Annual Report 2026

Penola & District Financial Services Limited

Community Bank
Penola & District

ABN 76 165 281 854

Contents

Chairman's report	2
Manager's report	4
Bendigo and Adelaide Bank report	5
Community Bank National Council	6
Directors' report	7
Auditor's independence declaration	11
Financial statements	12
Notes to the financial statements	16
Directors' declaration	34
Independent audit report	35

Chairman's report

For year ending 30 June 2026

It is my pleasure to present to the shareholders of Penola and District Financial Services Limited the Chair's Report for the financial year ended 30 June 2026.

The 2025–26 financial year has been one of change, resilience and continued commitment to our shareholders, customers and community. While operating conditions remained challenging, Community Bank Penola & District has continued to deliver personalised banking services while supporting the people and organisations that make our district a great place to live and work.

Like much of the banking industry, we have continued to face interest rate sensitivity, market volatility, margin compression and persistent inflationary pressures driven by higher energy costs and the increasing cost of living. At the same time, the regulatory environment continues to evolve, particularly in relation to cyber security, financial crime prevention and customer protection. During the year, the Board undertook a comprehensive review of our governance policies and procedures to ensure the company remains well positioned to meet these increasing compliance obligations while maintaining strong corporate governance standards. These challenges have been managed with diligence and without losing sight of our primary focus—serving our customers and supporting our community.

Our gross income was similar to the year before and while our footings were down slightly, we substantially reduced costs this year to result in a net profit after tax and community contributions of $54,823. An increase of 91.7% on FY25. Our company reported a positive cash movement of $59,091.14 and as of June 30 we had cash reserves of $304,256.69.

This year also brought significant changes to our leadership team. In December we farewelled our Branch Manager, Tara . While we were naturally disappointed to see Tara leave, we congratulate her as she embarked on an exciting new chapter—getting married and welcoming another child into her family. Tara made a valuable contribution to Community Bank Penola & District during her time with us, and we sincerely thank her for her dedication and wish her and her family every happiness in the future.

Following a comprehensive recruitment process, we were delighted to welcome our new Branch Manager, Kacey Holloway, who commenced in March. Although Kacey has only been with us for a little more than the final quarter of the financial year, she has already demonstrated outstanding enthusiasm, leadership and a genuine commitment to building relationships with our customers and the wider community.

On behalf of the Board, I extend my sincere thanks to all our dedicated staff, Kacey Holloway, Andrea , Molly and Nikki for their professionalism, resilience and commitment throughout what has been a year of transition. Their focus on customer service ensured Community Bank Penola & District continued to provide the high standard of service our customers expect. I thank and acknowledge the efforts of Regional Manager Emma Agars for her valuable insights and expertise in assisting Branch Staff.

Our Community Bank model remains unique within Australian banking because the success of the business directly benefits the community in which we operate. During the year we invested $9,209 back into our community through sponsorships and grants supporting local sporting clubs, schools, service organisations and community groups. Since Community Bank Penola & District was established, we have returned more than $354,000 to local organisations and projects, creating lasting benefits throughout our district.

I also thank my fellow Directors for their commitment, expertise and countless volunteer hours. Their governance, strategic oversight and dedication to the Community Bank model are fundamental to the continued success of our company.

Chairman's report (continued)

To our shareholders, thank you for your ongoing confidence and support. Your investment enables Penola and District Financial Services Limited to deliver both financial returns and meaningful social outcomes for our community. I again ask you to help us grow your business. If every shareholder, referred a friend, family member or work colleague to Community Bank Penola & District , imagine the growth to our business and to your investment

Finally, I thank our customers. Every account opened, every loan approved and every banking relationship developed helps strengthen Community Bank Penola & District.

As we look towards the 2026–27 financial year, we do so with optimism. With Kacey leading our branch, a dedicated team, an experienced Board and the continued support of our customers and shareholders, we are well positioned to continue growing our business and creating lasting benefits for our community.



Shane McPherson
Chairman
Penola and District Financial Services Limited

Manager's report

For year ending 30 June 2026

It is a privilege to present the Manager's Report for Community Bank Penola & District for the financial year ending June 30, 2026. While I have only been a part of the team for the final quarter of the financial year, I can confidently say the team have stepped up with strength and camaraderie over the past 12 months. Our branch continues to deliver with positivity and a focus on our customers and community.

FY26 was a year of resilience for Community Bank Penola & District. With unforeseeable changes within the branch and the loss of a lender for the greater part of the financial year, the net lending growth was not as fruitful as intended. Whilst market volatility and economic stress are still prominent pressures in our society at the moment, I am hopeful and certain we will see growth in this area for Community Bank Penola & District in the coming years. Meanwhile, Community Bank Penola & District team will continue to support our customers and our community through education, presence within the community and our banking solutions.

We provided $9,209 to our community through sponsorships, donations, and grants for a diverse range of community groups. While this has reduced over previous years, it is a testament to the ongoing refinement of our business and ensuring that we are contributing to areas within our community that seek a mutual relationship and also seek to support us.

While Community investment is one of the many ways Community Bank Penola & District is able to give back and support our district, it is an area where we seek to refine our spending to ensure we are able to give value and receive value also. We are grateful to be able to support our community in the way of sponsorship and ask that you—as our community, our shareholders, our local businesses, and our community groups—support us by banking with us, so we can continue to support you.

Community Bank Penola & District farewelled Tara and we thank her for the dedication, time, and hard work she devoted to the team. We also congratulate Tara and her family on the safe arrival of baby Meg. Tara has left big shoes to fill, which is highly evident in the strong relationships she built within her role and across the community.

I stepped into the role of Branch Manager in March 2026, joining the team with 4 years of previous banking experience and a passion for educating the community.

We congratulate Nikki on the achievement of 1 year with the branch in February. Nikki, as our Customer Service Officer, has shown great initiative and takes pride in her work whilst building genuine relationships with our customers.

We congratulate Molly on the achievement of 5 years with the branch in July. Molly, as our Customer Service Officer, has a keen eye for detail and a wealth of knowledge regarding our products.

We congratulate Andrea on the achievement of 6 years with the branch in September. Andrea, as our Customer Relationship Officer, is a key leader within the team and an active contributor to our growth and development.

Community Bank Penola & District wishes to thank the Board of Directors for their time, knowledge, and experience that they so generously volunteer. Each Director brings their own unique skillset, knowledge, and support, which is greatly appreciated and remains a key to the overall success of Community Bank Penola & District.

Kacey Holloway
Branch Manager
Community Bank Penola & District

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:	Shane McPherson
Title:	Non-executive director
Experience and expertise:	Shane spent 10 years as a Butcher and Meat wholesaler. He then spent 32 years as owner operator of Penola IGA Supermarket and is now retired. He was an elected member of the State IGA Committee for 9 years. A member and Past President of the Lions Club of Penola and a member of the Penola Golf Club. Past member of the Penola Business Association, and past Chairman of Mary MacKillop Memorial School Board.
Special responsibilities:	Chair, Finance & Governance, Human Resources and Property Committees
Name:	Kirsty Anne Balnaves
Title:	Non-executive director
Experience and expertise:	Kirsty attended university in Adelaide where she studied Business Management with her major in marketing. In 1990, Kirsty joined the family company and is currently responsible for the administration, and financial aspects of: vineyard management and contracting business along with winery contracting and management and making and selling Balnaves of Coonawarra wines. Kirsty is the Chair of the South Australian Wine Industry Association, Board member of BrandSA, on the Director Nominations Committee of the Stand Like Stone Foundation, Board member of the Penola and District Community Bank - Bendigo Bank and volunteer for Meals on Wheels. Kirsty was a member of the Coonawarra Vigneron's Association Executive for 15 years, including a period as Vice President, past member of the Lower South East Water Resources Committee, past committee member of the Penola and District Little Athletics, Penola Netball Club, and Penola and District Medical Support Group.
Special responsibilities:	Community Investment and Property Committees
Name:	Sophie Jane Angus
Title:	Non-executive director
Qualifications:	B.Com., L.L.B. (with hons)
Experience and expertise:	Sophie has held various positions in the banking and finance sector and legal roles in Sydney and Adelaide, including Senior Legal Counsel at Commonwealth Bank of Australia, Subject Matter Expert at AMP and Consultant at Piper Alderman. For many years, she operated a number of medical and health-related businesses. She has also volunteered her time on community not-for-profit boards, including the governing council of Penola Primary School and the Penola Coonawarra Arts Festival.
Special responsibilities:	Company Secretary, Finance & Governance Committee
Name:	Amanda Skene Harrold
Title:	Non-executive director
Experience and expertise:	Amanda Harrold holds a Bach. of Commerce (Marketing & Management) and a Post Graduate Certificate in Human Resource Management. In 2015, Amanda, with husband Pat, established a bulk haulage transport company based in Penola, SA which now runs over 40 B-Double trucks nationally. Prior to moving to South Australia, Amanda held Corporate HR and Learning & Development positions with Mazda, NAB, ANZ, and professional services firm, GHD Global Pty Ltd. At GHD, Amanda was the Learning & Development Manager for the Middle East based in Doha, Qatar before moving into a Corporate HR project management role traveling extensively to SE Asia and North America.
Special responsibilities:	Human Resources Committee

Name:	Michael Timothy Wetherall
Title:	Non-executive director
Experience and expertise:	Michael is currently an Agribusiness Executive Director at PPHS. Previously the Agribusiness manager of Australia and New Zealand for Treasury Wine Estates, managing director and owner of Wetherall Wines and a wine industry consultant.
Special responsibilities:	Business Development Committee
Name:	Sarah Jade Murphy
Title:	Non-executive director *(appointed 28 July 2025)*
Experience and expertise:	Sarah holds a Bachelor of Environmental Science, majoring in Environmental Management, and brings more than 10 years of operational and management experience across the government, environmental and forestry sectors within the Green Triangle Region. Throughout her career, she has built strong relationships with a diverse range of stakeholders, from local community members to international investors, demonstrating a collaborative and strategic approach to environmental and resource management. Sarah currently serves as Co-Chair of the Green Triangle Forest Health Group, where she contributes to initiatives that support forest health, sustainability and industry collaboration. She is also an active member of the Penola Netball Club Committee and is committed to supporting her local community through a range of volunteer and community-based activities.
Name:	Mark Edwards
Title:	Non-executive director *(resigned 6 November 2025)*
Experience and expertise:	Wide ranging Banking and Credit Cooperative experience over 40+ years. Former Independent Chair of Coonawarra Grape and Wine Inc. Former Director and Treasurer of Regional Development Australia Limestone Coast. Current President of Penola Racing Club Inc.
Special responsibilities:	Treasurer, Finance & Governance Committee (Alternate) and Community Investment Committee

Company secretary
The company secretary is Sophie Jane Angus. Sophie was appointed to the position of company secretary on 4 November 2020.

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 $54,823 (2025: $28,594).

Operations have continued to perform in line with expectations.

Dividends
No dividends were declared or paid in the current financial year.

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 meetings of the company's board of Directors ('the board') and of each board committee held during the year ended 30 June 2026, and the number of meetings attended by each director were:

	Board		Finance & Governance Committee		Community Investment Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Shane McPherson	10	10	10	10	4	4
Kirsty Anne Balnaves	10	7	-	-	4	3
Sophie Jane Angus	10	8	10	10	4	4
Amanda Skene Harrold	10	8	-	-	-	-
Michael Timothy Wetherall	10	8	6	3	4	3
Sarah Jade Murphy	10	9	-	-	4	4
Mark Edwards	4	3	3	2	-	-

	Human Resources Committee		Property Committee	
	Eligible	Attended	Eligible	Attended
Shane McPherson	4	4	2	2
Kirsty Anne Balnaves	-	-	2	2
Sophie Jane Angus	-	-	-	-
Amanda Skene Harrold	4	4	4	3
Michael Timothy Wetherall	-	-	-	-
Sarah Jade Murphy	4	2	-	-
Mark Edwards	-	-	-	-

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
Shane McPherson	4,001	-	4,001
Kirsty Anne Balnaves	42,001	-	42,001
Sophie Jane Angus	-	-	-
Amanda Skene Harrold	-	-	-
Michael Timothy Wetherall	-	-	-
Sarah Jade Murphy	-	-	-
Mark Edwards	10,501	-	10,501

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 22 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



Shane McPherson
Chair

29 September 2026

Auditor's independence declaration

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Penola & District Financial Services Limited

As lead auditor for the audit of Penola & District 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: 29 September 2026

Lachlan Tatt
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

Penola & District 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	418,842	418,359
Finance revenue		9,509	2,145
Total revenue		428,351	420,504
Employee benefits expense	7	(209,895)	(226,517)
Advertising and marketing costs		(2,538)	(8,160)
Occupancy and associated costs		(9,825)	(8,742)
System costs		(16,692)	(16,784)
Depreciation and amortisation expense	7	(42,678)	(40,328)
Finance costs	7	(9,695)	(10,421)
General administration expenses		(54,563)	(58,575)
Total expenses before community contributions and income tax expense		(345,886)	(369,527)
Profit before community contributions and income tax expense		82,465	50,977
Charitable donations and sponsorships expense		(9,209)	(12,447)
Profit before income tax expense		73,256	38,530
Income tax expense	8	(18,433)	(9,936)
Profit after income tax expense for the year		54,823	28,594
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		54,823	28,594
		Cents	**Cents**
Basic earnings per share	24	6.52	3.40
Diluted earnings per share	24	6.52	3.40

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

Penola & District Financial Services Limited
Statement of financial position
As at 30 June 2026

	Note	2026 $	2025 $
Assets			
Current assets			
Cash and cash equivalents	9	35,691	54,769
Trade and other receivables	10	25,554	23,917
Investment	11	268,566	190,397
Total current assets		329,811	269,083
Non-current assets			
Property, plant and equipment	12	102,545	97,848
Right-of-use assets	13	126,353	142,377
Intangible assets	14	42,689	57,965
Deferred tax assets	8	108,165	126,598
Total non-current assets		379,752	424,788
Total assets		709,563	693,871
Liabilities			
Current liabilities			
Trade and other payables	15	43,386	43,764
Lease liabilities	16	26,131	25,370
Employee benefits		4,659	9,241
Total current liabilities		74,176	78,375
Non-current liabilities			
Trade and other payables	15	15,653	31,305
Lease liabilities	16	167,831	185,096
Employee benefits		6,651	8,887
Make good provision		4,832	4,611
Total non-current liabilities		194,967	229,899
Total liabilities		269,143	308,274
Net assets		440,420	385,597
Equity			
Issued capital	17	829,469	829,469
Accumulated losses		(389,049)	(443,872)
Total equity		440,420	385,597

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

Penola & District Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2026

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2024	829,469	(472,466)	357,003
Profit after income tax expense	-	28,594	28,594
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	28,594	28,594
Balance at 30 June 2025	829,469	(443,872)	385,597
Balance at 1 July 2025	829,469	(443,872)	385,597
Profit after income tax expense	-	54,823	54,823
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	54,823	54,823
Balance at 30 June 2026	829,469	(389,049)	440,420

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

Penola & District 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)		460,291	456,646
Payments to suppliers and employees (inclusive of GST)		(353,086)	(367,574)
Interest received		8,169	397
Net cash provided by operating activities	23	115,374	89,469
Cash flows from investing activities			
Payments for investments		(78,169)	(190,397)
Payments for property, plant and equipment		(16,075)	(5,719)
Payments for intangible assets		(14,230)	(14,230)
Net cash used in investing activities		(108,474)	(210,346)
Cash flows from financing activities			
Interest and other finance costs paid		(9,474)	(10,211)
Repayment of lease liabilities		(16,504)	(15,010)
Net cash used in financing activities		(25,978)	(25,221)
Net decrease in cash and cash equivalents		(19,078)	(146,098)
Cash and cash equivalents at the beginning of the financial year		54,769	200,867
Cash and cash equivalents at the end of the financial year	9	35,691	54,769

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 Penola & District 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 52 Church Street, Penola SA 5277.

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 29 September 2026. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

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.

Investments
The company’s investment in managed funds is classified as a financial asset at fair value through profit or loss in accordance with AASB 9. The investment is measured at fair value at each reporting date, with changes in fair value recognised in profit or loss.

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

Note 3. Material accounting policy information (continued)

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

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

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.

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
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 June 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	319,713	269,966
Fee income	19,554	17,466
Commission income	79,575	130,927
	418,842	418,359

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 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	178,765	189,832
Superannuation contributions	21,787	21,705
Expenses related to long service leave	(2,236)	1,933
Other expenses	11,579	13,047
	209,895	226,517

Depreciation and amortisation expense

	2026 $	2025 $
Depreciation of non-current assets		
Leasehold improvements	10,270	10,237
Plant and equipment	1,108	883
	11,378	11,120
Depreciation of right-of-use assets		
Leased land and buildings	16,024	16,025
Amortisation of intangible assets		
Franchise fee	2,546	2,197
Franchise renewal fee	12,730	10,986
	15,276	13,183
	42,678	40,328

Finance costs

	2026 $	2025 $
Lease interest expense	9,474	10,211
Unwinding of make-good provision	221	210
	9,695	10,421

Note 8. Income tax

	2026 $	2025 $
Income tax expense		
Movement in deferred tax	4,200	(707)
Recoupment of prior year tax losses	14,233	10,643
Aggregate income tax expense	18,433	9,936
Prima facie income tax reconciliation		
Profit before income tax expense	73,256	38,530
Tax at the statutory tax rate of 25%	18,314	9,633
Tax effect of:		
Non-deductible expenses	119	303
Income tax expense	18,433	9,936

	2026 $	2025 $
Deferred tax assets/(liabilities)		
Employee benefits	2,828	4,532
Provision for lease make good	1,208	1,153
Accrued expenses	864	1,174
Lease liabilities	48,491	52,616
Right-of-use assets	(31,588)	(35,594)
Carried-forward tax losses	85,488	99,722
Property, plant and equipment	874	2,995
Deferred tax asset	108,165	126,598

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 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	35,691	54,769

Note 10. Trade and other receivables

	2026 $	2025 $
Trade receivables	17,986	17,551
Other receivables and accruals	3,088	1,748
Prepayments	4,480	4,618
	7,568	6,366
	25,554	23,917

	2026 $	2025 $
Financial assets at amortised cost classified as trade and other receivables		
Total trade and other receivables	25,554	23,917
Less prepayments included in trade and other receivables	(4,480)	(4,618)
	21,074	19,299

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. Investment

	2026 $	2025 $
Current assets		
Managed funds	268,566	190,397

Note 12. Property, plant and equipment

	2026 $	2025 $
Leasehold improvements - at cost	247,800	231,725
Less: Accumulated depreciation	(152,278)	(142,008)
	95,522	89,717
Plant and equipment - at cost	30,346	30,346
Less: Accumulated depreciation	(23,323)	(22,215)
	7,023	8,131
	102,545	97,848

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:

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2024	96,053	7,197	103,250
Additions	3,901	1,817	5,718
Depreciation	(10,237)	(883)	(11,120)
Balance at 30 June 2025	89,717	8,131	97,848
Additions	16,075	-	16,075
Depreciation	(10,270)	(1,108)	(11,378)
Balance at 30 June 2026	95,522	7,023	102,545

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

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

Leasehold improvements	5 to 20 years
Plant and equipment	2 to 40 years

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

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

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	237,291	237,291
Less: Accumulated depreciation	(110,938)	(94,914)
	126,353	142,377

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

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	158,402
Depreciation expense	(16,025)
Balance at 30 June 2025	142,377
Depreciation expense	(16,024)
Balance at 30 June 2026	126,353

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	32,845	32,845
Less: Accumulated amortisation	(25,730)	(23,184)
	7,115	9,661
Franchise renewal fee	114,222	114,222
Less: Accumulated amortisation	(78,648)	(65,918)
	35,574	48,304
	42,689	57,965

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	11,858	59,290	71,148
Amortisation expense	(2,197)	(10,986)	(13,183)
Balance at 30 June 2025	9,661	48,304	57,965
Amortisation expense	(2,546)	(12,730)	(15,276)
Balance at 30 June 2026	7,115	35,574	42,689

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.

Note 14. Intangible assets (continued)

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2029
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 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	4,819	12,966
Other payables and accruals	38,567	30,798
	43,386	43,764
Non-current liabilities		
Other payables and accruals	15,653	31,305
	59,039	75,069

	2026 $	2025 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	59,039	75,069
less statutory payables, included in trade and other payables	(8,975)	(10,145)
	50,064	64,924

Note 16. Lease liabilities

	2026 $	2025 $
Current liabilities		
Land and buildings lease liabilities	26,131	25,370
Non-current liabilities		
Land and buildings lease liabilities	167,831	185,096
	193,962	210,466

Note 16. Lease liabilities (continued)

Reconciliation of lease liabilities

	2026 $	2025 $
Opening balance	210,466	225,476
Lease interest expense	9,474	10,211
Lease payments - total cash outflow	(25,978)	(25,221)
	193,962	210,466

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
Penola Branch	4.79%	5 years	1 x 5 years	Yes	May 2034

Note 17. Issued capital

	2026 Shares	2025 Shares	2026 $	2025 $
Ordinary shares - fully paid	841,329	841,329	841,329	841,329
Less: Equity raising costs	-	-	(11,860)	(11,860)
	841,329	841,329	829,469	829,469

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

Rights attached to issued capital

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

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

Note 17. Issued capital (continued)

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

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

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

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 190. As at the date of this report, the company had 203 shareholders (2025: 199 shareholders).

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.

Note 18. 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, 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. Financial risk management

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

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

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

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

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

	2026 $	2025 $
Financial assets at amortised cost		
Cash and cash equivalents (note 9)	35,691	54,769
Trade and other receivables excluding prepayments (note 10)	21,074	19,299
	56,765	74,068
Financial assets at fair value through profit and loss		
Investments (note 11)	268,566	190,397
Financial liabilities at amortised cost		
Trade and other payables (note 15)	50,064	64,924
Lease liabilities (note 16)	193,962	210,466
	244,026	275,390

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

Note 19. Financial risk management (continued)

Accounting policy for financial instruments

Financial assets

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

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

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 and cash and cash equivalents.

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

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

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

Financial liabilities

Classification
The company classifies its financial liabilities at amortised cost.

Derecognition
A financial liability is derecognised then 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 subject to movements in market interest rates. Interest-rate risk could also arise from long-term borrowings. The company held cash and cash equivalents of $35,691 at 30 June 2026 (2025: $54,769).

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

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

Note 19. Financial risk management (continued)

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	34,411	15,653	-	50,064
Lease liabilities	26,757	115,299	91,558	233,614
Total non-derivatives	61,168	130,952	91,558	283,678

2025	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	33,619	31,305	-	64,924
Lease liabilities	25,978	111,941	121,673	259,592
Total non-derivatives	59,597	143,246	121,673	324,516

Note 20. Key management personnel disclosures

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

Shane McPherson
Kirsty Anne Balnaves
Sophie Jane Angus
Amanda Skene Harrold
Michael Timothy Wetherall
Sarah Jade Murphy
Mark Edwards

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 21. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 20.

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 paid sponsorship to Penola Netball Club. Sarah Murphy is on the club committee.	500	500
The company purchased wine and secondhand barrels from Balnaves Vineyard Services Pty Ltd. Kirsty Balnaves is associated with this entity.	-	536

Note 22. 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	7,420	6,750
Other services		
Taxation advice and tax compliance services	290	265
General advisory services	3,915	3,340
Share registry services	1,850	3,440
	6,055	7,045
	13,475	13,795

Note 23. Reconciliation of profit after income tax to net cash provided by operating activities

	2026 $	2025 $
Profit after income tax expense for the year	54,823	28,594
Adjustments for:		
Depreciation and amortisation	42,678	40,329
Lease liabilities interest	9,474	10,211
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,637)	(3,566)
Decrease in deferred tax assets	18,433	9,936
Increase/(decrease) in trade and other payables	(1,800)	4,265
Decrease in employee benefits	(6,818)	(510)
Increase in other provisions	221	210
Net cash provided by operating activities	115,374	89,469

Note 24. Earnings per share

	2026 $	2025 $
Profit after income tax	54,823	28,594
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	841,329	841,329
Weighted average number of ordinary shares used in calculating diluted earnings per share	841,329	841,329
	Cents	**Cents**
Basic earnings per share	6.52	3.40
Diluted earnings per share	6.52	3.40

Note 24. Earnings per share (continued)

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

Note 25. Commitments

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

Note 26. Contingencies

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

Note 27. 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

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



Shane McPherson
Chair

29 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 Penola & District Financial Services Limited

Report on the Audit of the Financial Report

Our opinion

In our opinion, the accompanying financial report of Penola & District 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
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

We have audited the financial report of the company, which comprises:

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

Basis for opinion

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

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

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

Other information

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

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 do not express any form of assurance conclusion thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf This description forms part of our auditor's report.

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

Lachlan Tatt
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation.

Community Bank · Penola & District
52 Church Street,
Penola SA 5277
Phone: 08 8737 2400
Email: PenolaMailbox@bendigoadelaide.com.au
Web: www.bendigobank.com.au/penola

Franchisee: Penola & District Financial Services Limited
ABN: 76 165 281 854
52 Church Street, Penola SA 5277
Email: board@penoladfs.com.au

Share Registry:
AFS & Associates Pty Ltd
PO Box 454, Bendigo VIC 3552
Phone: 5443 0344
Fax: 5443 5304
Email: shareregistry@afsbendigo.com.au

/communitybankpenolaanddistrict

/communitybankpenola/

Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL/Australian Credit Licence 237879. (BNPAR26116) (11/26)