Annual Report 2026









Huon Valley Financial Services Limited

Community Bank
Huon Valley

ABN 34 101 469 854

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Chair's report

For the year ended 30 June 2026

It is with great pleasure that I present the Chair's Report for Huon Valley Financial Services Limited for the year ending 30 June 2026.

This past financial year has seen a continued strengthening of our business, with pleasing financial results that reflect the ongoing commitment of our customers, the dedication of our staff, and the continued support of our shareholders and community partners.

In an increasingly competitive banking environment, our company has maintained a strong focus on delivering reliable, community-based banking services while managing our operations prudently.

We are pleased to report that the company's financial performance has again been strong despite lower margins on the revenue we share with Bendigo Bank. Notably, we experienced strong growth in deposits, a positive outcome that has allowed us to continue making significant contributions to the communities we serve.

Our community investment program remained a cornerstone of our mission, with just under $0.64 million distributed or set aside during the 2025/26 financial year to support local organisations, programs, and initiatives.

In the past year, scholarships totalling $78,000 were awarded to 18 local University and TAFE students. Since commencing our annual scholarship program in 2013, 93 Huon Valley students have been supported in their educational journey, with over $450,000 returned to the community through scholarships alone.

What other bank does that!

Since our Community Bank Geeveston and Community Bank Dover branches commenced operations in 2003, we have now returned almost $5.5 million to support local organisations, service groups, sporting clubs, and individuals, reflecting the enduring vision of those who pioneered community banking in the Valley.

We were able to celebrate achieving the $5 million contribution milestone with 150 community members at a function at Willie Smiths in August 2025.

These investments reflect the very heart of the Community Bank model — reinvesting profits locally to create stronger, more connected communities.

The Company has delivered another year of strong performance, with total funds under management increasing by 5.4% to $611.7 million, underpinned largely by an 8.1% growth in deposit funds.

Recognising the pivotal role of digital and mobile banking in today's financial environment, the Board also remains dedicated to ensuring a physical presence within our communities. Face-to-face service continues to be valued by many of our customers with our Community Bank locations in Geeveston, Dover, Huonville, and Cygnet providing a full range of comprehensive banking services.

Directors play an essential part in our Company, carrying significant corporate and fiduciary responsibilities. I wish to formally acknowledge the exemplary service and dedication demonstrated by our volunteer Directors during the past year. Special thanks are extended to Pam Lane (Deputy Chair), Alison Callaghan and Natalie Hankin for their invaluable expertise, commitment and engagement.

In January 2026, we farewelled David Walker, our long-term Director and Company Secretary, and during the year we also had resignations from Ken Langston (Director and Board Treasurer) and Scott Dufty (Director). The Board thanks them sincerely for their service and wishes them well for their future endeavours.

During the year we engaged the services of two non-Directors, Clare Mudron as Company Bookkeeper/Treasurer and Erin van Nieuwkuyk as Company Secretary. I would like to thank them both and acknowledge their significant contribution to our company's administration.

It is also appropriate to recognise the outstanding contribution of our Community Liaison Officers during the year, Samantha Paul and Fiona Verrills. Both have demonstrated professionalism and unwavering commitment to Community Banking, and their ability to engage with diverse stakeholders across the Valley is greatly appreciated.

Our Grants and Marketing Committee, capably chaired by Deputy Board Chair Pam Lane, efficiently reviewed more than 150 grant and sponsorship applications submitted by community groups and individuals over the course of the year.

Such impactful community investment would not be possible without our dedicated and passionate staff. Each employee recognises and embodies the distinctive value that community banking delivers.

We benefit greatly from experienced managers and staff, led by our accomplished and committed Managers: Brady Jones (Senior Manager), Sharee (Branch Manager Geeveston and Dover), Natalie (Branch Manager Huonville) and Sophie (Branch Manager Cygnet).

Looking ahead, we remain committed to long-term sustainability. We will continue to work closely with our franchisor, Bendigo Bank, to ensure that our business model remains responsive to community needs and is financially sound. We are also actively exploring opportunities for further investment, innovation, and community engagement in the coming year.

In closing, I extend my deepest gratitude to our valued Community Bank customers and shareholders. Your steadfast support allows us to continue to grow and invest in the communities of the Huon Valley.

David Brereton
Board Chair

Senior Branch Manager's report

For the year ended 30 June 2026

Introduction & Year in Review

It is my privilege to present the Senior Branch Manager's Report for this financial year. Over the past twelve months, Community Bank Huonville, Cygnet, Geeveston & Dover has continued to demonstrate the enduring strength of our community first banking model. Despite navigating broader economic shifts, evolving interest rate cycles, and cost of living pressures facing our local families and businesses, our branches have delivered solid growth, deepened customer relationships, and maintained an unwavering commitment to the communities we serve.

Our Community Bank network, anchored by our dedicated staff across our Huonville and Cygnet, Geeveston and Dover branches, remains a cornerstone of trusted local financial support. Every customer interaction, whether it is helping a first home buyer secure their first home, supporting a local grower or entrepreneur, or providing daily banking assistance to our long-standing customers, reflects the unique value of banking locally.

Business Performance

Our financial performance this year demonstrates customer confidence and our team's sustained focus on service excellence. We have achieved strong footings across our balance sheet:

- **Total Banking Business:** Our overall portfolio expanded significantly, increasing by $31.2m to $611.7m. This sustained growth reflects broad-based engagement across our personal, business, and agribusiness customer segments.
- **Lending Footings:** Despite a competitive and challenging lending environment, our lending portfolio grew by $5.6m to $308.6m. This growth was driven by disciplined lending practices, and continued demand for residential and commercial lending.
- **Deposit Footings:** Customer deposits demonstrated exceptional resilience and loyalty, growing by $22.3m to $296.2m. Our competitive deposit products, combined with the trust our community places in our branches as a secure and relationship-driven institution, underpinned this performance.

These results are a direct testament to our branch teams' proactive outreach and the ongoing loyalty of our shareholders and customers who choose to bank with Community Bank Huonville, Cygnet, Geeveston & Dover.

Our People

The foundation of our success has always been our people. Our team members bring professionalism, empathy, and deep local knowledge to work every single day. This year has brought notable transitions across our branch team as we welcomed new talent and bid farewell to cherished colleagues.

Welcome to the Team

We were thrilled to welcome **Kellie** to our branch family. Kellie has quickly established herself as an invaluable asset to our team, bringing enthusiasm, strong customer service skills, and a fresh perspective to our daily branch operations. We look forward to supporting her ongoing career growth within Community Bank Huonville.

Farewells & Well Wishes

During the year, we said farewell to **Jason** and **Phil**. We extend our sincere gratitude to both Jason and Phil for their dedication, hard work, and support of our customers during their time with us. We wish them every success in their future endeavours.

Honoring Our Retirees: Michelle & Cate

Most notably, this year marks the retirement of two extraordinary pillars of Community Bank Huonville: **Michelle** and **Cate**.

Between them, Michelle and Cate represent decades of exceptional service, institutional knowledge, and genuine care for our customers and the broader community.

- **Michelle** has been a welcoming face and a trusted confidante for countless customers throughout her distinguished career. Her professionalism, calm guidance, and unwavering warmth towards her peers and customers has left a lasting mark on our branches and the colleagues she mentored.
- **Cate** has served Community Bank Huonville, Cygnet, Geeveston & Dover with extraordinary loyalty, diligence, and heart. Her dedication to our community and her genuine passion for supporting local people has set the benchmark for others to follow.
- On behalf of the Board of Directors, our staff, and the many customers whose lives they have touched, we extend our deepest gratitude to Michelle and Cate for their invaluable contributions to Community Bank Huonville, Cygnet, Geeveston & Dover. We congratulate them on their remarkable careers and wish them both long, joyful, and well-deserved retirements.

Looking Ahead

As we look toward the year ahead, we remain focused on strengthening our market presence, investing in our team's capabilities, and continually enhancing the customer experience. We will continue to balance the benefits of human, relationship-based branch banking with modern digital conveniences.

Thank you to our Bendigo Bank Team, including our Regional Manager, Martyn Neville. Thank you for your continued support throughout the year, we appreciate your support and leadership, and we look forward to continuing working together into the future.

I would like to extend my heartfelt thanks to our Board of Directors for their guidance and governance, to our staff for their dedication and resilience, and to our shareholders and customers for their continued trust and advocacy. Together, we will ensure Community Bank Huonville, Cygnet, Geeveston & Dover remains a prosperous, purpose-led institution for generations to come.

Brady Jones
Senior Branch Manager
Community Bank Huonville, Cygnet, Geeveston & Dover

Directors' report

For the financial year ended 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:

David Allen Brereton

Title:	Non-executive director
Experience and expertise:	Five years in the banking sector, followed by 34 years employed in various Australian Government agencies, including Department of Social Security/Centrelink, Australian Antarctic Division and Australian Bureau of Statistics. Retired from the public sector in 2012. From 2013 to 2021, was engaged as an International Consultant with the Food and Agriculture Organisation of the United Nations (FAO), working in the Asia-Pacific region. Involved in various Huon Valley community, school and sporting groups/clubs, including holding Executive positions.
Special responsibilities:	Chair

Pamela Maree Lane

Title:	Non-executive director
Experience and expertise:	Pamela is a small business owner. Over 30 years working in education as a teacher, Assistant Principal and Principal. Leader in both the NSW and Tasmanian education systems. Developed and implemented a number of significant educational programs both statewide and regionally. Member of the initial committee overseeing the development of the Huon Valley Trade Training Centre. Co-Leader of overseas trips to support education and health programs across S.E. Asia. Developed and implemented numerous health and wellbeing and employment training programs/initiatives for the Huon Valley community.
Special responsibilities:	Deputy Chair, Chair of Grants and Marketing Committee

Alison Kathleen Callaghan

Title:	Non-executive director
Experience and expertise:	With over 20 years of public sector experience, Alison Callaghan brings experience in governance, policy development, risk management, and internal audit. She is committed to integrity and to fostering safe, inclusive, efficient, and transparent systems that support the community. Alison holds a Bachelor of Business in Marketing Management and a Certificate IV in Training and Assessment, and continues to build her knowledge through professional development in leadership, trauma-informed practice, and governance.
Special responsibilities:	Member of Grants and Marketing Committee

Directors (continued)

Natalie Jane Hankin

Title:	Non-executive director
Experience and expertise:	Nat grew up in Glendevie and now resides in Judbury with her family. She values her deep connection to the Huon Valley community and welcomes the opportunity to contribute through her service on the Bendigo Community Bank Board. Nat holds a Bachelor of Social Welfare, a Diploma in Leadership and Management, and a Certificate IV in Investigations. With over 25 years of experience in the community sector, she has held a wide range of roles including service delivery management, program and project coordination, strategic policy development, auditing, and regulatory oversight. Her career reflects a genuine commitment to improving individual and community wellbeing, fostering inclusion, and building resilient, connected local networks. Outside her professional life, Nat has previously served on other boards, remains actively involved in local sporting clubs, and runs a short-stay accommodation service on Bruny Island.
Special responsibilities:	Grants & Marketing Committee

Kenneth Norman Langston

Title:	Non-executive director (resigned 2 July 2025)
Experience and expertise:	Banking, housing and employment services executive, retired. Bachelor of Arts (Justice Studies). Graduate Certificate of Social Science (Housing Management and Policy). Past director - Jobs Australia, Fourth Sector Enterprises.
Special responsibilities:	Treasurer, Member of Grants and Marketing Committee

William Scott Dufty

Title:	Non-executive director (resigned 9 November 2025)
Experience and expertise:	Scott's main career was banking and finance. From teller to a final role as Regional Business Banking Manager. From there Scott commenced his own successful finance broking business, which he then on sold and accepted a role as business manager of a successful Hobart retail entity and then accepted a role as a Business Advisor with the Kingborough and Huon Business Enterprise Centre, retiring as Centre Manager in 2022.
Special responsibilities:	Nil

David Lindsay Walker

Title:	Non-executive director (resigned 31 January 2026)
Experience and expertise:	Former executive director, chief financial officer and company secretary of a large public group of companies. Extensive experience in the management and oversight of all the financial aspects of a company's operations and strategy.
Special responsibilities:	Secretary

Company secretary

There have been two company secretaries holding the position during the financial year:

- Erin van Nieuwkuyk was appointed company secretary on 8 January 2026.
- David Walker was appointed company secretary on 1 January 2017 and ceased on 31 January 2026.

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 $491,697 (30 June 2025: $426,399).

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 10.5 cents per share (2025: 10.5 cents)	200,970	200,970

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

No 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		Grants & Marketing Committee	
	Eligible	Attended	Eligible	Attended
David Allen Brereton	12	12	-	-
Pamela Maree Lane	12	8	13	13
Alison Kathleen Callaghan	12	12	13	12
Natalie Jane Hankin	12	12	11	11
Kenneth Norman Langston	1	1	1	1
William Scott Dufty	4	-	-	-
David Lindsay Walker	7	4	-	-

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 interests in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
David Allen Brereton	20,000	-	20,000
Pamela Maree Lane	-	-	-
Alison Kathleen Callaghan	-	-	-
Natalie Jane Hankin	-	-	-
Kenneth Norman Langston	-	-	-
William Scott Dufty	-	-	-
David Lindsay Walker	-	-	-

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 24 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:

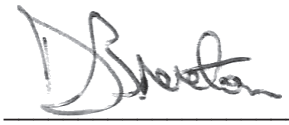
- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional 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



David Allen Brereton
Chair

25 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 Huon Valley Financial Services Limited

As lead auditor for the audit of Huon Valley 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: 25 September 2026

Adrian Downing
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	4,296,308	3,963,418
Other revenue		11,827	11,512
Finance revenue		43,884	41,954
Total revenue		**4,352,019**	**4,016,884**
Employee benefits expense	7	(2,151,779)	(2,125,495)
Advertising and marketing costs		(49,761)	(30,129)
Occupancy and associated costs		(118,074)	(129,264)
System costs		(105,823)	(106,647)
Depreciation and amortisation expense	7	(234,184)	(228,694)
Finance costs		(108,284)	(108,405)
Loss on disposal of non-current asset		-	(3,114)
General administration expenses		(287,604)	(242,805)
Total expenses before community contributions and income tax expense		**(3,055,509)**	**(2,974,553)**
Profit before community contributions and income tax expense		1,296,510	1,042,331
Charitable donations, sponsorships and grants expense	7	(639,644)	(472,637)
Profit before income tax expense		**656,866**	**569,694**
Income tax expense	8	(165,169)	(143,295)
Profit after income tax expense for the year		**491,697**	**426,399**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**491,697**	**426,399**
		Cents	**Cents**
Basic earnings per share	26	25.69	22.28
Diluted earnings per share	26	25.69	22.28

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

Statement of financial position
as at 30 June 2026

	Note	2026 $	2025 $
Assets			
Current assets			
Cash and cash equivalents	9	813,664	519,832
Trade and other receivables	10	541,019	475,759
Investments	11	943,812	894,967
Total current assets		**2,298,495**	**1,890,558**
Non-current assets			
Financial assets		1,000	1,000
Property, plant and equipment	12	1,031,192	1,089,971
Right-of-use assets	13	1,203,568	1,246,984
Intangible assets	14	183,547	9,534
Deferred tax assets	8	195,424	159,337
Total non-current assets		**2,614,731**	**2,506,826**
Total assets		**4,913,226**	**4,397,384**
Liabilities			
Current liabilities			
Trade and other payables	15	321,369	289,593
Lease liabilities	16	183,012	172,894
Current tax liabilities	8	87,014	58,362
Employee benefits	17	209,462	200,052
Total current liabilities		**800,857**	**720,901**
Non-current liabilities			
Trade and other payables	15	142,519	-
Lease liabilities	16	1,379,906	1,393,733
Employee benefits	17	42,605	27,190
Provisions		71,913	70,861
Total non-current liabilities		**1,636,943**	**1,491,784**
Total liabilities		**2,437,800**	**2,212,685**
Net assets		**2,475,426**	**2,184,699**
Equity			
Issued capital	18	1,166,334	1,166,334
Retained earnings		1,309,092	1,018,365
Total equity		**2,475,426**	**2,184,699**

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2024		**1,166,334**	**792,936**	**1,959,270**
Profit after income tax expense		-	426,399	426,399
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**426,399**	**426,399**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	20	-	(200,970)	(200,970)
Balance at 30 June 2025		**1,166,334**	**1,018,365**	**2,184,699**
Balance at 1 July 2025		**1,166,334**	**1,018,365**	**2,184,699**
Profit after income tax expense		-	491,697	491,697
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**491,697**	**491,697**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	20	-	(200,970)	(200,970)
Balance at 30 June 2026		**1,166,334**	**1,309,092**	**2,475,426**

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)		4,673,187	4,389,704
Payments to suppliers and employees (inclusive of GST)		(3,765,627)	(3,497,182)
Dividends received		55	80
Interest received		53,774	42,404
Interest and other finance costs paid		(456)	(42)
Income taxes paid		(172,604)	(30,529)
Net cash provided by operating activities	**25**	**788,329**	**904,435**
Cash flows from investing activities			
Investment in term deposits		(48,845)	(98,767)
Payments for loan advances		-	(126,146)
Payments for property, plant and equipment	12	(20,146)	(43,335)
Payments for intangible assets		(43,188)	(36,707)
Proceeds from disposal of financial assets		-	713
Net cash used in investing activities		**(112,179)**	**(304,242)**
Cash flows from financing activities			
Interest and other finance costs paid		(104,272)	(104,991)
Dividends paid	20	(200,970)	(200,970)
Repayment of lease liabilities		(77,076)	(68,392)
Net cash used in financing activities		**(382,318)**	**(374,353)**
Net increase in cash and cash equivalents		293,832	225,840
Cash and cash equivalents at the beginning of the financial year		519,832	293,992
Cash and cash equivalents at the end of the financial year	**9**	**813,664**	**519,832**

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 Huon Valley 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 2/11 Main Street, Huonville TAS 7109

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 25 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.

Note 3. Material accounting policy information (continued)

Investments

Investments comprise term deposits and are classified as financial assets measured at amortised cost. A financial asset is measured at amortised cost where it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest revenue is recognised using the effective interest method. Investments are subject to the expected credit loss requirements and are derecognised when the contractual rights to the cash flows expire or are transferred.

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.

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.

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

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 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.

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.

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.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment to be eligible for entitlement in accordance with long service leave legislation.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment to be eligible for entitlement in accordance with legislation.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

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 2030.

The company operates as a franchisee 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. Revenue from contracts with customers

	2026 $	2025 $
Margin revenue	3,890,346	3,522,546
Fee revenue	240,637	283,275
Commission revenue	165,325	157,597
	4,296,308	**3,963,418**

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 revenue 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 revenue 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 revenue	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.

Note 6. Revenue from contracts with customers (continued)

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 revenue. 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 revenue

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 revenue

Commission revenue 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 revenue

Fee revenue 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, personal loans, credit cards 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 revenue 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	1,782,028	1,814,975
Non-cash benefits	150,277	21,653
Superannuation contributions	208,367	205,307
Expenses related to long service leave	(9,964)	(10,377)
Other expenses	21,071	93,937
	2,151,779	**2,125,495**

Note 7. Expenses (continued)

Depreciation and amortisation expense

	2026 $	2025 $
Depreciation of non-current assets		
Buildings	6,672	6,673
Leasehold improvements	45,551	43,866
Plant and equipment	12,453	14,836
Fixtures and fittings	3,571	3,570
Motor vehicles	10,678	10,677
	78,925	79,622
Depreciation of right-of-use assets		
Leased land and buildings	**113,343**	**109,664**
Amortisation of intangible assets		
Franchise fee	7,016	7,019
Franchise renewal fee	34,900	32,389
	41,916	**39,408**
	234,184	**228,694**

Charitable donations, sponsorships and grants

	2026 $	2025 $
Direct donation, sponsorship and grant payments	218,591	261,154
Contribution to the Community Enterprise Foundation™	421,053	211,483
	639,644	**472,637**

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 in to 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 8. Income tax

	2026 $	2025 $
Income tax expense		
Current tax	201,275	146,493
Movement in deferred tax	(36,088)	(3,171)
Net benefit of franking credits on dividends received	(18)	(27)
Aggregate income tax expense	**165,169**	**143,295**
Prima facie income tax reconciliation		
Profit before income tax expense	**656,866**	**569,694**
Tax at the statutory tax rate of 25%	164,217	142,424
Tax effect of:		
Non-deductible expenses	952	871
Income tax expense	**165,169**	**143,295**

Note 8. Income tax (continued)

	2026 $	2025 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(2,637)	(11,081)
Employee benefits	63,259	56,810
Lease liabilities	390,729	391,657
Provision for lease make good	17,978	17,715
Accrued expenses	29,306	20,774
Income accruals	(2,319)	(4,792)
Right-of-use assets	(300,892)	(311,746)
Deferred tax asset	**195,424**	**159,337**

	2026 $	2025 $
Provision for income tax	**87,014**	**58,362**

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	**813,664**	**519,832**

Note 10. Trade and other receivables

	2026 $	2025 $
Trade receivables	366,003	301,474
Loan receivables	133,066	133,066
Accrued income	9,277	19,167
Prepayments	32,673	22,052
Other receivables	175,016	174,285
	541,019	**475,759**

Note 10. Trade and other receivables (continued)

	2026 $	2025 $
Financial assets at amortised cost classified as trade and other receivables		
Total trade and other receivables	541,019	475,759
Less prepayments, included in trade and other receivables	(32,673)	(22,052)
	508,346	**453,707**

Loan receivable

The company and the borrower entered into a loan agreement for up to $140,000, to be advanced as required to fund the subdivision of land. The loan was repayable by 13 June 2026 or upon sale of the property, whichever occurred first. The loan was interest-free up to and including 13 June 2026; however, any principal outstanding after that date would incur interest at 5.5% per annum. During the year, Huon Valley Financial Services Limited agreed to extend the repayment terms of the loan. Under the revised arrangement, the outstanding balance is repayable by 1 January 2027. If the outstanding balance is not repaid by that date, interest will be charged at the amount owing at a rate aligned with deposit rates at that time.

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	**943,812**	**894,967**

Note 12. Property, plant and equipment

	2026 $	2025 $
Land - at cost	497,720	497,720
Buildings - at cost	211,834	211,834
Less: Accumulated depreciation	(29,834)	(23,162)
	182,000	**188,672**
Leasehold improvements - at cost	721,017	703,161
Less: Accumulated depreciation	(438,184)	(392,633)
	282,833	**310,528**
Plant and equipment - at cost	280,375	281,443
Less: Accumulated depreciation	(244,324)	(235,229)
	36,051	**46,214**
Fixtures and fittings - at cost	28,640	28,640
Less: Accumulated depreciation	(16,677)	(13,106)
	11,963	**15,534**
Motor vehicles - at cost	53,389	53,389
Less: Accumulated depreciation	(32,764)	(22,086)
	20,625	**31,303**
	1,031,192	**1,089,971**

Note 12. Property, plant and equipment (continued)

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

	Land $	Buildings $	Leasehold improvements $	Plant and equipment $	Fixtures and fittings $	Motor vehicles $	Total $
Balance at 1 July 2024	497,720	195,345	314,173	61,050	19,104	41,980	1,129,372
Additions	-	-	43,335	-	-	-	43,335
Disposals	-	-	(3,114)	-	-	-	(3,114)
Depreciation	-	(6,673)	(43,866)	(14,836)	(3,570)	(10,677)	(79,622)
Balance at 30 June 2025	**497,720**	**188,672**	**310,528**	**46,214**	**15,534**	**31,303**	**1,089,971**
Additions	-	-	17,856	2,290	-	-	20,146
Depreciation	-	(6,672)	(45,551)	(12,453)	(3,571)	(10,678)	(78,925)
Balance at 30 June 2026	**497,720**	**182,000**	**282,833**	**36,051**	**11,963**	**20,625**	**1,031,192**

Accounting policy for property, plant and equipment

Property, plant and equipment are measured at cost 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:

Buildings	32 years
Leasehold Improvements	2.5 to 40 years
Plant and equipment	2.5 to 10 years
Fixtures and fittings	5 to 15 years
Motor Vehicles	5 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 13. Right-of-use assets

	2026 $	2025 $
Land and buildings - right-of-use	1,902,840	1,832,913
Less: Accumulated depreciation	(699,272)	(585,929)
	1,203,568	**1,246,984**

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	1,342,651
Remeasurement adjustments	13,997
Depreciation expense	(109,664)
Balance at 30 June 2025	**1,246,984**
Remeasurement adjustments	69,927
Depreciation expense	(113,343)
Balance at 30 June 2026	**1,203,568**

Note 13. Right-of-use assets (continued)

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	181,151	145,161
Less: Accumulated amortisation	(150,560)	(143,544)
	30,591	**1,617**
Franchise renewal fee	662,894	482,955
Less: Accumulated amortisation	(509,938)	(475,038)
	152,956	**7,917**
	183,547	**9,534**

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	8,636	40,306	48,942
Amortisation expense	(7,019)	(32,389)	(39,408)
Balance at 30 June 2025	**1,617**	**7,917**	**9,534**
Additions	35,990	179,939	215,929
Amortisation expense	(7,016)	(34,900)	(41,916)
Balance at 30 June 2026	**30,591**	**152,956**	**183,547**

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)	November 2030
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	November 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	11,904	43,776
Other payables and accruals	309,465	245,817
	321,369	**289,593**
Non-current liabilities		
Other payables and accruals	**142,519**	**-**

	2026 $	2025 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	463,888	289,593
less other payables and accruals (net GST payable to the ATO)	(45,197)	(50,328)
	418,691	**239,265**

Note 16. Lease liabilities

	2026 $	2025 $
Current liabilities		
Land and buildings lease liabilities	**183,012**	**172,894**
Non-current liabilities		
Land and buildings lease liabilities	**1,379,906**	**1,393,733**

Reconciliation of lease liabilities

	2026 $	2025 $
Opening balance	1,566,627	1,621,023
Remeasurement adjustments	73,367	13,996
Lease interest expense	104,272	104,991
Lease payments - total cash outflow	(181,348)	(173,383)
	1,562,918	**1,566,627**

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.

Note 16. Lease liabilities (continued)

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Huonville Branch	7.50%	10 years	2 x 5 years	Yes	July 2040
Dover Branch	5.39%	5 years	N/A	N/A	December 2030
Geeveston Branch	5.39%	5 years	1 x 5 years	Yes	May 2033
Cygnet Branch	5.39%	5 years	1 x 5 years	Yes	July 2033
Huonville Shop 2	7.50%	9 years	2 x 5 years	Yes	July 2040

Note 17. Employee benefits

	2026 $	2025 $
Current liabilities		
Annual leave	129,750	102,588
Long service leave	74,114	95,730
Personal leave	5,598	1,734
	209,462	**200,052**
Non-current liabilities		
Long service leave	**42,605**	**27,190**

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.

Remeasurements are recognised in profit or loss in the period in which they arise.

Note 18. Issued capital

	2026 Shares	2025 Shares	2026 $	2025 $
Ordinary shares - fully paid	1,282,000	1,282,000	1,282,000	1,282,000
Bonus shares - fully paid	632,000	632,000	-	-
Less: Equity raising costs	-	-	(115,666)	(115,666)
	1,914,000	**1,914,000**	**1,166,334**	**1,166,334**

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.

Note 18. 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.

Note 19. 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.

Note 19. Capital management (continued)

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. Consistent with the community-based nature of the company, amounts are also paid as charitable donations, sponsorships and grants. These amounts are disclosed 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 20. Dividends

Dividends provided for and paid during the period

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 10.5 cents per share (2025: 10.5 cents)	**200,970**	**200,970**

	2026 $	2025 $
Franking account balance at the beginning of the financial year	514,634	551,068
Franking credits arising from income taxes paid	172,604	30,529
Franking debits from the payment of franked distributions	(66,990)	(66,990)
Franking credits from franked distributions received	18	27
	620,266	**514,634**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	620,266	514,634
Franking credits that will arise from payment of income tax	87,014	58,362
Franking credits available for future reporting periods	**707,280**	**572,996**

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.

Note 21. 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 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 carrying amounts of the company's financial instruments measured at amortised cost approximate their fair values due to their short-term nature or because they bear interest at rates that approximate current market rates.

Note 21. Financial risk management (continued)

- 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 9)	813,664	519,832
Trade and other receivables excluding prepayments (note 10)	508,346	453,707
Investments (note 11)	943,812	894,967
Financial assets	1,000	1,000
	2,266,822	**1,869,506**
Financial liabilities at amortised cost		
Trade and other payables (note 15)	418,691	239,265
Lease liabilities (note 16)	1,562,918	1,566,627
	1,981,609	**1,805,892**

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 at amortised cost.

Financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

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

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 $813,664 and term deposits of $943,812 at 30 June 2026 (2025: $519,832 and $894,967).

Price risk

The company is not exposed to any significant commodity price risk.

Note 21. Financial risk management (continued)

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	276,172	142,519	-	418,691
Lease liabilities	187,533	778,554	1,399,304	2,365,391
Total non-derivatives	**463,705**	**921,073**	**1,399,304**	**2,784,082**

2025	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	239,265	-	-	239,265
Lease liabilities	177,978	719,015	1,548,853	2,445,846
Total non-derivatives	**417,243**	**719,015**	**1,548,853**	**2,685,111**

Note 22. Key management personnel disclosures

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

David Allen Brereton
Pamela Maree Lane
Alison Kathleen Callaghan
Natalie Jane Hankin
Kenneth Norman Langston (resigned 2 July 2025)
William Scott Dufty (resigned 9 November 2025)
David Lindsay Walker (resigned 31 January 2026)

Compensation

Key management personnel compensation comprised the following.

	2026 $	2025 $
Short-term employee benefits	8,399	12,421
Post-employment benefits	1,008	1,428
	9,407	**13,849**

Note 23. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 22.

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 23. 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

The following transactions occurred with related parties:

	2026 $	2025 $
The company transacted with St James Catholic College which a related party of a board member. The total amount paid was:	200	750
The company provided sponsorship to Huon Agricultural Society which is a related party of a board member. The total amount paid was:	5,277	600
The company provided sponsorship to Huonville Bowls and Community Club Inc which is a related party of a board member. The total amount paid was:	-	6,400
The company provided sponsorship to Kingborough and Huon business Enterprise Centre Inc which is a related party of a board member. The total amount paid was:	-	2,500
The company provided sponsorship to Communities Against Poverty which is a related party of a board member. The total amount paid was:	-	-
The company provided sponsorship to Huonville Lions Football Club which is a related party of a board member. The total amount paid was:	4,465	-
The company provided sponsorship to Cygnet Football Club which is a related party of a board member. The total amount paid was:	2,750	-
The company provided sponsorship to Run Move Connect which is a related party of a board member. The total amount paid was:	-	-

Note 24. 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	**11,336**	**11,230**
Other services		
Taxation advice and tax compliance services	1,149	1,124
General advisory services	6,320	5,890
Share registry services	12,260	8,565
	19,729	**15,579**
	31,065	**26,809**

Note 25. Reconciliation of profit after income tax to net cash provided by operating activities

	2026 $	2025 $
Profit after income tax expense for the year	491,697	426,399
Adjustments for:		
Depreciation and amortisation	234,184	228,694
Net loss on disposal of non-current assets	-	3,401
Lease liabilities interest	104,272	104,990
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(65,260)	19,025
Decrease in income tax refund due	-	57,575
Increase in deferred tax assets	(36,087)	(3,171)
Increase in trade and other payables	1,554	34,696
Increase in provision for income tax	28,652	58,362
Increase/(decrease) in employee benefits	24,825	(28,909)
Increase in other provisions	4,492	3,373
Net cash provided by operating activities	**788,329**	**904,435**

Note 26. Earnings per share

	2026 $	2025 $
Profit after income tax	**491,697**	**426,399**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,914,000	1,914,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,914,000**	**1,914,000**

	Cents	Cents
Basic earnings per share	25.69	22.28
Diluted earnings per share	25.69	22.28

Note 27. Commitments

The company has entered into a contract with Cygnet Bowls Club and committed to provide a $140,000 loan for the sub-division of their property. The loan currently has $6,934 to draw upon if needed. For more information please see note 10.

Note 28. Contingencies

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

Note 29. Events after the reporting period

No 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

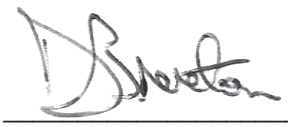
For the financial year ended 30 June 2026

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



David Allen Brereton
Chair

25 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 Huon Valley Financial Services Limited

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Huon Valley 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 Huon Valley Financial Services Limited, 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
- 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.

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

Liability limited by a scheme approved under Professional Standards Legislation.

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

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.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 25 September 2026

Adrian Downing
Lead Auditor

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/communitybankhuonvalley

Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879 A1429506 OUT_49323847 15/09/2026