



Financial Report

2025







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Directors' Report

for the year ended 30 June 2025

The directors of Hume Bank Limited present their report, together with the financial statements of the consolidated entity, being Hume Bank Limited ('the Company') and its controlled entity ('the Group') for the financial year ended 30 June 2025.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Name and Qualifications	
Kerry Merle Grigg BCom, MCom (Hons) with Distinction, PhD, GAICD	Independent: Yes Term of office: Non-executive director since July 2017 and Chairperson of the Board since November 2023 Skills, experience and expertise: Kerry is the managing director at Multiple, a global consulting firm. She has held senior roles in pharmaceuticals, global shipping, logistics, and fast-moving consumer goods. Kerry has also been a member of the Wodonga Institute of TAFE board and an academic at Charles Sturt University and Monash University. Having grown up, raised a family and lived in Albury for over forty years, she has strong connections with the Hume Bank region. Hume Bank Board Committee Membership: • Member of the Remuneration and Succession Committee • Member of the Risk Committee
Michael Conrad Gobel BSc, MAppFin, GAICD	Independent: Yes Term of office: Non-executive director from November 2012 to September 2024, Chairperson of the Board from November 2013 to October 2016 and December 2020 to November 2023, Deputy Chairperson from November 2012 to November 2013 and November 2016 to December 2020 Skills, experience and expertise: Michael is an experienced equity funds manager and strategic financial advisor. He has extensive experience in capital markets, advising on debt and equity issues for government agencies and ASX listed companies. Michael is the current Mayor of Wodonga City and plays an active role in North East Victoria regional development. Hume Bank Board Committee Membership: • Member of the Audit Committee until September 2024 • Member of the Remuneration and Succession Committee until September 2024 • Member of the Risk Committee until August 2023

Directors' Report (continued)

for the year ended 30 June 2025

Name and Qualifications	
Kent Bernard Griffin BEc (Actuarial Studies), FIAA, GAICD	Independent: Yes Term of office: Non-executive director since November 2018 Skills, experience and expertise: Kent is the CEO and managing director at Acenda (formerly MLC Life Insurance). He has corporate leadership and consulting experience in the financial services sector across Australia, Europe, and Asia. Kent is currently a director of the Council of Australian Life Insurers. Hume Bank Board Committee Membership: • Chair of the Risk Committee • Member of the Audit Committee
Paul Carrington McGill BSc (Melb), (Biotechnology & Economics), GAICD	Independent: Yes Term of office: Non-executive director from July 2016 to November 2024. Rejoined as a non-executive director in August 2025 Skills, experience and expertise: Paul has worked with ASX200 listed companies, private enterprises, and not-for-profits. He has experience in oil, energy, telecommunications, technology, biotechnology, banking, and wealth management. Paul has advised on corporate and business strategy, business transformation, and corporate governance. He has a deep professional and family connection to Hume Bank's home markets having lived and worked in the region from 2009 - 2024. Hume Bank Board Committee Membership: • Member of the Audit Committee until November 2024 and rejoined in August 2025 • Member of the Remuneration and Succession Committee until November 2024
Patricia Montague BA (Pur Math and Economics), Dip. Marketing, GAICD, GAIST	Independent: Yes Term of office: Non-executive director since November 2023 Skills, experience and expertise: Patricia is a Chair and non-executive director with 30+ years of financial services leadership - including as a member of CBA's retail bank leadership team - and governance expertise. She is currently Chair of Russell Investments Trustee board and has a track record in regulatory engagement, large-scale transformation, profitable growth, member outcome delivery and operational excellence in complex, regulated markets with social licenses. Hume Bank Board Committee Membership: • Chair of the Remuneration and Succession Committee • Member of the Risk Committee
Dagmar Gisela Neumann Equiv. BSc, GAICD	Independent: Yes Term of office: Non-executive director since March 2022 Skills, experience and expertise: Dagmar is an experienced non-executive director and former c-suite technology executive. She has expertise in digital transformation and operational excellence across various industry sectors. Dagmar is on the board of the Australian Bridge Federation and Chair of the Bridge NSW People and Governance Committee. Hume Bank Board Committee Membership: • Member of the Risk Committee • Member of the Audit Committee • Member of the Remuneration and Succession Committee

Directors' Report (continued)

for the year ended 30 June 2025

Name and Qualifications	
Tina Wyer BCom Acc & IS, Chartered Accountant, GAICD	Independent: Yes Term of office: Non-executive director since August 2022 Skills, experience and expertise: Tina is a Chartered Accountant and experienced non-executive director with almost 30 years of international experience in financial services across Australia, Asia, the USA, and Europe. She has expertise in finance, audit, risk, technology, and digital transformation. Tina currently serves on the boards and committees of the Fred Hollows Foundation, the Australian Diabetes Educators Association, .au Domain Administration, and the AICD Sunshine Coast Regional Forum. She grew up in Wodonga and maintains a deep family and community connection with the region. Hume Bank Board Committee Membership: - Chair of the Audit Committee - Member of the Risk Committee
Martin Halloran BCom, Grad Dip FP, Mapp Fin, M Defence & Strategic Studies, F FINSIA, MACID	Independent: Yes Term of office: Non-executive director from October 2024 to July 2025 Skills, experience and expertise: Martin has over 30 years of senior management experience in the banking, finance, government, and defence sectors. He has expertise in wholesale banking, investment management, capital markets, and prudential capital management. After a career working in Canberra, Sydney and London, Martin is now settled in Wagga Wagga, NSW, supporting the family-owned freight business which operates throughout the region. Hume Bank Board Committee Membership: - Member of the Audit Committee until July 2025 - Member of the Risk Committee until July 2025

2. Meetings of directors

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

Director	Board		Risk Committee		Audit Committee		Remuneration & Succession Committee	
	A	B	A	B	A	B	A	B
Kerry Grigg	14	14	5	5	-	-	4	4
Michael Gobel	3	3	-	-	2	2	1	1
Kent Griffin	12	14	5	5	5	5	-	-
Paul McGill	4	4	-	-	2	2	1	1
Patricia Montague	12	14	4	5	-	-	4	4
Dagmar Nuemann	12	14	5	5	4	4	3	3
Tina Wyer	14	14	5	5	5	5	-	-
Martin Halloran	9	11	4	4	2	3	-	-

A - Number attended

B - Number eligible to attend

Directors' Report (continued)

for the year ended 30 June 2025

3. Company secretary

Ms Ruth McClelland (BA, LLB (Hons) GAICD) was appointed joint Company Secretary in July 2024 and continues to act in this capacity.

Mr Akbar Shah (MBA, MAppFin, BCom, BEc) was appointed Company Secretary in April 2024 and continues to act in this capacity.

4. Corporate governance statement

The Board's primary responsibility is to the members of the Company to maintain the Company's success. It sets the strategic direction for the Group, participates in the development of the strategic plan and has authority for its approval.

It also approves the annual budget and has responsibility for the appointment, remuneration and performance appraisal of the Chief Executive Officer. The Board delegates responsibility for the management of the Group to the Chief Executive Officer and senior management.

The Board generally meets on a monthly basis and conducts an annual evaluation of its own performance and that of individual directors. An allowance is made for professional development of all directors and, to assist the Board in the execution of its responsibilities, the Board has established committees as noted below.

5. Committees of directors

Audit Committee

The Audit Committee is a board appointed committee comprising of five non-executive directors. Its principal responsibility is to assist the Board to fulfil its corporate governance and oversight responsibilities in relation to the Group's financial reporting, internal control system, risk management framework and internal and external audit functions. The Chief Executive Officer, Chief Financial Officer, Internal Auditor and External Auditors are invited to attend meetings however the committee may meet without them. The Audit Committee is chaired by Tina Wyer.

Risk Committee

The Risk Committee is a board appointed committee comprising of at least four non-executive directors. Its principal responsibilities are to assist the Board to fulfil its oversight responsibilities in relation to the implementation and operation of the Group's risk management framework and the review of policies which are required under the Group's risk management framework. The Risk Committee also makes recommendations to the Board based on the Group's risk appetite. The Chief Executive Officer will generally attend meetings and the Chief Risk Officer must attend relevant sections of meetings; however, the committee may meet without management. The Risk Committee is chaired by Kent Griffin.

Remuneration & Succession Committee

The Remuneration and Succession Committee is a Board appointed committee operating with up to four non-executive directors. It is responsible for reviewing

the performance of the Chief Executive Officer and making recommendations to the Board regarding their remuneration. It reviews appraisals and remuneration recommendations for executive management submitted by the Chief Executive Officer and the Remuneration and Reward Policy which establishes staff remuneration structures. It also develops board succession planning for consideration by the Board. The Remuneration and Succession Committee is chaired by Patricia Montague.

6. Principal activities

The principal activities of the Group during the course of the financial year were those of an Authorised Deposit-taking Institution (ADI) providing financial products and services to its members.

There were no significant changes in the nature of these activities during the period.

7. State of affairs

In an environment marked by rising customer expectations, rapid technological change, and increasing competition across the financial sector, Hume Bank has continued to focus on sustainable growth and strategic partnerships.

Merger Announcement

On 19 August 2025, Hume Bank and Geelong Bank announced the signing of a Memorandum of Understanding to explore a merger between the two customer-owned banks.

A merger with Geelong Bank would bring together shared values, complementary strengths and deeper regional roots.

The boards of Hume Bank and Geelong Bank have agreed to explore the proposed merger which will be subject to due diligence, member and regulatory approval processes over the coming months, which will inform the development of a binding merger agreement expected in 2026.

8. Events subsequent to reporting date

Except for the announcement made to members on 19 August 2025 regarding the proposed merger with Geelong Bank, no matter, transaction, or event of a material and unusual nature has arisen between the end of the financial year and the date of this report that, in the opinion of the directors of Hume Bank, is likely to significantly affect the operations of the Group, its financial results, or its overall position.

9. Review and results of operations

Hume Bank recorded a profit before income tax of \$12.93 million for the year ended 30 June 2025, up from \$10.56 million in FY2024. Net profit after income tax increased to \$9.55 million, compared to \$7.03 million in the prior year. The result was underpinned by strong business performance, including a \$79 million increase in gross lending assets. This also reflects disciplined margin management throughout a shifting interest rate environment.

Directors' Report (continued)

for the year ended 30 June 2025

10. Directors' benefits

During or since the end of the financial year, no director of the Group has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of compensation paid or payable to key management personnel as shown in note 22 of the financial statements) by reason of a contract entered into by the Group (or an entity that the Group controlled, or a body corporate that was related to the Group when the contract was made, or when the director received, or became entitled to receive, the benefit) with:

- a director,
- a firm of which a director is a member, or
- an entity in which a director has a substantial financial interest except those outlined in note 22 to the financial statements.

11. Lead auditor's independence declaration

The auditor's independence declaration is set out on page 10 and forms part of the Directors' report for the financial year ended 30 June 2025.

12. Indemnification and insurance of Officers and Auditors

The Company has agreed to indemnify any past, present, or future director, secretary or officer of the Company in respect of liabilities to other persons (other than the Company) that may arise from their position as director, secretary or officer of the Company, except where the liability arises out of conduct involving a lack of good faith, negligent or fraudulent behaviour. The Company has entered into an insurance policy to cover the Company's liability under the indemnity. The insurance policy prohibits disclosure of the premium payable under the policy and the nature of the liabilities insured.

The Company has not indemnified its auditors, Crowe Albury.

13. Rounding

Hume Bank Limited is a type of company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the directors:

Kerry Grigg

Kerry Grigg (Sep 21, 2025 20:02:06 GMT+2)

Kerry Grigg

Board Chairperson

Signed on 17 September 2025

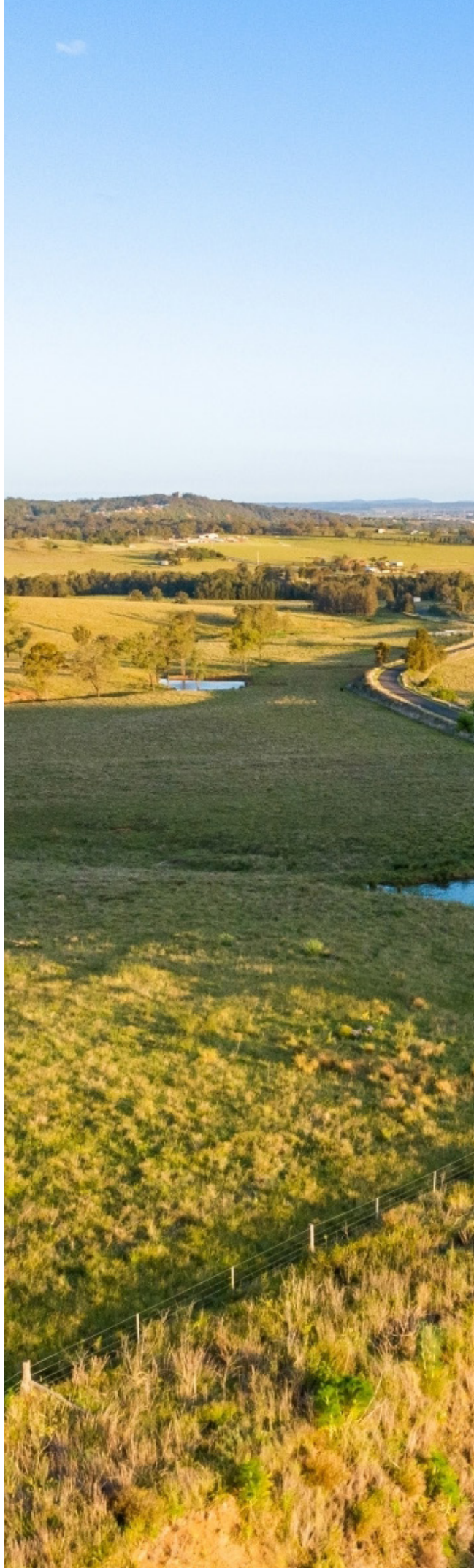
Tina Wyer

Tina Wyer (Sep 19, 2025 15:36:14 GMT+10)

Tina Wyer

Audit Committee Chairperson

Signed on 17 September 2025







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Auditor Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of Hume Bank Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2025 there have been no contraventions of:

- (1) The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (2) Any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Hume Bank Limited and the entities it controlled during the financial year ended 30 June 2025.

CROWE ALBURY

JASON GILBERT
Partner

18 SEPTEMBER 2025
ALBURY

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The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries. Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity.

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Statement of profit or loss and other comprehensive income

for the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Income			
Interest income	3	110,293	90,922
Interest expense	3	(61,713)	(50,752)
Net interest income		48,580	40,170
Other income	3	4,685	5,961
Total income		53,265	46,131
Expenses			
Operating expenses	4	(40,153)	(35,541)
Credit impairment write-back/(charge)	10	(186)	(33)
Total expenses		(40,339)	(35,574)
Profit before income tax expense		12,926	10,557
Income tax expense	5	(3,376)	(3,524)
Net profit attributable to members		9,550	7,033
Other comprehensive income			
<i>Items that will not be classified to profit or loss</i>			
Revaluation of property		507	223
Income tax attributable to this item		-	(20)
Changes in fair value of equity instruments		47	(11)
Income tax attributable to this item		(14)	3
Total other comprehensive income net of tax		540	195
Total comprehensive income attributable to members		10,090	7,228

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Statement of financial position

as at 30 June 2025

	Note	2025 \$'000	2024 \$'000
Assets			
Cash and cash equivalents	6	49,232	68,875
Investment securities	7	511,704	345,058
Other assets	8	4,204	2,803
Net loans and advances	9	1,672,128	1,593,093
Other investments	11	466	418
Derivatives	12	-	61
Income tax receivable	5	-	904
Property, plant and equipment	13	7,159	7,409
Investment property	13	1,900	2,200
Intangible assets	14	4,068	3,503
Deferred tax assets	5	1,886	677
Total assets		2,252,747	2,025,001
Liabilities			
Deposits	15	2,024,841	1,816,059
Other liabilities	16	39,750	38,314
Borrowings	17	62,520	56,484
Derivatives	12	178	-
Income tax payable	5	841	-
Provisions	16	3,276	2,893
Total liabilities		2,131,406	1,913,750
Net assets		121,341	111,251
Members' funds			
Reserves	18	3,287	2,943
Retained earnings		118,054	108,308
Total members' funds		121,341	111,251

The statement of financial position is to be read in conjunction with the notes to the financial statements.

Statement of changes in members' funds

for the year ended 30 June 2025

Note	Retained earnings \$'000	Capital profits reserve \$'000	Asset revaluation reserve \$'000	Financial asset reserve \$'000	Total reserves \$'000	Total member funds \$'000
For the year ended 30 June 2025						
Opening balance as at 1 July 2024	108,308	-	2,793	150	2,943	111,251
Net profit for the year	9,550	-	-	-	-	9,550
Other comprehensive income	-	-	507	33	540	540
Transfers to/(from) reserves	196	-	(196)	-	(196)	-
As at 30 June 2025	118,054	-	3,104	183	3,287	121,341
For the year ended 30 June 2024						
Opening balance as at 1 July 2023	100,155	594	3,116	158	3,868	104,023
Net profit for the year	7,033	-	-	-	-	7,033
Other comprehensive income	-	-	203	(8)	195	195
Transfers to/(from) reserves	1,120	(594)	(526)	-	(1,120)	-
As at 30 June 2024	108,308	-	2,793	150	2,943	111,251

The statement of changes in members' funds is to be read in conjunction with the notes to the financial statements.

Statement of cash flows

for the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Interest received		108,759	90,612
Interest paid		(59,089)	(48,711)
Other revenue received		4,457	11,578
Payments to suppliers and employees		(37,982)	(27,369)
Fees and commissions paid		(774)	(673)
Income tax paid		(2,841)	(5,365)
Cash flows from operating activities before changes in operating assets and liabilities		12,530	20,072
(Increase)/decrease in operating assets			
Net increase in balance of loans and advances		(79,240)	(170,476)
Net increase in balance of investment securities		(166,408)	(104,915)
Increase in operating liabilities			
Net increase in balance of deposits		208,782	201,747
Net increase in balance of borrowings		6,036	41,484
Net cash flows used in operating activities	19	(18,300)	(12,088)
Cash flows from investing activities			
Cash paid for property, plant and equipment		(303)	(114)
Cash proceeds from sale of property, plant and equipment		994	2,376
Cash paid for intangible assets		(1,448)	(2,884)
Net cash flows used in investing activities		(756)	(622)
Cash flows from financing activities			
Repayment of lease liabilities		(587)	(520)
Net cash flows used in financing activities		(587)	(520)
Net decrease in cash held		(19,643)	(13,230)
Cash at the beginning of the year		68,875	82,105
Cash at the end of the year	6	49,232	68,875

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

Notes to the financial statements

for the year ended 30 June 2025

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Notes to the financial statements (continued)

for the year ended 30 June 2025

1 Reporting entity

Hume Bank Limited (the 'Company') is a company limited by shares and guarantee domiciled in Australia. The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards. No shares have been issued. The address of the Company's registered office is 492 Olive Street, Albury, NSW, 2640.

These consolidated financial statements ('financial statements') comprise Hume Bank Limited, the ultimate parent Company, and its subsidiary (together, the 'Group'). The Group is primarily involved in retail banking.

2 Basis of preparation

1. Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') and interpretations adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial statements of the Group also comply with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on 17 September 2025.

2. Basis of measurement

The financial statements are presented in Australian dollars.

The financial statements are prepared on an accruals basis, and are based on historical costs, unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements, unless otherwise stated.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures. Refer to paragraph 6 of this note for new standards applicable for the current year.

3. Use of estimates and judgements

The preparation of the financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in

which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Notes 10 – Impairment of loans and advances
- Notes 13 – Fair value of land and buildings
- Note 14 – Estimation of useful life and assessment of future economic benefit of intangible assets; and
- Note 25 – Fair value of financial instruments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparing the financial statements are reasonable. Actual results in the future may differ from those reported.

4. Going concern

The Group continues to undertake a significant amount of scenario testing and forecasting to provide comfort that there is no material uncertainty in terms of the Group as a "going concern". Scenario testing undertaken by management indicates that key indicators — including capital adequacy, liquidity coverage, and projected cash flows — remain at levels that support the Group's ability to meet its obligations as and when they fall due and comply with both statutory and internal prudential requirements over the forecast period.

5. Consolidation of RBA repurchase securitisation trust

Hume Bank Limited is the beneficiary of a trust which holds rights to a portfolio of residential mortgage secured loans to enable the Company to secure funds from the Reserve Bank of Australia (RBA), if required, to meet emergency liquidity requirements. The Company continues to manage these loans and receives all residual benefits from the trust and bears all losses should they arise. Accordingly:

- The trust meets the definition of a controlled entity; and
- As prescribed under the accounting standards, since the Company has not transferred all the risks and rewards to the trust, the assigned loans are retained on the books of the Company and are not de-recognised.

Notes to the financial statements (continued)

for the year ended 30 June 2025

2 Basis of preparation (continued)

The Group has elected to present one set of financial statements to represent both the Company as an individual entity and the consolidated entity on the basis that the impact of the consolidation is not material to the Group.

The subsidiary member of the Group is known as the Murray Trust Repo Series No. 1.

6. New standards applicable for the current year

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. There has been no material impact resulting.

7. New accounting standards and interpretations not yet adopted

There are no new accounting standards or interpretations expected to have any significant impact on the Group's financial report that are issued and not yet applicable.

Notes to the financial statements (continued)

for the year ended 30 June 2025

3 Income

Recognition and measurement

Income is recognised when it is likely that the economic benefits will be received by the Group and the amount can be measured reliably. Revenue is reported net of goods and services tax (GST). Revenue is not recognised if there are significant uncertainties about the recovery of the consideration.

Interest income

Interest income on loans is calculated based on the daily outstanding balance and charged monthly in arrears to the customer's account. This interest income is recognised in the statement of profit or loss as it accrues, utilising the effective interest rate method. For term loans, loan establishment fees and costs, including upfront broker commissions, are also factored into the effective interest rate and amortised over the average loan term.

For revolving credit facilities, due to their short-term nature and reviewability, all related fees and costs, including establishment fees, are recognised when the service is rendered.

Interest income on deposits with other financial institutions, derivatives, and investment securities are calculated on an accrual basis using the effective interest rate method.

Interest expense

Interest payable on customer deposits is calculated daily on the outstanding balance and is credited in accordance with the terms of the relevant product. This interest expense is recognised in the statement of profit or loss as it accrues, employing the effective interest rate method. Interest on borrowings are also calculated on an accrual basis using the effective interest method.

	2025 \$'000	2024 \$'000
Interest income		
Deposits with other financial institutions	1,341	2,172
Investment securities	22,730	13,603
Loans and advances	86,222	75,147
Total interest income	110,293	90,922
Interest expense		
Borrowings from other financial institutions	2,826	1,492
Deposits	58,802	49,209
Leases	85	51
Total interest expense	61,713	50,752
Total net interest income	48,580	40,170
Other income		
Fees	2,482	2,795
Commissions	1,815	1,990
Net gain from sale of assets	232	307
Miscellaneous income	156	869
Total other income	4,685	5,961
Total income	53,265	46,131

Notes to the financial statements (continued)

for the year ended 30 June 2025

4 Operating expenses

Recognition and measurement

Operating expenses

Operating expenses are costs incurred by the Group during its normal course of operations to generate revenue. Operating expenses are recognised when the related economic benefits are consumed, in accordance with the principles of accrual accounting. Operating expenses are measured at fair value at the time they are incurred and are recorded in the statement of profit or loss.

Wages, salaries and related staff expenses

Wages, salaries, annual leave, and other employee entitlements expected to be paid or settled within twelve months of the employees providing the service are measured at their nominal amounts, using the remuneration rates the Group anticipates paying when the liabilities are settled.

For long-term service benefits, the Group's net obligation is the future benefit employees have earned for their service in the current and previous periods. The Group accrues these employee entitlements, such as long service leave, using an actuarial calculation. This calculation includes assumptions about staff turnover, leave usage, and future salary increases, and the resulting amount is discounted using market yields as of the reporting date.

	2025 \$'000	2024 \$'000
Staff expenses		
Salaries and related costs	17,626	15,735
Other staff related costs	3,151	2,465
Total staff expenses	20,777	18,200
Customer services		
Fees and commissions	774	673
Community expenditure	215	128
Other product and service delivery expenses	3,448	4,369
Total customer services	4,437	5,170
Information technology services		
Information technology expenses	3,524	3,320
Amortisation	830	417
Total information technology services	4,354	3,737
Occupancy expenses		
Depreciation of property, plant and equipment	722	816
Depreciation of right-of-use assets	535	505
Amortisation of leasehold improvements	112	112
Other occupancy expenses	1,106	1,000
Total occupancy expenses	2,475	2,433
Other expenses		
Marketing expenses	1,498	988
Other administrative expenses	6,612	5,013
Total other expenses	8,110	6,001
Total operating expenses	40,153	35,541

Notes to the financial statements (continued)

for the year ended 30 June 2025

5 Taxation

Recognition and measurement

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Good and services tax (GST)

As a financial institution the Group is input taxed on all income except for income from commissions, rents and some fees. An input taxed supply is not subject to GST collection, and similarly the GST paid on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases are generally recovered on a proportionate basis, using the safe harbour apportionment rate of 18% adopted per Practical Compliance Guideline 2017/15 from 1 July 2017. In addition, certain prescribed purchases are subject to reduced input tax credits (RITC), of which 75% of the GST paid is recoverable.

Notes to the financial statements (continued)

for the year ended 30 June 2025

5 Taxation (continued)

	2025 \$'000	2024 \$'000
Income tax expense		
Accounting profit before income tax	12,926	10,557
Prima facie tax expense on accounting profit before tax	3,878	3,167
<i>Increase/(decrease) income tax expense due to:</i>		
Non-deductible expenses	1,902	1,500
Other deductible expenses	(1,253)	(1,124)
Adjustment to deferred tax assets	(1,151)	(29)
Prior period under/(over) provision	-	10
Income tax expense attributable to profit	3,376	3,524
Income tax payable/(receivable)		
Balance at the beginning of the year	(904)	862
Income tax payable – current year	4,527	3,543
<i>Increase/(decrease) due to:</i>		
Income tax paid – current year	(3,686)	(4,447)
Income tax paid – prior year	904	(872)
Prior period under/(over) provision	-	10
Balance at the end of the year	841	(904)
Deferred tax assets		
Other investments	(78)	(64)
Property, plant, equipment and intangible assets	(111)	(1,045)
Fair value adjustment on property, plant and equipment	-	112
Investment property	(77)	(69)
Provisions for employee entitlements	1,064	868
Provision for impairment of loans and advances	537	502
Leased assets	25	15
Fair value derivatives	53	(18)
Expenses not currently deductible	473	376
Net deferred tax assets	1,886	677
 Franking credits held at balance date	 50,926	 48,143

Notes to the financial statements (continued)

for the year ended 30 June 2025

6 Cash and cash equivalents

Recognition and measurement

Cash and cash equivalents include cash on hand, cash at bank and deposits at call with other financial institutions. Cash and cash equivalents are measured at amortised cost with interest brought to account using the effective interest rate method. Cash equivalents are readily convertible to cash and are subject to an insignificant risk of change in value.

	2025 \$'000	2024 \$'000
Cash and cash equivalents		
Cash on hand	42,047	61,844
Cash at bank	7,185	7,031
Total cash and cash equivalents	49,232	68,875

7 Investment securities

Recognition and measurement

Investment securities are financial assets held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These are initially measured at fair value and subsequently measured at amortised cost. These have been assessed for impairment under AASB 9 and no impairment losses have been recognised.

Interest receivable is accrued on a time-proportionate basis over the term of the investment. Accrued interest is included within other assets in the statement of financial position.

	2025 \$'000	2024 \$'000
Investment securities		
Bank bills and certificates of deposit	115,842	222,940
Floating rate notes	181,152	90,104
Term deposits	80,000	16,000
Fixed rate bonds	134,710	16,014
Total investment securities	511,704	345,058

8 Other assets

Recognition and measurement

Sundry debtors are recognised initially at fair value and then subsequently measured at amortised cost using the effective interest rate method. Collectability of sundry debtors is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified.

	2025 \$'000	2024 \$'000
Other assets		
Interest receivable	3,399	1,864
Sundry debtors	805	939
Total other assets	4,204	2,803

Notes to the financial statements (continued)

for the year ended 30 June 2025

9 Net loans and advances

Recognition and measurement

Loans and advances

Loans and advances are financial assets held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Loans and advances are measured at amortised cost using the effective interest rate method, after assessing required provisions for impairment.

The effective interest rate method requires origination fees and associated transaction costs to be capitalised as part of the loan balance and amortised over the expected life of the loan as part of the loan's effective interest rate. The expected life of the loan has been determined based on an analysis of the Group's loan portfolio.

The interest on loans and overdrafts is calculated on the daily balance outstanding and is charged in arrears to a customer's account on the last day of each month. The interest on revolving credit cards is calculated on the daily balance outstanding and is charged in arrears to a customer's account on the 15th day of each month. Purchases are granted up to 55 days interest free until the due date for payment.

Fees charged on loans after origination of the loan are recognised as income when the services are provided or costs are incurred.

All loans and advances are reviewed and graded according to the determined level of credit risk. The classification adopted is described below:

- Impaired loans – are loans and advances where the recovery of all interest and principal is considered to be reasonably doubtful and hence provisions for impairment are made.
- Assets acquired through the enforcement of security – are assets acquired in full or partial settlement of a loan or similar facility through the enforcement of security arrangements.
- Past-due loans – are loans where payments of principal and/or interest are at least 1 day or more in arrears. Full recovery of both principal and interest is expected. If a provision for impairment is required, the loan is included in impaired loans.

	2025 \$'000	2024 \$'000
Loans and advances		
Residential owner-occupied mortgages	1,235,417	1,189,596
Residential investment mortgages	323,949	304,086
Commercial lending	93,596	78,057
Personal loans	6,834	9,362
Credit cards and revolving credit	10,108	9,728
Gross loans and advances	1,669,905	1,590,829
Less provision for impairment	(1,789)	(1,674)
Add net deferred loan fees	4,012	3,938
Net loans and advances	1,672,128	1,593,093

Notes to the financial statements (continued)

for the year ended 30 June 2025

9 Net loans and advances (continued)

Securitisation

The Company enters into securitisation transactions in which it transfers financial assets that are recognised on its statement of financial position. When the Company retains substantially all the risks and rewards of the transferred assets, the transferred assets remain on the statement of financial position; however, if substantially all the risks and rewards are transferred, the Company de-recognises the asset. Securitisation is the process of taking an illiquid asset, or group of assets, such as residential mortgages, and transforming it (or them) into a liquid security. The Company uses securitisation for funding and liquidity purposes. Details of the securitisation entered into by the Company are summarised in the following sections.

The Group established the Murray Trust Repo Series No.1 in 2014, an internal securitisation entity for the purpose of emergency liquidity support in the event of a systemic liquidity crisis. The Class A notes are currently eligible for repurchase by the Reserve Bank of Australia should the need arise. From time to time, the Company will top up the Murray Trust Repo Series No. 1 notes by securitising additional residential mortgages as existing loans pay down.

As there has been no transfer of the risks or rewards of ownership of the securitised loans and other relevant assets or liabilities, the Murray Trust Repo Series No.1 is consolidated within the Company, forming the Group.

	2025 \$'000	2024 \$'000
Securitised loans		
Securitised loans that do not qualify for derecognition	250,440	372,545

10 Impairment of loans and advances

Recognition and measurement

AASB 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss model' (ECL). Instruments within the scope of the requirements include loans and advances and other debt-type financial assets measured at amortised cost and fair value through other comprehensive income, trade receivables, loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (performing loans) ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- financial assets that have objective evidence of impairment (loans in default) at the reporting date (non-performing loans) ('Stage 3').

Key assumptions in determining the ECL

The key inputs into the measurement of ECL include the following variables:

- **Probability of default (PD):** Calculated based on arrears over 90 days and other loans and facilities where the likelihood of future payments is low. The definition of default is consistent with the definition of default used for internal credit risk management and regulatory reporting purposes. Instruments which are 90 days past due are generally considered to be in default.
- **Loss given default (LGD):** The magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD percentage applied considers the structure of the loan, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, Loan to Value Ratios (LVR) are a key parameter in

Notes to the financial statements (continued)

for the year ended 30 June 2025

determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

- **Exposure at default (EAD):** The expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and future expectations.

These parameters are generally derived from internal analysis, management judgements and other historical data. They are adjusted to reflect forward-looking information as described below.

Definition of default and write-offs

A financial asset is in default when it is more than 90 days past due or when there is objective evidence of impairment, such as significant financial difficulty, hardship arrangements, or restructuring.

Loans are written off when there is no reasonable expectation of recovery. Recoveries of amounts previously written off are recognised in profit or loss when received.

Grouping of financial assets

Given the homogeneity of the loan portfolio in terms of borrower type and contractual repayment terms, credit risk is primarily monitored through regular analysis of arrears reports. The Group has grouped exposures by type based on shared risk characteristics that include:

- Instrument type
- Collateral type
- LVR ratio for retail mortgages

The Group has elected to use the following segments when assessing credit risk for Stages 1 and 2 of the impairment models:

- Residential owner-occupied mortgages
- Residential investment mortgages
- Commercial loans
- Personal loans
- Credit cards and revolving credit

Stage 3 of the impairment model is assessed on an individual basis.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

Significant increase in credit risk

In assessing significant increases in credit risk where a loan or group of loans must move to Stage 2 the following factors have been considered in the Group's current model.

- Loans more than 30 days past due (excluding credit cards and overdrafts).
- Loans with more than 2 instances of arrears experience in the previous 12 months.
- Loans with approved hardship or modified terms.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group historical experience and expert judgement, relevant external factors and including forward-looking information.

Notes to the financial statements (continued)

for the year ended 30 June 2025

10 Impairment of loans and advances (continued)

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when the exposure is more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

Forward-looking information and sensitivity analysis

The Group calculates ECL using a probability-weighted approach that incorporates forward-looking information. This involves developing multiple economic scenarios informed by publicly available data, internal forecasts, and third-party information. These scenarios form the basis for estimating the ECL across the loan portfolio:

- **Base Case** — This scenario reflects management's central estimate and is based on reasonable and supportable information available at the reporting date without undue cost or effort. It considers exposures to high-risk industries, with specific overlays applied to these segments. These overlays incorporate expectations of macroeconomic variables such as unemployment rates and property price movements and apply adjusted PD and loss LGD assumptions. Security values are discounted in determining expected losses.
- **Downside Case** — This scenario reflects a deterioration in macroeconomic conditions, including higher unemployment and additional high-risk industry exposures, leading to elevated PDs and LGDs.
- **Upside Case** — This scenario reflects an improvement in macroeconomic conditions over the forecast period, such as lower unemployment, stabilising or rising property prices, and reduced cost-of-living pressures, leading to lower probability of default (PD) and loss given default (LGD) estimates.

A sensitivity analysis has been performed to assess the impact of applying a probability-weighted average across these scenarios. The analysis demonstrated that the resulting ECL allowance could vary materially compared to the Base Case. However, given the current economic outlook and available data, the Group has elected to use the Base Case scenario as the basis for measuring the ECL allowance at 30 June 2025.

Due to ongoing economic uncertainty and the judgement involved in forecasting future credit losses, the ECL allowance represents management's best estimate within a reasonable range of possible outcomes. Changes in government policy, business conditions, and consumer behaviour could affect the Group's provisioning in future periods.

In assessing forward-looking indicators of impairment, the Group has considered a range of external factors, including:

- Cost-of-living pressures and inflation,
- Movements in interest rates,
- The potential for mortgage stress among borrowers.

At the reporting date, there is no material evidence of financial hardship across the loan portfolio. While uncertainty remains regarding inflation and further interest rate movements, these risks are currently mitigated by the high level of collateralisation in the Group's loan portfolio.

Given these factors, some estimation uncertainty remains in the measurement of ECL. The allowance may be subject to future revision should conditions change, potentially resulting in an over or understatement in the reported ECL.

	2025 \$'000	2024 \$'000
Credit expenses		
Expected credit loss allowance	89	(79)
Bad debts written off	97	118
Bad debts recovered	-	(7)
Total credit expenses	186	33

Notes to the financial statements (continued)

for the year ended 30 June 2025

10 Impairment of loans and advances (continued)

	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Movements in provisions and reserves				
Balance as at 1 July 2024	1,160	201	313	1,674
<i>Transfers to/(from) during the year:</i>				
Movement in Stages	-	19	144	163
New/increased provisions	-	-	-	-
Write-back of provisions no longer required	-	-	-	-
Changes in balances	(160)	(12)	140	(31)
Bad debts written off previously provided for	-	-	(16)	(16)
Balance as at 30 June 2025	1,000	208	581	1,789

	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Movements in provisions and reserves				
Balance as at 1 July 2023	1,164	217	380	1,761
<i>Transfers to/(from) during the year:</i>				
Movement in Stages	(4)	(23)	(74)	(101)
New/increased provisions	-	-	-	-
Write-back of provisions no longer required	-	-	-	-
Changes in balances	-	7	125	132
Bad debts written off previously provided for	-	-	(118)	(118)
Balance as at 30 June 2024	1,160	201	313	1,674

11 Other investments

	2025 \$'000	2024 \$'000
Other investments		
Unlisted shares – Australian Settlements Limited	365	317
Subordinated debt – Australian Settlements Limited	101	101
Total other investments	466	418

Notes to the financial statements (continued)

for the year ended 30 June 2025

12 Derivatives

Recognition and measurement

The Group uses derivatives such as interest rate swaps to manage its exposure to interest rate risk. Interest rate swaps relate to contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as interest rate. The Group either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

Derivatives are recognised at fair value and are classified as held for trading except where they are designated as a part of an effective hedge relationship and classified as hedging derivatives. The carrying value of derivatives is remeasured at fair value throughout the life of the contract. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

As at 30 June 2025 no cash flow hedging relationships existed and all derivatives were held for trading at fair value as described below.

	2025 \$'000	2024 \$'000
Fair Value of derivative financial assets		
Interest rate swaps – held for trading	654	1,618
Total derivative financial assets	654	1,618
Fair value of derivative financial liabilities		
Interest rate swaps – held for trading	(832)	(1,557)
Total derivative financial liabilities	(832)	(1,557)
Net fair value of derivatives held	(178)	61

	2025 \$'000	2024 \$'000
Notional amount of derivative financial assets		
Interest rate swaps – held for trading	20,000	20,000
Total notional amount of derivatives held	20,000	20,000

	2025 \$'000	2024 \$'000
Maturity Period		
Less than one year	10,000	-
More than one year but less than two years	10,000	10,000
More than two years but less than five years	-	10,000
Five years or more	-	-
Total notional amount of derivatives held	20,000	20,000

Notes to the financial statements (continued)

for the year ended 30 June 2025

13 Property, plant and equipment

Recognition and measurement

Land and buildings

Land and buildings are initially measured at cost. The cost includes the purchase price, directly attributable costs, and, for buildings, the costs of bringing the asset to the location and condition necessary for its intended use. Directly attributable costs may include legal fees, survey costs, and transfer taxes.

Subsequent to initial recognition, land and buildings are revalued periodically by external independent valuers, less subsequent accumulated depreciation for buildings.

Any revaluation increment is credited to the asset revaluation reserve in equity (refer note 18), except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

All other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Assets with a purchase price less than \$1,000 are not capitalised.

Investment property

Investment property is property held either to earn rental income or for capital appreciation or both. Investment property is initially measured at cost and subsequently at fair value, with any change therein recognised in profit or loss.

Any gains or losses arising from a revaluation of an investment property are recognised in the profit or loss for the period in which it arises.

Fair Value Measurement – Land, Buildings and Investment Property

The fair value of land and buildings and investment property has been determined in accordance with AASB 13 Fair Value Measurement.

The freehold land and buildings were subject to a full independent valuation in June 2024 and desktop valuations were also completed for all properties on 1 June 2025, by IPN Valuers Albury Wodonga Pty Ltd accredited independent valuers. The valuation was based on the market comparison and income capitalisation approaches, with consideration given to observable market data and recent comparable sales (Level 2 inputs). The directors do not believe there has been a material movement in fair value since the 1 June 2025 desktop valuation date.

- Land is measured using the market comparison approach (Level 2).
- Buildings are valued using the income capitalisation approach (Level 2), based on estimated market rental income and capitalisation rates.
- Investment property is valued using the market comparison approach (Level 2).

Fair value measurements for these assets are categorised as Level 2 in the fair value hierarchy. No changes have been made to the valuation technique during the reporting period.

Depreciation

With the exception of freehold land, depreciation is charged on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and investment property are not depreciated.

Notes to the financial statements (continued)

for the year ended 30 June 2025

13 Property, plant and equipment (continued)

The estimated useful lives in the current and comparative periods are as follows:

Category	Depreciation period
Buildings	40 years
Leasehold improvement	lease term
Plant and equipment	3 to 10 years
Right-of-use assets	lease term

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

Disposal

Gains or losses on disposal are calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and are recognised within non-interest income in profit or loss.

2025	Land and buildings \$'000	Investment property \$'000	Leasehold improvement \$'000	Plant and equipment \$'000	Right-of-use assets \$'000	Total \$'000
Carrying amount at start of year	5,620	2,200	129	842	818	9,609
Additions	-	-	7	298	684	989
Revaluations ¹	440	130	-	-	52	622
Disposals	(360)	(430)	-	(2)	-	(792)
Depreciation	(100)	-	(112)	(622)	(535)	(1,369)
Carrying amount at end of year	5,600	1,900	24	516	1,019	9,059

2024	Land and Buildings ² \$'000	Investment Property ³ \$'000	Leasehold improvement \$'000	Plant and equipment \$'000	Right-of-use assets \$'000	Total \$'000
Carrying amount at start of year	6,850	2,170	241	1,497	777	11,535
Additions	-	-	-	68	490	558
Revaluations ¹	232	30	-	-	56	318
Disposals	(1,350)	-	-	(19)	-	(1,369)
Depreciation	(112)	-	(112)	(704)	(505)	(1,433)
Carrying amount at end of year	5,620	2,200	129	842	818	9,609

¹ Depreciation of revalued buildings has been charged to profit or loss and subsequently transferred from the asset revaluation reserve to retained earnings. The closing carrying amount reflects this revaluation adjustment.

² Includes land and building classified as held for sale at Corowa. The land and buildings were subsequently sold in October 2024.

³ Includes investment property held for sale at Rutherglen. The investment property was subsequently sold in January 2025.

Notes to the financial statements (continued)

for the year ended 30 June 2025

14 Intangible assets

Recognition and measurement

Separately acquired software is initially measured at cost and subsequently carried at cost less accumulated amortisation and impairment losses.

Development costs for internally generated software are capitalised when the Company can demonstrate technical feasibility, intention and ability to complete and use the asset, and the ability to reliably measure associated expenditure. Other development costs are expensed as incurred.

Amortisation commences when the asset is available for use and is calculated on a straight-line basis over its estimated useful life. Useful lives are considered finite and are reviewed annually. Intangible assets are assessed for impairment when there is an indication of potential impairment. Amortisation is recognised in profit or loss in accordance with the asset's function.

	Software \$'000	Software under development \$'000	Other intangibles \$'000	Total \$'000
2025				
Carrying amount at start of year	1,251	2,246	6	3,503
Additions	590	803	2	1,395
Transfers	2,829	(2,829)	-	-
Amortisation	(830)	-	-	(830)
Carrying amount at end of year	3,840	220	8	4,068

	Software \$'000	Software under development \$'000	Other intangibles \$'000	Total \$'000
2024				
Carrying amount at start of year	954	690	4	1,648
Additions	719	1,556	2	2,277
Transfers	(5)	-	-	(5)
Amortisation	(417)	-	-	(417)
Carrying amount at end of year	1,251	2,246	6	3,503

15 Deposits

Recognition and measurement

Deposits are recognised at fair value. After initial recognition, deposits are subsequently measured at amortised cost using the effective interest rate method.

Interest is calculated daily on the deposit balance and is paid to the account periodically in accordance with the terms of the product, or in the case of a term deposits, on maturity. Interest on deposits is calculated on an accrual balance. The amount of the interest accrual is shown as part of trade creditors and accruals.

	2025 \$'000	2024 \$'000
Deposits		
Call deposits	1,284,148	1,144,611
Term deposits	740,693	671,448
Total deposits	2,024,841	1,816,059

Notes to the financial statements (continued)

for the year ended 30 June 2025

16 Other liabilities

Recognition and measurement

Trade creditors

Trade creditors and accruals are on contractual terms and are generally payable within one to three months. Trade creditors are recognised when the Group becomes a party to the contractual provisions of the purchase agreement.

Trade creditors are initially measured at fair value, which is typically the invoice amount. After initial recognition, trade creditors are measured at amortised cost using the effective interest method. If the payment terms are within the normal credit period, trade creditors are measured at their nominal amounts, as the impact of discounting is usually immaterial.

Accruals

Accruals are recognised when the Group has incurred an expense as of the reporting date, but the related invoice has not yet been received or processed.

Accruals are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. This involves considering all relevant information, including past experience, contracts, and agreements. The amounts are recognised at their nominal values, as the time value of money is generally not significant for short-term obligations.

Employee entitlements

Salaries and wages, annual leave and other employee entitlements expected to be paid or settled within twelve months are measured at their nominal amounts using remuneration rates that the Group expects to pay when the liabilities are settled.

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The Group accrues employee entitlements relating to long service leave using an actuarial calculation. It includes assumptions regarding staff departures, leave utilisation and future salary increases. The result is then discounted using market yields at the reporting date.

Contributions to the employees' superannuation fund are recognised as an expense as they are made.

	2025 \$'000	2024 \$'000
Other liabilities		
Trade creditors and accruals	27,953	29,376
Interest payable	10,694	8,070
Leases	1,103	868
Total other liabilities	39,750	38,314
Provisions		
Provision for employee entitlements	3,276	2,893
Total provisions	3,276	2,893

Notes to the financial statements (continued)

for the year ended 30 June 2025

17 Borrowings

Recognition and measurement

Borrowings are initially recognised at fair value and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised as an expense in the period in which it is incurred. Interest payable is included in the amount of other liabilities in the statement of financial position.

	2025 \$'000	2024 \$'000
Borrowings		
Subordinated debt	15,000	15,000
Negotiable certificates of deposit	47,520	41,484
Total borrowings	62,520	56,484

The Group entered into an agreement to issue subordinated notes in February 2022. The notes constitute direct, subordinated, and unsecured obligations of the Group. The notes do not constitute deposits or protected accounts for the purposes of the Banking Act 1959 of Australia. Subject to obtaining prior written approval from APRA (such approval being at the discretion of APRA, and which may or may not be given), the Group has the option to redeem all or some notes on 1 February 2027 (and each interest payment date thereafter).

The notes have a final legal maturity of 1 February 2032.

In May 2025 the Group had its credit rating of BBB+ from ratings agency Fitch reaffirmed, with the groups subordinated debt continuing to receive a score two notches below at BBB-. Hume began issuing RBA repo-eligible negotiable certificates of deposit (NCDs) in February 2024 to provide an additional source of wholesale funding.

18 Reserves

	2025 \$'000	2024 \$'000
Reserves		
Asset revaluation reserve ¹	3,104	2,793
Financial asset reserve ²	183	150
Total reserves	3,287	2,943

1 The asset revaluation reserve includes gains and losses made on property when a revaluation is carried out in line with Group policy.

2 The financial asset reserve includes gains and losses made on financial assets when a revaluation is carried out in line with Group policy.

Notes to the financial statements (continued)

for the year ended 30 June 2025

19 Cash flow statement reconciliation

	2025 \$'000	2024 \$'000
Profit after tax	9,550	7,033
Adjustments for non-cash items		
Impairment of loans and advances	186	33
Depreciation (including leasehold improvements)	1,369	1,433
Amortisation of intangible assets	830	417
Provision of employee benefits	149	243
Profit on disposal of plant and equipment	(193)	(210)
Profit on disposal of other investments	(40)	(159)
Fair value adjustments on property, plant & equipment	(130)	(30)
Fair value adjustments on derivatives	239	-
Changes in assets and liabilities		
Increase in interest payable	(1,534)	(370)
Decrease in other receivables	134	6,015
Increase in interest payable	2,624	2,041
Increase/(decrease) in income tax payable	1,745	(1,766)
Increase/(decrease) in other payables	(1,422)	5,443
Increase/(decrease) in accrued salaries and wages	233	(37)
Decrease in deferred tax assets	(1,210)	(14)
Cash flows from operating activities before changes in operating assets and liabilities	12,530	20,072
(Increase)/decrease in operating assets		
Net increase in balance of loans and advances	(79,240)	(170,476)
Net increase in investment securities	(166,408)	(104,915)
Increase in operating liabilities		
Net increase in balance of deposits	208,782	201,747
Net increase in borrowings	6,036	41,484
Net cash flows used in operating activities	(18,300)	(12,088)

20 Auditor's remuneration

	2025 \$'000	2024 \$'000
Auditor's remuneration		
Audit of financial reports	140	93
Other assurance services	32	22
Other non-assurance services	17	15
Total auditor's remuneration	189	130

Notes to the financial statements (continued)

for the year ended 30 June 2025

21 Commitments and contingencies

	2025 \$'000	2024 \$'000
Outstanding loan commitments		
Loans approved but not fully funded	46,521	60,632
Undrawn credit commitments	31,428	32,209
Loans available for redraw	215,858	202,404
Total outstanding loan commitments	293,808	295,245
Financial guarantees		
Nominal value of financial guarantees	2,801	2,375
Total financial guarantees	2,801	2,375
Capital expenditure commitments		
Within one year	22	180
1-2 years	-	-
Total capital expenditure commitments	22	180
Operating lease commitments		
Within one year	550	379
1-5 years	404	571
Greater than 5 years	-	7
Total operating lease commitments	954	957

22 Key management personnel

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly and has been taken to comprise the directors and the members of the executive management team who are responsible for the day to day financial and operational management of the Group.

The aggregate compensation of key management personnel during the year comprising amounts paid, payable or provided for was as follows:

	2025 \$'000	2024 \$'000
Key management personnel compensation		
Short-term employee benefits	3,195	2,773
Long-term employee benefits	24	37
Post-employment benefits	267	255
Termination benefits	93	-
Total key management personnel compensation	3,579	3,065

Notes to the financial statements (continued)

for the year ended 30 June 2025

22 Key management personnel (continued)

Short-term employee benefits

Includes (where applicable) wages, salaries, paid annual and sick leave, bonuses and the value of fringe benefits received but excludes out of pocket expense reimbursements.

Post-employment benefits

Include superannuation contributions and salary sacrificed superannuation amounts.

Long-term benefits

Include accrued long service leave.

Loans to key management personnel and other related parties

Details of loans with key management personnel and related parties as at reporting date are as follows:

	2025 \$'000	2024 \$'000
Loans to key management personnel		
Aggregate value of loans	3,319	3,392

All loans to key management personnel and related parties are approved on the same terms and conditions which apply to members for each class of loan.

There are no loans to key management personnel or related parties that are impaired in relation to the loan balances or interest.

Deposits from key management personnel and their related parties

Details of deposits from key management personnel and related parties as at reporting date are as follows:

	2025 \$'000	2024 \$'000
Deposits from key management personnel		
Aggregate value of call and term deposits	501	401

The Group's policy on deposit accounts from key management personnel and related parties is that all transactions are on the same terms and conditions as those entered by other Members.

Other transactions with related parties

There are no benefits paid or payable to close family members or other related parties of key management personnel other than those disclosed in this note.

There are no service contracts to which key management personnel, their close family members or other related parties are an interested party other than those disclosed in this note.

Notes to the financial statements (continued)

for the year ended 30 June 2025

23 Transfer of financial assets

The Group has established arrangements for the transfer of loan contractual benefits of interest, fees and repayments to support ongoing liquidity facilities. These arrangements are with the Murray Trust Repo Series No. 1 (the 'Trust') for securing the ability to obtain liquid funds from the Reserve Bank in the event of a liquidity crisis. These loans are not de-recognised as the Group retains the benefits of the Trust until such time as a drawing is required.

Only residential mortgages that meet specified criteria, are eligible to be transferred into the Trust.

	2025 \$'000	2024 \$'000
Transfer of financial assets		
Fair value of transferred assets	250,440	372,245
Fair value of associated liabilities	(250,440)	(372,245)
Net position	-	-

Repurchase obligations Murray Trust Repo Series No. 1

The Murray Trust Repo Series No. 1 is a trust established by the Group to facilitate liquidity requirements of APRA's prudential standards. The trust has an independent Trustee. In the case of the Murray Trust Repo Series No. 1, the Group receives A Notes eligible to be sold to the Reserve Bank Australia should the liquidity needs not be satisfied by normal operational liquidity. The A Notes are secured by a residential mortgage pool and are rated AAA by S&P, the group also holds unrated subordinated B Notes which act as a credit buffer in the event of non-performance of Trusts underlying assets.

The Group has financed the loans and receives the net income from the Trust after expenses. The Group has an obligation to manage and maintain the portfolio of loans in the Trust. The Group retains the credit risk of losses arising from loan default or security decline and the interest rate risk from movements in market interest rates.

If a portion of the value of the portfolio in the Murray Trust Repo Series No. 1 fails to meet the Trust's criteria, the Group is obliged to repurchase those loans and may substitute equivalent qualifying loans into the Trust.

24 Risk management

(a) Overview

The Board is ultimately responsible for the Group's risk management framework and the oversight of it.

The Board is directly responsible for the Group's strategy and has adopted a risk appetite statement, business plan and risk management strategy.

The Risk Committee on an annual basis (or more frequently where required) reviews the Group's risk appetite statement and risk management strategy.

The Group adopts a Three Lines of Defence approach to risk management which reinforces a risk culture where all employees are responsible for identifying and managing risk and operating within the Group's risk appetite. The Group embeds risk culture and maintains an awareness of risk management responsibilities through regular communication, training and other targeted approaches that support the risk management framework.

Senior management are responsible for implementing the Group's risk management strategy and risk management

framework and for developing policies, controls, processes and procedures for identifying and managing risk in all of the Group's activities.

The Risk Committee assists the Board to fulfil its oversight of the implementation and operation of the Group's risk management framework and the review and approval of associated policies. The Chief Risk Officer assists the Risk Committee and senior management to develop and maintain best practice risk management frameworks whilst promoting a sustainable risk and compliance culture. As part of their participation in the decision-making process, the Chief Risk Officer provides effective challenge to ensure that material decisions are risk-based.

The Audit Committee oversees management's compliance with the Group's risk management policies and procedures. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Notes to the financial statements (continued)

for the year ended 30 June 2025

24 Risk management (continued)

(b) Objectives and policies

Managing risk is a core activity of the Group. Effective risk management requires an integrated and balanced approach to risk and return, with the aim of mitigating potential loss or damage while also optimising opportunities for growth.

The Group's risk appetite statement defines the level of risk it is willing to accept in achieving its strategic objectives. It reflects the Group's commitment to minimising the impact of events that could materially affect results. The statement provides the context for the Group's strategy, financial planning and capital forecasting, and is further supported by the identification of key risk types relevant to the Group.

The Group is exposed to a broad range of financial and non-financial risks arising from its operations and external environment. These risks are managed within a structured framework that emphasises proactive identification, monitoring and mitigation. The Group's financial risk management system focuses on addressing the unpredictability of financial markets and reducing

potential adverse effects on performance. Day-to-day management of risks is undertaken by executive and senior management, supported by the Risk Management Committee (RMC) and the Asset and Liability Committee (ALCO).

Key policies and processes are approved by the Board or its delegated committees, including the internal capital adequacy assessment process, the internal liquidity assessment process, and the review of stress testing outcomes.

An overview of the Group's approach to managing its key financial risks is provided below, with further quantitative disclosures presented throughout these financial statements.

(c) Credit risk

Credit risk is the risk of failure by a counterparty to perform according to a contractual arrangement. This risk applies to loans and advances, off balance sheet exposures (such as guarantees), acceptances, and liquid investments.

Credit risk arises principally from the Group's loans, advances and liquid investments.

Maximum exposure to credit risk

The following tables display the maximum credit risk exposure from both on-balance sheet and off-balance sheet financial instruments. The exposure amounts are presented in gross terms, without considering any master netting arrangements, collateral agreements, or other credit risk mitigations.

	2025			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Gross maximum exposure				
Credit risk exposure relating to on balance sheet assets				
Cash and cash equivalents	49,232	-	-	49,232
Investment securities	511,704	-	-	511,704
Gross loans and advances	1,588,672	72,946	8,287	1,669,905
Other investments	466	-	-	466
Derivative assets	-	-	-	-
Other assets	4,204	-	-	4,204
Total financial assets	2,154,278	72,946	8,287	2,235,511
Credit risk exposure relating to off balance sheet assets				
Commitments and contingencies	297,563	-	-	297,563
Total credit risk exposure	2,451,841	72,946	8,287	2,533,074

Notes to the financial statements (continued)

for the year ended 30 June 2025

24 Risk management (continued)

	2024			
Gross maximum exposure	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Credit risk exposure relating to on balance sheet assets				
Cash and cash equivalents	68,875	-	-	68,875
Investment securities	345,058	-	-	345,058
Gross loans and advances	1,519,578	67,939	3,312	1,590,829
Other investments	418	-	-	418
Derivative assets	61	-	-	61
Other assets	2,803	-	-	2,803
Total financial assets	1,936,793	67,939	3,312	2,008,044
Credit risk exposure relating to off balance sheet assets				
Commitments and contingencies	297,620	-	-	297,620
Total credit risk exposure	2,234,413	67,939	3,312	2,305,664

Credit risk – loans and advances

Credit risk on loans and advances is the risk of losses from loans and advances which is reduced by assessing the character of borrowers, their capacity to service the debt and the nature and quality of security taken.

The method of managing credit risk on loans and advances is by way of strict adherence to the credit assessment policies before the loan is approved and continued monitoring of loan repayments thereafter.

The Group has established policies over:

- Credit assessment and approval of loans and facilities including acceptable assessment and security requirements. Credit assessment includes ensuring borrowers are creditworthy and capable of meeting the loan repayments.
- Requirements for lenders' mortgage insurance.
- Acceptable exposure limits to individual borrowers, non-mortgage secured loans and advances, commercial lending and industry groups considered at high risk of default.
- Reassessment and review of credit exposures on certain loans and advances.
- Establishment of appropriate provisions to recognise the impairment of loans and facilities.
- Debt recovery procedures.
- Review of compliance with the above policies.
- A regular review of compliance with these policies is conducted by Internal Audit.

Notes to the financial statements (continued)

for the year ended 30 June 2025

24 Risk management (continued)

Loans and advances – exposure by segment and stage

The following tables display the credit risk exposure of loans and advances by product segment and stage as defined in note 9.

	2025			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Loans and advances				
Residential owner-occupied mortgages	1,183,049	46,990	5,378	1,235,417
Residential investment mortgages	302,338	20,570	1,041	323,949
Commercial loans	87,285	4,730	1,580	93,596
Personal loans	6,409	321	104	6,834
Credit cards and revolving credit	9,590	335	183	10,108
Total loans and advances	1,588,672	72,946	8,287	1,669,905

	2024			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Loans and advances				
Residential owner-occupied mortgages	1,145,818	41,293	2,285	1,189,596
Residential investment mortgages	280,970	22,477	638	304,086
Commercial loans	74,368	3,689	-	78,057
Personal loans	8,859	394	109	9,362
Credit cards and revolving credit	9,563	86	79	9,728
Total loans and advances	1,519,578	67,939	3,312	1,590,829

Credit concentration risk

Credit concentration risk is the risk of losses from large exposures and/or high correlation between exposures that increase the potential or actual losses that are sustained because of adverse circumstances. Exposures to individual large borrowers, industry sectors, geographic location, customer demographics and certain products can increase the chance of loss.

The Group minimises concentrations of credit risk in relation to loans and advances receivable by lending to a large number of customers within each specified category. The majority of customers are concentrated in the Victoria and New South Wales regions. Details of concentrations of credit risk on loans and advances receivable are set out in the notes. For financial assets recognised on balance sheet, the maximum exposure to credit risk equals their carrying amount. Credit risk also includes off balance sheet exposures such as approved but undrawn loans and credit limits that are disclosed in note 21 commitments and contingencies.

Notes to the financial statements (continued)

for the year ended 30 June 2025

24 Risk management (continued)

Loans and advances – exposure by customer location

The following table displays the credit risk exposure of loans and advances by customer location.

	2025			2024		
	Carrying amount \$'000	Off balance sheet \$'000	Total credit exposure \$'000	Carrying amount \$'000	Off balance sheet \$'000	Total credit exposure \$'000
Geographic areas						
Victoria	865,890	21,921	887,810	800,236	31,323	831,559
New South Wales	678,287	22,159	700,446	675,010	27,471	702,481
Queensland	61,312	953	62,265	53,920	825	54,745
Western Australia	21,503	1,037	22,539	20,296	55	20,350
Australian Capital Territory	16,877	333	17,209	19,477	-	19,477
South Australia	14,721	119	14,840	13,029	221	13,250
Tasmania	8,971	-	8,971	6,420	200	6,620
Northern Territory	2,344	-	2,344	2,441	537	2,978
Total loans and advances exposure	1,669,905	46,521	1,716,446	1,590,829	60,632	1,651,461

Loans and advances – exposure by security location

The following table displays the credit risk exposure of loans and advances by security location.

	2025			2024		
	Carrying amount \$'000	Off balance sheet \$'000	Total credit exposure \$'000	Carrying amount \$'000	Off balance sheet \$'000	Total credit exposure \$'000
Geographic areas						
Victoria	859,616	22,250	881,886	792,921	31,226	824,147
New South Wales	667,898	20,748	688,646	663,526	25,836	689,362
Queensland	60,952	1,598	62,550	53,431	2,557	55,988
Western Australia	21,407	1,037	22,444	20,257	55	20,312
Australian Capital Territory	16,839	333	17,172	19,418	-	19,418
South Australia	14,622	119	14,741	12,936	220	13,156
Tasmania	8,939	436	9,375	6,374	200	6,574
Northern Territory	2,318	-	2,318	2,409	538	2,947
Unsecured	17,313	-	17,313	19,557	-	19,557
Total loans and advances exposure	1,669,905	46,521	1,716,446	1,590,829	60,632	1,651,461

Credit risk - liquid investments

Liquid investments risk is the risk of financial loss from liquid investments held and is reduced by the nature and credit rating of the investee and the limits of concentration to each entity. The Board's appetite is to maintain counterparty limits with Authorised Deposit-taking Institutions, Cuscal, Federal and State Governments to a maximum of 50% of capital.

Notes to the financial statements (continued)

for the year ended 30 June 2025

24 Risk management (continued)

Given the high quality and/or relatively short duration of these investments, the Group does not expect any counterparty to fail to meet its obligations. Details of exposures to liquid investments are set out in the notes.

Investment securities - exposure by external credit rating

The following table displays the concentration of credit risk for investment securities by rating grades. Amounts include accrued interest.

	2025				2024			
	Rated A- or above \$'000	Rated below A- \$'000	Unrated \$'000	Total \$'000	Rated A- or above \$'000	Rated Below A- \$'000	Unrated \$'000	Total \$'000
Investment securities								
Authorised deposit-taking institutions	158,755	138,429	49,000	346,184	58,320	241,287	13,000	312,607
Corporate/non authorised deposit-taking institutions	32,912	7,446	-	40,358	-	-	-	-
Government/semi government	125,162	-	-	125,162	32,451	-	-	32,451
Total investments securities at amortised cost	316,829	145,875	49,000	511,704	90,771	241,237	13,000	345,058

(d) Market risk and hedging policy

Market risk is the risk that fluctuating interest rates lead to a change in underlying value of assets and liabilities as well as an increase/decrease in profit.

Market risk comprises:

- General market risk in relation to interest rates, equities, foreign exchange, and commodities
- Specific risk in relation to the impact of interest rates or equity positions on the value of securities.

The Group does not have any trading activities or hold any foreign exchange or commodity positions.

Market risk arising from movements in interest rates is addressed separately under interest rate risk in the banking book.

Interest rate risk in the banking book

Interest rate risk in the banking book arises due to movements in interest rates where there is a mismatch in asset and liability maturities.

The Group maintains a balanced 'on book' hedging strategy by ensuring the net difference between asset and liability maturities are not excessive. The Group does not trade the financial instruments it holds and is not exposed to currency risk.

The difference between asset and liability maturities is monitored monthly to identify any large exposure to interest rate movements. This monitoring will also seek to address excess to within acceptable levels via existing products. Interest rate swaps can also be used to reduce the gaps between assets and liabilities.

Value at Risk (VaR) and Earnings at Risk (EaR) are calculated monthly using an externally supplied interest rate risk model and managed within established limits.

The Board monitors these risks through management reports on a monthly basis.

Notes to the financial statements (continued)

for the year ended 30 June 2025

24 Risk management (continued)

The Group's EaR measure as at 30 June 2025 using a shift in interest rates of +/-200 basis points for one year, EaR was a \$7.66 million variation or 14.32% from the base case. EaR as at 30 June 2024 was a \$5.19 million variation or 9.31% from the base case, using the same parameters. EaR is calculated on behavioural assumptions including that Hume would choose to pass through 100% of RBA rate decreases on variable rate lending. In practice variable rate changes on mortgage lending remain at Hume's discretion.

The following table outlines the key measures for non-traded market risk (IRRBB). Economic value (EV) sensitivity and net interest income (NII) sensitivity are based on a static representation of the balance sheet and the impact of instantaneous 200 basis point parallel increase in rates.

	June 2025		June 2024	
	Exposure at year end \$'000	Avg during the year \$'000	Exposure at year end \$'000	Avg during the year \$'000
Economic value sensitivity	4,353	5,391	4,095	3,956
Net interest income sensitivity	7,657	7,031	5,190	5,176

Effective interest rates and repricing analysis

For income-generating financial assets and interest-bearing financial liabilities, the tables below show their effective interest rates as of the reporting date and the periods in which they are subject to repricing. Investments are shown at amortised cost plus accrued interest. Accordingly, these values will not agree to the statement of financial position.

	0-3 months \$'000	3-12 months \$'000	1-5 years \$'000	> 5 years \$'000	Non- interest sensitive	Carrying amount \$'000	Weighted average effective interest rate %
2025							
Income earning assets							
Cash and cash equivalents	42,042	-	-	-	7,185	49,227	3.16
Investment securities	389,589	76,308	6,387	39,238	-	511,522	4.89
Gross loans and advances	1,488,552	71,194	107,766	274	2,264	1,670,050	5.22
Other investments	-	-	-	-	466	466	n/a
Total income earning assets	1,920,183	147,502	114,153	39,512	9,915	2,231,265	
Interest bearing liabilities							
Deposits	1,771,334	199,478	54,050	-	-	2,024,861	2.85
Borrowings	62,520	-	-	-	-	62,520	4.86
Total interest-bearing liabilities	1,833,854	199,478	54,050	-	-	2,087,381	
Derivatives							
Interest rate swaps – notional principal	20,000	(10,000)	(10,000)	-	-	(178)	4.07

Notes to the financial statements (continued)

for the year ended 30 June 2025

24 Risk management (continued)

	0-3 months \$'000	3-12 months \$'000	1-5 years \$'000	> 5 years \$'000	Non- interest sensitive	Carrying amount \$'000	Weighted average effective interest rate %
2024							
Income earning assets							
Cash and cash equivalents	47,162	-	-	-	21,713	68,875	3.78
Investment securities	286,229	43,249	10,731	4,849	-	345,058	4.95
Gross loans and advances	1,272,527	137,881	180,331	90	2,264	1,593,092	5.30
Other investments	-	-	-	-	418	418	n/a
Total income earning assets	1,605,918	181,130	191,062	4,939	24,395	2,007,444	
Interest bearing liabilities							
Deposits	1,345,571	327,626	142,862	-	-	1,816,059	2.93
Borrowings	56,484	-	-	-	-	56,484	5.71
Total interest-bearing liabilities	1,402,055	327,626	142,862	-	-	1,872,543	
Derivatives							
Interest rate swaps – notional principal	20,000		(20,000)	-	-	61	4.07

(e) Liquidity risk

Liquidity risk is the risk that there is insufficient funds in a given period to meet the operational and funding needs of the Group in both normal and an adverse operating environment.

The Group manages liquidity risk by:

- Monitoring actual daily cash flows and longer term forecasted cash flows.
- Monitoring the maturity profiles of financial assets and liabilities.
- Maintaining adequate cash reserves.
- Monitoring the prudential and other liquidity ratios daily.

The Group is required to maintain at least 9% of total adjusted liabilities as highly liquid assets capable of being converted to cash within 24 hours to satisfy APRA's prudential standards to qualify as Minimum Liquid Holdings asset (MLH). However, the Group's policy requires a minimum of 12% of liabilities to be held in MLH qualifying assets to maintain adequate funds to meet customer withdrawal requests. Should the liquidity ratio fall below the Group's trigger levels, management and the Board are to address the matter and ensure that more liquid funds are obtained from new deposits and borrowing facilities available.

As at 30 June 2025, the Group held 18.09% of total adjusted liabilities as MLH qualifying assets (2024 – 16.46%). The average during the financial year was 17.59% (2024 – 15.93%).

The maturity profile of the financial liabilities, based on the contractual repayment terms are set out in the notes.

Notes to the financial statements (continued)

for the year ended 30 June 2025

24 Risk management (continued)

The table below shows the period in which different monetary liabilities held will mature and be eligible for renegotiation or withdrawal. Financial liabilities are at the undiscounted values (including future interest expected to be earned or paid). Accordingly, these values will not agree to the statement of financial position.

	0-3 months \$'000	3-12 months \$'000	1-5 years \$'000	> 5 years \$'000	Total cash flows \$'000	Total carrying amount \$'000
2025						
Financial liabilities						
Deposits	1,763,824	198,486	62,050	502	2,024,862	2,024,841
Other liabilities	43,371	-	-	-	43,371	43,026
Borrowings	47,520	-	-	15,000	62,520	62,520
Total financial liabilities	1,854,715	198,486	62,050	15,502	2,130,753	2,130,387
Derivatives						
Interest rate swaps (assets & liabilities)	23	148	11	-	182	178
Total cash flows	1,854,738	198,634	62,061	15,502	2,130,935	2,130,565

	0-3 months \$'000	3-12 months \$'000	1-5 years \$'000	> 5 years \$'000	Total cash flows \$'000	Total Carrying amount \$'000
2024						
Financial liabilities						
Deposits	1,512,701	308,825	14,363	-	1,835,889	1,816,059
Other liabilities	29,376	-	-	-	29,376	38,314
Borrowings	42,270	-	-	15,000	57,270	56,484
Total financial liabilities	1,584,347	308,825	14,363	15,000	1,922,535	1,910,857
Derivatives						
Interest rate swaps (assets & liabilities)	11	54	18	-	83	61
Total cash flows	1,584,358	308,879	14,381	15,000	1,922,618	1,910,918

Internal securitisation and RBA repurchase

Securitisation risk is the risk of potential loss associated with securitisation activities.

The Group maintains an internal securitisation facility to enable it to secure funds from the Reserve Bank of Australia, if required, to meet emergency liquidity requirements. As at 30 June 2025, the Group held \$244.0m (2024 – \$376.4 m) of securities available to be used for RBA repurchase to meet emergency liquidity requirements.

In accordance with APS 120 - Securitisation, no additional capital will be held for the risks posed by the securitisation activity, as this is an internal securitisation activity. The Group remains exposed to the credit risk arising from the assets (securitised loans).

Notes to the financial statements (continued)

for the year ended 30 June 2025

24 Risk management (continued)

(f) Operational risk

Operational risk is the risk of direct or indirect loss from inadequate or failed internal processes, systems, human error, inadequate staff resourcing, or from external events. The definition includes legal risk and reputational risk.

The Group's objective is to manage operational risk to balance the avoidance of both financial losses through implementation of controls and avoidance of procedures that inhibit innovation, creativity and service. These risks are managed and monitored through internal controls that are based on written programs, methodologies, policies, procedures, guidelines and a governance structure that provides an appropriate segregation of duties, and the implementation of policies and systems to reduce the likelihood of incidents occurring and minimise the consequences of them if they do occur.

The Group has an economic dependency on ANZ Bank for cheque clearing services, CUSCAL Limited for payments solutions, Ultradata Australia Pty Ltd for computer software services and Lextech Pty Ltd for settlement services.

The Group manages these risks on a daily basis through the operational responsibilities of senior management under policies approved by the Board covering specific areas, such as outsourcing risk, fraud risk and business continuity risk and the functioning Risk Management Committee.

(g) Regulatory and compliance risk

Regulatory & compliance risk is the risk of failing to comply with regulatory requirements.

The Group's compliance program identifies the key legislative and regulatory obligations that impact the Group and identifies the measures in place to ensure compliance with them.

(h) Strategic risk

Strategic risk is the risk to current or prospective earnings and capital and the long-term performance and viability of the Group resulting from unexpected or adverse changes in the business environment with respect to the economy, the political landscape, regulation, technology, social mores, the actions of competitors and business decisions.

Strategic risk is constantly considered through business strategy sessions and, where applicable, is monitored via a quarterly risk report.

(i) Capital risk

Capital risk is the risk that there is insufficient capital available to protect against unexpected loss.

The Group policy is to maintain a strong capital base and to maintain a balance between profitability and benefits provided to customers by way of better interest rates, lower fees, convenient locations and superior service.

The Group's capital management objectives are to:

- Ensure there is sufficient capital to support the Group's operational requirements.
- Maintain sufficient capital to exceed internal and externally imposed capital requirements.
- Safeguard the Group's ability to continue as a going concern in all types of market conditions.

The Group is subject to minimum capital requirements imposed by APRA based on the guidelines developed by the Basel Committee on Banking Supervision. The Group reports to APRA under Basel III capital requirements and uses the standardised approach for credit and operational risk.

APRA requires Authorised Deposit-taking Institutions ("ADIs") to have a minimum ratio of capital to risk weighted assets of 8%. In addition, APRA imposes ADI specific minimum capital ratios which may be higher than these levels.

The Board approved internal capital assessment process requires capital to be well above the regulatory required level.

Notes to the financial statements (continued)

for the year ended 30 June 2025

24 Risk management (continued)

The Group's capital contains tier 1 and tier 2 capital. Tier 1 capital can contain both common equity tier 1 capital and additional tier 1 capital. Common equity tier 1 capital comprises the highest quality components of capital that fully satisfy all of the following characteristics:

- Provide a permanent and unrestricted commitment of funds.
- Are freely available to absorb losses.
- Do not impose any unavoidable servicing charge against earnings.
- Rank behind the claims of depositors and other creditors in the event of winding-up of the issuer.

Common equity tier 1 capital consists of retained earnings and reserves. Deductions from tier 1 capital are made for intangible assets, certain capitalised expenses, deferred tax assets and equity investments in other ADIs.

Tier 2 capital includes the reserve for credit losses and tier 2 capital instruments including subordinated debt. Tier 2 capital instruments combine the features of debt and equity in that they are structured as debt instruments but exhibit some of the loss absorption features of equity.

Risk-weighted assets are calculated based on specific requirements designed to account for the different levels of risk associated with assets and off-balance sheet exposures, including an allowance for operational risk, as outlined by APRA.

	2025 \$'000	2024 \$'000
Capital management		
Tier 1 capital (net of deductions)	110,908	102,715
Tier 2 capital (net of deductions)	16,280	15,684
Total regulatory capital	127,188	118,399
Risk weighted assets	768,247	710,509
Capital adequacy ratio	16.56%	16.66%

Notes to the financial statements (continued)

for the year ended 30 June 2025

25 Fair value of financial instruments

All financial instruments are initially recognised at fair value on the date of initial recognition depending on the classification of the asset and liability

a) Measurement basis of financial assets and liabilities

The following table details the carrying amount of the financial assets and liabilities by classification in the Statement of Financial Position.

2025	Fair value through profit or loss \$'000	Fair value through other comprehensive income \$'000	Amortised cost \$'000	Total \$'000
Financial assets				
Cash and Cash equivalents	-	-	49,232	49,232
Investment securities	-	-	511,704	511,704
Other assets	-	-	4,204	4,204
Net loans and advances	-	-	1,672,128	1,672,128
Other investments	-	466	-	466
Derivatives – not designated as hedging instruments	-	-	-	-
Total assets measured at fair value	-	466	2,237,268	2,237,734
Financial liabilities				
Deposits	-	-	2,024,841	2,024,841
Other liabilities	-	-	39,750	39,750
Borrowings	-	-	62,520	62,520
Derivatives – not designated as hedging instruments	178	-	-	178
Total liabilities measured at fair value	178	-	2,127,111	2,127,289

Notes to the financial statements (continued)

for the year ended 30 June 2025

25 Fair value of financial instruments (continued)

2024	Fair value through profit or loss \$'000	Fair value through other comprehensive income \$'000	Amortised cost \$'000	Total \$'000
Financial assets				
Cash and Cash equivalents	-	-	68,875	68,875
Investment securities	-	-	345,058	345,058
Other assets	-	-	2,803	2,803
Net loans and advances	-	-	1,593,093	1,593,093
Other investments	-	418	-	418
Derivatives – not designated as hedging instruments	61	-	-	61
Total assets measured at fair value	61	418	2,009,829	2,010,308
Financial liabilities				
Deposits	-	-	1,816,059	1,816,059
Other liabilities	-	-	38,314	38,314
Borrowings	-	-	56,484	56,484
Derivatives – not designated as hedging instruments	-	-	-	-
Total assets measured at fair value	-	-	1,910,857	1,910,857

b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Hierarchy	Observable market input
Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the financial statements (continued)

for the year ended 30 June 2025

25 Fair value of financial instruments (continued)

Financial assets and liabilities carried at fair value

The table below details financial instruments carried at fair value, Statement of Financial Position classification and hierarchy level.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000	Total carrying value \$'000
2025					
Financial assets					
Other investments	-	-	466	466	466
Derivatives	-	-	-	-	-
Financial liabilities					
Derivatives	-	178	-	178	178

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000	Total carrying value \$'000
2024					
Financial assets					
Other investments	-	-	418	418	418
Derivatives	-	61	-	61	61
Financial liabilities					
Derivatives	-	-	-	-	-

For financial instruments carried at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between levels during the year for the Group.

Valuation methodology

Other investments

Level 1 – Listed investments relate to instruments traded on active markets such as listed exchanges.

Level 2 – Unlisted investments comprise of holdings in entities where fair value is determined using observable inputs, such as recent transaction prices or third-party valuations.

Level 3 – Unlisted investments include interests in entities for which there no quoted prices or observable inputs. Fair value is estimated using internal valuation models.

incorporating assumptions based on market conditions at the measurement date.

Derivatives

Derivative assets and liabilities that are not exchange-traded are measured using established valuation techniques, such as discounted cash flow models and option pricing methods, where applicable. The primary inputs used in these valuations are the interest rate curves derived from publicly available market data.

Notes to the financial statements (continued)

for the year ended 30 June 2025

25 Fair value of financial instruments (continued)

Movement in Level 3 portfolio

The following table provides a reconciliation from the beginning balances to the ending balances for financial instruments which are classified as Level 3:

	2025 \$'000	2024 \$'000
Financial assets – equity investments		
Opening balance	418	430
Revaluations	48	(11)
Closing balance	466	418

Financial assets and liabilities carried at amortised cost

The table below details financial instruments carried at amortised cost, by Statement of Financial Position classification and hierarchy level.

2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000	Total carrying value \$'000
Financial assets					
Cash and cash equivalents ¹	-	49,232	-	49,232	49,232
Investment securities	-	511,704	-	511,704	511,704
Other assets	-	4,204	-	4,204	4,204
Net loans and advances	-	-	1,676,689	1,676,689	1,672,128
Total financial assets at amortised cost	-	565,140	1,676,689	2,241,829	2,237,268
Financial liabilities					
Deposits	-	2,025,861	-	2,025,861	2,024,841
Other liabilities	-	39,750	-	39,750	39,750
Borrowings	-	-	62,747	62,747	62,520
Total financial liabilities at amortised cost	-	2,065,611	62,747	2,128,358	2,127,111

Notes to the financial statements (continued)

for the year ended 30 June 2025

25 Fair value of financial instruments (continued)

2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000	Total carrying value \$'000
Financial assets					
Cash and cash equivalents ¹	-	61,844	-	61,844	61,844
Investment securities	-	345,058	-	345,058	345,058
Other assets	-	2,803	-	2,803	2,803
Net loans and advances	-	-	1,590,600	1,590,600	1,593,093
Total financial assets at amortised cost	-	409,705	1,590,600	2,000,305	2,002,798
Financial liabilities					
Deposits	-	1,815,352	-	1,815,352	1,816,059
Other liabilities	-	38,314	-	38,314	38,314
Borrowings	-	-	56,716	56,716	56,484
Total financial liabilities at amortised cost	-	1,853,666	56,716	1,910,382	1,910,857

For financial instruments carried at amortised cost in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between levels during the year for the Group.

Valuation methodology

Cash and cash equivalents, other assets/liabilities

These financial instruments are carried at amounts that closely approximate their fair value, as they are either short-term or available on demand.

Investment securities

Classified as held to maturity are recorded at amortised cost. This value is considered a reliable proxy for fair value due to the short-term nature of these instruments or their frequent repricing characteristics.

Net loans and advances

Net loans and advances are presented net of individual and collective provisions. For loans with variable interest rates (excluding impaired loans), the carrying amount is regarded as a reasonable estimate of fair value.

For fixed-rate loans, fair value is determined by applying discounted cash flow techniques based on the remaining term to maturity. Discount rates reflect the rates that would be offered in the market to borrowers with comparable credit profiles.

The fair value of impaired loans is derived by discounting expected future cash flows using the same market-based rates.

Deposits

At-call deposits are carried at amounts that represent fair value, given their short-term and liquid nature. The fair value of term deposits is calculated using a discounted cash flow approach, applying current market rates available for deposits with similar terms and maturities.

Borrowings

The fair value of wholesale borrowing is determined using discounted cash flow models, incorporating independent market yields and margins relevant to instruments of a similar nature and maturity.

For subordinated debt, quoted market prices are used when available. Where no quoted prices exist, fair value is estimated using discounted cash flow techniques and yield curves reflecting current market pricing for instruments with comparable maturity profiles.

¹ Cash and cash equivalents excludes the balance of notes and coins

Notes to the financial statements (continued)

for the year end 30 June 2025

26 Parent entity disclosures

As at, and throughout the financial year, the parent of the Group was Hume Bank Limited.

On the basis that the securitised loans are not derecognised, there is no difference between the reported results on a consolidated basis and the results of the parent entity.

	2025 \$'000	2024 \$'000
Results for the parent entity		
Profit for the year	9,550	7,033
Other comprehensive income	540	195
Total comprehensive income for the year	10,090	7,228
Financial position of the parent entity		
Total assets	2,252,747	2,025,001
Total liabilities	2,131,406	1,913,750
Retained earnings	118,054	108,308
Reserves	3,287	2,943

27 Events subsequent to reporting date

On 19 August 2025, Hume Bank and Geelong Bank announced the signing of a Memorandum of Understanding to explore a merger between the two customer-owned banks.

A merger with Geelong Bank would bring together shared values, complementary strengths and deeper regional roots.

The boards of Hume Bank and Geelong Bank have agreed to explore the proposed merger which will be subject to due diligence, member and regulatory approval processes over the coming months, which will inform the development of a binding merger agreement expected in 2026.

Consolidated entity disclosure statement

for the year ended 30 June 2025

Entity name	Entity type	Place formed	Ownership interest	Tax residency
Murray Trust Repo Series No. 1	Trust	Australia	100%	Australia

* Hume Bank Limited (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Directors' declaration

for the year end 30 June 2025

In the opinion of the directors of Hume Bank Limited:

- 1) the financial statements and notes of the Company and the Hume Bank Group are in accordance with the *Corporations Act 2001*, including:
 - a) giving a true and fair view of the Company and the Hume Bank Group's financial position as at 30 June 2025 and of their performance, for the financial year ended on that date; and
 - b) complying with Australia Accounting Standards and the Corporations Regulations 2001; and
- 2) the financial statements and notes also comply with International Financial Reporting Standards; and
- 3) there are reasonable grounds to believe that the Company and Hume Bank Group will be able to pay its debts as and when they become due and payable; and
- 4) the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

Kerry Grigg
Kerry Grigg (Sep 21, 2025 20:05:06 GMT+2)

Kerry Grigg

Board Chairperson

Signed on 17 September 2025

Tina Wyer
Tina Wyer (Sep 19, 2025 15:36:14 GMT+10)

Tina Wyer

Audit Committee Chairperson

Signed on 17 September 2025

Albury

17 September 2025

Independent Auditor's Report**To the Members of Hume Bank Ltd****Opinion**

We have audited the financial report of Hume Bank Limited (the Company and its subsidiaries, 'the Group'), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including the material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 Group 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 the 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 opinion.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report information contained in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

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

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 in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group 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
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.



CROWE ALBURY



JASON GILBERT
Partner

18 SEPTEMBER 2025
ALBURY

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