to be in a strong and sustainable position continues. So we can invest in our people, communities, technology and future transformation.

FY23 saw significant achievements across every facet of our organisation, from policy and procedural changes to large scale project and strategy milestones, as we focused on delivering our purpose.

In the wider market, we saw important themes emerge that required thoughtful consideration, analysis and decision making at every step.

FY24 is shaping up to be another transformational year for Credit Union SA as our strong performance allows us to invest in the future for our members, community and state.

The introduction of new technology will enhance our lending experience and help to support more South Australians achieve their home ownership goals.

Plus, a new contact centre management platform will offer the personalised experience we're known for, in a more efficient and seamless manner.

The Year Ahead

- Be a ***passionately South Australian*** financial institution
- ***Respect our Heritage*** in the Education sector
- Refine our channels to market with a people capability that ***ensures we deliver***
- Deliver ***consistently high levels of service*** and member experience
- ***Achieve our*** sustainable and profitable ***growth targets***

Strengthening Our Organisation

With our Thriving People initiative, we furthered our commitment to strengthening Credit Union SA through our team.

To support this in meaningful ways, we introduced a number of new initiatives with an emphasis on people development. We launched our inaugural Emerging Leaders program for team members from across the organisation and we focused on promoting from within, which saw over 20% of our roles filled internally.

We also bolstered our competency frameworks, onboarding experience and development programs so our people are equipped with the tools and resources to succeed, adapt and evolve. Helping to deliver exceptional member experience and connection for our community.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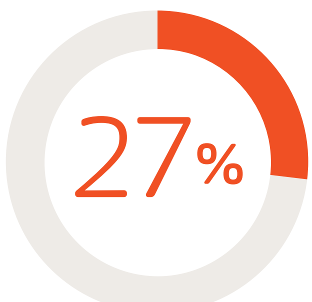
Our People

of our leaders are female

of our staff have more than ten years service

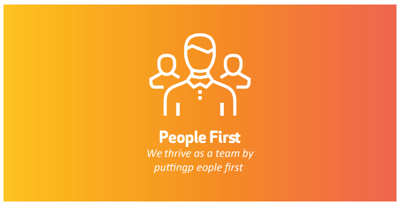
of our staff are under 30



of our staff are over 55

From **YOU**

Subject *I noticed you putting People First*



Dear Andreas,

We sent over 850 eCards to each other

for demonstrating our values, with one staff member sending 50 themselves

We can speak

25

languages

We represent 18 Nationalities

OVER

1,000

Years of total service across our staff and board of directors

Service Milestones 2022/2023

17 staff celebrated significant service milestones

43 years longest tenure

6½ year average tenure

8

Public Holiday Exchanges

4

Babies Born

1

Wedding

Congratulations Carmen and Kane

Our Culture

We're Equal

In February, we were thrilled to announce our partnership with WE'RE EQUAL, a commitment that aligns perfectly with our organisation's core values of respect and dignity for all. Our belief is that discrimination has no place in our community, as we embrace our differences while upholding our equality. This initiative supports our ongoing efforts in promoting diversity and inclusion, a testament to our dedication to fostering a harmonious and inclusive environment.

Thrive With Us

During our Q1 Town Hall sessions, we introduced our employee benefits booklet, "'Thrive With Us'. This resource showcases the array of benefits available to staff, including three new ones: Birthday Leave, Public Holiday Exchange, and Thrive Days.

Mental Health First Aiders

An essential initiative championed by the WHS Committee is the accreditation of Mental Health First Aiders. Like physical first aid, mental health first aid is a first response approach to assist those experiencing mental health conerns, equiping individuals with skills to assist those in a time of crisis, until professional help is received. As well as this our Employee Assistance Program (EAP) offers immediate confidential counselling support and advice, extending its aid to both employees and their families.

Prayer and Meditation Rooms

The People & Culture Committee has been dedicated to enhancing workplace experiences by fostering inclusivity and implementing health and well-being initiatives. Guided by the principle of bringing one's authentic self to work, the decision was made to create Prayer and Meditation Rooms on the third floor. These spaces are designed to offer moments of reflection, meditation, and prayer, catering to diverse backgrounds and beliefs.

Women in Leadership

FY23 saw the expansion of our focus on increasing our representation of women in leadership roles, moving from a focus on Board and Executive level in our targets, to the whole organisation. As a result, we now have 53% of our leadership roles across the whole organisation filled by women.

Family and Domestic Violence Leave

Aligning with the Fair Work Legislation, Credit Union SA provides paid Family and Domestic Violence Leave to staff. We go above the 10 days legislated by providing up to 20 days of paid leave, reinforcing our commitment to those facing these challenges. Our Employee Assistance Program continues to offer confidential support, complemented by our Contact Officers who provide assistance when needed. This aligns with our broader partnership with the Zahra Foundation Australia, reflecting our commitment to supporting our community through these crucial issues. While challenges persist, our dedication to eradicating the choice between safety and financial security remains resolute.

Workplace Giving Program

To reinforce our Purpose and Values, our employees were given the opportunity to be a part of our Workplace Giving program. This comes in the form of after-tax donations from our staff that are sent to their charity of choice each month.

Years of Service

This year we also made the decision to acknowledge our staff's combined Years of Service. Prior to the introduction of contemporary Parental Leave provisions Part Time employees were not able to access Leave and were instead required to resign and return to employment. Thankfully we have moved on and have a more comprehensive legislation that covers all our employees, including new Paid Parental Leave provisions funded by the government and additional Paid Leave funded by Credit Union SA.

We have decided that, in line with our Value of 'People First' we should recognise those people like Debbie, who were impacted by the old legislation and had to resign when having children and then return to work with a combined Years of Service certificate and gift. Alongside Debbie, Wanda and Julie joined Lisa in the 35 club as well.

Our Celebrations

We had an incredible evening this July to celebrate our achievements of the previous financial year at our Staff Celebration Evening and CEO Awards.

Staff Celebration Evening and CEO Awards

We had an incredible evening this July to celebrate our achievements of the previous financial year at our Staff Celebration Evening and CEO Awards. Our entire organisation was invited to the Gallery on Waymouth for a night of socialising as a team. We seized the opportunity to celebrate our staff and recognise not just those who have reached milestones in their Years of Service, but our CEO Award nominees and recipients alike.

The winners for each category were:

Basang
Community
for the wonderful work she does within the Tibetan community, bringing them together and delivering education on Tibetan culture and language.

Brett, Courtney and Morgan
Inclusion
for the work they did to drive collaboration and in bringing our new intranet to life. Congratulations were also given to the amazing SMEs from across the business for the fantastic work done on creating the pages for their individual teams. This was a great example of collaboration across our business.

Dominic and Sara
Living Our Purpose
for their continuous commitment to delivering on our Purpose of helping South Australians Thrive. Marvin (Member Experience) for his ongoing commitment to MX, both internal and with our members. Marvin was also recognised as our overall winner for the year, in recognition of all of the incredible work he does for our members and organisation.

Julius
Risk
was acknowledged for protecting our members from fraud and scams.

Welcome back to the Social Club

We were excited to welcome back Credit Union SA's Social Club after the pandemic hiatus. We officially relaunched the Social Club at the start of 2023. The aim has been to deliver events and activities for our staff to support connection and engagement, in and outside of the workplace. With its relaunch, approximately a third of our staff joined as Social Club Members and everyone has enjoyed a range of events so far. We look forward to bringing more fun activities and experiences to the organisation and their families for the remainder of the year.

End of Year Celebration Night

In December we held our inaugural End of Year Staff Celebration event, in which we celebrated Credit Union SA's achievements through the calendar year. We gathered in the courtyard of the Treasury hotel, for drinks and canapes, under the summer night's sky. Our staff were encouraged to "glam up" their attire, and they absolutely delivered on that. And in effort to promote the responsible consumption of alcohol we made sure there were plenty of non-alcoholic drink options available, as well as cab charges for all staff to make their way safely home.

Our Journey Towards Reconciliation

Our Reconciliation Action Plan

At the beginning of the calendar year, Credit Union SA published our first Reconciliation Action Plan (RAP). This document provides the framework to contribute to the reconciliation movement. RAPs are designed to deliver tangible and substantive benefits for First Nations people's and increase cultural safety in the workplace. Our aim is to make a difference and be seen as a leader in our community through actions towards reconciliation.

In 2022 we put out the call for nominations to form our RAP Working Group. We received such an enthusiastic response that we decided to not only form the Working Group but the create a RAP Activation Group as well, to support the engagement of our whole organisation in the commitment to reconciliation.

Our commitment to a Reflect RAP enables us to continue to develop relationships with Aboriginal and Torres Strait Islander stakeholders, clearly articulating our vision for reconciliation and exploring our sphere of influence in our communities. As an organisation we have been building our knowledge and we will use the Reflect RAP to guide our thinking and behaviour and will embrace further opportunities to unlearn and relearn, from the Aboriginal and Torres Strait Islander community to strengthen our capacity to deliver on the RAP.

This is the start of our organisation's reconciliation journey, and we are confident that, guided by our Reflect RAP commitments and actions, we can realise our ambitions and that the tangible success measures of our Reflect RAP will demonstrate meaningful connections with Aboriginal and Torres Strait Islander communities and implement action to support reconciliation.

We thought there was no better time than during NAIDOC Week to submit our RAP to Reconciliation Australia demonstrating our commitment to Get Up, Stand Up and Show Up for change.

Aboriginal Cultural Sensitivity and Respect Training

We offered our staff the opportunity to be a part of the Aboriginal Cultural Sensitivity and Respect Training, led by Tjimari from Bookabee Australia.This educational endeavour is a cornerstone of our reconciliation journey and reflects our deep commitment to fostering diversity and inclusion. Our shared goal is to enrich our knowledge and skills while creating opportunities to explore our collective values and attitudes.

This process challenges us all to contribute to a more comprehensive understanding of Aboriginal Australia. Throughout the training day, our team members were invited to engage in reflections and activities that aligned with the topics covered. These discussions sparked a slew of fantastic and impactful ideas, which Credit Union SA can consider for inclusion in our Reconciliation Action Plan. Moreover, the day prompted poignant personal reflections and commitments from staff who attended.

Some of these commitments include embracing our Public Holiday Swap Program for the January 26 public holiday and proactively pursuing further education about Aboriginal history, culture, and lived experiences.

We recently commissioned local Aboriginal artist, Monica Turner-Collins, to create three paintings that Credit Union SA can display proudly.

Connecting to and Supporting the Aboriginal Community

We recently commissioned local Aboriginal artist, Monica Turner-Collins, to create three paintings that Credit Union SA can display proudly for our members and staff. These three pieces are named 'The Journey', 'The Celebration' and 'The Connection'. The organisation hosted two unveiling events; one to our staff held in the Head Office and another to our members in the Branch.

At the first event, held for our staff, we welcomed Ashum Yarlupina of Nganki Warra to conduct our Welcome to Country. Monica was unable to attend, so in her stead were her brothers Hamish and Coby to assist with the unveiling of the three pieces.

At our Branch event, our Chair of the Board, Carolyn Mitchell and CEO, Todd Roberts revealed the artwork 'The Journey' to applause. We hosted Isaac Hannam of KWY Aboriginal Corporation, a proud Kaurna, Ngarridjeri man, to conduct our Welcome to Country. At both events our staff and guests enjoyed catering supplied by 'Block Ya Dot' Catering, a 100% Aboriginal-owned business. Monica has done an incredible job in representing parts of her journey as an Aboriginal woman but also in integrating elements of our business's Purpose and Values. The business has also been supporting her brother, Hamish Collins, player for the North Adelaide Roosters U16 Team.

National Reconciliation Week

On May 26 Credit Union SA was a Major Sponsor of the NRW Breakfast hosted by Reconciliation SA. Over 2,000 people gathered to commemorate National Sorry Day and to support efforts of reconciliation and equity for all in our country.

Representatives from our RAP Working Group, RAP Activation Group and Board attended the breakfast to continue our commitment to reconciliation in line with our Reflect RAP. The theme for National Reconciliation Week 2023, 'Be a Voice for Generations', was all about encouraging us to be a voice for reconciliation in tangible ways in our everyday lives – where we live, work and socialise.

On June 1, our RAP Working Group hosted a morning tea during National Reconciliation Week (NRW). This event was held to bring our staff together and promote reflection on our reconciliation journey. It was great to see our people coming together and have important conversations. South Australian bakery, Vili's, produced donuts adorned with the Aboriginal flag that were served at morning tea, with 50 cents from each of the donuts purchased going towards the Tjindu Foundation. Tjindu creates positive, long-term change for Aboriginal children in communities across South Australia through cultural education and success in schooling that enables them to become future leaders.

Our Year 2022/2023

July

In July we launched our 'Thrive with Us' benefits brochure, which included the launch of some great new benefits, such as Thrive Days, Birthday Leave and Public Holiday Exchange. It also highlighted some of our existing benefits such as annual flu vaccinations, milestone recognition, Workplace Giving, Paid Gender-Neutral Parental Leave and Personal and Career Development.

We also celebrated the wonderful facilities we have available at our office, such as the free onsite gym, bike racks, repair station and sparkling water on tap.

August

During the month of August, we sponsored the hugely popular David and Will Breakfast Show on FIVEaa to promote our Bonus Savings Account. This sponsorship was about hitting our target demographic, with 76,000 South Australians 45 years and over tuning into this show, Monday to Friday every week. We also celebrated Daffodil Day encouraging our team to wear yellow and donate where they could, as well as Wear It Purple Day, a day that we have celebrated for many years, by wearing purple - in support of fostering inclusive environments for rainbow young people.

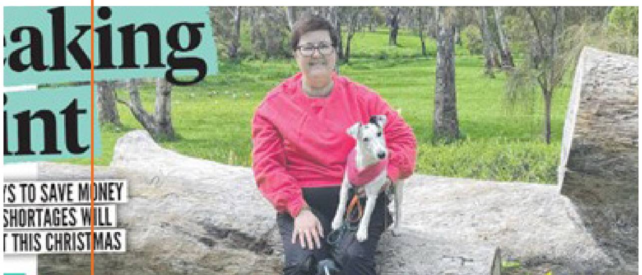
September

In September we embarked on a research opportunity with UniSA to investigate the financial behaviour of older South Australians. The research team at UniSA put together an information pack to assist older South Australians in making better financial decisions in times of uncertainty and then asked them to share their thoughts about the value of the information pack. This provided us with invaluable insights into how we can help improve the financial wellbeing of our members; aligning with our Purpose of Helping South Australians Thrive.

We also invited our staff to participate in National R U OK? Day. We wanted to take the opportunity to remind our team that we can all make a difference in the lives of those who might be struggling. We encouraged everyone to take a break by providing free coffee and KitKat's.

"RU OK Day is a great opportunity to work on skills in talking with colleagues about how they are, to use throughout the year"

– *Chris Bartlett*



October

October was Mental Health Awareness Month, and we gave our staff the opportunity to feel the mental and physical benefits of Yoga during this period. We provided free yoga classes in our building's gym. Our Chief Member Experience Officer, Karen Beard, featured in the Adelaide Advertiser to discuss the importance of taking Leave:

"I'd booked the time off a while ago and when I saw it pop up in my calendar I did think that I'm really busy and maybe I should just cancel the leave[.] Then I thought no, it's important that I have time away to recharge."

November

November was Cyber Security Awareness Month, and our Information Security Team set up a stall in our Staff Cafe to promote Cyber Security Day. Staff were invited to come along for a chat about digital safety and cyber security. There were snacks available and even a prize draw in which participants had to "phish" for a prize.

December

From the beginning of December, Credit Union SA participated in the Financial Services Blood Challenge. Competition was fierce, with Lifeblood Teams across the country getting onboard to save lives through the donation of blood and plasma. We also introduced our Emerging Leaders program, a new 12-month course designed to develop staff skills in leadership. Ten staff members were nominated and picked by our executive team and have since participated in a blended program of theory and practical components.

January

We partnered with the University of South Australia to establish a newly created role – the Credit Union SA Chair of Economics for UniSA. We were incredibly fortunate to secure Associate Professor Susan Stone to the role, who has a strong commitment to expanding awareness of economic issues and the advancement of South Australia.

February

We announced the launch of our Online Acceptance for Retail Home Loan top-ups, which is a fantastic initiative that allows members to accept documents from the comfort of their own home with the support of our lenders over-the-phone or via Teams.

We also recognised and celebrated World Pride, sharing ways our staff could get involved in local events.

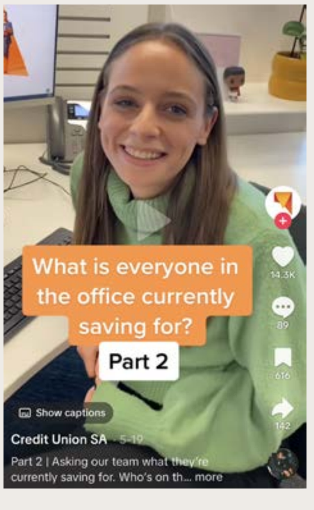
March

In March we launched our new Tesla Powerwall Loan. To celebrate the initiative, our Member Value Proposition team handed out Tesla Cookies, and invited staff to come and speak about this exciting new product and its many benefits. We also celebrated Employee Appreciation Day by giving staff a voucher for our local cafe, STAX.

A lucky draw competition was also run to encourage staff to send each other thanks and support using our Purpose and Values eCards. This saw over 150 eCards sent to colleagues across the month. March seemed to be the month for sharing snacks, because we also celebrated Harmony Week where our staff brought in dishes from their country of origin for all to enjoy.

April

Through the efforts of our Community Banking Team, we further strengthened our relationship with St John Ambulance SA by investing in the installation of two automated defibrillator units. St John Ambulance also delivered awareness training to our First Aid Officers and staff, teaching them how to assist in the event of a heart attack. Our Member Value Proposition team also updated our research catalogue with psychographic segmentation, in order to gain insight into what our members and future members value.



May

We saw the work of our Marketing department go viral in May with a TikTok video about savings goals receiving over 750,000 views and 6,000 likes. This content is a great way for people to engage with our brand and to showcase our team culture. We also ran an internal poll throughout the business to help rename our Diversity and Inclusion Calendar. This calendar bookmarks and acknowledges days of remembrance, significant cultural festivities, diversity celebrations and important major events. The People and Culture Committee tallied up the votes and announced the new name as the 'Recognition and Celebration Calendar'.

June

We wrapped up our financial year with the announcement of our new internal information station. This new platform was the culmination of over 12 months of work and a huge achievement for the internal processes of the business.

Delivering on Our Purpose

EdTechSA Inc State Conference

We were thrilled to support the EdTechSA Inc State Conference at Immanuel College. Over 100 educators gathered to hear from a wide range of exciting speakers and explore the latest trends, techniques, and tools in educational technology. Our Community Banking Relationship Manager, Peter Dinan presented Kim Martin with the Credit Union SA EdTechSA Leader of the Year Award. This award acknowledges the work of educational leaders and recognises significant advocacy, support and promotion of the use of ICT in education.

Public Education Awards

Credit Union SA was the proud Platinum Sponsor of the 2022 Public Education Awards and Credit Union SA Excellence and Equity in Education Award. We believe that an educator's influence continues beyond the classroom. We all remember a teacher who inspired and motivated us to enjoy learning, and the awards honour the dedication and passion of individuals who deliver the best possible outcomes for young people and their families.

Congratulations to all of the winners and finalists of the 2022 Public Education Awards, who showcased excellence in the public education system and South Australian education community.


PUBLIC
EDUCATION
AWARDS
2022

Environmental, Social and Corporate Governance

We exist to deliver on our purpose and focus of 'Helping South Australians Thrive'. This applies across not only our members but our staff and the broader community. If we all thrive, we all benefit. ESG is relevant across all parts of the organisation, from the Board and all the way down to those who, each day, provide face to face service in our branch or spend time on the phone with our members.

Our Board and management recognise the importance of ESG and the accountability that we have to our members and stakeholders to deliver not only exceptional service, but to address and understand our impact under the 'E', the 'S' and the 'G'. This extends beyond the Credit Union itself, reaching our supply chain, business partners, government and local communities. Our Board understands that stakeholders are increasingly wanting to understand how organisations they engage with are addressing ESG challenges whilst mitigating negative impacts.

As a mutual entity, we have always put members' interests at the centre of what we do and engaged in our community to support those who are vulnerable. Our intention to change lives, communities, and the environment has meant that in January 2023, the commitment to formalising our ESG framework, program of work and reporting was demonstrated through the appointment of our first Chief Impact Officer. Over the six months to June 2023, progress on the development of our ESG program has seen the completion of our Materiality Assessment which has identified matters of priority and focus for our organisation and steps to further embed ESG within decision-making and the FY 24 to 26 Corporate Strategy.

Credit Union SA Chair of Economics

Professor Stone has a global track record in both industry and academia and has a strong commitment to expanding awareness of economic issues and the advancement of South Australia. Professor Stone recently relocated to Adelaide, following a successful tenure as head of the Emerging Policy Issues division of the Organisation for Economic Co-Operation and Development (OECD) in Paris. In her previous role, Professor Stone focussed on issues relating to trade and the environment, the digital economy, and subsidies in addition to leading the team that developed the OECD Metro model, a computable general equilibrium trade model.

As uncertain market conditions continue – Susan is a critical resource for Credit Union SA and its members. Susan continues to advance debate on the economic issues in South Australia across the media, industry and government and is quickly building a profile as an expert media commentator on the impact of rate rises, inflation and fixed rate borrowing.

National SSO Week

Liana Reinhardt, our Chief People and Strategy Officer, joined in on the Hallett Cove School SSO Week Celebrations to say a huge thank you to the wonderful SSO's at the school. Liana also shared her personal story about a special SSO Paula from Hallett Cove School who went above and beyond for her son who lives with disability,

"This SSO week I wanted to take the opportunity to share my experience and gratitude for the amazing role that SSO's play, not just within the school community, but in helping shape the lives and futures of the children they support. I have a child, well a young adult now, who is a person with disability, and I've seen first-hand the multiplying effect a fabulous SSO can have. Whilst my son had a team of support around him, his primary support came from the wonderful Paula at Hallett Cove R-12 School. Paula consistently went above and beyond to support my son, often going out of her way to do so. She connected with him in the way that worked for him, deeply understood his needs, provided the positive support he needed to guide him through the day-to-day challenges, and encouraged him to stretch and grow in the process."

School Community Rewards

We continued to support the South Australian education community with our School Community Rewards program. Community Development Specialist, Eliza attended Woodcroft Primary School Quiz Night to present a $9,000 cheque to Governing Chairperson, Bronwyn Joff and Senior Leader of Curriculum, Sarah Nursey-Bray.

Since joining the program in 2014, Woodcroft Primary School has raised over $62,000, making them our most successful school in the program. This is $62,000 of fundraising pressure taken off parents and community members. They have used their funds for school improvements including a library upgrade, exercise equipment for students and artwork around the school created by their artist in residence. Their most recent donation will be used to upgrade the playground activity area for Junior Primary students.

Scams

In line with our Purpose, we're constantly striving to help protect our members from fraud and scams.

Supported by our dedicated Financial Crimes Team, in FY23 our Member Experience Centre staff saved our members over $270k in potential scam losses.

Through regular training on the latest scam indicators, and by leveraging real member case studies, our staff are always on the lookout for red flags. This is why we ask our members some questions when they're raising a payment limit or withdrawing funds.

We're committed to educating our members, too. We provide regular updates on emerging scam risks through our social media channels, website, email and hold messaging. We even had Joann Skene, our Community Banking Manager, feature on 10 News First to discuss the dangers of romance scams.

And of course, as you'd expect we have the latest technology, run by our highly experienced 24/7 365 Fraud Bureau Service to keep our members' identity, information, and money safe.

The Cyber Security Team have spent the year focussing on promoting good cyber hygiene across the Credit Union through a variety of activities to continue safeguarding our secure environment. The Team has also further developed the Credit Union's partnership with the Australian Cyber Security Centre to focus on addressing the challenges of the evolving threat landscape so that we can continue to strengthen our cyber security resilience posture.

Our Partnerships

Supporting the Zahra Foundation in their mission to help women and non-binary people towards recovery and financial independence is truly a privilege and something we are incredibly proud of.

The Zahra Foundation

Supporting the Zahra Foundation in their mission to help women and non-binary people towards recovery and financial independence is truly a privilege and something we are incredibly proud of.

Throughout the year we were honoured to work so closely with the Zahra Foundation, assisting in their activations, fundraisers and events. We once again took part in the Zahra Women on the Run event, with our staff participating in the walk, volunteering and donating. The event raised an incredible $37,000 ($6,000 more than last year), which went towards the Foundation's life changing programs and financial counselling services. 'Give a Helping Handbag' initiative, whereby our staff purchased and gifted handbags to graduates of the Zahra Foundation's life changing Pathways to Empowerment program,

Delegates from our organisation also attended both the Change Maker Series Breakfast and Lotus Gala Ball, to gain further insight into how Credit Union SA can be part of the solution to problems such as the gender pay gap and gender inequality.

There was no better way to wrap up the year than spending our time wrapping gifts at the Zahra Foundation gift wrapping station in MYER Adelaide. Volunteers from across the organisation dedicated their time to gift wrapping and making sure everything ran smoothly.

Throughout the year we support a range of St John's Youth Services initiatives.

St John's Youth Services

We are a proud supporter of St John's Youth Services, a not-for-profit organisation that strives to improve the lives of the most disadvantaged young people in our community through the provision of emergency accommodation, child support services and transition-to-independent-living programs.

Throughout the year we support a range of St John's Youth Services initiatives including St John's Youth Services Driving Program and Giving Tree.

Every time someone takes out a car loan with us, we make a donation to St John's Youth Services Driving Program. Each donation helps at risk young people get their driver's licence – giving them opportunities to find work, access education and gain independence. This financial year we donated over $7,000 to the program which went towards 150 driving lessons.

Our team and members also rallied together once again to donate a range of special gifts and vouchers as part of our Giving Tree initiative. These presents make a big difference to the young people staying at St John's Youth Services crisis accommodation over the Christmas period.

This year we launched a new staff volunteer program that is focused on working for and with Foodbank

Foodbank

We have always been driven to help strengthen our local community. That's why this year we launched a new staff volunteer program that is focused on working for and with Foodbank to help source and deliver food for Australians in need.

The Foodbank team is small and relies heavily on volunteers to help them get food to the people that need it. That's why we really wanted to roll up our sleeves and get involved. We put a call out to our amazing team and were overwhelmed by the positive response.

.Since March, nominated staff have been volunteering at the Edwardstown Foodbank Food Hub every Friday morning to help pack hampers, sort products and bag fruit and vegetables. With more than 135,000 South Australians relying on Foodbank's services every month, we hope to continue supporting the incredible team at Foodbank to help meet this demand.

We also had representatives from across our organisation attend the 2023 Women of Influence Luncheon Foodbank Fundraiser. Every ticket sold went towards putting more than 50 meals on the table of families in need in our state a. It was an amazing day celebrating inspirational South Australian women and the incredible work of Foodbank SA.

Trees for Live

In support of our commitment to help South Australians thrive, we had a native tree planted by Trees For Life for every staff member in our business. We now incorporate a tree planting certificate as part of our onboarding pack to all new staff members as part of their welcome to our team.

As the seedling grows it will bring life to the land and create home for our native animals – a precious gift for the future and one of many small steps that we took, and continue to take to support a greener future.

Corporate Cup

Weagain sponsored and took part in the Corporate Cup. The annual event is always a great way for us to promote our brand, and build well-being and camaraderie within the workplace. We had 40 staff members participate over the 16-week competition, including those working from home. Together our participating staff took part in fortnightly challenges and walked over 3000kms in total, the equivalent of walking from Adelaide to Darwin.

International Day of People with Disability

International Day of People with Disability (IDPwD) is held on 3 December each year. IDPwD is a United Nations (UN) day observed internationally. It aims to promote community awareness, understanding and acceptance of people living with disability. The theme for IDPwD 2022 was 'Transformative solutions for inclusive development: the role of innovation in fuelling an accessible and equitable world'. IDPwD is an opportunity to be part of creating an inclusive and diverse community for the 4.4 million Australians with disability.

To recognise this important date, we hosted a staff morning tea on Friday 2nd December. We shared delicious treats including cookies from our partners, Purple Orange, and took part in educational activities from the IDPwD to help challenge our ways of thinking.

Purple Orange is a social profit organisation on a mission to create a world where people who live with disability get a fair go at what life has to offer.

Purple Orange

We partnered with Purple Orange, a social profit organisation on a mission to create a world where people who live with disability get a fair go at what life has to offer. Purple Orange have been mentoring us on workplace practices to ensure we are providing a space where all employees can succeed and feel comfortable to bring their full selves to work as part of their Road to Employment Project (R2E)

MoBros Fundraising

In November, a team came together to fundraise for Movember. The 'MoBros', which wasn't just restricted to 'bros', channelled our purpose with the tagline 'Helping Moustaches Thrive'. Across the month, aside from sporting a few questionable moustaches they also hosted a 'MoBros Morning Tea' in the Staff Cafe where they sold groovy 'Mo Bro' snacks for a $2 donation. Altogether, their fundraising efforts raised over $1,000 for Movember.

Directors' Report

The Directors present their report together with the financial report of Credit Union SA Ltd (the "Credit Union") and of the Group, being the Credit Union and its controlled entities, for the financial year ended 30 June 2023 and the Auditor's report thereon.

Directors

The Directors 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 (until February 2023)	Company Director *Previous 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 (Director and Chair of Risk and Audit Committee); Sarah Group (Board Advisor); Helping Hand, Member of Finance and Property Committee (Director); Member Finance and Audit Committee, Adelaide Football Club *Other Board Memberships:* Shearn and Co Pty Ltd (Director)
Paul Carl DEWSNAP PGDDigBus, DipElecEng, MAICD Independent Non-Executive Director since February 2019 Member, Board Risk Committee Member, Board Governance Committee (since 1 February 2023)	Company Director/Consultant *Other Board Memberships:* Data Action Pty Ltd (Director); Digital Resilience Pty Ltd (Director); My Security Adviser Pty Ltd (from March 2021) (Director); Buzz ER Pty Ltd (Advisory Board)
Philip Leon Fernand RIQUIER MBA, B Bus, FAICD, FCPA, FFIN, Chartered Banker Independent Non-Executive Director since 2018 Chair, Board Risk Committee Member, Board Audit Committee	Company Director *Other Board Memberships:* Lutheran Homes Group Incorporated (Director), Capital Prudential Pty Ltd (Director), My Venue Pty Ltd (Director), Guava Lime Capital Pty Ltd (Director)
Nicholas Chapman ANDERSON BAcc, FCA, GAICD Independent Non-Executive Director since 1 February 2022 Member, Board Audit Committee (1 February 2021) (Chair, from 5 May 2023) Member, Board Risk Committee (from 5 May 2023)	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

Name, qualifications and special responsibilities	Experience
Louise Helen SMALL GAICD, Australian Coaching Accreditation (Intermediate) CertIV in Finance Broking Independent Non-Executive Director since 1 October 2021 Chair, Board Governance Committee (1 February 2023)	Company Director *Other Board Memberships:* SA Football Commission (Director, Adelaide Oval Stadium Management Authority (Director)
Nicolle Shelley RANTANEN REYNOLDS MBA, MComLaw, BCom (Acc), CSM, FAICD, FCPA, FTIA Independent Non-Executive Director since November 2011 Chair, Board Audit Committee Member, Board Risk Committee (resigned 4 May 2023)	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).

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 during the 2023 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	13	13	1	1	5	4	5	5
N Anderson**	BA	13	13	4	4				
J Cooper	ME	13	13					3	3
P Dewsnap***	BA	13	13			6	5	2	2
L Small	BA	13	13					4	4
N Rantanen Reynolds^	ME	10	10	3	3	5	4		
P Riquier	ME	13	13	4	3	6	6		

(*) Eleven scheduled Board meetings [one (1) Board Strategy Planning meeting and one special purpose meeting]
^Resigned 4 May 2023
^^Due to change in Committee membership to take account of resignation of N Rantanen Reynolds, joined Audit Committee and ceased membership of Risk Committee
*** Due to change in Committee membership to take account of resignation of N Rantanen Reynolds, joined Risk Committee*
****Became a ME in May 2023 to fill the casual vacancy which arose on resignation of N Rantanen Reynolds*

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

ME Member Elected Directors
BA Board Appointed Director

Directors' Interests

No Director has declared any interest in existing or proposed contracts with the Group during the financial year ended 30 June 2023, and to the date of this report.

Principal Activities

During the financial year ended 30 June 2023, the principal activities of the Group 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 Group recorded a profit after tax for the year ended 30 June 2023 of $6.406 million (2022: $1.762 million). Total assets of the Group as at 30 June 2023 were $1.647 billion (2022: $1.402 billion) including members' net loans and advances of $1.352 billion (2022: $1.166 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 Group that occurred during the financial year under review.

Dividends

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

Events Subsequent to the Reporting Date

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

Likely Developments

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

The Group 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 Group has heightened monitoring of its exposure to credit losses.

Environmental Regulations

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, Directors believe that the Group 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 Group.

Indemnification and Insurance of Directors and Officers

During the period, the Group paid a premium in relation to 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 41 and forms part of the Directors' Report for the year ended 30 June 2023.

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 dated 24 March 2016', 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 27th day of September 2023 in accordance with a resolution of the Board of Directors of Credit Union SA Ltd.

Carolyn Mitchell
Chair of the Board

Nicholas Anderson
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 2023 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

Darren Ball
Partner
Adelaide
27 September 2023

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 Credit Union Financial Report).

In our opinion, each of the accompanying Group Financial Report and Credit Union 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 Credit Union's financial position as at 30 June 2023 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 2023;
- 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 entity 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 Reports section of our report.

We are independent of the Group and the Credit Union 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 Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in 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.

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

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

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

Responsibilities of the Directors for the Financial 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 Credit Union'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 Credit Union or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our 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 Reports.

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
27 September 2023

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 2023

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

a) the financial statements and notes set out on pages 44 to 102 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 2023 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 27th day of September 2023, in accordance with a resolution of the Board of Directors of the Credit Union.

Carolyn Mitchell	**Nicholas Anderson**
Chair of the Board	Chair of the Audit Committee

Statements of Financial Position

As at 30 June

	Notes	Consolidated 2023 $'000	Consolidated 2022 $'000	Credit Union 2023 $'000	Credit Union 2022 $'000
Assets					
Cash and cash equivalents	8	91,372	49,187	72,548	33,018
Investment in debt securities	9	185,171	168,801	185,171	168,801
Trade and other receivables	10	2,144	1,234	2,618	1,373
Net loans and advances	11, 12	1,351,553	1,166,423	1,351,553	1,166,423
Other investments	28	-	-	293,500	253,500
Other financial assets	13	8,201	8,830	8,201	8,830
Property, plant and equipment	15	2,003	3,244	2,003	3,244
Derivative assets	27	834	442	834	442
Net deferred tax assets	7	1,228	1,099	1,228	1,099
Intangible assets	16	1,935	1,967	1,935	1,967
Other assets	17	2,977	619	2,959	599
Total assets		**1,647,418**	**1,401,846**	**1,922,550**	**1,639,296**
Liabilities					
Members' deposits	18	1,410,197	1,217,486	1,410,197	1,217,486
Interest-bearing liabilities	19	104,622	63,562	104,622	63,562
Borrowings	28	-	-	271,600	236,005
Derivative liabilities	27	304	368	304	368
Trade and other payables	20	9,989	5,833	13,521	7,278
Income received in advance		70	94	70	94
Income tax payable	7	724	67	724	67
Provisions	21	2,903	2,772	2,903	2,772
Total liabilities		**1,528,809**	**1,290,182**	**1,803,941**	**1,527,632**
Net assets		**118,609**	**111,664**	**118,609**	**111,664**
Equity					
Retained earnings	22	116,901	109,767	116,901	109,767
Fair value reserves	22	1,116	1,032	1,116	1,032
Cash flow hedge reserve	22	529	74	529	74
General reserve for credit losses	22	-	729	-	729
Redeemed member shares	22	63	62	63	62
Total equity		**118,609**	**111,664**	**118,609**	**111,664**

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	
		2023	2022	2023	2022
	Notes	$'000	$'000	$'000	$'000
Income					
Interest revenue	4	59,477	28,833	69,548	30,976
Interest expense	4	(23,781)	(3,392)	(36,156)	(9,358)
Net interest revenue		35,696	25,441	33,392	21,618
Non-interest revenue	5	4,826	4,917	7,099	8,694
Share of profit of equity accounted investees	5, 14	-	114	-	114
Total income		**40,522**	**30,472**	**40,491**	**30,426**
Expenses					
Impairment (losses)/reversals on loans and advances	12	(271)	79	(271)	79
Other expenses	6	(31,362)	(28,490)	(31,331)	(28,444)
Total expenses		**(31,633)**	**(28,411)**	**(31,602)**	**(28,365)**
Profit before tax		8,889	2,061	8,889	2,061
Income tax expense	7	(2,483)	(299)	(2,483)	(299)
Profit for the year		**6,406**	**1,762**	**6,406**	**1,762**
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Cash flow hedge reserve		455	(113)	455	(113)
Changes in the fair value of investment in debt securities at fair value through other comprehensive income (FVOCI)		713	(2,661)	713	(2,661)
Items that will not be reclassified to profit or loss					
Changes in the fair value of other financial assets at FVOCI		(629)	1,207	(629)	1,207
Other comprehensive income for the year, net of tax		**539**	**(1,567)**	**539**	**(1,567)**
Total comprehensive income for the year		**6,945**	**195**	**6,945**	**195**

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	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
2023							
Opening equity		**109,767**	**1,032**	**729**	**74**	**62**	**111,664**
Profit for the year		6,406	-	-	-	-	6,406
Changes to the fair value of cash flow hedges		-	-	-	455	-	455
Other comprehensive income for the year		-	84	-	-	-	84
General reserve for credit losses	12	729	-	(729)	-	-	-
Redeemed member shares		(1)	-	-	-	1	-
Closing equity	22	**116,901**	**1,116**	**-**	**529**	**63**	**118,609**
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)	-	-	-
Redeemed member shares		(1)	-	-	-	1	-
Closing equity	22	**109,767**	**1,032**	**729**	**74**	**62**	**111,664**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

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
2023							
Opening equity		**109,767**	**1,032**	**729**	**74**	**62**	**111,664**
Profit for the year		6,406	-	-	-	-	6,406
Changes to the fair value of cash flow hedges		-	-	-	455	-	455
Other comprehensive income for the year		-	84	-	-	-	84
General reserve for credit losses	12	729	-	(729)	-	-	-
Redeemed member shares		(1)	-	-	-	1	-
Closing equity	22	**116,901**	**1,116**	**-**	**529**	**63**	**118,609**
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)	-	-	-
Redeemed member shares		(1)	-	-	-	1	-
Closing equity	22	**109,767**	**1,032**	**729**	**74**	**62**	**111,664**

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 2023 $'000	Consolidated 2022 $'000	Credit Union 2023 $'000	Credit Union 2022 $'000
Cash flows from operating activities					
Interest received		58,460	28,727	68,196	30,802
Interest paid		(17,845)	(3,667)	(30,220)	(9,633)
Increase in members loans and advances		(185,301)	(140,049)	(185,301)	(140,049)
Increase in member deposits	18	192,711	80,595	192,711	80,595
Non-interest income received		4,753	4,735	7,026	7,929
Non-interest expenses paid		(31,733)	(26,055)	(29,617)	(24,918)
Income tax paid	7(c)	(1,955)	(378)	(1,955)	(378)
Net cash flow from/(used in) operating activities*	8(b)	**19,090**	**(56,092)**	**20,840**	**(55,652)**
Cash flow from investing activities					
(Increase)/decrease in investment in debt securities	9	(15,657)	26,810	(15,657)	26,810
Increase in notes receivable		-	-	(40,000)	(10,000)
Dividends received from equity accounted investees		-	99	-	99
Dividends from other financial assets		180	512	180	512
Proceeds from sale of equity accounted investee		-	560	-	560
Proceeds from sale of property, plant and equipment		-	58	-	58
Payments for property, plant, equipment and intangibles	15,16	(1,096)	(1,324)	(1,096)	(1,324)
Net cash flow (used in)/from investing activities		**(16,573)**	**26,715**	**(56,573)**	**16,715**
Cash flow from financing activities					
Payment of lease liabilities	24	(1,392)	(1,116)	(1,392)	(1,116)
Proceeds from interest-bearing liabilities*	19	41,060	14,952	41,060	14,952
Proceeds from borrowings		-	-	141,214	85,010
Repayments of borrowings		-	-	(105,619)	(78,175)
Net cash flow from financing activities*		**39,668**	**13,836**	**75,263**	**20,671**
Net increase/(decrease) in cash and cash equivalents		**42,185**	**(15,541)**	**39,530**	**(18,266)**
Cash and cash equivalents at beginning of the year		49,187	64,728	33,018	51,284
Cash and cash equivalents at end of the year	8(a)	**91,372**	**49,187**	**72,548**	**33,018**

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.

*Refer to Note 2(g).

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 and its controlled entities (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 2023, 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 27 September 2023.

The 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 a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss, or at fair value through other comprehensive income.

(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 2016/191' 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 in 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 financial assets

Financial assets within the scope of AASB 9 expected credit loss (ECL) requirements comprise all financial debt instruments measured at either amortised cost or FVOCI. These include cash and cash equivalents, investment in debt securities, trade and other receivables, loans and advances, derivative assets, and other financial assets.

The ECL represents the present value of expected cash shortfalls following the default of a financial instrument. A cash shortfall is the difference between the cash flows due in accordance with the contractual terms of the financial instrument and the cash flows the Group expects to receive.

The allowance for ECLs is based on assessment of the probability of default, exposure at default and loss given default, discounted at the effective interest rate to give a net present value. The estimation of ECLs is unbiased and probability weighted, taking into account all reasonable and supportable information, including forward looking economic assumptions and a range or possible outcomes. ECLs are calculated from initial recognition of the financial asset.

Note 2. Basis of Preparation (continued)

For investment in debt securities, the Group has applied the AASB 9 'low credit risk' exemption given their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

For financial assets measured at amortised cost, the allowance for ECLs is offset against the carrying value so that the amount presented in the statements of financial position is net of impairment provisions. Please refer to Note 12 for further details on the impairment of loans and advances.

For financial assets classified as FVOCI, any credit losses are recognised in the fair value reserve.

(ii) 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 asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

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) Reversal 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.

(g) Restatement of Comparative Balances

The comparative statements of cash flows for the Group and the Credit Union and the reconciliation of profit to net cash flows from operating activities in (note 8(b)) have been restated for the period ended 30 June 2022 as a result of presenting net cash flows from interest-bearing liabilities of $14.952 million under financing activities rather than operating activities. The impact of this restatement is that net cash from/ (used in) operating activities for the Group and the Credit Union have been restated from ($41.140) million to ($56.092) million and ($40.700) million to ($55.652) million, each respectively. Similarly, the net cash flow from financing activities for the Group and the Credit Union have been restated from $1.116 million to $13.836 million and $5.719 million to $20.671 million, each respectively. There is no impact on the Group's or the Credit Union's statements of profit or loss and other comprehensive income and statements of financial position as a result of these adjustments.

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 ended 30 June 2023.

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 amount of interest revenue or expense for each of the major categories of interest-bearing assets and liabilities.

	Consolidated		Credit Union	
	2023	**2022**	**2023**	**2022**
	$'000	$'000	$'000	$'000
Interest revenue				
Cash and cash equivalents	2,718	54	2,138	27
Investment in debt securities	5,336	1,477	5,336	1,477
Loans and advances	48,851	27,077	48,851	27,077
Notes receivable	-	-	10,651	2,170
Derivatives	2,572	225	2,572	225
	59,477	**28,833**	**69,548**	**30,976**
Interest expense				
Interest-bearing liabilities	1,940	97	1,940	97
Member deposits	19,122	3,229	19,122	3,229
Borrowings	-	-	12,375	5,966
Derivatives	2,719	66	2,719	66
	23,781	**3,392**	**36,156**	**9,358**

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.

Loan fees and other commission revenue include fees other than those that are integral part of the effective interest rate (EIR).

Loan fees revenue relating to deposit or loan accounts is either a transaction-based and, therefore, recognised when the performance obligation related to the transaction is fulfilled or is related to performance obligations carried out over a period of time, therefore, recognised on a systematic basis over the life of the agreement as the services are provided. Transaction fees and provision of services are defined within the product terms and conditions.

Other commission revenue, predominantly in relation to insurance protection products, is recognised when the performance obligation is satisfied and only at the point that the income is highly probable and not expected to be reversed in future periods.

Other fee revenue and commission revenue are brought to account in accordance with AASB 15 Revenue from 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 Leases. Lease payments received under operating leases are recognised as income on a straight-line basis over the lease term.

Dividends from other financial assets 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	
	2023 $'000	**2022** $'000	**2023** $'000	**2022** $'000
Non-interest revenue				
Distribution from MTG CUSA Trust Repo Series No. 1 (Note 29)	-	-	2,015	3,553
Loan fees	1,597	1,509	1,597	1,509
Bad debts recovered	75	75	75	75
Dividends received	180	512	180	512
Gain from sale of property, plant & equipment	-	48	-	48
Income from sub-leasing right-of-use assets	9	10	9	10
Other fee revenue	457	362	457	362
Other commission revenue - Allianz	2,502	2,395	2,502	2,395
Other revenue	6	6	264	230
Total non-interest revenue	**4,826**	**4,917**	**7,099**	**8,694**
Investments in associates				
Share of profit in associates before income tax	-	153	-	153
Income tax expense	-	(39)	-	(39)
Total share of profit in associates	**-**	**114**	**-**	**114**
Total non-interest revenue	**4,826**	**5,031**	**7,099**	**8,808**

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 21 Provisions for balances of employee benefit related provisions.

	Consolidated		Credit Union	
	2023	**2022**	**2023**	**2022**
	$'000	$'000	$'000	$'000
Administration expenses				
Staff				
Employee benefits	14,734	12,542	14,734	12,542
Contributions to defined contribution plans	1,438	1,181	1,438	1,181
Occupancy				
Expenses relating to leases of low-value assets	150	144	150	144
Occupancy expenses	220	217	220	217
Information technology				
Information technology expenses	3,305	3,571	3,305	3,571
Finance costs				
Interest on lease liabilities	75	87	75	87
Other				
Administrative expenses	2,485	2,307	2,471	2,275
Depreciation of property, plant & equipment and right-of-use assets	1,409	1,466	1,409	1,466
Amortisation of intangibles	814	759	814	759
Distribution channel costs	4,257	3,954	4,257	3,954
Impairment losses	-	(76)	-	(76)
Marketing expenses	1,386	1,468	1,386	1,468
Write-off of property, plant & equipment	40	17	40	17
Other	1,049	853	1,032	839
Total non-interest operating expenses	**31,362**	**28,490**	**31,331**	**28,444**

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	2023 %	2023 $'000	2022 %	2022 $'000
(a) Reconciliation between tax expense and pre-tax profit				
Profit before tax		8,889		2,061
Income tax expense*	30%	2,667	25%	515
Increase/(decrease) in income tax expense due to:				
Non-allowable expenses	0.06%	5	0.34%	7
Non-assessable income	(0.61%)	(54)	(10.65%)	(219)
Tax expense reflecting change in corporate tax rate	-	(135)	-	(4)
Income tax expense on pre-tax net profit	**29.45%**	**2,483**	**14.69%**	**299**
(b) Tax expense recognised in profit or loss comprises:				
Current tax expense in respect of the current year		2,784		322
Adjustments to prior years		-		-
		2,784		322
Deferred tax expense relating to the origination and reversal of temporary differences		(166)		(19)
Tax expense reflecting change in corporate tax rate		(135)		(4)
Total tax expense		**2,483**		**299**
(c) Income tax payable				
Movements during the year were as follows:				
Balance at beginning of the year		67		224
Income tax paid (net of refund)		(1,955)		(378)
Current year income tax liability on operating profit		2,784		322
Over provision in prior years		(172)		(101)
Income tax payable		**724**		**67**

*The Group is no longer a base rate entity, therefore, 30% tax rate is applicable for FY23.

Note 7. Income Tax (continued)

Credit Union	2023 %	2023 $'000	2022 %	2022 $'000
(a) Reconciliation between tax expense and pre-tax profit				
Profit before tax		8,889		2,061
Income tax expense*	30%	2,667	25%	515
Increase/(decrease) in income tax expense due to:				
Non-allowable expenses	0.06%	5	0.34%	7
Non-assessable income	(0.61%)	(54)	(10.65%)	(219)
Tax expense reflecting change in corporate tax rate	-	(135)	-	(4)
Income tax expense on pre-tax net profit	**29.45%**	**2,483**	**14.69%**	**299**
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Current tax expense in respect of the current year		2,784		322
Adjustments to prior years		-		-
		2,784		322
Deferred tax expense relating to the origination and reversal of temporary differences		(166)		(19)
Tax expense reflecting change in corporate tax rate		(135)		(4)
Total tax expense		**2,483**		**299**
(c) Income tax payable				
Movements during the year were as follows:				
Balance at beginning of the year		67		224
Income tax paid (net of refund)		(1,955)		(378)
Current year income tax liability on operating profit		2,784		322
Over provision in prior years		(172)		(101)
Income tax payable		**724**		**67**

*The Credit Union is no longer a base rate entity, therefore, 30% tax rate is applicable for FY23.

Note 7. Income Tax (continued)

(d) Movement in deferred tax balances

Consolidated

	Opening balance $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Closing balance $'000
2023				
Employee benefits	686	171	-	857
Loans and advances	321	122	-	443
Property, plant and equipment	261	(34)	-	227
Leases	194	(36)	-	158
Undeducted capital expenditure	10	-	-	10
Other	51	(10)	-	41
Deferred tax assets	**1,523**	**213**	**-**	**1,736**
Other financial assets	(424)	-	(84)	(508)
Deferred tax liabilities	**(424)**	**-**	**(84)**	**(508)**
Net deferred tax assets (liabilities)	**1,099**	**213**	**(84)**	**1,228**
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**
Other financial assets	(424)	-	-	(424)
Deferred tax liabilities	**(424)**	**-**	**-**	**(424)**
Net deferred tax assets (liabilities)	**1,177**	**(78)**	**-**	**1,099**

Note 7. Income Tax (continued)

Credit Union	**Opening balance** $'000	**Recognised in profit or loss** $'000	**Recognised in other comprehensive income** $'000	**Closing balance** $'000
2023				
Employee benefits	686	171	-	857
Loans and advances	321	122	-	443
Property, plant and equipment	261	(34)	-	227
Leases	194	(36)	-	158
Undeducted capital expenditure	10	-	-	10
Other	51	(10)	-	41
Deferred tax assets	**1,523**	**213**	**-**	**1,736**
Other financial assets	(424)	-	(84)	(508)
Deferred tax liabilities	**(424)**	**-**	**(84)**	**(508)**
Net deferred tax assets (liabilities)	**1,099**	**213**	**(84)**	**1,228**
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**
Other financial assets	(424)	-	-	(424)
Deferred tax liabilities	**(424)**	**-**	**-**	**(424)**
Net deferred tax assets (liabilities)	**1,177**	**(78)**	**-**	**1,099**

(e) Unrecognised deferred tax asset

The Credit Union has carried forward capital losses of $0.930 million (2022: $0.662 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 and are initially measured at fair value then subsequently at amortised cost.

For the purposes of the statements of cash flows, cash and cash equivalents include cash and investment with other financial institutions that are highly liquid, readily convertible to known amounts of cash within three months and are subject to an insignificant risk of changes in value. They are held for the purposes of meeting short-term cash commitments rather than for investment or other purposes.

(a) Reconciliation of cash for statements of cash flows

	Consolidated		Credit Union	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cash and cash equivalents	31,788	49,187	12,964	33,018
Investments with other financial institutions	59,584	-	59,584	-
Total cash for statements of cash flows	**91,372**	**49,187**	**72,548**	**33,018**

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

	Consolidated 2023	Consolidated 2022	Credit Union 2023	Credit Union 2022
Profit for the year	**6,406**	**1,762**	**6,406**	**1,762**
Add/(deduct) non-cash items				
Provisions for impairment	190	(186)	190	(186)
Depreciation of property, plant and equipment	1,409	1,466	1,409	1,466
Amortisation of intangible assets	814	759	814	759
Impairment losses	-	(76)	-	(76)
Net loss/(gain) on disposal and write-off of property, plant and equipment	40	(31)	40	(31)
Share of profit of equity accounted investments	-	(114)	-	(114)
Total adjustments for non-cash items	2,453	1,818	2,453	1,818
Add/(deduct) changes in assets or liabilities during the financial year				
Increase in loans and advances	(185,320)	(139,942)	(185,320)	(139,942)
Increase in member deposits	192,711	80,595	192,711	80,595
Increase in accrued interest receivable	(1,017)	(106)	(1,352)	(175)
Decrease in accrued interest payable	5,936	(276)	5,936	(276)
(Increase)/decrease in other assets	(2,326)	29	(2,327)	(543)
Increase/(decrease) in other liabilities	(281)	107	1,805	1,188
Increase in income tax payable	657	(157)	657	(157)
Increase in deferred tax assets	(129)	78	(129)	78
Total changes in assets or liabilities	**10,231**	**(59,672)**	**11,981**	**(59,232)**
Net cash from/(used in) operating activities*	**19,090**	**(56,092)**	**20,840**	**(55,652)**

*In the prior year, this reconciliation included proceeds from interest-bearing liabilities of $14.952 million. In the current year, the cash flows from interest-bearing liabilities are presented under financing activities. The prior period comparative disclosed above has been adjusted by this amount. Refer to Note 2(g).

Note 9. Investment in Debt Securities

Investment in debt securities 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 (FVOCI) when they are held in a business model with the objective of collecting cash flows and realising the asset through sale.

	Consolidated		Credit Union	
	2023	**2022**	**2023**	**2022**
	$'000	$'000	$'000	$'000
Deposits with Cuscal Ltd	15,250	15,250	15,250	15,250
Deposits with other financial institutions	46,608	10,362	46,608	10,362
Deposits with other financial institutions - FVOCI	123,313	143,189	123,313	143,189
	185,171	**168,801**	**185,171**	**168,801**
Not longer than 3 months until maturity	75,803	41,244	75,803	41,244
Longer than 3 months but not longer than 12 months until maturity	27,533	31,859	27,533	31,859
Longer than 1 year but not longer than 5 years until maturity	81,835	95,698	81,835	95,698
	185,171	**168,801**	**185,171**	**168,801**

No ECL provision has been recognised for the investment in debt securities as at 30 June 2023 (2022: nil).

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
  - » how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
  - » the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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	
	2023	**2022**	**2023**	**2022**
	$'000	$'000	$'000	$'000
Interest receivable	1,509	492	1,983	631
Finance lease receivable (Note 24)	241	399	241	399
Other	394	343	394	343
	2,144	1,234	2,618	1,373

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	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Loans and advances carried at amortised cost				
Revolving credit facilities	23,918	26,679	23,918	26,679
Term loans - secured	1,283,231	1,098,123	1,283,231	1,098,123
Term loans - unsecured	45,879	42,906	45,879	42,906
Gross loans and advances	**1,353,028**	**1,167,708**	**1,353,028**	**1,167,708**
Specific provision for impairment	(379)	(205)	(379)	(205)
Expected credit loss provision for impairment	(1,096)	(1,080)	(1,096)	(1,080)
Net loans and advances	**1,351,553**	**1,166,423**	**1,351,553**	**1,166,423**
Loans and advances by maturity				
Lines of credit (including unsecured overdrafts)	23,918	26,679	23,918	26,679
Not longer than 3 months	2,260	10	2,260	10
Longer than 3 months but not longer than 12 months	1,254	1,162	1,254	1,162
Longer than 1 year but not longer than 5 years	29,286	25,204	29,286	25,204
Longer than 5 years	1,296,310	1,114,653	1,296,310	1,114,653
Gross loans and advances	**1,353,028**	**1,167,708**	**1,353,028**	**1,167,708**
Loans and advances by security				
Secured by mortgage	1,304,699	1,118,223	1,304,699	1,118,223
Secured by other	131	283	131	283
Unsecured	48,198	49,202	48,198	49,202
Gross loans and advances	**1,353,028**	**1,167,708**	**1,353,028**	**1,167,708**
Loans and advances by purpose				
Residential	1,296,479	1,113,973	1,296,479	1,113,973
Personal	48,190	49,323	48,190	49,323
Commercial	8,359	4,412	8,359	4,412
Gross loans and advances	**1,353,028**	**1,167,708**	**1,353,028**	**1,167,708**
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	1,257,325	1,099,529	1,257,325	1,099,529
Other residents	95,703	68,179	95,703	68,179
Gross loans and advances	**1,353,028**	**1,167,708**	**1,353,028**	**1,167,708**

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 2023, loans to members of the education community of South Australia totalled $412.430 million (2022: $374.509 million). This represents approximately 30.5% of the total loan portfolio (2022: 32.6%).

As at 30 June 2023, the Group had no loan facilities with an outstanding balance in excess of 10% of its total capital (2022: 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. The Group does not rebut the presumption that instruments that are 30 days past due have experienced a significant increase in credit risk (SICR) but this is used as a backstop rather than the primary indicator. In addition, the deferral of payments by customer in hardship arrangements is generally treated as an indication of a SICR.

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. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. 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. 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.

Note 12. Impairment of Loans and Advances (continued)

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.

The Group formulates three economic scenarios: a base case, which is the central scenario, developed internally based on consensus forecasts, and two less likely scenarios, one upside and one downside scenario. The central scenario is aligned with information used by the Group for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in Australia.

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 Group's exposures and has been allowed for in the ECL provision.

The Group's ECL was calculated with a probability weighting of 60% for the base scenario (2022: 75%), 5% for the upside scenario (2022: 5%) and 35% for the downside scenario (2022: 20%).

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

	2023 %	2023 $'000	**2023** %	2023 $'000
	Unemployment rate	Increase/ (decrease) in ECL	Unemployment rate	Increase/ (decrease) in ECL
100% upside scenario	3.97% to 3.72%	(74)	4.62% to 1.80%	(25)
100% base scenario	3.97% to 4.25%	(44)	4.62% to 3.87%	(40)
100% downside scenario	3.97% to 6.29%	85	4.62% to 6.94%	155

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 repay the obligation under the terms of the contract, or that the proceeds from collateral will not be sufficient to cover 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 2023 $'000	Consolidated 2022 $'000	Credit Union 2023 $'000	Credit Union 2022 $'000
(a) Provisions for impairment					
Specific provision	11	379	205	379	205
Expected credit loss provision					
Stage 1: 12-months ECL - not credit impaired	11	527	520	527	520
Stage 2: Lifetime ECL - not credit impaired	11	17	13	17	13
Stage 3: Lifetime ECL - credit impaired	11	552	547	552	547
Total provision for impairment		**1,475**	**1,285**	**1,475**	**1,285**
General reserve for credit losses recognised in equity	22	**-**	**729**	**-**	**729**

(b) Impairment losses on loans and advances

Individually assessed provisions for impairment increase	174	26	174	26
Expected credit loss provision for impairment increase/(decrease)	16	(212)	16	(212)
Bad debts written off directly to profit and loss	81	107	81	107
Charge to profit and loss	**271**	**(79)**	**271**	**(79)**

(c) Impaired loans and advances

Non-accrual loans				
Balance	8,879	2,577	8,879	2,577
Restructured loans				
Balance	8,917	1,765	8,917	1,765
Interest revenue on non-accrual and restructured loans	-	-	-	-
Interest foregone on non-accrual and restructured loans	(100)	(19)	(100)	(19)
Net interest foregone	**(100)**	**(19)**	**(100)**	**(19)**

Note 12. Impairment of Loans and Advances (continued)

The table below represents the reconciliation from the opening balance to the closing balance of the ECL allowance for loans and advances:

Consolidated and Credit Union

	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
2023					
Balance at 1 July 2022	**520**	**13**	**547**	**205**	**1,285**
Changes due to financial assets recognised in the opening balance that have:					
Transferred to 12-months ECL	29	(2)	(27)	-	-
Transferred to collective provision Stage 2	(1)	2	-	(1)	-
Transferred to collective provision Stage 3	-	-	4	(4)	-
Net remeasurement of loss allowance	(102)	2	29	90	19
New loans and advances originated	110	-	-	132	242
Loans discharged	(39)	2	(1)	(52)	(90)
Bad debts written off	10	-	-	9	19
Charge to income statement	**7**	**4**	**5**	**174**	**190**
Balance at 30 June 2023	**527**	**17**	**552**	**379**	**1,475**

Note 12. Impairment of Loans and Advances (continued)

Consolidated and Credit Union

	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
2022					
Balance at 1 July 2021	**845**	**45**	**401**	**179**	**1,470**
Changes due to financial assets recognised in the opening balance that have:					
Transferred to 12-months ECL	113	(1)	(112)	-	-
Transferred to collective provision Stage 2	(2)	2	-	-	-
Transferred to collective provision Stage 3	-	(2)	2	-	-
Net remeasurement of loss allowance	(448)	(29)	295	-	(182)
New loans and advances originated	136	-	-	188	324
Loans discharged	(146)	(4)	(39)	(196)	(385)
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**

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

The impairment provision comprises collective provisions measured using the three-stage approach (12-months ECL and lifetime ECL) and a specific provision (lifetime ECL) held for exposures assessed individually. The following paragraphs describe how significant changes in the gross carrying amount of loans and advances during the financial year have contributed to the changes in the impairment provision for the Group under the expected credit loss model.

Overall, the total impairment provision increased by $0.190 million (2022: decreased by $0.185 million) compared to the balance at the beginning of the year. The net increase is driven by the increased size of the portfolio and increase in the event risk overlay. Specific provisions increased by $0.174 million to $0.379 million (2022: $0.026 million) primarily due to higher individually assessed impairment in unsecured loans.

Note 13. Other Financial Assets

Equity investments that are not held for trading are classified as other financial assets that are measured at fair value through other comprehensive income (FVOCI) 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 other financial assets at FVOCI as the assets are not held for trading and it recognises only dividend income in profit and loss. Changes to the fair value of its equity investments are recognized in the other comprehensive income and are never reclassified to profit or loss. The Group received dividends from Cuscal Ltd of $0.180 million for the year ended 30 June 2023 (2022: $0.512 million).

During the year ended 30 June 2022, the Group derecognised its interests in Data Action Pty Ltd as an investment in associate. The Group has subsequently recognised the equity investment at FVOCI 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	
	2023	**2022**	**2023**	**2022**
	$'000	$'000	$'000	$'000
Unlisted shares at fair value				
Cuscal Ltd	4,468	4,431	4,468	4,431
Data Action	3,733	4,399	3,733	4,399
	8,201	8,830	8,201	8,830

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 ended 30 June 2022, 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 (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 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.

A reconciliation of the movement in equity accounted investees is presented as per below:

	2023	**2022**
	$'000	$'000
Opening balance	-	4,940
Share of profit in associates	-	114
Sales of investment in Blackwood Nominees Pty Ltd	-	(583)
Derecognition of interests in Data Action Pty Ltd	-	(4,471)
Closing balance	**-**	**-**

Investment in Data Action Pty Ltd

The Group previously held a 15.9% ownership interest 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 ended 30 June 2022, 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 (Note 13).

Investment in Blackwood Nominees Pty Ltd

The Group previously held a 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.

Note 15. Property, Plant and Equipment

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 PP&E.

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.

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%

Please refer to Note 24(a) for the accounting policy for right-of-use assets.

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 (continued)

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

Consolidated

	Freehold land $'000	Buildings $'000	Right-of-use assets $'000	Plant & equipment $'000	Work in progress $'000	Total $'000
At 1 July 2021						
Cost	162	112	5,331	4,671	-	10,276
Accumulated depreciation	(162)	(112)	(1,968)	(3,533)	-	(5,775)
Net book amount	**-**	**-**	**3,363**	**1,138**	**-**	**4,501**
Year ended 30 June 2022						
Opening net book amount	-	-	3,363	1,138	-	4,501
Additions	-	-	-	241	-	241
Disposals/write-off - cost	-	-	-	(490)	-	(490)
Disposals/write-off - accumulated depreciation	-	-	-	458	-	458
Depreciation	-	-	(984)	(482)	-	(1,466)
Closing net book amount	**-**	**-**	**2,379**	**865**	**-**	**3,244**
At 30 June 2022						
Cost	162	112	5,331	4,422	-	10,027
Accumulated depreciation	(162)	(112)	(2,952)	(3,557)	-	(6,783)
Net book amount	**-**	**-**	**2,379**	**865**	**-**	**3,244**
Year ended 30 June 2023						
Opening net book amount	-	-	2,379	865	-	3,244
Additions	-	-	-	208	-	208
Disposals/write-off - cost	-	-	-	(420)	-	(420)
Disposals/write-off - accumulated depreciation	-	-	-	380	-	380
Depreciation	-	-	(984)	(425)	-	(1,409)
Closing net book amount	**-**	**-**	**1,395**	**608**	**-**	**2,003**
At 30 June 2023						
Cost	162	112	5,331	4,210	-	9,815
Accumulated depreciation	(162)	(112)	(3,936)	(3,602)	-	(7,812)
Net book amount	**-**	**-**	**1,395**	**608**	**-**	**2,003**

Note 15. Property, Plant and Equipment (continued)

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

Credit Union

	Freehold land $'000	Buildings $'000	Right-of-use assets $'000	Plant & equipment $'000	Work in progress $'000	Total $'000
At 1 July 2021						
Cost	162	112	5,331	4,671	-	10,276
Accumulated depreciation	(162)	(112)	(1,968)	(3,533)	-	(5,775)
Net book amount	**-**	**-**	**3,363**	**1,138**	**-**	**4,501**
Year ended 30 June 2022						
Opening net book amount	-	-	3,363	1,138	-	4,501
Additions	-	-	-	241	-	241
Disposals/write-off - cost	-	-	-	(490)	-	(490)
Disposals/write-off - accumulated depreciation	-	-	-	458	-	458
Depreciation	-	-	(984)	(482)	-	(1,466)
Closing net book amount	**-**	**-**	**2,379**	**865**	**-**	**3,244**
At 30 June 2022						
Cost	162	112	5,331	4,422	-	10,027
Accumulated depreciation	(162)	(112)	(2,952)	(3,557)	-	(6,783)
Net book amount	**-**	**-**	**2,379**	**865**	**-**	**3,244**
Year ended 30 June 2023						
Opening net book amount	-	-	2,379	865	-	3,244
Additions	-	-	-	208	-	208
Disposals/write-off - cost	-	-	-	(420)	-	(420)
Disposals/write-off - accumulated depreciation	-	-	-	380	-	380
Depreciation	-	-	(984)	(425)	-	(1,409)
Closing net book amount	**-**	**-**	**1,395**	**608**	**-**	**2,003**
At 30 June 2023						
Cost	162	112	5,331	4,210	-	9,815
Accumulated depreciation	(162)	(112)	(3,936)	(3,602)	-	(7,812)
Net book amount	**-**	**-**	**1,395**	**608**	**-**	**2,003**

As at 30 June 2023, property, plant and equipment includes right-of-use assets with a carrying value of $1.395 million (2022: $2.379 million) related to the head office lease.

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 statements 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.

Note 16. Intangible assets (continued)

Consolidated

	Software	Work in progress	Total
	$'000	$'000	$'000
At 1 July 2021			
Cost	2,048	521	2,569
Accumulated amortisation and impairment	(1,001)	-	(1,001)
Net book amount	**1,047**	**521**	**1,568**
Year ended 30 June 2022			
Opening net book amount	1,047	521	1,568
Additions	44	1,187	1,231
Transfers	1,196	(1,196)	-
Disposals - cost	(175)	(69)	(244)
Disposals - accumulated amortisation	172	-	172
Amortisation	(760)	-	(760)
Closing net book amount	**1,524**	**443**	**1,967**
At 30 June 2022			
Cost	3,113	443	3,556
Accumulated amortisation and impairment	(1,589)	-	(1,589)
Net book amount	**1,524**	**443**	**1,967**
Year ended 30 June 2023			
Opening net book amount	1,524	443	1,967
Additions	39	849	888
Transfers	422	(422)	-
Disposals - cost	(1,086)	(103)	(1,189)
Disposals - accumulated amortisation	1,083	-	1,083
Amortisation	(814)	-	(814)
Closing net book amount	**1,168**	**767**	**1,935**
At 30 June 2023			
Cost	2,488	767	3,255
Accumulated amortisation and impairment	(1,320)	-	(1,320)
Net book amount	**1,168**	**767**	**1,935**

Note 16. Intangible assets (continued)

Credit Union

	Software $'000	Work in progress $'000	Total $'000
At 1 July 2021			
Cost	2,048	521	2,569
Accumulated amortisation and impairment	(1,001)	-	(1,001)
Net book amount	**1,047**	**521**	**1,568**
Year ended 30 June 2022			
Opening net book amount	1,047	521	1,568
Additions	44	1,187	1,231
Transfers	1,196	(1,196)	-
Disposals - cost	(175)	(69)	(244)
Disposals - accumulated amortisation	172	-	172
Amortisation	(760)	-	(760)
Closing net book amount	**1,524**	**443**	**1,967**
At 30 June 2022			
Cost	3,113	443	3,556
Accumulated amortisation and impairment	(1,589)	-	(1,589)
Net book amount	**1,524**	**443**	**1,967**
Year ended 30 June 2023			
Opening net book amount	1,524	443	1,967
Additions	39	849	888
Transfers	422	(422)	-
Disposals - cost	(1,086)	(103)	(1,189)
Disposals - accumulated amortisation	1,083	-	1,083
Amortisation	(814)	-	(814)
Closing net book amount	**1,168**	**767**	**1,935**
At 30 June 2023			
Cost	2,488	767	3,255
Accumulated amortisation and impairment	(1,320)	-	(1,320)
Net book amount	**1,168**	**767**	**1,935**

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.

Software as a Service ('SaaS') arrangements are service contracts providing the Group with the right to access a cloud provider's application service software over the contractual period. Fees for the use of application software and customisation costs are recognised as an operating expense over the term of the service contract. Any configuration costs, data conversion and migration costs, testing costs and training costs are recognised as an operating expense as the service is received.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to existing on-premise systems and meets the definition and recognition criteria of an asset are recognised as other assets.

	Consolidated		Credit Union	
	2023	**2022**	**2023**	**2022**
	$'000	$'000	$'000	$'000
Prepayments	2,087	385	2,069	365
Software as a Service	890	228	890	228
Set up costs CUSA MTG Trust – net	-	6	-	6
	2,977	**619**	**2,959**	**599**

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	
	2023	**2022**	**2023**	**2022**
	$'000	$'000	$'000	$'000
Withdrawable shares	**69**	**71**	**69**	**71**
Deposits carried at amortised cost:				
At call deposits	901,535	908,344	901,535	908,344
Term deposits	508,593	309,071	508,593	309,071
Total member deposits	**1,410,197**	**1,217,486**	**1,410,197**	**1,217,486**

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 2023, deposits from members of the education community of South Australia totalled $278.224 million (2022: $249.909 million). This represents approximately 19.7% of total deposits (2022: 20.5%).

As at 30 June 2023, deposits from members currently residing in South Australia totalled $1,298.738 million (2022: $1,160.302 million). This represents approximately 92.1% of total deposits (2022: 95.3%).

As at 30 June 2023, the Group has no individual or group of deposit facilities with an outstanding balance in excess of 10.0% of its total liabilities (2022: nil).

Note 19. Interest-Bearing Liabilities

Interest-bearing liabilities are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

	Consolidated		Credit Union	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Negotiable Certificate of Deposit (NCD) – Wholesale funding	44,515	14,952	44,515	14,952
Subordinated debt – Tier-2 capital instrument	17,500	-	17,500	-
Term Funding Facility (TFF) (Note 28)	42,607	48,610	42,607	48,610
	104,622	**63,562**	**104,622**	**63,562**

Note 20. 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	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade creditors	1,092	1,472	1,092	1,472
Accrued interest payable on member deposits	5,957	517	5,957	517
Accrued interest payable on interest-bearing liabilities	657	163	657	163
Derivative interest accrued	7	5	7	5
Lease liability	2,116	3,509	2,116	3,509
Other creditors and accruals	160	167	3,692	1,612
	9,989	**5,833**	**13,521**	**7,278**

Note 21. Provisions

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

(a) Employee Entitlements

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

(i) Defined contribution plans

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

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

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

(ii) Termination benefits

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

(b) Make Good Provision

The Group is required to restore the leased premises of its head office and branch to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements.

Note 21. Provisions (continued)

	Consolidated		Credit Union	
	2023	**2022**	**2023**	**2022**
	$'000	$'000	$'000	$'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	1,768	1,931	1,768	1,931
Provision created	197	64	197	64
Provision utilised	(169)	(227)	(169)	(227)
Closing balance	**1,796**	**1,768**	**1,796**	**1,768**
Provision for annual leave				
Opening balance	958	898	958	898
Provision created	312	265	312	265
Provision utilised	(209)	(205)	(209)	(205)
Closing balance	**1,061**	**958**	**1,061**	**958**
Total provisions	**2,903**	**2,772**	**2,903**	**2,772**
Number of employees				
Number of full-time equivalent employees at year end	142	130	142	130

Note 22. 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

A general reserve for credit losses (GRCL) has previously been maintained to meet APRA's regulatory requirements. 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 was to provide the Group with freely available capital which can be used to absorb credit losses should they materialise. Following the release of APRA's revised APS 220 which commenced on 1 September 2022, GRCL is no longer required. As at 30 June 2023, this balance has therefore been transferred back to retained earnings.

(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 *Financial instruments*.

Note 23. Financing Facilities

The Group has access to the following lines of credit:

	Consolidated		Credit Union	
	2023	**2022**	**2023**	**2022**
	$'000	$'000	$'000	$'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 2023, 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 24. 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. In addition, the right-of use assets are reviewed for impairment and adjusted for certain remeasurements of the lease liabilities.

	2023	**2022**
	$'000	$'000
Opening balance as at 1 July	2,379	3,363
Depreciation charge for the year	(984)	(984)
Balance as at 30 June	**1,395**	**2,379**

See Note 26 for maturity analysis of lease liabilities as at 30 June 2023.

(b) Amounts recognised in profit or loss

	2023	**2022**
	$'000	$'000
Interest expense on lease liabilities	75	87
Interest income on finance lease receivable	9	10

Note 24. Commitments, Contingent Liabilities and Contingent Assets (continued)

(c) Amounts recognised in statements of cash flows

	2023 $'000	2022 $'000
Principal portion of lease liability	1,467	1,203
Interest portion of lease liability	(75)	(87)
Total cash outflow for leases	**1,392**	**1,116**

Principal portion of sub-lease	(167)	(162)
Interest portion of sub-lease	9	10
Total cash inflow from sub-lease	**(158)**	**(152)**

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 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 Leases.

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

(a) Finance lease under AASB 16 Leases

	2023 $'000	2022 $'000
Less than one year	173	167
Between one and two years	73	173
Between two and three years	-	73
Between three and four years	-	-
Total undiscounted lease receivables	**246**	**413**
Unearned finance income	(5)	(14)
Net investment in the sub-lease	**241**	**399**

(b) Capital Commitments

	Consolidated		*Credit Union*	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Capital expenditure commitments	-	221	-	221

Note 24. Commitments, Contingent Liabilities and Contingent Assets (continued)

(c) Outstanding Loan Commitments

	Consolidated		Credit Union	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Loans approved but not yet funded				
Residential	32,077	52,542	32,077	52,542
Personal	112	294	112	294
	32,189	52,836	32,189	52,836

(d) Members' Unused Credit Facilities

	Consolidated		Credit Union	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Revolving credit and redraw facilities	231,752	226,471	231,752	226,471

(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 (2022: $0.025 million). The unsecured balance of these guarantees totals nil (2022: nil). No loss on these guarantees is anticipated as the financial guarantees were terminated on 3 August 2023.

Note 25. 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 (to 4 May 2023), P.L.F. Riquier. N. 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 (to 30 June 2023), K.L. Beard, N. Santinon (from 13 December 2021), L. Reinhardt (from 17 January 2022), T. Foster (to 21 March 2023), S. Dyda (from 15 May 2023), 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:

	2023 $	2022 $
Short-term employee benefits	2,729,852	2,395,591
Payments to defined contribution plans	234,363	193,154
Other long-term benefits	60,864	51,592
Termination benefits	73,736	126,818
	3,098,815	**2,767,155**

The Group does not pay share-based payments to key management personnel.

Note 25. Key Manangement Personnel (continued)

(c) Loans to Key Management Personnel

	2023 $	2022 $
Aggregate loans to key management personnel outstanding at reporting date:		
Mortgage and personal loans	2,256,121	3,986,389
Lines of credit (including unsecured overdrafts)	-	-
	2,256,121	**3,986,389**
Aggregate amount of loans made during the year to key management personnel:		
Total loans made during the year	379,550	1,740,814
Aggregate amount of interest charged during the year to key management personnel:		
Mortgage and personal loans	90,050	84,373
Aggregate amount of repayments made during the year from key management personnel:		
Mortgage and personal loans	2,199,868	3,356,393
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 T.M. Roberts, K.L. Beard, T.M.E. Prowse and L. Reinhardt.

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.

As at 30 June 2023, the loans to key management personnel are allocated to Stage 1 of the ECL model and have a loss allowance of $471 (2022: $742). No impairment loss was recognised in profit or loss in respect of these balances (2022: nil).

Note 26. Financial Risk Management

(a) Financial Risk Management

This note presents information about the Group's exposure to each of the above risks, the Groups' objectives, policies and processes for measuring and managing risk, and the Group'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 ensure that it will always have sufficient liquidity available to meet its liabilities and cash flow demands as they fall due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Treasury's risk management function performs a daily cash flow projection to determine future net funding requirements, reflective of expected and alternative market and business conditions.

Treasury maintains a liquidity portfolio which is held in accordance with APRA's Prudential Standard APS210 Liquidity which requires the Group to hold high quality liquid assets (HQLA) to 9% (2022: 9%) of adjusted liabilities as a minimum liquidity holding (MLH). MLH portfolio forms part of the investment in debt securities as disclosed in Note 9. The Group prudently, under its liquidity risk policy, has an MLH of 10% (2022: 10%) which it terms an MLH ratio. The Group'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 Executive management daily, discussed at Pricing Committee fortnightly as part of overall funding and liquidity management, and reported to the Board of Directors monthly.

The Group relies on deposits from members as its primary source of funding. Members deposits generally have maturities less than one year. A large proportion of member deposits are contractually payable on demand, however most of these display the operational behaviour of more stable longer term funding sources. To manage its funding and liquidity risk profile, the Group pursues through its funding and liquidity management strategy, a well-diversified funding base in terms of products, maturity terms and funding segment (both retail and wholesale). These parameters are set through policy design and are subject to annual review and are monitored daily and reported to Executive management and to the Board of Directors monthly.

Treasury also source funding as required in wholesale markets to meet the daily net funding requirements of the Group and also participated in the Term Funding Facility (TFF) made available from the RBA in response to the COVID-19 pandemic. As at balance date, $42.61 million (2022: $48.61 million) was outstanding for which the RBA held $50.96 million (2022: $58.14 million) as collateral.

Note 26. Financial Risk Management (continued)

In addition to the liquidity portfolio, the Group also has a $5.000 million (2022: $5.000 million) overdraft facility (refer to Note 23) and a self-securitisation programme with which it can access emergency liquidity through an RBA repo facility (refer to Note 28).

A contingency funding plan forms an integral part of the framework that enables the Group to proactively manage its liquidity risk profile under all conditions. All liquidity policies are subject to oversight and approval by the Executive management and ultimately to the Board of Directors.

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	
	2023	2022	2023	2022
	%	%	%	%
As at 30 June:				
Liquidity holding - MLH	16.64	14.85	16.64	14.85
Liquidity holding - non MLH	0.16	0.47	0.16	0.47
Liquidity holding - Total	**16.80**	**15.32**	**16.80**	**15.32**

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
2023							
Financial liabilities							
Member deposits including accrued interest	1,416,154	1,429,499	901,603	176,640	336,153	15,103	-
Interest-bearing liabilities including accrued interest	105,279	121,361	-	61,453	29,131	5,901	24,876
Derivative liabilities including accrued interest	311	424	-	233	191	-	-
Lease liabilities	2,116	2,156	-	379	1,137	640	-
Trade and other payables	1,252	1,252	-	1,252	-	-	-
	1,525,112	**1,554,692**	**901,603**	**239,957**	**366,612**	**21,644**	**24,876**
2022							
Financial liabilities							
Member deposits including accrued interest	1,218,003	1,219,229	908,415	106,257	168,511	36,046	-
Interest-bearing liabilities including accrued interest	63,725	63,931	-	15,228	6,018	42,685	-
Derivative liabilities including accrued interest	373	471	-	39	57	375	-
Lease liabilities	3,509	3,624	-	367	1,101	2,156	-
Trade and other payables	1,639	1,639	-	1,639	-	-	-
	1,287,249	**1,288,894**	**908,415**	**123,530**	**175,687**	**81,262**	**-**

Note 26. 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
2023							
Financial liabilities							
Member deposits including accrued interest	1,416,154	1,429,499	901,603	176,640	336,153	15,103	-
Interest-bearing liabilities including accrued interest	105,279	121,361	-	61,453	29,131	5,901	24,876
Borrowings	271,600	271,600	-	-	-	-	271,600
Derivative liabilities including accrued interest	311	424	-	233	191	-	-
Lease liabilities	2,116	2,156	-	379	1,137	640	-
Trade and other payables	4,784	4,784	-	4,784	-	-	-
	1,800,244	**1,829,824**	**901,603**	**243,489**	**366,612**	**21,644**	**296,476**
2022							
Financial liabilities							
Member deposits including accrued interest	1,218,003	1,219,229	908,415	106,257	168,511	36,046	-
Interest-bearing liabilities including accrued interest	63,725	63,931	-	15,228	6,018	42,685	-
Borrowings	236,005	236,005	-	-	-	-	236,005
Derivative liabilities including accrued interest	373	471	-	39	57	375	-
Lease liabilities	3,507	3,624	-	367	1,101	2,156	-
Trade and other payables	3,084	3,084	-	3,084	-	-	-
	1,524,697	**1,526,344**	**908,415**	**124,975**	**175,687**	**81,262**	**236,005**

(c) Credit Risk Management

Credit risk is the risk of financial loss where a customer or counterparty fails to meet their financial obligation to the Group.

The largest exposure to credit risk is in the area of loans and advances and investment in debt securities.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's credit risk policies which are set by the Risk Committee in accordance with the Risk Appetite Statement and strategic objectives. Formal approval of the credit policy is retained by the Board.

The Board has delegated responsibility for the management of credit risk to the Executive management that includes the following:

- ensuring appropriate policies, systems, people, and controls are in place to manage credit risk in accordance with the Board approved Risk Appetite Statement and strategic objectives;
- actively considering credit risk as part of the decision-making processes and strategic and business planning;
- promoting a compliant culture by encouraging an open and supportive environment in which compliance with approved policy by all staff is recognised;
- reporting of compliance breaches, or possible breaches, and utilising these opportunities to enhance its future overall performance;

Note 26. 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	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Exposure to credit risk				
Individually impaired				
Gross amount	8,879	2,577	8,879	2,577
Less allowance for impairment	(379)	(205)	(379)	(205)
	8,500	**2,372**	**8,500**	**2,372**
Stage 1: 12-months ECL				
Current	1,332,388	1,155,204	1,332,388	1,155,204
1-29 days	8,507	5,669	8,507	5,669
30-59 days	1	-	1	-
60-89 days	-	1	-	1
	1,340,896	**1,160,874**	**1,340,896**	**1,160,874**
Less Stage 1 ECL	(527)	(520)	(527)	(520)
	1,340,369	**1,160,354**	**1,340,369**	**1,160,354**
Stage 2: Lifetime ECL				
1-29 days	1	-	1	-
30-59 days	1,350	2,593	1,350	2,593
60-89 days	272	-	272	-
	1,623	**2,593**	**1,623**	**2,593**
Less Stage 2 ECL	(17)	(13)	(17)	(13)
	1,606	**2,580**	**1,606**	**2,580**
Stage 3: Lifetime ECL				
1-29 days	-	-	-	-
30-59 days	-	-	-	-
60-89 days	-	-	-	-
90 days or greater	1,630	1,664	1,630	1,664
	1,630	**1,664**	**1,630**	**1,664**
Less Stage 3 ECL	(552)	(547)	(552)	(547)
	1,078	**1,117**	**1,078**	**1,117**
Net loans and advances	**1,351,553**	**1,166,423**	**1,351,553**	**1,166,423**

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

The Group's cash and cash equivalents, investment in debt securities, trade and other receivables, derivative assets and notes receivable are neither past due nor impaired.

Note 26. Financial Risk Management (continued)

The Group limits its credit exposure to other financial institutions by investing its liquidity portfolio in accordance with APRA's minimum investment grade criteria and limits its counterparties to Australian domiciled ADI's (per 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	
		2023	**2022**	**2023**	**2022**
	Notes	$'000	$'000	$'000	$'000
Cash and cash equivalents	8	91,372	49,187	72,548	33,018
Investment in debt securities	9	185,171	168,801	185,171	168,801
Trade and other receivables	10	2,144	1,234	2,618	1,373
Loans and advances	11, 12	1,351,553	1,166,423	1,351,553	1,166,423
Notes receivable	28	-	-	293,500	253,500
Derivative assets	27	834	442	834	442
Total maximum exposure		**1,631,074**	**1,386,087**	**1,906,224**	**1,623,557**

(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 changes in 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	
	2023	**2022**	**2023**	**2022**
	$'000	$'000	$'000	$'000
Revenue Sensitivity:				
As at 30 June	43	1,399	43	1,399
Average for the period	465	770	465	770
Maximum for the period	1,174	1,399	1,174	1,399
Minimum for the period	43	20	43	20

Note 26. Financial Risk Management (continued)

	Consolidated		Credit Union	
	2023	2022	2023	2022
	%	%	%	%
Revenue sensitivity as a percentage of total capital:				
As at 30 June	0.04%	1.44%	0.04%	1.44%
Average for the period	0.47%	0.79%	0.47%	0.79%
Maximum for the period	1.20%	1.44%	1.20%	1.44%
Minimum for the period	0.04%	0.02%	0.04%	0.02%

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. In addition, a risk management framework is 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	< 1 month	1 month to 12 months	1 year to 5 years	6 years to 10 years	Non-interest earning/ bearing	Total carrying value	Weighted average rate
2023	$'000	$'000	$'000	$'000	$'000	$'000	%
Financial assets							
Cash and cash equivalents	59,584	-	-	-	31,788	91,372	2.41%
Investment in debt securities	68,773	116,398	-	-	-	185,171	3.30%
Loans and advances	990,815	149,218	196,338	16,608	49	1,353,028	3.83%
Other financial assets	-	-	-	-	8,201	8,201	-
Trade and other receivables	-	-	-	-	2,144	2,144	-
Derivative assets	-	-	834	-	-	834	1.61%
	1,119,172	**265,616**	**197,172**	**16,608**	**42,182**	**1,640,750**	**3.48%**
Financial liabilities							
Member deposits	644,619	426,075	14,597	-	324,906	1,410,197	1.53%
Interest-bearing liabilities	31,729	55,393	-	17,500	-	104,622	1.07%
Trade and other payables	-	-	-	-	9,989	9,989	-
Derivative liabilities	-	210	94	-	-	304	1.70%
	676,348	**481,678**	**14,691**	**17,500**	**334,895**	**1,525,112**	**1.54%**
Interest rate swaps - notional principal	(62,500)	90,000	(27,500)	-	-	-	-
	380,324	**(126,062)**	**154,981**	**(892)**	**(292,713)**	**115,638**	**-**

Note 26. Financial Risk Management (continued)

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%
Investment in debt securities	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**	**308,324**	**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%
Interest-bearing liabilities	4,997	15,957	42,608	-	-	63,562	0.20%
Trade and other payables	-	-	-	-	5,833	5,833	-
Derivative liabilities	2	9	357	-	-	368	-
	614,537	**249,641**	**78,577**	**-**	**344,494**	**1,287,249**	**0.27%**
Interest rate swaps - notional principal	(22,500)	(20,000)	(2,500)	-	-	-	-
	243,628	**(141,756)**	**227,247**	**20,004**	**(285,171)**	**108,953**	**-**

Credit Union 2023	< 1 month $'000	1 month to 12 months $'000	1 year to 5 years $'000	6 years to 10 years $'000	Non-interest earning/ earing $'000	Total carrying value $'000	Weighted average rate %
Financial assets							
Cash and cash equivalents	59,584	-	-	-	12,964	72,548	2.30%
Investment in debt securities	68,773	116,398	-	-	-	185,171	3.30%
Loans and advances	990,815	149,218	196,338	16,608	49	1,353,028	3.83%
Other financial assets	-	-	-	-	8,201	8,201	-
Trade and other receivables	-	-	-	-	2,618	2,618	-
Notes receivable	242,540	-	-	-	-	242,540	3.63%
Derivative assets	-	-	834	-	-	834	1.61%
	1,361,712	**265,616**	**197,172**	**16,608**	**23,832**	**1,864,940**	**3.51%**
Financial liabilities							
Member deposits	644,619	426,075	14,597	-	324,906	1,410,197	1.53%
Interest-bearing liabilities	31,729	55,393	-	17,500	-	104,622	1.07%
Borrowings	271,600	-	-	-	-	271,600	4.56%
Trade and other payables	-	-	-	-	13,521	13,521	-
Derivative liabilities	-	210	94	-	-	304	1.70%
	947,948	**481,678**	**14,691**	**17,500**	**338,427**	**1,800,244**	**1.99%**
Interest rate swaps - notional principal	(62,500)	90,000	(27,500)	-	-	-	-
	351,264	**(126,062)**	**154,981**	**(892)**	**(314,595)**	**64,696**	**-**

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Note 26. 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%
Investment in debt securities	76,560	92,241	-	-	-	168,801	0.77%
Loans and advances	804,105	35,644	307,882	20,004	73	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%
	1,076,025	**128,185**	**308,325**	**20,004**	**43,294**	**1,575,532**	**1.93%**
Financial liabilities							
Member deposits	609,538	233,675	35,612	-	338,661	1,217,486	0.27%
Interest-bearing liabilities	4,997	15,957	42,608	-	-	63,562	0.20%
Borrowings	236,005	-	-	-	-	236,005	2.68%
Trade and other payables	-	-	-	-	7,278	7,278	-
Derivative liabilities	2	9	357	-	-	368	-
	850,542	**249,641**	**78,576**	**-**	**345,939**	**1,524,699**	**0.63%**
Interest rate swaps - notional principal	(22,500)	(20,000)	(2,500)	-	-	-	-
	202,983	**(141,456)**	**227,249**	**20,004**	**(302,645)**	**50,833**	**-**

Note 26. 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.

As at 30 June 2023, the Group's qualifying capital includes Tier-2 capital which consists of qualifying subordinated debt amounting to $17.500 million (2022: nil).

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	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Total qualifying capital	121,965	97,567	121,965	97,567
Risk weighted assets	659,669	603,073	659,669	603,073

	2023	2022	2023	2022
	%	%	%	%
Capital adequacy ratio				
As at 30 June	18.49	16.18	18.49	16.18

(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:

- derivative liabilities measured at fair value through other comprehensive income (FVOCI)
- other 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.

Note 26. 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 statements 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, 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 value of the derivatives held as cash flow hedges as at 30 June 2023 is $157.500 million (2022: $37.500 million).

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

	Fair value		Notional principal amount	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Less than 1 year	(53)	(11)	130,000	20,000
1 to 2 years	582	(357)	27,500	10,000
2 to 5 years	-	442	-	7,500
Closing balance	**529**	**74**	**157,500**	**37,500**

Note 27. 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 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.

Investment in debt securities:

These financial assets represent the Group's liquidity portfolio and are comprised of minimum liquidity holdings (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 investment in debt securities 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 equivalent to 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 range of valuation techniques including recent transaction prices (where available), discounted cashflows, comparable multiples, net tangible assets and net assets.

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 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 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 equivalent to the carrying value.

Self-securitisation:

Self-securitisation notes are valued at amortised cost.

(a) Fair Value Hierarchy

The level in the fair value hierarchy within which a fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy is as follows:

- Level 1: Financial instruments that have been valued by reference to unadjusted quoted prices for identical financial assets or financial liabilities in active markets.
- Level 2: Financial instruments that have been valued through valuation techniques incorporating inputs other than quoted prices within Level 1 that are observable for the financial asset or financial liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: Financial instruments that have been valued through valuation techniques incorporating inputs that are not based on observable market data. Unobservable inputs are those not readily available in an active market due to market liquidity or complexity of the product.

Note 27. Fair Value of Financial Instruments (continued)

(b) Fair Values

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

	Total carrying amount as per statements of financial position		Aggregate fair value		Fair value hierarchy
	2023	2022	2023	202	
Consolidated	$'000	$'000	$'000	$'000	
Financial assets					
Cash and cash equivalents	91,372	49,187	91,372	49,187	Level 1
Investment in debt securities	185,171	168,801	185,171	168,801	Level 2
Net loans and advances	1,351,553	1,166,423	1,357,717	1,168,890	Level 3
Other financial assets	8,201	8,830	8,201	8,830	Level 3
Trade and other receivables	2,144	1,234	2,144	1,234	Level 1
Derivative assets	834	442	834	442	Level 2
	1,639,275	**1,394,917**	**1,645,439**	**1,397,384**	
Financial liabilities					
Member deposits	1,410,197	1,217,486	1,409,631	1,217,030	Level 2
Interest-bearing liabilities	104,622	63,562	104,622	63,562	Level 2
Accounts payable and other liabilities	9,989	5,833	9,989	5,833	Level 1
Derivative liabilities	304	368	304	368	Level 2
	1,525,112	**1,287,249**	**1,524,546**	**1,286,793**	
Credit Union					
Financial assets					
Cash and cash equivalents	72,548	33,018	72,548	33,018	Level 1
Investment in debt securities	185,171	168,801	185,171	168,801	Level 2
Net loans and advances	1,351,553	1,166,423	1,357,717	1,168,890	Level 3
Other financial assets	8,201	8,830	8,201	8,830	Level 3
Trade and other receivables	2,618	1,373	2,618	1,373	Level 1
Other investments	242,540	195,360	242,540	195,360	Level 2
Derivative assets	834	442	834	442	Level 2
	1,863,465	**1,574,247**	**1,869,629**	**1,576,714**	
Financial liabilities					
Member deposits	1,410,197	1,217,486	1,409,631	1,217,030	Level 2
Interest-bearing liabilities	104,622	63,562	104,622	63,562	Level 2
Accounts payable and other liabilities	13,521	7,278	13,521	7,278	Level 1
Borrowings	271,600	236,005	271,600	236,005	Level 2
Derivative liabilities	304	368	304	368	Level 2
	1,800,244	**1,524,699**	**1,799,678**	**1,524,243**	

Note 27. Fair Value of Financial Instruments (continued)

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

Consolidated	**Level 1** $'000	**Level 2** $'000	**Level 3** $'000	**Total** $'000
2023				
Investment in debt securities - FVOCI	-	123,313	-	123,313
Other financial assets	-	-	8,201	8,201
Derivative assets	-	834	-	834
Derivative liabilities	-	(304)	-	(304)
2022				
Investment in debt securities - FVOCI	-	143,189	-	143,189
Other financial assets	-	-	8,830	8,830
Derivative assets	-	442	-	442
Derivative liabilities	-	(368)	-	(368)

Credit Union	**Level 1** $'000	**Level 2** $'000	**Level 3** $'000	**Total** $'000
2023				
Investment in debt securities - FVOCI	-	123,313	-	123,313
Other financial assets	-	-	8,201	8,201
Derivative assets	-	834	-	834
Derivative liabilities	-	(304)	-	(304)
2022				
Investment in debt securities - FVOCI	-	143,189	-	143,189
Other financial assets	-	-	8,830	8,830
Derivative assets	-	442	-	442
Derivative liabilities	-	(368)	-	(368)

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 (2022: nil).

Note 28. 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 $141.214 million (2022: $85.010 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 20.18% of total deposits. The outstanding balance of the loans transferred as at 30 June 2023 was carried at $271.600 million (2022: $236.005 million), which approximates to its fair values.

As at 30 June 2023, a total of $50.960 million (2022: $58.140 million) self-securitisation notes were pledged in a repurchase agreement with the RBA to access a $42.607 million (2022: $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 weighted fixed interest rate of 0.19%. Securities sold under this agreement to repurchase are retained on the statements of financial position when the majority of the risk and rewards of ownership remain with the Group. The related liability is included within the interest-bearing liabilities on the statements of financial position when cash consideration is received.

The Group participated in the TFF for an amount of $48.610 million (2022: $48.610 million), with current outstanding of $42.607 million as at 30 June 2023.

Note 29. 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 the Credit Union 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 ended 30 June 2022, 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 to Notes 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 (Note 28a). These transactions are eliminated upon consolidation.

Ownership Interest

		2023	2022
	Notes	%	%
Data Action	13, 14	15.90	15.90
MTG CUSA Trust Repo Series No1.	28	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:

	2023	2022
	$	$
Technology services	2,683,551	2,646,843
Management fee	-	3,850
Interest expense	29,299	5,296

Aggregate amounts payable to non-key management personnel related party:

At call deposits	-	44
Term deposits	2,000,000	2,000,000

Note 30. Auditors' Remuneration

	Consolidated		Credit Union	
	2023	2022	2023	2022
	$	$	$	$
Audit services				
Auditors of the Credit Union				
KPMG Australia:				
- Audit of financial statements	148,548	138,918	148,548	138,918
- Other regulatory audits	35,695	34,180	35,695	34,180
	184,243	**173,098**	**184,243**	**173,098**
Non-audit services				
Auditors of the Credit Union				
KPMG Australia:				
- Tax and other services	40,533	28,509	40,533	28,509
Total auditor remuneration	**224,776**	**201,607**	**224,776**	**201,607**

Fees for non-audit services have been determined on a time and material basis.

Note 31. Franking Account

The Credit Union has generated franking credits through paying income tax since the 1994/95 financial year.

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 $31.474 million (2022: $29.056 million).

Note 32. 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 33. 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 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 (Note 13).

Data Action Pty Ltd

The Credit Union is a shareholder in Data Action Pty Ltd (Note 13), who provides the Credit Union with computer software solutions and hosted technology services.

Note 34. 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 2023 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 15 November 2023 commencing at 5.30pm (ACDT). 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

ABN 36 087 651 232
AFSL/Australian Credit Licence Number 241066