



**FAMILY FIRST CREDIT UNION LIMITED
TRADING AS FAMILY FIRST BANK
A.B.N. 39 087 650 057**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED**

30 JUNE 2025

**FAMILY FIRST CREDIT UNION LIMITED
TRADING AS FAMILY FIRST BANK
A.B.N. 39 087 650 057**

Registered Office:

148 Main Street
Lithgow NSW 2790
Phone: 1300 369 900

Postal Address:

PO Box 386
Lithgow NSW 2790

Website: www.familyfirst.com.au

Company Secretary:

Mr Adam Marshall
Mr Darryl Macauley CPA BComm GAICD

Executive Management:

Chief Executive Officer: Mr Adam Marshall
Chief Finance Officer: Mr Darryl Macauley CPA BComm GAICD
Chief Risk Officer: Mr Stephen Garman
Head of Lending: Ms Deepthi Bhaskaran MBA

Auditor:

Intentus Chartered Accountants

Internal Auditor:

Mr Glenn Pannam, DBP Consulting Pty Limited

Solicitors:

DB Legal Pty Ltd

Bankers:

Credit Union Services Corporation (Australia) Limited

Australian Financial Services & Credit Licence Number: 241068

**FAMILY FIRST CREDIT UNION LIMITED
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FAMILY FIRST CREDIT UNION LIMITED
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DIRECTORS' REPORT

Your directors submit the financial statements of Family First for the year ended 30 June 2025.

Directors

The names of the directors in office at any time during the year or since the end of the financial year are:

Kathryn Henrietta Grace Dickson	(Board Chair)
Antony Benetatos	(Deputy Board Chair)
Megan Jane Mendham	(Risk Committee Chair)
Susanne Lorraine Boss	(Audit Committee Chair)
James Edward Couper	
James Manders	(Associate Director appointed 25 November 24)
Ian Edward Counsell	(Board Appointed Director appointed 1 February 25 and resigned 4 August 25)
Colin Ray Lenton	(Resigned 5 July 24)
Bart Mascorella	(Associate Director appointed 4 October 23 and resigned 24 August 24)
Peter James Cafe	(Resigned 12 November 24)
Lynette Safranek	(Resigned 5 July 25)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Business Activities

The principal business activities of Family First during the year were the provision of financial services to members in the form of taking deposits and giving financial accommodation as prescribed by the constitution. There were no significant changes in the nature of Family First's activities during the year.

Operating Results

The profit of the Bank after income tax was \$208,444 (2024 - \$798,206).

Review of Operations

The 2025 financial year proved to be a very challenging year as higher rates and cost of living pressures impacted heavily on our members. There was some relief in terms of interest rate cuts in both February and May throughout the 2025 financial year and a further cut recently announced in August 2025. This has resulted in lower mortgage payments for our borrowing members albeit lower returns for members using their interest yields to fund their lifestyle.

Despite the challenges, Family First was able to achieve some credible results. Some of the measures of Family First's operations are reflected in the following key performance indicators summary:-

- After tax profit decreased by \$589,762 or 73.9% to \$208,444
- Membership decreased over the year by 18 members to grow to a total membership base of 6,954
- Member deposits increased by \$21,562,842 or 10.4% to \$228,924,011
- Gross loans increased by \$25,598,703 or 13.6% to \$213,411,059
- Total assets increased by \$22,130,805 or 9.4% to \$258,294,890
- Capital adequacy decreased to 17.9% (2024 – 18.6%)
- Minimum Liquidity Holdings (MLH) decreased to 15.3% (2024 – 18.2%)
- Total liquidity decreased to 16.7% (2024 – 20.2%)
- Capital increased by \$84,785 or 0.5% to \$15,815,888
- Total Risk Weighted Assets increased by \$3,674,312 or 4.3% to \$88,292,621
- Operating expenses increased by \$413,542 or 6.8% to \$6,518,099
- Impairment expenses decreased by \$90,070 or 137.3% to (\$24,448)
- Interest margin increased by \$304,809 or 5.0% to \$6,353,463

After much discussion throughout the year, in August 2025, the Family First Bank Board of Directors entered into a Memorandum of Understanding (MOU) with Beyond Bank Australia to commence a merger process. Any final decision will be subject to both regulatory and Family First Bank Member approval. The decision to merge was made in light of financial, regulatory, competitive and member focused considerations.

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**DIRECTORS' REPORT
(Continued)**

Environmental Issues

Family First's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or State.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of Family First during the financial year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of Family First, the results of those operations or the state of affairs of Family First.

Likely Developments and Results

In August 2025, the Family First Bank Board of Directors entered into a Memorandum of Understanding (MOU) with Beyond Bank Australia to commence a merger process. Any final decision will be subject to both regulatory and Family First Bank Member approval. The Directors are not aware of any other likely developments, apart from the abovementioned merger, that will materially affect the results of Family First Bank's operations in future years.

Information on Current Directors

Mrs Kathryn Henrietta Grace Dickson GAICD

- Chair of the Board
- Member of Corporate Governance Committee
- Member of the Audit Committee
- Member of the Board Renewal & Remuneration Committee
- Associate Director 2009 to 2010
- Graduate Diploma AICD 2019
- Diploma in Financial Services
- Diploma in Management

Experience:

Appointed 16 November 2010

Occupation:

Management

Mr Antony Benetatos

- Deputy Chair of the Board
- Member of the Risk Committee
- Member of the Corporate Governance Committee
- Member of the Remuneration and Renewal Committee
- Bachelor of Economics
- Bachelor of Laws
- Master of Applied Law (Family Law)
- Associate Director 2014 - 2015

Experience:

Board Appointed 27 April 2015

Occupation:

Solicitor

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**DIRECTORS' REPORT
(Continued)**

Information on Directors (continued)

Mrs Megan Jane Mendham

- Associate Director 2019 – 2021
- Board Appointed Director – 2021
- Member Elected Director - 2024
- Chair of the Risk Committee
- Member of the Corporate Governance Committee
- Member of the Remuneration and Renewal Committee
- Bachelor of Education (Early Childhood)

Experience: Appointed 22 July 2019
Occupation: Director

Mrs Susanne Lorraine Boss GAICD

- Associate Director - 2023
- Board Appointed Director - 2024
- Chair of the Audit Committee
- Graduate Diploma AICD 2024
- Member of the Institute of Chartered Accountants of Australia and New Zealand CA
- Master of Taxation
- Graduate Diploma Institute of Chartered Accountants
- Bachelor of Financial Administration
- Associate Diploma of Rural Business Administration
- Institute of Public Accountants

Experience: Appointed 26 April 2023
Occupation: Consultant

Mr James Edward Couper OAM

- Member of the Audit Committee
- Associate Director appointed 22 July 2015
- Order of Australia Medal awarded 26 January 2019
- Cross Pro Ecclesia et Pontifice awarded 7 April 2021
- Graduate Diploma in Marketing
- Production Engineering Certificate

Experience: Appointed 17 July 2015
Occupation: Marketing Research Consultant

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**DIRECTORS' REPORT
(Continued)**

Information on Directors (continued)

Mr James Cameron Manders MAICD

- Associate Member of the Board
- Associate Member of the Corporate Governance Committee
- Associate Director since November 2024
- Bachelor of Economics & Finance
- Master of Business Administration (incomplete)

Experience: Appointed 25 November 2024
Occupation: Corporate Advisory & Consultant

All Directors are required to actively participate in professional development activities promoted by GRC Solutions, AICD, Institute of Strategic Management and COBA as required under the Board Charter as specified in the Corporate Governance Policy.

Corporate Governance Disclosures

Board

The Family First Board has responsibility for the overall management and strategic direction of the organisation. All Board members are independent of the members of the Executive Leadership Team and are either 'member elected directors' or 'board appointed directors' serving a 3 year term. If eligible, they are able to offer themselves for re-election. Family First also has an associate director program which is a mentoring and training program for future directors.

Each Director must be eligible to act under the constitution as a member of Family First and Corporations Act 2001 criteria. Directors need to also satisfy the fit and proper criteria as well as the Financial Accountability Regime (FAR) set down by APRA.

The Board has established policies to govern conduct of the board meetings, director conflicts of interest and training so as to maintain director awareness of emerging issues and to satisfy all governance requirements.

The Board:

- sets the strategic direction of Family First and monitors its implementation via the progress of the strategic plan
- monitors the matters of operational risk management and APRA reporting obligations;
- monitors the compliance with applicable laws;
- approves members of the Executive Leadership Teams remuneration / benefits;
- sets staff remuneration policies;
- approves financial budgets and performance criteria;
- appraises the performance of the Chief Executive Officer;
- approves the Chief Executive Officer's expenses;
- ratifies large loans or commercial loans; and
- ratifies interest rate changes.

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**DIRECTORS' REPORT
(Continued)**

Board Remuneration

The Member Elected Directors receive remuneration from Family First in the form of Director fees and allowances agreed to each year at the annual general meeting as well as the reimbursement of out of pocket expenses. There are no other benefits received from Family First. Board appointed Directors also receive remuneration from Family First in the form of Director fees and allowances as do Associate Directors after a qualifying period has passed.

Senior Staff Remuneration

Members of the Executive Leadership Team (ELT) are remunerated by way of salary. Changes to remuneration made to the members of the ELT are approved by the Board annually following endorsement by the Remuneration & Renewal Committee.

Audit Committee

An Audit Committee has been formed to assist the Board in relevant matters of financial prudence. The Directors form the majority of this committee with the Executive Leadership Team participation on an invitation basis only.

The Audit Committee is established to oversee the financial reporting and audit process. Its role includes:

- monitoring audit reports received from internal and external auditors, and the responses to the audit findings made by the Executive Leadership Team thereto;
- liaising with the auditors (internal and external) on the scope of their work, and experience in conducting an effective audit;
- ensuring the external auditors remain independent in the areas of work conducted;
- monitoring the matters of operational risk management and APRA reporting obligations; and
- monitoring the compliance with applicable laws.

Policies

The Board has endorsed a policy of compliance and risk management to suit the risk profile of Family First's ethical guidelines to staff, and to reinforce the practice of providing efficient service to members with courtesy and recognition of members as owners. These risk management policies are encompassed in an overarching Enterprise Risk Management Framework and Risk Strategy, inclusive of a Risk Appetite Statement, which stipulates the methodology on how risks will be assessed and also the level of tolerance associated with each material risk within the organisation. The ethical principles adopted by Family First are in accordance with the Customer Owned Banking Code of Practice.

Key Risk Management Policies include:-

- Capital management including ICAAP
- Liquidity
- Credit
- Market
- Operational

Risk and Compliance

Family First manages the risk and compliance areas through the employment of a full time member of the Executive Leadership Team, which also incorporates the role as Family First's Chief Risk Officer (CRO). The areas roles and responsibilities include improving the overall risk and compliance culture within all levels of the organisation. This includes working with the Executive Leadership Team to develop and implement suitable frameworks to support risk management, monitoring and reporting for their areas. This position reports directly to the Chief Executive Officer however has unfettered access to the Board via the Board Chair, the Chair of the Risk Committee and the Chair of the Audit Committee.

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DIRECTORS' REPORT
(Continued)

External Audit

The external audit is performed by Intentus Chartered Accountants who are headquartered in the Central West of NSW. The firm of Intentus Chartered Accountants have been auditing mutuals for a number of years and as such are very familiar with the finance industry and the operation and regulation of mutual organisations. The work performed by the external auditors is examined by the Audit Committee to ensure that it is consistent with the current external audit reporting role and does not impair their independence. Intentus Chartered Accountants, having served their original contracted term, and as such, are engaged on a year to year basis at the Annual General Meeting.

Internal Audit

Family First engages the services of the internal auditor on a contract basis to carry out the internal audit functions and to deal with the areas of internal compliance with policies and procedures. The Internal Audit Plan is prepared on an annual basis taking into consideration the risks associated with the various operations that exist within Family First. The Internal Audit Plan is adopted by the Board upon recommendation by the Audit Committee. The Internal Auditor reports directly to the Audit Committee. The Internal Audit was performed by Mr John Cottee from Step Ahead Business Solutions throughout the 2025 financial year however will be replaced by Mr Glenn Pannam from DBP Consulting Pty Ltd for the 2026 financial year.

Regulation

Family First is regulated by:

- Australian Prudential Regulation Authority (APRA) for the prudential risk management of the organisation and the protection of deposit holders.
- Australian Securities and Investments Commission (ASIC) for adherence to Corporations Act, Accounting Standards disclosures in the financial report and Financial Services Reform (FSR) and Australian Credit Licensing (ACL) requirements. The FSR legislation requires Family First to disclose details of products and services, maintains training for all staff that deal with the members, and provide an effective and independent complaints handling process. ASIC are also responsible for the regulation and compliance of credit under the national credit code.

Under the FSR licensing arrangements all staff who deal with the public are required to be trained and certified to a level of skill commensurate with the services provided. After being successful in obtaining an Australian Credit Licence from ASIC in January 2011, all staff responsible for credit assessment and credit control are required to be trained and to maintain their competence in line with responsible lending guidelines under the National Credit Code.

Both ASIC and APRA conduct periodic inspections to ensure compliance with legislative requirements and prudential standards. The external auditor also reports to both ASIC in relation to certain aspects of the credit union's financial services licence whilst APRA in relation to prudential requirements.

Family First is subject to further regulation in other areas of our business such as the Australian Competition & Consumer Commission (ACCC) who oversees the Consumer Data Right (CDR) Open Banking regulations and the Australian Transaction Reports and Analysis Centre (AUSTRAC) who oversees the Anti Money Laundering & Counter Terrorism Financing (AML / CTF) legislation.

Financial Accountability Regime (FAR)

The Financial Accountability Regime (FAR) imposes a strengthened responsibility and accountability framework for entities in the banking, insurance and superannuation industries and their directors and senior executives. The FAR is designed to improve the risk and governance cultures of Australia's financial institutions. The FAR commenced for authorised deposit-taking institutions (ADIs) like Family First effective from 15 March 2024. The FAR replaces the Banking Executive Accountability Regime (BEAR), which commences in 2018, and is jointly administered by APRA and the Australian and Investments Commission (ASIC).

**FAMILY FIRST CREDIT UNION LIMITED
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**DIRECTORS' REPORT
(Continued)**

Workplace, Health & Safety (WH&S)

The nature of the finance industry is such that the risk of injury to staff and the public are less apparent than in other high risk industries. Nevertheless our two most valuable assets are our staff and our members and steps need to be taken to maintain their security and safety. WH&S policies have been established for the protection of both members and staff and are reviewed regularly for relevance and effectiveness.

Family First has a WH&S committee which includes a member of the Executive Leadership Team and staff from each office. Included in their role is the requirement to perform workplace inspections and hazard assessments. Any items raised are actioned by the WH&S Committee.

All staff have access to an Employee Assistance Program which provides direct contact with specially trained counsellors.

General Board, Risk and Audit Committee Attendance

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 is as follows:

	Board	Corporate Governance Committee	Audit Committee	Risk Committee	Board Nomination Committee
Number of meetings held:	10	4	4	4	3
Number of meetings attended:					
Kathryn Dickson	10	3	-	-	-
Antony Benetatos	7	4	-	4	-
Megan Mendham	7	4	-	3	-
Susanne Boss	10	-	4	-	-
James Couper	10	-	3	-	3
James Manders	6 (6)	1 (1)	-	-	-
Lynette Safranek	10	3	4	-	-
Bart Mascorella	0 (2)	-	-	1 (1)	-
Peter Café	2 (4)	-	-	1 (2)	-
Ian Counsell	3 (3)	-	-	-	-

It should also be noted that a number of directors observed meetings where they were not officially committee members and as such, are not reflected in the table shown above. In addition to the meetings highlighted above, some members of the Board and Executive Leadership Team also attended a Strategic Planning Offsite held on Friday 28 March 2025. In camera sessions were held at some of the ordinary board meetings held throughout the year. Several Remuneration and Renewal Committee meetings were attended by various directors throughout the year.

Company Secretary

Both the Chief Executive Officer Mr Adam Marshall and Chief Financial Officer Mr Darryl Macauley act as the Company Secretary.

**FAMILY FIRST CREDIT UNION LIMITED
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**DIRECTORS' REPORT
(Continued)**

Directors' Benefits

During or since the end of the financial year no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments) by reason of a contract made by Family First or a related corporation with a Director or with a firm of which he or she is a member or with an entity in which he or she has a substantial financial interest.

Indemnifying Officers and Auditor

Family First has a Directors' and Officers' liability insurance policy covering all Directors, Executive Officers and Employees. In accordance with normal commercial practice disclosure of the total premium payable and nature of the liability covered is prohibited by a confidentiality clause in the contract. No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid during or since the end of the financial year for the auditor of Family First.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2025 has been received and can be found on page 12 of the financial report.

Acknowledgements

In concluding this report the Board expresses its appreciation to both the Executive Leadership Team and staff and acknowledge the achievements of Family First despite the challenges encountered throughout the year. The achievements made throughout the year would not have been realised without the dedicated efforts of the Board, our CEO Adam Marshall, members of the Executive Leadership Team and staff of Family First. It is also appropriate that we thank the efforts of outgoing Directors who either retired or resigned over the past 12 months – Colin Lenton (18 years service), Peter Café (24 years service), Lynette Safranek (9 years service), Bart Mascorella (10 months service) and Ian Counsell (6 months service). Finally, but by no means least, we would like to express our sincere gratitude and appreciation for the continued support of our loyal owner members.

Signed in accordance with a resolution of the Board of Directors.



**Kathryn Dickson
Director
Board Chair**



**Susanne Boss
Director
Audit Committee Chair**

Dated at Lithgow this 22nd day of September 2025

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
FAMILY FIRST CREDIT UNION LTD
TRADING AS FAMILY FIRST BANK**

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:

- i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) any applicable code of professional conduct in relation to the audit.

intentus
Intentus


Jodie Thomas
Principal

23 Sale Street
Orange NSW 2800

22 September 2025

FAMILY FIRST CREDIT UNION LIMITED
TRADING AS FAMILY FIRST BANK
A.B.N. 39 087 650 057

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025 \$	2024 \$
ASSETS			
Cash and liquid assets	6	1,157,824	1,708,184
Loans and advances	7.1	213,220,128	187,569,059
Accrued receivables	9	197,866	266,400
Investment securities	10	41,375,056	44,821,122
Property, plant and equipment	11	17,781	36,754
Intangibles	12	788,907	288,634
Taxation assets	14.1	204,390	-
Deferred tax assets	14.2	141,224	175,825
Other assets	15	698,980	948,858
Right of use assets	13	492,734	349,249
TOTAL ASSETS		<u>258,294,890</u>	<u>236,164,085</u>
LIABILITIES			
Deposits	16	228,924,011	207,361,169
Payables and other liabilities	17	2,979,799	2,734,493
Tax liabilities	14.1	-	1,043
Provisions	18	255,535	284,462
Borrowings	19	8,500,000	8,500,000
Deferred tax liabilities	14.3	-	-
Lease liabilities	13	516,157	371,974
TOTAL LIABILITIES		<u>241,175,502</u>	<u>219,253,141</u>
NET ASSETS		<u>17,119,388</u>	<u>16,910,944</u>
MEMBERS' EQUITY			
Retained profits		17,119,388	16,910,944
TOTAL MEMBERS' EQUITY		<u>17,119,388</u>	<u>16,910,944</u>

These financial statements are to be read in conjunction with the accompanying notes.

FAMILY FIRST CREDIT UNION LIMITED
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 \$	2024 \$
Interest revenue	4.1	13,265,731	11,561,372
Interest expense	4.1	<u>(6,912,268)</u>	<u>(5,512,718)</u>
Net interest revenue		6,353,463	6,048,654
Other income	4.2	<u>444,138</u>	<u>852,164</u>
Total operating income		<u>6,797,601</u>	<u>6,900,818</u>
Non-interest expenses			
Administration expenses	4.5	(1,821,199)	(1,835,817)
Branch occupancy expenses		(198,760)	(347,069)
Data processing		(1,439,475)	(1,242,367)
Depreciation and amortisation	4.4	(228,931)	(171,280)
Employee benefits expense	4.4	(2,162,771)	(2,041,533)
Impairment losses on loans and advances	4.3	24,448	(65,622)
Loans administration		(560,281)	(289,976)
Marketing		(99,160)	(77,190)
Supervision levies		<u>(31,970)</u>	<u>(33,703)</u>
Total expenses		<u>(6,518,099)</u>	<u>(6,104,557)</u>
Profit before income tax		279,502	796,261
Income tax expense	5	<u>(71,058)</u>	<u>1,945</u>
Profit for the year after income tax		<u>208,444</u>	<u>798,206</u>
Other comprehensive income		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>208,444</u>	<u>798,206</u>

The accompanying notes form part of these financial statements

FAMILY FIRST CREDIT UNION LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Retained Earnings	General Reserve for Credit Losses	Asset Revaluation Reserve	Total
	\$	\$	\$	\$
BALANCE AT 1 JULY 2023	15,463,637	277,803	371,298	16,112,738
Total comprehensive income				
Profit for the year after income tax	798,206	-	-	798,206
Other comprehensive income	-	-	-	-
Total comprehensive income	798,206	-	-	798,206
Transfer to retained earnings from general reserve for credit losses	277,803	(277,803)	-	-
Transfer to retained earnings from Asset revaluation reserve	371,298	-	(371,298)	-
BALANCE AT 30 JUNE 2024	16,910,944	-	-	16,910,944
BALANCE AT 1 JULY 2024	16,910,944	-	-	16,910,944
Total comprehensive income				
Profit for the year after income tax	208,444	-	-	208,444
Other comprehensive income	-	-	-	-
Total comprehensive income	208,444	-	-	208,444
BALANCE AT 30 JUNE 2025	17,119,388	-	-	17,119,388

The accompanying notes form part of these financial statements.

FAMILY FIRST CREDIT UNION LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 \$	2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received on loans		11,469,414	9,660,885
Interest received on investments		1,986,336	2,010,718
Dividends received		-	5,500
Other income received		444,138	495,469
Interest paid on members' deposits		(6,155,906)	(4,459,494)
Interest paid on borrowings		(247,693)	(361,432)
Payments to suppliers and employees		(6,238,288)	(5,564,258)
Net income taxes (paid) / refunded		(241,890)	(448,572)
Net cash from revenue activities	25.2	<u>1,016,111</u>	<u>1,338,816</u>
Cash from (used in)/other operating activities			
Net decrease / (increase) in SocietyOne loans		374	7,470
Net (increase) in members' loan fundings		(25,598,703)	(21,412,063)
Net (decrease) in member shares		(1,391)	470
Net increase in member savings		21,564,233	15,325,136
Net movement in deposits to Investment Securities		3,446,066	4,726,035
Net increase/(decrease) in members' clearing		(92,094)	412,320
Net cash from (used in) operating activities	25.2	<u>(681,515)</u>	<u>(940,632)</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	25.2	<u>334,596</u>	<u>398,184</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,933)	(12,021)
Purchase of intangible assets		(708,298)	(192,446)
Proceeds from the sale of assets		-	835,000
Net cash (used in)/from investing activities		<u>(710,231)</u>	<u>630,533</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in borrowings		-	(433,094)
Repayment of lease liabilities (principal)		(174,725)	(167,523)
Net cash from financing activities		<u>(174,725)</u>	<u>(600,617)</u>
NET (DECREASE)/INCREASE IN CASH HELD		<u>(550,360)</u>	<u>428,100</u>
Cash at beginning of year		1,708,184	1,280,084
CASH AT END OF YEAR	25.1	<u>1,157,824</u>	<u>1,708,184</u>

These financial statements are to be read in conjunction with the accompanying notes.

**FAMILY FIRST CREDIT UNION LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

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TRADING AS FAMILY FIRST BANK
A.B.N. 39 087 650 057**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

1. BASIS OF PREPARATION

Reporting Entity

Family First Credit Union Limited trading as Family First Bank ("Family First") is a company limited by shares, incorporated and domiciled in Australia. Family First is a for profit entity and the nature of its operations, and its principal activities are the provision of deposit taking and loan facilities to the members of Family First. The financial statements were authorised for issue on 22 September 2025 in accordance with a resolution of the board of directors.

Statement of Compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and interpretations of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

Basis of Preparation

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Australian dollars. The accounting policies are consistent with the prior year unless otherwise stated.

2. CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies between the current and prior financial years.

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NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Loans to members

(i) Basis of recognition

All loans are initially recognised at fair value, net of loan origination fees and inclusive of transaction costs incurred. Loans are subsequently measured at amortised cost. Any material difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the loans using the effective interest method.

Loans to members are reported at their recoverable amount representing the aggregate amount of principal and unpaid interest owing to Family First at balance date, less any allowance or provision against impairment for debts considered doubtful. A loan is classified as impaired where recovery of the debt is considered unlikely as determined by the Executive Leadership Team endorsed by the Board of Directors.

The Australian Prudential Regulation Authority (APRA) has mandated that interest is not recognised as revenue after the irregularity exceeds 90 days for a loan facility.

(ii) Interest earned

Term Loans - The loan interest is calculated on the basis of the daily balance outstanding and is charged in arrears to a member's account on the last day of each month.

Overdraft – The overdraft interest is calculated initially on the basis of the daily balance outstanding and is charged in arrears to a member's account on the last of each month.

Non-Accrual Loan Interest – while still legally recoverable, interest is not brought where a loan is impaired.

(iii) Loan origination fees and discounts

The amounts brought to account are included as part of interest revenue.

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**NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Loan impairment

(i) Provision for impairment

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses (ECL). Instruments within the scope of the new requirements include loans and advances and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments.

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

Family First measures loss allowances at an amount equal to lifetime expected credit losses (ECL), except for the following, for which they are measured as 12 months ECL.

- Debt investment securities that are determined to have a low credit risk in considering their credit risk rating (refer Note 26); and
- Other financial instruments on which credit risk has not significantly increased since initial recognition.

Family First considered credit risk to have increased significantly when a loan is 30 days or more in arrears.

Forward-looking approach

The approach to determining the ECL includes forward-looking information.

Family First has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio segment. Consideration has also been given to the level of undue cost and effort involved in utilising complex models to perform these calculations.

Family First has considered other forward-looking considerations such as the impact of future unemployment rates, property prices, regulatory change and external market risk factors, which are deemed to have a material impact and therefore an adjustment has been made to the ECL for such factors. Family First considers the ECL to represent its best estimate of the possible outcomes and is aligned with information used by the organisation for other purposes such as strategic planning and budgeting. Periodically Family First carries out stress testing of more extreme shocks to calibrate its determination of other potential scenarios.

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**NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Loan impairment (continued)

(i) Provision for impairment (continued)

Forward-looking approach (continued)

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

Additional information regarding the estimation of the ECL provision at reporting date is contained in Note 8.

(ii) Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Loan impairment (continued)

(iii) Credit-impaired financial assets

At each reporting date, Family First assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by Family First on terms that the organisation would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

(iv) Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and Family First cannot identify the ECL on the loan commitment component separately from those on the drawn component: Family First presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

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**NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.3 Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost, or fair value, as indicated, less, where applicable, any accumulated depreciation and impairment.

Depreciation

Property, plant and equipment are depreciated on a straight line basis so as to write off the net cost of each asset over its expected useful life using the following rates:

Buildings	4%
Computer equipment	20% to 33%
Motor Vehicles	20%
Office Equipment	20%
Office Furniture and Fittings	20%
Leasehold Improvements	20% to 50%

Land is not depreciated.

Assets with a cost less than \$500 are not capitalised and are immediately expensed in profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

3.4 Intangible assets

Intangible assets are amortised over the expected useful life of the software of 3 to 5 years.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
(Continued)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Members' deposits

(i) Basis for measurement

Member savings and term investments are initially measured at fair value plus transaction costs, and subsequently measured at amortised cost.

(ii) Interest payable

Interest on savings is calculated on the daily balance and posted to the accounts periodically, or on maturity of the term deposit. Interest on savings is brought to account on an accrual basis in accordance with the interest rate terms and conditions of each savings and term deposit account as varied from time to time. The amount of the accrual is shown as part of payables in the Statement of Financial Position.

3.6 Goods and services tax

As a financial institution, Family First is input taxed on all income except for income from commissions and some fees. An input taxed supply is not subject to goods and services tax (GST) collection, and the GST 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. In addition, certain prescribed purchases are subject to reduced input tax credits (RITC), of which 75% of the GST paid is recoverable. For other acquisitions, Family First takes advantage of the ATO concession of applying the safe harbor GST rate of 18% for claiming GST on acquisitions partly relating to both taxable and financial supplies.

3.7 Accounting estimates and judgements

Members of the Executive Leadership Team have been involved in the development, selection and disclosure of Family First's critical accounting policies and estimates and the application of these policies and estimates. In particular, information about areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 3.2 and Note 8 - Impairment of loans and advances with regards to the expected credit loss modelling and judgements, including:
 - Determining criteria for significant increase in credit risk: An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, Family First takes into account qualitative and quantitative reasonable and supportable forward-looking information;
 - Choosing appropriate models and assumptions for the measurement of expected credit loss; and
 - Establishing groups of similar financial assets for the purposes of measuring expected credit loss: When expected credit loss is measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics.

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NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.7 Accounting estimates and judgements (Continued)

- Note 10 - Fair value assumptions used investment securities;
- Note 13 - Estimation of the lease term, treatment of options and determination of the appropriate rate to discount the lease payments.
- Note 11 and Note 12 – impairment and estimated useful lives of property, plant and equipment and intangible assets

3.8 Measurement of fair values

A number of Family First's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, Family First uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and;
- Level 3 – inputs for the asset that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Family First recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Members of the Executive Leadership Team have made critical accounting estimates when applying Family First's accounting policies with respect to the valuation of land. In accordance with AASB 13 fair value for land should be based on highest and best use and should take into account a number of factors including: physical characteristic e.g. location or size, any legal restriction e.g. zoning and financial feasibility, recent sales evidence for comparable properties, and overall market conditions.

The fair value of the Family First's investment in unlisted equity securities, is based on consideration of sales in a limited market and the investee's net tangible assets.

3.9 New standards applicable for the current year

Family First has adopted all standards which became effective for the first time at 30 June 2025, refer to Note 2 for details of the changes due to standards adopted.

3.10 New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. Family First has decided not to early adopt these Standards. Family First's assessment of the impact of these new standards and new interpretation is that these are not significant and not likely to impact the financial report of Family First and as such have not been reported on.

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**NOTES TO THE FINANCIAL STATEMENTS
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(Continued)**

	2025	2024
	\$	\$
4. PROFIT FOR THE YEAR		
4.1 Interest revenue and expense		
Interest revenue		
Deposits with investment securities	1,796,317	1,900,487
Loans to members	<u>11,469,414</u>	<u>9,660,885</u>
	<u>13,265,731</u>	<u>11,561,372</u>
Interest expense		
Member deposits	6,548,753	5,049,750
Short-term borrowings and lease liabilities	<u>363,515</u>	<u>462,968</u>
	<u>6,912,268</u>	<u>5,512,718</u>
Net interest income	<u>6,353,463</u>	<u>6,048,654</u>
4.2 Other income		
Dividends	-	5,500
Fees and commissions		
- Loan fee income	35,200	35,600
- Other fee income	239,305	244,784
Insurance commissions	7,091	6,249
Other commissions	85,240	91,936
Bad debts recovered	7,052	2,459
Gain on sale of assets	-	351,195
Other revenue	70,250	114,441
Total other income	<u>444,138</u>	<u>852,164</u>
4.3 Impairment losses on loans and advances		
Bad debts written off directly against profit	17,148	3,940
Adjustment to provision for impairment	(41,223)	62,134
Provision for impairment of SocietyOne (P2P Loans)	<u>(373)</u>	<u>(452)</u>
	<u>(24,448)</u>	<u>65,622</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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(Continued)**

	2025	2024
	\$	\$
4. PROFIT FOR THE YEAR (Continued)		
4.4 Other prescribed expense disclosures		
The following items of expense are considered to be significant to the understanding of the financial performance of Family First:		
<i>Depreciation and amortisation (excluding right of use assets)</i>		
Depreciation	20,906	41,659
Amortisation of intangible assets	208,025	129,621
Total depreciation and amortisation	<u>228,931</u>	<u>171,280</u>
<i>Employee benefits expense</i>		
Salaries	1,823,466	1,724,585
Superannuation contributions	203,329	185,767
Other	135,976	131,181
Total employee benefits	<u>2,162,771</u>	<u>2,041,533</u>
4.5 Administration expenses		
Administration and head office occupancy	-	55,934
Board and committee expenses	236,520	266,523
Member chequing	1,123	9,173
Member protection	297,308	277,356
Electronic Payments costs	319,045	316,614
Visacard expenses	309,469	334,993
Other general administration expenses	657,734	567,455
Loss on disposal of assets	-	7,769
Total administration	<u>1,821,199</u>	<u>1,835,817</u>
4.6 Auditor's remuneration		
Amounts received or due and receivable by the auditors of Family First:		
Intentus Chartered Accountants		
- Audit of the financial statements	52,360	50,050
- Other regulatory audit services	16,060	15,400
	<u>68,420</u>	<u>65,450</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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(Continued)**

	2025	2024
	\$	\$
5. INCOME TAX		
5.1 The prima facie tax on operating profit is reconciled to income tax expense as follows:		
Prima facie tax on operating profit before income tax @ 25% (2024 – 25%)	69,876	199,065
Tax effect of non-allowable / non taxable items:		
- Entertainment / Fines	1,182	1,160
- Dividends Received	-	(1,375)
- Disposal of assets	-	(71,487)
- Under provision previous year	-	(5,542)
	71,058	121,821
Tax Effect of:-		
- Derecognition of deferred tax liability on sale of asset	-	(123,766)
Income tax expense attributable to operating profit	71,058	(1,945)
5.2 Reconciliation of income tax		
The income tax expense comprises amounts set aside (utilised) as:		
Provision for income tax attributable to current year		
- Income tax payable	36,457	131,672
- Derecognition of deferred tax liability on sale of asset	-	(123,766)
- Deferred tax asset	34,601	(15,393)
- Under provision from previous year	-	5,542
	71,058	(1,945)
6. CASH AND LIQUID ASSETS		
Cash on hand	309,888	503,633
Cash at bank	847,936	1,204,551
	1,157,824	1,708,184

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NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

	2025	2024
	\$	\$
7. LOANS AND ADVANCES		
7.1 Loans and advances		
Loans to members		
Overdrafts	85,561	113,903
Term loans	213,325,498	187,698,453
Gross loans and advances	213,411,059	187,812,356
Provision for impaired loans	8.1 (190,931)	(243,298)
Net loans and advances	213,220,128	187,569,058
 SocietyOne P2P Loans	 -	 374
Less: Provision for doubtful debts	-	(373)
Net investment in SocietyOne	-	1
	<u>213,220,128</u>	<u>187,569,059</u>
 7.2 Maturity analysis of loans to members		
Overdrafts	85,561	113,903
Not longer than 3 months	1,511,709	1,572,857
Longer than 3 and not longer than 12 months	4,209,600	4,007,455
Longer than 1 year and not longer than 5 years	23,458,283	21,163,143
Longer than 5 years	184,145,906	160,954,998
	<u>213,411,059</u>	<u>187,812,356</u>

7.3 Concentration of Risk

- i) There are 3 members (2024: 5) who individually have loans which represent 10% or more of member's equity. The total exposure as at 30 June 2025 amounts to \$5,469,784 (2024: \$8,890,043). Family First holds \$7,300,000 (2024: \$12,435,000) in security against these loans.
- ii) Details of the geographical concentration of loans is set out below. This information was derived from records of residential postcodes.

	2025		2024	
<i>Geographical Area</i>	\$	%	\$	%
Lithgow	64,532,403	30.24	61,832,219	32.92
Mudgee	47,777,062	22.39	49,173,995	26.18
Bathurst	94,207,087	44.14	67,925,112	36.17
Blackheath	6,894,508	3.23	8,881,031	4.73

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NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

7. LOANS AND ADVANCES (Continued)

	2025	2024
	\$	\$
7.4 Credit quality – security held against loans		
Secured by mortgage over real estate	211,244,403	185,024,505
Secured by goods mortgage	1,456,488	1,817,415
Wholly unsecured	710,168	970,436
	<u>213,411,059</u>	<u>187,812,356</u>

It is not practicable to value all collateral as at the balance date due to the variety of assets and their condition. A breakdown of the quality of the residential mortgage security on a portfolio basis is as follows:

Security held as mortgages against real estate

- loan to valuation ratio of less than 80%	193,609,233	171,072,100
- loan to valuation ratio of more than 80% but mortgage insured	9,509,590	11,613,683
- loan to valuation ratio of more than 80% but not mortgage insured	8,125,580	2,338,722
	<u>211,244,403</u>	<u>185,024,505</u>

8. IMPAIRMENT OF LOANS

8.1 Provision for impaired loans

Total Provision	190,931	243,298
	<u>190,931</u>	<u>243,298</u>
Movement in the provision for impairment		
Balance at the beginning of year	243,298	181,164
Add (deduct):		
Doubtful debt expense	(41,223)	62,134
Bad debts written off against provision	(11,144)	-
Balance at end of year	<u>190,931</u>	<u>243,298</u>
Provision for Impairment of SocietyOne P2P Loans		
Balance at the beginning of year	373	825
Add (deduct) movement in provision:	(373)	(452)
Balance at end of year	<u>-</u>	<u>373</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
(Continued)

8. IMPAIRMENT OF LOANS (continued)

8.2 Amounts arising from ECL

The loss allowance as of the year end by class of exposure/asset are summarised in the table below.

	Gross Carrying Value 2025 \$	ECL Allowance 2025 \$	Carrying Value 2025 \$	Gross Carrying Value 2024 \$	ECL Allowance 2024 \$	Carrying Value 2024 \$
Loans to members						
Mortgage	211,244,403	-	211,244,403	185,024,505	-	185,024,505
Personal	2,081,095	186,496	1,894,599	2,673,948	230,456	2,443,492
Overdrafts	85,561	4,435	81,126	113,903	12,842	101,061
Total	213,411,059	190,931	213,220,128	187,812,356	243,298	187,569,058

An analysis of Family First's credit risk exposure class of financial asset and "stage" without reflecting the effects of any collateral or other credit enhancements is demonstrated in the following tables:

2025				
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Loans to members				
Mortgage	207,289,641	3,860,958	93,804	211,244,403
Personal	2,000,069	80,776	250	2,081,095
Overdrafts	79,204	3,184	3,173	85,561
Total	209,368,914	3,944,918	97,227	213,411,059
2024				
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Loans to members				
Mortgage	182,838,311	2,093,745	92,449	185,024,505
Personal	2,638,374	25,388	10,186	2,673,948
Overdrafts	94,495	12,735	6,673	113,903
Total	185,571,180	2,131,868	109,308	187,812,356

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
(Continued)**

8. IMPAIRMENT OF LOANS (continued)

8.2 Amounts arising from ECL (continued)

The tables below represent the reconciliation from the opening balance to the closing balance of the ECL allowance for loans and advances to customers for which impairment requirements under AASB 9 apply, for the current and previous financial years.

2025					
	Stage 1 Collective provision 12-month ECL \$	Stage 2 Collective provision Lifetime ECL Not credit- impaired \$	Stage 3 Collective provision Lifetime ECL Credit impaired \$	Specific provision Lifetime ECL Credit Impaired \$	Total \$
Balance at 1 July 2024	-	10,399	16,860	216,039	243,298
Transfers during the period to different stages:	-	(3,423)	3,423	-	-
Net re-measurement of ECL	-	8,973	(5,717)	(42,501)	(39,245)
Write-offs	-	-	(11,143)	-	(11,143)
Loans Paid Out	-	(1,979)	-	-	(1,979)
Balance at 30 June 2025	-	13,970	3,423	173,538	190,931
2024					
	Stage 1 Collective provision 12-month ECL \$	Stage 2 Collective provision Lifetime ECL Not credit- impaired \$	Stage 3 Collective provision Lifetime ECL Credit impaired \$	Specific provision Lifetime ECL Credit Impaired \$	Total \$
Balance at 1 July 2023	-	18,389	8,429	154,346	181,164
Transfers during the period to different stages:	-	(5,463)	5,463	-	-
Net re-measurement of ECL	-	(1,556)	2,968	61,693	63,105
Write-offs	-	-	-	-	-
Loans Paid Out	-	(971)	-	-	(971)
Balance at 30 June 2024	-	10,399	16,860	216,039	243,298

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NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

8. IMPAIRMENT OF LOANS (continued)

8.3 Analysis of loans that are specifically impaired, past due but not impaired and neither past due nor impaired

	2025 \$	2024 \$
Carrying amount		
<i>Individually impaired</i>		
Gross amount	27,423	31,661
Provision for impairment	(17,393)	(27,259)
Carrying amount	10,030	4,402
<i>Past due but not impaired</i>		
Day in arrears:		
Less than one month	6,636,560	3,062,575
Greater than one month and less than two months	384,493	922,712
Greater than two months and less than three months	396,748	21,483
Greater than three months	93,804	355,726
Carrying amount	7,511,605	4,362,496
<i>Neither past due nor impaired</i>		
Secured by mortgage	203,798,124	180,700,169
Personal	1,997,066	2,625,898
Overdrafts/revolving credit	76,841	92,132
Carrying amount	205,872,031	183,418,199
Collective impairment provision	(173,538)	(216,039)
Total carrying amount	213,220,128	187,569,058

The impaired loans are generally not secured against residential property. Some impaired loans are secured by bill of sale over motor vehicles or other assets of varying value. It is not practicable to determine the fair value of collateral as at the balance date due to the variety of assets and their condition.

8.4 Assets acquired via enforcement of security

There were nil assets acquired via enforcement through the 2025 year (2024 – nil).

8.5 Loans renegotiated

During the year, Family First renegotiated some loans which were previously past due or impaired. The total value of these loans at 30 June 2025 was \$Nil (2024 – \$7,014).

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	2025	2024
	\$	\$
9. ACCRUED RECEIVABLES		
Accrued interest on receivables due from investment securities	197,150	264,686
Other accrued income	716	1,714
	197,866	266,400
 10. INVESTMENT SECURITIES		
Investment securities at amortised cost		
Deposits held on call	7,500,000	3,000,000
Floating Rate Notes (FRN's)	15,250,000	26,250,000
Government Bonds & Corporate Paper	12,000,000	9,500,000
Term Deposits (TD's)	5,540,000	6,040,000
Negotiable Convertible Notes (NCD's)	-	-
Notice of Withdrawal Accounts (NOW's)	1,079,973	26,039
	41,369,973	44,816,039
Equity securities designated as FVOCI		
TAS	5,081	5,081
Shared Service Partners	1	1
ASL	1	1
	5,083	5,083
Total Value of Investment Securities	41,375,056	44,821,122
 Maturity Analysis of Investment Securities		
At call	7,500,000	3,000,000
Not longer than 3 months	10,329,973	6,026,039
Longer than 3 months and not longer than 12 months	8,750,000	13,000,000
Longer than 1 and not longer than 5 years	14,790,000	22,790,000
Longer than 5 years	-	-
	41,369,973	44,816,039

Equity securities designated as FVOCI

As at 30 June 2025, Family First holds a total of 5,081 "A" Class Shares in Transaction Solutions Pty Ltd trading as Experteq. These shares are measured at cost as fair value as they could not be measured reliably. Dividends are currently received on the shares held with Transaction Solutions Pty Ltd (now known as Experteq).

Family First currently holds 5,000 ordinary shares in Shared Service Partners Pty Ltd, a company set up by the industry association as part of an industry initiative to drive and improve performance of the sector. The shares in this company are not listed on the stock exchange and not tradeable and have been included in the financial statements at a written down value of \$1 (2024: \$1).

Family First also holds a share worth \$1 in ASL which allows this company to act as the organisations New Payments Platform (NPP) sponsor. The value of this share has not changed throughout the year.

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	2025	2024
	\$	\$
11. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements, at cost	274,480	274,480
Provision for depreciation	<u>(263,259)</u>	<u>(255,911)</u>
	<u>11,221</u>	<u>18,569</u>
Equipment and furniture, at cost	259,518	257,586
Provision for depreciation	<u>(252,958)</u>	<u>(239,401)</u>
	<u>6,560</u>	<u>18,185</u>
Motor vehicles, at cost	27,499	27,499
Provision for depreciation	<u>(27,499)</u>	<u>(27,499)</u>
	<u>-</u>	<u>-</u>
Net book value of property, plant and equipment	<u>17,781</u>	<u>36,754</u>

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(Continued)

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in carrying amounts

Movement in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

2025 Reconciliation	Land	Buildings	Leasehold Improvements	Equipment and Furniture	Motor Vehicles
Opening balance	-	-	18,569	18,185	-
Revaluation	-	-	-	-	-
Additions	-	-	-	1,932	-
Disposals	-	-	-	-	-
Depreciation expense	-	-	(7,348)	(13,557)	-
Closing balance	-	-	11,221	6,560	-

2024 Reconciliation	Land	Buildings	Leasehold Improvements	Equipment and Furniture	Motor Vehicles
Opening balance	175,000	320,492	19,353	36,140	-
Revaluation	-	-	-	-	-
Additions	-	-	7,367	4,653	-
Disposals	(175,000)	(308,805)	-	(643)	-
Depreciation expense	-	(11,687)	(8,151)	(21,965)	-
Closing balance	-	-	18,569	18,185	-

	2025 \$	2024 \$
12. INTANGIBLES		
Member transaction system	1,488,653	780,355
Accumulated amortisation	(699,746)	(491,721)
	<u>788,907</u>	<u>288,634</u>

Movement in carrying amounts of each class of intangibles between the beginning and end of the current financial year

Movement in Intangibles Reconciliation

Opening carrying amount	288,634	231,593
Additions	708,298	193,644
Disposals	-	(8,322)
Amortisation	(208,025)	(128,281)
Closing carrying amount	<u>788,907</u>	<u>288,634</u>

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13. LEASES

Company as a lessee

Family First has leases over land and buildings.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The building leases relate to branches in Bathurst, Lithgow and Mudgee. The remaining term of the leases, ignoring any option period, for each branch is as follows - Bathurst 0.59 years, Lithgow 3.75 years and Mudgee 4.62 years. The option periods are not taken into account in the calculation given the uncertainty as to whether they will be exercised or not. The rentals are subject to an adjustment of CPI for the initial term and any option period subsequently exercised.

Right-of-use assets

	2025	2024
	\$	\$
Balance at beginning of year	349,249	270,530
Additions	298,495	245,976
Remeasurement	(699)	(13,122)
Depreciation charge	(154,311)	(154,135)
Balance at end of year	492,734	349,249

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 – 5 years	> 5 years	Total	Lease liabilities included in this Statement of Financial Position
	\$	\$	\$	undiscounted lease liabilities	Financial Position
Lease Liabilities – 2025	153,159	400,071	-	553,230	516,157
Lease Liabilities – 2024	146,072	250,242	-	396,314	371,974

Extension options

A number of the building leases contain options which allow Family First to extend the lease term by up to twice the original non-cancellable period of the lease. Family First includes options in the leases to provide flexibility and certainty to the organisations operations and reduce costs of moving premises however the extension options are exercised solely at the discretion of Family First.

At commencement date and each subsequent reporting date, Family First assesses where it is reasonably certain that the extension options will be exercised.

There are no potential future lease payments which are not included in lease liabilities as Family First has assessed that the exercise of the option is not reasonably certain.

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13. LEASES (Continued)

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2025 \$	2024 \$
Interest expense on lease liabilities	20,414	13,388
Depreciation of right-of-use assets	<u>154,311</u>	<u>154,135</u>
	<u>174,725</u>	<u>167,523</u>
Statement of Cash Flows		
Total cash outflow for leases	<u>174,725</u>	<u>167,523</u>

14. TAXATION

14.1 Current Tax

Income tax payable / (refundable)	<u>(204,390)</u>	<u>1,043</u>
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14.2 Deferred Tax Assets

Deferred tax asset comprising:

Tax allowances relating to property, plant & equipment

Provision for impairment

Employee leave entitlements

Other – accruals

Leasing transactions

	(593)	15,070
	48,983	62,168
	63,884	71,115
	23,094	21,790
	<u>5,856</u>	<u>5,682</u>
	<u>141,224</u>	<u>175,825</u>

14.3 Deferred Tax Liabilities

Deferred capital gains tax

Opening balance

Write back on derecognition of asset

Closing balance

	-	123,766
	<u>-</u>	<u>(123,766)</u>
	<u>-</u>	<u>-</u>

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	2025	2024
	\$	\$
15. OTHER ASSETS		
Members' clearing accounts	242,251	310,425
Sundry Debtors	18,938	18,938
Prepayments	153,714	243,037
Premium paid on FRN's / Government		
Bonds / Corporate Paper	143,044	264,529
Unamortised Broker Costs	141,033	111,929
	<u>698,980</u>	<u>948,858</u>
16. DEPOSITS		
Call deposits	134,366,860	128,210,448
Term deposits	94,493,150	79,085,329
Withdrawable shares	64,001	65,392
	<u>228,924,011</u>	<u>207,361,169</u>
<i>Maturity analysis</i>		
At call	134,430,861	128,275,840
Not longer than 3 months	26,411,565	22,217,269
Longer than 3 and not longer than 12 months	66,149,088	52,572,720
Longer than 1 year and not longer than 5 years	1,932,497	4,295,340
	<u>228,924,011</u>	<u>207,361,169</u>

There were no defaults on interest or capital payments on these liabilities in the current or prior year. Member withdrawable shares are classified as a liability as they are repayable on the closure of a member's account.

Concentration of deposits

- i) There are no members who individually have deposits which represent 10% or more of the Family First's liabilities (2024: \$Nil).
- ii) Details of the geographical concentration of deposits which represent 10% or more of total liabilities are set out below. This information was derived from records of residential postcodes.

	2025		2024	
	\$	%	\$	%
<i>Geographical Area</i>				
Lithgow	108,521,759	47.42	105,696,439	50.99
Mudgee	52,842,721	23.09	49,421,006	23.84
Bathurst	26,802,617	11.71	29,860,858	14.40
Blackheath	21,482,887	9.39	17,429,932	8.41

The Directors do not consider that Family First has a concentration of deposits from members who are associated with a particular business segment or industry.

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	2025	2024
	\$	\$
17. PAYABLES AND OTHER LIABILITIES		
Creditors and accruals	437,488	520,422
Members' clearing accounts	593,565	753,833
Accrued interest on members' deposits	1,947,939	1,459,682
GST payable	807	556
	<u>2,979,799</u>	<u>2,734,493</u>
18. PROVISIONS		
Employee entitlements - current	238,141	272,891
Employee entitlements – non current	17,394	11,571
	<u>255,535</u>	<u>284,462</u>
19. BORROWINGS		
Short term borrowings – other	8,500,000	8,500,000
Long term borrowings - RBA	-	-
	<u>8,500,000</u>	<u>8,500,000</u>

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20. KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

20.1 Key management personnel compensation

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of Family First, directly or indirectly, including any director (whether executive or otherwise) of that entity.

KMP has been taken to comprise the Directors and the five members of the executive leadership team during the financial year who are responsible for the day-to-day financial and operational management of the Bank.

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

	Short-term employee benefits	Post-employment benefits	Other long-term Benefits	Termination benefits
Year ended 30 June 2025				
Directors	187,348	21,657	-	-
Other KMP	876,324	107,052	38,207	-
Year ended 30 June 2024				
Directors	174,724	19,220	-	-
Other KMP	974,738	104,124	18,578	-

Compensation includes all employee benefits (as defined in AASB 119 *Employee Benefits*). Employee benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity.

Compensation includes:

- (i) short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits such as cars;
- (ii) post-employment benefits such as superannuation and other retirement benefits;
- (iii) other long-term employee benefits, including long-service leave and, if they are not payable wholly within twelve months after the end of the period, bonuses; and
- (iv) termination benefits.

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20. KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES (Continued)

20.2 Loans to Key Management Personnel

	Balance as at 1 July	Interest charged	New loans funded	Write-off	Balance as at 30 June	Number in group	Amount of impairment loss expense recognised
Year ended 30 June 2025							
Directors	199,144	11,684	11,000	-	179,427	2	-
Other KMP	1,500	-	15,500	-	1,000	1	-
Year ended 30 June 2024							
Directors	228,042	10,770	5,000	-	199,144	2	-
Other KMP	444,001	-	11,500	-	1,500	1	-

Family First staff are eligible for a concessional rate of interest on loans provided they comply with the probationary employment period and salary commitment levels. Security is obtained for these loans in accordance with the organisation's lending policy. Directors are not eligible to receive a concessional rate of interest on loans.

There is no provision for impairment in relation to any loan extended to key management personnel. No loan impairment expense in relation to these loans has been recognised during the period.

20.3 Deposits

Directors and related parties have received interest on deposits with Family First during the financial year. Interest has been paid on terms and conditions no more favourable to those available on similar transactions to members of Family First.

20.4 Other transactions

There were no other transactions during the financial year between Family First and members of the Board or key management personnel.

21. COMMITMENTS AND CONTINGENCIES

21.1 Future capital commitments

At 30 June 2025 Family First has all but finalised a project to implement a digitalised loan origination and membership onboarding system to improve and streamline the loan and membership application process. The capital cost of the project amounted to \$632,060 with the amount expended as at balance date totalling \$550,402 leaving a favourable position to budget amounting to \$81,658 as at June 2025. There has been a further payment of \$51,040 made since the balance date as at the date this report was prepared with other subsequent payments expected as residual issues arising from the project are rectified.

21.2 Outstanding loan commitments

The loans approved and contracted by Family First but not funded as at 30 June 2025 amount to \$2,171,383 (2024 - \$2,132,597). For loans approved but not yet contracted, the withdrawal of these funds is at the discretion of the board subject to available liquid funds. It is anticipated all of the commitment will be paid within 12 months.

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21. COMMITMENTS AND CONTINGENCIES (Continued)

21.3 Unfunded loan facilities

Loan facilities to members for overdrafts and line of credit loans are as follows:

	2025	2024
	\$	\$
Total value of facilities approved	2,462,588	2,892,200
Less: amount advanced	(380,728)	(593,777)
Net undrawn value	2,081,860	2,298,423

These commitments are contingent on members maintaining credit standards and ongoing repayment terms on amounts drawn.

21.4 Amounts available for redraw

Total loan redraw facilities available at year end were \$9,567,528 (2024 - \$8,022,378).

21.5 Other

In the normal course of business, Family First enters into various types of contracts that give rise to contingent or future obligations. These contracts generally relate to the financing needs of the members. Family First applies the same credit policies and assessment criteria in making commitments and conditional obligations for off-statement of financial position risks as it does for on-statement of financial position loan assets. Family First holds collateral supporting these commitments where it is deemed necessary.

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22. CONTINGENT LIABILITIES

Credit Union Financial Support System

Family First is a participant in the Credit Union Financial Support System (CUFSS). The purpose of CUFSS is to protect the interest of Family First members, increase stability in the industry and provide liquidity in excess of current borrowing limits in times of need.

As a member, Family First is committed to keep 3% (2024 – 3%) of its total liabilities as deposits with approved ADI's which may be used by CUFSS for providing financial support to other members of CUFSS should they require. No funds have been so provided as at 30 June 2025 (2024 - \$Nil).

An Industry Support Contract made on the 4 March 1999 between Credit Union Services Corporation (Australia) Limited, (CUSCAL), Credit Union Financial Support System Limited (CUFSS) and participating mutuals required Family First to execute an equitable charge in favour of CUSCAL. The Industry Support Contract was amended effective from 14 January 2017 reducing the minimum deposit requirement for permanent loans from 0.1% to 0.0% whereas the minimum deposit requirement for non-permanent loans remained unchanged at 3.0% subject to a maximum cap of \$100m.

The CUFSS facility was tested throughout the 2025 financial year with the tests noted as being successful.

Throughout the 2021 financial year, CUFSS made a further change to its industry support contract to enable participants access to a special loan funding facility funded by the RBA via the total loans outstandings collateral provided from the pool of internal securitisation assets of CUFSS members. This facility would be capped at 3% of the organisations assets and would operate in the same manner as the current RBA Term Funding program, but be limited to, and be administered by, CUFSS using its existing arrangements.

The balance of the debt at 30 June 2025 was \$Nil (2024 - \$Nil).

There are no other contingent liabilities at balance date or the date of this report.

23. ECONOMIC DEPENDENCY

Family First has an economic dependency on the following suppliers:

Credit Union Services Corporation (Australia) Limited - (Cuscal)

This entity supplies financial banking services to Family First and is an approved Special Service Provider for the provision of financial intermediation services. Family First has invested part of its operating liquid assets with the entity.

This entity supplies Family First rights to Visa Cards in Australia and provides services in the form of settlement with banks for ATM, Direct Entry and Visa Card transactions performed by its members. This entity also provides treasury management services to enable Family First to satisfy its ongoing liquidity requirements as well as operating the payment switching mechanism used to link Visa Cards operated through the ATM network as well as, other approved EFT suppliers, Visa acquirers and merchants to the organisation's IT system.

Family First implemented the contract with Cuscal for the provision of EFT and ATM switching facilities in November 2012. This contract is still in force at balance sheet date.

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23. ECONOMIC DEPENDENCY (Continued)

Ultradata Pty Ltd

This entity provides and maintains the core banking application software utilised by Family First.

Transaction Solutions Pty Ltd trading as Experteq

This entity provides computing services to Family First. Family First has a management services agreement (MSA) with the organisation to supply computer support staff and services to meet the day to day needs of Family First and compliance with relevant prudential standards relating to information security and data risk.

Credit Union Financial Support System (CUFSS)

This entity provides emergency liquidity support to Family First.

Australian Settlements Limited (ASL)

This entity sponsors of payments conducted under the new payments platform (NPP) which was implemented in February 2018.

Biza.io (Biza)

This entity provides, maintains and supports the Data Holder as a Service (DaaS) relating to the Consumer Data Right (CDR) Open Banking requirements.

24. SEGMENT REPORTING

Family First operates predominantly in the finance industry within New South Wales. The operations comprise the acceptance of deposits and the making of loans to members. Specific segments of related deposits and loans are set out in Notes 7 and 16 respectively.

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25. STATEMENT OF CASH FLOWS

Cash arising from the following activities are presented on a net basis in the statement of cash flows:

- (i) member deposits to and withdrawals from savings, money market and other deposit accounts;
- (ii) sales and purchases of maturing certificates of deposit;
- (iii) provision of member loans and the repayment of such loans.

25.1 Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cashflows is reconciled to the related items in the statement of financial position as follows:

	Note	2025 \$	2024 \$
Cash on hand and at bank	6	1,157,824	1,708,184
Cash per statement of cash flows		<u>1,157,824</u>	<u>1,708,184</u>

25.2 Reconciliation of net cash provided by operating activities to operating profit after tax

Profit for the year after Income Tax	208,444	798,206
Non-cash items		
Provision for employee entitlements	(28,927)	19,663
Provision for taxation	(205,433)	(311,358)
Depreciation and amortisation	383,941	324,218
Amortisation of premiums paid on FRN's	121,485	104,677
Amortisation of broker costs	(29,104)	(37,541)
Gain on sale of assets	-	(351,195)
Loss on disposal of assets	-	7,769
Interest on right of use assets	20,413	14,994
Movements in assets and liabilities		
Movement in accrued interest receivable	68,534	5,554
Movement on deferred tax liability	-	(123,766)
Movement in SocietyOne provision	(373)	(452)
Movement in sundry debtors	-	95,870
Movement in prepayments	89,323	(22,024)
Movement in creditors	(82,933)	91,507
Movement in GST payable	251	(845)
Movement in accrued interest payable	488,256	676,798
Movement in provision for doubtful debts	(52,367)	62,134
Movement in deferred tax asset	34,601	(15,393)
Net cash provided from revenue activities	<u>1,016,111</u>	<u>1,338,816</u>

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25. STATEMENT OF CASH FLOWS (Continued)

	2025	2024
	\$	\$
25.2 Reconciliation of net cash provided by operating activities to operating profit after tax (Continued)		
Add/(deduct) non revenue operations		
Net movement in SocietyOne loans	374	7,470
Net movement in Members' loan balances	(25,598,703)	(21,412,063)
Net movement in member shares	(1,391)	470
Net movement in member savings	21,564,233	15,325,136
Net movement in investment securities	3,446,066	4,726,035
Net movement in members' clearing	(92,094)	412,320
Net cash from operating activities	(681,515)	(940,632)
Cash flows from (used in) operating activities	334,596	398,184

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26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Board has endorsed a policy of compliance and risk management to suit the risk profile of Family First.

Family First's risk management focuses on the major areas of market risk, credit risk, liquidity risk and operational risk. Authority flows from the Board of Directors to the Risk Committee whose charter is integral to the management of risk.

Board: This is the primary governing body. It approves the level of risk which Family First is willing to accept and the framework for reporting and mitigating those risks.

Risk Committee: Its key role in risk management is the formulation and monitoring of Family First's Enterprise Risk Management Framework inclusive of both its risk strategy and risk appetite. The Chief Risk Officer has unfettered access back to the Board, Risk Committee and the Audit Committee. The Chief Risk Officer's responsibility is to identify, assess, monitor and measure the risk exposures evident in the organisation's operations as well as educate the Board, members of the Executive Leadership Team and staff of how to deal with risks within the business. The Chief Risk Officer, along with the Executive Leadership Team and the Risk Committee, are constantly looking at ways in which risks can be mitigated to ensure that Family First operate within Board approved risk appetite and tolerance levels, embedding a strong risk culture throughout the organisation as well as improving the level of operational resilience.

Audit Committee: Its key role in risk management is the assessment of the controls that are in place to mitigate risks. The Audit Committee considers and confirms that the significant risks and controls are to be assessed within the internal audit plan. The Audit Committee receives the internal audit reports on assessment and compliance with the controls, and provides feedback to the Risk Committee for their consideration.

The Audit Committee carries out a regular review of all operational areas to ensure that operational risks are being properly controlled and reported. It also ensures that contingency plans are in place to achieve business continuity in the event of serious disruptions to business operations.

The Audit Committee monitors compliance with the framework laid out in the policy on a quarterly basis and reports in turn to the board, where actual exposures to risks are measured against prescribed limits.

Key risk management policies encompassed in the overall risk management framework include:

- Interest rate risk;
- Liquidity management;
- Credit risk management; and
- Operations risk management including data risk management.

Family First has undertaken the following strategies to minimise the risks arising from financial instruments.

26.1 Market Risk Policy

The objective of the Family First's market risk management is to manage and control market risk exposures in order to optimise returns within a desired risk appetite.

Market risk is the risk that changes in interest rates, foreign exchange rates or other prices and volatilities which will have an adverse effect on the organisation's financial condition or results. Family First is not exposed to currency risk, and other significant price risk. Family First does not trade in the financial instruments it holds on its books. Family First is exposed only to interest rate risk arising from changes in market interest rates and the relevant timing differences in maturities between assets and liabilities.

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NOTES TO THE FINANCIAL STATEMENTS
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26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest Rate Risk

Interest rate risk is the risk of variability of the fair value or future cash flows arising from financial instruments due to changes in interest rates.

Most banks are exposed to interest rate risk within its Treasury operations. Family First does not have a treasury operation and does not trade in financial instruments.

Interest rate risk in the banking book

Family First is exposed to interest rate risk in its banking book due to mismatches between the repricing dates of assets and liabilities.

Family First's exposure to interest rate risk is measured and monitored using interest rate sensitivity models as prepared for the Assets & Liabilities Committee (ALCO) and is reported to the board.

The level of mismatch on the banking book is set out in Note 29. The table set out at Note 29 displays the period that each asset and liability will reprice as at the balance date. This risk is not considered significant to warrant the use of derivatives to mitigate this risk.

Monitoring and managing interest rate risk

Family First manages its interest rate risk by the use of interest rate sensitivity analysis, the detail and assumptions used are set out below.

The policy of Family First is to manage the risk is to maintain a balanced 'on book' strategy by ensuring the net interest rate gaps between assets and liabilities are not excessive. The gap is measured monthly to identify any large exposures to the interest rate movements and to rectify the excess through targeted fixed rate interest products available through investment assets, and term deposit liabilities to rectify the imbalance to within acceptable levels. The policy of Family First is not to undertake derivatives to match the interest rate risks. Family First's exposure to interest rate risk is set out in Note 29 which details the contractual interest rate change profile.

An independent review of the interest rate risk profile has been conducted by Visual Risk, an independent risk management consultancy organisation, throughout the year. The Risk Committee and board monitors these risks through the reports from Visual Risk and other management reports.

Based on the Value at Risk (VaR) calculations as at 30 June 2025, with a confidence level of 99% over a 20 day period, Family First is likely to sustain an interest loss on the portfolio no greater than \$596,705 (2024 - \$264,809) should rates change by 200bps.

Family First performs a sensitivity analysis to measure market risk exposures.

The method used in determining the sensitivity was to evaluate the profit based on the timing of the interest repricing on the banking book of Family First for the next 12 months. In doing the calculation the assumptions applied were that:

- the interest rate change would be applied equally to the loan products and term deposits;
- the rate change would be as at the beginning of the 12 month period and no other rate changes would be effective during the period;
- the term deposits would all reprice to the new interest rate at the term maturity, or be replaced by a deposit with similar terms and rates applicable;
- some non interest rate sensitive savings deposits would not reprice in the event of a rate change ;
- the value and mix of call savings to term deposits will be unchanged; and
- the value and mix of personal loans to mortgage loans will be unchanged.

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**NOTES TO THE FINANCIAL STATEMENTS
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26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

26.2 Liquidity Risk

There has been minimal changes to the Family First's exposure to market risk or the way the organisation manages and measures market risk in the reporting period.

Liquidity risk is the risk that Family First may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments or member withdrawal demands. It is the policy of the board of directors that Family First maintains adequate cash reserves and committed credit facilities so as to meet the member withdrawal demands when requested.

Family First manages liquidity risk by:

- continuously monitoring actual daily cash flows;
- monitoring the maturity profiles of financial assets and liabilities;
- maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities; and
- monitoring the prudential liquidity ratio daily.

Family First has a longstanding arrangement with the industry liquidity support organisation Credit Union Financial Support System (CUFSS) which can access industry funds to provide support to Family First should it be necessary at short notice.

Family First is required to maintain at least 9% of total adjusted liabilities as minimum liquidity holdings (MLH) assets capable of being converted to cash within 48 hours under the APRA Prudential standards. The organisation's desired liquidity position is to apply between 14% and 17.75% of funds as MLH to maintain adequate funds for meeting member withdrawal requests. The ratio is checked daily. Should the liquidity ratio fall below this level, members of the Executive Leadership Team and the board are to address the matter and ensure that liquid funds are obtained from new deposits, or borrowing facilities available. Note 30 describes the borrowing facilities, if any, as at balance date. These facilities are in addition to the liquidity support from CUFSS.

The maturity profile of the financial liabilities, based on the contractual repayment terms, are set out in Note 28. The ratio of minimum liquidity holding assets (MLH) over the past year is set out below:

	2025	2024
APRA minimum 9 %		
MLH as at 30 June	15.33%	18.24%
MLH average for the year	16.82%	17.96%
Lowest MLH during the year	15.33%	15.89%
To total member deposits		
As at 30 June	17.08%	20.38%

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26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

26.3 Credit Risk

Credit risk is the risk that members, financial institutions and other counterparties will be unable to meet their obligations to Family First which may result in financial losses. Credit risk arises principally from Family First's loan book and investment assets.

Credit Risk - Loans

The analysis of Family First's loans by class is as follows:

	2025 \$	2024 \$
Loans to members		
Mortgage	211,244,403	185,024,505
Personal	2,081,095	2,673,948
Overdrafts	85,561	113,903
Total loans	<u>213,411,059</u>	<u>187,812,356</u>
Provision for impairment	(190,931)	(243,298)
	<u>213,220,128</u>	<u>187,569,058</u>
Loans under SocietyOne P2P lending		
Balance of investment	-	374
Provision for impairment	-	(373)
Net balance of investment	<u>-</u>	<u>1</u>

Family First's maximum exposure to credit risk is the carrying value on the statement of financial position plus the undrawn facilities (Loans approved not advanced, redraw facilities; line of credit facilities; overdraft facilities) being \$227,040,899 (2024: \$200,022,457). Further details are shown in Note 7, Note 21 and Note 28.

All loans and facilities are within Australia. Concentrations are described in Note 7.

The method of managing credit risk is by way of strict adherence to Family First's credit assessment policies before the loan is approved and close monitoring of defaults in the repayment of loans thereafter on a weekly basis. The credit policy has been endorsed by the Board to ensure that loans are only made to members that are creditworthy (capable of meeting loan repayments).

Family First has established policies over the:

- credit assessment and approval of loans and facilities covering acceptable risk assessment and security requirements;
- limits of acceptable exposure over the value to individual borrowers, non-mortgage secured loans, commercial lending and concentrations to geographic and industry groups considered at high risk of default;
- reassessing and review of the credit exposures on loans and facilities;
- establishing appropriate provisions to recognise the impairment of loans and facilities;
- debt recovery procedures; and
- review of compliance with the above policies.

A regular review of compliance is conducted as part of the internal audit scope.

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**NOTES TO THE FINANCIAL STATEMENTS
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26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

26.3 Credit Risk (Continued)

Credit Risk - Loans (Continued)

Past due and impaired

A financial asset is past due when the counterparty has failed to make a payment when contractually due. As an example, a member enters into a lending agreement with Family First that requires interest and a portion of the principle to be paid every month. On the first day of the next month, if the agreed repayment amount has not been paid, the loan is past due.

Past due does not mean that a counterparty will never pay, but it can trigger various actions such as renegotiation, enforcement of covenants, or legal proceedings. Once the past due period exceeds 90 days the loan is regarded as impaired, unless other factors indicate the impairment should be recognised sooner.

Daily reports monitor the loan repayments to detect delays in repayments and recovery action is undertaken after 7 days. For loans where repayments are doubtful, external consultants are engaged to conduct recovery action once the loan is over 90 days in arrears. The exposure to losses arises predominantly in personal loans and facilities not secured by registered mortgages over real estate.

If evidence of impairment exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognised in the profit or loss. In estimating these cash flows, members of the Executive Leadership Team makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral.

In addition to specific provisions against individually significant financial assets, Family First makes collective assessments for each financial asset portfolio segmented by similar risk characteristics. Statement of Financial Position provisions are maintained at a level that members of the Executive Leadership Team deems sufficient to absorb probable incurred losses in the organisation's loan portfolio from homogenous portfolios of assets and individually identified loans.

A provision for incurred losses is established on all past due loans after a specified period of repayment default where it is probable that some of the principal will not be repaid or recovered. The provisions for impaired and past due exposures relate to loans to members.

Bad debts

Amounts are written off when collection of the loan or advance is considered to be remote. All write offs are on a case by case basis, taking account of the exposure at the date of the write off.

On secured loans, the write off takes place on ultimate realisation of collateral value, or from claims on any lenders mortgage insurance.

A reconciliation of the movement in the provision for impairment is provided in Note 8.1.

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**NOTES TO THE FINANCIAL STATEMENTS
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26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

26.3 Credit Risk (Continued)

Credit Risk - Loans (Continued)

Collateral securing loans

A sizeable portfolio of the loan book is secured on residential property in Australia. Therefore, Family First is exposed to risks in the reduction of the Loan to Value (LVR) cover should the property market be subject to a decline.

The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken.

Concentration risk – individuals

Concentration risk is a measurement of the Family First's exposure to an individual counterparty (or group of related parties). If prudential limits are exceeded as a proportion of the organisation's Tier 1 regulatory capital (10%) a large exposure is considered to exist. No additional capital is required to be held against these but APRA must be notified. APRA may impose additional capital requirements if it considers the aggregate exposure to all loans over the 10% capital benchmark to be higher than acceptable.

The aggregate value of large exposure loans are set out in Note 7.3. Concentration exposures to counterparties are closely monitored with a review being undertaken on a quarterly basis by the Assets & Liabilities Committee (ALCO) for all exposures over 5% of the Tier 1 capital base.

Concentration risk – industry

There is no concentration of credit risk with respect to loans and receivables as Family First has a large number of customers dispersed in areas of employment.

Credit Risk – Liquid Investments

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Credit Union incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to Family First.

Investments held by Family First are diversely held at a number of counterparties varying from A-1 short term and AAA long term rating through to unrated institutions. The policy surrounding the investment of excess funds limits the amount that can be invested in institutions dependent upon their external credit rating. At balance date, the credit union has funds placed with 21 (2024 – 27) counterparties.

Investments with banks and other ADI's	2025 Carrying Value \$	2025 Past due Value \$	2025 Provision \$	2024 Carrying Value \$	2024 Past due Value \$	2024 Provision \$
CUSCAL	11,097,757	-	-	7,115,391	-	-
Major Banks	5,500,000	-	-	5,500,000	-	-
Other rated ADI's	13,329,973	-	-	23,776,039	-	-
Unrated ADI's	290,179	-	-	129,160	-	-
Government	12,000,000	-	-	9,500,000	-	-
Total	42,217,909	-	-	46,020,590	-	-

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26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

26.3 Credit Risk (Continued)

Credit Risk - Guarantees

Family First does not have any third party guarantees in place.

26.4 Capital Management

The minimum capital levels are prescribed by the Australian Prudential Regulation Authority (APRA). Under the APRA prudential standards capital is determined in three components:

- Credit risk;
- Market risk (trading book); and
- Operations risk.

The market risk component is not required as Family First is not engaged in a trading book for financial instruments.

Capital Resources

Tier 1 Capital

Tier 1 Capital is defined under APS 111 Capital Adequacy: Measurement of Capital. For Family First, Tier 1 Capital comprises of:

- Retained earnings;
- Redeemed capital account;
- Regulatory adjustments (equity holding in CUSCAL Ltd, net DTA/DTL position and intangible assets);
- Asset Revaluation Reserve; and
- FVOCI Reserve.

Tier 2 Capital

Tier 2 Capital is defined under APS 111 Capital Adequacy: Measurement of Capital. For Family First, Tier 2 Capital comprises of the General Reserve for Credit Losses (GRCL).

Capital in Family First is made up as follows:

	2025	2024
	\$	\$
Tier 1		
Retained earnings	17,119,388	16,910,944
Asset revaluation reserve	-	-
FVOCI reserve	-	-
Less regulatory adjustments	<u>(1,303,500)</u>	<u>(1,179,841)</u>
Net Tier 1 capital	<u>15,815,888</u>	<u>15,731,103</u>
Tier 2		
Net Tier 2 capital	-	-
Total regulatory capital	<u>15,815,888</u>	<u>15,731,103</u>

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26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

26.4 Capital Management (Continued)

Capital Resources (Continued)

	2025	2024
	\$	\$
Credit risk	80,266,019	76,925,736
Operation risk	<u>8,026,602</u>	<u>7,692,574</u>
Total risk weighted assets	<u>88,292,621</u>	<u>84,618,310</u>

Under APRA Prudential Standards, Family First is required to maintain a minimum level of capital level as compared to the risk weighted assets at any given time. The capital ratio maintained as at 30 June 2025 exceeded the minimum ratio to be maintained as required by APRA.

The capital ratio as at the end of the financial year over the past 5 years is as follows

2025	2024	2023	2022	2021
17.9%	18.6%	17.6%	15.6%	14.6%

The level of capital ratio can be affected by growth in assets relative to growth in reserves and by changes in the mix of assets. To manage Family First's capital, the organisation reviews the ratio monthly and monitors major movements in the asset levels. Policies have been implemented to require reporting to the board and the regulator if the capital ratio falls below 15% (2024: 15%). Further a 3 year capital budget projection of the capital levels is maintained annually to address how strategic decisions or trends may impact on the capital level.

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27. CATEGORIES OF FINANCIAL INSTRUMENTS

The following information classifies the financial instruments into measurement classes:

	Note	2025 \$	2024 \$
Financial assets			
Cash and liquid assets	6	1,157,824	1,708,184
Investment securities	10	41,369,973	44,816,039
Accrued receivables	9	197,866	266,400
Loans to members	7	213,220,128	187,569,059
Total cash and liquid assets		<u>255,945,791</u>	<u>234,359,682</u>
FVOCI investments	10	5,083	5,083
		<u>5,083</u>	<u>5,083</u>
Total financial assets		<u>255,950,874</u>	<u>234,364,765</u>
Financial liabilities			
Payables and other liabilities	17	2,979,799	2,734,493
Deposits from members	16	228,924,011	207,361,169
Borrowings	19	8,500,000	8,500,000
Lease liabilities	13	516,157	371,974
Total carried at amortised cost		<u>240,919,967</u>	<u>218,967,636</u>
Total financial liabilities		<u>240,919,967</u>	<u>218,967,636</u>

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28. MATURITY PROFILE OF FINANCIAL LIABILITIES

The table below reflects the undiscounted contractual settlement terms for financial liabilities. As such the amounts disclosed may not reconcile to the statement of financial position.

2025	Within 1 month \$	1-3 months \$	3-12 months \$	1-5 years \$	After 5 years \$	No Maturity \$	Total \$
LIABILITIES							
Payables and other liabilities	1,031,861	-	-	-	-	-	1,031,861
Borrowings	-	5,634,766	3,073,509	-	-	-	8,708,275
Deposits from members	146,403,201	14,861,473	67,366,924	1,968,075	-	64,001	230,663,674
Lease liabilities	14,944	29,405	106,060	365,748	-	-	516,157
Total On Balance Sheet Financial Liabilities	147,450,006	20,525,644	70,546,493	2,333,823	-	64,001	240,919,967
Undrawn commitments (Note 21)	13,820,771	-	-	-	-	-	13,820,771
Total Financial Liabilities	161,270,777	20,525,644	70,546,493	2,333,823	-	64,001	254,740,738
2024							
LIABILITIES							
Payables and other liabilities	1,274,811	-	-	-	-	-	1,274,811
Borrowings	5,066,392	506,639	3,039,835	-	-	-	8,612,866
Deposits from members	134,281,374	16,524,701	53,468,029	4,368,489	-	65,392	208,707,985
Lease liabilities	14,528	28,586	104,674	224,186	-	-	371,974
Total On Balance Sheet Financial Liabilities	140,637,105	17,059,926	56,612,538	4,592,675	-	65,392	218,967,636
Undrawn commitments (Note 21)	12,453,398	-	-	-	-	-	12,453,398
Total Financial Liabilities	153,090,503	17,059,926	56,612,538	4,592,675	-	65,392	231,421,034

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29. INTEREST RATE CHANGE PROFILE OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities have conditions which allow interest rates to be amended either on maturity (term deposits and term investments) or after adequate notice is given (loans and savings). The table below shows the respective value of funds where interest rates are capable of being altered within the prescribed time bands, being the earlier of the contractual repricing date, or maturity date.

2025	Within 1 month	1-3 months	3-12 months	1-5 Years	After 5 Years	Non interest bearing	Total
ASSETS	\$	\$	\$	\$	\$	\$	\$
Cash	847,936	-	-	-	-	309,888	1,157,824
Investment Securities	17,869,973	16,500,000	1,500,000	5,500,000	-	-	41,369,973
Loans to members	203,408,511	2,213,638	2,864,393	4,924,517	-	-	213,411,059
Accrued receivables	-	-	-	-	-	197,866	197,866
FVOCI Equity Investments	-	-	-	-	-	5,083	5,083
Total Financial Assets	222,126,420	18,713,638	4,364,393	10,424,517	-	512,837	256,141,805
2025	Within 1 month	1-3 months	3-12 months	1-5 Years	After 5 Years	Non interest bearing	Total
LIABILITIES	\$	\$	\$	\$	\$	\$	\$
Payables and other liabilities	2,979,799	-	-	-	-	-	2,979,799
Borrowings	-	5,500,000	3,000,000	-	-	-	8,500,000
Deposits from members	146,185,612	14,592,813	66,149,088	1,932,497	-	64,001	228,924,011
Lease liabilities	14,944	29,405	106,060	365,748	-	-	516,157
Undrawn Commitments (Note 21)	149,180,355	20,122,218	69,255,148	2,298,245	-	64,001	240,919,967
Total Financial Liabilities	13,820,771	20,122,218	69,255,148	2,298,245	-	64,001	13,820,771
	163,001,126	20,122,218	69,255,148	2,298,245	-	64,001	254,740,738

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29. INTEREST RATE CHANGE PROFILE OF FINANCIAL ASSETS AND LIABILITIES (Continued)

2024	Within 1 month	1-3 months	3-12 months	1-5 years	After 5 years	Non interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$
ASSETS							
Cash	1,204,551	-	-	-	-	-	1,708,184
Investment Securities	14,316,039	19,500,000	5,000,000	6,000,000	-	503,633	44,816,039
Loans to members	149,881,523	5,654,701	20,717,545	11,558,961	-	-	187,812,730
Accrued receivables	-	-	-	-	-	-	266,400
FVOCI Equity Investments	-	-	-	-	-	266,400	266,400
Total Financial Assets	165,402,113	25,154,701	25,717,545	17,558,961	-	775,116	234,608,436

2024	Within 1 month	1-3 months	3-12 months	1-5 years	After 5 years	Non interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$
LIABILITIES							
Payables and other liabilities	2,734,493	-	-	-	-	-	2,734,493
Borrowings	5,000,000	500,000	3,000,000	-	-	-	8,500,000
Deposits from members	134,179,718	16,247,999	52,572,720	4,295,340	-	65,392	207,361,169
Lease liabilities	14,528	28,586	104,674	224,186	-	-	371,974
Undrawn Commitments (Note 21)	141,928,739	16,776,585	55,677,394	4,519,526	-	65,392	218,967,636
Total Financial Liabilities	154,387,137	16,776,585	55,677,394	4,519,526	-	65,392	231,421,034

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30. SECURITISATION

The amount of securitised loans under management as at 30 June 2025 is \$Nil (2024: \$Nil).

Family First entered into an agreement with Shared Lending Pty Ltd to allow Family First to fund loans off balance sheet by another participant within Shared Lending Pty Ltd which comprises of a number of mutual financial institutions. The credit risk is split between both parties in the same proportion to which the loan balance has been shared. If the loan was originated through Family First, the institution sharing the loan pays an ongoing fee for the provision of this loan. This facility was entered into given the ability to manage both capital and liquidity levels more precisely as well credit risk components within our lending portfolio.

The amount of loan balances outstanding under the shared lending arrangement as at 30 June 2025 is \$Nil (2024: \$1,631,115).

31. SUBSEQUENT EVENTS

As outlined in the Directors' Report under Likely Developments and Results, in August 2025, the Family First Bank Board of Directors entered into a Memorandum of Understanding (MOU) with Beyond Bank Australia to commence a merger process. Any final decision will be subject to both regulatory and Family First Bank Member approval.

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**CONSOLIDATED ENTITY DISCLOSURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Family First Credit Union Limited is not required by Australian Accounting Standards to prepare consolidated financial statements. As a result, subsection 295(3A)(a) of the Corporations Act 2001 to prepare a Consolidated Entity Disclosure Statement does not apply to the Company.

Signed in accordance with a resolution of the Directors:



**Kathryn Dickson
Director
Board Chair**



**Susanne Boss
Director
Audit Committee Chair**

Dated at Lithgow this 22nd day of September 2025

**FAMILY FIRST CREDIT UNION LIMITED
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DIRECTORS' DECLARATION

The Directors of Family First Credit Union Limited ('Family First') declare that:

- (a) the financial statements and notes that are set out on pages 13 to 60 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (ii) give a true and fair view of Family First's financial position as at 30 June 2025 and of its performance, for the financial year ended on that date.
- (b) the consolidated entity disclosure is true and correct.
- (c) there are reasonable grounds to believe that Family First will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Kathryn Dickson
Director
Board Chair**



**Susanne Boss
Director
Audit Committee Chair**

Dated at Lithgow this 22nd day of September 2025

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FAMILY FIRST CREDIT UNION LIMITED
TRADING AS FAMILY FIRST BANK
ABN 39 087 650 057**

Opinion

We have audited the financial report of Family First Credit Union Limited trading as Family First Bank (Family First), which comprises the Statement of Financial Position as at 30 June 2025, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the Director's Declaration.

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

- (i) giving a true and fair view of Family First's financial position as at 30 June 2025 and of its performance for the year then ended; and
- (ii) 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 Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

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

In preparing the financial report, the Directors are responsible for assessing the ability of the Company's to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or 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.

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

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Jodie Thomas
Principal

23 Sale Street
Orange NSW 2800

Dated: 22 September 2025