Annual Report 2026







Babinda Community Financial Services Limited

Babinda

ABN 87 118 659 993

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Chair's report

It is our great privilege to present the Co-Chairs' Report for Babinda Community Financial Services Limited as we celebrate a monumental milestone: **20 years of Community Banking in Babinda**. Two decades ago, our community chose to take control of its financial destiny. What began as an ambitious, visionary campaign by a dedicated steering committee has matured into an essential local institution, proving that banking can be a direct vehicle for lasting local benefit across Babinda and our surrounding districts.

Underpinning our longevity is solid commercial sustainability, which remains the engine behind everything we achieve. In celebrating that ongoing strength, we are thrilled to announce that the Board has declared and paid a **fully franked dividend of 8 cents per share** to our valued shareholders.

Alongside returns to our shareholders, our cumulative community investment has officially surpassed **$1.4 million**. These funds have provided vital backing to local sporting clubs, infrastructure improvements, community halls, and grassroots initiatives throughout our region. A core pillar of that investment is our ongoing commitment to local youth: to date, we have awarded **60 scholarships** to Year 11 and university students, easing the financial pressures of senior and tertiary education while encouraging our next generation of leaders to thrive.

Achieving these milestones requires immense personal dedication. The Directors of Babinda Community Financial Services Limited serve entirely in a voluntary capacity, carrying the legal, financial, and strategic responsibilities of running a public company. Over the past two decades, our volunteer directors have contributed an estimated **25,000 unpaid hours**. More than 27 directors have served on this Board over the years, building upon the foundation laid by our original steering committee.

While we as directors hold ultimate accountability for our compliance and governance, we are exceptionally fortunate to have an outstanding support team in **Leo Bruinier** and **Michelle Baker**. Leo and Michelle take an enormous amount of pressure off the Board, ensuring we remain fully compliant, thoroughly informed, and operating strictly by the book. We extend our sincere thanks to both Leo and Michelle for their tireless support, expertise, and dedication to our company.

Our daily connection to the community is driven by our wonderful branch staff, whose professionalism and customer service generate the business results that make our reinvestment possible. Our sincere thanks go to **Kat**, Branch Manager, for her leadership; **Hayley**, Customer Relationship Officer; **Deb**, Customer Service Officer; and **Roisin**, Customer Service Officer. We also extend our gratitude to all past staff members who have worked in our branch over the last 20 years. Every person who has stood behind our counters helped build the customer relationships we rely on today.

Our continued success also relies on our vital partnership with **Bendigo Bank**. We thank Bendigo Bank for providing the pioneering Community Bank model and for the ongoing corporate, technical, and operational backing their team delivers to support our branch operations and our Board.

Most importantly, our deepest thanks go to the two groups who make Community Bank Babinda possible: our shareholders and our customers. To our shareholders, thank you for putting your hard-earned funds on the line 20 years ago when this enterprise was just an idea—without your backing, we simply would not exist. And to our customers, thank you for being the true engine of this entire model. Every mortgage, business loan, savings account, and daily transaction completed with us directly fuels the dividends we pay and the $1.4 million we have returned to our community.

As we look ahead from this proud 20-year anniversary, your Board remains firmly focused on financial discipline, strong governance, and investing in a vibrant, resilient future for Babinda and its surrounding communities.

Tanya Leigh Tuttle & Kristy Lee Gilvear
Co-Chair

Manager's report

It is with great pride that I present the Branch Manager's Report for Community Bank Babinda for the 2025-2026 financial year. This past year has been a testament to the resilience of our local community and the enduring strength of the Community Bank model. Despite a dynamic economic landscape, our branch has continued to grow, adapt, and most importantly, deliver on our promise to support the people and businesses of Babinda and the surrounding district.

This year was an extra special one, as we marked 20 Years of Community Bank Babinda. This is an amazing milestone for our business and one that we are all so proud of. From small beginnings, we now have an amazing platform to support our community in so many ways – not just with their banking needs.

Empowering Our Customers

Our core focus remains on building deep, meaningful relationships with our customers. Over the past twelve months, we have seen sustained momentum across key areas of our business:

- Home Lending: We have had the privilege of guiding many locals through their home ownership journeys. From assisting first-time buyers in taking that crucial first step, to helping families finance new builds and renovations and supporting property investors with refinancing solutions; our tailored approach to home lending has been a success this year.
- Strong Deposit Growth: We have seen pleasing growth in our deposit book, reflecting the trust our community places in us as a secure home for their savings. In a competitive environment, this steady increase in deposits underscores the value our customers see in banking locally.
- Business Banking Partnerships: Local businesses are the backbone of Babinda. We have actively engaged with our business customers; from long-established entities to emerging enterprises, to provide strategic banking solutions and tailored account options. By acting as genuine partners rather than just service providers, we have helped our local business sector navigate challenges and seize new opportunities.
- Operational Excellence: Internally, we have maintained a strong focus on risk management and process improvement. Initiatives aimed at streamlining account opening procedures have significantly enhanced our operational efficiency, ensuring our team spends less time on administration and more time focusing on our customers.

Returning Value to Babinda

The true measure of our success is not just in our balance sheet, but in the tangible difference we make locally. Because our customers choose to bank with us, we have been able to continue channelling our profits directly back into the community.

Throughout the 2025-2026 financial year, we proudly supported numerous local clubs, schools, and community organisations through sponsorships and grants. These contributions help foster a vibrant, connected, and thriving Babinda, and every customer who banks with us shares in that achievement.

In addition to over $90,000 distributed through our regular scholarship, sponsorship and grants programs, in conjunction with our Branch 20th Birthday Celebrations, we provided an additional twenty, $1000 sponsorships to local groups and organisations!

Acknowledgements

I would like to extend my heartfelt thanks to our dedicated branch team; Hayley, Roisin and Deb. Their unwavering commitment to providing exceptional customer service and their proactive approach to continuous improvement are what make our branch truly special. I'd also like to acknowledge our Bendigo Bank partners, in particular, our Regional Manager, Jackie Seguin, who is always a fantastic support for The Board, myself, and the team.

I would also like to extend our sincere gratitude to our volunteer Board of Directors, both current and past, for their strategic guidance and tireless advocacy for our community. Thank you for all your encouragement and support year after year.

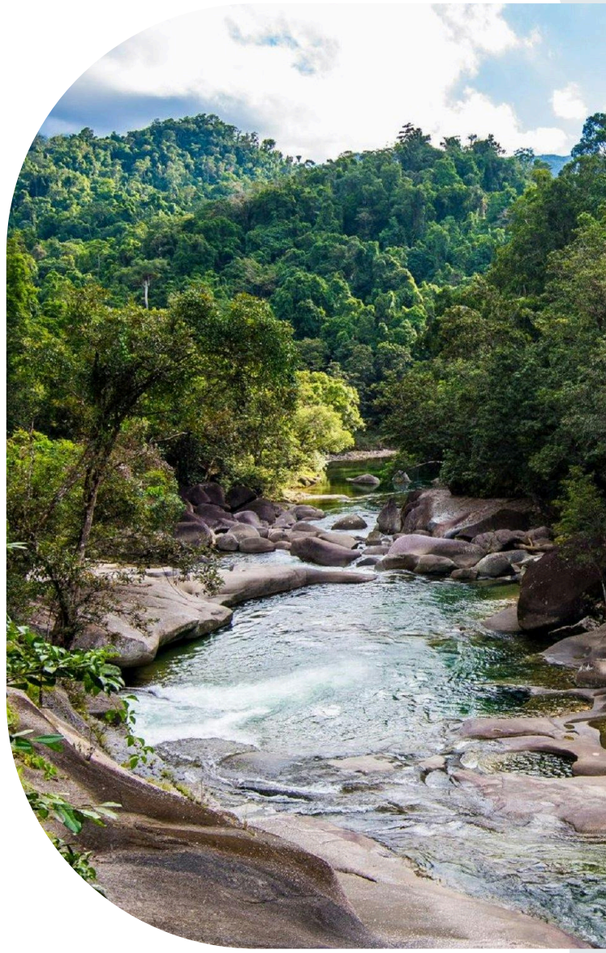
Finally, our deepest appreciation goes to our shareholders and customers. Your continued trust and advocacy are the foundation of Community Bank Babinda. When you choose to bank with us, you are making a direct investment in the future of our town.

We look forward to another successful year of growth, partnership, and community impact in 2026-2027.

Thank you for your continued support.

Warm regards,

Kat Lindsay
Branch Manager
Community Bank Babinda



Babinda Community Financial Services Limited

Financial Report

ABN: 87 118 659 993

For the year ended
30 June 2026

Directors' Report

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2026.

Information on Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Tanya Leigh Tuttle

Co-Chair, Chair of Corporate Governance, Finance & Audit Sub-Committee and member of Marketing & Sponsorship Sub-Committees

Graduate Australian Institute of Company Directors, General Manager, Operations/Logistics Manager in Transport, Food Safety Supervisor, Human Resources, Bookkeeper, Office Manager, Event Management, Former Treasurer/Secretary of Queensland Country Rugby Union, Former President of Babinda District Community Assoc Inc.

Kristy Lee Gilvear

Co-Chair, member of Corporate Governance, Finance & Audit and Marketing & Sponsorship Sub-Committees

Bachelor of Laws (QUT 2003); Managing Director – Gilvear Planning Pty Ltd (2009 – present); Member Planning Institute of Australia; Member Queensland Environmental Law Association (Committee Member 2022 - present); Member Australian Institute of Company Directors; Member Queensland Rural, Regional and Remote Womens' Network Inc; previous experience as an Articled Clerk, later Solicitor of the Supreme Court of Queensland and High Court of Australia (2000-2006); town planner and later Principal with international consultancy; provision of advice to clients large and small regarding projects across Queensland, Northern Territory, Western Australia, South Australia and internationally. Experience developing a business presence in regional location, and current Director of a private shopping centre owner in FNQ.

Lorraine Mary Anning

Deputy Chair, Chair of Sponsorship & Marketing, member of Corporate Governance, Finance and Audit Sub-Committees

Lorraine has been involved with the Hotel Industry since 1986, and a Director on the Babinda Community Bank Board since 2006. Lorraine has been involved in Babinda Community Organisations since 1987 and holds a private pilot's license.

Ian Walter Anderson

Member of Corporate Governance, Finance & Audit and Marketing and Sponsorship Sub-Committees

Self employed accountant. Ian has been an Accountant since 1990 where he started as a Accountant at Gaffney, Harvey & Ryan. During 1993 he became a Senior Accountant at Duesbury's. In 1996 Ian became the owner of Edge Hill Accountancy and still has this title at the present time. Ian's Qualifications include a Bachelor of Commerce (James Cook University), FCPA Member since 19th April 2007 and NTAA member. Ian is a Registered Tax agent and is also JP Qualified. Ian has been the Treasurer of Boot Brisbane/NQExit since January 2018, Cairns Port Development INC from 2014 -2022, F4BG Forum 4 Business Growth since January 2012 and the Rotary Club Cairns South from January 2000 - January 2005. Ian is now Treasurer of Regional Australia Party.

Stuart Lawson

Treasurer, member of Corporate Governance, Finance & Audit and Marketing & Sponsorship Sub-Committees

Bachelor of Fine Art in Communication Design 2004 – Queensland University of Technology; Diploma in Business Management 1995 – South African Institute of Management; Diploma in Business Management and Administration 1995 – Varsity College; Treasuer / Committee – Babinda District Community Association Inc; Business Owner - Hyperpixel Studio (2006-present); CRM & Email Marketing Specialist – Envato Pty Ltd (2021-present), Digital Education Program Officer – Office of Rural and Remote Health, Queensland Health (2021-present)

Company Secretary

The company secretary is Michelle Louise Baker. Michelle was appointed to the position of company secretary on 24 April 2018.

Self Employed company secretary and Bookkeeper. Previously worked as Operations Manager for an investment banking business in Melbourne. Michelle holds a Bachelor of Arts; Advanced Diploma of Business (Marketing). Michelle is a Colbinabbin Primary School Council Member.

Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

Review of operations

The profit for the company after providing for income tax amounted to $74,358 (2025: $126,130).

Operations have continued to perform in line with expectations.

Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	2026 $	2025 $
Fully franked dividend of 7 cents per share (2025: 7 cents)	41,878	41,878

Significant changes in state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

On 18 August 2026, APRA imposed licence conditions on Bendigo Bank relating to its non-financial risk management framework. Bendigo Bank subsequently announced a multi-year rectification program in response to those conditions.

Whilst neither APRA's announcement nor Bendigo Bank's public announcement specifically refer to Community Bank companies, the directors acknowledge that remediation and review activities may extend across BEN's broader branch network, which may include Community Bank branches. At the date of this report, the outcome of those activities, and any resulting impacts on the company, if any, are not known and cannot presently be determined.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

No matter, circumstance or likely development in operations has arisen during or since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meetings of directors

The number of directors meetings (including meetings of committees of directors) attended by each of the directors of the company during the financial year were:

	Board		Corporate Governance, Finance and Audit Committee		Sponsorship and Marketing Committee	
	E	A	E	A	E	A
Tanya Leigh Tuttle	10	10	1	1	2	2
Kristy Lee Gilvear	10	9	1	1	2	2
Lorraine Mary Anning	10	9	1	1	2	2
Ian Walter Anderson	10	10	1	1	2	2
Stuart Lawson	10	9	1	1	2	2

E = Eligible A = Attended

Eligible: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Tanya Leigh Tuttle	2,000	-	2,000
Kristy Lee Gilvear	1,000	-	1,000
Lorraine Mary Anning	9,100	-	9,100
Ian Walter Anderson	3,000	-	3,000
Stuart Lawson	-	-	-

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2026 and up to the date of this report.

Indemnity and insurance of directors and officers

The company has indemnified all directors and management in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or management of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Directors' report (continued)

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 23 to the accounts.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Kristy Lee Gilvear
Co-Chair

Dated: 18 September 2026

Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the members of Babinda Community Financial Services Limited

As lead auditor for the audit of Babinda Community Financial Services Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 18 September 2026

Jessica Ritchie
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2026

	Note	2026 $	2025 $
Revenue from contracts with customers	6	783,361	741,586
Finance revenue		21,573	16,593
Total revenue		804,934	758,179
Employee benefits expense	7	(307,389)	(293,445)
Advertising and marketing costs		(34,364)	(15,340)
Occupancy and associated costs		(10,474)	(17,290)
System costs		(17,805)	(17,698)
Depreciation and amortisation expense	7	(69,729)	(64,019)
Finance costs	7	(3,259)	(4,847)
General administration expenses		(147,034)	(130,783)
Total expenses before community contributions and income tax expense		(590,054)	(543,422)
Profit before community contributions and income tax expense		214,880	214,757
Charitable donations and sponsorships expense		(114,479)	(46,394)
Profit before income tax expense		100,401	168,363
Income tax expense	8	(26,043)	(42,233)
Profit after income tax expense for the year		74,358	126,130
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		74,358	126,130
		Cents	**Cents**
Basic earnings per share	25	12.43	21.08
Diluted earnings per share	25	12.43	21.08

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Financial statements (continued)

Statement of Financial Position

As at June 30 2026

	Note	2026 $	2025 $
Assets			
Current assets			
Cash and cash equivalents	9	24,538	174,032
Trade and other receivables	10	81,164	71,553
Investments	11	564,567	374,875
Total current assets		670,269	620,460
Non-current assets			
Property, plant and equipment	12	71,794	110,183
Right-of-use assets	13	22,009	45,567
Intangible assets	14	59,152	72,956
Deferred tax assets	8	2,636	-
Total non-current assets		155,591	228,706
Total assets		825,860	849,166
Liabilities			
Current liabilities			
Trade and other payables	15	53,082	52,891
Lease liabilities	16	24,470	26,539
Current tax liabilities	8	805	12,295
Employee benefits		16,434	17,503
Provisions		19,362	-
Total current liabilities		114,153	109,228
Non-current liabilities			
Trade and other payables	15	47,343	64,200
Lease liabilities	16	-	22,782
Deferred tax liabilities	8	-	5,114
Employee benefits		14,145	11,403
Provisions		-	18,700
Total non-current liabilities		61,488	122,199
Total liabilities		175,641	231,427
Net assets		650,219	617,739
Equity			
Issued capital	17	577,133	577,133
Retained earnings		73,086	40,606
Total equity		650,219	617,739

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of Changes in Equity

For the year ended 30 June 2026

	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2024	577,133	(43,646)	533,487
Profit after income tax expense	-	126,130	126,130
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	126,130	126,130
Transactions with owners in their capacity as owners:			
Dividends provided for or paid	-	(41,878)	(41,878)
Balance at 30 June 2025	577,133	40,606	617,739
Balance at 1 July 2025	577,133	40,606	617,739
Profit after income tax expense	-	74,358	74,358
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	74,358	74,358
Transactions with owners in their capacity as owners:			
Dividends provided for or paid	-	(41,878)	(41,878)
Balance at 30 June 2026	577,133	73,086	650,219

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

Statement of Cash Flows

For the year ended 30 June 2026

	Note	2026 $	2025 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		861,827	822,584
Payments to suppliers and employees (inclusive of GST)		(711,176)	(585,843)
Interest received		18,501	16,941
Income taxes refunded/(paid)		(45,283)	5,387
Net cash provided by operating activities	24	123,869	259,069
Cash flows from investing activities			
Payments for investments		(189,692)	(16,942)
Payments for property, plant and equipment		-	(36,013)
Payments for intangible assets		(14,346)	(14,346)
Net cash used in investing activities		(204,038)	(67,301)
Cash flows from financing activities			
Interest and other finance costs paid		(2,596)	(4,208)
Dividends paid	19	(41,878)	(41,878)
Repayment of lease liabilities		(24,851)	(22,603)
Net cash used in financing activities		(69,325)	(68,689)
Net increase/(decrease) in cash and cash equivalents		(149,494)	123,079
Cash and cash equivalents at the beginning of the financial year		174,032	50,953
Cash and cash equivalents at the end of the financial year	9	24,538	174,032

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

For the year ended 30 June 2026

Note 1. Reporting entity

The financial statements cover Babinda Community Financial Services Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 55 Munro Street, Babinda QLD 4861.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

The directors have a reasonable expectation that the company has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 18 September 2026. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Adoption of new and revised accounting standards
The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The company has assessed and concluded there are no material impacts.

Accounting standards issued but not yet effective
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2026. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements
AASB 18 (effective for annual reporting periods beginning on or after 1 January 2027) will replace AASB 101 *Presentation of Financial Statements*. Early adoption is permitted.

The new standard does not change how amounts are recognised or measured. However, it will change how information is presented and disclosed in the financial statements. This includes a revised structure for the statement of profit or loss and other comprehensive income, new subtotals, and additional disclosures for certain performance measures.

The company intends to adopt the standard from 1 July 2027. The impact is expected to be limited to changes in presentation and disclosure.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Notes to the Financial statements (continued)

For the year ended 30 June 2026

Note 3. Material accounting policy information (continued)

Investments
Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the company has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets
At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Recoverable amount is the higher of an asset’s fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

The directors base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 3. Material accounting policy information (continued)

Investments
Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the company has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets
At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

The directors base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Notes to the Financial statements (continued)

For the year ended 30 June 2026

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Judgements

Timing of revenue recognition associated with trail commission
The company receives trailing commission from Bendigo Bank for products and services sold. Ongoing trailing commission payments are recognised on a monthly basis when earned as there is insufficient detail readily available to estimate the most likely amount of revenue without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission revenue is outside the control of the company.

Allowance for expected credit losses on trade and other receivables
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The company has not recognised an allowance for expected credit losses in relation to trade and other receivables for the following reasons:
- The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end.
- The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit. The directors are not aware of any such non-compliance at balance date.
- The company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company.
- The company has not experienced any instances of default in relation to receivables owed to the company from Bendigo Bank.

Impairment of non-financial assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term.

In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

The company includes extension options applicable to the lease of branch premises in its calculations of both the right-of-use asset and lease liability except where the company is reasonably certain it will not exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the leased premises.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Estimates and assumptions

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or assets that have been abandoned or sold will be written off or written down.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, which is generally the case for the company's lease agreements, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. This rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in June 2030.

The company operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Notes to the Financial statements (continued)

For the year ended 30 June 2026

Note 6. Revenue from contracts with customers

	2026 $	2025 $
Margin income	672,664	621,871
Fee income	48,852	47,858
Commission income	61,845	71,857
	783,361	741,586

Accounting policy for revenue from contracts with customers
The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement, as follows:

Revenue stream	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of GST. There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation
The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

Margin income
Margin income on core banking products is arrived at through the following calculation:

Interest paid by customers on loans less interest paid to customers on deposits
plus: any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
minus: any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

Commission income
Commission income is generated from the sale of products and services. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation. Refer to note 4 for further information regarding key judgements applied by the directors in relation to the timing of revenue recognition from trail commission.

Fee income
Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank including fees for loan applications and account transactions.

Note 6. Revenue from contracts with customers (continued)

Core banking products
Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Ability to change financial return
Under the franchise agreement, Bendigo Bank may change the form and amount of financial return the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service.

Bendigo Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

Note 7. Expenses

Employee benefits expense

	2026 $	2025 $
Wages and salaries	259,782	250,611
Superannuation contributions	31,135	28,222
Expenses related to long service leave	2,742	3,963
Other expenses	13,730	10,649
	307,389	293,445

Depreciation and amortisation expense

	2026 $	2025 $
Depreciation of non-current assets		
Leasehold improvements	27,778	23,050
Plant and equipment	5,811	5,433
	33,589	28,483
Depreciation of right-of-use assets		
Leased land and buildings	23,558	22,955
Amortisation of intangible assets		
Franchise fee	2,097	2,097
Franchise renewal process fee	10,485	10,484
	12,582	12,581
	69,729	64,019

Note 7. Expenses (continued)

Finance costs

	2026 $	2025 $
Lease interest expense	2,596	4,208
Unwinding of make-good provision	663	639
	3,259	4,847

Charitable donations, sponsorships and grants

	2026 $	2025 $
Direct donation, sponsorship and grant payments	54,479	46,394
Contribution to the Community Enterprise Foundation™	60,000	-
	114,479	46,394

Note 8. Income tax

	2026 $	2025 $
Income tax expense		
Current tax	33,792	42,295
Movement in deferred tax	(7,749)	(62)
Aggregate income tax expense	26,043	42,233
Prima facie income tax reconciliation		
Profit before income tax expense	100,401	168,363
Tax at the statutory tax rate of 25%	25,100	42,091
Tax effect of:		
Non-deductible expenses	943	142
Income tax expense	26,043	42,233

	2026 $	2025 $
Deferred tax assets/(liabilities)		
Employee benefits	7,227	7,227
Lease liabilities	6,117	12,330
Provision for lease make good	4,675	4,675
Accrued expenses	865	1,174
Income accruals	(1,744)	(975)
Right-of-use assets	(5,502)	(11,392)
Property, plant and equipment	(9,002)	(18,153)
Deferred tax asset/(liability)	2,636	(5,114)

Note 8. Income tax (continued)

	2026 $	2025 $
Provision for income tax	805	12,295

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Accounting policy for current tax
Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Accounting policy for deferred tax
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Note 9. Cash and cash equivalents

	2026 $	2025 $
Cash at bank and on hand	24,538	174,032

Note 10. Trade and other receivables

	2026 $	2025 $
Trade receivables	66,584	60,692
Other receivables and accruals	7,223	4,151
Prepayments	7,357	6,710
	14,580	10,861
	81,164	71,553

	2026 $	2025 $
Financial assets at amortised cost classified as trade and other receivables		
Total trade and other receivables	81,164	71,553
Less prepayments, included in trade and other receivables	(7,357)	(6,710)
	73,807	64,843

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end.

Note 11. Investments

	2026 $	2025 $
Current assets		
Term deposits	50,000	-
Managed funds	514,567	374,875
	564,567	374,875

Note 12. Property, plant and equipment

	2026 $	2025 $
Leasehold improvements - at cost	191,071	206,026
Less: Accumulated depreciation	(132,146)	(114,661)
	58,925	91,365
Plant and equipment - at cost	83,238	125,681
Less: Accumulated depreciation	(70,369)	(106,863)
	12,869	18,818
	71,794	110,183

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2024	84,384	18,269	102,653
Additions	30,031	5,982	36,013
Depreciation	(23,050)	(5,433)	(28,483)
Balance at 30 June 2025	91,365	18,818	110,183
Disposals	(4,662)	(138)	(4,800)
Depreciation	(27,778)	(5,811)	(33,589)
Balance at 30 June 2026	58,925	12,869	71,794

Accounting policy for property, plant and equipment
Property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	2.5 to 20 years
Plant and Equipment	1 to 40 years

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

Note 12. Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 13. Right-of-use assets

	2026 $	2025 $
Land and buildings - right-of-use	132,756	132,756
Less: Accumulated depreciation	(110,747)	(87,189)
	22,009	45,567

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings $
Balance at 1 July 2024	113,269
Remeasurement adjustments	(44,747)
Depreciation expense	(22,955)
Balance at 30 June 2025	45,567
Depreciation expense	(23,558)
Balance at 30 June 2026	22,009

Accounting policy for right-of-use assets
Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease. Right-of-use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

Refer to note 16 for more information on lease arrangements.

Note 14. Intangible assets

	2026 $	2025 $
Franchise fee	53,385	53,589
Less: Accumulated amortisation	(43,526)	(41,429)
	9,859	12,160
Franchise renewal fee	216,927	217,945
Less: Accumulated amortisation	(167,634)	(157,149)
	49,293	60,796
	59,152	72,956

Note 14. Intangible assets (continued)

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2024	2,098	10,485	12,583
Additions	12,159	60,795	72,954
Amortisation expense	(2,097)	(10,484)	(12,581)
Balance at 30 June 2025	12,160	60,796	72,956
Adjustments	(204)	(1,018)	(1,222)
Amortisation expense	(2,097)	(10,485)	(12,582)
Balance at 30 June 2026	9,859	49,293	59,152

Accounting policy for intangible assets
Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2030
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2030

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

Note 15. Trade and other payables

	2026 $	2025 $
Current liabilities		
Trade payables	14,299	14,763
Other payables and accruals	38,783	38,128
	53,082	52,891
Non-current liabilities		
Other payables and accruals	47,343	64,200
	100,425	117,091

Note 15. Trade and other payables (continued)

	2026 $	2025 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	100,425	117,091
less statutory payables, included in trade and other payables	(6,471)	(12,049)
	93,954	105,042

Note 16. Lease liabilities

	2026 $	2025 $
Current liabilities		
Land and buildings lease liabilities	24,470	26,539
Non-current liabilities		
Land and buildings lease liabilities	-	22,782
	24,470	49,321

Reconciliation of lease liabilities

	2026 $	2025 $
Opening balance	49,321	117,035
Remeasurement adjustments	-	(45,111)
Lease interest expense	2,596	4,208
Lease payments - total cash outflow	(27,447)	(26,811)
	24,470	49,321

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially measured at the present value of the lease payments to be made over the term of the lease, including renewal options if the company is reasonably certain to exercise such options, discounted using the company's incremental borrowing rate.

The company has applied the following accounting policy choices in relation to lease liabilities:

- The company has elected not to separate lease and non-lease components when calculating the lease liability for property leases.
- The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and low-value assets, which include the company's lease of information technology equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options	Reasonably certain to exercise options	Lease term end date used in calculations
Babinda Branch	7.41%	2 years	N/A	N/A	June 2027

Note 17. Issued capital

	2026 Shares	2025 Shares	2026 $	2025 $
Ordinary shares - fully paid	598,251	598,251	598,251	598,251
Less: Equity raising costs	-	-	(21,118)	(21,118)
	598,251	598,251	577,133	577,133

Accounting policy for issued capital
Ordinary shares are recognised at the fair value of the consideration received by the company being $1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Rights attached to issued capital

Ordinary shares
Voting rights
Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

Dividends
Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

Transfer
Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest
A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 311. As at the date of this report, the company had 319 shareholders (2025: 321 shareholders).

Note 17. Issued capital (continued)

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and their associates) has a prohibited shareholding interest in are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

Note 18. Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

There were no changes in the company's approach to capital management during the year.

Note 19. Dividends

The following dividends were provided for and paid to shareholders during the financial year as presented in the Statement of changes in equity and Statement of cash flows.

	2026 $	2025 $
Fully franked dividend of 7 cents per share (2025: 7 cents)	41,878	41,878

Note 19. Dividends (continued)

Franking credits

	2026 $	2025 $
Franking account balance at the beginning of the financial year	77,823	97,168
Franking credits (debits) arising from income taxes paid (refunded)	45,283	(5,386)
Franking debits from the payment of franked distributions	(13,959)	(13,959)
	109,147	77,823
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	109,147	77,823
Franking credits (debits) that will arise from payment (refund) of income tax	842	12,295
Franking credits available for future reporting periods	109,989	90,118

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Accounting policy for dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Note 20. Financial risk management

The company's financial instruments include trade receivables and payables, cash and cash equivalents, investments and lease liabilities. The company does not have any derivatives.

The directors are responsible for monitoring and managing the financial risk exposure of the company, to which end it monitors the financial risk management policies and exposures and approves financial transactions within the scope of its authority.

The directors have identified that the only significant financial risk exposures of the consolidated entity are liquidity and market (price) risk. Other financial risks are not significant to the company due to the following factors:

- The company has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars.
- The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated A- on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company’s interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.
- The company has no borrowings.

Further details regarding the categories of financial instruments held by the company that hold such exposure are detailed below.

Note 20. Financial risk management (continued)

	2026 $	2025 $
Financial assets at amortised cost		
Trade and other receivables excluding prepayments (note 10)	73,807	64,843
Cash and cash equivalents (note 9)	24,538	174,032
Term deposits (note 11)	50,000	-
	148,345	238,875
Financial assets at fair value through profit or loss		
Managed funds (note 11)	514,567	374,875
Financial liabilities		
Trade and other payables (note 15)	93,954	105,042
Lease liabilities (note 16)	24,470	49,321
	118,424	154,363

At balance date, the fair value of financial instruments approximated their carrying values.

Accounting policy for financial instruments

Financial assets

Classification
The company classifies its financial assets in the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)

The company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and investments in term deposits.

The company's financial assets measured at FVTPL comprise investments in managed funds over which the company does not have significant influence nor control.

Derecognition
A financial asset is derecognised when the company's contractual right to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

Impairment of trade and other receivables
Impairment of trade receivables is determined using the simplified approach which uses an estimation of lifetime expected credit losses. The company has not recognised an allowance for expected credit losses in relation to trade and other receivables. Refer to note 4 for further information.

Financial liabilities

Classification
The company classifies its financial liabilities at amortised cost.

The company's financial liabilities measure at amortised cost comprise trade and other payables and lease liabilities.

Derecognition
A financial liability is derecognised when it is extinguished, cancelled or expires.

Market risk
Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments.

Notes to the Financial statements (continued)

For the year ended 30 June 2026

Note 20. Financial risk management (continued)

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $24,538 and term deposits of $50,000 at 30 June 2026 (2025: $174,032 and nil).

Price risk
The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

Liquidity risk
Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The following are the company's remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

2026	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	46,611	47,343	-	93,954
Lease liabilities	25,236	-	-	25,236
Total non-derivatives	71,847	47,343	-	119,190

2025	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	40,842	64,200	-	105,042
Lease liabilities	27,447	25,236	-	52,683
Total non-derivatives	68,289	89,436	-	157,725

Note 21. Key management personnel disclosures

The following persons were directors of Babinda Community Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements.

Tanya Leigh Tuttle
Kristy Lee Gilvear
Lorraine Mary Anning
Ian Walter Anderson
Stuart Lawson

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

Note 22. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 21.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 22. Related party transactions (continued)

Terms and conditions of transactions with related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

The following transactions occurred with related parties:

	2026 $	2025 $
A director is associated with Babinda District Community Association Inc T/A Babinda Taskforce, which received sponsorships and grants totalling:	4,000	-
A director is associated with Babinda District Community Association Inc T/A Babinda Taskforce, which provided rent and branch cleaning services of:	28,507	-
A director is associated with Babinda District Community Association Inc T/A Babinda Taskforce, which provided marketing, advertising, printing, social media planning and management, event management and co-ordination, and administrative support services of:	33,854	-

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Andrew Frewin Stewart, the auditor of the company:

	2026 $	2025 $
Audit services		
Audit or review of the financial statements	8,882	6,750
Other services		
Taxation advice and tax compliance services	2,863	2,728
General advisory services	4,215	3,890
Share registry services	7,752	6,895
	14,830	13,513
	23,712	20,263

Note 24. Reconciliation of profit after income tax to net cash provided by operating activities

	2026 $	2025 $
Profit after income tax expense for the year	74,358	126,130
Adjustments for:		
Depreciation and amortisation	69,730	64,019
Loss on remeasurement of lease	-	850
Lease liabilities interest	2,596	4,208
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(3,589)	7,469
Decrease in income tax refund due	-	35,387
Increase in deferred tax assets	(2,636)	-
Increase/(decrease) in trade and other payables	(2,321)	1,255
Increase/(decrease) in provision for income tax	(11,490)	12,295
Decrease in deferred tax liabilities	(5,114)	(62)
Increase in employee benefits	1,673	6,873
Increase in other provisions	662	645
Net cash provided by operating activities	123,869	259,069

Note 25. Earnings per share

	2026 $	2025 $
Profit after income tax	74,358	126,130
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	598,251	598,251
Weighted average number of ordinary shares used in calculating diluted earnings per share	598,251	598,251
	Cents	**Cents**
Basic earnings per share	12.43	21.08
Diluted earnings per share	12.43	21.08

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Babinda Community Financial Services Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 26. Commitments

The company has no commitments contracted for which would be provided for in future reporting periods.

Note 27. Contingencies

There were no contingent liabilities or contingent assets at the date of this report.

Note 28. Events after the reporting period

On 18 August 2026, APRA imposed licence conditions on Bendigo Bank relating to its non-financial risk management framework. Bendigo Bank subsequently announced a multi-year rectification program in response to those conditions.

Note 28. Events after the reporting period (continued)

Whilst neither APRA's announcement nor Bendigo Bank's public announcement specifically refer to Community Bank companies, the directors acknowledge that remediation and review activities may extend across BEN's broader branch network, which may include Community Bank branches. At the date of this report, the outcome of those activities, and any resulting impacts on the company, if any, are not known and cannot presently be determined.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 20. Financial risk management (continued)

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $24,538 and term deposits of $50,000 at 30 June 2026 (2025: $174,032 and nil).

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There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Kristy Lee Gilvear
Co-Chair

18 September 2026

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the members of Babinda Community Financial Services Limited Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Babinda Community Financial Services Limited (the company), is 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 2026 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

We have audited the financial report of Babinda Community Financial Services Limited, which comprises the:

- Statement of financial position as at 30 June 2026
- Statement of profit or loss and other comprehensive income for the year then ended
- Statement of changes in equity for the year then ended
- Statement of cash flows for the year then ended
- Notes to the financial statements, including material accounting policies, and the
- Directors' declaration.

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

Independence

We are independent of the company 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.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and the remaining information included in the company's Annual Report for the year ended 30 June 2026, which is expected to be made available to us after the date of this auditor's report. The other information does not include the financial report and our auditor's report thereonIndependence.

Liability limited by a scheme approved under Professional Standards Legislation.

Independent audit report (continued)

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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03 5443 0344

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

At the date of this auditor's report, we have received and read the Directors' Report and have not identified any material inconsistency between that information and the financial report or our knowledge obtained during the audit.

The remaining other information included in the Annual Report is expected to be made available to us after the date of this auditor's report. When we read that information, if we conclude that there is a material misstatement therein, we are required to take appropriate action in accordance with the Australian Auditing Standards.

Responsibilities of the directors for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/home.aspx. This description forms part of our auditor's report.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 18 September 2026

Jessica Ritchie
Lead Auditor

afsbendigo.com.au

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Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879 A1429506 OUT_49528938 12/11/2026