



2020

ANNUAL REPORT

*Supporting the
community for over
50 years*

**WARWICK GYMPIE DALBY
CREDIT UNION**

Easy | Friendly | Banking

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ROSS FRASER - CHAIR

Ross is the Managing Director of a Warwick based national livestock transport business. Ross has held several national positions in the transport industry.

ALAN OLSEN - DEPUTY

Alan owns and operates a retail hardware business in Warwick. Alan has strong business acumen and holds a Bachelor of Business degree, is a CPA and a graduate of the Australian Institute of Company Directors.

DAVID THOMSON

David owns and operates a veterinary clinic based in Killarney which services the surrounding district, including across the border into New South Wales. David is actively involved in the community and holds a Diploma of Financial Services.

PAUL MCMAHON

Paul manages the Rowe Group of companies which has a diverse investment portfolio. He holds a Master of Business Administration, an accounting degree and is a CPA. He is Treasurer of St Andrews Toowoomba Hospital, a director of the Prince Charles Hospital Foundation, a member of Toowoomba Diocesan Finance Council and the Chair of the Southern Downs Economic Advisory Committee.

BOB HOGARTH

Bob is Managing Director of his own consulting firm following a highly successful career as an executive in the banking industry. Bob is an experienced Board member and a Human Resources and Management professional with over 26 years at executive level. Bob has a Master of Business Administration and an Associate Diploma in Administration.

ELLE PEMBROKE

Elle has strong credentials in finance and an impressive background including experience with BDO, Queensland Treasury Corporation and most recently local government. She holds degrees in Business Management and Commerce.

Board of Directors 2020



Ross Fraser



Alan Olsen



David Thomson



Paul McMahon



Bob Hogarth



Elle Pembroke

Chair and CEO Report 2020 Annual Report

Despite the challenges of the 2019-2020 financial year, with its many changes of pace and direction, Warwick Credit Union continued a trend of strong growth as it celebrated 50 years of community banking.

From a relatively quiet start in July- August 2019, customer demand for loans and transaction banking created exceptional growth - well above the market rate - in the September to April 2020 period. It was encouraging to see up to 100 new accounts being opened each month as well as healthy lending assisting individuals, families and businesses to grow and prosper.

This positive trend, assisted by good February rainfall, kept business buoyant even as Covid19 began to grow in consciousness and impact across the globe.

*"Do
whatever
was needed"*

From the outset, we took the view that the Credit Union had to do whatever was needed to remain strong, resilient and well-positioned in support of our customers, staff and communities impacted by pandemic developments and restrictions.

From late January, in anticipation of some staff being compelled to work from home, we invested in laptop computers, printers and remote site-connection technology so that, when that scenario became reality, the transition went smoothly. We thank staff and suppliers for their professionalism during this period, and their families for adapting to the changed circumstances.

Notwithstanding emerging concerns and distractions, positive momentum continued with almost \$70 million funded to a mix of housing, personal and business customers for overall growth.

Even after a quieter May-June, lending finished the year up \$24.23 million (9.23%) to a record \$286.8 million. This is well above the financial system growth rate and is testament to the dedicated staff and the strength of communities supporting the local banking alternative. Total assets increased by \$56 million (18%) to almost \$367 million to create another record.

In celebrating the Credit Union's 50th year of operation, we pause to reflect and acknowledge the effort and foresight of so many individuals in establishing and developing this organisation since 1970.

Building and sustaining a strong business is challenging, and no more so than when

subject to the vagaries of weather and economic cycles that characterise regional Queensland.

So many individuals deserve acknowledgement: Foremost among them inaugural chairman Mr Ray Lyons and his successors, chairmen Mr Alan Olsen and Mr Ross Fraser - all supported by committed directors, staff and, most importantly, loyal customers.

All have shown what can be achieved with effort and determination. This roll call of support and dedication extends through all our sites - at Allora, Killarney, Warwick and Inglewood, in Dalby (where we trade as Dalby Credit Union) and Gympie (where we trade as Gympie Credit Union - an institution more than 50 years old, in its own right) together with strong support from our Finance, Compliance, Marketing and Technology groups.

Returning to the year under review, and as Covid19 conditions continued to impact, your Credit Union developed strategies to support customers including deferred repayments and working to restructure finances during a period of immense strain. We have been proud to ensure customers can speak personally with a Credit Union officer to work through their needs.

As a result of those many conversations, 110 applications for "hardship" (for facilities totalling just over \$24m) were approved. Individuals, businesses and families sought the protection of measures offered while continuing to service obligations. We can report that most customers have been keen to resume normal repayments and that, while this personal approach may have proved time-intensive, it has done much to cement customer-relations.

At the same time, the Credit Union continues to lend responsibly, being mindful that, for most people, the need to finance homes, businesses and other activities does not stop for a pandemic. We expect this trend to continue in the new financial year with the national economy showing encouraging signs.

"\$70 million funded"

For savings and everyday banking customers, we have been active in offering a range of ways to bank "safely". Customers who prefer to transact in-branch were naturally reluctant to venture into shops and public areas. To address customer-concern, we have waived all fees for telephone-assisted transactions and put a priority on assisting individuals, especially older customers, to take up Visa Cards, the App, mobile and online banking. This has proved successful with around 90% of affected customers

now able to transact electronically.

We acknowledge the strong reaction of government through a range of cash payment and regulatory modifications. Significant amounts of Jobkeeper and other payments have been deposited to accounts - a strategy that has supported individuals and businesses as spending patterns quickly changed. Similarly, we welcome measures taken to assist financial institutions absorb some of the shock of economic slowdown through some regulatory modification.

*“Credit Union’s
50th year”*

It is also important, however, to note the extra regulatory burden of reporting and ongoing capita-related and other impediment to competition.

Warwick Credit Union encourages authorities at all levels to continue in development of fit-for-purpose regulations and instruments to assist institutions increase competition to the benefit of both consumers and the financial system.

We do not know the implications of the virus-induced slowdown, but we do know that the Credit Union has a responsibility to take positive steps to prepare for a range of scenarios. Most positive, and hoped for, is a bounce-back - and in this regard regional areas are emerging as an economic strength. However, recognising that no dislocation of this size is consequence-free, the Credit Union has put aside an additional \$261,000 for potential losses.

It is a point of particular pride that dedicated work in recent years has built-up sufficient strength to allow us to take this approach without adversely impacting our ability to continue to support local growth and recovery.

We are pleased to report, despite a tight economic and competitive environment, a result for the year showing net profit, after tax, of \$1,077,057 (2019: \$784,465) after the provision referred to above. This was driven by higher volumes, increasing net interest by \$952,915 (2019: \$867,549).

As always, the Credit Union strives to balance the value it can provide to members through competitive rates in lending and deposits.

On the deposit side of the balance sheet, customer savings and investment have increased by \$60.6 million (22.94%).

While it is difficult to gauge the impact of Covid19, it is anticipated that there will be adverse impacts on business levels as the pandemic plays out. With this in mind and

as a precaution, provisioning for bad debts has been increased, forming the major increase as expenses of \$508,165 (7.36% year-on-year).

In such uncertain times, support from customers continues to underpin a steady performance in day-to-day transaction banking. 2019-2020 showed sound growth in both new customers and the number of accounts held by individuals, families and businesses.

As always, the Credit Union continues to support a range of community activities. Direct sponsorships, marketing and community support equates to around 20% of profit. We also recognise, given current restrictions, that events and organisations have ongoing expenses, whether or not they can proceed with an activity, and are looking for bigger and better events in 2021. Hence, wherever possible, the Credit Union has contributed agreed sponsorships.

“Strategies to support customers”

As a government-designated essential service, the Credit Union continues to operate normally throughout the pandemic. This is only possible with the committed and dedicated effort of so many staff and key partners. We are very grateful to, and thank each and every individual and organisation. That commitment has allowed us to be a stable and reassuring presence ensuring that customers can borrow, save and conduct everyday banking without interruption.

This is the cornerstone of our business.



Ross Fraser - Chairman

Lewis von Stieglitz - CEO



Warwick Credit Union Limited A.B.N 98 087 651 116

Information on Warwick Credit Union Limited Concise Financial Statements

The information contained in the concise financial statements has been derived from the full 2020 Financial Statements of Warwick Credit Union Limited. Discussion and analysis is provided to assist members in understanding the concise financial statements.

A copy of the full financial statements and auditor's report will be sent to any member, free of charge, upon request.

Your Directors present their report on the affairs of the Credit Union for the financial year ended 30 June 2020.

The Credit Union is a company registered under the Corporations Act 2001.

Information On Directors

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

Name: Mr Ross Charles Fraser

Position: Chairman

Experience: Director for 13 years

Qualifications: MAMI

Responsibilities: Chairman, Member ex office on all other Board Committees.

Name: Mr Alan Frank Olsen

Position: Director

Qualifications: B.Bus (Acc), CPA, JP (QUAL), GAICD, FAMI

Experience: Director for 32 years

Responsibilities: Deputy Chair.

Name: Mr David Andrew Thomson

Position: Director

Qualifications: B.V Sc, MAICD, CMAVA, MAMI, Dip of Financial Services

Experience: Director for 13 years

Responsibilities: Risk Committee Chair, Audit Committee Member, Nominations Committee Member, Remuneration Committee Member.

Warwick Credit Union Limited A.B.N 98 087 651 116

Name: Mr Paul Norman McMahon

Position: Director

Qualifications: Bachelor of Accounting, MBA, CPA

Experience: Director for 4 years

Responsibilities: Audit Committee Chair, Risk Committee Member, Remuneration Committee Member, Nominations Committee Member.

Name: Mr Robert Hogarth

Position: Director

Qualifications: Master of Business Administration, Associate Diploma in Administration

Experience: Director for 4 years

Responsibilities: Remuneration Committee Chair, Nominations Committee Chair.

Name: Ms Elle Pembroke

Position: Director

Qualifications: Bachelor of Business Management, Bachelor of Commerce, CA

Experience: Director for 2 years

Responsibilities: Audit Committee Member, Risk Committee Member, Remuneration Committee Member, Nominations Committee Member.

The name of the Company Secretary in office at the end of the year is:

Name: Mr Lewis Von Stieglitz

Qualifications: Master of Business Administration, Bachelor of Arts (Honours)

Experience: Chief Executive Officer/Company Secretary of Warwick Credit Union.

All Directors have held their office from 1 July 2019 to the date of this report unless otherwise stated.

Warwick Credit Union Limited

A.B.N 98 087 651 116

Directors' Meeting Attendance

Name	Board Meeting		Nomination Committee		Remuneration Committee		Audit Committee		Risk Committee	
	E	A	E	A	E	A	E	A	E	A
A Olsen	11	11	0	0	0	0	0	0	0	0
E Pembroke	11	11	1	1	1	1	4	4	4	4
R Fraser*	11	11	0	0	1	1	4	3	4	3
D Thomson	11	10	0	0	0	0	4	4	4	4
P McMahon	11	10	1	1	1	1	4	4	4	4
R Hogarth	11	9	1	1	1	1	0	0	0	0

* Mr Fraser is an ex officio member, not an appointed member of the Audit and Risk Committee.

E = Eligible to Attend

A= Attended

Insurance and Indemnification of Officers or Auditor

Insurance premiums have been paid to insure each of the Directors and officers of the Credit Union, against any costs and expenses incurred by them in defending any legal proceeding arising out of their conduct while acting in their capacity as an officer of the Credit Union. In accordance with normal commercial practice, disclosure of the premium amount and the nature of the insured liabilities is prohibited by a confidentiality clause in the contract.

No insurance cover has been provided for the benefit of the auditor of the Credit Union.

No indemnities have been given to the officers or auditor.

Warwick Credit Union Limited A.B.N 98 087 651 116

Principal Activities

The principal activities of the Credit Union during the year were the provision of retail financial services to members in the form of taking deposits and the provision of loans and associated services to the members as prescribed by the Constitution.

No significant changes in the nature of these activities occurred during the year.

Operating Results

The net profit of the Credit Union for the year after providing for income tax was \$1,077,057 (2019: \$784,465).

Dividends

Dividends totalling \$316,340 (2019: \$358,721) were declared and paid on 60,000 Capital Notes during the year. The payments of dividends during the financial year were approved by a resolution of the Directors.

Share Options

No options over unissued shares or interests in the Credit Union were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares have been issued as a result of the exercise of an option.

Review Of Operations

Overall the Credit Union's operations from its activities of providing competitive community banking services did not change significantly from those of the previous year.

In a tight economic and competitive environment, net profit after tax for the year was \$1,077,057 (2019: \$784,465). Net interest margin increased during the year by \$952,915 (2019: increased by \$867,549) reflecting stability of margins with the Credit Union balancing the value it can provide to members through both competitive lending and deposit rates. Loans increased by \$24,231,174 (9.23% year on year).

The impact of COVID-19 has caused a level of uncertainty in the economy which is

Warwick Credit Union Limited

A.B.N 98 087 651 116

expected to continue into the future. The Credit Union has offered loan deferrals for some customers in line with industry arrangements. It will work with individuals and businesses who find they are suffering longer term financial problems as a result of this volatility.

In assessing the impact to COVID-19 consideration has been given to the geographical area the Credit Union operates combined with the likely impact to employment levels in those areas and the financial impact this will have to members and the impact property values used is assessing loan security. As at 30 June 2020, this impact has been to increase the provision by \$261,059 based on these considerations.

In light of the uncertainty the Credit Union increased its liquidity by actively sourcing new deposits. This has seen deposits increase by \$60,635,550 (22.94% year on year). While it is difficult to clearly see the impact of COVID-19 it is anticipated there will be adverse impacts on business levels as the pandemic plays out. With this in mind as a precaution provisioning for bad debts has been increased to reflect the unknown. This increase in provisioning forms the major increase in expenses of \$508,165 (7.36% year on year).

In such uncertain times the support from customers continues to underpin a steady performance in day to day transaction banking. There was sound growth in both new customers and the number of accounts individuals, families and businesses hold.

Significant Changes In State Of Affairs

Apart from disclosures elsewhere in this report, there were no significant changes in the state of affairs of the Credit Union during the year.

Events Subsequent to the End of the Reporting Period

No other matters or circumstances have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of the Credit Union in subsequent financial years.

Likely Developments and Results

The Credit Union will continue to implement its Strategic Plan. It will continue to provide financial services, including an increasing range of savings and lending products to its customers through its network of branches in South East Queensland.

Warwick Credit Union Limited A.B.N 98 087 651 116

Work continues to improve and promote online and App based banking, giving customers greater convenience and choice.

Looking forward, the Credit Union still faces a challenging market. In response, it remains focused on improving its current business through initiatives to both increase revenues and improve efficiencies.

Regulatory Disclosures

The qualitative and quantitative disclosures on capital and remuneration as required by APS 330 Public Disclosures can be seen on the website of the credit union. (www.wcu.com.au/about-us-publications.html)

Proceedings

No person has applied for leave of the Court to bring proceedings on behalf of the Credit Union or interfere in any proceedings to which the Credit Union is a party for the purpose of taking responsibility on behalf of the Credit Union for all or part of those proceedings. The Credit Union was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2020 as required under s307c of the Corporations Act 2001 forms part of this report and a copy of this declaration is attached.

Environmental Regulation

The Credit Union's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Signed for and on behalf of the directors in accordance with a resolution of the Board.



Ross C Fraser
Chairman



Alan F Olsen
Deputy Chairman

Dated this 31st day of August 2020

Warwick Credit Union Limited A.B.N 98 087 651 116



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DECLARATION OF INDEPENDENCE BY M CUTRI TO THE DIRECTORS OF WARWICK CREDIT UNION LIMITED

As lead auditor of Warwick Credit Union for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'M Cutri'.

M Cutri
Director

BDO Audit Pty Ltd

Brisbane, 31 August 2020

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

Warwick Credit Union Limited A.B.N 98 087 651 116

	Note	2020 \$	2019 \$
Interest income	2	12,524,968	12,243,236
Interest expense	2	(4,917,560)	(5,588,743)
Net interest income		<u>7,607,408</u>	<u>6,654,493</u>
Non-interest revenue and other income	3	1,259,884	1,337,639
Impairment expense on loans and advances		(315,373)	(22,045)
Employee benefits expense		(3,118,396)	(3,012,857)
Occupancy expense		(237,912)	(322,979)
Depreciation and amortisation expense		(526,863)	(355,799)
Other expenses		(3,213,945)	(3,190,644)
Profit before income tax		<u>1,454,803</u>	<u>1,087,808</u>
Income tax expense		(377,746)	(303,343)
Profit for the year		<u>1,077,057</u>	<u>784,465</u>
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		<u><u>1,077,057</u></u>	<u><u>784,465</u></u>

The accompanying notes should be read in conjunction with these financial statements

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2020

Warwick Credit Union Limited A.B.N 98 087 651 116

	Note	2020 \$	2019 \$
ASSETS			
Cash and cash equivalents		12,679,712	8,027,227
Other receivables		71,617	143,952
Due from other financial institutions		61,455,553	34,669,532
Loans and advances		286,845,586	262,614,412
Investment Property		903,488	903,488
Property, plant and equipment		2,860,157	2,341,768
Deferred tax assets		314,355	289,891
Intangible assets		991,748	1,136,551
Other assets		216,253	184,283
Investment Securities		443,590	443,590
TOTAL ASSETS		366,782,059	310,754,694
LIABILITIES			
Borrowings		12,864,726	18,893,921
Deposits		324,980,422	264,344,872
Other payables		1,508,785	930,849
Income tax payable		190,710	149,119
Provisions		489,205	448,439
TOTAL LIABILITIES		340,033,848	284,767,200
NET ASSETS		26,748,211	25,987,494
EQUITY			
Capital Notes		5,833,258	5,833,258
Redeemed preference share capital		136,300	132,100
Reserve for credit losses		830,623	782,591
Retained earnings		19,948,030	19,239,545
TOTAL EQUITY		26,748,211	25,987,494

The accompanying notes should be read in conjunction with these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

Warwick Credit Union Limited
A.B.N 98 087 651 116

Balance at June 30 2018

Total comprehensive income for the year

Profit for the year

Total comprehensive income for the year

Transfers

Transfers to and from reserve for credit losses

Transfers to redeemed preference share capital

Total transfers

Transactions with owners in their capacity as owners

Capital Notes Issued

Dividends Paid and Payable

Merger with Gympie

Total Transactions with owners in their capacity as owners

Balance at June 30 2019

Total comprehensive income for the year

Profit for the year

Total comprehensive income for the year

Transfers

Transfers to and from reserve for credit losses

Transfers to redeemed preference share capital

Total transfers

Transactions with owners in their capacity as owners

Dividends Paid and Payable

Total Transactions with owners in their capacity as owners

Balance at June 30 2020

Note	Capital Notes	Redeemed Preference Share Capital	Reserve for Credit Losses	Retained Earnings	Total
	\$	\$	\$	\$	\$
	5,837,992	128,070	709,555	16,727,108	23,402,725
	-	-	-	784,465	784,465
	-	-	-	784,465	784,465
	-	-	31,536	(73,036)	(41,500)
	-	4,030	-	(4,030)	-
	-	4,030	31,536	(77,066)	(41,500)
	(4,734)	-	-	-	(4,734)
5	-	-	-	(358,721)	(358,721)
	-	-	41,500	2,163,759	2,205,259
	(4,734)	-	41,500	1,805,038	1,841,804
	5,833,258	132,100	782,591	19,239,545	25,987,494
	-	-	-	1,077,057	1,077,057
	-	-	-	1,077,057	1,077,057
	-	-	48,032	(48,032)	-
	-	4,200	-	(4,200)	-
	-	4,200	48,032	(52,232)	-
	-	-	-	(316,340)	(316,340)
5	-	-	-	(316,340)	(316,340)
	-	-	-	19,948,030	19,948,030
	5,833,258	136,300	830,623	26,748,211	26,748,211

The accompanying notes should be read in conjunction with these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

Warwick Credit Union Limited A.B.N 98 087 651 116

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		12,579,812	12,214,087
Dividends received	3	40,390	39,030
Other income received		140,436	134,905
Fees and commissions received		1,080,441	1,192,396
Interest paid		(5,113,771)	(5,486,138)
Payments to suppliers and employees		(6,640,726)	(6,495,945)
Income taxes paid		(360,619)	65,564
Net movement in financial assets		(26,786,021)	1,713,476
Net movement in loans and advances		(24,529,426)	(20,752,228)
Net movement in deposits		60,802,566	18,706,088
Net payments to borrowings		(6,000,000)	1,000,000
Net cash provided by operating activities		<u>5,213,082</u>	<u>2,331,235</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(119,854)	(433,630)
Proceeds from sale of property, plant and equipment		-	(2,037)
Cash Transfers on Gympie Merger		-	336,090
Net cash provided by / (used in) investing activities		<u>(119,854)</u>	<u>(99,577)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(314,768)	(361,322)
Lease Principle Payments		(125,975)	-
Net cash provided by/ (used in) financing activities		<u>(440,743)</u>	<u>(361,322)</u>
Net increase/(decrease) in cash and cash equivalents		4,652,485	1,870,336
Cash and cash equivalents at the beginning of the financial year		8,027,227	6,156,891
Cash and cash equivalents at the end of the financial year		<u><u>12,679,712</u></u>	<u><u>8,027,227</u></u>

The accompanying notes should be read in conjunction with these financial statements

**Warwick Credit Union Limited
A.B.N 98 087 651 116**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The concise financial statements are extracted from the full financial statements for the year ended 30 June 2020. The concise financial statements have been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the Corporations Act 2001.

The concise financial statements are presented in Australian Dollars.

The financial statements, specific disclosures and other information included in the concise financial statements are derived from and are consistent with the full financial statements of Warwick Credit Union Limited. The concise financial statements cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Warwick Credit Union Limited as the full financial statements.

The Credit Union applied, for the first time, certain new and amended accounting standards and interpretations which are effective for annual reporting periods beginning on or after 1 July 2019. The Credit Union has initially adopted AASB 16 Leases from 1 July 2019. The changes in the accounting policy from the adoption of the new standard has been disclosed in the full financial statements.

The full financial statements of the Credit Union as an individual entity comply with all International Financial Reporting Standards (IFRS) in their entirety.

A copy of the full financial statement and auditors report will be sent to any member, free of charge, upon request.



**Warwick Credit Union Limited
A.B.N 98 087 651 116**

NOTE 2: INTEREST INCOME AND INTEREST EXPENSE

(a) Interest Income on Assets at Amortised Cost

	2020 \$	2019 \$
Cash and cash equivalents	19,722	41,524
Financial assets held at Amortised Cost	514,862	883,188
Loans and advances	11,990,384	11,318,524
Total Interest Income on Assets at Amortised Cost	12,524,968	12,243,236

(b) Interest Expense on Liabilities at Amortised Cost

Short term borrowings	362,975	526,901
Deposits	4,545,496	5,061,842
Interest Expense Liability	9,089	-
Total Interest Expense on Liabilities Carried at Amortised Cost	4,917,560	5,588,743

NOTE 3: NON-INTEREST REVENUE AND OTHER INCOME

Non-Interest Income

Dividends received (Investment securities measured at FVOCI)	40,390	39,030
Fees and commissions		
- Deposits	244,199	246,821
- Other (exc loan origination fees)	836,242	945,575
Bad debts recovered	4,400	6,987
Gain on disposal of property, plant and equipment	-	578
Rental income from investment property	82,294	81,333
Other Income	52,359	17,315
Total Non-Interest Revenue and Other Income	1,259,884	1,337,639

**Warwick Credit Union Limited
A.B.N 98 087 651 116**

NOTE 4: EVENTS SUBSEQUENT TO THE END OF THE REPORTING DATE

There have been no significant events subsequent to reporting date.

No other matters or circumstances have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of the Credit Union in subsequent financial years.

NOTE 5: DIVIDENDS

Fully franked capital note dividend of \$1.3738 per note was paid on 16 Sept 2019 at the tax rate of 27.5%. (2019: Fully franked capital note dividend of \$1.5608 per note was paid on 17 Sept 2018 at the tax rate of 27.5%).

Fully franked capital note dividend of \$1.3258 per note was paid on 15 Dec 2019 at the tax rate of 27.5%. (2019: Fully franked capital note dividend of \$1.4864 per note was paid on 17 Dec 2019 at the tax rate of 27.5%).

Fully franked capital note dividend of \$1.3005 per note was paid on 16 March 2020 at the tax rate of 27.5%. (2019: Fully Franked capital note dividend of \$1.4543 per note paid on 15 March 2019 at the tax rate of 27.5%).

Fully franked capital note dividend of \$1.2460 per note was paid on 15 June 2019 at the tax rate of 27.5%. (2019: Fully Franked capital note dividend of \$1.5206 per note paid on 17 June 2019 at the tax rate of 27.5%).

Dividend Payable

2020 \$	2019 \$
82,428	93,646
79,550	89,184
78,031	87,257
74,759	91,234
1,572	(2,601)
<u>316,340</u>	<u>358,721</u>

**Warwick Credit Union Limited
A.B.N 98 087 651 116**

NOTE 6: DISCUSSION AND ANALYSIS

Loans and advances increased by \$24,231,174 (9.23%) to \$286,845,586. Short term funding has reduced \$6,029,195 (31.91%) to \$12,864,726.

Deposits increased \$60,635,550 (22.94%) closing at \$324,980,422. While this increase in deposits was used to funds the increase in loans and pay down short term funding the majority of the increase was to build up liquidity given volatility caused by COVID-19 and the impact it may have on customers. This has seen liabilities rise by \$55,266,648 (19.41%) to \$340,033,848.

Assets grew by \$56,027,365 (18.03%) to \$366,782,059. The increase is due to the growth in loans and the increase in investments used to improve liquidity.

The RBA decreased the official cash rate by 25 points in July and October with a reduction of 50 points in March in response to the uncertain economic impact that COVID-19 will have on the economy. Over the year interest income increased \$281,732 (2.30%), while interest expense decreased \$671,183 (12.01%).

Non interest income and other income fell by \$77,755 (5.81%).

The uncertainty around COVID-19 and the impact this will have on borrowers has resulted in increasing the level of provisioning for bad debts by \$293,328, thus being the main contributor to the increase in expenses of \$508,165 (7.36%).

Unknowns will remain a source of risk in the economy and the Credit Union is mindful of its responsibilities to depositors and its communities. As such it will continue to absorb the carrying costs of higher liquidity and work with customers as events unfold. Due to careful planning and strong risk management processes the Credit Union remains well positioned to assist members in these hard and very trying times.

DIRECTORS DECLARATION

Warwick Credit Union Limited A.B.N 98 087 651 116

DECLARATION BY DIRECTORS

The Directors of Warwick Credit Union Limited declare that the Concise Financial Statements of Warwick Credit Union Limited for the financial year ended 30 June 2020, being Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Concise Financial Statements;

o comply with Accounting Standard AASB 1039: Concise Financial Reports, and

o is an extract from, that has been derived from and is consistent with the full financial statements of Warwick Credit Union Limited for the year ended 30 June 2020.

This declaration is made in accordance with a resolution of the Board.



Ross C Fraser
Chairman



Alan F Olsen
Deputy Chairman

Dated this 31st day of August 2020

Warwick Credit Union Limited A.B.N 98 087 651 116



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INDEPENDENT AUDITOR'S REPORT

To the members of Warwick Credit Union Limited

Report on the Concise Financial Report

Opinion

We have audited the concise financial report of Warwick Credit Union Limited (the Company), which comprises the statement of financial position as 30 June 2020, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and related notes, derived from the financial report of Warwick Credit Union Limited for the year 30 June 2020 and the discussion and analysis.

In our opinion, the accompanying concise financial report including the discussion and analysis of Warwick Credit Union Limited complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

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

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

Concise financial report

The concise financial report does not contain all the disclosures required by the Australian Accounting Standards in the preparation of the financial report. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon. The concise financial report and the audited financial report do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial report.

The financial report and our report thereon

We expressed an unmodified audit opinion on the financial report in our report dated 30 June 2020.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the International BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Warwick Credit Union Limited A.B.N 98 087 651 116



Responsibility of the Director's for the concise financial report

The directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

Auditor's responsibility for the audit of the concise financial report

Our responsibility is to express an opinion on whether the concise financial report complies in all material respects, with AASB 1039 *Concise Financial Reports* of the based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'M Cutri', is written over a faint, stylized 'BDO' logo.

M Cutri
Director

Brisbane, 31 August 2020

Lord, make me an instrument of your peace;

Where there is hatred, let me show love;

Where there is injury, pardon;

Where there is doubt, faith;

Where there is despair, hope;

Where there is darkness, light;

And where there is sadness, Joy.

O Divine Master, grant that I may not so much seek

To be consoled as to console;

To be understood, as to understand;

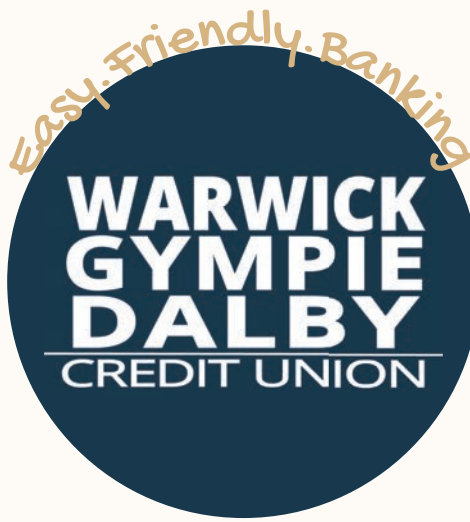
To be loved, as to love;

For it is in giving that we receive,

It is in pardoning that we are pardoned,

And it is in dying that we are born to eternal life.

Amen



OUR LOCAL BRANCHES

Warwick - 101 Palmerin St Warwick

Loan Centre - 60 Palmerin St Warwick

Dalby - Shop 26 Dalby Shopping World Dalby

Gympie - 212 Mary St Gympie

Allora - 66 Herbert St Allora

Killarney - Cnr Willow & Ivy St Killarney

Inglewood - 76 Albert St Inglewood



1300 724 433



www.wcu.com.au

Warwick Credit Union Ltd ABN 98 087 651 116. Trading as Warwick Credit Union, Gympie Credit Union and Dalby Credit Union, AFSL and Australian credit licence 240556.