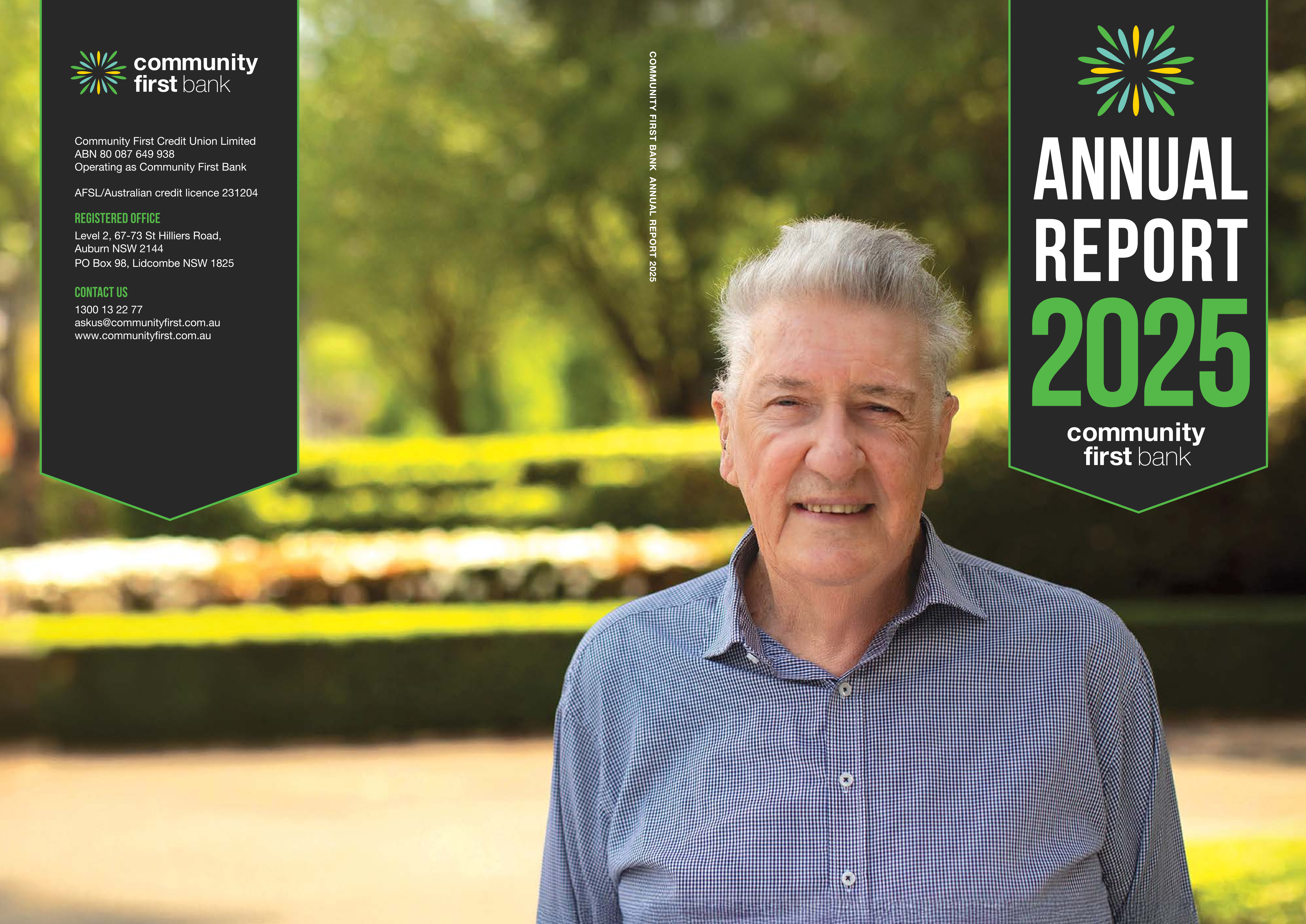

community first bank

Community First Credit Union Limited
ABN 80 087 649 938
Operating as Community First Bank

AFSL/Australian credit licence 231204

REGISTERED OFFICE

Level 2, 67-73 St Hilliers Road,
Auburn NSW 2144
PO Box 98, Lidcombe NSW 1825

CONTACT US

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COMMUNITY FIRST BANK ANNUAL REPORT 2025

ANNUAL REPORT 2025

community first bank

OUR VISION

- Community First is a member-owned and community-focused provider of financial services.
- We are committed to *people helping people* to achieve their financial goals.
- We continue to challenge stereotypes to remain relevant to our members and market needs.
- We will help create better and more sustainable communities where we operate.
- We make profits to reinvest in more services, member and community benefits, and fairer fees.
- We expect to grow as a viable and secure community banking alternative.
- We manage our business for the long term and intend to stay customer owned into perpetuity.

OUR MISSION

To help members achieve their financial goals by building relationships for mutual benefit

CONTENTS

FIVE YEAR SUMMARY

Total Assets:

Community First's Total Assets have grown by 73%. This includes the impact of the merger with Illawarra Credit Union.

Gross Loans to Members:

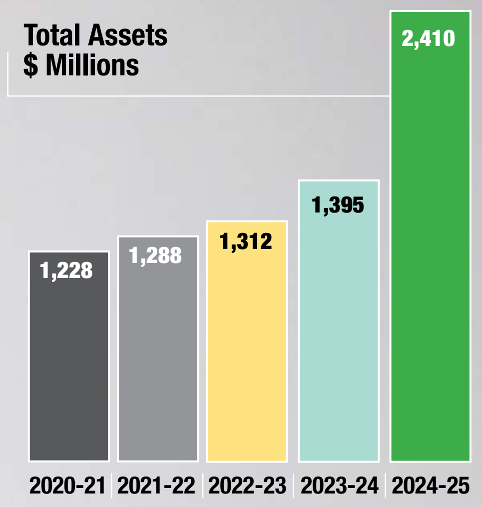
Gross Loans to Members is the total amount owed to Community First from home loans, personal loans, credit cards and overdrafts.

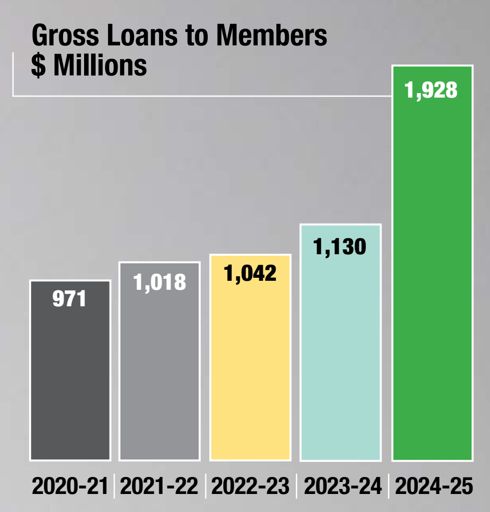
Member Deposits:

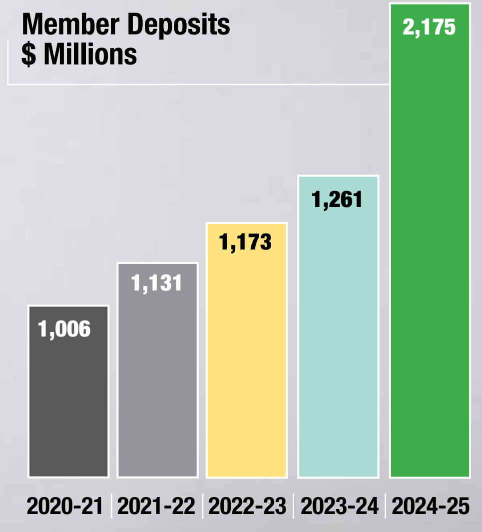
Member Deposits consist of savings, term deposits and membership shares.

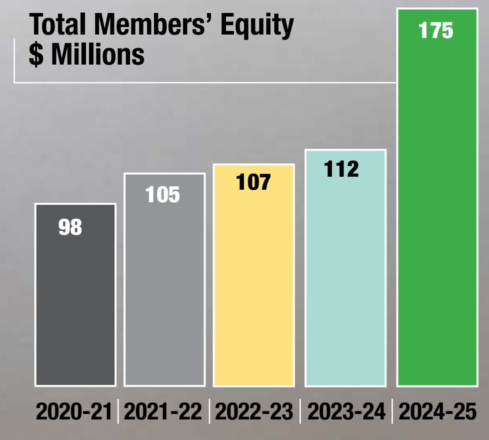
Total Members' Equity:

Total Members' Equity now exceeds $175 million. The business has never been stronger.









FIVE YEAR HISTORY

		2024-25	2023-24	2022-23	2021-22	2020-21
INCOME STATEMENT						
Total income	$'000	97,494	70,015	49,706	34,201	36,238
Interest income	$'000	90,748	62,667	44,300	28,000	29,777
Net interest income	$'000	39,611	28,647	28,308	24,753	23,922
Impairment losses on loans and advances	$'000	1,637	494	437	393	424
Operating expenses[1]	$'000	43,773	29,690	28,103	27,581	27,438
Operating profit after tax	$'000	767	4,157	4,009	2,704	2,002
STATEMENT OF FINANCIAL POSITION						
Total assets	$'000	2,409,737	1,394,994	1,311,779	1,287,524	1,227,994
Gross loans and advances to Members[2]	$'000	1,927,806	1,129,510	1,042,415	1,017,921	970,846
Provision for loan impairment	$'000	2,821	1,941	1,785	1,720	1,611
Member deposits	$'000	2,174,751	1,260,824	1,172,523	1,131,002	1,078,894
Total Members' equity	$'000	174,607	112,422	106,992	104,521	98,375
RATIO ANALYSIS						
Total revenue to average assets	%	5.40	5.09	3.82	2.67	3.06
Operating expenses to average assets	%	2.43	2.15	2.16	2.15	2.32
Net profit after tax to average assets	%	0.04	0.30	0.31	0.21	0.17
Net profit after tax to average equity	%	0.56	3.82	3.76	2.70	2.07
Net interest margin to average assets	%	2.10	2.08	2.18	1.97	2.02
Provision for loan impairment to average loans	%	0.20	0.18	0.17	0.17	0.18
Net assets per Member	$	2,177	1,898	1,905	1,910	1,801
STATISTICAL INFORMATION						
Number of Members[3, 4]		**80,190**	**59,247**	**56,156**	**54,742**	**54,599**
New Members		**5,932**	**6,988**	**5,191**	**4,389**	**4,513**

Notes:

1. Excludes impairment losses on loans and advances.
2. Excludes provision for loan impairment.
3. Non-IFRS information has not been audited or reviewed by the external auditors, but has been sourced from the core banking system and includes regular dormant account removals.
4. Number of Members includes additional members from business combination.

CHAIR'S REPORT

It is my pleasure to present the Chair's Report for the 2024-25 financial year.

Stephen Nugent
Chair of Directors

Member and owner since 2002

The past 12 months have heralded significant change to Community First Bank through our merger with Illawarra Credit Union (ICU). As we celebrate the achievements over the past 12 months, I am confident our members will agree that the coming together of two proud member-focused institutions has been as seamless as it has been transformative.

As anticipated, the merger has yielded positive financial outcomes, strengthening the financial wellbeing of Community First, and adding $930.6 million in assets to our balance sheet and $56.7 million to Members' Equity. We achieved organic asset growth of 6% while our primary business focus remained on systems migration.

Despite challenging economic conditions and two cuts to the official cash rate in the first half of 2025, we were able to increase our net interest margin by two basis points, to 2.10%. Our capital adequacy ratio remains healthy at 16.4%, and liquidity remained high throughout the financial year at 18.2% (the minimum liquidity holding is 15.3%).

We achieved a net profit after tax of $767,000 for the 2024-25 financial year, and as our assets are set to continue growing post-merger, we anticipate further profit growth in the 2025-26 financial year.

Managing Regulation, Security and Growth

Community First has effectively managed adjustments to the official cash rate. However, a key challenge – one that all banks face – is high regulatory costs.

While we recognise and support the need for a sound financial system, meeting regulatory benchmarks calls for a significant investment of the Bank's resources. And although compliance costs burden even the biggest banks, the cost is disproportionately high for smaller financial institutions.

To this end, we value the efforts of the Customer Owned Banking Association (COBA), which is playing a vital role fostering a more competitive, transparent, and community – focused banking sector. It lobbied for the introduction of the Financial Sector Regulatory Initiatives Grid in March 2024, a reform designed to help smaller banks manage the increasing regulatory burden and improve planning and resource allocation.

Throughout the year, Community First continued to bolster our security position in regards to cyber threats. We remain committed to the Scam-Safe Accord, and aim to continually educate members and staff so that they are better able to identify scams.

While technologies continue to evolve to help combat scams, scams are ever-changing and can be very sophisticated. The ongoing friction between prevention and loss will continue, and we welcome the collaboration between COBA and the Australian Banking Association (ABA) to enhance the sector's ability to combat financial scams through shared intelligence thanks to the Australian Financial Crimes Exchange (AFCX).

February 2025 saw a pivotal milestone in Community First's history with the official merger of Illawarra Credit Union and Community First Credit Union. This landmark event ushered in a bold new chapter in our 65-year journey, one brimming with exciting possibilities and an even greater commitment to serving our members. The merger combines two successful organisations, brings together our cultures, fosters like-minded collaboration, and creates opportunities to enhance our products and services to members and the community.

The Future is Bright

We look forward to Members of Illawarra Credit Union and Community First sharing a fresh beginning. We are building on our combined strength, with members benefiting from our enhanced resources, improved capabilities, and a better ability to serve our members and community.

With over 80,000 members across both financial institutions and combined assets of over $2.4 billion, the newly merged entity is primed to build greater strength and resilience in today's competitive banking market. As always, we welcome any questions or suggestions from our members during the integration process, and we thank you for your continued support as we embark on this exciting journey together.

On behalf of the Board, I extend our deepest gratitude to John Tancevski, former CEO of Community First, for his remarkable 20 years of dedicated leadership and vision. John leaves a legacy of success, innovation and passion that has played a pivotal role in shaping the bank's success and culture. We thank him for his enduring contribution and wish him all the best for the future.

Following the merger, we welcomed Anthony Perkiss as CEO of Community First. Anthony's vision, passion and extensive experience as CEO of Illawarra Credit Union, makes him ideal for his role at Community First, and he is well-aligned with our purpose and values. Anthony is committed to driving collaboration and delivering exceptional value to our members and the community. We look forward with great excitement to the fresh energy and direction he will bring as we embark on this next chapter together.

We also extend our heartfelt thanks to our recently retired directors for their many years of dedicated service and invaluable contribution to our organisation: Ken Pickering, Stuart Korchinski, Nuria Kelly and Rocky Scopelliti. Their leadership and commitment have helped shape the strong foundation on which we continue to build today.

Finally, on behalf of the Community First Board, I sincerely thank our members for their continued trust and support, and our dedicated staff for their unwavering commitment to our purpose, in what has truly been a transformative year. Your collective efforts have been vital to our success over the past year.

Together, we are stronger than ever, and looking forward to sharing an even brighter future with our members.

Stephen Nugent
Chair of Directors
Community First Bank

CEO'S REPORT

This financial year, Community First and Illawarra Credit Union merged, positioning the bank for our next phase of growth.

Anthony Perkiss
Chief Executive Officer

Member and owner since 2012

MENU

What a remarkable financial year it has been for Community First Bank – a year of transformation that saw two proudly member-focused institutions, Community First and Illawarra Credit Union,– come together to ensure the bank is well-placed to grow even stronger.

Having taken on the role of CEO of Community First in February 2025, I would like to begin by thanking John Tancevski, former CEO of Community First, for his exceptional 20 years of service.

The second half of the financial year saw two much-anticipated cuts to the Reserve Bank of Australia's official cash rate. While these cuts were welcomed by home owners with a mortgage, Community First must always balance the interests of all our members – both borrowers and depositors.

As a mutual financial services organisation, more than 90% of Community First's loans are funded from member deposits. And while the cash rate influences our cost to administer loans, it is not the only factor that influences pricing. Regardless of pricing movements – up or down – Community First's competitive pricing in the market ensures all members are able to benefit from ongoing exceptional value. A highlight of the financial year was the seamless way the teams from Community First and Illawarra Credit Union were able to merge cultures and focus on distilling what is truly great about each organisation to help us combine into a stronger, more future-ready bank.

Community First's mission requires the organisation to help members achieve their financial goals, and as we work to streamline our products to meet future goals. We have also focused on removing complexity while retaining great value products and features that will take us into the next phase of our journey.

Technology and Growth for a Stronger Member Experience

Easy Street, the online division of Community First, will continue to operate in a manner that will be largely uninterrupted by merger activities. This enables us to diversify our acquisition activities, and with Easy Street being named Customer-Owned Home Loan Lender of the Year in the 2025 Finder Awards, it is well positioned to build on its success.

Importantly, we continued to grow our personal loan book in 2024-25 through the provision of green loans for environmentally friendly purposes. These loans help to put the power in members' hands to make more environmentally friendly, and often money-saving, choices. In today's competitive banking sector, embracing new technologies is critical to delivering better, more efficient experiences. In an industry that continues to be highly regulated, this focus requires careful implementation, and this is exactly the approach we are taking.

The 2024-25 financial year saw Community First launch our first internal "Robotic Process Automation" tool to assist us settle loans faster for our members. We also embedded a new onboarding module in our mobile banking app to make it easier for new members to join Community First and Easy Street.

Following on from these initiatives, we expect to launch our new lending platform early in the new financial year, starting with our Easy Street brand. This will improve member experiences, ensure greater agility for change, and deliver enhanced automation through 24/7 loan acceptance, improved automated decision – making faster lenders mortgage insurance (LMI) approvals and quicker mortgage document processing.

Following last year's digitisation of our Net Promoter Score (NPS) – a gauge of customer satisfaction – we are now surveying more members than in previous years, and our NPS score is sitting at 63. These results are shared with our teams in real time so that we can act swiftly on opportunities to improve, or acknowledge a job well done.The financial year also saw the Community First Culture survey conducted. On "Culture of Succeeding" we scored 66%. It is an exceptional result, and one we are proud of.

Protecting Members and Strengthening Communities

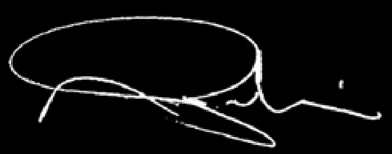
Financial scams continue to be a challenge for the entire industry. Through the financial year, we implemented new scam mitigation frameworks and processes to help identify and respond to scams impacting our members. The introduction of biometric identification checks in all our online deposit and lending applications now helps to speed verifications and reduce fraud events.

Members have a role to play too when it comes to protecting their account details and personal identity. As such, we have continued our member education initiatives to raise awareness of scams and inform members on how they can protect themselves.

As Australians continue to transition away from the use of cash in favour of digital payment methods, we will continue to monitor the use of cash in our stores. We believe our role is to provide members with a variety of options on how and when they access their accounts.

As always, we remain committed to the local communities in which we live and work, and to this end, we continue to support a range of community partnerships and sponsorships. This includes our continued commitment in the Illawarra region as we look to build on and grow established relationships within the region.

On a personal note, I would like to extend my thanks to the Community First team who have been so welcoming, and I look forward to meeting as many members as possible as I settle into my role across the newly merged entity.



Anthony Perkiss
Chief Executive Officer
Community First Bank

THE VALUE WE CREATE

A practical approach to enviromental and sustainability initiatives

Community First supports members in reaching their financial goals through both savings and lending, underpinned by an intergenerational profit-sharing model that reinvests the value created by past members for the benefit of current ones. As a member-owned, community-focused organisation, our sole purpose is to serve our members. Established in 1959 on the foundations of mutuality, Community First remains committed to these principles, demonstrated through our governance and economic relationship tests. Members are treated equally, and in the unlikely event of winding up, any remaining surpluses would be distributed for the collective benefit of members.

A Brighter Future: Helping members reach their financial aspirations remains a core focus embedded in our governance framework and strategic direction.

Our constitution sets out various objectives: to raise funds through deposits and borrowings; deliver a range of financial products, including loans and credit cards; and encourage savings through diverse account options. It also includes providing programs and services that support members' financial, economic and social wellbeing, while promoting human and community development where our members live and work.

We remain dedicated to providing solutions that reflect the real circumstances of our members. Through a full suite of flexible savings and loan products, backed by our strong commitment to responsible lending, we have built sustainable growth. Today, Community First holds a balance sheet exceeding $2 billion, with low arrears.

Beyond banking, we actively promote co-operative enterprises, provide services and programs that strengthen member outcomes, and foster human and social development across our communities. We also collaborate with credit unions and co-operatives to advance members' interests. Assisting other mutuals through information sharing and resources reflects our broader vision for the sector.

Aligned with that vision, Community First continues to champion sustainable outcomes. We were among the first in Australia to introduce environmentally focused finance, launching our low-rate Green Loans in 2006. While our growing balance sheet highlights the competitiveness of our offerings, it is our commitment to service, relationships, and trust that inspires members to recommend us to others. Word-of-mouth advocacy is a powerful testament to Community First as a reliable, member-owned alternative in banking.

Who We Influence

- **Our members –** We exist to help members achieve their goals, whether it's purchasing a home, buying a car, funding a holiday or reaching savings milestones. While access to loans was difficult in 1959, today's environment is different-demanding trusted advisers and dependable banking alternatives, which we remain committed to providing.
- **Our staff –** Our people bring expertise, guidance and problem-solving skills that foster long-term trust and strong relationships. We focus on exceeding expectations in service, relationships, and brand, while investing in training and development to ensure our team continues to deliver the high standard of service our members deserve.
- **Our communities –** We recognise the importance of creating sustainable, positive outcomes for individuals, families, and the wider community. From schools and workplaces to local councils and the neighbourhoods where members live, the partnerships we build reflect our role as a genuinely community-focused bank.

Identifying Sustainable Community Impacts and Priorities

Community First has developed a range of initiatives to address sustainability and social responsibility. For example, our Green Loan help ease the financial pressure on members who wish to invest in environmentally friendly household solutions, by offering access to a competitive unsecured personal loan. Similarly, our Pink and Blue low-rate credit cards contribute vital donations to the McGrath Foundation and the Prostate Cancer Foundation of Australia, supporting important health causes.

MENU

Where We Strive to Make a Difference

At Community First, helping members achieve their financial goals, addressing housing affordability, and fostering stronger, more sustainable communities are central to our initiatives. These priorities are embedded within our strategy and constitution and remain at the heart of everything we do.

As a customer-owned bank, we focus on areas where we can have the most impact, balancing our ambitions with our size and available resources. Several key initiatives demonstrate the difference we are making.

Supporting Members with the Right Products

We prioritise helping members select products that best suit their circumstances. In a landscape of fluctuating interest rates and cost of living pressures, Community First provides essential guidance on product selection. Rate changes are considered carefully, balancing the interests of both depositors and borrowers.
We also work closely with members experiencing financial hardship to identify options that improve their financial position.

Protecting Members Against Scams

Financial scams continue to pose significant risks and can lead to more than financial loss. Despite reports that scams and losses have lessened since 2023, scammers remain sophisticated and highly motivated criminals. Community First has implemented a range of measures to help combat fraud and scams.

Recently, this has included, automated biometric identification checks across all our online deposit and lending applications, along with enhanced card controls available via the Community First mobile app. We also provide ongoing education to raise awareness of scams, and we are proud that only 0.48% of our combined member base was impacted during the year.

Building Strategic Community Partnerships

Community First forms partnerships with organisations that positively impact members and communities. Since 2009, our support of the McGrath Foundation has contributed over $1.6 million to Cancer Care Nurses across Australia. We have also supported the Queenscliff SLSC for more than 19 years, and contribute to the Prostate Cancer Foundation of Australia through donations from our Low Rate Blue Credit Card.

Illawarra Credit Union (ICU) continues to support the Illawarra community through partnering with the Salvation Army, Illawarra Academy of Sport (IAS), and the Wollongong Running Festival. These initiatives promote healthy lifestyles, support young athletes and assist those in need. Key programs include the IAS Athlete of the Month, awarding $100 to a local athlete for performance, leadership and community involvement, and donations to cover travel expenses for the annual Academy Games.

ICU also sponsored WaveFM's "Pay Your Bills" promotion to help ease financial pressures and renewed its support for the Wollongong Running Festival, providing entertainment and healthy refreshments for participants and spectators.

Addressing Housing Affordability

With housing becoming increasingly unaffordable, we provide initiatives such as mortgage insurance, pricing specials, LMI waivers to applicants in eligible professions and guarantees to make home ownership more accessible. Participation in Housing Australia's Home Guarantee Scheme (HGS) has helped many members, with 12.28% of our combined home loan portfolio benefiting from credit enhancements.

Mitigating Climate-Related Risks

Australia's extreme weather events-heatwaves, storms, floods, and bushfires-can affect property values and member finances. Community First addresses these challenges through Green Loans for eco-friendly home improvements and lower-rate loans for electric or hybrid vehicles, helping members save costs while reducing environmental impact.

Stress testing our portfolio, prudent lending parameters and ensuring adequate insurance of assets secured by a loan help provide sound mitigation of the risks posed in those areas.

We also Focus on Broader Community Sustainability:

- Encouraging Eco-Conscious Choices: Lower-cost finance options for solar panels, battery systems, electric vehicles and charging stations support environmentally friendly living while enhancing members' financial wellbeing.
- Managing Physical Climate Risks: Our loan portfolio undergoes regular stress testing for climate risks.

Through these efforts, Community First continues to make a tangible difference for members, communities and the environment, staying true to our purpose as a member-focused, sustainable bank.

2024 ANNUAL HIGHLIGHTS 2025

July 2024
Community First's FirstBiz Online Savings account was awarded Canstar's Outstanding Value Business Savings Accounts Award for 2024.

August 2024
Community First implemented automated biometric identification checks in all our online deposit and lending applications, speeding verifications and reducing fraud events.

August 2024
ICU kicked off a paid community sponsorship with Wave FM which helped pay the bills of many residents in the Illawarra region, helping to ease their financial burden.

September 2024
Our 15-year partnership with McGrath Foundation surpassed the $1.5M milestone. Easy Street crowned Australia's Best Small Customer Owned Bank 2024 from the experts at Mozo.

October 2024
During Breast Cancer Awareness Month, Community First doubled the first-year donations on Low Rate Pink Credit Cards received in October to boost our support for the McGrath Foundation.

October 2024
We launched our first internal "Robotic Process Automation" tool to assist us settle loans faster for our members.

November 2024
Community First launched a new comparison website offering a range of competitive offers for mobile, broadband and energy services to help members save money.

November 2024
Community First settled more credit cards in July–Oct 2024 than the entire 2023–24 financial year, as our great value credit cards attracted more attention in the market.

November 2024
ICU was recognised in the Mozo Experts Choice Award for the Online Personal Loan Package and Secured Fixed Personal Loan (New and Used).

November 2024
Community First implemented new scam mitigation frameworks and processes to help identify and respond to scams impacting our members.

December 2024
The merger between Illawarra Credit Union and Community First Credit Union was approved by members at our Special General Meeting.

December 2024
Participated in the Annual Red Shield Christmas Appeal toy donation.

January 2025
Community First continued our commitment to supporting the McGrath Foundation by purchasing 150 Virtual Pink Seats, helping to contribute to life-changing support for those who need it most.

January 2025
The Community First and Easy Street Low Rate Credit Cards were recognised as highly commended in the Finder Awards.

February 2025
A pivotal milestone in our-history the merger between Illawarra Credit Union and Community First Credit Union-was made official.

February 2025
Community First welcomed Anthony Perkiss as the new CEO of Community First.

March 2025
ICU was recognised in the Mozo Experts Choice Award for Term Deposits.

March 2025
ICU's No Bull Credit Card and Secured Personal Loan were recognised as Highly Commended in the 2025 Finder Awards.

March 2025
Enhanced card controls were launched in our mobile apps, along with the apps plus the ability to report lost or stolen card and order a replacement.

April 2025
Community First embedded a new onboarding module in our mobile application to assist new members to Community First and Easy Street join the bank quicker and with less friction.

April 2025
Easy Street was named Customer-Owned Home Loan Lender of the Year and won Best Investor Principal and Interest Variable Home Loan at the 2025 Finder Awards.

June 2025
ICU sponsored the Wollongong Running Festival, seeing staff support runners and families alike in what is Wollongong's largest running event.

OVERVIEW OF OUR PROGRESS DURING THE FINANCIAL YEAR

As a member-owned bank, Community First has an unwavering focus on delivering outcomes that support our members and their communities. We achieve this by helping members reach their financial goals by building relationships for mutual benefit.

This focus will never change, and our successful merger this year with another like-minded organisation – Illawarra Credit Union – has given Community First greater resources to deliver better products and services to our members.

A Strong Balance Sheet, Robust Results

Our members can rest assured that the merger has underpinned positive financial results for the bank. We have strengthened our balance sheet considerably through the addition of $930.6 million in assets. Member's Equity has grown by $56.7 million, and we have achieved organic asset growth of 6%. This progress leaves Community First well-placed for future growth, while always being mindful of our members' needs. While the financial year saw two rate cuts by the Reserve Bank of Australia, we were still able to increase our net interest margin by 0.02%, to 2.10%.

Community First achieved a net profit after tax of $767,000 for the 2024-25 financial year. We look forward to even better results in the next financial year as we bed down the merger and harness the strength of our combined resources.

Investing In New Technology

It is essential for every organisation to harness the power of new technology, and Community First has been quick to invest in technologies that help us deliver efficiencies and improved service to our members.

During the financial year we launched our first internal "Robotic Process Automation" tool. This will play a valuable role helping us settle loans sooner for our members. We also embedded a new onboarding module in our mobile banking app, which is making it quicker and easier for new members to join Community First and Easy Street.

Members can look forward to seeing our new lending platform, which is scheduled to be launched early in the new financial year. By embracing automation, the platform will provide 24/7 loan acceptance, improved automated decision-making, faster lenders mortgage insurance (LMI) approvals and faster mortgage document processing. For members taking out a home loan, it really will provide a far more streamlined experience.

AWARDS AND ACCOLADES

We were thrilled when Easy Street, our online brand, was named Best Customer-Owned Home Loan Lender in the 2025 Finder Awards, and we believe Easy Street is well-placed to go from strength to strength. We continue to enjoy the strong support of our members, achieving a Net Promoter Score (NPS) this year of 63.

The bank also conducted the inaugural Community First Culture survey. On "Culture of Succeeding" we scored 66% from our team. It's a great result that both our people and members can be proud of.

The financial year also saw the bank implement new scam mitigation frameworks and processes to help identify and respond to scams impacting our members. By introducing biometric identification checks in all our online deposit and lending applications, we can now verify members sooner and reduce fraud events.

While technology allows us to better protect members against scams, we also encourage members to take a proactive approach to protecting their identity and account details. To this end, we have continued to educate members on scam and fraud awareness through our newsletters and online content.

Helping Members Manage The Cost of Living

We understand that many Community First members are battling high living costs, and the rate cuts seen during the first half of 2025 impacted all our members, though in different ways. As a member-owned bank, we are mindful that we need to weigh up the needs of all our members, both borrowers and depositors. No matter how interest rates move – up or down – Community First always aims to deliver competitive pricing to our members so that they can enjoy outstanding value across all of our financial products. Our Green Loans have proven especially popular through 2024-25, as a growing number of members continue to take advantage of the opportunity these loans provide to save money on household bills.

Supporting Our Communities

Community First continues to support the communities in which we live and work. We are a major sponsor of Queenscliff Surf Life Saving Club, in a relationship that now spans over two decades and supports the club's important work in helping keep the community safe. We are deeply proud of our lengthy partnership with the McGrath Foundation. Our Pink Credit Cards and Pink Debit Cards have collectively raised over $1.6 million for the McGrath Foundation since 2009. Each Pink Credit Card contributes $25 annually, helping Australians access free specialist cancer care.

In January 2025, after 20 years of supporting people with breast cancer, the McGrath Foundation began providing its expert nursing care for all cancers, with nurses already in the field supporting people with all cancer types. Community First proudly celebrated the vital role of nurses on International Nurses Day, a global event held on 12 May that honours the contribution nurses make to healthcare and communities worldwide. Community First also supports men's health by donating half the annual fee ($25) from each Low Rate Blue Credit Card to the Prostate Cancer Foundation of Australia, via a partnership we're eagerly developing to assist with its future aspirations.

Illawarra Credit Union continued to sponsor a range of Community organisations and initiatives, including the Illawarra Academy of Sport, the Wollongong Running Festival, Wave FM's "Pay Your Bills" initiative and the Red Shield Christmas Appeal.

Here's to a Bright Future!

One of the most remarkable achievements of 2024-25 has been the integration of Community First and Illawarra Credit Union. We welcome our new members from the Illawarra, and look forward to sharing a bigger and brighter future as we grow together!

OUR MEMBERS

A year of change, growth and continued commitment to our members

The past 12 months have seen the members of Community First Bank and Illawarra Credit Union (ICU) vote for a positive change: the merger of two member-focused organisations with strong connections to their local communities. Reflecting this step forward, which took effect in February 2025, we look back at the initiatives and events that benefited members of both Community First and ICU over the financial year.

Balancing the Interests of All Members

During the year, Community First borrowers welcomed a number of interest rate reductions. Of course, not every member is a borrower, and we understand that rate cuts also impact deposit holders. As a member-focused bank, we always aim to balance the interests of borrowers and depositors while building an even stronger bank.

Streamlining Banking Through New Technology

Both Community First and ICU invested in new technology throughout the year to help deliver even better service to our members. At Community First, we launched our first internal "Robotic Process Automation" tool. It is designed to assist us settle loans faster, which is great news for members. We are also working on a new project to replace our loan application platform. This will deliver faster, more enhanced experiences to both members and staff, and we expect the first phase of the project to be launched early in the 2025-26 financial year, with the new platform initially being introduced to our online brand Easy Street first.

Community First also embedded a new onboarding module in our mobile app. This allows new members to join Community First and Easy Street sooner, and streamlines the process of opening a new savings or transaction account. ICU members benefited from the launch of several new tools to help members navigate key pain points and increase engagement. Among the initiatives, ICU introduced a self-service digital journey allowing members to elect to reinvest on maturity of their term deposit. Previously, members were required to contact ICU directly.

Keeping Members Safe

The financial year saw Community First introduce automated biometric identification checks across all our online deposit and lending applications. This fast-tracks verifications and reduces the risk of fraud. We also launched enhanced card controls, available via the Community First mobile app.

This empowers members to enable or disable various types of transactions to help customise their card's functionality to suit personal needs. It's also a boost for our members' peace of mind as the update includes the ability to report a lost or stolen card and order a replacement quickly and easily, 24/7.

Support When Members Need it Most

Both Community First and ICU have maintained a key focus on helping members stay abreast of the latest scams and the simple steps that can be taken to protect themselves and their account.

We have delivered regular scam awareness and education programs for both members and staff. Community First also worked on enhancing information on hardship and financial abuse via our website backed by staff training on how to support members who may be experiencing financial abuse. ICU has maintained a dedicated web page that hosts regular fraud and scam industry updates, guides and resources. The year also saw the launch of a dedicated web page providing information and resources on deceased estates, helping members and the local community during a stressful and painful time.

Delivering Great Service and Products

We are delighted to report that Community First saw its Net Promoter Score (NPS), a gauge of customer satisfaction, climb higher over the financial year, reaching 63 as at June 2025. We also continued to receive outstanding customer review ratings on Google Business and *ProductReview.com.au.* The bank has now received over 1,000 5-star reviews across both platforms, maintaining our 4.5-star rating for Community First, and 4.4 rating for Easy Street on *ProductReview.com.au.*

As a testament to the exceptional service and products enjoyed by our members, a number of highly contested awards were won during the year.

A highlight of the year was Easy Street being named Best Customer-Owned Home Loan Lender and taking out Best Investor Principal and Interest Variable Home Loan in Finder's 2025 awards. It follows on from Easy Street being crowned Australia's Best Small Customer Owned Bank 2024 by Mozo. Community First's FirstBiz Online Savings account won Canstar's Outstanding Value Business Savings Accounts Award for 2024. And the Community First and Easy Street Low Rate Credit Cards were "Highly Commended" in the 2024 Finder Awards. ICU was once again recognised for its personal loan products, which represent outstanding value. ICU's Online Personal Loan Package and Secured Fixed Personal Loan received a 2025 Mozo Experts Choice Award along with Term Deposits. ICU's Secured Personal Loan was also given a "Highly Commended" designation in the 2025 Finder Awards.

Sharing a Bright New Future – Together

The past year has seen a lot of changes for all our members, and there is more to come now that ICU's core banking system is integrated with Community First's.

We thank all our members for their support as we continue to unite our businesses and brands as part of the merger, and we look forward to a bright future as we grow strong together.

The connections we make with our members are built on the concept of "people helping people" to achieve their financial goals. Happy members like Sue (pictured), whose banking relationship is a family affair, and Richard (front cover), who has been a loyal member since 1959, are an example that while our customers' stories may be different, their bonds with the bank can span generations and the test of time.

OUR COMMUNITY

On 1 February 2025, Community First merged with Illawarra Credit Union. Here's how both organisations have helped their local communities thrive over the financial year.

Supporting the McGrath Foundation

Since 2009, Community First Bank and the McGrath Foundation have shared an enduring relationship. The Foundation's mission to provide vital support to those affected by cancer aligns closely with our values of community enrichment, and we are honoured to contribute to the Foundation's ongoing efforts. We are proud to report that since 2009, Community First has raised in excess of $1.6 million for the Foundation, helping to make a tangible difference in the lives of thousands of Australians affected by cancer.

We could not have achieved this without the support of our members. Half the $50 annual fee from our Pink Credit Cards plus $1 of each monthly fee on our Pink Debit Cards is donated to the McGrath Foundation every year. These contributions have helped McGrath Cancer Care Nurses provide life-changing support to people experiencing cancer, and their families, across the country. Together with the exceptional value offered by the cards, they are a socially and financially compelling proposition.

During Breast Cancer Awareness Month, in October 2024, Community First doubled the first-year donations on our Low Rate Pink Credit Cards to boost our support for the McGrath Foundation. Community First continued our commitment by supporting the Pink Test – an iconic day of cricket that is a key fundraiser for the McGrath Foundation – by purchasing 150 Virtual Pink Seats. In 2025, the McGrath Foundation expanded its mission to assist all Australians facing cancer, not just breast cancer. With around one in two Australians diagnosed with cancer in their lifetime, and with more than 160,000 new cases expected to be diagnosed in 2025 alone, the need for specialist support has never been greater.

At Community First, we're proud to continue our support of the McGrath Foundation as they broaden their mission to reach more Australians facing cancer by expanding their specialised nurse support.

Raising Donations for the Prostate Cancer Foundation of Australia

Each year more than 24,000 Australian men will be diagnosed with prostate cancer, highlighting the need for ongoing community support. Community First also continued to contribute to the Prostate Cancer Foundation of Australia (PCFA) by donating half the annual fee ($25) from each Low Rate Blue Credit Card, providing yet another example of how Community First continues to lead with heart by utilising product innovation to make a difference in the communities in which we live and work.

Partnering with Queenscliff Surf Life Saving Club

For nearly two decades, Community First has been honoured to stand with our local heroes – the team at Queenscliff Surf Life Saving Club (QSLSC).

The club is a major contributor to community safety helping to make the beach a safer place to enjoy, and providing surf life-saving and first aid support to the surfing public and the beach-going community. Together, we are committed to building a stronger, safer community – one rescue at a time. Community First has supported QSLSC by providing funding for essential equipment, including the purchase of an All-Terrain Vehicle. These vehicles are crucial for lifesavers as they allow beach patrols to be carried out more effectively, shorten emergency response times, and allow surf lifesavers to carry out rescues with greater speed and efficiency. However, our sponsorship goes beyond providing much-needed equipment. Community First also fosters a strong, supportive community where everyone feels safe and valued, and this is reflected through QSLSC's crucial role promoting water safety education, training programs and community engagement initiatives.

By supporting the club, we're contributing to these broader efforts. We are proud to stand with QSLSC, and look forward to continuing our partnership, supporting their lifesaving efforts and contributing to t he wellbeing of our community.

Illawarra Credit Union staff are passionate supporters of community initiatives, such as the Wollongong Running Festival. As the largest running festival in the Illawarra, it brings together families and those with a passion for fitness.

Illawarra Credit Union – a Proud Community Partner

The Illawarra Credit Union (ICU) has a proud history of supporting the local community, and in 2024-25, this support continued via ICU's ongoing partnerships with the Salvation Army, Illawarra Academy of Sport (IAS) and the Wollongong Running Festival.

These partnerships allow ICU to nurture the health and wellbeing of the Illawarra community through support of young and upcoming athletes, encouraging an active community and caring for those in need. One of ICU's key initiatives with IAS has been the launch of the Athlete of the Month program. Each month, a young local athlete receives a $100 cash prize and enjoys the title of Athlete of the Month in recognition of their sporting performance, and commitment to training, leadership and community. We have also provided additional support to IAS athletes by providing a donation to cover food expenses while local athletes travel away from home to participate in the annual Academy Games.

Outside of community partnerships, ICU sponsored the popular WaveFM "Pay Your Bills" promotion in August 2024. This annual radio promotion is a popular part of the commercial radio season, and aims to ease some of the financial stress of our local community during the present high cost of living period.

More recently, in June 2025, we renewed our sponsorship of the Wollongong Running Festival. On the day of the festival, over 3,000 competitors were cheered on by several thousand locals, and the ICU team provided free entertainment and healthy takeaways for all to enjoy. It was a great opportunity to promote the brand and chat with our members and community.

Creating Community Connections

These important partnerships and events – across both Community First and Illawarra Credit Union – not only help us to make a difference across our communities, they also allow our team members to participate and socialise outside of work, and empower them to be brand ambassadors within the local community.

SUPPORTING COMMUNITY INITIATIVES 66 YEARS

OUR PEOPLE

At Community First, our people are our strength. As a team, we continue to grow together to provide a positive workplace – one that nurtures the skills of our people to deliver outstanding service to our members.

Investing in Our People

We are committed to helping our staff grow and succeed in their roles. Currently, eight of our Member Experience Team Leaders are completing formal qualifications in Leadership and Management. Other team members are pursuing studies aligned with their current or future roles. Their dedication has not gone unnoticed — many have received recognition from their Registered Training Organisations, including Student of the Month awards.

Despite our people focusing on a successful merger and transition, we have never lost sight of the need to provide opportunities for staff to further develop their skills. As such, we have a number of staff completing their Cert IV in Finance and Mortgage Broking, we are also supporting team members as they work towards their CPA (Certified Practising Accountant) designation, and we introduced a Traineeship for a new team member in our Credit Team.

Building a Safer, Stronger Workplace

We take our responsibilities under Work Health and Safety (WHS) legislation seriously. This includes proactively identifying and addressing psychological hazards in the workplace. Like many retail businesses across Australia, our team occasionally faces aggressive or abusive behaviour. Additionally, we sometimes encounter members of the public – often acting on behalf of elderly members — who attempt to access funds for personal gain.

These situations can be complex and challenging. In response to staff feedback requesting clearer guidance, Community First introduced several initiatives to better support our people. These include:

- **Our Power of Attorney Guide**
  Community First has invested in the development of a comprehensive guide, now available on our website, that helps to clarify the responsibilities of Powers of Attorney. This guide is also distributed to all new and existing Powers of Attorney acting on behalf of our members.
- **Specialised Training**
  Throughout the year, we partnered with eMatrix – experts in de-escalation techniques — to deliver targeted training to all Member Experience Team Leaders.

These initiatives, along with other measures, have underpinned a noticeable reduction in incidents and fostered an improved sense of wellbeing among our staff. Staff feedback has been overwhelmingly positive, with comments including:

"The Power of Attorney Guide has been effective in educating both new and existing Powers of Attorneys."

Training for a Seamless Merger

Our focus on staff development has also 'supported our successful integration with Illawarra. Training for the merger is a collaborative effort, one involving our Training Facilitator and staff from both organisations.

Together, we are ensuring that the right training is delivered at the right time and place – minimising disruption and maximising support for both members and our people. We are all looking forward to collaborating further, and every team member is benefiting from our training.

Initiatives to Support Employee Wellbeing

Great customer service calls for a skilled and motivated workforce, and Community First has always been able to attract and retain quality people through a range of initiatives that support employee wellbeing. It makes our workforce a desirable team to be part of – and this flows through to great service for our members.

The initiatives available to our team in 2024-25 include:

- Subsidised flu vaccinations
- Employee Assistance Program
- Flexible working arrangements
- Our Work, Health and Safety (WHS) committee, and
- Articles and tools published via our internal newsletter.

Celebrating Exceptional Staff Loyalty

In 2024-25, we celebrated the long tenure of 23 of our people, who have notched up significant employment milestones of 5, 10, 15, 20, 25, 35, and even 40 years of service, totalling a combined 385 years of experience.

It gives our members plenty of reassurance that they will likely be met with a familiar, friendly face each time they enter one of our stores. We also aim to meet the employment needs of our people, with 151 full-time staff, 33 part-time employees and one casual team member. Once again, we would like to thank our people across Community First and Illawarra Credit Union for all your efforts in ensuring a smooth merger – both for the bank and our members.

"The training has been a fantastic resource for dealing with difficult interactions."

Our people are our strength – Our staff – such as those pictured here and opposite – bring experience, care and commitment to every interaction, creating a positive workplace and exceptional service for our members.

61% FEMALE | 39% MALE

151 FULL-TIME | 33 PART-TIME | 1 CASUAL

NUMBER OF EMPLOYEES 185

OUR ENVIRONMENT

Helping the planet and your pocket: Our Green Loans continue to empower members to make eco-friendly choices, from solar panels to electric vehicles, while delivering real savings.

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Research shows that while many of us are still grappling with living costs, the future of our natural environment ranks as one of the top five concerns among Australians, alongside issues such housing, healthcare and the economy.[1]

As a member-focused bank, Community First has its finger on the pulse of members' needs and wants. We have a proud history of funding eco-friendly initiatives through our innovative products, partnerships and business practices.

Community First's Green Loans are indicative of this commitment. We were an early adopter of "green" lending back in 2006, and while Green Loans were once regarded as a niche product, today we continue to see a significant number of members use our Green Loans to fund environmentally friendly purchases.

Standing Strong

The year just past saw us once again achieve our goals of continuing to fund loans for environmental home improvements, with controlled growth a key theme.

Pricing changes to our green products in early 2024 helped improve their profitability, while ensuring that demand was in line with our business needs. Today the portfolio continues to stand strong, as we continue to work with our network of direct and third-party relationships to deliver steady growth outcomes for the bank, and great value for members seeking savings from eco-friendly home improvements.

Helping the Planet and Your Pocket

Community First's Green Loans help the planet and our members' hip pockets by delivering low-rate funding for environmentally friendly products.

Suitable projects for Green Loan home improvements include the installation of:

- Solar panels, solar hot water systems and solar pool heaters
- Split system, evaporative cooler or high star-rated, zoned air conditioners
- Insulation
- Gas, solar, hydronic or reverse cycle air conditioners with a minimum 4-star rating
- Efficient electric heaters (minimum 5 stars) or solar, hydronic or heat pump systems, and
- Double glazing.

Green Loans – Not Just an Eco-friendly Initiative

We know the year ahead is likely to see hikes in power bills. It has been reported that NSW residents could see power bills rise by up to 9.7%.[2] Not surprisingly, an estimated 56% of Australians would like to improve their home's energy efficiency, mainly as a way of slashing power bills.[3]

Our Green Loans offer a low-cost funding solution to achieve this goal. And it turns out, home owners who make eco-friendly renovations can be well rewarded.

Domain's 2025 "Sustainability in Property" report confirms that energy-efficient homes can enjoy a significant "green premium". Energy-efficient houses can sell for 14.5% more than less energy-efficient properties. Green features in apartments can drive an uptick in value worth 12%.[4]

Drive Savings with a Green Car Loan

With the cost of fuel rising, more Australians are considering the potential savings of driving a hybrid or electric car. Our Green Car Loan rewards members with a lower interest rate than our standard car loan. It's our way of saying thanks for making a greener choice.

Green, Clean Money Savers

We all enjoy saving money. And if we can help the planet at the same time, so much the better. This is why Community First has been powering ahead with both new and existing initiatives to make it easier for members to make greener choices.

It's a commitment we are proud of, and one we will continue to nurture in the years ahead.

[1] https://biodiversitycouncil.org.au/news/survey-finds-environment-among-top-5-issues-on-the-minds-of-voters

[2] https://www.aer.gov.au/news/articles/news-releases/final-determination-2025-26-safety-net-prices-nsw-sa-and-se-qld

[3] https://rea3.irmau.com/site/pdf/342a935a-364e-44ae-aed1-fcfe45494233/Cost-and-uncertainty-stalling-home-energy-updates-for-Australians.pdf

[4] https://www.domain.com.au/group/wp-content/uploads/2025/07/DomainInsight-SustainabilityReport2025.pdf

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CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement should be read in conjunction with the Directors' Report. Corporate Governance describes the practices and processes adopted by an organisation to ensure sound management of the organisation within the legal framework under which it operates.

Community First is licensed as an Authorised Deposit-taking Institution (ADI) under the *Banking Act 1959* (as amended) by the Australian Prudential Regulation Authority (APRA) who also acts as the regulator for Prudential Risk.

Since 1 November 2003, Community First has also operated under an Australian Financial Services (AFS) Licence issued by the Australian Securities and Investments Commission (ASIC) under section 913B of the *Corporations Act 2001*.

Community First is regulated by ASIC for adherence to the *Corporations Act 2001,* for the Australian Accounting Standards (AASBs), for adherence to the National *Consumer Credit Protection Act (2009)* in maintaining fair lending practices and for Financial Services Reform (FSR) requirements. The general requirements under the FSR legislation are to:

- be licensed by ASIC to carry on a financial services business;
- comply with AFS licence conditions and financial services laws;
- disclose details of Community First's products and services;
- maintain training and appropriate competency levels for all staff who deal with Members; and
- provide an effective and independent complaints handling process.

Both ASIC and APRA may conduct periodic inspections of our operations and Community First reports to both annually on our compliance with their respective requirements. The external auditor also reports to both ASIC on AFS Licensee requirements and to APRA on Prudential Standards compliance.

Members

The interests of Members are paramount in the operation of Community First. Our Members, as owners and shareholders, operate Community First through their approval of Community First's Constitution, the democratic election of a Board of Directors and the democratic process of General Meetings. The Board has responsibility for overseeing the management of the affairs of Community First on behalf of our Members.

Board of Directors - Role of the Board

The responsibilities of Community First's Directors arise from statute and common law. The most relevant statutes are the *Banking Act 1959* (as amended), the *Corporations Act 2001,* and the *National Consumer Credit Protection Act (2009).* The Board of Directors is responsible for the overall Corporate Governance of Community First. The Board has a clear view of its governance responsibilities and believes it has the necessary experience, skills and mix of people to oversee the development of the higher standards of corporate integrity and accountability required of an ethical organisation. There is a clearly accepted division of responsibilities at the head of Community First, which ensures an appropriate balance of power and authority.

The Board has delegated responsibility for the operation and administration of Community First to the Chief Executive Officer and executive management. Responsibilities are delineated by formal delegations of authority.

Composition of the Board

The Board of Directors of Community First is currently comprised of seven Directors elected by Community First's membership or by Board appointment through a transfer of business. No members of the management team sit on the Board; it is composed entirely of non-executive Directors.

A minority of Directors are elected each year in rotation and serve a three-year term. There is no limit on the number of terms that a person may serve as a Director subject to their ability to meet the ongoing requirements of the role. Any Member, subject to qualifications set out in the Constitution, APRA's prudential standards and the Banking Act, is eligible to nominate as a Director.

Nominations for the position of Director, including those from elected Directors offering themselves for re-election, are part of the election process. A candidate must be nominated by two different Community First Members, be assessed by the Board Nominations Committee, meet the Fit and Proper Persons requirements of the Banking Act 1959, and if the number of candidates exceeds the number of vacancies, be elected by ballot under the supervision of an independent Returning Officer. Details of the Directors who held office during the financial year are set out on pages 36 to 41 of this Report.

Board Processes

The Board meets regularly and accepts responsibility for the overall governance of Community First, including the formation of strategic direction and policy, approval of plans and goals for Management and the review of performance against these goals. It has also established appropriate structures for the management of Community First including an overall framework of internal control, risk management and the establishment of ethical standards.

The Board has approved a detailed formal policy for the ongoing training and development of Directors. General processes for the operation of the Board have been formally documented, including:

- declaration of conflicts of interest;
- checks that are required to satisfy the *'Fit and Proper Persons'* requirements of the Banking Act;
- a statement of responsibilities and duties of the Directors; and

CORPORATE GOVERNANCE STATEMENT

- the division of responsibility between the Board and the Chief Executive Officer.

To increase its effectiveness, the Board has established Committees with responsibility for particular areas. The role of each Committee, together with the Terms of Reference that set out their responsibilities and duties, is documented in a Policy statement approved by the Board of Directors.

The Committees are:

- Board Corporate Governance and Remuneration Committee
- Board Audit Committee
- Board Risk Committee
- Board Nominations Committee.

Board Composition and Review of Performance

The Board has a procedure for the assessment of its performance as a whole, the performance of individual Directors and the Chair. The assessments are conducted annually, identifying priorities for the professional development of Directors and help to improve the performance of the Board and individual Directors in the execution of their duties and responsibilities.

The Board has established a system to review the skills and experience of all Directors to ensure it retains an appropriate mix of skills within the composition of the Board.

Board Remuneration

Remuneration of Directors is determined by reference to an independent Australia-wide survey of mutual directors' remuneration. Recommendations on remuneration are submitted for consideration by Members at the Annual General Meeting. In addition to the remuneration, Directors are reimbursed for out-of-pocket expenses incurred in their role. There are no other benefits received from Community First.

The Board Corporate Governance and Remuneration Committee performs the review of the Board remuneration.

Management Remuneration

The remuneration of the Chief Executive Officer, Executive Management, key Finance and Risk managers and any staff required by the prudential standards are reviewed by the Board on an annual basis taking into account Community First's performance and current market conditions. Remuneration arrangements for other executives and staff are determined by the Chief Executive Officer by reference to external advice, Award remuneration levels and Community First's performance.

Ethical Standards

Any interest in contracts or any other potential or actual conflict of interest is declared at each Board meeting where the Director becomes aware that a conflict has or may arise. All business conducted by Directors in the normal course of their transactions with Community First are conducted on terms and conditions that apply to any other Member. All loans to an individual Director may only be approved by a majority of the other Directors. Loans to the Chief Executive Officer are handled in a similar manner.

The Board has accepted to be bound by the Ethics and Values Principles set down by the Customer Owned Banking Association (COBA).

The Board has also agreed to be bound by the Mutual Banking Code of Practice and ePayments Code of Conduct which sets down principles by which Community First deals with its Members and keeps them informed of services available, costs and other relevant information. As part of these Codes, Community First has implemented procedures for resolving complaints with Members on transactions and refers disputes to an independent arbiter, the Australian Financial Complaints Authority (AFCA).

Fitness and Propriety

Community First undertakes an annual assessment of all Directors and Senior Management to determine their fitness and propriety for the roles they are required to fulfil. This assessment must at least meet the requirements of APRA's Prudential Standard for Fit and Proper persons, and ensures that there are no persons in a responsible position who have been disqualified from acting in such a role.

Risk Management

Community First's risk assessment process has been developed in accordance with Prudential Standards and the Corporations Act. The process assists the Board and senior management to identify and understand significant risks faced by Community First.

Risk assessment, internal controls and internal audit play an important role in Community First's corporate governance, assurance and compliance framework.

Compliance

Community First's compliance process has been developed in accordance with Australian regulatory guidance. The process assists the Board to ensure that we remain aware of changes in legislation, codes and comply with the Prudential Standards.

Employee Wellbeing

Community First has a well-established Work Health and Safety (WHS) Committee, and committee members are appointed by their peers to represent all employees in the organisation. This provides Community First with the forum to consult with staff on WHS activities and issues should they arise. Committee members are accredited in WHS consultation and their contribution to WHS is attributable to the low level of incidents in our workplace.

We value the wellbeing of our employees and have initiated new safety programs to further enhance the health and safety of employees throughout the year. This

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includes training for first aid, robbery safety awareness, flu precaution actions and employee assistance programs.

At Community First, we recognise that a strong and positive culture is achieved through shared values and beliefs. Importantly, attracting and retaining talented people who support our values is a key initiative of our organisation.

Community First's flexible and diverse workforce consists of 187 full time, part time and casual staff across our Store network, head and regional offices and we firmly believe our staff represent the communities in which we serve.

With a workforce participation of 61% female, our workplace encourages participation at all levels. Of our leadership positions, 27% are female and we support all staff with flexible working options, including part time employment, working from home and flexible working hours.

We actively seek people from all walks of life to ensure a balanced and diverse workforce and to promote a workplace environment which fosters ideas and new ways of doing things.

Community First is proud to be compliant with the requirements of the *Workplace Gender Equality Act 2012*.

Board Committees

Board Corporate Governance and Remuneration Committee (CGRC)

This committee comprised of the Board's Chair and two other Directors and the Chief Executive Officer.

Its major activities are:

- monitoring corporate governance development and bringing to the Board's attention matters of importance and recommendations for improvement;
- reviewing the guidelines for Directors, and monitoring compliance;
- recommending policies and guidelines for the process of disclosure of information from the Board to shareholders;
- facilitating effective communication between Board and Management;
- co-ordinating the Board Community First's strategic planning process;
- co-ordinating the appraisal of Board skills mix, performance review and the Director education program;
- developing Executive Management and succession plans; and
- reviewing Board remuneration and recommendation to the Annual General Meeting.

The members of the Committee during the year were:

Chair

- **S. Nugent**

Members

- **J. Johnson**
- **S. Lowndes** (Retired 1 February 2025)
- **G. Thomson** (Retired 1 February 2025)
- **J. Tancevski** (Retired 1 February 2025)
- **P. Bourke** (Appointed 1 February 2025)
- **A. Perkiss** (Appointed 1 February 2025)

A sub-committee of the Committee, titled the Remuneration Committee, reviews the performance and remuneration package of the Chief Executive Officer and other selected managers as required by the prudential standards. The Chief Executive Officer is not a member of this sub-committee.

Board Audit Committee

The Board Audit Committee is established to oversee the financial affairs of Community First and its controlled entities. It also considers matters concerning the internal and external audits. Broadly, the Committee assists the Board by:

- overseeing financial reporting including the integrity of financial statements and the independent audit thereof;
- overseeing the audit process including engagement of the External and Internal Auditors for both corporate and prudential regulation purposes;
- overseeing the coordination of the external and internal audit functions;
- performing the role required under the Prudential Standards of participating in the tripartite arrangements between the Australian Prudential Regulation Authority (APRA), Community First and our External and Internal Auditors;
- acting as a Committee to assist the Board in discharging the Board's responsibilities;
- supervising special investigations requested by the Board; and
- considering the results of assurance activities within the 3-lines of defence model contained in the prudential standard.

The Committee is comprised of up to four Directors, none of whom is the Chair of the Board.

Chair

- **K. Pickering** (Retired 1 February 2025)
- **D. Lambourne** (Appointed 1 February 2025)

Members

- **N. Kelly** (Retired 1 February 2025)
- **S. Korchinski** (Retired 1 February 2025)
- **R. Scopelliti** (Retired 1 February 2025)
- **S. Lowndes** (Appointed 1 February 2025)
- **G. Thomson** (Appointed 1 February 2025)
- **D. Rowe** (Appointed 1 February 2025)

CORPORATE GOVERNANCE STATEMENT

Board Risk Committee

The Board Risk Committee is established to oversee the establishment, implementation, and annual review of Community First and its controlled entities Risk Management System. The focus of the Board Risk Committee is to monitor the organisations Risk Management Framework and provide oversight of the enterprise wide risk management systems. This includes the evaluation of the effectiveness of internal controls and policies.

Broadly, the Committee assists the Board of Directors to effectively discharge its responsibilities within the context of the Board determined risk appetite, and consider the treatment of material risk by:

- overseeing the risk management strategy and framework of Community First;
- making recommendations to the Board concerning the risk appetite statement and tolerance limits
- monitoring risk management practices;
- reviewing management's plans for mitigation of material risks;
- promotion of a risk based culture;
- achieving a balance of risk and reward;
- monitoring Community First's compliance with relevant Board policies, prudential and statutory requirements;
- acting as a Committee to assist the Board in discharging the Board's responsibilities;
- supervising special investigations requested by the Board;
- monitoring the three year rolling business plan for consideration in strategy discussions and annual budgets;
- overseeing the annual risk management attestation for the regulator; and
- considering the results of assurance activities within the three lines of defence model contained in the prudential standard.

The Board Audit Committee also undertakes an annual review of the performance of the internal auditors and external auditors whilst the Board Risk Committee reviews the performance of the Risk Management section to identify any opportunities for improved performance and more effective oversight.

The Board Risk Committee is comprised of up to four Directors, none of whom is the Chair of the Board.

During the year the members of the Committee were:

Chair

- **K. Pickering** (Retired 1 February 2025)
- **D. Lambourne** (Appointed 1 February 2025)

Members

- **N. Kelly** (Retired 1 February 2025)
- **S. Korchinski** (Retired 1 February 2025)
- **R. Scopelliti** (Retired 1 February 2025)
- **S. Lowndes** (Appointed 1 February 2025)
- **G. Thomson** (Appointed 1 February 2025)
- **D. Rowe** (Appointed 1 February 2025)

Board Nominations Committee

This Committee comprises one external independent Chair, one member of Community First and one Director. The Director representative cannot be a person standing for election or be a person nominating or seconding a person for election.

The role of this Committee is to review checks relative to 'Fit and Proper' tests and to interview persons who have been nominated for election as a Director, to establish the suitability and qualifications of the person.

The Committee then expresses an opinion in the material accompanying ballot papers as to whether the Committee considers the nominee has demonstrated their ability to meet the requirements to be a Director of Community First.

During the year the members of the Committee were

Chair

- **P. Russell**

Members

- **S. Lowndes**
- **J. Harvey**

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DIRECTORS' REPORT

The Directors present their report together with the financial report of Community First ("Community First"), and of the Consolidated Entity, being Community First Bank and its controlled entities, for the financial year ended 30 June 2025 and the auditor's report thereon.

Directors

The Directors of Community First Bank at anytime during or since the end of the financial year are:

Stephen Nugent

Member and owner since 2002

B Bus. (Marketing), Grad Cert Internet Mkt., AFAMI, AMP (Harvard), FAICD

Chair of Board of Directors

Chair of Corporate Governance and Remuneration Committee

Mr Nugent joined the Board as a Director in May 2002. Stephen has more than 40 years experience in the banking, finance and insurance industries and was formally the Chief Customer Officer for The Hospital Contributions Fund of Australia Limited (HCF). Stephen is also a Director of the Customer Owned Banking Association and the Sydney Children's Hospitals Network.

Stephen brings to the Board a wide range of experience in project and operations management, process improvement and reform programs focused on digital transformation, sales, marketing, customer service, retail banking, financial and property management, hospitality, retirement aged and home care, strategic planning and compliance.

Peter Bourke

Member and owner since 2023

B Economics (Majoring in Accounting and Computing), Fellow Institute of Chartered Accountants of Australia and New Zealand, MAICD

Appointed 1 February 2025 following the merger with Illawarra Credit Union.

Member of Corporate Governance and Remuneration Committee

Mr Bourke joined the Illawarra Credit Union Board in mid-2023. Peter was educated in Sydney and has significant experience as a senior executive internationally across several sectors including Professional Services, Technology, Financial Services, Telecommunications, Property, Retail and Logistics.

Peter's most recent experience was as the Chief Information Officer for a major Global Conglomerate based in Hong Kong having previously worked in London, New York and LA.

Peter is an Advisor and Board Member to a number companies both in Australia and Internationally.

Jacki Johnson

Member and owner since 2005

BAppSc (OT), EMBA (AGSM), GradDip Safety Science, PhD, FAICD

Member of Corporate Governance and Remuneration Committee

Dr Johnson joined the Board as a Director in 2007. Jacki has more than 35 years experience in the insurance sector including several Group Executive roles in Insurance Australia Group. Notably she was the CEO of IAG NZ from2010 to 2016 and President of the Insurance Council of NZ , and in 2015 was recognised by NZ Herald as the NZ Executive of the Year. In 2022 Jacki was recognised for her leadership in the finance sector and was awarded the Lifetime Achievement Award by the Australian and New Zealand Institute of Insurance and Finance (ANZIIF).

Jacki's Director experience has been built through her executive director roles in IAG, her non-executive director roles in government such as on the Workcover NSW Board and as a Commissioner on the Greater Cities Commission, and as the founding Co Chair of the Australian Sustainable Finance Institute. Jacki is Chair-Elect of the recently formed Cooperative Research Centre Net Zero Cities.

Jacki is also the Managing Director of her own consulting practice, Focusing Moments Pty Ltd, primarily consulting in strategy.

Jacki is a member of the faculty of the University of Cambridge Institute for Sustainable Leadership, Australian and NZ Business Programme and a Visiting Fellow at University of Wollongong Business and Law faculty.

Dr Johnson completed her PhD in 2024 researching the role Board of Directors play in creating societal value. Jacki brings to the board skills in strategic planning, corporate governance, stakeholder engagement, people and culture practices, and risk management.

Nuria Kelly

Member and owner since 1989

Assoc Dip Accounting, Cert Financial Markets (SIA), Dip Law, Solicitor & Barristers Admission Board, MAMI.

Member of Board Audit and Board Risk Committees

Retired 1 February 2025

Ms Kelly joined the Board as an Associate Director in May 2002 and was elected to the Board in 2003. Nuria has more than 20 years experience in financial planning and management, with qualifications from the Securities Institute of Australia and an Associate Diploma in Accounting and a Diploma of Law. Nuria has retired as principal of a Financial Planning and Stockbroking Practice with Bridges Financial Services (IOOF) and brings to the Board her experience of working closely with Community First Members through her financial planning and stockbroking role. Nuria was also previously Head of Financial Services Sydney with RSM Australia (RSM Bird Cameron).

Recently she has been working as a Governance and Risk Management Consultant, assignments have included senior manager executive positions such as Head of Legal and Compliance for financial services firms. She is a Fellow of the Governance Institute of Australia and a member of the Institute of Public Accountants.

Nuria was also a Director of Foot of the Mountains Pty Ltd which owned retail businesses in the Blue Mountains up to December 2019.

DIRECTORS' REPORT

Stuart Korchinski

Member and owner since 2004

B. Comm (Honours), CPA, CA, MAMI

Retired 1 February 2025

Member of Board Audit and Board Risk Committees

Mr Korchinski was appointed to the Board in June 2004 to fill a casual vacancy. Stuart has spent the last 33 years in the accounting profession and the general insurance, superannuation, wealth management and related technology industries in a variety of leadership roles. He is a Chartered Accountant and former Managing Director of SuperChoice Services, ASX-listed Diversa Limited, CitiStreet Australia, Telstra's KAZ Business Services, Australian Administration Services and Chief General Manager of Allianz's personal insurance business

He is also a former non-executive director of Enhanced Payment Technologies, Thai Administration Services Co. Ltd and financial advice company, Money Solutions.

Stuart is currently an adviser to SS&C Technologies Holdings, Inc., a global provider of software and services to the funds management, retirement and healthcare industries, Chairman of Global Edge Network Limited.

Deborrah Lambourne

Member and owner since 2012

Master of Applied Science (MGSM), Fellow of Governance Institute of Australia, Fellow of Chartered Accountants Australia and New Zealand, GAICD

Appointed 1 February 2025 following the merger with Illawarra Credit Union.

Chair of the Board Audit and Board Risk Committees

Deborrah Lambourne is an experienced non-executive director in the financial services and aged care sectors, and has held positions in the C-Suite, including CEO, COO and CFO, and is a trusted business advisor.

Deborrah's career spans both commercial and government sectors, with expertise in banking and finance—domestically and internationally—across consumer, corporate, and project financing, as well as investment markets. She has held senior leadership roles within COAG initiatives, and across higher education, technology start-ups, and professional services.

Having worked in Australia, Hong Kong, and the United Kingdom, Deborrah brings an international perspective to her leadership and governance.

Stephen Lowndes

Member and owner since 1999

B. Rur. Sc. (Hons) UNE, MAMI

Member of Board Audit and Board Risk Committees

Mr Lowndes was appointed to a casual vacancy on the Board in March 2001 and elected as Chair from July 2008 to November 2015. Stephen has 30 years experience in data analysis, systems development, policy formulation, strategic planning, executive management and industry representation, gained in the Commonwealth Public Service, Private Health Insurance, Aged Care and Health industries. Stephen has served on the Boards of the Australian Friendly Society Association, the Australian Health Services Alliance, the Australian Health Insurance Association, Health Services Association of NSW and a number of not-for-profit community services organisations.

Stephen was formerly a member of the Management Board of Manchester Unity Credit Union, Chief Executive of Manchester Unity Australia Ltd, CEO of the Aged and Community Services Association of NSW and ACT, a peak industry association representing not-for-profit aged care providers, Chief Executive Officer of the Royal Rehab, a not-for-profit specialist rehabilitation and disability hospital and Chief Executive Officer of the Family of League Foundation.

Kenneth Pickering

Member and owner since 1968

Dip Fin Serv, Ass. Dip. Bus. Mgt., FAICD Dip, AARPI, FAMI.

Retired 1 February 2025

Chair of Board Audit and Board Risk Committees and Board Risk Committees.

Mr Pickering has been a Director since 1972 serving as Chair between 1984 and 1992 and Vice Chair between 1992 and 2009. Ken has had a close affinity with the broader Credit Union movement through his service on CUSCAL's National Membership Council between 1990 and 2000, as CEO Australasian Institute of Credit Union Directors between 1995 and 2005 and Executive Manager Professional Development for Australasian Mutuals Institute between 2006 and 2015.

Prior to this, Ken had 25 years' experience at Sydney Water, including a number of executive management positions relating to the change management program from 1983 to 1993. Between 1993 and 2018 he was engaged in the provision of business management and consultancy services in both the customer owned banking industry and small business along with some property development projects.

Between December 2014 and July 2018 Ken served as Learning & Development Consultant for the Institute of Strategic Management and on the Advisory Board for that Institute. He is currently a Director/Trustee of a self-managed superannuation fund and Chair/Secretary Body Corporate Committee for a 60 Unit Residential & Holiday Letting Resort.

He is a Graduate of the Diploma Course, has been a Fellow of the Australian Institute of Company Directors for 29 years and in 2016 was admitted as an Associate of the Australian Risk Policy Institute.

DIRECTORS' REPORT

David Rowe

Member and owner since 2023

Bachelor of Commerce (Economics and Finance), Grad Dip. Accounting, EMBA (AGSM), Fellow of the Australian Corporate Treasurers Association, GAICD

Appointed 1 February 2025 following the merger with Illawarra Credit Union.

Member of Board Audit and Board Risk Committees.

Mr Rowe joined the Illawarra Credit Union Board in mid 2023. David Rowe is a senior finance executive with extensive experience in treasury, corporate advisory and strategy, M&A, financial risk management, liquidity and balance sheet optimisation and investor relations. He is the Chair of the Technical Committee for the Australian Treasurers Association.

David was Group Treasurer for Stockland, where he was responsible for managing the balance sheet and financial risks of the Group, in particular funding and liquidity, hedging and capital management. In addition to this role, he was also General Manager, Corporate Procurement and Investment Adviser for the Stockland Care Foundation, providing investment insights and advice to the Foundation.

David has also been Group Treasurer for AMP Limited, where he was responsible for the treasury activities of the AMP Group, including AMP Bank. Together with this role, he was also Chair of the AMP Investment Committee and Director, M&A. David has also been Group Treasurer for AXA Asia Pacific Holdings Limited and held senior treasury, finance and accounting roles for Pacific Dunlop Limited, Australian Wheat Board and Westpac.

Rocky Scopelliti

Member and owner since 2013

Grad.Dip.Corp.Man, MBA, GAICD, MAMI

Retired 1 February 2025

Member of Board Audit and Board Risk Committees

Mr Scopelliti joined the Board as a Non-Executive Director in March 2013. Rocky is the Chief Scientist – Federal Government at Optus where he leads the creation of world class thought-leadership and innovation to advise enterprises on the Fourth Industrial Revolution. He is also an Adjunct Professor at UTS, member of the REST Super Technology Advisory Panel and former member of the Australian Payments Council.

A distinguished Futurologist, author and international keynote speaker, Rocky has contributed to the World Economic Forum's Disruptive Innovation in Financial Services Program, delivered keynote addresses at events such as Mobile World Congress and published sixteen thought leadership research reports and books on digital disruption that have become internationally recognised.

Rocky has more than twenty years senior management experience in the information technology and financial services sectors with Telstra Corporation and the Commonwealth Bank of Australia covering product development, strategy, business development, marketing and research.

Educated in Australia and trained in the United States, at Sydney University and Stanford University, Rocky has a Graduate Diploma in Corporate Management and a Master's in Business Administration. He is also Graduate and member of the Australian Institute of Company Directors.

Gary Thomson

Member and owner since 1979

Grad. Dip. LG.Man, Dip. Govt., MPIA.

Member of Board Audit and Board Risk Committees

Mr Thomson joined the Board of Community First Credit Union as a Non-Executive Director in December 2016. He was previously a Director and Chair of Manly Warringah Credit Union Ltd from 2006 to 2016.

Gary has a broad range of experience in strategic planning, risk management, executive management and governmental relations.

Gary semi-retired in July 2018 but was previously employed as a Project Director at Singleton Council from 2017 to 2018. From 2010 to June 2017 he was Assistant General Manager at Singleton Council following 3 years working as a consultant in the areas of town planning and business reorganisation particularly related to waste management. Prior to this he worked for Warringah Council for 28 years where his final role was as Director of Customer and Community Services.

He has extensive Board experience having previously been a member of the Glen Street Theatre Board of Directors and Hunter Resource Recovery Board of Directors. He is currently a Director of Balmain Rugby League Football Club and Balmain District Junior Rugby League Club. He is the owner of Thomson Planning and Project Management providing executive advice to private and public enterprises.

Information on Company Secretary

Mr Anthony Perkiss, Chief Executive Officer (MBA, BCom, CPA, GAICD, FCPA) was appointed to the position of Company Secretary on 1 February 2025.

Mr Hung Truong, Chief Financial Officer (BCom, FCPA) was appointed to the position of Company Secretary in March 2013 and continues to act in this capacity.

DIRECTORS' REPORT

Directors' Meetings

The number of Directors' Meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of Community First during the financial year are outlined in the table below:

Name	Status	Board Meetings		Corporate Governance & Remuneration Committee Meetings		Board Audit Committee Meetings		Board Risk Committee Meetings		Board Planning Meetings	
		a	b	a	b	a	b	a	b	a	b
Mr Stephen Nugent	Non-Executive	8	8	4	4	-	-	-	-	1	1
Ms Jacki Johnson	Non-Executive	7	8	4	4	-	-	-	-	1	1
Ms Nuria Kelly*	Non-Executive	3	4	-	-	2	2	2	2	-	-
Mr Stuart Korchinski*	Non-Executive	2	4	-	-	1	2	1	2	-	-
Mr Stephen Lowndes	Non-Executive	7	8	2	2	2	2	2	2	1	1
Mr Kenneth Pickering*	Non-Executive	4	4	-	-	2	2	2	2	-	-
Mr Rocky Scopelliti*	Non-Executive	4	4	-	-	2	2	2	2	-	-
Mr Gary Thomson	Non-Executive	5	8	2	2	2	2	2	2	1	1
Mr Peter Bourke#	Non-Executive	4	4	2	2	-	-	-	-	1	1
Ms Deborrah Lambourne#	Non-Executive	3	4	-	-	2	2	2	2	1	1
Mr David Rowe#	Non-Executive	3	4	-	-	1	2	1	2	1	1

Notes:

a – Number of meetings attended.
b – Number of meetings that the Director was eligible to attend. Leave of absence was granted for meetings unable to be attended.

* – Retired 1 February 2025
# – Appointed 1 February 2025

The Nominations Committee held one meeting during the financial year, attended by Peter Russell, Stephen Lowndes and John Harvey.

Directors' Interests

Each Director holds one redeemable preference share (Member share) in Community First held in their capacity as a Member.

Financial accommodation to Directors complies with the Corporations Act and was made on terms and conditions available to all Members generally. Details are set out in the Notes to the Financial Statements in accordance with applicable Accounting Standards. During and since the end of the year under review, no Director has received, or become entitled to receive, a benefit except a benefit of the type included in the aggregate amount of Directors' remuneration shown in the Notes to the Financial Statements.

Principal Activities

The principal activities of Community First during the year were the provision of retail financial accommodation and associated services to Members.

There were no significant changes in these principal activities during the year.

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Operating Results

The net profit after income tax for the financial year ended 30 June 2025 was $0.767m (2024: $4.157m). The net interest income increased by $10.964m with the net interest margin increased 2 basis points to 2.10% from the previous year. Non-interest income decreased by $0.602m with loan and advances impairment losses increased by $1.143m. The total operating expenses increased by $14.083m.

Review of Operations

Total assets on balance sheet as at year end were $2.410bn representing an increase of $1.015bn from the previous year. The loans portfolio increased by $798m or 70.8%. Total deposits grew by $914m for the year.

As stated in note 37 Business Combination of the financial statements, as a result of the merger and subsequent integration activities the amount of revenue or profit attributable to either former entity, Community First Bank or Illawarra Credit Union cannot be compared to prior years. Comparison of financial information between years would be materially impacted by integration costs, financial outcomes associated with operational alignment activities and the impact of fair value adjustments resulting from the application of AASB 3 Business Combinations.

Dividends and Franking Credits

Community First's Constitution is based on the principles of mutuality. No member share is entitled to receive dividends.

State of Affairs

As at 30 June 2025 the current economic outlook remains cautious, with the domestic economic environment weighed against uncertainties in economic path and stability with international conflict, geopolitical turbulence and trade tensions.

The RBA has cautiously, over three steps, reduced the cash rate to 3.60% from a peak of 4.35%. At the meeting held on 30 September 2025, the RBA decided to leave the cash rate steady at 3.60%, as a cautious measure against small upside risk to inflation despite, both headline and underlying inflation as being in preferred target range of 2% to 3%. Community First continues to monitor the interest rate movement and its impact on the net interest margin.

Environmental Regulation

Community First's operations are not subject to any significant environmental regulation under either Commonwealth or State legislation. The Board believes that Community First has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the organisation. However, Community First is committed to helping create better and more sustainable communities and has launched a number of products to promote environmentally sustainable initiatives by consumers through the use of low interest "Green" personal loans.

Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of Community First, to affect significantly the operations of Community First, the results of those operations, or the state of affairs of Community First, in future financial years.

Likely Developments

Community First will continue to pursue its mission of helping Members to achieve their financial goals by building relationships for mutual benefit.

Indemnification and Insurance of Officers and Auditors

During the year, a premium was paid in respect of a contract insuring Directors and Officers of Community First against all liabilities to other persons (other than Community First or a related body corporate) that may arise from their positions as Directors and Officers of Community First except where the liability arises out of conduct involving a lack of good faith. The Officers of Community First covered by the insurance contract include the Directors, Executive Officers, Company Secretaries and other relevant employees.

In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

No insurance cover has been provided for the benefit of the auditors of Community First.

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 101 and forms part of the directors' report for the financial year ended 30 June 2025.

Rounding

The amounts contained in the financial statements have been rounded to the nearest thousand in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.* Community First is permitted to round to the nearest thousand ($'000) for all amounts except prescribed disclosures that are shown in whole dollars or otherwise stated amount.

DIRECTORS' REPORT

Acknowledgments

On behalf of the Directors, please allow us to thank everyone who has contributed to our success this year: our Members, staff, representatives and business partners.

Dated at Sydney, NSW this 3rd day of October 2025.

Signed in accordance with a resolution of the Directors:

Mr Stephen Nugent
Chair

Ms Deborrah Lambourne
Chair of the Board Audit and Risk Committees

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

	Note	Consolidated and Community First 2025 $'000	2024 $'000
Interest income		90,748	62,667
Interest expense		(51,137)	(34,020)
	5	39,611	28,647
Non-interest income	6	6,746	7,348
Impairment losses on loans and advances	7	(1,637)	(494)
Other expenses	8	(43,773)	(29,690)
Profit before income tax		947	5,811
Income tax expense	9	(180)	(1,654)
Profit for the year		**767**	**4,157**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of Financial Assets [a] at FVOCI during the year		1,710	1,819
Gain on disposal of equity instruments at FVOCI		3,883	-
Revaluation of property, plant and equipment		1,191	-
Tax attributable to above items		(2,035)	(546)
Total other comprehensive income		**4,749**	**1,273**
Total comprehensive income for the year		**5,516**	**5,430**
Attributable to :			
Members of Community First		5,516	5,430

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements commencing on page 51.

Notes:

a – These financial assets are equity instruments.

STATEMENT OF CHANGES IN MEMBERS' EQUITY FOR THE YEAR ENDED 30 JUNE 2025

	Note	Consolidated and Community First Redeemed Preference Share Capital $'000	Retained Earnings $'000	Business Combination Reserve $'000	Credit Loss Reserve $'000	Asset Revaluation Reserve $'000	Total $'000
Opening balance at 1 July 2023		498	82,647	12,002	2,452	9,393	106,992
Total comprehensive income for the year							
Profit for the year		-	4,157	-	-	-	4,157
Other comprehensive income							
Financial assets at FVOCI		-	-	-	-	1,273	1,273
Transfer General Reserve for Credit Losses to Retained Earnings	27	-	2,452	-	(2,452)	-	-
Transfer of share redemption		9	(9)	-	-	-	-
Closing balance at 30 June 2024		**507**	**89,247**	**12,002**	**-**	**10,666**	**112,422**
Opening balance at 1 July 2024		**507**	**89,247**	**12,002**	**-**	**10,666**	**112,422**
Merger with Illawarra Credit Union Ltd	37	265	-	56,405	-	-	56,670
Total comprehensive income for the year							
Profit for the year		-	767	-	-	-	767
Other comprehensive income							
Financial assets at FVOCI		-	-	-	-	3,915	3,915
Transfer to retained earnings		-	2,783	-	-	(2,783)	-
Revaluation of Property	17	-	-	-	-	833	833
Transfer of share redemption		101	(10)	-	-	-	-
Closing balance at 30 June 2025		**782**	**92,787**	**68,407**	**-**	**12,631**	**174,607**

The Statement of Changes in Members' Equity should be read in conjunction with the Notes to the Financial Statements commencing on page 51.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Note	Consolidated and Community First 2025 $'000	2024 $'000
ASSETS			
Cash assets	10	23,250	10,038
Financial assets at amortised cost	11	411,978	222,488
Loans and advances	12	1,925,555	1,127,188
Financial assets at FVOCI	14	9,575	10,630
Intangible assets	15	714	502
Accrued receivables	16	5,161	4,606
Current tax receivable	24	1,913	-
Right of use assets	18	1,214	1,441
Property, plant and equipment	17	30,377	18,101
Total Assets		**2,409,737**	**1,394,994**
LIABILITIES			
Deposits	19	2,174,751	1,260,824
Payables	20	23,904	12,661
Provisions	21	4,635	4,573
Lease liabilities	22	1,252	1,467
Borrowings	23	26,617	-
Income tax provisions	24	-	698
Net deferred tax liability	24	3,971	2,349
Total Liabilities		**2,235,130**	**1,282,572**
Net Assets		**174,607**	**112,422**
MEMBERS' EQUITY			
Redeemable preference share capital account	25	782	507
Reserves	26	81,038	22,668
Retained earnings	27	92,787	89,247
Total Members' Equity		**174,607**	**112,422**

The Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements commencing on page 51.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Note	Consolidated and Community First 2025 $'000	2024 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		91,025	62,557
Dividends received		505	989
Non-interest income received		6,174	7,054
Interest paid		(38,480)	(24,355)
Payments to suppliers and employees [a]		(48,697)	(34,092)
Income tax paid		(4,574)	(1,799)
Net increase in deposits		79,879	88,301
Net (increase) in members' loans		(50,134)	(87,692)
Net cash provided by operating activities	28 (b)	**35,698**	**10,963**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		106	32
Proceeds from sale of shares		6,649	-
Net decrease/(increase) in financial assets with other ADIs		31,563	(4,388)
Payments for financial assets with government entities		(67,091)	-
Purchase of property, plant and equipment		(992)	(345)
Purchase of Intangible Assets		(258)	(10)
Cash transferred on merger Illawarra Credit Union Ltd	37	12,251	-
Net cash provided used in investing activities		**(17,772)**	**(4,711)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities [b]		(590)	(695)
Repayments of borrowings		(4,124)	(16,917)
Net cash used in financing activities		**(4,714)**	**(17,612)**
Net increase/(decrease) in cash held		13,212	(11,360)
Cash at beginning of the financial year [a]		10,038	21,398
Cash at the end of the financial year	28 (a)	**23,250**	**10,038**

a The Consolidated Entity has classified the interest portion of lease payments to operating cash flow.

b The Consolidated Entity has classified the principal portion of lease payments within financing activities and the interest portion within operating activities.

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements commencing on page 51.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Community First Bank ('Community First') is a company domiciled in Australia. The financial statements for the year ended 30 June 2025 comprise Community First Bank and its controlled entities (together referred to as the "Consolidated Entity"). The address of Community First's registered office is Level 2, 67-73 St Hilliers Road, Auburn. Community First is a for-profit entity and primarily involved in the provision of financial products, services and associated activities to Members.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements of the Consolidated Entity and Community First comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on 3 October 2025.

The material accounting policies set out below, other than those described in Note 3.2, have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Consolidated Entity and Community First.

(b) Basis of Measurement

The financial statements of the Consolidated Entity and Community First have been prepared on a historical cost basis except for the following items: financial assets at FVOCI (Note 14), and land and buildings as indicated in (Note 17).

(c) Use of Estimates and Judgments

The preparation of financial statements in conformity with AASBs requires management to make judgments, estimates and assumptions based on experience and other factors, including expectation of future events that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

- **Note 3** – Measurement of expected credit losses (ECL)
- **Note 13** – Impairment of Loans and Advances
- **Note 31** – Contingencies

Ongoing and emerging risks continue to impact key estimates and judgements

The economic environment as at 30 June 2025 remains uncertain, despite some signs of domestic stabilisation cost of living pressures persist, interest rates remain elevated, and monetary policy settings continue to evolve in response to shifting economic indicators. Uncertainty in global markets, ongoing geopolitical tensions, and climate related events are contributing to volatility and risk. These factors increase estimation uncertainty.

There is a considerable degree of judgement required in preparing forecasts. The underlying assumptions are also subject to uncertainties and beyond the control of individual entities. The actual economic outcomes are likely to differ from the forecast as the anticipated events and interaction will not always occur as expected. The effect of these differences may significantly impact accounting estimates included in the financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominately related to the measurement of expected credit losses, fair value measurement of financial assets and recoverable amount assessments of assets.

The impact of ongoing and emerging risks to economic stability are further discussed in the relevant note below. The reader should carefully consider the financial statements with regards to the inherent uncertainty highlighted above.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(d) Rounding and Presentation Currency

The Consolidated Entity and Community First have applied the relief available to it under *ASIC corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191* and accordingly, amounts in the financial statements and directors' report are presented in Australian dollars and all values are rounded off to the nearest A$1,000, or in certain cases, the nearest Australian dollar or otherwise stated amount.

3. STATEMENT OF MATERIAL ACCOUNTING POLICIES

The Consolidated Entity and Community First have consistently applied the following accounting policies to all periods presented in these financial statements.

3.1 Material accounting policies

(a) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by Community First. Community First controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

The consolidated financial statements include those of Community First and the following Special Purpose Entities: the easystreet Trust No. 1, the MTG ICU Repo Series No. 1 Trust and MTG ICU Trust Series 2021-1. The assets and liabilities of the MTG ICU Repo Series No. 1 Trust and MTG ICU Trust Series 2021-1 were transferred to Community First Bank on 1 February 2025 for $nil value. Community First Bank assume the rights and obligations of these trusts.

Easystreet Trust No 1. and MTG ICU Repo Series No. 1 Trust

Both the easystreet Trust No. 1 securitisation trust and MTG ICU Repo Series No. 1 Trust relate to the issuance of residential mortgaged-backed securities (RMBS). RMBS are issued by the securitisation trust and held by Community First for entering into a potential repurchase agreement with the Reserve Bank of Australia for short term funding requirements. The securitisation trusts are consolidated, as Community First has the power to govern the financial and operating policies so as to obtain benefits from its activities. Since Community First has not transferred all the risks and rewards to the special purpose entity, the assigned loans are retained on the books of Community First and are not de-recognised. The securitisation trust's underlying assets, liabilities, revenues, expenses and cash flows are reported in the Consolidated Statement of Profit or loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows. All inter-company transactions and balances have been eliminated on consolidation including any unrealised profit.

MTG ICU Trust Series 2021-1

Community First has assigned the rights and benefits of a parcel of mortgage secured loans to a Special Purpose Vehicle (SPV), MTG ICU Trust Series 2021-1. Community First acts as a loan manager and servicer for the SPV in respect to the day-to-day operation of the individual mortgaged loans and receives a servicer fee based on a percentage of the average balances outstanding. Community First also receives an excess distribution which is the surplus income from the SPV after deducting funding and operating costs. The excess spread will vary depending on the performance of the SPV. Therefore, Community First retains substantially all the risks and rewards of ownership of the relevant loans and advances. Due to the retention of substantially all the risk and rewards of ownership, the assignment of loans does not satisfy the de-recognition criteria prescribed in AASB 9, and accordingly Community First continues to recognise the transferred assets within loans and advances and the transfer is accounted for as a secured financing transaction.

Community First has elected to present both Community First as an individual entity and as a consolidated entity on the basis that the impact of consolidation is not material to the entity. This applies to all other information unless otherwise stated. Refer to Note 32.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(b) Income and Expense Recognition

Revenues

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the Australian Tax Office (ATO).

Sale of Non-current Assets

Revenue from the disposal of assets is recognised when title passes from the Consolidated Entity to the purchaser. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Dividends

Dividend income is recognised on the date the Consolidated Entity's right to receive payment is established.

Interest Income

Interest income is recognised in the profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective interest rate, the Consolidated Entity estimates future cash flows considering all contractual terms of the financial instruments. For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the asset. If the asset is no longer impaired, then the calculation of interest income reverts to the gross basis.

Retail banking Fees

Retail banking fees charged for provided ongoing services are recognised as performance obligations are satisfied.

Loan Origination Fees

Fee income earned or expenses incurred which is associated with the origination of loans and advances are deferred and are recognised as and when the service is provided. This is typically over the life of the loan and form part of the amortised cost of the asset and are brought to account as income over the expected life of the loan. The amounts brought to account are included as part of interest revenue.

Rental Income

Rental income from operating leases is recognised on a straight line basis over the term of the lease.

Other Revenue

Other fee and commission income includes fees earned on a range of products and service platforms and is brought to account on an accruals basis over the period that they cover once a right to receive consideration has been attained and the performance obligation in respect of this income has been met.

Other fee and commissions include wealth management commissions, insurance commissions, ATM fees, and card fees.

Transaction fees are recognised at a point in time when incurred.

Interest Expense

Interest expense is recognised in the profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability. When calculating the effective interest rate, the Consolidated Entity estimates future cash flows considering all contractual terms of the financial instruments.

Transaction Costs

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(c) Tax Accounting Policy

Income Taxes

Income tax expense on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity, or in other comprehensive income.

The Consolidated Entity has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore they are accounted for under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.*

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

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. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Consolidated Entity is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Consolidated Entity. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of property measured at fair value is presumed to be recovered through sale, and the Consolidated Entity has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.2 New accounting standards and interpretations

(a) New Australian Accounting Standards and amendments to Australian Accounting Standards and interpretations that are effective in the current financial year

i. AASB 2020-1 *Amendments to Classification of Liabilities as Current or Non-Current*

Requires a liability to be classified as current when companies do not have a substantial right to defer settlement at the end of the reporting period.

These amendments do not have significant impact on these Financial Statements and therefore the disclosures have not been made.

(b) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2025. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and interpretations most relevant, are set out below: most relevant, are set out below:

i. AASB 18 *Presentation and disclosure in Financial Statements*

Aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information. AASB 18 supersedes AASB 101 *Presentation of Financial Statements.* The standard will change how companies present their results on the face of the income statement and disclose information in the notes to the financial statements. There will be three new categories of income and expenses, two defined income statement subtotals and one single note on management-defined performance measures.

The Consolidated Entity is continuing to assess the presentation and disclosure impact of adopting AASB 18.

ii. Amendments to AASB 9 *Financial Instruments and AASB 7 Financial Instruments*

In August 2024, the AASB issued AASB 2024-2 to amend AASB 7 *Financial Instruments: Disclosures* (AASB 7) and AASB 9 *Financial Instruments* (AASB 9). AASB 2024-2 amends AASB 7 and AASB 9 in response to feedback from the International Accounting Standard Board's 2022 Post-implementation Review of the classification and measurement requirements in AASB 9 and the related requirements in AASB 7.

These amendments are not expected to have significant impact on these Financial Statements and therefore the disclosures have not been made.

(c) Other Developments with Sustainability Reporting Standards

AASB sustainability reporting standards

The Australian climate related financial disclosure legislation received Royal Assent in September 2024, under the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024* ("Act"). Following this enactment the AASB introduced the first set of Australian Reporting Standards (ASRS). These standards includes:

- **AASB S1** *General Requirements for Disclosure of Sustainability related Financial Information*: A voluntary standard that provides entities with a framework for disclosing sustainability related financial information in a consistent and comparable manner. and
- **AASB S2** *Climate-Related Disclosures:* A mandatory standard requiring entities to disclose detailed information to enable the users of financial statements to understand the reporting entity's governance, strategy, risk management, metrics, and targets in relation to climate related risks and opportunities.

The Act requires the Consolidated Entity to commence reporting in the financial year commencing 1 July 2027.

With the growing importance of sustainability related disclosures Community First Bank is continuing to assess and prepare for future sustainability and climate related reporting obligations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.3 Other Material Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Entity's cash management are included as a component of cash equivalents for the purpose of the Statement of Cash Flows.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(b) Financial instruments

AASB 9 sets out requirements for recognising and measuring financial assets and financial liabilities and some contracts to buy or sell non-financial items.

Recognition and derecognition of financial instruments

The Consolidated Entity recognises a financial asset or liability in its statement of financial position when the Consolidated Entity becomes a party to the contractual provision of the instrument. For loans, advances and deposits this is usually on the date on which they are originated. All other financial instruments are recognised on the trade date which the entity becomes a party to the contractual provisions of the instrument.

The Consolidated Entity derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Consolidated Entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Consolidated Entity derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets

General classification framework and initial measurement

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). AASB 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

Community First classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income (OCI);
- fair value through profit and loss FVTPL; and
- those to be measured at amortised cost.

At initial recognition, the Consolidated Entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed on the income statement.

The classification is dependent upon the Consolidated Entity's business model for managing the financial assets and the contractual terms of the cash flows at initial recognition.

Business Models

Business models are classified as either: hold to collect, hold to sell or other depending on how a portfolio of financial instruments as a whole is managed. The Consolidated Entity business models are based on the existing management structure of Community First, and refined based on an analysis of specific portfolio risks and on historic and expected future sales.

Sales are permissible in a hold to collect business model when these are due to an increase in credit risk, take place close to the maturity date, are insignificant in value (both individually and in aggregate) or are infrequent.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, 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 the assets;
- How the performance of the portfolio is evaluated and reported to the Consolidated Entity's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for 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 its 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 Consolidated Entity's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL as they do not meet the criteria for amortised cost or FVOCI. Community First does not currently hold financial assets for trading purposes and therefore does not currently measure any securities at FVTPL.

On 1 February 2025 CFB merged with ICU (refer to Note 37 Business combination). As of the merger date, the objectives of the business model within which the financial assets are managed were reassessed including the purpose of the portfolios held, how risks are managed and the basis on which the performance of the portfolios is evaluated. It was determined that debt securities are held to collect contractual cash flows and the sale of debt securities in prior periods has been infrequent and the value insignificant relative to the portfolio. As such, the Consolidated Entity considers that debt securities are held within a business model whose objectives is to hold assets to collect contractual cash flows. As a result of this reassessment, any new debt securities acquired from 1 February 2025, including those acquired from ICU, are measured at amortised cost under the business model.

Contractual cash flow characteristics

The contractual cash flows of a financial asset are assessed to determine whether the instrument gives rise to cash flows that are solely payments of principal and interest (SPPI). Principal is defined as the fair value of the financial asset at initial recognition. Interest includes consideration for the time value of money, credit risk and also consideration for liquidity risk and cost associated with holding the financial assets for a particular period of time. In addition interest can include a profit margin that is consistent with a basic lending agreement.

In assessing whether the contractual cash flows are SPPI, the Consolidated Entity considers the contractual terms of the instruments. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Consolidated Entity considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Consolidated Entity's claim to cash flows from specified assets (e.g. non-recourse loans); and
- Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

There are currently two measurement categories into which Community First currently classifies its debt and equity instruments

- **Amortised cost –** Instruments that are held for collection of contractual cash flows under a hold to collect business model where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in the income statement. Impairment losses are presented as a separate line item in the income statement. Financial assets are carried at amortised cost.
- **FVOCI -** On initial recognition of an equity investment that is not held for trading the entity may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis. Once this election is made the gains and losses cannot subsequently be recycled through profit and loss once the investment is sold.

  The Consolidated Entity reclassifies debt investments when, and only when, its business model for managing those asset changes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Financial Liabilities

Financial liabilities are classified and subsequently measured at amortised cost unless the Consolidated Entity is required to measure its liabilities at FVTPL

(c) Impairment

Impairment of financial assets

AASB 9 'expected credit loss' (ECL) model is applied to on-balance sheet financial assets accounted for at amortised cost such as loans and advances and lease receivables as well as some off balance sheet items such as undrawn loan commitments and undrawn committed revolving credit facilities. Under the ECL model the Consolidated Entity estimates the allowance for credit losses (loan loss provision) by considering on a discounted basis the cash shortfalls possibly incurred in default scenarios for prescribed future periods against the probability of occurrence. The loan loss provision (LLP) is the sum of these weighted outcomes. The LLP is estimated using unbiased and supportable information about past events, current conditions and forecasts of future economic conditions. Community First uses a general approach to ECL models for loans and a simplified approach for lease receivables and receivables from other institutions.

An ECL assessment is also undertaken over financial assets carried at amortised cost using an external rating investment grades based approach. The ECL as at 30 June 2025 was immaterial on these investments.

General - three stage approach for Loans and Advances

Financial assets are classified in any of the three stages at a monthly reporting date. Financial assets can move between stages during their lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

- **Stage 1: 12 month ECL**

  Financial assets that have not had a significant increase in credit risk since initial recognition. Assets are classified as stage 1 upon initial recognition and a provision of ECL associated with the probability of default events occurring within the next 12 months
- **Stage 2: Lifetime ECL not credit impaired**

  Financial assets showing a significant increase in credit risk since initial recognition. A provision is made for the life time ECL representing losses over the life of the financial instrument (lifetime ECL); or
- **Stage 3: Lifetime ECL credit Impaired**

  Financial instruments that move into Stage 3 once credit impaired require a life time provision.

Significant increase in credit risk

A financial asset moves from Stage 1 to Stage 2 when there is indication of a significant increase in credit risk since initial recognition. The credit risk framework incorporates qualitative and quantitative information to identify a significant increase in credit risk which will trigger movement between the stages on an individual and/or collective basis. The Consolidated Entity assesses for significant increases in credit risk using:

- Lifetime probability of default of portfolio segment;
- Watch list status;
- Arrears; and
- More than 30 days past due backstop for Stage 1 and Stage 2 transfers.

Macroeconomic scenarios

The Consolidated Entity has established a process to apply the consensus forecast for economic variables such as unemployment rates, GDP growth, house prices and official cash rate to the ECL calculation. The model allows adjustment of the weighting between three scenarios to produce an unbiased result of: the baseline scenario and alternative, up and down scenarios. The scenario settings allow for forward looking adjustments with regard to key economic indicators, market forecasts, applied judgement and executive management outlook. Senior management regularly review and monitor prescribed targets of acceptable ranges of key economic factors and apply judgement. Refer to section below – Continued uncertainty on key estimates and judgements for specific information relating to the current environment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Measurement of ECL

The Consolidated Entity uses an internal expected credit loss model utilising past experience of credit deterioration, incurred losses, objective evidence and forward looking estimates and judgements to calculate an estimate of expected credit loss. The models estimate the: expected probability of default (PD), loss given default (LGD) and exposure at default (EAD) used for ECL to provide forward looking point in time estimates based on macroeconomic prediction and a 12 month or life time view of credit risk.

The Consolidated Entity model applies the PD X EAD X LGD approach incorporating the time value of money to measure ECL. A forward looking approach on a 12 month horizon is applied for Stage 1 assets. The expected loss is the discounted sum of the 12 month expected credit losses. For stage 2 assets a lifetime view on the credit is applied. The lifetime expected loss is the discounted sum of the portion of lifetime losses related to default events within the window of the expected lifetime of each portfolio a. For stage 3 assets the PD equals 100 percent and LGD and EAD represent the lifetime view of the losses based on characteristics of defaulted facilities.

[a] The Consolidated Entity estimates the expected lifetime of each loan portfolio based on the current lifecycle (of monthly periods) currently estimated as per the table below:

Lifecycle of key loan portfolios	Periods (months)
Personal Loans	25
Car Loans	25
Overdraft/overdrawn savings	36
Credit Cards	13
Home Loans	53
Commercial Loans	114

Model inputs

The Consolidated Entity models the ECL for on balance sheet loan commitments measured at amortised cost as well as off balance sheet items such as undrawn loan commitments and undrawn lines of credit. Each portfolio is segmented into representative groupings which are typically based on shared risk characteristics.

The key model inputs used in measuring the ECL include:

- **Exposure at default (EAD):** The EAD represents the estimated exposure in the event of a default. The EAD is estimated taking into consideration a range of possible exposures including both repayments and future drawdowns of unutilised commitments up to when the exposure is expected to default.
- **Probability of default (PD):** The calculation of PD is generally performed at a facility level segmented based on product type and shared characteristics that are highly correlated to credit risk. PDs are a function of transition matrices used to determine a point in time PD estimate.
- **Loss given default (LGD):** The LGD associated with PD used is the magnitude of the ECL in a default event. The LGD is estimated using historical loss rates considering relevant factors for individual exposures or portfolios. These factors include collateral, recovery cost, and the structure of the facility.

Management Overlay

A management overlay adjustment is used by the Consolidated Entity to adjust the expected credit loss model where it is judged that existing inputs, assumptions and model techniques do not capture all the risk factors, limitations or complexity in applying forward looking judgement relevant to the credit portfolios.

Definition of default

The Consolidated Entity uses the definition of default in the Consolidated Entity's internal credit risk management framework and has aligned the definition of credit impaired under AASB 9 stage 3 with the definition of default for prudential purposes. Default is generally defined as the point in time when the borrower is unlikely to meet its credit obligations in full, without recourse by the Consolidated Entity to take realisation of collateral; or the borrower is 90 days or more past due.

The Consolidated Entity periodically assesses exposures to determine whether there has been a significant increase in credit risk, which may be evidenced by either qualitative or quantitative factors. Qualitative factors include, but are not limited to, whether an exposure has been identified and placed on credit watch list reports. Where there is a deteriorating credit risk profile, the exposures are monitored on a monthly basis through management reporting and credit watch lists reports. All exposures on credit watch lists are classified as stage 2 or if defaulted as stage 3.

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Credit Impaired financial assets stage 3

Financial assets are assessed at each reporting date to determine whether there is any indication of impairment. Evidence of credit impairment may include indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or other financial reorganisation.

An asset that is in stage 3 will move back to stage 2 when it is no longer considered credit impaired. The asset will move back to stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly from initial recognition.

When an asset is identified as credit impaired, expected losses are measured as the difference between the assets gross carrying amount and the present value of estimated future cash flows discounted at the instrument's effective interest rate. For impaired financial assets drawn and undrawn components, expected credit loss also reflects any credit losses related to the portfolio of the loan commitment that is expected to be drawn down over the remaining life of the instrument. When a financial asset is credit impaired, interest ceases to be recognised on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, interest income is calculated by applying the original effective interest rate to the amortised cost of the asset, which is the gross carrying amount less the related loan loss provision. The best estimate of a loan loss is calculated using the weighted average of the shortfall of the gross carrying amount minus the discounted expected future cash flows. Cash flows from collateral are included in the measurement of the expected credit losses of the related financial asset. The estimation of future cash flows are subject to significant estimation, uncertainty and assumptions.

The loans loss provision for credit impaired loans in stage 3 is at the individual level, with losses that relate to identified individual impaired loans.

Write off and debt forgiveness

Loans and related ECL are written off, either partly or in full from time to time as determined by management and approved by the Chief Executive Officer when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off against the loans loss provision.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Significant estimates and judgements - Impairment of financial assets

Considerable judgement is exercised in determining the extent of the loan loss provision for financial assets assessed for impairment both individually and collectively and based on assumptions about risk of default and expected loss rates. Community First uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on Community First's past history, experience, existing market conditions, and forward-looking estimates at the end of each reporting period. The key judgement areas are the assumptions used to measure expected credit losses, including the use of forward looking and macroeconomic information for both individual and collective assessment of impairment. The scenarios and associated probabilities are ultimately approved by executive management.

The following criteria and definitions are applied for impairment:

- **The criteria for identifying a significant increase in credit risk**
  When determining whether the credit risk on a financial asset has increased significantly, the Consolidated Entity considers reasonable and supportable information available to compare the risk of default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial asset. Significant judgement is required to determine the criteria for a significant increase in credit risk. As a backstop any loans over 30 days past due are determined to have had a significant increase in credit risk.
- **The definition of default**
  Judgement is exercised in management's evaluation of whether there is objective evidence that an impairment loss on an asset has been incurred. Significant judgment is required in assessing evidence of credit impairment and estimation of the amount and timing of future cash flows when determining expected credit losses. As a backstop any loans over 90 days past due are determined to have been in default.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- **Forward looking estimates**
  Judgement is applied in the application of forward looking and macroeconomic information. The use of different assumptions and outlook can produce significantly different estimates of expected credit loss. Judgment is used to apply key economic data and general market outlook with internal forecasts and risks.

Ongoing and emerging risks to economic stability and path impact on key estimates and judgements

As noted in 2 (c) Continued uncertainty have impacted key estimates and judgements.

- The current environment remains challenging with significant risk of increased uncertainty. Risks to economic stability include: ongoing and emerging global tensions, elevated pressures from cost of living and higher interest rates, monetary policy uncertainty, labour market constraints and impacts from climate change.
- The challenges of economic risks in the environment require cautious outlook and elevate the level of estimation uncertainty.

This uncertainty is reflected in the Consolidated Entity's assessment of expected credit losses from its credit portfolio which are subject to a number of management judgements and estimates.

Individual assessments

In estimating individually assessed ECL for stage 2 and 3 exposures, the Consolidated Entity makes judgements and assumptions in relation to inputs and assumptions such as expected repayments, the realisable value of collateral, the economic environment, and likely costs and duration.

Collective assessments

In estimating the collectively assessed ECL the Consolidated Entity makes judgements and assumptions in relation to the selection of ECL inputs, assumptions and interdependencies between these inputs.

The following table summarises the key judgements and assumptions in relation to model inputs and interdependencies between these inputs, and highlights significant changes during the period.

The judgements and associated assumptions have been made within the context of the uncertainty of how various factors might impact the global economy, and reflect historical experience and other factors that are considered relevant, including expectations of future events that are believed to be reasonable under the circumstances. The Consolidated Entity's estimation of ECL is inherently uncertain and actual results and outcomes mays differ from these estimates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Judgement and assumptions	Changes and considerations for year end 30 June 2025
Determining when a significant increase in credit risk SICR has occurred In the measurement of ECL, judgement is involved in setting the rules and trigger points to determine whether there has been a SICR since recognition of a loan, which would result in the financial assets moving from stage 1 to stage 2. This represents a key area of judgement with transition from stage 1 to stage 2 changing the ECL from 12 month losses to lifetime expected credit losses. Subsequent decreases in credit risk result in transition from stage 2 to stage 1.	The determination of SICR was consistent with prior periods. It is expected that certain member segments will be more vulnerable to challenges of impacts of economic pressures. The continued uncertainty of economic path is addressed in additional stress applied to the downside ECL scenario in probability of default and default rates.
Base case and economic forecast The Consolidated Entity uses a base case as the likely scenario. To apply additional forward looking economic outlook that is not captured by the ECL model requires the addition of a management overlay.	The base case scenario applies assumptions and key forward looking variable in relation to: inflation, continuing high interest rates, continued cost of living pressures and labour market conditions. The base case scenarios are outlined below and have been utilised in determining the 30 June 2025 ECL estimate. The base case assumptions reflect the moderation in inflation and that delinquency in the base case had now peaked.
Probability weighting of each scenario The probability weighting of base, downside and upside scenarios is determined by management considering the risks and uncertainties surrounding the base case.	The probability weightings for each scenario remained unchanged from 30 June 2024. This reflects the continued uncertainty and downside risk of high interest rates, persistent inflation, monetary uncertainty and global tensions. The Consolidated Entity has undertaken scenario analysis with expectations of ongoing downside uncertainty. Greater weighting has been applied to the base scenario as most likely, with the downside less likely and upside unlikely given the Consolidated Entity's assessment of risks. The applied probability weightings are subject to inherent uncertainty and the actual outcomes may be significantly different to those projected. The Consolidated Entity considers the weightings to provide the best estimate of possible outcomes.
Management adjustments (overlays) Management adjustments to the ECL allowance are adjustments used in circumstances where it is judged that existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the credit portfolios. Examples of such circumstances are: emerging domestic or global economic or political events, natural disasters, or forward looking information. The use of adjustments may impact the amount of ECL recognised.	Management have continued to apply a number of adjustments to the modelled ECL. These adjustments have been undertaken in the context of changing economic risks and the extent that the associated credit loss exposures are captured within the modelled scenarios outlined above. Additional adjustments have been undertaken to: • Forward stress testing of the credit portfolios has taken place to measure exposures from downside movement in arrears, default rates and collateral values. • Environment risk adjustments for known flood, bushfire; storm and decarbonisation collateral exposure. • Additional default risk with growing mortgage portfolio.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Modelled provision for ECL

The modelled provision for ECL at 30 June 2025 is a probability weighted estimate of the Consolidated Entity's view of the forward-looking distribution of potential outcomes. This provided a movement in arrears, default and collateral securities based on alternative scenarios of: most likely base case with (some downside) weighted at 60%, less likely (more downside) scenario weighted at 25% and least likely (upside) scenario weighted at 15%. The applied adjustments were based on management judgment, historical experience, available information and economic outlook. The alternative scenarios include factoring of the forward-looking parameters and interplay of key economic factors of cash rates, unemployment, house price changes and GDP.

The Australian economy, households and credit portfolios have continued to demonstrate resilience and underlying strength despite a challenging environment. This is largely due to the strong base of low unemployment and accumulated household savings. While conditions have improved since June 2024, the economic environment remains uncertain with ongoing risks. These risks include: ongoing and emerging global tensions, elevated pressures from persistent inflation and higher interest rates, monetary policy uncertainty, labour market constraints and impacts from climate change.

To appropriately reflect ongoing downside uncertainty, the downside scenario was continued to be adjusted for a higher rate of arrears and defaults. The downside scenario includes arrears adjustments with slightly improvement to probability settings but retaining the greater defaults rate applied as at June 2024. The base scenario settings make no adjustments to current probability of arrears and default rates, with expectation that arrears have now peaked. Whilst the upside scenario is an improvement on the base case.

The applied scenario assumptions are subject to judgement and estimation, represented at a point in time. The assumptions will be monitored having regard to emerging economic conditions, factors and risk which will apply further ongoing adjustment.

Management Adjustments (overlays)

Management have continued to apply overlay adjustments for inherent risks not captured by the ECL model for mortgage collateral exposure and environmental risk. An additional prudent management adjustment was also included for additional uncertainty and additional default risk from a growing mortgage portfolio

The additional overlay for environment risk has been included for identified potential flood, bushfire, storm collateral and decarbonisation exposure under a stressed scenario.

Sensitivity Analysis

The following sensitivity table shows the reported provision for ECL based on the probability weighted scenarios and what the provisions for ECL would be assuming a 100% weighting is applied to the base case scenario and to the downside scenario when all other assumptions are held constant as at 30 June 2025.

Sensitivity Analysis	$'000
Reported probability weighted ECL	2,821
100% base scenario	2,587
100% downside scenario	3,866
100% upside scenario	2,014

The following table indicates the model scenario weightings applied by the Consolidated Entity at 30 June 2025.

Model Scenario Weightings	
Base scenario	60%
Downside scenario	25%
Upside scenario	15%

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Expected Credit Loss analysis

Given current economic uncertainties and the judgement applied to factors used in determining the expected default of borrowers in future periods, the expected credit loss reported by the Consolidated Entity should be considered as a best estimate within a range of possible estimates. The Consolidated Entity's measurement of ECL at 30 June 2025 uses available information and applied professional judgement. Continuing uncertainties increase the risk of the economic forecast resulting in understatement or overstatement of the ECL provision.

Fair value measurement of Financial Instruments

The financial instruments which are subject to valuation using unobservable inputs are disclosed in Note 29 Financial Instrument disclosure - fair value hierarchy, and are equity investments where quoted prices in active markets are not available. As the assets are classified as fair value through other comprehensive income, changes in the fair value are reflected directly in equity.

(d) Loans and Advances to Members

All loans are initially recognised at fair value, net of transaction costs incurred and inclusive of loan origination fees on the date that they are originated. Loans are subsequently measured at amortised cost less impairment losses. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the loan using the effective interest method.

Loans are derecognised if the Consolidated Entity's contractual rights to the cash flows from the loans expire or if the Consolidated Entity transfers the loan to another party without retaining control or substantially all risks and rewards of the loan.

(e) Equity Investments

Investments in shares are classified and measured as FVOCI under AASB 9. Shares are fair valued using the most recent and relevant market information available to management. Fair value gains and losses are recognised through OCI and cannot be recycled through profit upon disposal. Dividend income is recognised through profit and loss.

(f) Software as a Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Consolidated Entity with the right to access the cloud provider's application software over the contract period. As such the Consolidated Entity does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.

The following table outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Recognise as an operating expense over the term of the service contract	• Fee for use of application software • Customisation costs
Recognise as an operating expense as the service is received	• Configuration costs • Data conversion and migration costs • Testing costs • Training costs

:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

The following key judgements are made when applying the consolidated entity's accounting policy

Determination whether configuration and customisation services are distinct from the SaaS access

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised. Non distinct configuration and customisation costs are expensed over the SaaS contract term.

Non distinct customisation activities may significantly enhance or modify SaaS cloud based application. Judgement is applied in determining whether the degree of customisation and modification of the SaaS cloud based application is significant or not..

Capitalisation of configuration and customisation costs in SaaS arrangements

In implementing SaaS arrangements where there is software code that either enhances, modifies or creates additional capability to the existing owned software, judgement is applied to determine whether the changes to the owned software meet the definition of and recognition criteria for an intangible asset in accordance with AASB 138 *Intangible Assets.*

(g) Intangible Assets

Computer software not integral to the hardware is classified as an intangible asset and subject to meeting the definition and recognition criteria in accordance with AASB 138 Intangible Assets. They are stated at cost less accumulated amortisation and impairment losses. Computer software is amortised over the expected useful life of the software. The lives of these assets range from 2 to 5 years. Impairment is assessed on an annual basis. Amortisation charges are recognised in other expenses.

(h) Property, Plant and Equipment

Items of property, plant and equipment (except land and buildings) are stated at cost less accumulated depreciation and impairment losses.

Land and buildings are revalued and stated at fair value at the date of revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses. The policy of the Consolidated Entity is to revalue land and buildings through an independent valuation, every three years. In addition an internal assessment is performed yearly to test that the amount is approximate to fair value.

The Consolidated Entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item, and is recognised net within other income / other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss.

The Consolidated Entity depreciates all assets on a straight line basis so that the cost or valuation of each asset is written off over its expected useful life.

The estimated useful lives of the Consolidated Entity's assets are outlined below.

	2025	2024
Buildings	3 to 40 years	40 years
Leasehold Improvements	3 to 5 years	3 to 5 years
Plant and Equipment	3 to 5 years	3 to 5 years

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The residual value, the useful life and the depreciation method applied to assets are reassessed at least annually.

(i) Recoverable Amount of Non-current Assets

Non-current assets are recorded at values not exceeding their recoverable amounts. Recoverable amount is determined as the net amount expected to be received through the cash inflows and outflows arising from the continued use and subsequent disposal of a non-current asset.

Classes of non-current assets measured at fair value are revalued with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from fair value at reporting date. Independent valuations are obtained at intervals of no more than three years. Revaluation increments, on a class of assets basis, are recognised in the asset revaluation reserve within comprehensive income. Revaluation increments reversing a decrement previously recognised as an expense are recognised as revenue. Revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense.

(j) Members' Deposits

Member savings and term investments are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest rate method. The amount of interest accrued at balance date is shown as part of payables.

(k) Redeemable Preference Shares

Community First issues redeemable preference shares to each Member upon joining in accordance with the Constitution of Community First. These shares are redeemed for their face value of $2.00 each on leaving Community First. A member share must confer the right to 1 vote, and only 1 vote, at meetings of Community First's members. No dividend is payable in respect of any member share.

On winding-up of Community First the holder of a member share is entitled:

(a) to payment of the subscription price for the member share when the member subscribed for the member share; and

(b) if any assets remain after the payments in paragraph (a) – to any surplus assets of Community First.

(l) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received.

(m) Interest Bearing Liabilities

All interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. These are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the interest bearing liability using the effective interest method.

Interest bearing liabilities are derecognised if the Consolidated Entity's obligations specified in the contract expire, are discharged or cancelled.

(n) Provisions and Contingent Liabilities

Provisions for employee entitlements

The provision for long service leave is based on the present value of the estimated future cash flows to be made resulting from employees' service up to reporting date, and having regard to the probability that employees, as a group, will remain employed for the period of time necessary to qualify for long service leave.

Provisions for annual leave represent present obligations resulting from employees' service calculated based on remuneration, wage and salary rates that the Consolidated Entity expects to pay as at reporting date.

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 obligations to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

Other Provisions and Contingent Liabilities

Provisions are recognised when the Consolidated Entity has a present, legal or constructive obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the expected consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation and those cash flows are discounted to the present value where appropriate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Contingent liabilities are recognised when it is probable or possible that a present obligation exists but the amount of the obligation cannot be estimated reliably.

(o) Goods and Services Tax (GST)

As a financial institution Community First is input taxed on all income except other income from commissions and some fees. An input taxed supply is not subject to GST collection, and similarly the GST paid on purchases cannot be recovered. As some income is charged GST, the GST on purchases are generally recovered on a proportionate basis. In addition certain prescribed purchases are subject to Reduced Input Tax Credits, of which 75% of the GST paid is recoverable.

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of the GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included where applicable GST is collected.

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

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

(p) Leases

Definition

At inception of a contract, the Consolidated Entity assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Consolidated Entity uses the definition of a lease in AASB 16.

For lessee accounting, AASB 16 removes the distinction between operating and finance lease. All leases are recognised on the statement of financial position with exemptions for short term leases (leases with a lease term of 12 months) and leases of low-value assets.

(i) Consolidated Entity as a Lessee

At commencement or on modification of a contract that contains a lease component, the Consolidated Entity allocates consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Consolidated Entity recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payment at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any indirect costs incurred and where appropriate an estimate of costs to dismantle and remove any improvements made to stores.

Each lease payment is allocated between the liability and finance cost. The finance costs are charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Consolidated Entity's incremental borrowing rate. Generally, the Consolidated Entity uses its incremental borrowing rate as the discount rate.

The Consolidated Entity determines its incremental borrowing rate by analysing cost of borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Consolidated Entity is reasonably certain to exercise, lease payments in an optional renewal period if the Consolidated Entity is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Consolidated Entity is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Consolidated Entity's estimate of the amount expected to be payable under a residual value guarantee, if the Consolidated Entity changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Consolidated Entity presents right-of-use assets in Note 18 and lease liabilities in Note 22 in the statement of financial position.

The Consolidated Entity entered into one new lease during the year ended 30 June 2025. The weighted average incremental borrowing rate applied to new lease liabilities recognised in the statement of financial position is 8.04%.

Short term leases and leases of low value assets

The Consolidated Entity has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of some printer equipment. The Consolidated Entity recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii) Consolidated Entity as a Lessor

When the Consolidated Entity acts as a lessor, a distinction should be made between finance leases and operating leases. Currently the Consolidated Entity leases out a portion of the land and buildings owned by the entity at:

- 36-40 Young Street Wollongong;
- 67-73 St Hilliers Road Auburn; and
- 17-19 Oaks Avenue Dee Why.

and all are classified as operating leases.

The total payments under operating leases are recognised in the statement of profit or loss on a straight-line basis over the period of the lease. The assets are included as property, plant and equipment in the Statement of Financial Position (note 17).

The Consolidated Entity has applied AASB 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

At inception or on modification of a contract that contains a lease component, the Consolidated Entity allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Consolidated Entity acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. The Consolidated Entity did not have any finance leases as a lessor.

These operating lease contracts contain extension options at the right of the lessee. All contracts contain market review clauses in the event that the lessee exercises it options to renew. The lessee does not have the option to purchase the property at the expiry of the lease period. The Consolidated Entity manages the risk associated with the underlying property via appropriate insurance coverage and use of real estate agents where appropriate.

To classify each lease, the Consolidated Entity makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Consolidated Entity considers certain indicators such as whether the lease is for the major part of the economic life of the asset. Consolidated Entity.

The Consolidated Entity applies the derecognition and impairment requirements in AASB 9 to the net investment in the lease.

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4 FINANCIAL RISK MANAGEMENT

(a) Introduction and Overview

The Consolidated Entity has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risks
- capital management

This note presents information about the Consolidated Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and their management of capital.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Board Audit and Board Risk Committees (BAC and BRC) to oversee the financial reporting and audit and risk management processes. These Committees comprise of up to four Directors, none of whom is the Chairman of the Board.

The risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Consolidated Entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board Audit and Board Risk Committee's major activities are to:

- monitor corporate risk assessment and the evaluation of the effectiveness of internal controls and policies;
- monitor audit reports received from internal and external auditors, and management responses thereto;
- liaise with the auditors (internal and external) on the scope of their work, and experience in conducting an effective audit;
- ensure that external auditors remain independent in the areas of work conducted;
- oversee compliance with statutory responsibilities relating to financial disclosure and management information reporting to the Board; and
- assist the Board in the engagement, performance assessment and remuneration of the auditors.

(b) Credit Risk

Credit risk is the risk of financial loss to the Consolidated Entity if a Member or Counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the loans and advances to Members, liquid investments and investment securities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Management of Credit Risk – Loans and Advances

The Board of Directors has delegated responsibility for the management of credit risk to the Credit Services Department in respect of loans and advances. The Credit Services Department is responsible for oversight of the credit risk, including:

- Formulating credit policies covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to Credit Officers. Credit facilities exceeding $1.5 million require approval by the Credit Sub Committee comprising of two Executives and the Head of Credit Services. The Credit Sub Committee in turn makes recommendations to the Chief Executive Officer for the final approval. Any delegation used within policy is tabled to the Asset and Liability Committee (ALCO) for approval.
- Reviewing and assessing credit risk. The Credit Services Department assesses all credit exposures in excess of designated limits, prior to facilities being committed to Members concerned. Renewals and reviews of facilities are subject to the same review process.
- Review, approval and assessment process for measuring ECL.
- Limit concentrations of exposure to counterparties.
- Reviewing compliance with agreed exposure limits. Regular reports are provided to the Credit Services Department on the credit quality of loans and appropriate corrective action is taken.
- Credit Policy includes specific guidelines of maximum allowable LVR limits and triggers for required mortgage insurance to manage additional credit risk.

Management of Credit Risk – Climate Change Risk

The issue of Climate Change is considered by the organisation in terms of the social and environmental changes occurring over time. Any longer-term potentially adverse impacts over time from severe weather events are managed by the annual review of relevant exposures to loans secured by property to ascertain those assets that may have an increased risk of flooding, fire, or increased exposure to severe weather events as part of the Credit Risk Portfolio Stress Test.

However, the social changes to more environmentally friendly practices are also supported through Community First's product portfolio that offers lower rate personal loans, Green loans, to support members to buy solar panels, rain water tanks, home improvements such as double glazing, power saving white goods, electric vehicles and other environmentally friendly products. This product has been available since 2007.

Management of Credit Risk – Liquid Investments

The risk of losses from liquid investments undertaken is reduced by the nature and quality of the independent rating of the counterparty, and the limits of concentration of investments to any counterparty. A limit is also set for each counterparty based on a credit rating assigned by an independent rating agency with the exception of other Mutual ADIs which are considered separately within the policy.

Management of Credit Risk – Investment Securities

In of investment securities, any investment activity undertaken requires Board approval on a case by case basis. The Consolidated Entity will make equity investments in companies or joint ventures only where the investment is deemed necessary by the Board of Directors and is related to the provision of products or services to Community First or its Members. The Consolidated Entity will obtain APRA's approval before committing to any exposure to entities in excess of prescribed limits.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Exposure to Credit Risk – Loans and Advances to Members

The following table summarises the exposure to credit risk under AASB 9 at 30 June.

	Note	2025 $'000	2024 $'000
Loans and advances carrying amount	12	**1,925,555**	**1,127,188**
Stage 1: no significant increase in credit risk from initial recognition			
Secured by mortgage		1,655,778	942,466
Other		159,143	144,162
Net deferred income and expenses		568	(381)
Provision for impairment		(1,289)	(515)
Stage 1 carrying amount		1,814,200	1,085,732
Stage 2: significant increase in credit risk			
Secured by mortgage		88,686	39,884
Other		1,176	1,123
Provision for impairment		(1,093)	(952)
Stage 2 carrying amount		88,769	40,055
Stage 3: credit impaired (or defaulted)			
Secured by mortgage		21,967	1,036
Other		1,058	838
Provision for impairment		(439)	(473)
Stage 3 carrying amount		22,586	1,401
Total carrying amount	12	**1,925,555**	**1,127,188**
Includes accounts with negotiated terms		***20,112***	***5,935***

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Impaired Loans

Impaired loans are loans for which Community First and the Consolidated Entity determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

Loans with Renegotiated Terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Consolidated Entity has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Allowances for Impairment

Under the ECL model the Consolidated Entity estimates the allowance for loan losses and any loans in default are written off from time to time as determined by management and approved by the Chief Executive Officer when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off against the provision for impairment, if a provision for impairment had previously been recognised. If no provision had been recognised, the write-offs are recognised as expense in the profit and loss.

Write-off Policy

Community First and the Consolidated Entity writes off a loan when the Credit Services Department determines that a loan is uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Community First and the Consolidated Entity holds collateral against loans and advances to Members in the form of mortgage interests over property, other registered securities over assets, 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.

An estimate of the fair value of collateral and other security enhancements held against impaired financial assets are shown below:

Loans and Advances to Members

	2025 $'000	2024 $'000
Stage 3 - credit impaired	**23,025**	1,874
Collateral - Property	**27,202**	2,543

Collateral values are determined at the time of funding and are generally not updated unless a loan is specifically assessed as impaired as it is not practical to regularly review all collateral securities.

It is the Consolidated Entity's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. The Consolidated Entity does not use or take repossessed properties for business use.

During the year ended 30 June 2025, the Consolidated Entity took possession of $nil collateral (30 June 2024: $649k).

The Consolidated Entity monitors concentration of credit risk by purpose. An analysis of concentrations of credit risk at the reporting date is shown below:

	2025 $'000	2024 $'000
Residential loans*	1,741,309	972,154
Personal loans	125,539	119,883
Commercial loans	25,221	11,258
Revolving Credit	7,955	4,055
Credit Cards	27,782	22,160
Total gross loans	**1,927,806**	**1,129,510**

*Note residential loans are by purpose and may include unsecured facilities not included in the Loan to Value table below.

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The Loan to Value Ratio (LVR) against eligible residential mortgages is shown below:

	2025 $'000	2024 $'000
LVR		
LVR 0% to 60%	850,843	427,499
LVR 60% to 80%	799,265	413,993
LVR 80% to 90%	188,805	112,794
LVR 90% to 100%	52,777	24,519
LVR > 100%	689	-
Total residential mortgages	**1,892,379**	**978,805**

The Consolidated Entity also monitors the investment options in the market based on the credit rating of the counterparty. An analysis of concentrations of investment credit risk at the reporting date is shown below:

	2025 $'000	2024 $'000
Long Term Rating Standard & Poor's		
AAA	13,938	-
AA+	38,153	-
AA	35,000	-
AA-	141,028	77,526
A+	27,239	20,247
A	2,800	-
A-	20,500	15,500
BBB+	97,083	84,876
BBB	43,636	34,377
BBB-	3,000	-
Unrated	12,500	-
Total	**434,877**	**232,526**

An ECL assessment is undertaken financial assets measured at amortised cost exposures using an external rating investment grades based approach. The ECL at 30 June 2025 was immaterial on these investments

(c) Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will encounter difficulty in meeting obligations from its financial liabilities that are settled by delivering cash or another financial asset.

Management of Liquidity Risk

The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Consolidated Entity's reputation.

Treasury receives weekly reports regarding the liquidity profile of all financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short term liquid assets and other short term borrowing facilities with domestic financial institutions to ensure that sufficient liquidity is maintained.

The Consolidated Entity is required to maintain at least 9% of total adjusted liabilities as liquid assets capable of being converted to cash within 48 hours under the APRA Prudential Standards. The Consolidated Entity's policy is to apply a minimum target of 11% of funds as liquid assets to maintain adequate funds for meeting withdrawal requests. Given the current economic conditions, the Consolidated Entity is maintaining a minimum liquidity ratio of 12%. The liquidity position is monitored daily. Should the liquidity ratio fall below this level, the management and Board has established a plan to address the matter as outlined in the board policy on liquidity and funding risk management.

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All liquidity policies and procedures are subject to review and approval by the Assets and Liability Committee, Board Risk Committee and the full Board.

The Consolidated Entity relies on deposits from Members as its primary source of funding. The short-term nature of these deposits increases the Consolidated Entity's liquidity risk and the Consolidated Entity actively manages this risk through maintaining competitive pricing and constant monitoring of market trends.

As at 30 June 2025 the Consolidated Entity holds a total liquidity ratio of 18.2% (2024: 17.1%) in the form of Minimum Liquidity Holdings (MLH) 15.3% (2024: 15.8%) and non-MLH 2.9% (2024: 1.3%).

Exposure to Liquidity Risk

Details of the reported Consolidated Entity liquidity ratio at the reporting date and during the reporting period were as follows:

	2025	2024
At 30 June (MLH)	15.30%	15.80%
Average for the period	16.30%	16.50%
Maximum for the period	17.70%	18.10%
Minimum for the period	14.20%	15.30%

The Consolidated Entity's residual contractual maturities of its financial liabilities are as follows:

	Note	Carrying amount on balance sheet	Gross nominal (outflows)	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
30 JUNE 2025							
Deposits	19	2,174,751	(2,196,694)	(1,256,092)	(344,118)	(514,825)	(81,659)
Payables	20	23,904	(23,904)	(23,865)	-	-	-
Lease liability	22	1,252	(1,415)	(55)	(110)	(495)	(755)
Borrowings	23	26,617	(27,951)	(987)	(1,960)	(8,634)	(16,370)
		2,226,524	**(2,249,964)**	**(1,281,038)**	**(346,188)**	**(523,954)**	**(98,784)**

	Note	Carrying amount on balance sheet	Gross nominal (outflows)	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
30 JUNE 2024							
Deposits	19	1,260,824	(1,275,946)	(762,419)	(150,546)	(302,563)	(60,418)
Payables	20	12,661	(12,661)	(12,661)	-	-	-
Lease liability	22	1,467	(1,687)	(56)	(106)	(339)	(1,186)
Borrowings	23	-	-	-	-	-	-
		1,274,952	**(1,290,294)**	**(775,136)**	**(150,652)**	**(302,902)**	**(61,604)**

This table shows the undiscounted cash flows on the Consolidated Entity's financial liabilities on the basis of their earliest possible contractual maturity. The Consolidated Entity's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from Members are expected to maintain a stable or increasing balance. Unrecognised loan commitments, as per note 12, are uncertain as to the timing of the drawdown and what will ultimately be funded.

The gross nominal inflow/ (outflow) disclosed in the previous table represents the contractual undiscounted cash flows relating to the principal and interest on the financial liability or commitment.

(d) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices or foreign exchange rates will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Management of Market Risks

The Consolidated Entity is not exposed to currency risk as the Consolidated Entity does not trade in the financial instruments it holds on its books. The Consolidated Entity is exposed to interest rate risk arising from changes in market interest rates.

Overall authority for market risk is vested in the Assets and Liabilities Committee (ALCO). The Finance and Risk departments are responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and the day to day review of their implementation.

Exposure to Market Risks

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 main tool used to measure and control market risk exposure within the Consolidated Entity's non trading portfolio is Value at Risk (VaR). The VaR of the non-trading portfolio is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the Consolidated Entity is based upon a 99% confidence level and assumes a 250-day holding period. The VaR model used is based mainly on historical simulation. Taking account of market data from the previous two years, and observed relationships between different markets and prices, the model generates a wide range of plausible future scenarios for market price movements.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 250-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.
- A 99 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VaR.
- 1500-day observation period. The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.
- The VaR measure is dependent upon the Consolidated Entity's position and volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

The Consolidated Entity uses VaR limits for interest rate risk. The overall structure of VaR limits is subject to review and approval by ALCO, BRC and the Board. VaR is measured monthly and reports utilising VaR limits are submitted to ALCO and the Board for each meeting.

The Value at Risk as at 30 June 2025 is $7,940,593 (2024: $4,755,557).

A summary of the VaR position of the Consolidated Entity's non trading portfolio as at 30 June 2025 and during the period is as follows:

	2025 (% of Capital)	2024 (% of Capital)
At 30 June	4.8	4.6
Average for the period	5.9	4.3
Maximum for the period	6.5	5.8
Minimum for the period	4.7	2.8
VaR limit	11.0	11.0

A summary of the Consolidated Entity interest rate gap position can be seen in Note 29.

The management of interest rate risk also involves the monitoring of the sensitivity of the Consolidated Entity's financial assets and liabilities to a parallel shift across the yield curve. An analysis of the Consolidated Entity's sensitivity to 200 basis points shift in market interest rates is as follows:

	2025 (% of Capital)	2024 (% of Capital)
At 30 June		
200 basis points increase	5.6	4.9
200 basis points decrease	(5.6)	(4.9)

The negative value implies that the portfolio would lose this amount as a percentage of capital, if there were a parallel shift down in the yield curve.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(e) Operational Risks

Operational risk is a risk of direct or indirect loss arising from a wide variety of causes associated with the Consolidated Entity's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Consolidated Entity's operations and are faced by all business entities.

The Consolidated Entity's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Consolidated Entity's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management within each business unit. This responsibility is supported by the development of the overall Consolidated Entity's standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodical assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective

Compliance with the Consolidated Entity's standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Board Risk Committee and senior management of the Consolidated Entity.

Community First's compliance process has been developed in accordance with Australian regulatory guidance. The process assists the Board to ensure that we remain aware of changes in legislation, codes and comply with the Prudential Standards.

(f) Capital Management

The Consolidated Entity is licensed as an Australian Deposit-taking Institution ('ADI') under the Banking Act and is subject to prudential supervision by the Australian Prudential Regulation Authority ('APRA').

The APRA Standards include *APS 110 Capital Adequacy* requires the Consolidated Entity to:

i. have an Internal Capital Adequacy Assessment Process (ICAAP);

ii. maintain required levels of regulatory capital;

iii. operate a capital conservation buffer and a countercyclical capital buffer;

iv. inform APRA of any adverse change in actual or anticipated capital adequacy; and

v. seek APRA's approval for any planned capital reductions

The Consolidated Entity's primary source of capital is retained earnings. The Consolidated Entity maintains its' capital levels for the current and future activities by conducting the ICAAP on an annual basis, and maintaining a Capital Management Plan. The plan addresses the capital requirements prescribed by APRA, the strategy for managing capital resources over time, a capital target, how the required capital requirements is to be met and actions and procedures for monitoring compliance with minimum capital requirements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

During the year, the Consolidated Entity has complied in full with all its externally imposed requirements.

The Consolidated Entity regulatory capital position at 30 June was as follows:	2025 $'000	2024 $'000
Tier 1 capital	163,427	101,233
Tier 2 capital	2,300	1,395
Total regulatory capital	**165,727**	**102,628**
Total risk weighted assets	1,008,416	618,918
Total capital ratio	**16.4%**	**16.6%**
Capital Target 14-16%		

	Consolidated and Community First	
	2025 $'000	2024 $'000
5. INTEREST INCOME AND INTEREST EXPENSE		
Interest Income calculated using the effective interest rate method		
Cash deposits at call	730	675
Financial assets at amortised cost	15,736	10,909
Loans and advances	74,282	51,083
Total interest income	**90,748**	**62,667**
Interest Expense		
Member deposits	47,106	31,669
Wholesale deposits	3,381	2,349
Borrowings	650	2
Total interest expense	**51,137**	**34,020**
Net Interest Income	**39,611**	**28,647**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Consolidated and Community First	
	2025 $'000	2024 $'000
6. NON-INTEREST INCOME		
Dividends received	505	989
Fees and commissions		
- loan fee income – other than loan origination fees	1,802	1,357
- transaction fees	1,012	999
- other fee income	993	829
- insurance commissions	322	299
- other commissions	892	722
Bad debts recovered	120	131
Other revenue		
- rental income	379	142
- ATM fees	80	72
- other [a] (includes Gain on Sale)	641	1,808
	6,746	**7,348**
(a) Gain on Sale of Non-Current Assets		
Gross proceeds on sale of non-current asset	106	32
Less: written down value on non-current assets	(33)	-
Profit on sale of non-current assets	**73**	**32**

	2025 $'000	2024 $'000
7. IMPAIRMENT LOSSES ON LOANS AND ADVANCES		
- New and increased provisions (net of releases)	1,358	425
- Bad debts written off directly against profit	279	69
	1,637	**494**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Consolidated and Community First	
	2025 $'000	2024 $'000
8. OTHER EXPENSES		
Personnel	22,196	14,257
Superannuation contributions	1,591	1,284
Occupancy	1,413	1,189
Depreciation (including ROU asset depreciation)	1,266	1,108
Amortisation	353	272
Information Technology	6,134	4,091
Other [a]	10,820	7,489
	43,773	**29,690**

(a) Auditors' Remuneration	2025 $	2024 $
Audit services: Auditors of the Consolidated Entity		
KPMG - audit and review of financial reports	261,043	177,314
KPMG - other regulatory audit services	64,964	55,314
	326,007	**232,628**
Other services:		
KPMG - taxation	20,008	20,396
KPMG - other	40,000	9,405
Total KPMG audit services	**386,015**	**262,429**
Ernst & Young – internal audit services	**174,255**	**166,329**

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Consolidated and Community First	
	2024 $'000	2023 $'000
9. INCOME TAX EXPENSE		
Current tax expense	737	2,054
Adjustment for prior years	39	204
Current year tax expense	776	2,258
Deferred tax expense	(596)	(604)
Total income tax expense	**180**	**1,654**
Numerical reconciliation between tax expense and pre-tax net profit		
Profit for the year	767	4,157
Total income tax expense	180	1,654
Profit excluding income tax	**947**	**5,811**
Income tax using tax rate of 30% (2024 30%)	284	1,744
Prior year tax adjustment	39	204
Non-deductible expenses	8	3
Franking rebate	(151)	(297)
	180	**1,654**
The amount of non distributable franking credits held by the Consolidated Entity after adjustment for credit arising on tax payable in the current year's result	**26,612**	**22,459**
10. CASH ASSETS		
Cash on hand and at bank	5,250	5,538
Deposits at call	18,000	4,500
	23,250	**10,038**
11. FINANCIAL ASSETS AT AMORTISED COST		
Recorded as Amortised Cost Investments		
Deposits with Cuscal Limited	32,510	19,470
Deposits with Government entities	87,091	-
Deposits with other ADIs*	292,377	203,018
	411,978	**222,488**
Maturity Analysis		
Not longer than 3 months	175,158	91,529
Longer than 3 and not longer than 12 months	62,885	29,497
Longer than 12 months	173,935	101,462
	411,978	**222,488**

* Includes the liquidity, expense and interest reserves of $19,375,292 held with easystreet and of $3,241,714 held with MTG ICU Repo Series trusts which as contingency reserves are not immediately available for use.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Consolidated and Community First	
	2025 $'000	2024 $'000
12. LOANS AND ADVANCES		
Overdrafts	7,971	4,090
Credit Cards	27,794	22,162
Term loans	1,892,041	1,103,258
Gross Loans and Advances	**1,927,806**	**1,129,510**
Add: Deferred loan fees and expenses	806	58
Less: Unearned income	(236)	(439)
Less: Provision for impaired loans (Note 13)	(2,821)	(1,941)
Net Loans and Advances	**1,925,555**	**1,127,188**
Securitised Loans The values of mortgage secured loans sold to the special purpose securitisation Trusts (as per notes 3.1 and 31) which are held and controlled by Community First for the purpose of entering into a potential repurchase agreement with the Reserve Bank of Australia for short term funding requirements. These loans do not qualify for derecognition as the conditions do not meet the criteria in AASB 9.	326,823	204,506
Maturity Analysis		
Not longer than 3 months	44,062	31,262
Longer than 3 and not longer than 12 months	14,719	8,190
Longer than 1 and not longer than 5 years	52,104	50,658
Longer than 5 years	1,816,921	1,039,400
	1,927,806	**1,129,510**
Credit Commitments		
Loans approved not funded	**36,361**	**14,302**
Loan facilities for Members' overdrafts, lines of credit and Visa credit limits as at 30 June	92,933	67,576
Total facilities utilised	(35,765)	(26,252)
Total facilities unutilised	**57,168**	**41,324**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

13. IMPAIRMENT OF LOANS AND ADVANCES

Provision for Impairment – ECL reconciliation

Provision for Impairment

The table below represents the reconciliation from the opening to the closing balance of ECL allowances on loan assets to which the impairment requirements under AASB 9 are applied:

Year ended 30 June 2024

	Stage 1 12 month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Provision Total $'000
As at 30 June 2023	**740**	**927**	**118**	**1,785**
Changes due to financial assets that have:				
Transferred to 12 months ECL collectively assessed	41	(41)	-	-
Transfer to lifetime ECL not credit impaired collectively assessed	(499)	573	(74)	-
Transfer to lifetime ECL credit impaired collectively assessed	-	(624)	624	-
New and increased provisions net of releases	234	117	74	425
Bad debts written off	-	-	(269)	(269)
As at 30 June 2024	**516**	**952**	**473**	**1,941**

Year ended 30 June 2025

	Stage 1 12 month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Provision Total $'000
As at 30 June 2024	516	952	473	1,941
Additions from business combination at 1st February 2025	411	83	102	596
Changes due to financial assets that have:				
Transferred to 12 months ECL collectively assessed	45	(45)	-	-
Transfer to lifetime ECL not credit impaired collectively assessed	(107)	518	(411)	-
Transfer to lifetime ECL credit impaired collectively assessed	-	(966)	966	-
New and increased provisions net of releases	424	551	423	1,398
Bad debts written off	-	-	(1,114)	(1,114)
As at 30 June 2025	**1,289**	**1,093**	**439**	**2,821**

Refer to Note 4 for the summary of the gross carrying amount of loans and advances exposure to credit risk under AASB 9 at 30 June 2025 and 30 June 2024.

The increase in the expected credit loss provision for the financial year was primarily due to business combination and lending growth. Additional stage 3 credit impaired facilities are primarily well secured and did not result in increases in stage 3 provisioning. The lending growth risk characteristics of the loan portfolio remains relatively consistent.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Consolidated and Community First	
	2025 $'000	2024 $'000
14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		

The following table shows investments in equity securities for which Community First elected to present the changes in the fair value through other comprehensive income. The election was made because the investments are expected to be held for the long term for strategic purposes.

	2025 $'000	2024 $'000
Financial Assets (equity instruments) as:		
Shares in listed companies (formally unlisted until November 2024) Cuscal Limited	7,979	5,532
Shares in unlisted companies Transaction Solutions Limited (trading as Experteq)	1,596	5,098
	9,575	**10,630**

In November 2024 Community First sold 50% of its shareholding in Cuscal at $2.50 per share and held the remaining 50% in escrow until the release of Cuscal's financial results for the full year ending 30 June 2025 as part of our commitment to assist in the Cuscal IPO process. The remaining 50% investment in Cuscal shares were valued at $3.00 per share as at 30 June 2025 being the listed price. Refer to Statement of Changes in Member's Equity for details of the profit on sale of shares transferred to retained earnings.

Community First adopt the net tangible asset backing methodology used in valuing Experteq shares.

Details of dividend income are disclosed in note 6.

15. INTANGIBLE ASSETS	2025 $'000	2024 $'000
Software	4,195	3,510
Less Accumulated amortisation	(3,481)	(3,008)
Carrying amount at the end of the year	**714**	**502**
Software		
Reconciliation of the carrying amount		
Carrying amount at the beginning of the year	502	763
Additions arising from business combination	308	-
Additions	258	10
Loss on disposal	(1)	-
Amortisation for current year	(353)	(271)
Carrying amount at the end of the year	**714**	**502**

16. ACCRUED RECEIVABLES*	2025 $'000	2024 $'000
Accrued interest	2,128	1,439
Accrued non-interest income	58	57
Debtors and prepayments	2,975	3,110
	5,161	**4,606**

*All accrued receivables are due within 12 months.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Consolidated and Community First	
	2025 $'000	2024 $'000
17. PROPERTY, PLANT AND EQUIPMENT		
Property (Land and Buildings)		
At fair value	28,561	17,694
Less accumulated depreciation	(55)	(211)
Property (Land and Buildings)	**28,506**	**17,483**
Plant and Equipment		
Office equipment		
At cost	969	553
Less accumulated depreciation	(635)	(497)
	334	56
Furniture and Fittings		
At cost	3,370	2,039
Less accumulated depreciation	(2,410)	(1,886)
	960	153
Data Processing Equipment		
At cost	2,061	1,691
Less accumulated depreciation	(1,723)	(1,348)
	338	343
Motor Vehicles		
At cost	377	259
Less accumulated depreciation	(138)	(193)
	239	66
Plant and Equipment	**1,871**	**618**
Total Property, Plant and Equipment	**30,377**	**18,101**

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

	2025 $'000	2024 $'000
Property (Land and Buildings)		
Carrying amount at the beginning of year	17,483	17,525
Additions	311	75
Acquisitions through business combinations	9,700	-
Revaluation	1,191	-
Disposals	(2)	-
Depreciation	(177)	(117)
Carrying amount at end of year	**28,506**	**17,483**
Plant and Equipment		
Carrying amount at the beginning of year	618	702
Additions	681	269
Acquisitions through business combinations	1,114	-
Disposals	(55)	(7)
Depreciation	(487)	(346)
Carrying amount at end of year	**1,871**	**618**
Total Property, Plant and Equipment	**30,377**	**18,101**

The Consolidated Entity has determined that the financial statements should reflect the fair value of the investment in land and buildings. The policy of the Consolidated Entity is to revalue land and buildings every three years to reflect the current market value. An independent valuation was last performed for the following locations: at - 30 June 2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Dee Why Paul Bungate AAPI CPV Director- Middle Markets & Advisory API No: 69573 Valuer Opteon Property Group Pty Ltd

Gorokan Dan Kelly AAPI CPV Commercial Valuer API No: 85356 Valuer

Auburn Paul Bungate AAPI CPV Director- Middle Markets & Advisory API No: 69573 Valuer

Effective 31 January 2025
Wollongong James Sharpe FAPI CPV Senior Commercial Property Valuer API No: 68241 Value

Refer to note 3.3(h) for further details.

18. RIGHT OF USE ASSETS

Right of Use Assets relate primarily to leased store premises.

	Consolidated and Community First 2025 $'000	2024 $'000
Carrying amount at beginning of year	1,441	1,066
Additions	372	1,006
Re-measurement with CPI	3	13
Depreciation	(602)	(644)
Carrying amount at end of year	**1,214**	**1,441**

19. DEPOSITS

	2025 $'000	2024 $'000
Savings deposits	1,133,504	702,655
Term deposits	941,918	494,573
Wholesale deposits	99,154	63,478
Member shares	175	118
	2,174,751	**1,260,824**
Maturity Analysis		
At call	1,125,984	697,617
Not longer than 3 months	470,408	213,933
Longer than 3 and not longer than 6 months	284,595	136,041
Longer than 6 and not longer than 12 months	237,347	158,185
Longer than 1 and not longer than 5 years	56,417	55,048
	2,174,751	**1,260,824**

Concentration of Deposits
There are no members who individually have deposits which represent 10% or more of total liabilities.

20. PAYABLES*

	2025 $'000	2024 $'000
Sundry creditors and accruals	4,335	1,723
Accrued interest payable	19,569	10,938
	23,904	**12,661**

*All payables are due within 12 months.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

21. PROVISIONS

Consolidated and Community First	Annual Leave $'000	Long Service Leave $'000	Other $'000	Total $'000
Balance at 1 July 2024	1,304	3,245	24	4,573
Provisions made during the year	1,420	656	45	2,121
Provisions used during the year	(1,481)	(1,306)	(105)	(2,892)
Transfer from business combination	389	339	105	833
Balance at 30 June 2025	**1,632**	**2,934**	**69**	**4,635**
Current	1,632	**2,412**	**-**	**4,044**
Non Current	**-**	**522**	**69**	**591**

22 LEASE LIABILITIES

	Consolidated and Community First 2025 $'000	2024 $'000
Carrying amount at beginning of year	1,467	1,144
Additions	328	984
Lease interest	103	61
Repayments	(653)	(734)
Re-measurement with CPI	7	12
Carrying amount at end of year	**1,252**	**1,467**

23. BORROWINGS

	Consolidated and Community First 2025 $'000	2024 $'000
Notes payable (i)	26,267	-
Current Borrowing (ii)	350	-
Total borrowings	**26,617**	**-**

Reconciliation of Borrowings	Notes Payable (i) $'000	Current Borrowings (ii) $'000	Total Borrowings $'000
Opening Balance 1 July 2024	-	-	-
Business Combination	30,740	-	30,740
Proceeds/repayment of borrowings	(4,473)	350	(4,123)
Closing Balance 30 June 2025	**26,267**	**350**	**26,617**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Notes payable

The Securitised borrowings is provided through Perpetual Corporate Trust Limited ("Perpetual") in its capacity as Trustee for the MTG ICU Trust Series 2021-1 SPV. Under the transaction document for this facility, the SPV acquired residential mortgages originated by the Credit Union. The acquisition of these residential mortgages by the SPV is funded by notes issued to investors from the SPV that have been rated by Standard & Poor's and structured into five classes: Class A (AAA), Class AB (AAA), Class B (AA), Class C (A+) and Class D (NR). Therefore, on a consolidated basis, the securitised borrowings are classified as notes payable as the liability is to the end note holders. The notes payable carries interest rates based on the Bank Bill Swap Rate (BBSW) plus 0.8%, 2%, 3%, 4.15% and 6.5% margin in the case of Class A, AB, B, C and D notes respectively. Payments of interest are made at monthly intervals. The payments in a given period are made out of funds received from the mortgage pool during the most recently ended month and are prioritised based on the note class (i.e. Class A first, Class AB second, etc.).

The notes payable are initially measured at fair value plus transaction costs, and subsequently measured at amortised cost using the effective interest method.

The SPV was created on 17 December 2001 with a total measurement of $107 million and is a closed pool, which means it will amortise in line with the repayment of the underlying loans and is not topped up. Community First acts as a loan manager and servicer for the SPV in respect to the day-to-day operations of the individual mortgage loans and receives a service fee based on a percentage of the average balances outstanding. The Community First also receives an excess distribution which is surplus income from the SPV after deducting funding and operating costs. The excess spread will vary depending on the performance of the SPV. Therefore Community First retains substantially all the risks and rewards of ownership of the relevant loans and advances. As a result, the assignment of loans does not satisfy the de-recognition criteria prescribed in AASB 9, and accordingly Community First continues to recognise the transferred assets within loans and advances and the transfer is accounted for as secured financing transaction.

	Consolidated and Community First	
(i) Standby and used borrowing facilities	**2025 $'000**	**2024 $'000**
Overdraft Facility – Secured		
Gross facility	10,000	6,000
Current borrowing	(350)	-
Net available	**9,650**	**6,000**

Community First has executed a $10m overdraft facility with Cuscal. The overdraft facility increased by $4m during the year when the Illawarra Credit Union existing approved limit was consolidated into Community First. The variation to the agreement was signed extending the renewal date to 12 September 2026. Community First has placed a corresponding $10m deposit with Cuscal as security for the facility.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

24. INCOME TAX PROVISION / NET DEFERRED TAX LIABILITY

(i) Current Tax Receivable/ (Payable)

The current year receivable of $1,913,000 (2024: payable of $698,000) represents the amount of income tax receivable (2024: payable) in respect of the current financial year.

(ii) Recognised Deferred Tax Assets and Deferred Tax Liabilities

	Consolidated and Community First					
	Assets		Liabilities		Net	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Revaluation of financial assets at FVOCI	-	-	(1,820)	(1,537)	(1,820)	(1,537)
Provision for loan impairment	846	582	-	-	846	582
Intangible assets		-	(49)	(131)	(49)	(131)
Property, plant and equipment	45	20	(5,208)	(2,881)	(5,163)	(2,861)
Right of use assets	-	-	(364)	(432)	(364)	(432)
Receivables	-	-	-	-	-	-
Payables	122	221	(33)	(3)	89	218
Lease liabilities	376	440	-	-	376	440
Employee benefits	1,370	1,365	-	-	1,370	1,365
Other provision	744	7	-	-	744	7
Total	**3,503**	**2,635**	**(7,474)**	**(4,984)**	**(3,971)**	**(2,349)**

(iii) (a) Movement in Deferred Tax Assets and Deferred Tax Liabilities – Year end 30 June 2025

	Consolidated and Community First							
	Net balance deferred tax asset and liabilities as 30 June 2024 $'000	Recognised in profit or loss $'000	Recognised in Other Comp-rehensive Income $'000	Acquired in business combination $'000	Other $'000	Net balance deferred tax asset and liabilities as 30 June 2024 $'000	Deferred tax assets as 30 June 2025 $'000	Deferred tax liabilities as 30 June 2025 $'000
Revaluation of financial assets at FVOCI	(1,537)	-	(1,677)	-	1,394[a]	(1,820)	-	(1,820)
Provision for loan impairment	582	212	-	52	-	846	846	-
Intangible assets	(131)	66	-	-	16	(49)	-	(49)
Property, plant and equipment	(2,861)	27	(358)	(1,973)	2	(5,163)	45	(5,208)
Right of use assets	(432)	68	-	-	-	(364)	-	(364)
Receivables	-	-	-	-	-	-	-	-
Payables	218	(172)	-	76	(33)	89	122	(33)
Lease liabilities	440	(64)	-	-	-	376	376	-
Employee benefits	1,365	(213)	-	218	-	1,370	1,370	-
Other provision	7	672	-	55	10	744	744	-
Total	**(2,349)**	**596**	**(2,035)**	**(1,572)**	**1,389**	**(3,971)**	**3,503**	**(7,474)**

Notes: Realised total tax liability on sale of shares.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(iii) (b) Movement in Deferred Tax Assets and Deferred Tax Liabilities – Year end 30 June 2024

	Consolidated and Community First							
	Net balance deferred tax asset and liabilities as 30 June 2023 $'000	Recognised in profit or loss $'000	Recognised in Other Comp-rehensive Income $'000	Acquired in business combination $'000	Other $'000	Net balance deferred tax asset and liabilities as 30 June 2024 $'000	Deferred tax assets as 30 June 2024 $'000	Deferred tax liabilities as 30 June 2024 $'000
Revaluation of financial assets at FVOCI	(991)	-	(546)	-	-	(1,537)	-	(1,537)
Provision for loan impairment	535	47	-	-	-	582	582	-
Intangible assets	27	63	-	-	(221)	(131)	-	(131)
Property, plant and equipment	(2,845)	18	-	-	(34)	(2,861)	20	(2,881)
Right of use assets	(291)	(112)	-	-	(29)	(432)	-	(432)
Receivables	-	-	-	-	-	-	-	-
Payables	80	328	-	-	(30)	218	221	(3)
Lease liabilities	312	97	-	-	31	440	440	-
Employee benefits	1,150	157	-	-	58	1,365	1,365	-
Other provision	1	6	-	-	-	7	7	-
Total	**(2,182)**	**604**	(546)	**-**	**(225)**	**(2,349)**	**2,635**	**(4,984)**

	Consolidated and Community First	
	2025 $'000	2024 $'000
25. REDEEMED PREFERENCE SHARE CAPITAL		
The redeemed preference share capital account records the dollar value of shares redeemed as at year to date. Each share is valued at $2 per share.		
Balance at the beginning of the year	507	498
Attributable to business combinations	265	-
Transfer from retained earnings on share redemption	10	9
Balance at the end of year	**782**	**507**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Consolidated and Community First	
	2025 $'000	2024 $'000
26. RESERVES		
Asset revaluation reserve (i)	12,631	10,666
Credit loss reserve (ii)	-	-
Business combination reserve	68,407	12,002
	81,038	**22,668**

Reconciliation of Reserves 2025	Asset revaluation Reserve $'000	Business combination reserve $'000	Total Reserves $'000
	Consolidated and Community First		
Opening Balance 1 July 2024	10,666	12,002	22,668
Business Combination	-	56,405	56,405
FVOCI revaluation movement for the year, net of tax	1,132	-	1,132
Revaluation	833	-	833
Closing Balance 30 June 2025	**12,631**	**68,407**	**81,038**

Nature and Purpose of Reserves

i. **Asset Revaluation Reserve**

The asset revaluation reserve relates to equity instruments designated at FVOCI and property, plant and equipment measured at fair value in accordance with applicable Australian Accounting Standards.

ii. **Business Combination Reserve**

This net assets of Illawarra Credit Union Limited on merger at 1st February 2025 are included in the Business Combination Reserve (refer to note 37 Business combination).

	Consolidated and Community First	
	2025 $'000	2024 $'000
27. RETAINED EARNINGS		
Balance at the beginning of the year	89,247	82,647
Profit for the year	767	4,157
Transfer to redeemed preference share capital account	(10)	(9)
Sale of shares	2,783	-
General Reserve for Credit Losses	-	2,452
Balance at the end of the year	**92,787**	**89,247**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

		Consolidated and Community First	
		2025 $'000	2024 $'000
28. NOTES TO AND FORMING PART OF THE STATEMENT OF CASH FLOWS			
(a)	**Reconciliation of Cash**		
	Cash includes cash on hand and deposits at call with financial institutions net of outstanding overdrafts.		
	Cash at balance date comprises:		
	Cash on hand	5,250	5,538
	Deposits at call	18,000	4,500
		23,250	**10,038**
(b)	**The net cash provided by operating activities is reconciled to net profit after tax**		
	Net profit after tax	767	4,157
	(Loss) / gain on sale of fixed assets & intangibles	(47)	(25)
	Bad debts written off	1,386	338
	Depreciation & Amortisation	1,619	1,380
	Changes in Assets and Liabilities		
	Decrease in accrued receivables	90	616
	Net (increase) in members' loans	(50,556)	(87,692)
	Net decrease/(increase) in sundry debtors and prepayments	1,225	(1,800)
	(Increase) in net deferred tax assets and liabilities	(679)	(379)
	Net increase in deposits	79,878	88,301
	Increase in payable	4,385	5,130
	Increase in provision for doubtful debts	250	156
	(Decrease)/Increase in provisions for staff entitlements	(759)	524
	(Decrease)/Increase in other provisions	(1,861)	257
	Net Cash Provided by Operating Activities	**35,698**	**10,963**

(c) **Cash Flows Presented on a Net Basis**

Cash flows arising from loan advances, loans repayments, Member deposits, Member withdrawals and from sales and purchases of maturing certificates of deposit have been presented on a net basis in the Statement of Cash Flows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS DISCLOSURE

(a) **Interest Rate Risk**

The Consolidated Entity's exposure to interest rate risk and the effective interest rate for classes of financial assets and financial liabilities are set out below.

		Consolidated and Community First					
				Fixed interest rate repriced in:			
	Note	Effective interest rate %	Floating interest rate $'000	1 year or less $'000	1 to 7 years $'000	Non-interest bearing $'000	Total carrying amounts as per Statement of Financial Position $'000
2025							
Financial Assets							
Cash assets	10	3.16%	23,250	-	-	-	23,250
Financial assets at amortised cost	11	4.53%	44,270	213,148	154,560	-	411,978
Loans and advances	12	5.09%	1,639,521	133,974	152,060	-	1,925,555
Financial assets at FVOCI	14	n/a	-	-	-	9,575	9,575
Total Financial Assets			**1,707,041**	**347,122**	**306,620**	**9,575**	**2,370,358**
Financial Liabilities							
Deposits	19	1.95%	1,125,821	992,350	56,417	163	2,174,751
Borrowings	23	5.76%	26,617	-	-	-	26,617
Total Financial Liabilities			**1,152,438**	**992,350**	**56,417**	**163**	**2,201,368**

		Consolidated and Community First					
				Fixed interest rate repriced in:			
	Note	Effective interest rate %	Floating interest rate $'000	1 year or less $'000	1 to 7 years $'000	Non-interest bearing $'000	Total carrying amounts as per Statement of Financial Position $'000
2024							
Financial Assets							
Cash assets	10	3.25%	10,038	-	-	-	10,038
Financial assets at amortised cost	11	4.94%	17,168	117,500	87,820	-	222,488
Loans and advances	12	4.63%	790,836	224,639	111,714	-	1,127,189
Financial assets at FVOCI	14	n/a	-	-	-	10,630	10,630
Total Financial Assets			**818,042**	**342,139**	**199,534**	**10,630**	**1,370,345**
Financial Liabilities							
Deposits	19	2.73%	697,499	508,159	55,048	118	1,260,824
Borrowings	23	n/a	-	-	-	-	-
Total Financial Liabilities			**697,499**	**508,159**	**55,048**	**118**	**1,260,824**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS DISCLOSURE

(b) Fair Values of Financial Assets and Liabilities

The following table sets out the Consolidated Entity's classification of financial assets and liabilities, and their fair values.

	Note	Total Carrying amount as per Statement of Financial Position		Fair Value	
		2025 $'000	2024 $'000	2025 $'000	2024 $'000
CONSOLIDATED AND COMMUNITY FIRST					
Financial Assets					
Cash assets	10	23,250	10,038	23,250	10,038
Financial assets at amortised cost	11	411,978	222,488	413,161	223,359
Loans and advances	12	1,925,555	1,127,188	1,923,967	1,120,191
Other investments	14	9,575	10,630	9,575	10,630
Total Financial Assets		**2,370,358**	**1,370,344**	**2,369,953**	**1,364,218**
Financial Liabilities					
Deposits	19	2,174,751	1,260,824	2,177,028	1,261,662
Borrowings	23	26,617	-	26,647	-
Total Financial Liabilities		**2,201,368**	**1,260,824**	**2,203,675**	**1,261,662**

i. Fair Value Hierarchy

The following table sets out the fair value hierarchy of financial assets and liabilities. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value.

The different levels have been defined as follows:

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Aggregate fair value							
	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
	Level 1		Level 2		Level 3		Total	
CONSOLIDATED AND COMMUNITY FIRST								
Financial Assets								
Financial assets at amortised cost	-	-	413,161	223,359	-	-	413,161	223,359
Loans and advances	-	-	-	-	1,923,967	1,120,191	1,923,967	1,120,191
Other investments	7,979*	-	-	-	1,596	10,630	9,575	10,630
Total Financial Assets	**7,979**	**-**	**413,161**	**223,359**	**1,925,563**	**1,130,821**	**2,346,703,**	**1,354,180**
Financial Liabilities								
Deposits	-	-	2,177,028	1,261,662	-	-	2,177,028	1,261,662
Borrowings	-	-	26,647	-	-	-	26,647	-
Total Financial Liabilities	**-**	**-**	**2,203,675**	**1,261,662**	**-**	**-**	**2,203,675**	**1,261,662**

	2025 $'000	2024 $'000
Level 3 Reconciliation		
Balance at beginning of financial year	10,630	8,812
Investments transferred to level 1	(5,532)*	-
Total losses and gains - FVOCI	(3,502)	1,818
Balance at end of the financial year	**1,596**	**10,630**

- Equity investment at FVOCI reclassified from Level 3 to Level 1 during the year.

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

i. Cash and cash equivalents

The carrying amount approximates fair value as they are short term in nature or are receivable on demand.

ii. Financial assets at amortised cost

The fair value is calculated by reference to the current investment rate that would be obtained at balance date for investment based on the number of days remaining until maturity. Financial assets held to maturity are carried at amortised cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

iii. Loans and Advances

The carrying value of loans, advances and other receivables are net of provisions for impairment.
The fair values are estimated using valuation models such as discounted cash flow techniques using current market rates as at balance date.

The fair value for loans was calculated by utilising a discounted cash flow model and including an adjustment for the creditworthiness of the customer. The discount rates applied were based on the current benchmark rate for fixed rate loans being offered on terms with a similar remaining period.

Where observable market transactions are not available to estimate the fair value of loans and advances, fair value is estimated using valuation models such as discounted cash flow techniques.

iv. Deposits from Members

The carrying amount approximates fair value for savings account balances as they are at call.
The fair value of members' term deposits are estimated using a discounted cash flow analysis based on current market rates for term deposits having substantially the same terms and conditions.

v. Financial assets at FVOCI

The carrying amount of financial assets at FVOCI (equity instruments) consists of shares in:
- a listed entity actively traded since November 2025 categorised as Level 1 in the fair value hierarchy; and
- a non- listed entity which are not actively traded categorised as Level 3 in the fair value hierarchy. In the current financial year, the fair value of these assets has been estimated based on the net tangible asset valuation methodology.

vi. Borrowings / Interest Bearing Liabilities

The carrying amount of borrowings/ interest bearing liabilities approximates their fair value.

30. COMMITMENTS

i. Lease Expenditure & Receivable Commitments

Lease expenditure commitments relate to store leases which typically run for a period between 1-5 years, with an option to renew the lease after the lease expires. Lease payments are increased every year to reflect market rentals, either via CPI index plus margin, as per industry standard and/or via negotiations.

	2025 $'000	2024 $'000
	Consolidated and Community First	
Within 1 year	586	488
1 to 5 years	666	979
Greater than 5 years	-	-
	1,252	**1,467**

ii. Lease Receivable commitment

	2025 $'000	2024 $'000
Within 1 year	596	143
1 to 5 years	856	369
	1,452	**512**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

31. CONTINGENCIES

Reserve Bank Repurchase Obligations (REPO) Trusts - easystreet Trust No 1. and MTG ICU Repo Series No. 1 Trust

Community First has established the securitisation trust to provide access to emergency liquidity support in the event of a systematic liquidity crisis. An additional securitisation trust was transferred with business combination with Illawarra Credit Union. The Trusts are in substance controlled by Community First. Accordingly, the Trusts are consolidated into Community First's financial statements. Community First sells the rights to future cash flows of eligible residential home loans into the Trust and receives funds equal to the aggregated outstanding balances on all loans which the Trusts have purchased and subsequently issued Notes for Investors to invest in. Two classes of notes were issued by each Trust and both are fully owned by Community First. Whilst the rights to the underlying cash flows have been transferred, Community First has been appointed to service the loans and must continue to manage the loans as if it were the lender. Accordingly, the mortgage loans and associated financial liability from the Trust on transfer of the loans are recognised in Community First's financial statements. The balance of securitised loans at 30 June 2025 of easystreet Trust No 1. is $284,683,450 (30 June 2024: $204,505,613) and MTG ICU Repo Series No. 1 Trust is $15,914,047. The values of securitised loans do not qualify for de-recognition from the balance sheet of the Consolidated Entity.

32. CONSOLIDATED ENTITIES

Particulars in relation to the controlled entity:

Parent Entity

Community First Credit Union Limited.

	Consolidated and Community First	
	2025 %	2024 %
easystreet Trust No. 1	100%	100%
MTG ICU Repo Series No. 1	100%	-
MTG ICU Trust Series 2021-1	100%	-
	100%	100%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

33. KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Key Management Personnel have been taken to comprise the directors and the executive management team responsible for the day to day financial and operational management of the Consolidated Entity.

(a) Key Management Personnel Compensation

Key management personnel compensation included in "personnel expense" is as follows:

	2025 $	2024 $
	Consolidated and Community First	
Short-term employee benefits	2,795,467	2,328,974
Other long term benefits	287,425	271,724
Post-employment benefits	255,862	205,119
Termination benefits	3,473,855	-

In the above above table, remuneration shown as Short-term benefits includes (where applicable) wages, salaries, paid annual leave and paid sick leave, profit-sharing and bonuses, value of fringe benefits received, but excludes out of pocket expense reimbursements.

(b) Loans to Key Management Personnel

	2025 $	2024 $
	Consolidated and Community First	
(i) The aggregate value of loans to Key Management Personnel as at Balance date amounted to	7,082,182	1,660,920
The total value of revolving credit facilities to Key Management Personnel as at Balance date amounted to	24,400	39,400
Less amounts drawn down and included in (i)	1,844	8,209
Net balance available	**22,556**	**31,191**
(ii) During the year the aggregate value of loans disbursed to Key Management Personnel amounted to:		
Revolving credit facilities	242,620	293,096
Term Loans	6,119,051	-
	6,361,671	**293,096**
(iii) During the year the aggregate value of Revolving Credit Facility limits were (reduced)/increased to Key Management Personnel amounted to:	(15,000)	200
(iv) Interest and other revenue earned on Loans and Revolving Credit Facilities to Key Management Personnel	79,227	95,983

The Consolidated Entity's policy for lending to Key Management Personnel is that all loans are approved and deposits accepted on the same terms and conditions which applied to members for each class of loan or deposit. There are no loans which are impaired in relation to the loan balances with Key Management Personnel. There are no benefits or concessional terms and conditions applicable to the close family members of the Key Management Personnel. There are no loans which are impaired in relation to the loan balances with close family relatives of Key Management Personnel.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(c) Other Key Management Personnel Transactions with the Consolidated Entity

Other transactions between related parties include deposits from Key Management Personnel and their related entities or close family members. The Consolidated Entity's policy for receiving deposits from other related parties and, in respect of other related party transactions, is that all transactions are approved and deposits accepted on the same terms and conditions which applied to members for each type of deposit. There are no benefits paid or payable to the close family members of the Key Management Personnel. There are no service contracts to which Key Management Personnel or their close family members are an interested party.

34. RELATED PARTY TRANSACTIONS

Related Party Disclosures with respect to Key Management Personnel are set out in Note 33.

35. EMPLOYEE BENEFITS

Employee Leave Provision

Aggregate liability for employee entitlements, including on-costs:

	2025 $'000	2024 $'000
	Consolidated and Community First	
Provision for employee annual leave	1,632	1,305
Provision for employee long service leave	2,934	3,245
	4,566	**4,550**

As at 30 June 2025, the Consolidated Entity employed 187 staff, comprising 153 full-time, 33 part-time and 1 casual. This equates to a full time equivalent of 171 persons (2024: 149 staff, 123 full-time, 26 part-time employees. 139 full time equivalent).

36 RECEIVABLES ACQUISITION AND SERVICING AGREEMENT

Community First has a Receivables Acquisition and Servicing Agreement (RASA) with Bendigo Bank Limited ("BEN") whereby Community First is able to sell loan receivables to BEN to a maximum of $90m.

On 1 July 2024, Community First executed a $22.5m sell of its on-balance sheet loans to BEN via the RASA facility.

On 1 February 2025 with the business combination with Illawarra Credit Union a balance outstanding under RASA of $18m was transferred.

As at 30 June 2025 the balance outstanding under this facility totalled $45.9m (as at 30 June 2024 $11.3m).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

37. BUSINESS COMBINATION

On 1 February 2025 Community First Credit Union Ltd (acquirer) merged with Illawarra Credit Union Ltd (acquiree) with the continuing entity, trading as Community First Bank.

The merger, originally announced on 24 May 2024, was approved by members of both organisations in December 2024. The merger legally took place on 1 February 2025. On this date Illawarra Credit Union Ltd voluntarily transferred its assets and liabilities to Community First Credit Union Ltd under the Financial Sector (Transfer and Restructure) Act 1999 (Cth). As a result there was no consideration or purchase price of the merger. Illawarra Credit Union members ceased to be members of Illawarra Credit Union and each was issued a new share and became a member of Community First.

In recent years, Community First Credit Union (CFCU) and Illawarra Credit Union (ICU) have shown a great capacity to grow in Australia's highly regulated and competitive market and thereby offer a genuine banking alternative to the larger listed Banks. However, in the member-owned banking sector, capital constraints create significant barriers to growth which often means many opportunities to serve more members are limited.

Increasing competition, higher compliance costs and general inflationary pressure continue to lower margins and limit future investments in technology. As stand-alone organisations, CFCU and ICU would be required to spend twice the amount than a combined entity could achieve through the purchase of separate licences and installation costs. This saving could then be spent on meeting more members' needs through more competitive product pricing, fair fees and high standards of service.

Both Boards seek to ensure members have access to a customer and member-owned community Bank that not only meets their current and future financial needs in their local markets and highly competitive environment but remains a viable and successful banking and financial services alternative to the larger listed Banks in retail banking.

The merger will retain the essential member-owned characteristics of a credit union and mutual bank and a structure based on the principles of mutuality.

Costs of $5.028m were incurred in relation to merger and integration costs during the year. These expenses are included in note 8 within the respective nature of expense line.

The amounts of revenue and profit or loss attributable to ICU since 1 March 2025 has not been disclosed as due to integration activities the standalone results for ICU cannot be reliably measured. In addition the information required to report profit or loss had the merger occurred on 1 July 2024, requires significant estimates and cannot be determined in an effective or reliable manner due to the fair value adjustments and other integration impacts that have occurred during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The fair value of identifiable assets and liabilities of Illawarra Credit Union Limited assumed at the date of acquisition were:

	2025 $'000
	1 February
Assets	
Cash assets	12,251
Receivables due from other institutions	153,962
Loans and advances	749,188
Intangible Assets	308
Accrued Receivables	4,105
Property Plant and Equipment	10,814
Total assets	**930,628**
Liabilities	
Deposits	834,060
Payables	6,845
Borrowings	30,741
Net deferred tax liability	1,431
Provisions	881
Total liabilities	**873,958**
Net assets	**56,670**

All fair values are disclosed on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for acquisition will be revised.

The loans and advances comprises of gross contractual amounts due of $749.4m.

Recognition and Measurement

Business combinations are accounted for using the acquisition method. The consideration transferred by the Consolidated Entity to obtain control in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred, the liabilities incurred and the equity interest issued by the Consolidated Entity. Acquisition costs are expensed as incurred.

The Consolidated Entity recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements.

Where the consideration transferred exceeds the fair value of identifiable net assets acquired, goodwill is recognised. Where the fair value of identifiable net assets acquired exceeds the consideration transferred, the excess amount is recognised directly in equity for a Mutual organisation.

38. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Consolidated Entity, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Set out below is a list of entities that are consolidated in the financial statements as at 30 June 2025.

Entity Name	Body Corporate Partnership or Trust	Place incorporated /formed	% of share capital held directly or indirectly by the Company in the body corporate 2025	2024	Australian or Foreign resident	Jurisdiction for Foreign resident
Community First Credit Union Ltd	Body Corporate	Australia	**100%**	100%	Australian	n/a
easystreet Trust [(a)]	Trust	Australia	**n/a**	n/a	Australian	n/a
MTG ICU Repo Series No.1 Trust [(b)]	Trust	Australia	**n/a**	n/a	Australian	n/a
MTG ICU Series 2021-1 Trust [(c)]	Trust	Australia	**n/a**	n/a	Australian	n/a

(a) The group owns 100% of the units in easystreet Trust.

(b) The group owns 100% of the units in MTG ICU Repo Series No.1 Trust.

(c) The group owns 0% of the units in MTG ICU Series 2021-1 Trust.

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

Branches (permanent establishments)

Foreign branches of Australian subsidiaries are not separate level entities and therefore do not have a separate residency for Australian tax purposes. Generally, the Australian subsidiary that the branch is a part of will be the relevant tax resident, rather than the branch operations.

Additional disclosures on the tax status of Australian subsidiaries having a foreign branch with a taxable presence in that jurisdiction have been provided where relevant.

DIRECTORS' DECLARATION

1 In the opinion of the Directors of Community First Credit Union Limited (Community First):

(a) the financial statements and notes, set out on pages 42 – 98, are in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of Community First's and the Consolidated Entity's financial position as at 30 June 2025 and of their performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2002;* and

(b) there are reasonable grounds to believe that Community First will be able to pay its debts as and when they become due and payable.

(c) the consolidated entity disclosure statement set out on pages 98 is true and correct.

2 The Directors draw attention to Note 2 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Mr Stephen Nugent
Chair

Ms Deborrah Lambourne
Chair of Board Audit and Risk Committees

Dated at *Sydney, NSW* this 3rd day of October 2025.

KPMG

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

To the Directors of Community First Credit Union Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Community First Credit Union Limited for the financial year ended 30 June 2025 there have been:

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

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

KPMG

KPMG

Richard Drinnan
Partner

Sydney
3 October 2025

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Independent Auditor's Report

To the members of Community First Credit Union Limited

Opinions

We have audited the consolidated ***Financial Report*** of Community First Credit Union Limited (the Group Financial Report). We have also audited the Financial Report of Community First Credit Union Limited (the Company Financial Report).

In our opinion, each of the accompanying Group Financial Report and Company Financial Report of Community First Credit Union Limited gives a true and fair view, including of the ***Group***'s and ***Company***'s financial position as at 30 June 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001,* in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001.*

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

- Statements of financial position as at 30 June 2025;
- Statements of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2025;
- Notes, including material accounting policies; and
- Directors' Declaration.

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

Basis for opinions

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

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

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

Other Information

Other Information is financial and non-financial information in Community First Credit Union Limited's annual report which is provided in addition to the Financial Report 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 Chair's Report, Chief Executive Officer's Report, Five Year Summary, Our Environment, Corporate Governance Statement and the Director's Report.

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

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

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

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Responsibilities of the Directors for the Financial Reports

The Directors are responsible for:

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

Auditor's responsibilities for the audits of the Financial Reports

Our objective is:

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

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

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

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

KPMG

KPMG

Richard Drinnan
Partner

Sydney
3 October 2025

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GLOSSARY

AGM	Annual General Meeting is commonly abbreviated as AGM and is the meeting of the general membership of the credit union.
Google Pay[1]	A digital wallet platform developed by Google that offers members a smart way to make fast purchases with compatible credit or debit cards, across Android devices that is both simple and secure.
Apple Pay[2]	Apple Pay is a digital wallet from Apple which lets users use a compatible iPhone, Apple Watch or iPad to make secure contactless purchases in stores, within selected apps and participating websites.
Corporate Governance	The system of rules, relationships, policies and processes by which a business is operated, regulated and controlled by.
Community Banking	A financial institution which is typically locally owned and operated and tends to focus on the needs of supporting and helping the local community where the institution is located.
Credit Union	A credit union is a member-owned financial co-operative. These institutions are created and operated by their members and profits are shared amongst the owners and future generations.
Customer Owned Banking	Alternative banking model to the listed model in retail banking and is made up of mutual banks, credit unions and building societies who aim to deliver great service, highly competitive pricing and an unmatched customer focus to their members.
Distribution network or channels	How we reach our members or how our members reach us. This can include the website, social media, Financial Services Stores or via our call centre.
Easy Street	Easy Street is an online only self-service financial services brand owned by Community First Credit Union.
Green Loan	The green loan is an unsecured personal loan that can be used to finance the purchase of approved environmentally friendly products such as solar panels and hot water systems.
Loans to members	Is the total amount owed to Community First from home loans, personal loans, credit cards and overdrafts.
Macro-prudential controls	Macro-prudential controls are approaches to financial regulation which aim to mitigate risk to the financial system as a whole.
McGrath Foundation	A breast cancer support and education charity in Australia, which raises money to place Cancer Care Nurses in communities right across Australia, as well as increasing breast awareness in young Australian women.
Member	A member is a customer-shareholder. A member 'owns' part of the credit union and can have their say of the credit union's future and shares in any retained earnings in the unlikely event the organisation is ever wound up.
Member Deposits	Consists of at-call savings, term deposits and membership shares
Mobile Banking App	A software application that is designed to run on mobile devices to enable members to do their banking on the go.
Mutuality	The concept that a financial institution exists for its members: being customer owned organisations, they are fully owned by their members. It is not a publicly-listed company and so, unlike the publicly-listed banks, don't have the pressure to maximise profits to pay external shareholders. Instead under mutuality profits go back into better rates, fairer fees, responsible lending and outstanding customer serve.
Net Promoter Score (NPS)	A metric used to measure member advocacy i.e. how readily a member would promote a product or service to friends, family members or colleagues.
New Payments Platform	Allows payments to be received almost instantly – 24/7 using just the member's mobile number, email address or ABN, eliminating the need to share a BSB or an account number.
PayID	PayID is the name of the New Payments Platform addressing service. It's a function of the platform that allows consumers to link financial accounts to easy-to-remember pieces of information such as phone numbers and email addresses.
Products	Products are banking products that are created by Community First. These can be items such as credit cards, home loans, term deposits and transaction accounts.
Starburst Day	Is the Bank's staff development day that is held annually.
Total Assets	Is the total of all Community First assets.
Total Members' Equity	Is the accumulated profits and reserves held by Community First.

[1]Google Pay is a registered trademark of Google Inc.

[2]Apple, the Apple logo, Apple Pay, Apple Watch, Face ID, iPad, iPhone, Safari, and Touch ID are trademarks of Apple Inc., registered in the U.S. and other countries.

MENU

ABBREVIATIONS

AASB	Australian Accounting Standards Board
ADI	Authorised Deposit-taking Institution
AFSL	Australian Financial Services Licence
ACL	Australian Credit Licence
AGM	Annual General Meeting
ALCO	Assets and Liabilities Committee
AIFRS	Australian Equivalents to International Financial Reporting Standards
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
ATO	Australian Tax Office
BEAR	Banking Executive Accountability Regime
CAPE	Combined Australia Petroleum Employees
COBA	Customer Owned Banking Association
CUFFS	Credit Union Financial Support System
CUSCAL	Credit Union Services Corporation Australia Limited
ECL	Expected Credit Loss
EOWA	Equal Opportunity for Women in the Workplace Agency
FSR	Financial Services Reform
FVOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GST	Goods and Services Tax
HQLA	High Quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
NPP	New Payments Platform
NPS	Net Promoter Score
OCI	Other Comprehensive Income
SPPI	Solely Payments of Principal Interest
VAR	Value at Risk
WHS	Work Health and Safety

MENU

OUR STORE LOCATIONS

1. **Bankstown**
   Bankstown RSL
   1 Meredith Street

2. **Blacktown**
   Blacktown Workers Club
   55 Campbell Street

3. **Cronulla**
   Suite 109
   Level 1
   28-32 The Kingsway

4. **Dee Why**
   17-19 Oaks Avenue

5. **Edgeworth**
   Shop 1
   Building B
   720 Main Road
   Edgeworth Town Square

6. **Erina**
   Suite 1.03A,
   Platinum Building
   4 Ilya Ave

7. **Gorokan**
   66-68 Wallarah Road

8. **Liverpool**
   107 Moore Street

9. **Mt Druitt**
   Shop 32
   10 Zoe Place

10. **Narellan**
    Shop 309
    Narellan
    Town Centre

11. **Penrith**
    Shop 032
    Nepean Village
    Cnr Station Street
    and Woodriff Street

12. **Warriewood**
    Shop 18
    Warriewood
    Square

13. **Wollongong**
    38 - 42
    Young Street

Please note that the following locations are cashless:
Erina
Cronulla
Blacktown
Liverpool
Bankstown

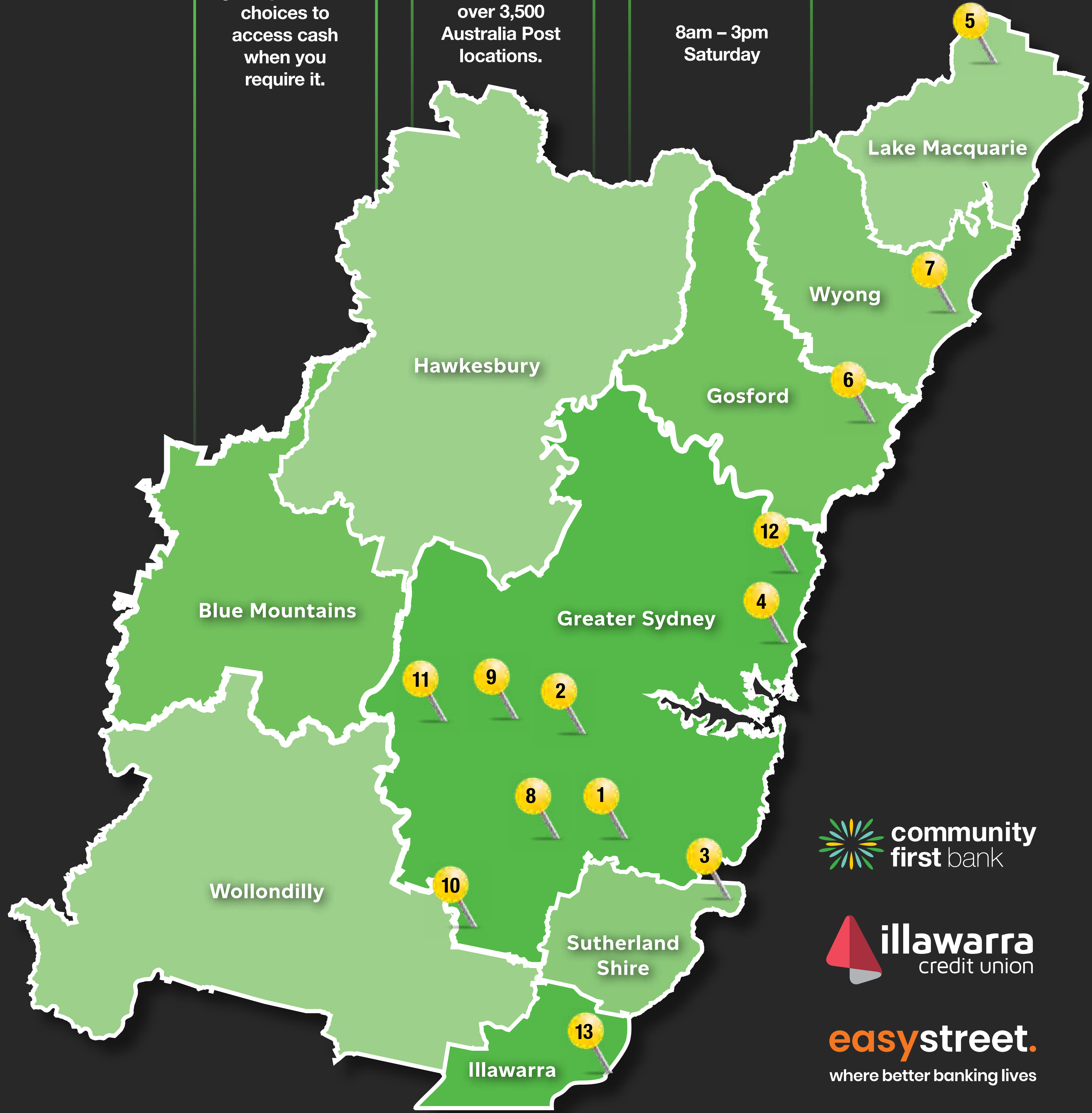
Easy Street is an online only brand and does not offer store access

Access to the Community First network of ATMs gives you more choices to access cash when you require it.

Deposits and withdrawals via Bank@Post are available at over 3,500 Australia Post locations.

Contact centre hours:
8am – 8pm
Monday to Friday

8am – 3pm
Saturday



community first bank

illawarra credit union

easystreet. where better banking lives