Transport Mutual Credit Union Limited Annual Financial and Sustainability Report

FOR THE YEAR ENDED
30 JUNE 2023
ABN 78 087 650 600

2023

transport
mutual
credit union

Moving toward a bright future with solar

Contents

CHAIR'S REPORT

A resilient financial institution for our members

Dear Members,

Challenging market conditions and world events continue to drive inflationary pressures and general economic sentiment across the globe, while our community continues to adapt to life post covid and to the 'normalising' of interest rates. These are challenging times indeed.

With that in mind, the results achieved by the team at TMCU is simply outstanding, achieving excellence across all areas of our strategic plan and sustainability strategy. Although a small credit union, these strategies aim to build a resilient financial institution for our members. Actions targeted at key pillars of social, environmental, and economic sustainability include endeavours to promote sustainable forms of transport, to build connections across the transport community, to support our member transition to a new energy future and to help our next generation save through smartly designed products like the 'Kids Saver' accounts.

Over the past year the TMCU team, led by John Kavalieros, has continued to deliver and grow our economic sustainability with a record year in lending and membership growth as we move toward having over 6,000 members – an all-time high. In FY23, TMCU achieved 17% growth in assets leading to a significant growth for return on assets which exceeded our targets and mutual industry benchmarks. It certainly demonstrates that TMCU is a leader in this space and that being big is not always better. Congratulations to John and the team.

A healthy financial sector is one where providers are regulated to ensure the protection of member/customer funds and the efficacy of services. The proliferation of non-regulated payday lenders and predatory lending like buy-now-pay-later products draws a picture that consumers of financial products are more exposed than ever. Finally, the government has moved on buy-now-pay later schemes with requirements and regulatory powers to help instil the need for responsible lending practices. This is critical to ensure that the community continues to trust in our financial system. I urge you to continue to educate the next generation to ensure their financial resilience and to continue to advocate for responsible lending practices. You may be aware of our products in this space with the 'Clement Card' providing an effective no-frills, low-cost alternative to credit cards and buy-now-pay-later schemes. A further indication of how TMCU aim to demonstrate our mutual values for members.

TMCU is well placed for a strong and continued future. Over 17 years I have taken great honour in representing you as a director and recently as the chair of the Board, and now look to my future as I transition off the Board this year. We

need to balance the desire for new skills and experience to grow the Board for a strong TMCU future. I also welcome Chris Goudanas and Trish Barber to the Board as our newest associate directors. I urge you to get involved in your credit union with the associate program, which is a wonderful way to gain insight to board governance and oversight functions. I have thoroughly enjoyed working with our dedicated board of directors who volunteer their time to represent you, executives in John Kavalieros and Kathy Loutas for their dedication and drive for excellence, support partners in Mark Bengtson at DB Legal, Glenn Pannam as chief risk officer, and our audit partners at GAP Tech and Crowe. All are driven to ensure our credit union is in fact a robust financial institution.

I also want to also take this opportunity to recognise your dedicated team at TMCU. The member-focused team is dedicated to deliver simple yet effective products and services. The team is outstanding, and I thank each team member for their support over the years.

Lastly, I'd like to thank my family for supporting me and my passion for mutual banking. Thank you.

As your chair, I am proud to live the mutual values that bring us together as we journey through life.

I hope you are proud of our mutual. Onto an exciting future.

In FY23, TMCU achieved 17% growth in assets leading to a significant growth for return on assets which exceeded our targets and mutual industry benchmarks.

Anthony J Dann CPA, GAICD

CHAIR

CHIEF EXECUTIVE'S REPORT

A year of accelerated growth and transformation

Dear Members,

As I reflect on our journey through the past year, I am delighted to share with you the story of our incredible growth and transformation in 2023. This annual report is more than just numbers and statistics; it's a testament to the collective effort and dedication of our Transport Mutual Credit Union family.

Our commitment to sustainability has been the driving force behind our remarkable financial results. Our focus on green lending has not only tripled our net profit but also attracted a surge of new members who share our vision for a greener, more sustainable future. Membership has grown by a staggering 22%, with assets reaching a significant milestone of over $119 million, nearly six decades after our journey as a financial co-op began.

What's even more inspiring is the diversification of our member base. Our green lending initiatives have resonated with a broader section of the community, with one in every five members now coming from outside our traditional circle. This diversification reinforces our future-focused strategy, and ensures our resilience in the face of evolving global financial landscapes.

While our roots in the transport industry run deep, our research has shown that even long-standing members are committed to our green principles. Diversifying our member base not only aligns with our sustainability goals but also paves the way for continued business growth, enabling us to thrive in the modern economy.

Our journey towards sustainability doesn't stop at green lending; it's a commitment that runs through every fibre of our organisation. The GreenRoad range of loans, which saw a fourfold increase in originations, reflects the growing demand from the community for green financial products. We've also embarked on a strategy with the Responsible Investment Association Australasia (RIAA) to certify our green loan products, with plans to develop a certified green term deposit for members eager to invest in environmentally and socially positive projects.

Our dedication to sustainability extends beyond our financial products. We've actively engaged with industry and politics to address the sustainability challenge collaboratively. Our Board Sustainability Committee (BSC) has taken on a broader role, overseeing a new community grants program, reinforcing our commitment to the communities we serve.

In the realm of technology, we've invested in strengthening our IT infrastructure to remain competitive and exceed the expectations of our members. The rollout of our new mobile banking app and internet banking portal, coupled with enhanced security measures, will deliver a seamless and secure experience for all.

Our governance measures have evolved to adapt to the ever-changing digital landscape. We expanded our associate directorship program, welcoming fresh perspectives to the board conversation while maintaining the wisdom of our experienced board members. We've also rotated our external audit firm to continue to uphold the quality of our audits.

At Transport Mutual Credit Union, we believe in giving back. Our community grants has seen contributions of $11,540 to community activities and causes close to our hearts. Our partnership with ATMx will offer Members direct charge-free access to their funds at over 2500 locations across Australia, makes banking easier than ever. Moreover, our TMCU Kids Saver High Interest account empowers future generations to learn about financial literacy and develop sound spending and saving habits.

We understand the challenges posed by rising interest rates and the increasing cost of living. While we hope for stability in interest rates, we acknowledge the benefits it brings to deposit holders.

In closing, I am immensely proud of the strides we've made this year. Our operational results are a testament to our transformational work, ensuring that our business model remains future-focused and sustainable at all levels. I want to extend my heartfelt thanks to our dedicated board, our hardworking staff, and, most importantly, our members.

I especially want to acknowledge the 17 years of voluntary service to members by our outgoing chair Anthony Dann. It has been a privilege to work with and learn from an exceptional leader, and the Credit Union's transformation and performance under Anthony's period as chair has been outstanding. *Thank you, AD, from all of us.*

I look forward to reconnecting with all of you at our upcoming AGM. Thank you for your unwavering support on this incredible journey.

While our roots in the transport industry run deep, our research has shown that even long-standing members are committed to our green principles. Diversifying our member base not only aligns with our sustainability goals but also paves the way for continued business growth, enabling us to thrive in the modern economy.

John Kavalieros

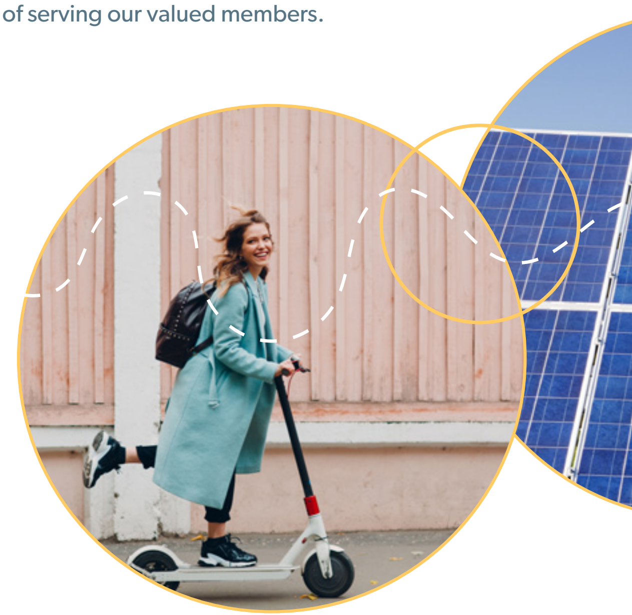
CHIEF EXECUTIVE

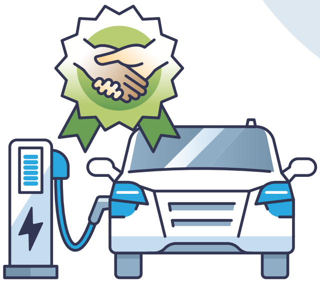
Expanding into Sustainability

In 2022, we formalised our sustainability strategy and delivered a roadmap that shapes the future of our credit union. Throughout the 2023 financial year, we have diligently executed this strategy, aligning our efforts with the expectations of our members, regulators, and the core principles that define our organisation. Central to the FoCus 2022-2025 and Beyond roadmap is our commitment to investing in innovative new products aimed at strengthening our sustainability portfolio. This approach not only sets us apart from our competitors but also positions us as a catalyst for change in addressing critical issues such as climate change, local pollution control, and energy utilisation. Below, we provide an update on our progress in this pivotal area.

At the core of our mission lies an unwavering understanding: the environment is our future, and sustainability is a shared responsibility that demands collective action. Our members and the broader community seek meaningful steps towards environmental protection, and they wish to actively participate in the solution.

For us, sustainability is not just a moral imperative but a strategic opportunity. The surging demand for sustainable financial products within our community has paved the way for diversification in our member base, fortifying our position for a sustainable and prosperous future of serving our valued members.





Our role

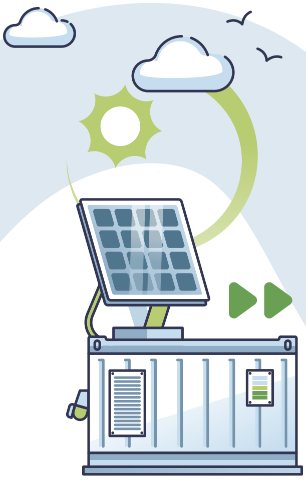
Transport Mutual Credit Union (TMCU) is dedicated to making a tangible impact on climate change, local pollution reduction, and the energy consumption patterns of our members. Our commitment is manifested through the provision and promotion of products that empower our members to make sustainable and cost-effective investment choices, thus alleviating the burden of rising living expenses.

Empowering electric mobility

With our roots deeply entwined in transportation, we wholeheartedly support the growth of sustainable mobility solutions. Our GreenRoad initiative, encompassing a range of green loans for electric and hybrid vehicles, e-bikes, and associated charging infrastructure, such as solar panels and energy storage, has garnered substantial community interest.

The year has witnessed a substantial surge in demand for green loan products, resulting in a 22% increase in membership and record-high total assets. In the past year, our loans have enabled the purchase of $11.7 million in GreenRoad products including solar installations and electric or hybrid vehicles, marking a 447% increase from the previous year. This has not only contributed to reducing air pollution and greenhouse gas emissions, but has also decreased our members' reliance on fossil fuels, thereby minimising their long-term transport costs.

Solar empowerment



Solar energy represents one of the most impactful ways TMCU empowers its members to make a positive environmental impact. In FY2023, we proudly funded 28,778 rooftop solar panels, a remarkable 324% increase compared to the 2022 financial year. These panels collectively generate an annual energy output of 14.5 million KW/h, over an area equivalent of more than eight rugby fields.

Additionally, we originated 1,003 solar loans in the same period, a staggering 380% increase from the previous year. The community's appetite for solar financing is estimated to exceed 2,000 loans monthly across Australia, reflecting substantial upside growth potential.

These achievements have significantly accelerated the growth trajectory of our credit union, resulting in a threefold increase in net profit. This has further bolstered our ability to attain the necessary economies of scale and maintain a diversified member base, essential for competitiveness in the ever-evolving financial landscape.

Enhancing our green portfolio

Building on these successes, we remain committed to innovation to enhance and expand our green product offerings. Our collaborative work with the Responsible Investment Association Australasia (RIAA) aims to certify our green loan products, providing an additional layer of assurance to our members through independent reviews and testing.

Our next endeavour is the development of a green term deposit, enabling members to invest surplus funds in environmentally or socially positive projects, including active transport and low-emission vehicles. Certification of these green deposits will provide members with the added confidence of independent auditor validation, ensuring that their investments support their intended initiatives.

Engagement with government and industry

We are encouraged by the government's efforts to create the necessary infrastructure and regulatory frameworks for a cleaner and more sustainable local environment. Government recognition of organisations like TMCU as positive contributors aligns with our vision of promoting electric transport, solar adoption, and energy-efficient practices within homes.

We anticipate a growing emphasis on the energy efficiency of homes, with potential implications for real estate marketing and property values. Energy ratings may play a pivotal role, considering factors such as water heating and air conditioning systems.

To adapt to this changing regulatory environment, we actively engage in the political process. During the 2023 financial year, we held discussions with independent federal MP Kylea Tink and former Minister for Infrastructure, Cities, and Active Transport Rob Stokes to address shared priorities and mutual interests. We will continue the engagement with decision markers in transport and government over the year ahead.

Collaboration for impact

We have forged stronger partnerships with organisations such as Bicycle NSW, community transport organisations, bicycle retail firms, Mental Wheels Foundation, Chicks who Ride Bikes, and Angry Bulls Trails. Together, we advocate for active transport, aligning our goals with Transport for NSW to promote this common priority.

Our commitment extends beyond collaborations within our industry to include partners like the Customer Owned Banking Association (COBA) and like-minded organisations that share our vision of sustainable financial services leading transformative change.

We value ongoing engagement with the Department of Climate Change, Energy, the Environment, and Water, appreciating their guidance in charting a path forward for our industry.

As a credit union with a rich history in transport, we have always been early adopters and leaders of change. In this pivotal moment, we eagerly embrace the opportunity to lead once more.

Thank you for your continued trust and support as we navigate the path toward a sustainable future.

John Kavalieros
CHIEF EXECUTIVE

Our sustainability focus at a glance

NUMBER OF PANELS GENERATING

35,552
(cumulative)

Solar is one of the biggest ways TMCU is helping its members make a positive impact on the environment. These pages illustrate the tangible difference these decisions are having.

ANNUAL ENERGY GENERATION IN KILOWATTS

14,494,559 KWh

Assumptions: 35,552 panels generating in Sydney 2000

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

FOOTPRINT OF AREA GENERATING

60,422m²

(cumulative)

The size of 8.6 rugby fields

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

DAILY ENERGY GENERATION

39,711 KWh

(cumulative)

Average household in Australia uses 18-24 kwh per day.

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

YEARLY CO^2 SAVINGS

10,276

metric tons

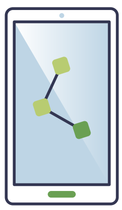
source: https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

YEARLY EQUIVALENT CO^2 EMISSIONS OF

1,295

homes energy use for one year

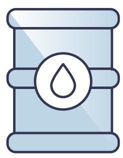
source: https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator



1.2 billion

smartphones charged

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



23,767

barrels of oil consumed

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

For Linda, TMCU is where banking and socialising meet

For more than four decades, Linda Gerke has experienced many different sides and flavours of what's now known as Transport Mutual Credit Union (TMCU). First, as her employer's credit union of choice, then later as the supplier of her children's home loans and a social outlet for a wine or two on a Tuesday afternoon.

But while her engagements with the credit union have been varied, Mrs Gerke said there has been one consistent theme.

"I've always had the feeling [TMCU] is there to support its members," she said.

From introductions to making family dreams come true

Mrs Gerke's banking journey with what was then known as the Department of Main Roads Credit Union began in 1976.

"My boss at the time suggested it was a really good thing to be part of," she said.

The long-term member initially worked as a statistician, but later moved into other roles within the organisation.

While Australian banking options expanded throughout her career, Mrs Gerke said there were a few reasons she stuck with TMCU.

"It doesn't have the same fees as other banks and it provides a good rate of interest," she said.

"[TMCU] also provided loans for all three of my children."

Indeed, the Gerke family now has a multi-generational relationship with the credit union, which began with a small trust set up for the two eldest children. Again, Mrs Gerke said she was impressed with interest rates the credit union offered to help her kids get a head start.

Blind tasting and connections for life

Beyond the banking side, Mrs Gerke has a strong and longstanding connection to Transport for NSW's Wine Tasting Club.

The social venture was set up almost 35 years ago, but Mrs Gerke said she couldn't initially join because she was looking after three young children.

With the meetings taking place right next to her office, however, she said the scent of red wine and the sound of laughter made her keen to join.

"It wasn't long before the temptation got to me," Mrs Gerke said.

At the time, the wine club would meet once a month on a Tuesday afternoon for a blind tasting. Each month would feature a different, pre-arranged theme, such as Italian wines, Shiraz or Clare Valley Rieslings.

Mrs Gerke said six wines would be chosen at each meeting and arrive in brown paper bags to hide their branding.

"Some people would say clever things about them and others would say, 'I like this one more than that one,' but the important thing was everyone was welcome," Mrs Gerke said.

At its peak, the club – which continues today – had dozens of members, but Mrs Gerke said they saw a slight decline when the tastings moved to Parramatta. It meant some of the members from the city-based offices could no longer attend.

When current TMCU chief executive John Kavalieros took the reins, she said, his support for the club was evident from Day 1.

"The first thing John did was help us out," Mrs Gerke said. "He let us host some of our tastings on TMCU premises and even donated some new wine glasses that were embossed… We won't forget that."

"I've always had the feeling [TMCU] is there to support its members."

— LINDA GERKE

FEATURE

'We trust them': Why Murray has had two mortgages with TMCU

As a veteran of the NSW transport industry, Murray Cleaver has held an account with Transport Mutual Credit Union (TMCU) since the 1970s. He fondly remembers getting his cash pay packet delivered and the simplicity of being a member of what was then referred to as the Department of Main Roads Credit Union.

It was his experience with another financial institution, however, that helped Murray and his wife, Kerry, realise the TMCU difference.

"We had a mortgage with another credit union in 1988…We were pretty irritated with the poor quality of their service," Mr Cleaver said, which included not receiving replies to letters.

The final straw was when the credit union advertised an irresponsible lending product and showed little concern or interest when Mr Cleaver complained.

As a result, the Cleavers decided to move their mortgage to TMCU and have never looked back. They realised they were dealing with a far more professional and responsive operation. They've since taken out a second mortgage with Transport Mutual.

"I've built a financial relationship with them, but also a personal link," Mr Cleaver said. "I've known John (Kavalieros) for several years now and being able to call him up on the phone is a really good thing."

The long-term member said he's also been impressed with the general level of service at TMCU, and the credit union's financial decisions.

"I know very well they scrutinise the interest rates minutely," Mr Cleaver said.

"I'm also pleased they have their own premises on Elizabeth Street [in Sydney]," he said. "I'm a shareholder in this organisation and it's good to know we've got a really solid foundation and we're not going to be kicked around by a landlord jacking up the rent."

Mr Cleaver keenly attends the Annual General Meetings and said he looks forward to being able to come in person in 2023 after several years of COVID-19 disruption.

'Part of the community'

Mr Cleaver said being part of a community is an important part of his life. He is a proud committee member for the Ashfield and District Historical Society, which publishes an annual book detailing stories from the local region, its architecture and its people. It also holds semi-regular social events.

This year, Mr Cleaver will celebrate two milestones: 50 years of the historical society and 40 years in his home in Sydney's Summer Hill.

For the latter, he's grateful to TMCU for its contribution.

"Our second mortgage is still alive, but we're about to close it off," he said.

A big milestone, indeed.

"I've built a financial relationship with them, but also a personal link."

— MURRAY CLEAVER

Financial Summary

Transport Mutual Credit Union Limited

Financial Report for the year
ended 30 June 2023

ABN 78 087 650 600

Anthony J Dann

Vince Taranto

Meredyth-Ann Williams

Jacqui McDonald

Clement Siu

Robert Picone

Sharlyn Ho

Michael Collier

NOTICE OF 59TH ANNUAL GENERAL MEETING

The 59th Annual General Meeting of Transport Mutual Credit Union Limited (ABN 78 087 650 600 – AFSL / Australian Credit Licence 240718) will be held at TMCU Head Office, Ground Floor, 410 Elizabeth Street Surry Hills NSW on Friday 24th November 2023, commencing at 6.00 pm.

MEMBERS OF THE BOARD OF DIRECTORS

Anthony Dann	Chair, Remuneration and Nominations Committee Chair, Board Risk Committee Deputy Chair, Board Sustainability Committee Member
Vince Taranto	Deputy Chair
Meredyth-Ann Williams	Director, Board Risk Committee Chair (to 30/3/23)
Jacqui McDonald	Director, Board Audit Committee Deputy Chair, Board Risk Committee Member, Whistleblower Complaints Officer
Clement Siu	Director, Board Audit Committee Chair, Board Risk Committee Member
Robert Picone	Director
Sharlyn Ho	Director, Board Sustainability Committee Deputy Chair, Board Audit Committee Member
Michael Collier	Director (Alternate from 30/3/23 to 29/9/23), Board Risk Committee Chair (from 30/3/23)

ADMINISTRATION (AS AT 30 JUNE 2023)

John Kavalieros	Chief Executive Officer and Company Secretary
Kathy Loutas	Deputy Chief Executive
Greg Arvanitakis	Operations Supervisor
Harry Maragos	Loans and I.T. Officer
Jack Lehane	Finance Analyst
Madeleine Boatto	Loans Officer
Maria Reissis	Member Services Officer
Virjinya Dawood	Loans Officer

John Kavalieros
CEO AND COMPANY SECRETARY

Kathy Loutas
DEPUTY CHIEF EXECUTIVE

External Auditor
Crowe Audit Australia
491 Smollett Street, Albury NSW

Internal Auditor
DBP Consulting Pty Ltd
Level 9, 24 Albert Road, South Melbourne VIC

Solicitors
Daniels Bengtsson Lawyers
Level 8, 46 Market Street, Sydney NSW

Hall & Wilcox Lawyers
Level 18, 347 Kent Street, Sydney NSW

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

Abbreviations

AFSL Australian Financial Services Licence
Financial Services law covering the provision of banking services and credit.

APRA Australian Prudential Regulation Authority
Federal Government regulatory body responsible for the prudential supervision of banks, life insurers, general insurers, superannuation funds, building societies, Credit Unions and friendly societies. APRA is fully funded by the industries that it supervises. TMCU contributes to APRA's costs via an annual supervisory levy.

ASIC Australian Securities and Investments Commission
Federal Government corporate and financial services regulator. Regulations include advising, selling and disclosure of financial products and services, protection of markets and consumers from manipulation, deception and unfair practices, and promotion of honesty and fairness in securities and futures markets and in company affairs.

CUFSS CUFSS Limited
An industry based liquidity support provider with the objective of protecting the interests of Credit Union Members as depositors and to promote financial sector stability in relation to Credit Unions.

Cuscal Cuscal Limited
An organisation which provides assistance to Credit Unions with wholesale banking, electronic funds transfers and other services. Cuscal is registered under the Corporations Act 2001, and is subject to direct supervision by APRA. Refer Note 33 for further information.

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

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Key Statistics of the Credit Union

	JUN-19	JUN-20	JUN-21	JUN-22	JUN-23
Members (No.) $	4,348	4,465	4,575	4,775	5,805
Deposits $	66,942,993	70,346,237	73,899,136	83,479,449	93,436,675
Average Member Deposits $	15,396	15,755	16,153	17,483	16,096
Loans $	78,336,630	76,922,347	75,305,259	80,900,395	90,626,772
Average Loan balances $	18,017	17,228	16,460	16,942	15,612
Loans funded in the year $M	19.8	13.7	17.3	22.6	24.2
Bad debts written off against profit $	–	–	–	–	–
Capital Adequacy ratio %	20.86	20.59	20.10	18.95	17.39
Total Reserves $	9,432,915	9,864,590	9,941,054	10,095,482	10,407,102
Total Assets $	94,993,435	95,652,084	95,461,867	102,123,874	119,125,435
Reserves to Assets %	9.93	10.31	10.33	9.89	8.74
Return/Average Assets %	0.08	0.15	0.07	0.08	0.28
Staff/Member ratio	1:621	1:638	1:571	1:596	1:726
Staff/Assets ratio	1:$13.57M	1:$13.66M	1:$11.93M	1:$12.76M	1:$14.89M

Products and Services

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

DIRECTORS' REPORT

The Directors of Transport Mutual Credit Union Limited (Credit Union) present their report together with the Financial Statements for the financial year ended 30 June 2023. The Credit Union is a company registered under the *Corporations Act 2001*.

INFORMATION ON DIRECTORS

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

NAME	POSITION	QUALIFICATIONS	EXPERIENCE	RESPONSIBILITIES
Anthony J. Dann	Chair	BEc, CPA, MAcc, GAICD	17 Years	Chair, Remuneration and Nominations Committee Chair, Board Risk Committee Deputy Chair, Board Sustainability Committee Member
Vincent E. Taranto	Deputy Chair	BSc, DipTCP	25 Years	Deputy Chair
Meredyth-Ann Williams	Director	DipTeach, BA (Hons) Psych, Dip.Clin.Hyp	18 Years	Board Risk Committee Chair (to 30/3/23)
Jacqui McDonald	Director		15 Years	Whistleblower Complaints Officer, Board Audit Committee Deputy Chair, Board Risk Committee Member
Clement Siu	Director	B.Com, CPA, MAGPI	13 Years	Board Audit Committee Chair, Board Risk Committee Member
Robert Picone	Director	CertCivEng, FAITPM	4 Years	
Sharlyn Ho	Director	MFin&Acc, CPA, BCom (ProfAccg&Law), DipFinPlan	2 Years	Board Sustainability Committee Deputy Chair, Board Audit Committee Member
Michael Collier	Director (Alternate 30/3/23 – 29/9/23)	B.Com (Info Sys), Dip Bus (Legal Serv), Dip Bus (RE Mgmt)	2 Years	Board Risk Committee Chair (from 30/3/23)

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

NAME	QUALIFICATIONS	EXPERIENCE
John Kavalieros	MBA, DipFS, AIM	27 Years

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

NAME	QUALIFICATIONS	EXPERIENCE
Michael Collier	B.Com (Info Sys), Dip Bus (Legal Serv), Dip Bus (RE Mgmt)	2 Years
Chris Goudanas	BE Civil, MPM	< 1 Year

DIRECTORS' MEETING ATTENDANCE

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

DIRECTOR	BOARD		BOARD AUDIT COMMITTEE		BOARD RISK COMMITTEE		BOARD REMUNERATION COMMITTEE		BOARD SUSTAINABILITY COMMITTEE	
	Meetings Eligible	Meetings Attended	Meetings Eligible	Meetings Attended	Meetings Eligible	Meetings Attended	Meetings Eligible	Meetings Attended	Meetings Eligible	Meetings Attended
Anthony J. Dann	12	11	–	–	4	4	1	1	1	1
Vincent E. Taranto	12	12	–	–	–	–	1	1	–	–
Meredyth-Ann Williams	8	8	3	1	3	3	1	1	–	–
Jacqui McDonald	12	9	5	2	4	1	1	1	–	–
Clement Siu	12	12	5	5	4	4	1	1	–	–
Robert Picone	12	11	–	–	–	–	1	1	–	–
Sharlyn Ho	12	4	5	5	–	–	1	0	1	1
Michael Collier	4	4	–	–	1	0	–	–	–	–

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

DIRECTORS' BENEFITS

No Director has received or become entitled to receive during, or since the end of the financial year, a benefit because of a contract made by the Credit Union, or a controlled entity, or a related body corporate with a Director, a firm of which a Director is a Member or a Credit Union in which a Director has a substantial financial interest, other than that disclosed in Note 32 of the financial report.

INDEMNIFYING OFFICER OR AUDITOR

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

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

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The net profit of the Credit Union for the year after providing for income tax was $308,632 (2022: $76,788).

DIVIDENDS

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

REVIEW OF OPERATIONS

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

EVENTS OCCURRING AFTER THE END OF THE REPORTING DATE

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

LIKELY DEVELOPMENTS, BUSINESS STRATEGIES AND PROSPECTS

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

1 The operations of the Credit Union;

2 The results of those operations; or

3 The state of affairs of the Credit Union

in the financial years subsequent to this financial year.

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

ENVIRONMENTAL LEGISLATION

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

AUDITOR'S INDEPENDENCE

The auditors have provided the declaration of independence to the Board as prescribed by s307 of the Corporations Act 2001 as set out on page 24.

ROUNDING

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

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

Anthony J Dann
CHAIR

Clement Siu
BOARD AUDIT COMMITTEE CHAIR

SIGNED AND DATED THIS 29TH DAY OF SEPTEMBER 2023

DIRECTORS' DECLARATION

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

a. The financial statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Member Equity, and accompanying notes, are in accordance with the Corporations Act 2001, including:

   i Giving a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

   ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b. There are reasonable grounds to believe that Transport Mutual Credit Union Limited will be able to pay its debts as and when they become due and payable.

c. The financial statements comply with International Financial Reporting Standards as stated in Note 1.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS:

Anthony J Dann
CHAIR

Clement Siu
BOARD AUDIT COMMITTEE CHAIR

SIGNED AND DATED THIS 29TH DAY OF SEPTEMBER 2023

Crowe Audit Australia
ABN 13 969 921 386

491 Smollett Street
Albury NSW 2640 Australia

PO Box 500
Albury NSW 2640 Australia

Main 02 6021 1111
Fax 02 6041 1892
www.crowe.com.au

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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2023 there have been no contraventions of:

1) The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

2) Any applicable code of professional conduct in relation to the audit.

CROWE AUDIT AUSTRALIA

BRADLEY D BOHUN
Partner

29th September 2023
Albury

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ABN 13 969 921 386

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Transport Mutual Credit Union Limited

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

Opinion

We have audited the financial report of Transport Mutual Credit Union Limited (the 'Credit Union'), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the Credit Union's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards report and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Other matter

The financial report of Transport Mutual Credit Union Limited for the year ended 30 June 2022 was audited by another auditor who expressed an unmodified audit opinion on 21 September 2022.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report information contained in the Credit Union's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Crowe

CROWE AUDIT AUSTRALIA

BRADLEY D BOHUN
Partner

29th September 2023
Albury

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	2023	2022
		$	$
Interest income	3.a	4,367,291	2,496,277
Interest expense	3.c	(1,458,370)	(347,594)
Net interest income		2,908,921	2,148,683
Fees and commissions and other income	3.b	306,991	96,180
		3,215,912	2,244,863
Less:			
Non-interest expenses			
Impairment losses on loans receivable from Members	3.d	10,302	(13,967)
Fee and commission expenses		(166,599)	(148,074)
General administration			
- Employees compensation and benefits		(964,520)	(716,436)
- Depreciation and amortisation	3.e	(224,042)	(232,017)
- Information technology		(787,598)	(537,225)
- Other administration		(277,480)	(199,345)
Other operating expenses		(440,021)	(321,011)
Total non-interest expenses		(2,849,958)	(2,168,075)
Profit before income tax		365,954	76,788
Income tax expense	4	(57,322)	-
Profit after income tax		308,632	76,788
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets held at FVOCI, net of tax		2,988	77,640
Total other comprehensive income		2,988	77,640
Total comprehensive income for the period		311,620	154,428

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

Statement of Financial Position

As of 30 June 2023

	Note	2023 $	2022 $
ASSETS			
Cash and cash equivalents	5	11,919,703	6,229,688
Receivables	6	270,631	244,997
Investment securities			
- at amortised cost	7	12,930,010	11,185,892
- at fair value through OCI	7	403,053	400,064
Loans to Members	8	90,626,772	80,900,395
Property, plant and equipment	10	2,439,654	2,516,452
Intangible assets	12	508,856	479,052
Deferred tax assets	11	26,756	167,334
TOTAL ASSETS		119,125,435	102,123,874
LIABILITIES			
Deposits from Members	15	93,436,675	83,479,308
Payables to other financial institutions	13	12,000,000	5,500,000
Borrowings	14	2,295,834	2,290,133
Creditor accruals and settlement accounts	16	693,565	440,979
Current tax liabilities	17	31,949	69,365
Deferred tax liabilities	18	87,764	111,269
Employee benefits	19	172,546	137,338
TOTAL LIABILITIES		108,718,333	92,028,392
NET ASSETS		10,407,102	10,095,482
MEMBERS' EQUITY			
Capital reserve account	20	42,250	40,810
FVOCI reserve	23	176,420	173,432
Asset revaluation reserve	22	317,406	317,406
General reserve for credit losses	21	400,000	400,000
Retained earnings		9,471,026	9,163,834
TOTAL MEMBERS' EQUITY		10,407,102	10,095,482

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

Statement of Changes in Member Equity

For the year ended 30 June 2023

	Capital Reserve	Retained Earnings	Reserve For Credit Losses	FVOCI Reserve	Asset Revaluation Reserve	Total Equity
	$	$	$	$	$	$
Balance as at 1 July 2021	39,900	9,026,889	461,067	137,405	275,793	9,941,054
Total net profit for the year	-	76,788	-	-	-	76,788
Other comprehensive income for the year	-	-	-	36,027	41,613	77,640
Sub – total	39,900	9,103,677	461,067	173,432	317,406	10,095,482
Transfers to (from) reserves						
Transfer to reserve for credit losses in year	910	60,157	(61,067)	-	-	-
Total at 30 June 2022	40,810	9,163,834	400,000	173,432	317,406	10,095,482
Balance as at 1 July 2022	40,810	9,163,834	400,000	173,432	317,406	10,095,482
Total net profit for the year	-	308,632	-	-	-	308,632
Other comprehensive income for the year	-	-	-	2,988	-	2,988
Sub – total	40,810	9,472,466	400,000	176,420	317,406	10,407,102
Transfers to (from) reserves						
Transfer to reserve for credit losses in year	1,440	(1,440)	-	-	-	-
Total at 30 June 2023	42,250	9,471,026	400,000	176,420	317,406	10,407,102

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

Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 $	2022 $
OPERATING ACTIVITIES			
Interest received		4,294,523	2,490,675
Fees and commissions		288,818	43,280
Dividends received		18,173	52,900
Interest paid		(1,018,537)	(405,511)
Suppliers and employees		(2,596,773)	(2,010,030)
Income taxes (paid)/refunded		22,335	33,621
Net cash from revenue activities	35.b	**1,008,539**	**204,935**
Inflows / (outflows) from other operating activities			
Net increase in Member deposits		9,820,256	9,544,647
Net (increase)/decrease in Member loans		(9,723,313)	(5,618,355)
Net (decrease)/increase in receivables from other financial institutions		4,755,882	(2,490,054)
Net cash (used in)/from operating activities		**5,861,364**	**1,641,173**
INVESTING ACTIVITIES			
Outflows			
Purchase of fixed and intangible assets		(177,048)	(255,179)
Net cash from/(used in) investing activities		**(177,048)**	**(212,297)**
FINANCING ACTIVITIES			
Inflows			
Increase in borrowings		5,699	6,166
Net cash from financing activities		**5,699**	**6,166**
Total net cash increase/(decrease)		**5,690,015**	**1,392,159**
Cash at beginning of year		**6,229,688**	**4,837,529**
Cash at end of year	35.a	**11,919,703**	**6,229,688**

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

Notes to the Financial Statements For the year ended 30 June 2023

1 Basis of preparation

a. Nature of operations

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

b. General information and statement of compliance

This financial report is prepared for the Credit Union for the year ended the 30 June 2023. The general purpose financial statements of the Credit Union have been prepared in accordance with the requirements of the Corporations Act 2001, the Australian Accounting Standards and with other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards ('IFRS's) as issued by the International Accounting Standards Board ('IASB'). Transport Mutual Credit Union Limited is a for-profit entity for the purpose of preparing the financial statements.

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

The report was authorised for issue on 22 September 2023 in accordance with a resolution of the Board of Directors. The financial report is presented in Australian dollars.

c. Basis of measurement

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

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

d. Changes in significant accounting policies

New standards and interpretations applicable for the current year
The Credit Union has not applied any standards and amendments for the first time for their annual reporting period commencing 1 July 2022.

Standards, amendments and Interpretations to existing standards that are not yet effective and have not been adopted early by the Credit Union
Certain standards have been issued by the Australian Accounting Standards Board that are not yet effective. The Credit Union has not yet considered these accounting standards to determine their impact on the Credit Union and its financial statements.

AASB 17 Insurance Contracts
AASB 17 replaces AASB 4, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts for for-profit entities. AASB 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation features.

The new accounting model for insurance contracts impacts certain credit card contracts and loans that include an agreement by the lender to compensate the borrower - by waiving some or all the payments due from the borrower – if a specified uncertain event occurs (for example, if the borrower dies)

The standard is effective for annual reporting periods beginning on or after 1 January 2023.

2 Summary of material accounting policies

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

a. Classification and measurement of financial assets

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

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

- amortised cost
- fair value through profit or loss (FVPL)
- equity fair value through other comprehensive income (FVOCI)
- debt fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of loans and receivables, which is presented in the statement of profit or loss and other comprehensive income. .

Classifications are determined by both:

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

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

Fair Value through profit or loss
Financial assets that are within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. Financial assets in this category relate to investments in listed equity securities. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Fair value through other comprehensive income (FVOCI)
Financial assets including debt instruments are classified at fair value through other comprehensive income when they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. In certain circumstances, on initial recognition including for specific equity investments, the Credit Union may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or fair value through other comprehensive income as fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Debt instruments at FVOCI
Debt instruments at fair value through other comprehensive income includes changes in the fair value of investments in debt instruments. The changes recognised in reserve are transferred to profit or loss when the asset is derecognised or impaired.

Equity instruments at FVOCI
Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. This equity security represents investment that the Credit Union intends to hold long term for strategic purposes. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity entities.

b. Classification and measurement of financial liabilities

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

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

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

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

c. Loans and advances

Recognition and measurement
Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and advances are initially measured at fair value plus incremental direct transaction costs attributable to the origination of the loan or advance, which are primarily brokerage and origination fees. These costs are amortised over the useful life of the loan and subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

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

Impairment of financial assets
AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit loss model' (ECL). Instruments within the scope of the new requirements include loans and advances and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Transport Mutual Credit Union considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.
In applying this forward-looking approach, a distinction is made between:

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

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

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

Note 24 details the credit risk management approach for loans.

Restructured financial assets
If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised. In this situation the ECL are measured as follows;

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets
At each reporting date, the Credit Union assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Credit Union on terms that the Credit Union would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost:* as a deduction from the gross carrying amount of the assets;
- *loan commitments and financial guarantee contracts:* generally, as a provision; and
- *where a financial instrument includes both a drawn and an undrawn component, and the Credit Union cannot identify the ECL on the loan commitment component separately from those on the drawn component:* The Credit Union presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Write-off
Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Credit Union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Credit Union's procedures for recovery of amounts due.

d. Interest income and other income

Interest income

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

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

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

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

Revenue

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

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

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

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

e. Property, plant and equipment

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

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

f. Provision for employee benefits

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

Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits discounted using high quality corporate bond rates.

Provision for long service leave is on a pro-rata basis from commencement of employment with the Credit Union, based on the present value of its estimated future cash flows.

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

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

g. Income tax

The income tax expense shown in profit or loss is based on the profit before income tax adjusted for any non-deductible, or non-assessable items between accounting profit and taxable income. Deferred tax assets and liabilities are recognised using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets or liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. These differences are presently assessed at 25%.

Deferred tax assets are only brought to account if it is probable that future taxable amounts will be available to utilise those temporary differences. The recognition of these benefits is based on the assumption that no adverse change will occur in income tax legislation; and the anticipation that the Credit Union will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit an income tax benefit to be obtained.

h. Goods and services tax (GST)

As a financial institution the Credit Union is input taxed on all income except for income from commissions and some fees. An input taxed supply is not subject to GST collection, and similarly the GST paid on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases are generally recovered on a proportionate basis. In addition certain prescribed purchases are subject to reduced input tax credits (RITC), of which 75% of the GST paid is recoverable.

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST). To the extent that the full amount of the GST incurred is not recoverable from the Australian Tax Office (ATO), 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. 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 cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

i. Cash and cash equivalents

Cash comprises at call deposits.

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

j. Intangible assets

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

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

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

Subsequent measurement

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

- Internally developed software: 3-5 years

Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing.

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

At each reporting date the Credit Union assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined, and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

k. Accounting estimates and judgements

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

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

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

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

3. Statement of profit or loss and other comprehensive income

	2023	2022
	$	$
a. Analysis of interest income		
Interest revenue on assets carried at amortised cost		
Cash – deposits at call	104,043	-
Receivables from financial institutions	461,039	86,477
Loans to Members	3,802,209	2,409,800
Total interest revenue	4,367,291	2,496,277
b. Fee, commission and other income		
Fee and commission revenue		
Other fee income for service provided at point in time	264,832	21,610
Other commissions	23,986	21,670
Total fee and commission revenue	288,818	43,280
Other income		
Dividends received on held at fair value equity assets	18,173	52,900
Total other income	18,173	52,900
Total fee, commission and other income	306,991	96,180
c. Interest expenses		
Deposits from other financial institutions	366,043	55,797
Deposits from Members	1,061,535	258,386
Short term borrowings	30,792	33,411
Total interest expense	1,458,370	347,594
d. Impairment losses		
Loans and advances		
Increase/(decrease) in provision for impairment	(10,302)	5,245
Bad debts written off/(recovered)	-	8,722
Total impairment losses	(10,302)	13,967

	2023	2022
	$	$

3. Statement of profit or loss and other comprehensive income continued

e. Other prescribed disclosures

General administration – Depreciation and amortisation expense		
Buildings	64,604	64,604
Plant and equipment	34,192	36,065
Software	125,246	131,348
	224,042	232,017

f. General administration - Auditor's remuneration (excl. GST)		
Audit fees	51,500	74,321
Other regulatory services	10,500	-
	62,000	74,321

4. Income tax expense

The prima facie tax payable on profit is reconciled to the income tax expense in the accounts as follows:

Profit before tax	365,954	76,788
Prima facie tax payable on profit before income tax at 25%	91,489	19,197
Add tax effect of amounts not deductible/(taxable)		
Franking credit uplift	1,930	5,584
Tax offset for franked dividends	(7,719)	(22,336)
- Adjustments for current tax of prior periods	(28,378)	-
- Adjustment for transitional tax rate provision	-	(2,445)
- **Total income tax expense in income statement**	57,322	-

5. Cash and cash equivalents

Deposits at call	11,919,703	6,229,688
	11,919,703	6,229,688

	2023	2022
	$	$
6. Receivables		
Interest receivable on deposits with other financial institutions	93,382	25,603
Prepayments	115,296	111,886
Sundry debtors and settlement accounts	61,953	107,508
	270,631	244,997
7. Investment securities		
Investment securities at amortised cost		
Term deposits with Banks	6,930,010	5,985,892
Floating Rate Notes	5,000,000	4,200,000
Treasury Bonds	1,000,000	1,000,000
	12,930,010	11,185,892
Equity investment securities designated as FVOCI		
Cuscal Limited*	390,751	387,979
Experteq (TAS)*	12,302	12,085
	403,053	400,064
Total investment securities	13,333,063	11,585,956

*** Cuscal Limited**

This Company supplies services to its member organisations which include Credit Unions and Mutual Banks. The shares are able to be traded but within a market limited to other mutual ADI's.

Management has used unobservable inputs to assess the fair value of the shares. The financial reports of Cuscal record net tangible asset backing of these shares exceeding their cost value. Based on the net assets of Cuscal, any fair value determination on these shares is likely to be greater than their cost value. Management has determined that the value of $1.41 (2022: $1.40) per share is a reasonable approximation of fair value based the likely value available on a sale, taking into consideration factors such as sales evidence, dividend history and overall market conditions.

*** Experteq (TAS)**

This Company supplies computer bureau services to the Credit Union.

8. Loans to Members

a. Amount due comprises:

	2023 $	2022 $
Overdrafts and revolving credit	55,351	35,574
Term loans	90,789,614	81,086,078
Subtotal	90,844,965	81,121,652
Less:		
Unamortised loan origination fees	(41,341)	(46,330)
Subtotal	90,803,624	81,075,322
Less : Provision for impaired loans	(176,852)	(174,927)
	90,626,772	80,900,395

b. Credit quality - Security held against loans

	2023 $	2022 $
Secured by mortgage over real estate	72,690,653	72,522,042
Partly secured by goods mortgage	4,240,904	4,010,265
Wholly unsecured	13,913,408	4,589,345
	90,844,965	81,121,652

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

	2023 $	2022 $
Security held as mortgage against real estate is on the basis of:		
– Loan to valuation ratio of less than 80%	59,200,026	65,530,000
– Loan to valuation ratio of more than 80% but mortgage insured	7,655,163	6,992,042
– Loan to valuation ratio of more than 80% and not mortgage insured	5,835,464	-
Total	72,690,653	72,522,042

c. Concentration of loans

The values detailed below include 'statement of financial position' values, and undrawn facilities as described in Note 29.

	2023 $	2022 $
(i) Loans to Individual or related groups of Members which exceed 10% of total Members' equity	11,848,844	13,579,423
Total	11,848,844	13,579,423

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

	2023 $	2022 $
(ii) Geographical concentrations		
NSW	67,692,471	66,589,430
Victoria	10,930,341	8,752,171
Queensland	6,198,433	2,430,692
South Australia	778,348	510,988
Western Australia	3,092,274	1,391,223
ACT	1,246,130	905,250
Other	906,968	541,898
	90,844,965	81,121,652

	2023 $	2022 $
(iii) Loans by purpose		
Residential loans and facilities	72,690,653	72,522,042
Personal loans and facilities	18,154,312	8,599,610
	90,844,965	81,121,652

9. Provision on impaired loans

(a) Amounts arising from ECL

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

	Gross Carrying value 2023 $	ECL Allowance 2023 $	Carrying value 2023 $	Gross Carrying value 2022 $	Provision for impairment 2022 $	Carrying value 2022 $
Loans to Members:						
- Mortgages	72,690,653	-	72,690,653	72,522,042	-	72,522,042
- Personal	18,098,962	176,852	17,922,110	8,564,036	174,927	8,389,109
- Overdrafts	55,350	-	55,350	35,574	-	35,574
Total to natural persons	90,844,965	176,852	90,688,113	81,121,652	174,927	80,946,725
Total	90,844,965	176,852	90,688,113	81,121,652	174,927	80,946,725

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

	Stage 1 12 month ECL 2023 $	Stage 2 Lifetime ECL 2023 $	Stage 3 Lifetime ECL 2023 $	Total 2023 $
Loans to Members:				
- Mortgages	-	-	-	-
- Personal	42,034	-	134,818	176,852
- Overdrafts	-	-	-	-
Carrying amount	42,034	-	134,818	176,852

9. Provision on impaired loans continued

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

	Stage 1 12 month ECL 2023 $	Stage 2 Lifetime ECL 2023 $	Stage 3 Lifetime ECL 2023 $	Purchased credit impaired 2023 $	Total 2023 $
Loans to Members					
Balance at 1 July 2022	29,807	-	145,120		174,927
Changes in the loss allowance					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-			-	-
- Transfer to stage 3	(100)	-	100	-	-
- Net movement due to change in credit risk	12,327	-	(10,402)	-	1,925
- Write-offs	-	-	-	-	-
Balance at 30 June 2023	42,034	-	134,818	-	176,852

Key assumptions in determining the ECL

Measurement of ECL

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

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

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

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

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

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

9. Provision on impaired loans continued

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

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

(a) Significant increase in credit risk

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

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

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

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

The approach to determining the ECL includes forward-looking information. The Credit Union has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio segment. Given the lack of loss experience by the Credit Union and across the wider industry, more emphasis has been applied to the historical data available as opposed to forward looking information. Consideration has also been given to the level of undue cost and effort involved in utilising complex statistical models, which is not considered appropriate for the size and complexity of the portfolio.

The Credit Union has considered other forward-looking considerations such as the impact of future unemployment rates, property prices, regulatory change and external market risk factors, which are deemed to have an impact and therefore adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis. The Credit Union considers the ECL to represent its best estimate of the possible outcomes and is aligned with information used by the Credit Union for other purposes such as strategic planning and budgeting. Periodically the Credit Union carries out stress testing of more extreme shocks to calibrate its determination of other potential scenarios.

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

	2023 $	2022 $
10. Property, plant and equipment		
a. Property	2,070,339	2,070,339
Less: Provision for depreciation	(261,993)	(197,389)
Total property	1,808,346	1,872,950
Plant and equipment - at cost	243,216	223,637
Less: Provision for depreciation	(161,908)	(130,135)
Total plant and equipment	81,308	93,502
Land	550,000	550,000
Total property, plant and equipment	2,439,654	2,516,452

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

	2023				2022			
	Property	Plant & equipment	Land	Total	Property	Plant & equipment	Land	Total
	$	$	$	$	$	$	$	$
Opening balance	1,872,950	93,502	550,000	**2,516,452**	1,937,554	115,708	550,000	**2,603,262**
Revaluation	-	-	-	**-**	-	-	-	**-**
Purchases	-	21,997	-	**21,997**	-	13,858	-	**13,858**
Less: Assets disposed	-		-	**-**	-	-	-	**-**
Depreciation charge	(64,604)	(34,191)	-	**(98,795)**	(64,604)	(36,064)	-	**(100,668)**
Balance at the end of the year	**1,808,346**	**81,308**	**550,000**	**2,439,654**	**1,872,950**	**93,502**	**550,000**	**2,516,452**

c. Carrying amounts that would have been recognised if land and buildings were stated at cost:

Property	1,893,324	1,893,324
Less: Provision for depreciation	(261,993)	(197,389)
Total property	1,631,331	1,695,935
Land	344,806	344,806

d. Measuring property and buildings at fair value

The fair value of the Credit Union's main property assets is estimated based on appraisals performed by independent, professionally qualified property valuers as at 27 March 2023. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and Audit Committee at each reporting date.

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

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

	2023 $	2022 $
11. Deferred taxation assets		
Deferred tax assets	26,756	167,334
Deferred tax assets comprise:		
- Accrued expenses not deductible until incurred	15,265	13,222
- Provisions for impairment on loans	33,705	43,732
- Provisions for employee benefits	43,139	34,335
- Depreciation on fixed assets	(86,196)	60,766
- Deferred loan fees	10,335	11,583
- Allowance for expected credit losses	10,508	-
	26,756	167,334
12. Intangible assets		
a. Software		
Software	855,671	751,713
Less: Provision for amortisation	(346,815)	(272,661)
	508,856	479,052

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

	2023		2022	
	Software	Total	Software	Total
	$	$	$	$
Opening balance	479,052	**479,052**	369,078	**369,078**
Purchases	155,050	**155,050**	241,322	**241,322**
Less: Assets disposed	-	**-**	-	**-**
Amortisation charge	(125,246)	**(125,246)**	(131,348)	**(131,348)**
Balance at the end of the year	508,856	**508,856**	479,052	**479,052**

	2023 $	2022 $

13. Payables to other financial institutions

	2023 $	2022 $
Corporate Deposits	12,000,000	5,500,000

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

14. Borrowings

	2023 $	2022 $
RBA term funding facility	2,295,834	2,290,133
Borrowings	2,295,834	2,290,133

In 2021 Corporate Deposits were repaid prior to maturity and the credit union accessed funding through the Reserve Bank of Australia's Term Funding Facility (TFF). This facility is for a three (3) year term and has a fixed annual interest rate of 0.25%.

15. Deposits from Members

	2023 $	2022 $
Member deposits		
- At call	39,735,114	46,757,085
- Term	53,643,511	36,674,473
Member withdrawable shares	58,050	47,750
	93,436,675	83,479,308

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

Concentration of Member deposits

	2023 $	2022 $
(i) Significant individual Member deposits which in aggregate represent more than 10% of the total liabilities:	-	-
(ii) Geographical concentrations		
NSW	86,117,146	80,079,760
Victoria	3,980,526	1,304,857
Queensland	971,834	519,390
South Australia	506,634	7,398
Western Australia	579,327	118,775
ACT	272,551	293,336
Tasmania	381,009	392,600
Northern Territory	6,272	7,229
Other	621,376	755,963
Total per statement of financial position	93,436,675	83,479,308

16.Creditor accruals and settlement accounts

	2023 $	2022 $
Creditors and accruals	61,059	65,640
Interest payable on deposits	530,114	90,281
Sundry creditors & settlement accounts	102,392	285,058
	693,565	440,979

17.Taxation assets and liabilities

	2023 $	2022 $
Current income tax (receivable)/ payable	31,949	69,365

18.Deferred tax liabilities

	2023 $	2022 $
Deferred tax liabilities	87,764	111,269
Deferred income tax liability comprises:		
- Tax due on assets held at fair value investments held in equity	32,417	5,487
- Tax due on building and land held at fair value	55,347	105,782
	87,764	111,269

19. Employee Benefits

Current		
Long service leave	88,522	80,285
Annual leave	83,368	54,910
	171,890	135,195
Non-current		
Long service leave	656	2,143
	656	2,143
	172,546	137,338

20. Capital reserve account

Balance at the beginning of the year	40,810	39,900
Transfer from retained earnings on share redemptions	1,440	910
Balance at the end of year	42,250	40,810

Share redemption

The accounts represent the amount of redeemable preference shares redeemed by the Credit Union since 1 July 1999. The Law requires that the redemption of the shares be made out of profits. Since the value of the shares has been paid to Members in accordance with the terms and conditions of the share issue, the account represents the amount of profits appropriated to the account.

21. General reserve for credit losses

Balance at beginning of year	400,000	400,000
Add: increase (decrease) transferred from retained earnings	-	-
Balance at end of year	400,000	400,000

22. Asset revaluation reserve

Balance at the beginning of the year	317,406	275,793
Other adjustment	-	41,613
Less: deferred tax thereon	-	-
Balance at the end of the year	317,406	317,406

23. FVOCI reserve

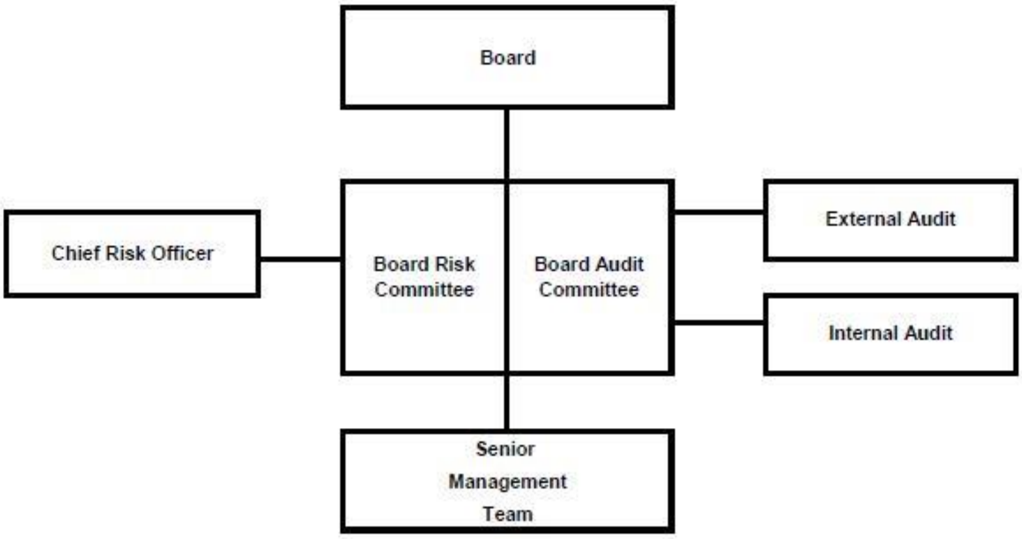
Balance at the beginning of the year	173,432	137,405
Add: Increase on revaluation of investment	2,988	36,027
Less: deferred tax thereon	-	-
Balance at the end of the year	176,420	173,432

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

24. Financial risk management objectives and policies Introduction

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

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



The main elements of risk governance are as follows:

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

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

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

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

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

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

External Audit: External audit is charged with giving an independent opinion to the Board and APRA, on the reliability of the Credit Union's financial performance and position. The external auditor communicates to the Board through the BAC.

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

- Corporate Governance with strategic risk including strategic planning
- Market Risk (Interest rate risk)
- Liquidity management
- Credit risk management
- Operations risk management
- Information Security risk management
- Capital management including ICAAP
- BCP, Response and Recovery
- Pandemic Planning
- Fraud and Whistleblowing
- Complaints resolution

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

a. Market risk

The Credit Union aims to manage and control market risk exposures in order to optimise risk and return. Market risk is the risk that changes in interest rates, foreign exchange rates or other prices and volatilities will have an adverse effect on the Credit Union's financial condition or results. The Credit Union is not exposed to currency risk, and other significant price risk. The Credit Union does not trade in the financial instruments it holds on its books. The Credit Union is exposed only to interest rate risk arising from changes in market interest rates. Day-to-day management of market risk is the responsibility of Senior Management, with monthly and quarterly reporting going to the Board.

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

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

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

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

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

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

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

Based on the calculations as at 30 June 2023 the increase in net income for a 1% increase in interest rates would be ($5,491) (2022: ($236,340). This means the Credit Union is less exposed to interest rate risk than it was in 2022.

- The method used in determining the sensitivity is to evaluate the profit based on the timing of the interest repricing on the banking book of the Credit Union for the next 12 months. In doing the calculation the assumptions applied were that the interest rate change would be applied equally to the loan products and term deposits;
- the rate change would be as at the beginning of the 12 month period and no other rate changes would be effective during the period;
- the term deposits would all reprice to the new interest rate at the term maturity, or be replaced by deposits with similar terms and rates applicable;
- savings deposits would reprice in less than 30 days;
- fixed rate loans would all reprice to the new interest rate at the contracted date;
- variable loans would reprice between 31 and 90 days;
- all loans would be repaid in accordance with the current average repayment rate (or contractual repayment terms);
- the value and mix of call savings to term deposits will be unchanged; and
- the value and mix of personal loans to mortgage loans will be unchanged.

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

b. Liquidity risk

Liquidity risk is the risk that the Credit Union may encounter difficulty raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments or Member withdrawal demands. It is the policy of the Board, that Management maintains adequate cash reserves and committed credit facilities so as to meet Member withdrawal demands.

The Credit Union manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer term forecasted cash flows;
- Monitoring the maturity profiles of financial assets and liabilities;
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities; and
- Monitoring the prudential liquidity ratio daily.

TMCU is a party to the Credit Union Financial Support Scheme (CUFSS) and has executed an Industry Support Contract (ISC) with CUFSS. The purpose of the CUFSS scheme is to provide members with emergency liquidity support in accordance with the terms of the ISC, a contract which has been certified by APRA under the Banking Act.

As a member of CUFSS, TMCU can access emergency liquidity funding via CUFSS drawing upon its available member-contributed funding pool (currently totaling in excess of $900 million), plus additional voluntary liquidity support from members via funds from the Reserve Bank of Australia in accordance with the terms of a “Special Loan Facility”, as defined in the ISC.

As at 30th June 2023 the Credit Union is required to maintain at least 15% of total liabilities as liquid assets capable of being converted to cash within 24 hours under the APRA Prudential Standards. The Credit Union policy is to maintain a minimum of 18% and the ratio is checked daily. Should the liquidity ratio fall below the board’s preferred operating range of 19% to 25%, Management and Board are to address the matter and ensure that funds are obtained from new member deposits.

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

Liquid funds to total adjusted liabilities	**2023**	**2022**
As at 30 June	22.47%	16.60%
Average for the year	17.39%	16.60%
Minimum during the year	13.56%	13.79%
Liquid funds to Member Deposits		
As at 30 June	23.58%	19.58%

c. Credit risk

Credit risk is the risk that Members, financial institutions and other counterparties will be unable to meet their obligations to the Credit Union which may result in financial losses. Credit risk arises principally from the Credit Union's loan book, and investment assets.

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

	2023		
Loans	**Carrying value**	**Commitments**	**Max exposure**
	$	**$**	**$**
Mortgage	72,690,652	9,328,585	82,019,237
Personal	18,098,962	1,630,422	19,729,384
Overdrafts	55,351	46,571	101,922
Total to natural persons	**90,844,965**	**11,005,578**	**101,850,543**

	2022		
Loans	**Carrying value**	**Commitments**	**Max exposure**
	$	**$**	**$**
Mortgage	72,522,042	8,954,712	81,476,754
Personal	8,564,036	1,245,819	9,809,855
Overdrafts	35,574	38,175	73,749
Total to natural persons	**81,121,652**	**10,238,706**	**91,360,358**

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

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

The method of managing credit risk is by way of strict adherence to the credit assessment policies before the loans is approved and close monitoring of defaults in the repayment of loans thereafter on a weekly basis. The credit policy has been endorsed by the Board and compliant with TMCUs responsible lending obligations to ensure that loans are only made to Members that are capable of meeting loan repayments.

The Credit Union has established policies over the:

- Credit assessment and approval of loans and facilities covering acceptable risk assessment and security requirements;
- Limits of acceptable exposure over the value to individual borrowers, non-mortgage secured loans, and commercial lending;
- Reassessing and review of the credit exposures on loans and facilities;
- Establishing appropriate provisions to recognise the impairment of loans and facilities;
- Debt recovery procedures;
- Review of compliance with the above policies;

A regular review of compliance is conducted as part of the internal and external audit scope.

Past due and impaired
A financial asset is past due when the counterparty has failed to make a payment when contractually due. As an example, a Member enters into a lending agreement with the Credit Union that requires interest and a portion of the principle to be paid every month. On the first day of the next month, if the agreed repayment amount has not been paid, the loan is past due. Past due does not mean that a counterparty will never pay, but it can trigger various actions such as renegotiation, enforcement of covenants, or legal proceedings. Once the past due exceeds 90 days the loans is regarded as impaired, unless other factors indicate the impairment should be recognised sooner.

Weekly reports monitor the loan repayments to detect delays in repayments and recovery action is undertaken after 7 days. For loans where repayments are doubtful, external consultants are engaged to conduct recovery action once the loan is over 90 days in arrears. The exposures to losses arise predominantly in the personal loans and facilities not secured by registered mortgages over real estate.

If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognised in profit or loss. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral.

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

A provision for incurred losses is established on all past due loans after a specified period of repayment default where it is probable that some of the capital will not be repaid or recovered. Specific loans and portfolios of assets are provided against depending on a number of factors including changes in a counterparty's industry, regional economic factors and technological developments, as well as identified structural weaknesses or deterioration in cash flows.

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

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

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

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

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

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

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

Concentration risk – individuals
Concentration risk is a measurement of the Credit Union's exposure to an individual counterparty (or Group of related parties). If prudential limits are exceeded as a proportion of the Credit Union's regulatory capital (10 per cent) a large exposure is considered to exist. No additional capital is required to be held against these but APRA must be consulted. APRA may impose additional capital requirements if it considers the aggregate exposure to all loans over the 10% capital benchmark, to be higher than acceptable.

The aggregate value of large exposure loans is set out in Note 8. Concentration exposures to counterparties are closely monitored on a monthly basis and reviews being prepared for all exposures over 5% of the capital base.

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

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

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

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

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

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

	2023	**2022**
Investments	**Carrying value**	**Carrying value**
Cuscal Deposits – rated A+	11,919,703	6,229,688
Banks and Credit Unions – rated A above	12,930,010	11,185,892
Banks and Credit Unions – rated below A	-	-
Unrated institutions	-	-
Total	**24,849,713**	**17,415,580**

d. Fraud

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

e. IT systems

A serious risk would be the failure of the Credit Union's core banking and IT network suppliers, to meet contractual obligations and service requirements. The Credit Union has outsourced the IT systems management to an Independent Data Processing Centre (IDPC) which is owned by a collection of Credit Unions. This organisation has the experience in-house to manage any short-term problems and has a contingency plan to manage any related power or systems failures. Other network suppliers are engaged on behalf on the Credit Union by the industry body Cuscal to service the settlements with other financial institutions for direct entry, ATM & Visa cards, and Bpay.

A full disaster recovery plan is in place to cover medium to long-term problems which is considered to mitigate the risk to an extent such that there is no need for any further capital to be allocated.

f. Capital management

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

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

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

Capital resources

Tier 1 Capital

Tier 1 capital comprises

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

Tier 2 Capital

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

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

The Capital Adequacy ratio has been calculated on a different basis for the 2023 financial year – reflecting the revised requirements of the new APRA Capital Framework effective from 1st January 2023.

Capital in the Credit Union is made up as follows:

	2023	2022
Tier 1 Common Equity		
Capital reserve	42,250	40,810
FVOCI reserve	176,420	173,432
Asset revaluation reserve	317,406	317,406
Retained earnings	9,471,026	9,163,834
	10,007,102	9,695,482
Less: prescribed deductions	(596,558)	(705,727)
Net Tier 1 Common Equity	9,410,544	8,989,755
Tier 2 Capital		
Tier 2 Capital instruments		
Reserve for credit losses	400,000	400,000
Less prescribed deductions / adjustments	-	-
Net Tier 2 Capital	400,000	400,000
Total Capital	**9,810,544**	**9,389,755**

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

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

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

2023	**2022**	**2021**	**2020**	**2019**
Basel III	**Basel III**	**Basel III**	**Basel III**	**Basel III**
17.39%	**18.95%**	**20.10%**	**20.59%**	**20.86%**

The level of capital ratio can be affected by growth in asset relative to growth in reserves and by changes in the mix of assets. Over the last 5 years TMCU has experienced a high level growth in assets.

To manage the Credit Union's capital the Credit Union reviews the ratio monthly and monitors major movements in the asset levels. Policies have been implemented to require reporting to the Board and the regulator if the capital ratio falls below 15%.

Capital for Operational Risk

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

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

- Operational risk capital requirements of $512,787 (2022: $438,354).

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

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

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

- Fraud risk - The capital held to cover fraud risks is equal to the higher of our largest loss in the last ten years is at $4,870 (2022: $4,870).
- Asset impairment – the impact of economic and employment factors on the loan losses, and/or recovery of investments.
- Property value decline – the impact on property values declining and the related exposure to higher capital required to recognise potential losses or risk weight on assets. The Credit Union's approach is to take a 5 per cent capital charge in instances where the LVR exceeds 80 per cent only in instances where the exposure is on an impaired loan in excess of 90 days. This is considered appropriate as it is only in these relatively poor-quality exposures where there is a significant risk that the Credit Union may need to draw on the security held.
- Interest rate risk – measures the impact on capital from changes in interest rates impacting the net interest margin and net surplus.
- Events impacting the additional costs of retention of liquid funds and exercising available liquidity drawdown facilities.

The optional additional capital charge recognised by the Board equates to $564,065 (2022: $3,468,020).

25. Categories of financial instruments

The following information classifies the financial instruments into measurement classes

	Note	2023 $	2022 $
Financial assets - carried at amortised cost			
Cash	5	11,919,703	6,229,688
Investment securities	7	12,930,010	11,185,892
Loans to Members	8&9	90,626,772	80,900,395
Receivables	6	270,631	244,997
Total carried at amortised cost		115,747,116	98,560,972
Equity investment in Cuscal	7	403,053	400,064
Total carried at FVOCI		403,053	400,064
Total financial assets		116,150,169	98,961,036
Financial liabilities – carried at amortised cost			
Creditors	16	693,565	440,961
Deposits from other institutions	13	12,000,000	5,500,000
Borrowings	14	2,295,834	2,290,133
Deposits from Members	15	93,436,675	83,479,308
Total carried at amortised cost		108,426,075	91,710,402
Total financial liabilities		108,426,075	91,710,402

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

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

2023	Within 1 month $,000	1-3 months $,000	3-12 months $,000	1-5 years $,000	After 5 years $,000	No Maturity $,000	Total cash flows $,000	Total carrying value $,000
Assets								
Cash	11,920	-	-	-	-	-	11,920	11,920
Advances to financial institutions	2,930	7,429	2,561	3,500	-	-	16,420	16,420
Receivables	155	-	-	-	-	115	270	270
Loans & Advances	832	1,749	7,292	33,909	105,480	-	149,262	149,262
FVOCI equity investments	-	-	-	-	-	403	403	403
Total financial assets	**15,837**	**9,178**	**9,853**	**37,409**	**105,480**	**518**	**178,275**	**178,275**
Liabilities								
Creditors	694	-	-	-	-	-	694	694
Deposits from other financial institutions	-	-	12,000	-	-	-	12,000	12,000
Borrowings	-	2,296	-	-	-	-	2,296	2,296
Deposits from Members – at call	39,735	-	-	-	-	-	39,735	39,735
Deposits from Members – term	6,465	19,165	26,020	2,110	-	-	53,760	53,760
On balance sheet	**46,894**	**21,461**	**38,020**	**2,110**	**-**	**-**	**108,485**	**108,485**
Undrawn loan commitments	11,006	-	-	-	-	-	11,006	11,006
Total financial liabilities	**57,900**	**21,461**	**38,020**	**2,210**	**-**	**-**	**119,491**	**119,491**

2022	Within 1 month $,000	1-3 months $,000	3-12 months $,000	1-5 years $,000	After 5 years $,000	No Maturity $,000	Total cash flows $,000	Total carrying value $,000
Assets								
Cash	6,230	-	-	-	-	-	6,230	6,230
Advances to financial institutions	999	4,986	1,700	3,500	-	-	11,185	11,185
Receivables	133	-	-	-	-	112	245	245
Loans & Advances	630	1,297	5,328	24,395	76,126	-	107,776	80,900
FVOCI equity investments	-	-	-	-	-	400	400	400
Total financial assets	**7,992**	**6,283**	**7,028**	**27,895**	**76,126**	**512**	**125,836**	**98,960**
Liabilities								
Creditors	441	-	-	-	-	-	441	441
Deposits from other financial institutions	-	-	5,500	-	-	-	5,500	5,500
Borrowings	-	-	-	2,290	-	-	2,290	2,290
Deposits from Members – at call	46,757	-	-	-	-	-	46,757	46,757
Deposits from Members – term	17,531	6,743	10,111	2,289	-	-	36,674	36,674
On balance sheet	**64,729**	**6,743**	**15,611**	**4,579**	**-**	**-**	**91,662**	**91,662**
Undrawn loan commitments	10,239	-	-	-	-	-	10,239	10,239
Total financial Liabilities	**74,968**	**6,743**	**15,611**	**4,579**	**-**	**-**	**101,901**	**101,901**

27. Interest rate change profile of financial assets and liabilities

Financial assets and liabilities have conditions which allow interest rates to be amended either on maturity (term deposits and term investments) or after adequate notice is given (loans and savings). The table below shows the respective value of funds where interest rates are capable of being altered within the prescribed time bands, being the earlier of the contractual repricing date, or maturity date.

2023	Within 1 month $,000	1-3 months $,000	3-12 months $,000	1-5 years $,000	After 5 years $,000	Non-interest bearing $,000	Total $,000
Assets							
Cash	11,920	-	-	-	-	-	11,920
Receivables	-	-	-	-	-	270	270
Advances to financial Institutions	2,930	7,429	2,561	3,500	-	-	16,420
Loans and advances	71,985	2,022	11,106	4,839	893	-	90,845
FVOCI equity investments	-	-	-	-	-	403	403
Total financial assets	**86,835**	**9,451**	**13,667**	**8,339**	**893**	**673**	**119,858**
Liabilities							
Creditors	-	-	-	-	-	694	694
Deposits from financial institution	-	-	12,000	-	-	-	12,000
Borrowings	-	2,296	-	-	-	-	2,296
Deposits from Members	46,084	19,165	26,020	2,110	-	58	93,437
Sub total	**46,084**	**21,461**	**38,020**	**2,110**	**-**	**752**	**108,427**
Undrawn loan commitments	11,006	-	-	-	-	-	11,006
Total financial liabilities	**57,090**	**21,461**	**38,020**	**2,110**	**-**	**752**	**119,433**

2022	Within 1 month $,000	1-3 months $,000	3-12 months $,000	1-5 years $,000	After 5 years $,000	Non-interest bearing $,000	Total $,000
Assets							
Cash	6,230	-	-	-	-	-	6,230
Receivables	-	-	-	-	-	245	245
Advances to financial Institution	999	4,986	1,700	3,500	-	-	11,185
Loans and advances	59,287	214	3,855	16,842	924	-	81,122
FVOCI equity investments	-	-	-	-	-	400	400
Total financial assets	**66,516**	**5,200**	**5,555**	**20,342**	**924**	**645**	**99,182**
Liabilities							
Creditors	-	-	-	-	-	441	441
Deposits from financial institution	-	-	5,500	-	-	-	5,500
Borrowings	-	-	-	2,290	-	-	2,290
Deposits from Members	64,192	6,743	10,207	2,289	-	48	83,479
On balance sheet	**64,192**	**6,743**	**15,707**	**4,579**	**-**	**489**	**91,710**
Undrawn loan commitments	10,239	-	-	-	-	-	10,239
Total financial liabilities	**74,431**	**6,743**	**15,707**	**4,579**	**-**	**489**	**101,949**

28. Fair value of financial assets and liabilities

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

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

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

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

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

	2023			2022		
	Fair Value $,000	**Carrying Value $,000**	**Variance $,000**	**Fair Value $,000**	**Carrying Value $,000**	**Variance $,000**
Financial assets						
Cash	11,920	11,920	-	6,230	6,230	-
Advances to other financial institutions	12,930	12,930	-	11,186	11,186	-
Receivables (1)	270	270	-	245	245	-
Loans and advances	90,627	90,627	-	80,900	80,900	-
FVOCI equity investments	403	403	-	400	400	-
Total financial assets	**116,150**	**116,150**		**98,961**	**98,961**	
Financial liabilities						
Deposits from other financial institutions	12,000	12,000	-	5,500	5,500	-
Borrowings	2,296	2,296	-	2,290	2,290	-
Deposits from Members – Call	39,735	39,735	-	46,757	46,757	-
Deposits from Members – Term	53,760	53,760	-	36,674	36,674	-
Creditors (1)	694	694	-	441	441	-
Total financial liabilities	**108,485**	**108,485**	**-**	**91,662**	**91,662**	**-**

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

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

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

Liquid assets and receivables from other financial institutions

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

Loans and advances

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

28. Fair value of financials assets and liabilities continued

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

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

Deposits from Members

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

Assets measured at fair value on the Statement of Financial Position

	Fair value measurement at end of the reporting period using:			
	Balance	Level 1	Level 2	Level 3
Land and building	2,358,346	-	2,358,346	-
Financial assets at FVOCI	403,053	-	-	403,053
Total	2,761,399	-	2,358,346	403,053

The fair value hierarchy has the following levels:

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

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

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

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

Fair value measurement at the end of the reporting period	Shares	Land and building
	400,064	2,422,950
Total gains or losses in other comprehensive income	2,989	-
Adjustment to deferred tax liabilities	-	-
Purchases	-	-
Transfers out of Level 3	-	-
Depreciation	-	(64,604)
Closing balance	403,053	2,358,346

	2023 $	2022 $
29. Financial commitments		
a. Outstanding loan commitments		
–The loans approved but not funded	1,721,713	1,300,000
b. Loan redraw facilities		
–The loan redraw facilities available	8,765,221	8,438,556
c. Undrawn loan facilities		
–Loan facilities available to Members for overdrafts and line of credit loans are as follows:		
–Total value of facilities approved	565,215	538,325
–Less: Amount advanced	(46,571)	(38,175)
–Net undrawn value	518,644	500,150
–These commitments are contingent on Members maintaining credit standards and ongoing repayment terms on amounts drawn.		
Total financial commitments	**11,005,578**	**10,238,706**
d. Computer capital commitments		
–Not later than one year	254,997	242,624
–Later than 1 year but not 2 years	249,444	236,592
–Later than 2 years but not 5 years	166,296	394,320
–Later than 5 years	-	-
	670,737	873,536
e. Computer Bureau Charges		
–Not later than one year	95,568	95,568
–Later than 1 year but not 2 years	15,928	95,568
–Later than 2 years but not 5 years	-	15,928
–Later than 5 years	-	-
	111,496	207,064

30. Standby borrowing facilities

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

	2023			2022		
	Gross	**Current Borrowing**	**Net Available**	**Gross**	**Current Borrowing**	**Net Available**
	$	$	$	$	$	$
Overdraft facility	500,000	-	500,000	500,000	-	500,000
Total standby borrowing facilities	500,000	-	500,000	500,000	-	500,000

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

31. Contingent liabilities

Liquidity support scheme

TMCU is a party to the Credit Union Financial Support Scheme (CUFSS) and has executed an Industry Support Contract (ISC) with CUFSS. The purpose of the CUFSS scheme is to provide members with emergency liquidity support in accordance with the terms of the ISC, a contract which has been certified by APRA under the Banking Act.

As a member of CUFSS, TMCU may be called upon by CUFSS to contribute to emergency liquidity loans for one or more other CUFSS members. Should TMCU be required to contribute funding, any such liquidity loans would be structured and priced in accordance with normal commercial terms, as determined by CUFSS. The total amount of funding that TMCU could be required to provide to other members cannot exceed, in aggregate, 3% of TMCU's assets capped at $100 million.

32. Disclosures on Directors and other key management personnel

Remuneration of key management persons (KMP)

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

KMP have been taken to comprise the Directors and the 2 members (2021: 2 members) of the executive management responsible for the day to day financial and operational management of the Credit Union.
The aggregate compensation to *key management persons* during the year comprising amounts paid or payable or provided for was as follows:

	2023			2022		
	Directors $	**Other KMP** $	**Total** $	**Directors** $	**Other KMP** $	**Total** $
(a) Short-term employee benefits	-	372,163	**372,163**	-	324,329	**364,329**
(b) Post-employment benefits - superannuation contributions	-	38,549	**38,549**	-	36,023	**36,023**
(c) Other long-term benefits – net increases in long service leave provision	-	14,878	14,878	-	5,223	**5,223**
(d) Termination benefits	-	-	-	-	-	**-**
Total	**-**	**425,590**	**425,590**	**-**	**405,575**	**405,575**

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

Loans to Director, related parties and other Key Management Persons

The Credit Union's policy for lending to Directors is that all loans are approved and deposits accepted on the same terms and conditions which are available to Members for each class of loan or deposit. Employees of the Credit Union are entitled to apply for personal loans at a discounted staff interest rate. The aggregate value of such loans as at balance date amounted to $33,205 (2022: $49,354). There are no loans which are impaired in relation to the loan balances with Directors or other KMP.

The details of transactions during the year are as follows:

b. Loans to Directors, related parties and other key management persons	**2023 $**	**2022 $**
(i) The aggregate value of loans to Directors and other key management persons as at balance date amounted to:	1,794,002	1,935,488
(ii) The total value of revolving credit facilities to Directors and other key management persons, as at balance date amounted to:	-	-
Less amounts drawn down and included in (i)	-	-
Net balance available	-	-
(iii) During the year the aggregate value of loans disbursed to Directors and other key management persons amounted to:		
Revolving credit facilities	-	-
Personal loans	-	-
Term Loans	-	276,308
	-	276,308
(iv) During the year the aggregate value of revolving credit facility limits granted or increased to Directors and other key management persons amounted to:	-	-
	-	-
(v) Interest and other revenue earned on loans and revolving credit facilities to Directors /KMP	35,913	33,422

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

	2023 $	2022 $
Total value term and savings deposits from Directors and KMP	3,537,491	1,196,063
Total interest paid on deposits to Directors and KMP	72,883	6,148

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

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

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

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

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

33. Outsourcing arrangements

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

a. Cuscal Limited

(i) Provides the license rights to Visa Card in Australia and settlement other institutions for ATM, Visa card and cheque transactions, direct entry transactions, as well as the production of Visa cards for use by Members;

(ii) This company operates the computer network used to link Visa cards operated through approved ATM providers to the Credit Union's EDP Systems

(iii) Provides treasury and money market facilities to the Credit Union. The Credit Union invests a significant part of its liquid assets with Cuscal to maximise return on funds, and to comply with the Liquidity Support Scheme requirements.

b. Ultradata Australia Pty Ltd

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

c. Experteq (TAS)

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

d. DBP Consulting Pty Ltd

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

e. InterAction

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

f. Laminar Group

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

g. G.A.P. Tech Pty Ltd

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

34. Events occuring after the reporting period

There are no events occurring after the reporting period that materially impact the financial statements measurement of assets and liabilities.

35. Notes to cash flow statement

	2023 $	2022 $
(a) Reconciliation of cash		
Cash includes cash on hand, and deposits at call with other financial institutions and comprises:		
–Cash on hand		-
–Deposits at call	11,919,703	6,229,688
Total cash	11,919,703	6,229,688
(b) Reconciliation of cash from operating activities to operating profit		
The net cash increase/(decrease) from operating activities is reconciled to the profit after tax		
Profit after income tax	308,632	76,788
Add (Deduct):		
–Increases/(Decreases) in amortised fees on loans	(4,989)	9,791
–Increase in provision for loans	1,925	13,428
–Bad debts written off	-	-
–Depreciation expense	224,042	232,017
–Net loss on sale of non-current assets	-	-
Increase/(Decrease) in liabilities		
Creditors and accruals	(59,490)	(28,180)
Interest payable	439,833	(57,917)
Staff entitlements	90,118	(51,481)
Income tax	(37,416)	93,858
Current tax liabilities	(23,505)	(12,084)
(Increase)/Decrease in assets		
Interest receivable – deposits FI's	(67,779)	(15,393)
Prepayments	(3,410)	(7,740)
Deferred tax asset	140,578	(94,247)
Current tax asset	-	46,095
Net cash from revenue activities	1,008,539	204,935
Net cash from operating activities	1,008,539	204,935

36. Corporate information

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

The nature of the operations and its principal activities are the provision of deposit taking facilities and loan facilities to the Members of the Credit Union.

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

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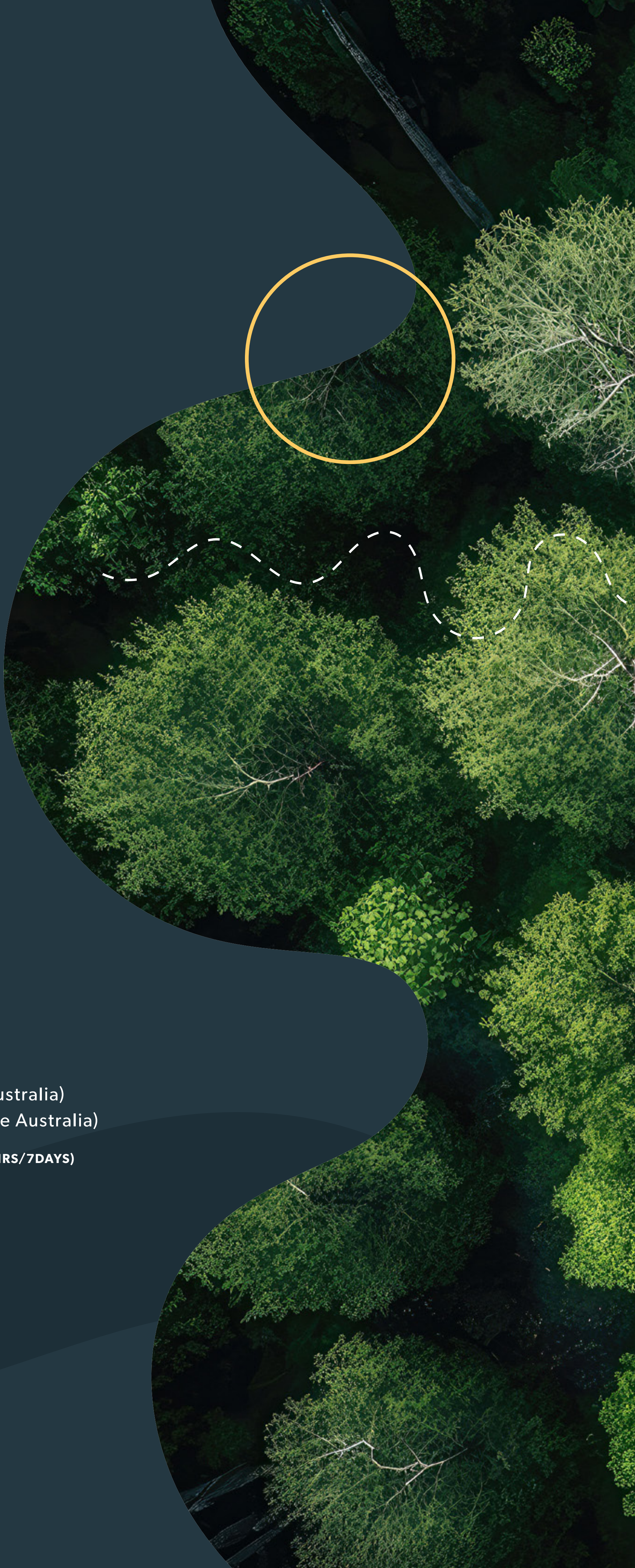

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REPORT LOST OR STOLEN CARDS (24 HRS/ 7DAYS)
1800 648 027 (Visa cards – from within Australia)
+61 2 8299 9101 (Visa cards – from outside Australia)

REPORT SUSPECTED FRAUDULENT CARD ACTIVITY (24HRS/7DAYS)
1300 705 750

FAX (02) 9763 3199

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