

Annual Report 2026

Epping and Districts Financial
Services Limited

Community Bank
Epping

ABN 57 104 573 499

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Chair's report

For year ending 30 June 2026

I am pleased to report the results of Epping and Districts Financial Services Limited for the year ending 30th June 2026.

The company has had another very successful year as is evident from the financial statements. This has enabled the board to continue to assist local community organisations, many of which have stated to me that they would not have been able to achieve what they did without grants or sponsorships from the bank. Whilst digital banking is becoming more and more prevalent, I also hear from our customers that having a physical branch is a great benefit and distinguishes us from other banks.

I wish, as always, to thank our exceptional staff for their wonderful service to our customers. Stephen Hu our manager has now been with us for over 10 years. I wish to thank Stephen for his great leadership of Community Bank Epping. Stephen is an exceptional manager, a great leader of our team at the branch and a caring and inspirational person. Thank you, Stephen!

Thank you also to Junie, Karen and Julie for your friendly and professional service to our customers. I know this is a big part of the bank's success.

My thanks to my hardworking Board of Directors. As the banking world imposes increasing compliance, each director is spending more and more time doing what is required.

I acknowledge directors Deputy Chair Ian Bittner, Janet McGarry, Joanne Lynch and Edmund So. I also wish to thank Justin Kang who has now retired from the board and to welcome new directors Victor Serna and Lakshmi Pilamarri. I recognise the great effort you all make in contributing to the bank's success. You are all volunteers and I appreciate your great community service.

I also, as always, wish to acknowledge and thank our shareholders. This year, our grants and sponsorships program surpassed \$3,000,000 returned to the Epping and district community since 2003. This would never have been achieved without your forethought and contribution in establishing the bank. Thank you for your continued support.

I look forward to another successful year but note that there are many new challenges that we face. Nevertheless, with the great team of staff and directors we have in place we face these challenges in a strong position.

Yours sincerely,



Craig Gallagher
Chair
Epping and Districts Financial Services Ltd.

Manager's report

For year ending 30 June 2026

I am pleased to present the Annual Report for Community Bank Epping for the 2025–26 Financial Year.

Community Bank Epping delivered robust financial performance during the 2025–26 Financial Year, navigating a highly competitive banking landscape characterised by elevated cash rates and rapid digital banking adoption. The branch successfully achieved \$4.7 million in lending growth alongside \$7.5 million in total business growth. This underscored our ongoing commitment to supporting customer goals and strengthening our footprint across the local area.

I extend my heartfelt thanks to our outstanding team - Junie, Karen and Julie - whose dedication and professionalism have been instrumental to our success. I also sincerely thank our volunteer Board of Directors and Committee members for their steadfast support, as well as our loyal customers and shareholders for their continued trust and confidence in us.

As a Community Bank, we take pride in offering personalised service while supporting local businesses and initiatives.

Our unique model allows us to deliver both financial benefits and community investment, creating a positive and lasting impact on the wellbeing of our region.

We warmly invited all shareholders and customers to visit the Epping branch to explore tailored lending, business, and everyday banking solutions.

The branch enters the upcoming financial year with strong momentum, committed to delivering sustainable growth, exceptional service, and meaningful partnerships with our community.

Sincerely,

Stephen Hu
Manager
Community Bank Epping.

The shared value model

Community Bank Epping operates on the principle of **Shared Value**.

Shared Value is:

- not just 'shared values', however noble those values might be;
- nor is it just a sense of 'social conscience' or 'social responsibility';
- nor is it just 'corporate philanthropy'.

It is all of these, and much more.

It embodies the link between business success and corporate social responsibility – the success of a company and the social health of the community around it are mutually dependent.

Our community bank is a franchisee of Bendigo and Adelaide Bank. It uses the bank's infrastructure and expertise to provide local community members with financial and banking services through a successful community business venture. The crucial point of difference from other banks is that, under the terms of the franchise agreement, our community bank reinvests up to 80% of its net profits back into the community to support local initiatives and stimulate community well-being. We are a genuine community bank.

Shareholders expect a financial return, but they are also committing to a community investment for the benefit of their community as a whole.

The community is at the centre of the business, not at the margins. Our high-quality banking services are the means to the end – to generate profits, and thus provide funds to support our community.

Since our foundation in 2003, our company has returned more than \$3.1 million to our community in a wide variety of projects. We must stress that these funds come from our Community Bank Epping, our local company, not from 'the Bendigo Bank'.

The members of our community who bank with us receive high quality banking services - and are the source of our profits. The more people who bank with our branch, the higher our profits. The higher our profits, the more funds we can pass back into local community projects and to our shareholders. It is a WIN-WIN-WIN situation.

Our community funding and investment

During the financial year ended 30 June 2026, the following community organisations have received financial support from Community Bank Epping:

Allowah
All Saints Anglican Church North Epping
Carlingford Netball Club
Carlingford Public School P&C
CCA
Cheltenham Girls High School P&C
Community Wheels
Dignity
Epilepsy Australia
Epping Bulls Cricket Club
Epping District Athletics
Epping-Eastwood Football Club
Epping Heights Public School P&C
Epping North Public School P&C
Epping Physie Club
Epping Rams Rugby Club
Epping Senior Citizens Club
Epping West Public School P&C

Heartbeat of Football
Indian Seniors Club
Lions Club Eastwood-Epping
Macquarie Singers
Murray Farm Public School P&C
NextSense
North Epping Bowling and Community Club
North Epping Carols
North Epping Men's Shed
North Epping Rangers Sports Club
NW Spirit FC
Riding for the Disabled
Roselea Public School P&C
St Andrews Netball Club
St Johns Anglican Church Beecroft
Sydney Community Group
West Epping Cricket Club

Directors' report

30 June 2026

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

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:

Name:	Craig Eric Gallagher
Title:	Non-executive director
Experience and expertise:	Retired Lawyer 40 years. Director Centre for Disability Studies, Sydney University. Member Epping Rotary 25 years. Former Trustee State Sports Centre Trust. Former Trustee and Chairman Parramatta Stadium Trust. Former Director Venues NSW.
Special responsibilities:	Company Chair, Member of Finance Committee, Member of Governance, Risk and Human Resources Committee, Member of Community Funding & Business Development Committee.
Name:	Ian David Bittner
Title:	Non-executive director
Experience and expertise:	Forty five years experience in private and public pathology companies including time as Chief General Manager of Malaysia and Singapore operations. Retired from NSW Health Pathology, Quality and Clinical Governance Team. Over twenty years service to Rotary including two terms as president of the Rotary Club of Epping. Also a member of the North Epping Mens Shed.
Special responsibilities:	Company Secretary and Deputy Chair, Chair of Governance, Risk and Human Resources Committee.
Name:	Janet Pauline McGarry
Title:	Non-executive director
Experience and expertise:	Marketing and Communications Senior Executive, with more than 30 years' experience in the tourism industry, and acknowledged as an industry leader. Active for more than 20 years in the local Epping community with 5 years spent as President of Epping Civic Trust.
Special responsibilities:	Chair of Community Funding and Business Development Committee.
Name:	Joanne Claire Lynch
Title:	Non-executive director
Experience and expertise:	30+ years of experience in financial and operational leadership roles in the UK, US, Japan and Australia in a range of industries. 6 years as treasurer at Beecraft & District Garden Club. Holds accounting, organisational coaching, workplace health/safety qualifications.
Special responsibilities:	Chair of Finance Committee.
Name:	Edmund Chuen So
Title:	Non-executive director (appointed 24 August 2025)
Experience and expertise:	Edmund retired as the CEO of an international accounting firm in July 2023. Optimisation is his strength as a mathematician in his first degree. He then entered the accountancy profession in the UK and was admitted as a member of the Institution of Chartered Accountants in England and Wales. He migrated to Australia in late 1979 and became a member of Chartered Accountants Australia and New Zealand as well as a member of CPA Australia. Edmund gained accounting and commercial experience in one of the top 4 accounting firms and also worked as a finance director of a medium-sized manufacturing business, while supporting Mum and Dad family businesses as well. In 1996, he completed a Master of Laws degree, enabling him to read law and understand the various critical decisions in Common Law cases. In 2010, Edmund took the idea of generational migration to the NSW Parliament and Federal Parliament in Canberra, which created a new stream of subclass migration visa. He now devotes his energy to helping the local community as a volunteer. He has also taken up the hobbies of playing table tennis, guitar and harmonica in his spare time.
Special responsibilities:	Member of Finance Committee, Member of Governance, Risk and Human Resources Committee.

Directors' report (continued)

Name:	Victor Serna
Title:	Non-executive director (appointed 25 February 2026)
Experience and expertise:	Control System Engineering in Machine Tool Industry, Lecturer and Research Fellow in Academia, IT Systems and Software Manager in the public and private sectors, Business and Operation Manager, Contractor in the Solar and Renewable Industry. Masters in Electrical and Masters Mechanical Engineering. Fluency in 5 languages. Currently semi-retired.
Special responsibilities:	Nil.
Name:	Lakshmi Kaligotla
Title:	Non-executive director (appointed 22 April 2026)
Experience and expertise:	Director for Softlabs, IT professional with 25 years experience in executive roles. Community organisations board member for over 20 years.
Special responsibilities:	Member of Governance, Risk and Human Resources Committee.
Name:	Justin Lian Sin Kang
Title:	Non-executive director (resigned 22 April 2026)
Experience and expertise:	Legal services, currently partner in Dentons Australia Ltd.
Special responsibilities:	Deputy Chair, Member of Community Funding and Business Development Committee, Governance, Risk and Human Resources Committee.

Company secretary

The company secretary is Ian David Bittner. Ian was appointed to the position of company secretary on 21 November 2017.

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 \$29,244 (30 June 2025: \$56,535).

Operations have continued to perform in line with expectations.

Dividends

During the financial year, the following dividends were declared and paid as presented in the Statement of changes in equity and Statement of cash flows.

	2026 \$	2025 \$
Fully franked dividend of 10 cents per share (2025: 8 cents)	<u>51,101</u>	<u>40,881</u>

During the financial year, the following dividends were paid as presented in the Statement of cash flows but declared in the previous financial year.

	2026 \$	2025 \$
Fully franked dividend of nil cents per share (2025: 12 cents)	<u>-</u>	<u>61,320</u>

Significant changes in the 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.

Directors' report (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 Bendigo Bank'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 attended by each of the directors of the company during the financial year were:

	Board		Governance, Risk and Human Resources Committee	
	Eligible	Attended	Eligible	Attended
Craig Eric Gallagher	11	11	4	4
Ian David Bittner	11	11	4	4
Janet Pauline McGarry	11	10	-	-
Joanne Claire Lynch	11	10	-	-
Edmund Chuen So	9	9	3	2
Victor Serna	5	4	-	-
Lakshmi Kaligotla	3	3	-	-
Justin Lian Sin Kang	8	4	3	2

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 except as disclosed in notes 24 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

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
Craig Eric Gallagher	-	-	-
Ian David Bittner	-	-	-
Janet Pauline McGarry	-	-	-
Joanne Claire Lynch	-	-	-
Edmund Chuen So	-	-	-
Victor Serna	-	-	-
Lakshmi Kaligotla	-	-	-
Justin Lian Sin Kang	-	-	-

Directors' report (continued)

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.

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 25 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.

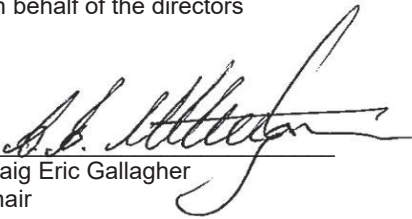
Auditor's independence declaration

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.

Directors' report (continued)

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



Craig Eric Gallagher
Chair

29 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 Directors of Epping and Districts Financial Services Limited

As lead auditor for the audit of Epping and Districts 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 29 September 2026

A handwritten signature in black ink, appearing to read 'Lachlan Tatt'.

Lachlan Tatt
Lead Auditor

Financial statements

Epping and Districts Financial Services Limited Statement of profit or loss and other comprehensive income For the year ended 30 June 2026

	Note	2026 \$	2025 \$
Revenue from contracts with customers	7	1,291,022	1,260,358
Finance revenue		31,351	34,838
Total revenue		<u>1,322,373</u>	<u>1,295,196</u>
Employee benefits expense	8	(492,818)	(446,915)
Advertising and marketing costs		(76,869)	(93,889)
Occupancy and associated costs		(15,923)	(17,131)
System costs		(41,616)	(37,787)
Depreciation and amortisation expense	8	(75,323)	(75,765)
Finance costs	8	(5,989)	(7,182)
General administration expenses		(100,579)	(87,425)
Total expenses before community contributions and income tax expense		<u>(809,117)</u>	<u>(766,094)</u>
Profit before community contributions and income tax expense		513,256	529,102
Charitable donations, sponsorships and grants expense	8	<u>(473,699)</u>	<u>(453,489)</u>
Profit before income tax expense		39,557	75,613
Income tax expense	9	<u>(10,313)</u>	<u>(19,078)</u>
Profit after income tax expense for the year		29,244	56,535
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>29,244</u>	<u>56,535</u>
		Cents	Cents
Basic earnings per share	27	5.72	11.06
Diluted earnings per share	27	5.72	11.06

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

Financial statements (continued)

Epping and Districts Financial Services Limited Statement of financial position As at 30 June 2026

	Note	2026 \$	2025 \$
Assets			
Current assets			
Cash and cash equivalents	10	385,788	405,153
Trade and other receivables	11	139,732	119,029
Investments	12	693,526	667,195
Current tax assets	9	-	13,206
Total current assets		<u>1,219,046</u>	<u>1,204,583</u>
Non-current assets			
Property, plant and equipment	13	36,117	39,065
Right-of-use assets	14	143,631	185,605
Intangibles	15	33,880	47,900
Deferred tax assets	9	45,672	35,552
Total non-current assets		<u>259,300</u>	<u>308,122</u>
Total assets		<u>1,478,346</u>	<u>1,512,705</u>
Liabilities			
Current liabilities			
Trade and other payables	16	60,013	50,502
Lease liabilities	17	48,403	46,993
Current tax liabilities	9	3,136	-
Employee benefits	18	118,645	83,732
Total current liabilities		<u>230,197</u>	<u>181,227</u>
Non-current liabilities			
Trade and other payables	16	15,421	30,842
Lease liabilities	17	116,913	160,501
Employee benefits	18	7,131	10,121
Lease make good provision		18,077	17,550
Total non-current liabilities		<u>157,542</u>	<u>219,014</u>
Total liabilities		<u>387,739</u>	<u>400,241</u>
Net assets		<u>1,090,607</u>	<u>1,112,464</u>
Equity			
Issued capital	19	479,929	479,929
Retained earnings		610,678	632,535
Total equity		<u>1,090,607</u>	<u>1,112,464</u>

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

Financial statements (continued)

Epping and Districts Financial Services Limited Statement of changes in equity For the year ended 30 June 2026

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2024		479,929	616,881	1,096,810
Profit after income tax expense		-	56,535	56,535
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	56,535	56,535
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(40,881)	(40,881)
Balance at 30 June 2025		<u>479,929</u>	<u>632,535</u>	<u>1,112,464</u>
Balance at 1 July 2025		479,929	632,535	1,112,464
Profit after income tax expense		-	29,244	29,244
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	29,244	29,244
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(51,101)	(51,101)
Balance at 30 June 2026		<u>479,929</u>	<u>610,678</u>	<u>1,090,607</u>

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

Financial statements (continued)

Epping and Districts Financial Services Limited 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)		1,404,233	1,396,902
Payments to suppliers and employees (inclusive of GST)		(1,298,510)	(1,236,984)
Interest received		34,475	34,357
Income taxes paid		(4,091)	(10,563)
Net cash provided by operating activities	26	136,107	183,712
Cash flows from investing activities			
Payment for investments		(26,331)	(25,567)
Payments for property, plant and equipment		(16,381)	(4,144)
Payments for intangible assets		(14,019)	(14,019)
Net cash used in investing activities		(56,731)	(43,730)
Cash flows from financing activities			
Interest and other finance costs paid		(5,462)	(6,672)
Dividends paid	21	(51,101)	(102,201)
Repayment of lease liabilities		(42,178)	(39,581)
Net cash used in financing activities		(98,741)	(148,454)
Net decrease in cash and cash equivalents		(19,365)	(8,472)
Cash and cash equivalents at the beginning of the financial year		405,153	413,625
Cash and cash equivalents at the end of the financial year	10	385,788	405,153

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

Notes to the financial statements

30 June 2026

Note 1. Reporting entity

The financial statements cover Epping and Districts 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 Unit 1, 2 Pembroke Street, Epping NSW 2121.

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.

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 29 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)

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)

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 at each reporting date by evaluating conditions specific to the company 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. The directors did not identify any impairment indications during the financial year.

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.

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 November 2028.

Notes to the financial statements (continued)

Note 5. Economic dependency (continued)

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.

Note 6. Restatement of comparatives

Reclassification of investment account

During the year, the directors reviewed the classification of financial assets under AASB 107 *Statement of Cash Flows* and AASB 9 *Financial Instruments*. The Sandhurst Trustees Investment account, previously classified as cash and cash equivalents, has been reclassified as a current investment measurement at fair value through profit or loss. This reflects its withdrawal restrictions, unitised structure, and exposure to fair value changes.

The change in classification had the following impacts on comparative figures:

- Cash and cash equivalents decreased and investments increased by \$451,424 at 30 June 2025.
- Opening and closing cash balances in the Statement of cash flows were adjusted accordingly.
- Related movements are now shown as investing activities in the Statement of cash flows.

The change in classification had no impact on the company's net profit or net asset position.

Note 7. Revenue from contracts with customers

	2026 \$	2025 \$
Margin income	1,194,061	1,154,820
Fee income	32,891	44,261
Commission income	64,070	61,277
	<u>1,291,022</u>	<u>1,260,358</u>

Notes to the financial statements (continued)

Note 7. Revenue from contracts with customers (continued)

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:

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
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 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.

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.

Notes to the financial statements (continued)

Note 7. Revenue from contracts with customers (continued)

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 8. Expenses

Employee benefits expense

	2026 \$	2025 \$
Wages and salaries	401,746	392,584
Superannuation contributions	47,798	44,804
Expenses related to long service leave	28,374	(4,683)
Other expenses	14,900	14,210
	<u>492,818</u>	<u>446,915</u>

Depreciation and amortisation expense

	Note	2026 \$	2025 \$
<i>Depreciation of non-current assets</i>			
Leasehold improvements	13	13,807	13,807
Plant and equipment	13	5,522	5,966
		<u>19,329</u>	<u>19,773</u>
<i>Depreciation of right-of-use assets</i>			
Leased land and buildings	14	41,974	41,973
<i>Amortisation of intangible assets</i>			
Franchise fee	15	2,337	2,336
Franchise renewal fee	15	11,683	11,683
		<u>14,020</u>	<u>14,019</u>
		<u>75,323</u>	<u>75,765</u>

Finance costs

	Note	2026 \$	2025 \$
Lease interest expense	17	5,462	6,671
Unwinding of make-good provision	17	527	511
		<u>5,989</u>	<u>7,182</u>

Notes to the financial statements (continued)

Note 8. Expenses (continued)

Charitable donations, sponsorships and grants

	2026 \$	2025 \$
Direct donation, sponsorship and grant payments	110,063	95,594
Contribution to the Community Enterprise Foundation™	363,636	357,895
	<u>473,699</u>	<u>453,489</u>

The overarching philosophy of the Community Bank model is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations, sponsorships and grants).

The funds contributed to and held by the Community Enterprise Foundation™ (CEF) are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution into the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Note 9. Income tax

	2026 \$	2025 \$
<i>Income tax expense</i>		
Current tax	20,433	22,177
Movement in deferred tax	(10,120)	(3,099)
Aggregate income tax expense	<u>10,313</u>	<u>19,078</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	39,557	75,613
Tax at the statutory tax rate of 25%	9,889	18,903
Tax effect of:		
Non-deductible expenses	424	175
Income tax expense	<u>10,313</u>	<u>19,078</u>
	2026 \$	2025 \$
<i>Deferred tax assets/(liabilities)</i>		
Property, plant and equipment	3,510	3,133
Employee benefits	31,444	23,463
Provision for lease make good	4,519	4,388
Accrued expenses	1,882	980
Income accruals	(1,104)	(1,885)
Lease liabilities	41,329	51,874
Right-of-use assets	(35,908)	(46,401)
Deferred tax asset	<u>45,672</u>	<u>35,552</u>

Notes to the financial statements (continued)

Note 9. Income tax (continued)

	2026 \$	2025 \$
Income tax refund due	-	13,206
	<u>2026 \$</u>	<u>2025 \$</u>
Provision for income tax	3,136	-

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 10. Cash and cash equivalents

	2026 \$	2025 \$
Cash on hand	146	134
Cash at bank and on hand	385,642	405,019
	<u>385,788</u>	<u>405,153</u>

Note 11. Trade and other receivables

	2026 \$	2025 \$
Trade receivables	117,257	101,366
Other receivables and accruals	12,221	4,729
Accrued income	4,415	7,539
Prepayments	5,839	5,395
	<u>22,475</u>	<u>17,663</u>
	<u>139,732</u>	<u>119,029</u>
	<u>2026 \$</u>	<u>2025 \$</u>
Financial assets at amortised cost classified as trade and other receivables		
Total trade and other receivables	129,478	106,095
Less GST refundable from the ATO, included in trade and other receivables	(11,971)	(4,079)
Less prepayments, included in trade and other receivables	(5,839)	(5,395)
	<u>111,668</u>	<u>96,621</u>

Notes to the financial statements (continued)

Note 11. Trade and other receivables (continued)

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 12. Investments

	2026 \$	2025 \$
<i>Current assets</i>		
Term deposits	212,232	204,743
Restricted cash held in term deposits	11,469	11,028
Managed funds	469,825	451,424
	<u>693,526</u>	<u>667,195</u>

Note 13. Property, plant and equipment

	2026 \$	2025 \$
Leasehold improvements - at cost	80,259	80,259
Less: Accumulated depreciation	(70,232)	(56,425)
	<u>10,027</u>	<u>23,834</u>
Plant and equipment - at cost	77,879	61,498
Less: Accumulated depreciation	(51,789)	(46,267)
	<u>26,090</u>	<u>15,231</u>
	<u>36,117</u>	<u>39,065</u>

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	37,641	17,053	54,694
Additions	-	4,144	4,144
Depreciation	(13,807)	(5,966)	(19,773)
Balance at 30 June 2025	23,834	15,231	39,065
Additions	-	16,381	16,381
Depreciation	(13,807)	(5,522)	(19,329)
Balance at 30 June 2026	<u>10,027</u>	<u>26,090</u>	<u>36,117</u>

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.

Notes to the financial statements (continued)

Note 13. Property, plant and equipment (continued)

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	5 to 6 years
Plant and equipment	1 to 25 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.

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 14. Right-of-use assets

	2026 \$	2025 \$
Land and buildings - right-of-use	377,526	377,526
Less: Accumulated depreciation	(233,895)	(191,921)
	<u>143,631</u>	<u>185,605</u>

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	227,578
Depreciation expense	<u>(41,973)</u>
Balance at 30 June 2025	185,605
Depreciation expense	<u>(41,974)</u>
Balance at 30 June 2026	<u>143,631</u>

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 17 for more information on lease arrangements.

Notes to the financial statements (continued)

Note 15. Intangibles

	2026 \$	2025 \$
Franchise fee	95,600	95,600
Less: Accumulated amortisation	(89,953)	(87,616)
	<u>5,647</u>	<u>7,984</u>
Franchise renewal fee	227,991	227,991
Less: Accumulated amortisation	(199,758)	(188,075)
	<u>28,233</u>	<u>39,916</u>
	<u><u>33,880</u></u>	<u><u>47,900</u></u>

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	10,320	51,599	61,919
Amortisation expense	<u>(2,336)</u>	<u>(11,683)</u>	<u>(14,019)</u>
Balance at 30 June 2025	7,984	39,916	47,900
Amortisation expense	<u>(2,337)</u>	<u>(11,683)</u>	<u>(14,020)</u>
Balance at 30 June 2026	<u><u>5,647</u></u>	<u><u>28,233</u></u>	<u><u>33,880</u></u>

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:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	November 2028
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	November 2028

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

Notes to the financial statements (continued)

Note 16. Trade and other payables

	2026 \$	2025 \$
<i>Current liabilities</i>		
Trade payables	2,723	1,956
Other payables and accruals	57,290	48,546
	<u>60,013</u>	<u>50,502</u>
<i>Non-current liabilities</i>		
Other payables and accruals	15,421	30,842
	<u>75,434</u>	<u>81,344</u>
	2026 \$	2025 \$
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	75,434	81,344
Less statutory payables, included in trade and other payables	(6,748)	(6,450)
	<u>68,686</u>	<u>74,894</u>

Note 17. Lease liabilities

	2026 \$	2025 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	48,403	46,993
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	116,913	160,501
	<u>165,316</u>	<u>207,494</u>
<i>Reconciliation of lease liabilities</i>		
	2026 \$	2025 \$
Opening balance	207,494	247,076
Lease interest expense	5,462	6,671
Lease payments - total cash outflow	(47,640)	(46,253)
	<u>165,316</u>	<u>207,494</u>

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:

Notes to the financial statements (continued)

Note 17. Lease liabilities (continued)

- 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 available	Reasonably certain to exercise options	Lease term end date used in calculations
Pembroke Street Branch	3.00%	3 years	1 x 3 years	Yes	November 2029

Note 18. Employee benefits

	2026 \$	2025 \$
<i>Current liabilities</i>		
Annual leave	62,208	58,659
Long service leave	56,437	25,073
	<u>118,645</u>	<u>83,732</u>
<i>Non-current liabilities</i>		
Long service leave	7,131	10,121
	<u>125,776</u>	<u>93,853</u>

Accounting policy for short-term employee benefits

Liabilities for annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating non-vesting sick leave is expensed when the leave is taken and is measured at the rates paid or payable.

Accounting policy for other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 19. Issued capital

	2026 Shares	2025 Shares	2026 \$	2025 \$
Ordinary shares - fully paid	511,008	511,008	511,008	511,008
Less: Equity raising costs	-	-	(31,079)	(31,079)
	<u>511,008</u>	<u>511,008</u>	<u>479,929</u>	<u>479,929</u>

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.

Notes to the financial statements (continued)

Note 19. Issued capital (continued)

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").

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.

Notes to the financial statements (continued)

Note 20. 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 21. Dividends

Dividends provided for and paid during the period

The following dividends were declared 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 10 cents per share (2025: 8 cents)	51,101	40,881

Dividend declared in the previous financial year and paid in this financial year

The following dividends were declared in the previous financial year and paid to shareholders during the current financial year as presented in the Statement of cash flows.

	2026 \$	2025 \$
Fully franked dividend of nil cents per share (2025: 12 cents)	-	61,320

Accounting policy for dividends

Dividends are recognised when declared during the financial year.

Franking credits

	Note	2026 \$	2025 \$
Franking account balance at the beginning of the financial year		350,236	363,520
Franking credits (debits) arising from income taxes paid (refunded)		4,091	10,563
Franking debits from the payment of franked distributions		(17,034)	(23,847)
		337,293	350,236
Balance at the end of the financial year		337,293	350,236
Franking credits (debits) that will arise from payment (refund) of income tax	9	3,136	(13,206)
Franking credits available for future reporting periods		340,429	337,030

Notes to the financial statements (continued)

Note 21. Dividends (continued)

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%.

Note 22. 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 company 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.

	2026 \$	2025 \$
Financial assets at amortised cost		
Cash and cash equivalents (note 10)	385,788	405,153
Trade and other receivables excluding prepayments (note 11)	111,668	96,621
Term deposits (note 12)	223,701	215,771
	<u>721,157</u>	<u>717,545</u>
Financial assets at fair value through profit or loss		
Managed funds (note 12)	<u>469,825</u>	<u>451,424</u>
Financial liabilities		
Trade and other payables (note 16)	68,686	74,894
Lease liabilities (note 17)	165,316	207,494
	<u>234,002</u>	<u>282,388</u>

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

Accounting policy for financial instruments

Financial assets

The company classifies its financial assets into 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.

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

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.

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.

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 \$385,788 and term deposits of \$212,232 at 30 June 2026 (2025: \$405,153 and \$204,743). In addition, the company held investments in managed funds measured at fair value through profit or loss of \$469,825 (2025: \$451,424), the value of which is subject to movements in underlying investment markets.

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.

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2026				
Trade and other payables	53,265	15,421	-	68,686
Lease liabilities	49,070	124,684	-	173,754
Total non-derivatives	102,335	140,105	-	242,440

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2025				
Trade and other payables	44,052	30,842	-	74,894
Lease liabilities	47,640	173,754	-	221,394
Total non-derivatives	91,692	204,596	-	296,288

Note 23. Key management personnel disclosures

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

Craig Eric Gallagher	Victor Serna
Ian David Bittner	Lakshmi Kaligotla
Janet Pauline McGarry	Justin Lian Sin Kang
Joanne Claire Lynch	Edmund Chuen So

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 24. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 23.

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.

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

The following transactions occurred with related parties:

	2026 \$	2025 \$
The company utilised Marketing services provided by its director, Janet Pauline McGarry.	46,536	52,687
The company provided sponsorships through the Community Enterprise Foundation to Epping Rotary Club where Ian David Bittner holds the position of president.	-	10,000
The company provided sponsorships to North Epping bowling Club where Rob Phillips is a director and honorary secretary.	-	5,000
The company provided sponsorships through the Community Enterprise Foundation to the Epping Senior Citizens' Club, where Edmund Chuen So holds the position of Treasurer.	12,200	-

Notes to the financial statements (continued)

Note 25. 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 \$
<i>Audit services</i>		
Audit or review of the financial statements	8,165	7,930
<i>Other services</i>		
Taxation advice and tax compliance services	290	265
General advisory services	4,165	3,340
Share registry services	4,736	5,946
	9,191	9,551
	17,356	17,481

Note 26. Reconciliation of profit after income tax to net cash provided by operating activities

	2026 \$	2025 \$
Profit after income tax expense for the year	29,244	56,535
Adjustments for:		
Depreciation and amortisation	75,323	75,765
Lease liabilities interest	5,462	6,671
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(20,703)	16,959
Decrease in current tax assets	13,206	11,614
Increase in deferred tax assets	(10,120)	(3,099)
Increase in trade and other payables	8,109	22,489
Increase in current tax liabilities	3,136	-
Increase/(decrease) in employee benefits	31,923	(3,733)
Increase in provisions	527	511
Net cash provided by operating activities	136,107	183,712

Note 27. Earnings per share

	2026 \$	2025 \$
Profit after income tax	29,244	56,535
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	511,008	511,008
Weighted average number of ordinary shares used in calculating diluted earnings per share	511,008	511,008

Notes to the financial statements (continued)

Note 27. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	5.72	11.06
Diluted earnings per share	5.72	11.06

Accounting policy for earnings per share

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

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. 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.

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 Bendigo Bank'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.

Directors' declaration

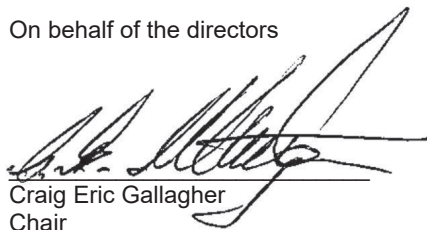
30 June 2026

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



Craig Eric Gallagher
Chair

29 September 2026

Independent audit report



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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03 5443 0344

Independent auditor's report to the members of Epping and Districts Financial Services Limited

Report on the Audit of the Financial Report

Our opinion

In our opinion, the accompanying financial report of Epping and Districts 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 the company, which comprises:

- the Statement of financial position as at 30 June 2026
- the Statement of profit or loss and other comprehensive income for the year ended 30 June 2026
- the Statement of changes in equity for the year ended 30 June 2026
- the Statement of cash flows for the year ended 30 June 2026
- the 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 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.

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

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 thereon.



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Our opinion on the financial report does not cover the other information and accordingly we do 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: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 29 September 2026

A handwritten signature in black ink, appearing to read 'Lachlan Tatt'.

Lachlan Tatt
Lead Auditor

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