



Caledonian Credit Union Ltd.

Internal Audit Report for Financial Year Ended 30th September 2025

1. General

The purpose of Internal Audit is to provide assurance to the Board of Directors that matters such as risk management, general governance and internal controls and procedures are being carried out effectively. This is done by carrying out regular reviews of key areas of business activity to ensure there are no apparent procedural weaknesses, compliance issues (for example, failure to adhere either to internal policies and procedures or external regulation) or financial risks to the business and its assets.

Reports on Internal Audit reviews are made to the Board at monthly Board Meetings at which any issues arising, including matters thought to require changes to procedures or policy, are discussed. Where the Board approves corrective action proposed, this is referred to Management for immediate implementation.

2. Comments

The year to the end of September 2026 was exceptionally profitable for the business. Increasing income from loans to members, higher yields on investments and careful management of costs led to the business enjoying a healthy financial return. As in previous years, these results reflect the commitment and hard work of everyone involved in running your Credit Union.

The Internal Audit function plays its part not only by appraising the Board of identifiable risk, but also by giving comfort that the business is being run effectively. While we constantly face challenges from various sources, I am entirely confident that your Credit Union is in safe hands under the stewardship of our general management team and your Board. In particular, our General Manager John McClay has expertly guided the staff and supported the Board as they navigated many obstacles over the years. In so doing, John leaves a solid platform for the incoming Chief Executive Officer (CEO) to build on.

I am confident also that, moving forward, the Board, the CEO and all members of staff and volunteers will act with vigilance in assessing and promptly addressing all areas of risk as well as pursuing opportunities to grow and develop the business.

Ian McGowan

Caledonian Credit Union Internal Audit

30 January 2026