Annual Report 2026

Merbein District Community Financial Services Limited

Community Bank
Merbein & District

ABN 68 108 297 945

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Chairman's report

For year ending 30 June 2026

It is with great pleasure that I present my Chair's Report for the 2025–2026 financial year, another successful year for Community Bank Merbein & District and one in which we have achieved a particularly significant milestone in our commitment to the local community.

Financial Performance

I am pleased to report that Community Bank Merbein & District has again achieved a very good financial result, reflecting the continued strength of our business, sound financial management and the ongoing support of our customers.

While our financial position remains strong, we must remain mindful of the changing economic environment, particularly the impact of movements in interest rates. Interest rate fluctuations can have a significant effect on our margins and profitability, and we cannot assume that the favourable conditions of recent years will necessarily continue.

We are also very conscious of the impact that higher interest rates have on our customers, particularly those with home loans, small businesses and farming enterprises. Increased borrowing costs, together with continuing cost-of-living pressures, place additional demands on household and business budgets. Maintaining a strong and sustainable banking business while understanding and responding to the needs of our customers will remain a priority.

A Million Dollars Back to Our Community

The outstanding achievement of this year has been reaching the remarkable milestone of over $1 million returned to our local community through sponsorships, grants and other community contributions since the establishment of Community Bank Merbein & District.

Including our latest sponsorship round, this represents a tremendous contribution to the many sporting clubs, community organisations, schools and volunteer groups that are so important to the wellbeing of our district.

This milestone is something of which we can all be extremely proud. It demonstrates the real value of the Community Bank model, where the banking business of our customers generates profits that are returned to support the community in which we live. I sincerely thank our customers and shareholders for making this achievement possible.

Our Staff and Board

Our continued success would not be possible without the dedication and professionalism of our Community Bank branch staff. I particularly thank our Manager, Shane Carmichael, and his team of Jenny, Dana, Melissa and Haley for their excellent work throughout the year. Their commitment to providing personal service to our customers remains one of the great strengths of our business.

During the year, Cath Dunning retired from her role coordinating our community promotions, social media and sponsorship activities. I sincerely thank Cath for her valuable contribution to Community Bank Merbein & District and our community over the years and wish her well in retirement. Dana has taken over these responsibilities, and I thank her for accepting this additional role alongside her branch duties.

My sincere thanks go to my fellow Directors, Jeanette Worthington OAM, Ryan Maddox, Simon Stirrat, Sally Keens and Mal Lennie, for their commitment and contribution throughout the year. I thank our Secretary, Jeanette, for her considerable work in ensuring the smooth operation of the Board and the preparation of our Annual Report.

I also thank our Regional Manager, Shaun Leech, and the Bendigo Bank support team for their assistance during the year.

Looking Ahead

As we look towards the coming year, our focus will remain on maintaining a strong and profitable banking business while continuing to support the community that has supported us so generously.

The achievement of returning more than $1 million to our community is a wonderful reminder of why Community Bank Merbein was established. I am confident that, with the continued support of our customers, shareholders, staff and Directors, we can build upon this achievement for many years to come.

Malcolm Bennett
Chair
Merbein District Financial Services Limited

Manager's report

For year ending 30 June 2026

Community Bank Merbein & District continues to provide banking services to the local community with the financial year being another sound year for the bank, some highlights include:

- An increase in overall deposits for the financial year.
- Continued Sponsorship/Grants given out to the Community for the financial year.
- Support to local Community events.

Future Aims:

We are proud to offer local services and solutions to both new and existing customers in their banking needs. It is our aim to build up our relationship with individual, businesses and community organisations in a positive way which will be beneficial to all.

Our customers face many challenges in regard to Cost of Living and the ever threat of Scams so it is important we can help them face these challenges. Community Bank Merbein & District continues to offer our customers the option of local banking services face to face plus many other extra banking services.

Staff & Board:

I would like to thank our valued staff for their contribution to our community branch being Jenny, Dana, Melissa and Haley. All have extensive banking experience which is displayed by the caring way they attend to our valued customers and provide banking solutions.

The Board, made up of Malcolm, Jeanette, Sally, Ryan, Mal and Simon continue to support Community Bank Merbein & District . Their efforts on a voluntary basis assist the bank to supply banking to Merbein and the surrounding community. As always I would like to thank Malcolm (Chairman) and Jeanette (Secretary) in their support to Community Bank Merbein & District it is a thankless job which they have completed for many years.

Community Contributions:

Our Community Grants/Sponsorship was again well received for 2025-2026 financial year with the grants/sponsorships again supporting many different community organisations and sporting groups. I always look forward to the stories from community members on how the Sponsorship/ Grants will be used to benefit their organisations. The more these groups and their members support us the more funds we can give back to the community in the future.

Thank you to the Community Bank Merbein & District Shareholders many of whom made a commitment over 20 years ago to support having a local bank, their actions have allowed banking to stay in Merbein when many other smaller towns have lost access to local banking.

In summary, the current economic environment is a challenging one for all, however I see our local Community Bank being in a sound position to assist customers in this time. Lastly, I need to thank the most important people who allow us to operate which are our customers and we thank them for their continued support of Community Bank Merbein and District .

Your Sincerely

Shane Carmichael
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2026

This year marked the first chapter of delivering on Bendigo Bank's 2030 Strategy.

Our purpose remains central to who we are – to feed into the prosperity of our customers and community – and our strategy brings a new focus on areas including innovation, digital ease and setting the benchmark for trust and societal impact.

We are making strong progress with new digital features to enhance the customer experience. Notably, Community Link is allowing customers to join us through e-banking while retaining a connection to their local branch.

In FY26, more than $51.7 million was invested back into local communities, adding to a total of $467 million since 1998. Our Scholarship Program remains one of the largest of its kind in Australia, with an incredible 70 Community Banks participating in 2026, and more than $1.6m in scholarships awarded.

Our model evolution project is now helping to inform a holistic strategic review of the Community Bank model. The review is considering a broad range of factors to strengthen the model for the future, including growth, community impact, revenue share and non-financial risk. As an organisation, we remain committed to the Community Bank model and the important role it plays in achieving our 2030 Strategy.

Bendigo Bank has been supporting customers and communities across Australia for more than 160 years and for the past 27 years, the Community Bank model has been a driving force for positive impact.

On behalf of Bendigo Bank, thank you for being a shareholder in your local Community Bank. Your belief and support of our purpose have been instrumental in our success. I look forward to seeing us grow together and continue supporting our communities to prosper.

Warmest regards,

Justine Minne
Head of Community Banking, Bendigo Bank

Community Bank National Council

CBNC: Supporting Local Leadership and National Strategy

On behalf of the Community Bank network, we acknowledge and thank our shareholders for your continued support. The Community Bank model remains one of the most distinctive in Australian banking, combining commercial strength with genuine community purpose.

Over the past year, the Community Bank National Council (CBNC) has continued its important role as the conduit between Community Bank companies and Bendigo Bank (BEN). As the formally recognised representative body of the network, the CBNC ensures the voice of local Directors is heard in national discussions, while keeping Community Bank companies informed on strategic developments that shape our future.

Supporting BEN's 2030 Strategy

The Community Bank model continues to evolve as part of BEN's 2030 strategy, with a focus on long-term strength and sustainability. A jointly led BEN and CBNC Model Evolution project has enabled the CBNC to engage deeply with the network seeking feedback on the challenges and opportunities ahead. The priority being given to this ongoing work reflects the importance of Community Banks to BEN's success and commitment to local communities.

Gathering in our nation's capital

Last September, more than 500 Directors representing 142 Community Bank companies from every state and territory came together for the Community Bank National Conference. It was one of the largest gatherings of our network in recent years, and the CBNC played a key role in contributing to the agenda.

The conference created space for open dialogue between Directors and BEN executives, while also reinforcing the unique value of the Community Bank model. For many, it was also a timely reminder of the strength of peer connection - the opportunity to share challenges, exchange ideas, and look to the future.

Social enterprise leadership

With an entrenched "profit for purpose" approach, the Community Bank moves beyond traditional banking by helping to sustain local economies. The combined community impact of this approach is significant, with several recent examples evidenced across the network.

The partnership between the Bendigo Bank Community Foundation and the Australian Centre for Rural Entrepreneurship (ACRE) is just one example. It demonstrated what collective action can achieve through the buyback of the Old Beechworth Gaol.

The community asset buyback was supported by $8.6 million in capital, including $2.2 million from BEN and Community Bank companies. It has created a nationally significant example of community ownership in action and provides a tangible example of our social enterprise leadership.

New 'Community Link' feature returns profits to communities

As customer expectations evolve, BEN continues to invest in digital capability while protecting the strength of local connection. A clear example is Community Link, a new feature introduced to the Bank's App during the past year.

The feature allows new customers, who join digitally, to nominate a community or corporate branch as their home branch. Customers can have the satisfaction they're contributing to a community they care about without having to set foot in a branch to do so.

The CBNC have been very supportive of this new feature which powerfully bridges BEN's digital future with its renowned community focus. In many ways, it reinforces BEN's commitment to innovation, while serving its core purpose to feed into the prosperity of the community.

Together, these initiatives demonstrate the enduring strength of the Community Bank model in balancing both commercial success with community impact. As the network continues to evolve, the CBNC remains committed to ensuring the network has a strong voice in shaping the future. We thank shareholders for the ongoing support that makes this unique model possible.

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:	Malcolm Raymond Bennett
Title:	Non-executive director
Experience and expertise:	Malcolm is a horticulturalist and a partner in a family dried fruit property, he is secretary of Merbein branch of Dried fruits Australia, Secretary/Treasurer Mildura Red Cliffs Rifle Club, President of Sunraysia Steam Preservation Society, Former Board member Lower Murray Water and he holds an Associate Diploma of Mechanical Engineering. He is a current director or Merbein Contract Harvesting.
Special responsibilities:	Chair, Marketing and Development Committee
Name:	Jeanette Ellen Worthington OAM
Title:	Non-executive director
Experience and expertise:	Jeanette is a partner in family Electrical Contracting Business. Jeanette has been Secretary of Merbein District Community Financial Services Limited since its inception and member of the sponsorship/marketing sub-committee. Jeanette has been associated with the administration of community and sporting clubs across Sunraysia for many years.
Special responsibilities:	Secretary, Member of Marketing and Development Committee
Name:	Ryan Christian James Maddox
Title:	Non-executive director
Experience and expertise:	Solicitor practicing in Commercial Law in Mildura since 2008. Employed in Business and Corporate Banking with NAB from 2001-2008. Former President and Secretary of Northwest Law Association (NWVLA). Former Director of Sunraysia Junior football league . Bachelor of Economics and Bachelor of Laws from University of Tasmania. Graduate Diploma of Legal Practice from College of Law. Part of Northern Mallee Leadership Program Alumni.
Special responsibilities:	Member of Marketing and Development Committee
Name:	Sally Mareea Keens
Title:	Non-executive director
Experience and expertise:	Sally holds a Bachelor of Pharmacy and works as a pharmacist. In addition, Sally is a member of the Rotary Club of Mildura/Merbein.
Special responsibilities:	Member of Marketing and Development Committee
Name:	Simon Crawford Stirrat
Title:	Non-executive director
Experience and expertise:	Simon has a PHD and 30 years' experience in state government and university employment.
Special responsibilities:	Member of Marketing and Development Committee
Name:	Malcolm David Lennie
Title:	Non-executive director
Experience and expertise:	Malcolm was previously employed at Telstra as a supervising technician and is currently a horticulture farmer.
Special responsibilities:	Member of Marketing and Development Committee

Company secretary
The company secretary is Jeanette Worthington. Jeanette was appointed to the position of company secretary on 10 March 2004.

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 $119,771 (2025: $106,355).

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 8 cents per share (2025: 8 cents)	43,393	43,393

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.

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

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

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

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

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

	Board		Marketing & Development Committee	
	Eligible	Attended	Eligible	Attended
Malcolm Raymond Bennett	11	11	1	1
Jeanette Ellen Worthington OAM	11	11	1	1
Ryan Christian James Maddox	11	7	-	-
Sally Mareea Keens	11	5	-	-
Simon Crawford Stirrat	11	7	1	1
Malcolm David Lennie	11	9	-	-

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

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Malcolm Raymond Bennett	500	-	500
Jeanette Ellen Worthington OAM	5,251	-	5,251
Ryan Christian James Maddox	1	-	1
Sally Mareea Keens	3,000	-	3,000
Simon Crawford Stirrat	1	-	1
Malcolm David Lennie	2,500	-	2,500

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 23 to the accounts.

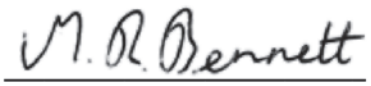
The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

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

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

On behalf of the directors



Malcolm Raymond Bennett
Chair

20 October 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

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Merbein District Community Financial Services Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 20 October 2026

Jessica Ritchie
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

Merbein District Community 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	6	914,164	855,934
Finance revenue		12,940	8,844
Total revenue		927,104	864,778
Employee benefits expense	7	(447,926)	(434,327)
Advertising and marketing costs		(4,466)	(10,510)
Occupancy and associated costs		(30,279)	(27,195)
System costs		(18,903)	(20,532)
Depreciation and amortisation expense	7	(47,167)	(47,483)
Finance costs		(12,658)	(12,633)
General administration expenses		(84,713)	(77,718)
Total expenses before community contributions and income tax		(646,112)	(630,398)
Profit before community contributions and income tax expense		280,992	234,380
Charitable donations and sponsorships expense		(120,685)	(92,818)
Profit before income tax expense		160,307	141,562
Income tax expense	8	(40,536)	(35,207)
Profit after income tax expense for the year		119,771	106,355
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		119,771	106,355
		Cents	**Cents**
Basic earnings per share	25	22.08	19.61
Diluted earnings per share	25	22.08	19.61

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

Merbein District Community Financial Services Limited
Statement of financial position
As at 30 June 2026

	Note	2026 $	2025 $
Assets			
Current assets			
Cash and cash equivalents	9	282,317	403,008
Trade and other receivables	10	70,675	58,559
Investments	11	421,784	208,844
Current tax assets	8	-	5,015
Total current assets		774,776	675,426
Non-current assets			
Property, plant and equipment	12	41,220	54,329
Right-of-use assets	13	145,435	160,001
Intangible assets	14	42,430	56,572
Deferred tax assets	8	2,225	-
Total non-current assets		231,310	270,902
Total assets		1,006,086	946,328
Liabilities			
Current liabilities			
Trade and other payables	15	64,328	65,264
Lease liabilities	16	16,513	16,031
Current tax liabilities	8	12,608	-
Employee benefits		8,203	11,090
Total current liabilities		101,652	92,385
Non-current liabilities			
Trade and other payables	15	31,114	46,671
Lease liabilities	16	130,801	141,717
Deferred tax liabilities	8	-	2,223
Employee benefits		3,961	1,542
Provisions		7,620	7,230
Total non-current liabilities		173,496	199,383
Total liabilities		275,148	291,768
Net assets		730,938	654,560
Equity			
Issued capital	17	490,005	490,005
Retained earnings		240,933	164,555
Total equity		730,938	654,560

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

Merbein District Community 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		490,005	101,593	591,598
Profit after income tax expense		-	106,355	106,355
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	106,355	106,355
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	19	-	(43,393)	(43,393)
Balance at 30 June 2025		490,005	164,555	654,560
Balance at 1 July 2025		490,005	164,555	654,560
Profit after income tax expense		-	119,771	119,771
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	119,771	119,771
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	19	-	(43,393)	(43,393)
Balance at 30 June 2026		490,005	240,933	730,938

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

Merbein District Community 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)		993,464	948,712
Payments to suppliers and employees (inclusive of GST)		(816,588)	(766,525)
Interest received		12,940	8,844
Interest and other finance costs paid		(539)	-
Income taxes paid		(11,979)	(65,488)
Net cash provided by operating activities	24	177,298	125,543
Cash flows from investing activities			
Payments for investments		(212,940)	(8,844)
Payments for property, plant and equipment	12	(1,971)	(18,826)
Payments for intangible assets		(14,143)	(14,143)
Net cash used in investing activities		(229,054)	(41,813)
Cash flows from financing activities			
Interest and other finance costs paid		(11,729)	(12,163)
Dividends paid	19	(43,393)	(43,393)
Repayment of lease liabilities		(13,813)	(20,916)
Net cash used in financing activities		(68,935)	(76,472)
Net increase/(decrease) in cash and cash equivalents		(120,691)	7,258
Cash and cash equivalents at the beginning of the financial year		403,008	395,750
Cash and cash equivalents at the end of the financial year	9	282,317	403,008

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 66 Commercial Street, Merbein VIC 3505.

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 20 October 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 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)

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost. 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.

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.

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

The company has not recognised an allowance for expected credit losses in relation to trade and other receivables for the following reasons:

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

Impairment of non-financial assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the 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.

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 July 2029.

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. Revenue from contracts with customers

	2026 $	2025 $
Margin income	769,918	704,050
Fee income	56,435	54,997
Commission income	87,811	96,887
	914,164	855,934

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.

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 7. Expenses

Employee benefits expense

	2026 $	2025 $
Wages and salaries	369,022	369,598
Superannuation contributions	42,994	37,846
Expenses related to long service leave	5,424	(3,455)
Other expenses	30,486	30,338
	447,926	434,327

Accounting policy for employee benefits
The company seconds employees from Bendigo and Adelaide Bank Limited. The total cost of these employees, including an allowance for accrued annual and long service leave, is charged to the company by Bendigo and Adelaide Bank Limited by offsetting against the monthly profit share arrangement. The company recognises these costs as an expense on a monthly basis.

Depreciation and amortisation expense

	2026 $	2025 $
Depreciation of non-current assets		
Leasehold improvements	3,680	5,626
Plant and equipment	2,781	1,765
Motor vehicles	8,619	8,618
	15,080	16,009
Depreciation of right-of-use assets		
Leased land and buildings	17,945	17,331
Amortisation of intangible assets		
Franchise fee	2,357	2,357
Franchise renewal fee	11,785	11,786
	14,142	14,143
	47,167	47,483

Note 8. Income tax

	2026 $	2025 $
Income tax expense		
Current tax	44,984	31,134
Movement in deferred tax	(4,448)	4,257
Under/over adjustment	-	(184)
Aggregate income tax expense	40,536	35,207
Prima facie income tax reconciliation		
Profit before income tax expense	160,307	141,562
Tax at the statutory tax rate of 25%	40,077	35,391
Tax effect of:		
Non-deductible expenses	459	-
	40,536	35,391
Under/over adjustment	-	(184)
Income tax expense	40,536	35,207

	2026 $	2025 $
Deferred tax attributable to:		
expense accruals	1,419	1,419
employee provisions	4,070	3,798
make-good provision	1,905	1,807
lease liabilities	36,828	39,437
property, plant and equipment	(5,638)	(8,684)
right-of-use assets	(36,359)	(40,000)
Deferred tax asset/(liability)	2,225	(2,223)

	2026 $	2025 $
Income tax refund due	-	5,015

	2026 $	2025 $
Provision for income tax	12,608	-

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.

Note 8. Income tax (continued)

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	282,317	403,008

Note 10. Trade and other receivables

	2026 $	2025 $
Trade receivables	64,069	51,953
Prepayments	6,606	6,606
	70,675	58,559

	2026 $	2025 $
Financial assets at amortised cost classified as trade and other receivables		
Total trade and other receivables	70,675	58,559
Less prepayments, included in trade and other receivables	(6,606)	(6,606)
	64,069	51,953

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	217,453	208,844
Managed funds	204,331	-
	421,784	208,844

Note 12. Property, plant and equipment

	2026 $	2025 $
Leasehold improvements - at cost	126,257	126,257
Less: Accumulated depreciation	(106,987)	(103,307)
	19,270	22,950
Plant and equipment - at cost	62,496	60,525
Less: Accumulated depreciation	(54,406)	(51,625)
	8,090	8,900
Motor vehicles - at cost	43,093	43,093
Less: Accumulated depreciation	(29,233)	(20,614)
	13,860	22,479
	41,220	54,329

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 $	Motor vehicles $	Total $
Balance at 1 July 2024	16,148	4,267	31,097	51,512
Additions	12,428	6,398	-	18,826
Depreciation	(5,626)	(1,765)	(8,618)	(16,009)
Balance at 30 June 2025	22,950	8,900	22,479	54,329
Additions	-	1,971	-	1,971
Depreciation	(3,680)	(2,781)	(8,619)	(15,080)
Balance at 30 June 2026	19,270	8,090	13,860	41,220

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

Depreciation is calculated on a diminishing value and 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	3 to 15 years
Plant and equipment	2.5 to 10 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	226,998	223,619
Less: Accumulated depreciation	(81,563)	(63,618)
	145,435	160,001

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	115,515
Remeasurement adjustments	61,817
Depreciation expense	(17,331)
Balance at 30 June 2025	160,001
Remeasurement adjustments	3,379
Depreciation expense	(17,945)
Balance at 30 June 2026	145,435

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	105,437	105,437
Less: Accumulated amortisation	(98,365)	(96,008)
	7,072	9,429
Franchise renewal fee	227,178	227,178
Less: Accumulated amortisation	(191,820)	(180,035)
	35,358	47,143
	42,430	56,572

Note 14. Intangible assets (continued)

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2024	-	-	-
Additions	11,786	58,929	70,715
Amortisation expense	(2,357)	(11,786)	(14,143)
Balance at 30 June 2025	9,429	47,143	56,572
Amortisation expense	(2,357)	(11,785)	(14,142)
Balance at 30 June 2026	7,072	35,358	42,430

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)	July 2029
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	July 2029

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	8,427	25,249
Other payables and accruals	55,901	40,015
	64,328	65,264
Non-current liabilities		
Other payables and accruals	31,114	46,671
	95,442	111,935

	2026 $	2025 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	95,442	111,935
less GST payable to the ATO included in trade and other payables	(13,626)	(5,064)
	81,816	106,871

Note 16. Lease liabilities

	2026 $	2025 $
Current liabilities		
Land and buildings lease liabilities	16,513	16,031
Non-current liabilities		
Land and buildings lease liabilities	130,801	141,717
	147,314	157,748

Reconciliation of lease liabilities

	2026 $	2025 $
Opening balance	157,748	116,747
Remeasurement adjustments	3,379	61,817
Lease interest expense	11,729	12,263
Lease payments - total cash outflow	(25,542)	(33,079)
	147,314	157,748

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Merbein branch	7.50%	5 years	1 x 5 years	Yes	July 2034

Note 17. Issued capital

	2026 Shares	2025 Shares	2026 $	2025 $
Ordinary shares - fully paid	542,411	542,411	542,411	542,411
Less: Equity raising costs	-	-	(52,406)	(52,406)
	542,411	542,411	490,005	490,005

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 17. 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 18. Capital management

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

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

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

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

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

Note 19. Dividends

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

	2026 $	2025 $
Fully franked dividend of 8 cents per share (2025: 8 cents)	43,393	43,393

Franking credits

	2026 $	2025 $
Franking account balance at the beginning of the financial year	51,024	65,488
Franking credits (debits) arising from income taxes paid (refunded)	11,979	-
Franking debits from the payment of franked distributions	(14,464)	(14,464)
	48,539	51,024
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	48,539	51,024
Franking credits (debits) that will arise from payment (refund) of income tax	15,022	(5,015)
Franking credits available for future reporting periods	63,561	46,009

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

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

Note 20. Financial risk management

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

Note 20. Financial risk management (continued)

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 9)	282,317	403,008
Trade and other receivables excluding prepayments (note 10)	64,069	51,953
Term deposits (note 11)	217,453	208,844
	563,839	663,805
Financial assets at fair value through profit or loss		
Managed funds (note 11)	204,331	-
Financial liabilities at amortised cost		
Trade and other payables (note 15)	81,816	106,871
Lease liabilities (note 16)	147,314	157,748
	229,130	264,619

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

Accounting policy for financial instruments

Financial assets

Classification
The company measures its financial assets in the followings categories:

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

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

The company's financial assets measured at FVTPL comprise investments in listed entities 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.

Note 20. Financial risk management (continued)

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

Financial liabilities

Classification
The company classifies its financial liabilities at amortised cost.

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

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

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

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 $282,317 and term deposits $217,453 at 30 June 2026 (2025: $403,008 and $208,844).

Price risk
The primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

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	50,702	31,114	-	81,816
Lease liabilities	25,500	102,000	77,528	205,028
Total non-derivatives	76,202	133,114	77,528	286,844

2025	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	60,200	46,671	-	106,871
Lease liabilities	25,000	100,000	101,008	226,008
Total non-derivatives	85,200	146,671	101,008	332,879

Note 21. Key management personnel disclosures

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

Malcolm Raymond Bennett
Jeanette Ellen Worthington OAM
Ryan Christian James Maddox
Sally Mareea Keens
Simon Crawford Stirrat
Malcolm David Lennie

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

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

Note 22. Related party transactions

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

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

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 provided a sponsorship to Merbein Cemetery Trust where a director's spouse is the President. The total benefit received was:	2,500	4,000
The company received electrical services from Worthington Electrics where a director is the owner. The total amount paid for this service was:	-	610
The company provided a grant to Cullulleraine Music Festival in 2026, where a director is a committee member on the organising committee. The total benefit received was:	2,500	2,000
The company provided a grant to Sunraysia Steam Preservation Society where a director is the President. The total benefit received was:	-	1,000

Note 23. Remuneration of auditors

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

	2026 $	2025 $
Audit services		
Audit or review of the financial statements	8,170	8,530
Other services		
Taxation advice and tax compliance services	2,008	1,120
General advisory services	4,385	4,295
Share registry services	9,033	7,131
	15,426	12,546
	23,596	21,076

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

	2026 $	2025 $
Profit after income tax expense for the year	119,771	106,355
Adjustments for:		
Depreciation and amortisation	47,167	47,483
Lease liabilities interest	11,729	12,263
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(12,116)	7,185
Decrease/(increase) in income tax refund due	5,015	(5,015)
Decrease/(increase) in deferred tax assets	(2,225)	2,035
Decrease in trade and other payables	(2,350)	(7,650)
Increase/(decrease) in provision for income tax	12,608	(29,524)
Increase/(decrease) in deferred tax liabilities	(2,223)	2,223
Decrease in employee benefits	(468)	(10,182)
Increase in other provisions	390	370
Net cash provided by operating activities	177,298	125,543

Note 25. Earnings per share

	2026 $	2025 $
Profit after income tax	119,771	106,355
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	542,411	542,411
Weighted average number of ordinary shares used in calculating diluted earnings per share	542,411	542,411
	Cents	**Cents**
Basic earnings per share	22.08	19.61
Diluted earnings per share	22.08	19.61

Note 26. Commitments

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

Note 27. Contingencies

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

Note 28. Events after the reporting period

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

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

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

Directors' declaration

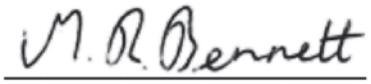
30 June 2026

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



Malcolm Raymond Bennett
Chair

20 October 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 Merbein District Community Financial Services Limited

Our opinion

In our opinion, the accompanying financial report of Merbein District Community Financial Services Limited (the company), is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's financial position as at 30 June 2026 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

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

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

Independence

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

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

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

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: AUASB Auditors Responsibilities Group Not Listed. This description forms part of our auditor's report.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 20 October 2026

Jessica Ritchie
Lead Auditor

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Community Bank · Merbein & District
66 Commercial Street, Merbein VIC 3505
Phone: 03 5025 1377
Email: 9197@bendigoadelaide.com.au
www.bendigobank.com.au/merbein

Franchisee: Merbein District Community Financial Services Limited
ABN: 68 108 297 945
PO Box 890, Merbein VIC 3505
Phone: 03 5025 1377

Share Registry:
AFS & Associates Pty Ltd
PO Box 454, Bendigo VIC 3552
Phone: 03 5443 0344
Email: shareregistry@afsbendigo.com.au
www.afsbendigo.com.au

/MerbeinDistrictCommunityBankBranch

Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL/Australian Credit Licence 237879. (BNPAR26120) (11/26)