CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2026

CENTRAL WEST Credit Union
Your local banking partner

CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

Registered Office:
269 Clarinda Street
Parkes NSW 2870

Website: www.cwcu.com.au

Company Secretary:
Ronald Hetherington
Christopher Rich

Management:
Ronald Hetherington – Chief Executive Officer
Christopher Rich – Chief Operations Officer

Auditor:
Intentus Chartered Accountants

Internal Auditor:
DBP Consulting Pty Ltd

Solicitors:
RMB Matthews Williams Lawyers
Daniels Bengtsson Pty Ltd

Bankers:
CUSCAL Limited

Australian Financial Services License Number: 245415
Australian Credit Licence: 245415

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ABN 67 087 649 885
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CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

DIRECTORS' REPORT

Your Directors submit the financial report of the Credit Union for the year ended 30 June 2026.

DIRECTORS

The names of the Directors in office at the date of this report, or who held office during the course of the financial year, are:

Graeme Mark Dean	
Lara Ann Dwyer	
Amity Jane Howe	(Retired 26th March 2026)
Susanna Maree Harwood	
Luke Myles Nash	
Benjamin Luke Adams	
Peter Robert Townsend	(Commenced 1st December 2025)
Priscilla Maree Anne Taberner	(Commenced 1st December 2025)

Unless otherwise stated, the Directors have been in office since the start of the 2026 financial year to the date of this report.

COMPANY SECRETARY

The following persons held the position of company secretary at the end of the financial year:

Mr Ronald Hetherington – Diploma of Financial Services. Mr Hetherington has been employed by the Central West Credit Union for 21 years in Operation Managers role and more recently was appointed Chief Executive Officer and Company Secretary. Previously he was employed as General Manager of Parkes District Credit Union. He has worked in the Finance Industry for over 40 years.

Mr Christopher Rich - Bachelor of Business (Accounting) & Advanced Diploma of Leadership & Management. Mr Rich has been employed by the Central West Credit Union for 15 years in Finance Managers role and more recently was appointed Chief Operations Officer and Company Secretary. Previously he was employed as Finance Accountant of Penrith Rugby League Club.

PRINCIPAL BUSINESS ACTIVITIES

The principal business activities of the Credit Union 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 the Credit Union's activities during the year.

OPERATING RESULTS

The amount of profit of the Credit Union for the financial year after providing for income tax was $1,975,000 (2025: $2,179,000).

DIRECTORS' REPORT
(continued)

REVIEW OF OPERATIONS

The Statement of Financial Position shows that the Credit Union's total assets increased by $18,454,000 (6.28%) during the year ended 30 June 2026. This increase primarily reflects an $8,985,000 increase in loans to members and a net $9,406,000 increase in cash, liquid assets and investment securities, funded principally by increased member deposits.

The Statement of Comprehensive Income for the year ended 30 June 2026 records a profit from ordinary activities after income tax of $1,975,000. This represents a decrease of $204,000 (9.36%) from the previous year. This result is primarily a result of five unrelated matters:

- Increase in Net Interest Income – $148,000
- Decrease in Fees, commissions and other income – $178,000
- Increase in Procedures and compliance – $155,000
- Increase in Employee compensation and benefits – $162,000 and
- Decrease in Taxation expense – $65,000.

The net profit for the year ended 30 June 2026 of $1,975,000 continues to provide the Credit Union with sufficient reserves, necessary to enable the Credit Union to grow, absorb sudden changes in its business structure and to maintain adequate funds to satisfy statutory requirements as prescribed by the Australian Prudential Regulation Authority (APRA).

LIKELY DEVELOPMENTS AND RESULTS

There were no significant developments in the state of the affairs of the Credit Union for the majority of the year.

Economic conditions have seen the inflation rate exceed the target range of 2-3%. This has resulted in three interest rate increases. The higher interest rate environment will influence the Credit Union's total interest income and expense results throughout the 2026–2027 financial year, requiring ongoing and diligent management of interest rate margins. Furthermore, both the frequency and magnitude of rate increases will affect the level of loan portfolio growth achieved during 2027.

EVENTS OCCURRING AFTER REPORTING PERIOD

Subsequent to 30 June 2026, the Credit Union commissioned a formal structural assessment of its branch premises. The assessment, completed in August 2026, identified structural defects affecting part of the building. Management is currently undertaking further investigations to determine the extent of the issues and to develop an appropriate remediation plan.

While the building remained operational and in full use as at 30 June 2026, and no indicators requiring impairment or adjustment to the carrying value of the asset had been identified at that date, the Credit Union expects that remediation works will be required in relation to the structural defects identified.

At the date of authorisation of these financial statements, the nature and extent of the remedial works are still being assessed, and the associated financial impact cannot be reliably estimated. Accordingly, no adjustment has been recognised in these financial statements in respect of this matter. Management will continue to monitor the situation and assess the financial implications as further information becomes available.

EVENTS OCCURRING AFTER REPORTING PERIOD (continued)

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Credit Union, the results of those operations, or the state of affairs of the Credit Union.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICE HOLDERS

During the year, a premium was paid in respect of a contract insuring directors and officers of the company against liability. The officers of the Credit Union covered by the insurance contract include the directors, executive officers, secretary and employees. In accordance with normal commercial practice, disclosure of the total amount of premium payable under the insurance contract and the nature of liabilities covered is prohibited by a confidentiality clause in the contract. No insurance cover has been provided for the benefit of the auditors of the Credit Union.

ENVIRONMENTAL ISSUES

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

PROCEEDINGS ON BEHALF OF CREDIT UNION

No person has applied for leave of the Court to bring proceedings on behalf of the Credit Union or intervene 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 any part of those proceedings.

The Credit Union was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE

The auditors have provided a declaration of independence to the Board of Directors (the Board) prescribed by the *Corporations Act 2001* (Cwlth) as set out on page 7.

INFORMATION ON DIRECTORS

The Directors in office at the date of this report, or who held office during the course of the financial year are:

Benjamin Adams B.Comm (Acc), Dip FP, Dip Finance and Mortgage Broking Management, MAICD

Current Occupation	Business Advisor, YBM Accountants & Business Advisors
Credit Union Experience	Credit Union Director for 4 years
Current Board Positions	Chair of the Board of Directors
	Member of the Audit Committee
Interest in Shares	1 Member Share

INFORMATION ON DIRECTORS (continued)

Graeme Dean

Current Occupation	Business Manager, Parkes Early Childhood Centre Inc.
Credit Union Experience	Credit Union Director for 16 years
Current Board Positions	Chair of the Audit Committee
Interest in Shares	1 Member Share

Susanna Harwood BA, LLB

Current Occupation	Assistant Auditor-General, Performance Audit
Credit Union Experience	Credit Union Director for 18 years
Current Board Positions	Member of the Risk Committee
Interest in Shares	1 Member Share

Luke Nash CPA, BAcc

Current Occupation	Finance Manager, Parkes Shire Council
Credit Union Experience	Credit Union Director for 5 years
Current Board Positions	Chair of the Risk Committee
Interest in Shares	1 Member Share

Lara Dwyer

Current Occupation	Director of Workforce & Governance, Assistable disability & support services
Credit Union Experience	Credit Union Director for 5 years
Current Board Positions	Member of the Risk Committee
Interest in Shares	1 Member Share

Peter Townsend

Current Occupation	Retired CEO Coastline Bank
Credit Union Experience	Credit Union Director for 6 months
Current Board Positions	Member of the Risk Committee
Interest in Shares	1 Member Share

Priscilla Taberner

Current Occupation	Chartered Accountant, Registered company auditor
Credit Union Experience	Credit Union Director for 6 months
Current Board Positions	Member of the Audit Committee
Interest in Shares	1 Member Share

Amity Howe CA, MBA

Current Occupation	Financial Accountant, North Parkes Mines
Credit Union Experience	Credit Union Director for 19 years
Current Board Positions	Retired March 26
Interest in Shares	1 Member Share

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of Committees of directors) held during the financial year and the numbers of meetings attended by each director were as follows:

	Board	Audit	Risk
No. held	14*	3	4
No. attended:			
Graeme Dean	13	3	-
Amity Howe	10	3	-
Susanna Harwood	12	-	3
Benjamin Adams	14	3	-
Lara Dwyer	10	-	2
Luke Nash	13	-	4
Peter Townsend	5	3	3
Priscilla Taberner	3	1	-

** The 14 meetings held included five (5) special meetings held 29 August, 11 September, 12 September, 13 September and 26 September.*

All Directors were eligible to attend all meetings for the Committees which they were a member, with the exception of the following Board eligibility Amity Howe (11), Peter Townsend (5) and Priscilla Taberner (5), Audit committee eligibility Priscilla Taberner (1).

Attendance details marked (-) denotes non-membership of the Committee.

REMUNERATION GOVERNANCE AND FRAMEWORK – CPS511 DISCLOSURE

This disclosure is made for the purpose of complying with APRA's Prudential Standard CPS 511: Remuneration. CWCU's remuneration framework is overseen by the Board. In 2025–26, the Board met twice where remuneration matters were considered.

The Board determines the CEO and COO's annual and variable remuneration, taking into consideration individual performance, peer analysis, relevant market data and Audit findings where appropriate.
Senior management remuneration, including variable remuneration, is reviewed annually following completion of the annual audit.

Employee remuneration is reviewed annually as part of the budget process, with any changes subject to Board approval through the annual budget.

CWCU Senior management and Employees variable remuneration is limited to 5% of employee's annual remuneration. The Board ensures remuneration policies are consistent with APRA's CPS 511: Remuneration and support CWCU's business plan, strategic objectives, and risk management framework. Risk considerations, conduct standards, and compliance obligations form part of remuneration reviews. The Risk Committee reviews policy and the Chief Risk Officer provide input on risk matters relevant to remuneration.

REMUNERATION GOVERNANCE AND FRAMEWORK – CPS511 DISCLOSURE (CONTINUED)

In line with CPS511: Remuneration, CWCU has processes to ensure that material breaches of policies and misconduct by employees are appropriately managed. Consequences may include adjustments to remuneration outcomes, disciplinary action and other measures to reinforce accountability.
CWCU's remuneration framework is designed to promote the effective management of both financial and non-financial risks, sustainable performance, and long-term soundness.

DIRECTORS' BENEFITS

All Directors of the Credit Union have received or become entitled to receive a benefit for their duties and responsibilities as Directors. These benefits are detailed in the notes attached to these financial reports.

Signed in accordance with a resolution of the Board of Directors and is signed at Parkes on the 23rd day of September 2026.

B.L. Adams
Chair of the Board of Directors

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CHARTERED ACCOUNTANTS

Thorough, Attentive, Earnest

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF CENTRAL WEST CREDIT UNION LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Central West Credit Union Limited. As the lead audit principal for the audit of the financial report of Central West Credit Union Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

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Intentus

Katy Henry

Katy Henry
Principal

23 Sale Street
Orange NSW 2800

Dated: 24 September 2026

CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 $'000	2025 $'000
Interest revenue	4.1	15,167	15,289
Interest expense	4.2	(5,985)	(6,255)
Net interest income		9,182	9,034
Fees, commissions and other income	5	439	617
Total interest and fee income		9,621	9,651
Non-interest expenses			
Impairment (losses)/gains on loans receivable from members	12.1	42	(35)
General administration			
- Employees compensation and benefit	6	(2,562)	(2,400)
- Depreciation and amortisation	6	(346)	(478)
- Information technology	6	(1,223)	(1,124)
- Property expense	6	(138)	(145)
- Other administration		(1,315)	(1,207)
- Procedures and compliance	6	(878)	(723)
- Corporate Governance	6	(201)	(164)
- Other operating expenses		(371)	(477)
Total non-interest expenses		(6,992)	(6,753)
Profit before income tax		2,629	2,898
Income tax expense	8	(654)	(719)
Profit after income tax		1,975	2,179
Other comprehensive income, net of income tax			
Fair value gains on financial assets at Fair Value through Other Comprehensive Income (FVOCI)	20	196	421
Total other comprehensive income for the year		196	421
Total comprehensive income for the year		**2,171**	**2,600**

CENTRAL WEST CREDIT UNION LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Retained Earnings $'000	Redeemed Capital Account $'000	Reserve for Credit Losses $'000	Fair Value through Comprehensive Income (FVOCI) Reserve $'000	Total $'000
As at 30 June 2024	24,822	192	442	226	25,682
Profit for the year after income tax	2,179	-	-	-	2,179
Transfer to / (from) reserves	(5)	5	-	-	-
Other comprehensive income for the year	-	-	-	421	421
Transfer of gains/losses on disposal of investments at fair value through other comprehensive income	295	-	-	(295)	-
Transfer from retained earnings to reserve for credit losses	(29)	-	29	-	-
As at 30 June 2025	27,262	197	471	352	28,282
Profit for the year after income tax	1,975	-	-	-	1,975
Transfer to / (from) reserves	(4)	4	-	-	-
Movement in FVOCI reserve on revaluation of investment	-	-	-	196	196
Movement in FVOCI reserve on sale of investment	548	-	-	(548)	-
Transfer from retained earnings to reserve for credit losses	(20)	-	20	-	-
As at 30 June 2026	29,761	201	491	-	30,453

CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Notes	2026 $'000	2025 $'000
Assets:			
Cash and liquid assets	9	16,846	27,484
Accrued receivables	10	1,529	1,544
Prepayments		485	355
Loans and advances to members	11	165,203	156,218
Investment Securities	13	126,561	106,517
Property, plant and equipment	14	1,125	1,213
Right-of-use assets	16	217	284
Taxation assets	8.3	153	166
Intangibles	15	352	236
Total Assets		312,471	294,017
Liabilities:			
Deposits from members	17	278,664	261,326
Payables and other liabilities	18	2,205	3,198
Provisions	19	548	594
Lease liabilities	16	223	281
Taxation liabilities	8.4	378	336
Total Liabilities		282,018	265,735
Net Assets		**30,453**	**28,282**
Members' Equity:			
Redeemed Capital Account		201	197
Reserve for credit losses		491	471
FVOCI reserve	20	-	352
Retained profits		29,761	27,262
Total Members' Equity		**30,453**	**28,282**

CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 $'000	2025 $'000
Cash flows from operating activities:			
Revenue Inflows:			
Interest received on loans		8,780	8,871
Interest received on investments		6,269	6,453
Dividends received		21	39
Fees and commission received		426	698
Other income		8	20
Revenue Outflows:			
Interest paid on members' savings		(6,122)	(5,973)
Payments to suppliers and employees		(6,924)	(6,524)
Income taxes paid		(527)	(743)
Net cash from revenue activities	33.3	1,931	2,841
Members' loan repayments		35,679	20,559
Members' loan fundings		(44,991)	(30,697)
Net increase in member deposits and shares		17,711	15,562
Net increase / (decrease) in members' clearing accounts		(814)	(55)
Net (increase) / decrease in deposits to other financial institutions		(20,648)	(6,897)
Net cash (used in)/provided by operating activities		(11,132)	1,313
Cash flows from investing activities:			
Consideration for property, plant and equipment sold		20	-
Payment for property, plant and equipment		(83)	(181)
Payment for intangibles		(244)	(149)
Sale of Shares		869	376
Net cash provided by investing activities		562	46
Cash flows from financing activities:			
Repayment of lease liabilities		(68)	(47)
Net cash used in financing activities		(68)	(47)
Net increase / decrease in cash held		(10,638)	1,312
Cash held at the beginning of year		27,484	26,172
Cash held at the end of the year	33.2	**16,846**	**27,484**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

1. BASIS OF PREPARATION

1.1 Reporting Entity

The Credit Union is a company limited by shares and is registered under the *Corporations Act 2001* (Cwlth).

The address of the registered office is:	Central West Credit Union Limited 269 Clarinda Street Parkes NSW 2870
The address the principal place of business is:	269 Clarinda Street Parkes NSW 2870

The nature of the operations and its principal activities are the provision of deposit taking facilities and loan facilities to the members of the Credit Union.

1.2 Statement of Compliance

These financial statements are prepared for Central West Credit Union Limited (the Credit Union) as a single credit union, for the year ended 30 June 2026. The Credit Union is a company, limited by shares, incorporated and domiciled in Australia. The statements were authorised for issue on 23rd September 2026 in accordance with a resolution of the Board.

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* (Cwlth). The entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 stated otherwise.

1.3 Basis of Accounting

(a) Basis of Preparation

The financial statements 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 amounts presented in the financial statements have been rounded to the nearest thousand dollars ($’000).

Comparatives are consistent with prior years.

1. BASIS OF PREPARATION (CONTINUED)

1.3 Basis of Accounting (Continued)

(b) Goods and services tax

As a financial institution, the Credit Union 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 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.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Management has been involved in the development, selection and disclosure of the Credit Union's critical accounting policies and estimates and the application of these policies and estimates. 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 12 and Note 11- 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 the Credit Union 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.

- Note 23 and Note 13 - Fair value assumptions used investment securities;

- Note 16 - Estimation of the lease term, treatment of options and determination of the appropriate rate to discount the lease payments.

- Note 23.2, Note 14 and Note 15 – Impairment and estimated useful lives of property, plant and equipment and intangible assets.

3. CHANGES IN ACCOUNTING POLICIES

3.1 New standards applicable for the current year

There were no new accounting standards which became effective for the first time at 30 June 2026 which impacted the Credit Union.

3.2 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. The Credit Union has decided not to early adopt these Standards. The Credit Union'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 the Credit Union and as such have not been reported on.

4. INTEREST REVENUE AND INTEREST EXPENSE

4.1 Interest revenue

	2026 $'000	2025 $'000
Interest revenue on assets carried at amortised cost:		
Receivables from financial institutions	6,387	6,418
Loans to members	8,780	8,871
Total interest revenue	15,167	15,289

4.2 Interest expense

	2026 $'000	2025 $'000
Interest expense on liabilities carried at amortised cost:		
Members savings deposits	2,318	2,332
Term deposits	3,667	3,923
Total interest expense	5,985	6,255
Net interest income	9,182	9,034

5. FEES, COMMISSIONS AND OTHER INCOME

Fees and commissions revenue

	2026 $'000	2025 $'000
Fee income on loans	40	43
Other fee income	257	274
Insurance commissions	5	125
Other commissions	108	116
Total fee and commission revenue	410	558

Other income

	2026 $'000	2025 $'000
Dividends received	21	39
Bad debts recovered	1	1
Miscellaneous revenue	7	19
Other income	29	59
Total fees, commissions and other income	439	617

Accounting Policy

Insurance commission

Upfront commission – revenue in the form of a commission generated on successful placement of an insurance application is recognised at a point in time on inception of the policy.

Renewal commission – Commission income for renewals is recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of a significant reversal in a subsequent period. The receipt of renewal commission income is outside the control of the Credit Union and is a key judgement area.

6. NON-INTEREST EXPENSES

Prescribed disclosures	**2026 $'000**	**2025 $'000**
Depreciation and amortisation		
Depreciation of property, plant and equipment	155	147
Depreciation of right-of-use assets	63	61
Amortisation of intangible assets	128	270
Total depreciation and amortisation	346	478
Information technology	1,223	1,124
Property expenses	138	145
Procedures and compliance	878	723
Corporate governance	201	164
Employee benefits expenses		
Salaries	1,737	1,626
Annual leave	215	199
Long service leave	25	118
Sick leave	49	56
Superannuation and other	536	401
Total employee benefits expenses	2,562	2,400

6.1 Individually significant items of expenditure

The following items of expense are shown as part of other administration and other operating expenses and are considered to be significant to the understanding of the financial performance of the Credit Union:

Card transaction fees	575	555
Regional Advertising	55	138
Insurance	157	125

7. AUDITOR'S REMUNERATION

Amounts received or due and receivable by the auditors of the Credit Union for:

Audit of the financial statements	55	55
Other services	10	12
	65	67

8. INCOME TAX

8.1 Current Tax Expense

	2026 $'000	2025 $'000
The components of tax expense compromise:		
Current income tax payable	663	746
Net movement in deferred tax	(11)	(18)
Under provision in respect of prior years	2	(9)
Total tax expense	654	719

8.2 Reconciliation of Current Year Tax Payable to Income Tax Expense

Prima facie tax on profit before income tax at 25% (2025: 25%)	657	725
Plus / (Less) tax effect of:		
- Entertainment	3	4
- Depreciation and amortisation	1	4
- Dividend rebate	(7)	(14)
	654	719
The applicable weighted average tax rates	25.0%	25.0%

8.3 Taxation assets comprise:

Provision for impaired loans	2	16
FBT provision	14	2
Employee leave entitlements	131	142
Make Good provision	6	6
	153	166

8.4 Taxation liabilities comprise:

Income Tax	378	215
Tax due on assets held at fair value investments held in Equity (due to initial adoption of AASB 9)	-	121
	378	336

8. INCOME TAX (CONTINUED)

Accounting Policy

Deferred tax assets are recognised if it is probable that future taxable amounts will be available to utilise those temporary differences. The recognition of these benefits is based on the assumption that no adverse change will occur in income tax legislation; and the anticipation that the Credit Union will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be obtained.

9. CASH AND LIQUID ASSETS

	2026 $'000	2025 $'000
Cash on hand	567	534
Cash at Bank	16,279	26,950
	16,846	27,484

10. ACCRUED RECEIVABLES

Sundry debtors and clearing accounts	49	49
Visa Clearing	348	287
Armaguard Cash Clearing	-	194
Interest receivable on receivables from other financial institutions	1,132	1,014
	1,529	1,544

11. LOANS AND ADVANCES

	2026 $'000	2025 $'000
Overdrafts and revolving credit	992	1,361
Term loans	164,217	154,919
	165,209	156,280
Less: Provision for impaired loans	(6)	(62)
	165,203	156,218

11.1 Credit quality – security held against loans

	2026 $'000	2025 $'000
Secured by mortgage over real estate or guarantee	158,744	149,827
Partly secured by goods mortgage	4,183	4,480
Secured by members' deposits	73	84
Secured By Guarantee	91	-
Wholly unsecured	2,118	1,889
	165,209	156,280

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

	2026 $'000	2025 $'000
Security held as mortgages against real estate:		
- Loan to valuation ratio of less than 80%	145,307	139,780
- Loan to valuation ratio of more than 80% but mortgage insured	5,738	9,311
- Loan to valuation ratio of more than 80% but not mortgage insured	7,699	2,281
	158,744	151,372

11.2 Concentration of loans

The Credit Union has an exposure to groupings of individual loans which concentrate risk and create exposure to particular segments as follows:

	2026 $'000	2025 $'000
(i) Loans to individuals or related groups of members which exceed 5% of capital – aggregate value	15,409	14,656

(ii) Loans to members are mainly concentrated in Central New South Wales. All loans are within Australia.

	2026 $'000	2025 $'000
(iii) Loans by type were:		
- Residential loans and facilities	150,217	141,433
- Personal loans and facilities	5,992	6,650
- Business loans and facilities	9,000	8,197
	165,209	156,280

11. LOANS AND ADVANCES (CONTINUED)

Accounting Policy

(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 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 the Credit Union at balance date, less any allowance or provision against debts considered doubtful. A loan is classified as impaired where recovery of the debt is considered unlikely as determined by the Board.

APRA has mandated that interest is not recognised as revenue after contractually obligated payments have not been made for more than ninety (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.

11.3 Movement in the provision for impairment

	2026 $'000	2025 $'000
Opening balance	62	29
Bad debts written off against provision	-	(2)
Loans provided for during the year	-	35
Reversal of Provision	(56)	-
	6	62

11.4 Impaired Loans Written Off

Increase/(Decrease) to the provision	(56)	35
Amounts written off directly to expense	14	-
	(42)	35

11. LOANS AND ADVANCES (CONTINUED)

11.5 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 2026 $'000	ECL Allowance 2026 $'000	Carrying Value 2026 $'000	Gross Carrying Value 2025 $'000	ECL Allowance 2025 $'000	Carrying Value 2025 $'000
Loans to members						
Mortgage	158,225	-	158,225	148,269	(52)	148,217
Personal	5,992	(6)	5,986	6,650	(10)	6,640
Overdrafts	992	-	992	1,361	-	1,361
Total	165,209	(6)	165,203	156,280	(62)	156,218

An analysis of the Credit Union'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:

	Stage 1 2026 $'000	Stage 2 2026 $'000	Stage 3 2026 $'000	Total 2026 $'000
Loans to members				
Mortgage	-	-	-	-
Personal	-	6	-	6
Overdrafts	-	-	-	-
Total	-	6	-	6

	Stage 1 2025 $'000	Stage 2 2025 $'000	Stage 3 2025 $'000	Total 2025 $'000
Loans to members				
Mortgage	-	52	-	52
Personal	-	10	-	10
Overdrafts	-	-	-	-
Total	-	62	-	62

The Credit Union have performed an analysis of the Expected Credit Loss (ECL) allowance and have determined, based on internal analysis, management judgements and other historical data, that the entire allowance for 2026 is classified Stage 2.

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.

11. LOANS AND ADVANCES (CONTINUED)

11.5 Amounts arising from ECL (Continued)

2026

	Stage 1 Collective provision 12-month ECL $'000	Stage 2 Collective provision Lifetime ECL Not credit-impaired $'000	Stage 3 Collective provision Lifetime ECL Credit impaired $'000	Stage 3 Specific provision Lifetime ECL Credit Impaired $'000	Total $'000
Balance at 1 July 2025	-	62	-	-	62
Transfers during the period to:					
- Stage 1	-	-	-	-	-
- Stage 2	-	-	-	-	-
- Stage 3	-	-	-	-	-
Net re-measurement of ECL	-	(42)	-	-	(42)
Write-backs	-	-	-	-	-
Write-offs	-	(14)	-	-	(14)
Balance at 30 June 2026	-	6	-	-	6

2025

	Stage 1 Collective provision 12-month ECL $'000	Stage 2 Collective provision Lifetime ECL Not credit-impaired $'000	Stage 3 Collective provision Lifetime ECL Credit impaired $'000	Stage 3 Specific provision Lifetime ECL Credit Impaired $'000	Total $'000
Balance at 1 July 2024	-	29	-	-	29
Transfers during the period to:					
- Stage 1	-	-	-	-	-
- Stage 2	-	-	-	-	-
- Stage 3	-	-	-	-	-
Net re-measurement of ECL	-	35	-	-	35
Write-backs	-	-	-	-	-
Write-offs	-	(2)	-	-	(2)
Balance at 30 June 2025	-	62	-	-	62

11. LOANS AND ADVANCES (CONTINUED)

11.6 Analysis of loans that are impaired based on age of repayments outstanding

	2026 Carrying Value $'000	2026 Provisions $'000	2025 Carrying Value $'000	2025 Provisions $'000
0 to 90 days in arrears	605	1	489	6
90 to 180 days in arrears	-	-	-	-
180 to 270 days in arrears	5	3	-	-
270 to 365 days in arrears	-	2	-	-
Over 365 days in arrears	-	-	56	56
Over limit facilities over 14 days	-	-	1	-
Total	610	6	546	62

The impaired loans are generally not secured against residential property, in 2026 nil (2025 $52,907) was secured by 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 all collateral as at the balance date due to the variety of assets and their condition.

11.7 Loans with repayments past due but not regarded as impaired

There are loans with a value of $698,291 past due which are not considered to be impaired, due to the very short number of days past due. It is not practicable to identify the security over all loans past due.

Loans with repayments past due but not impaired are in arrears as follows:

	0-3 months	3-6 months	6-12 months	> 1 year	Total
2026					
Mortgage	698	-	-	-	698
Personal	-	-	-	-	-
Credit cards	-	-	-	-	-
Overdrafts	-	-	-	-	-
Total	698	-	-	-	698
2025					
Mortgage	891	-	-	-	891
Personal	-	-	-	-	-
Credit cards	-	-	-	-	-
Overdrafts	-	-	-	-	-
Total	891	-	-	-	891

11. LOANS AND ADVANCES (Continued)

	2026 $'000	2025 $'000
11.8 Assets acquired via enforcement of security		
Residential Property	-	-

It is the policy of the Credit Union to sell the assets via auction at the earliest opportunity after all measures to assist the members to repay the debts have been exhausted.

12. LOAN IMPAIRMENT

Accounting Policy

(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.

Central West Credit Union 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.

The Credit Union measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as twelve (12) months ECL.

- Debt investment securities that are determined to have a low credit risk in considering their credit risk rating (refer Note 21); and
- Other financial instruments on which credit risk has not significantly increased since initial recognition.

The Credit Union considers credit risk to have increased significantly when a loan is thirty (30) days or more in arrears.

Forward-looking approach

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

The Credit Union 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 statistical models, which is not considered appropriate for the size and complexity of the portfolio.

12. LOAN IMPAIRMENT (Continued)

(i) Provision for impairment (Continued)

The Credit Union 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. The Credit Union considers the ECL to represent its best estimate of the possible outcomes and is aligned with information used by the Credit Union for other purposes such as strategic planning and budgeting. Periodically the Credit Union carries out stress testing of more extreme shocks to calibrate its determination of other potential scenarios.

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 11.

12.1 Impairment loss

	2026 $’000	2025 $’000
Increase / (decrease) in provision for impairment	(56)	35
Bad debts written off directly against expense	14	-
Total impairment (gain)/losses	(42)	35

13. INVESTMENT SECURITIES

	2026 $'000	2025 $'000
Investment securities at amortised cost		
Fixed Rate Bonds	10,848	8,000
Floating Rate Notes	73,950	61,650
Term Deposits	33,250	23,250
Government Bonds	8,500	13,000
Total investment securities at amortised cost	126,548	105,900
Equity investment securities designated as FVOCI		
Cuscal	-	604
TAS	13	13
Total equity investment securities designated as FVOCI	13	617
Total Value of Investments	126,561	106,517

Equity investments are held in unlisted companies.

Accounting Policy

The basis on which fair value is determined is outlined in note 23.3 and is categorised as Level 2 in the fair value hierarchy.

14. PROPERTY, PLANT AND EQUIPMENT

Land	140	140
Buildings – at cost	1,640	1,637
Less: provision for depreciation	(903)	(856)
	737	781
Plant and equipment – at cost	800	875
Less: provision for depreciation	(552)	(583)
	248	292
Total property, plant and equipment	1,125	1,213

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The movements in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year is shown below:

	Beginning balance $'000	Additions $'000	Disposals (WDV) $'000	Depreciation expense $'000	Closing balance $'000
Land	140	-	-	-	140
Buildings	781	4	-	(48)	737
Plant & Equipment	292	79	(16)	(107)	248
Totals	1,213	83	(16)	(155)	1,125

(i) Depreciation

The depreciable amount of all fixed assets including building assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Credit Union commencing from the time the asset is held ready for use. Estimated useful lives are as follows:

Buildings	40 years
Improvements	5 to 7 years
Plant and Equipment	3 to 7 years

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

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 Comprehensive Income.

Assets with a cost less than $500 are not capitalised.

15. INTANGIBLE ASSETS

	2026 $'000	2025 $'000
Computer software – at cost	2,232	2,118
Less: accumulated amortisation	(2,045)	(1,882)
	187	236
Work-in-progress	165	-
	165	-
Total Intangible assets	352	236

The movement in the carrying amounts for the member transaction system software between the beginning and end of the current financial year is shown below:

	Beginning balance $'000	Additions $'000	Disposals WDV $'000	Amortisation expense $'000	Carrying amount at year end $'000
Work-in-progress	-	165	-	-	165
Member Transaction System	236	79	-	(128)	187
Totals	236	244	-	(128)	352

Accounting Policy

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

16. LEASES

Company as a lessee

Terms and conditions of leases
The building leases are for the branches in Cowra and Forbes. The Cowra lease is for two (2) years with two options of two (2) years each. The initial two (2) year term and two options of two (2) years each of this lease has been brought to account. The Forbes lease is for three (3) years with a three (3) year option. The initial three (3) year term and three (3) year option of this lease has been brought to account.

As at 30 June 2026, the Credit Union exercised the first two (2) year renewal option for the Cowra lease and the three (3) year renewal option for the Forbes lease.

Right-of-use assets

	Buildings $'000	Total $'000
Year ended 30 June 2026		
Balance at beginning of year	284	284
Depreciation Charge	(63)	(63)
Increase/(Decrease) due to variance in interest or CPI	(4)	(4)
Balance at end of year	217	217

	Buildings $'000	Total $'000
Year ended 30 June 2025		
Balance at beginning of year	124	124
Depreciation charge	(61)	(61)
Increase due to exercise of options	221	221
Balance at end of year	284	284

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

2026	**< 1 year $ $'000**	**1 – 5 years $ $'000**	**> 5 years $ $'000**	**Total undiscounted lease liabilities $'000**	**Lease liabilities included in this Statement of Financial Position $'000**
Lease Liabilities	66	159	-	225	223
2025					
Lease Liabilities	64	225	-	289	281

16. LEASES (CONTINUED)

Extension options

A number of the building leases contain extension options which allow the Credit Union to extend the lease term by up to twice the original non-cancellable period of the lease. The Credit Union includes options in the leases to provide flexibility and certainty to the Credit Unions operations and reduce costs of moving premises and the extension options are at the Credit Union's discretion.

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

There are potential future lease payments which are included in the lease liability as the credit union has assessed that the exercise of the option is reasonably certain.

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 Credit Union is a lessee are shown below:

	2026 $'000	2025 $'000
Interest expense on lease liabilities	5	6
Depreciation of right-of-use assets	63	61
	68	67
Statement of Cash Flows		
Total cash outflow for leases	68	67

17. DEPOSITS FROM MEMBERS

Member deposits carried at amortised cost:		
- At call	177,864	164,563
- At term	100,714	96,677
Member withdrawable shares	86	86
	278,664	261,326

There were no defaults on interest and capital payments on this liability in the current or prior year.

17.1 Concentration of member deposits

Member deposits held by individuals or related groups of members that exceed 5% of liabilities	-	-

18. PAYABLES AND OTHER LIABILITIES

	2026 $'000	2025 $'000
Payables and accrued expenses	191	149
Accrued interest payable	1,153	1,290
Members' clearing accounts	804	1,751
Provision for FBT	57	8
	2,205	3,198

18.1 Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables	2,205	2,716
Less provision for FBT	(57)	(8)
	2,148	2,708

19. PROVISIONS

Annual leave	200	187
Long service leave	324	383
Make Good Lease Provision	24	24
	548	594

19.1 Reconciliation of provision balances

The movement in the make-good provision during the year is as follows

Make good lease provision		
Opening balance	24	24
Additional provision raised during the year	-	-
Amounts used	-	-
Closing balance	24	24

20. FVOCI RESERVE

FVOCI reserve – Shares		
Opening balance	352	226
Increase/(decrease): on revaluation of investment	262	562
Add/(deduct): deferred tax thereon	(66)	(141)
Disposal of Shares	(734)	(393)
Add/(deduct): deferred tax thereon	186	98
Closing balance	-	352

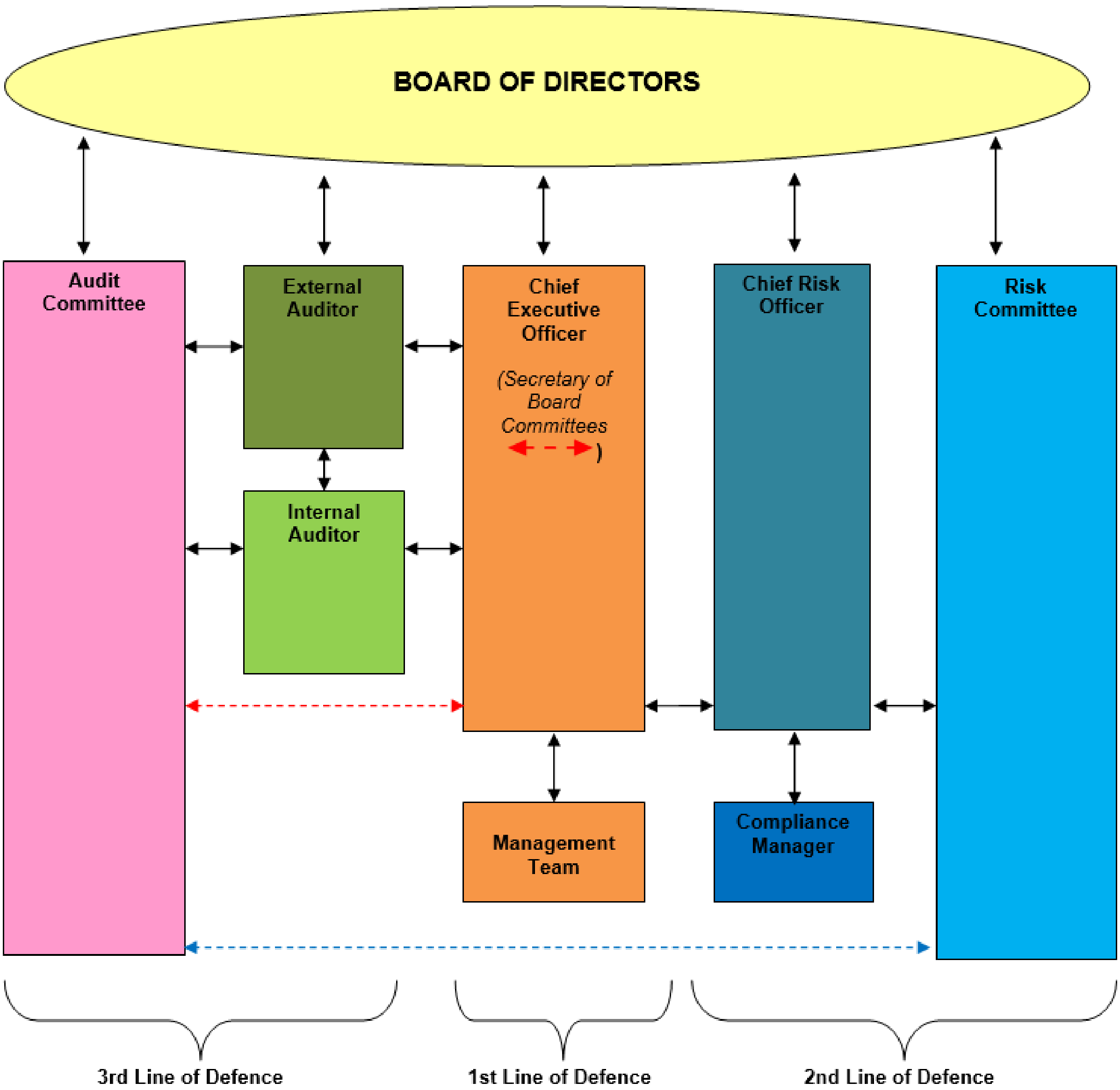
The Credit Union has elected to recognise changes in fair value of certain investments in equity securities in Other Comprehensive Income. These changes are accumulated within the FVOCI reserve within equity. The Credit Union transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

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

The Credit Union'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 and Audit Committee's which are integral to the management of risk. The following diagram gives an overview of the risk management structure.



Board of Directors

This is the primary governing body. It approves the level of risk which the Credit Union is exposed to and the framework for reporting and mitigating those risks.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Risk Committee

The Risk Committee plays a key role in assisting the board of directors to fulfil its corporate governance and overseeing responsibilities in relation to the Credit Union's identification of risk, monitoring of risk and oversight of risk management systems developed to manage risk within the Board's risk appetite.

The Committee carries out regular review of the management and reporting practices of the Credit Union. Overseeing and appraising the effectiveness of the Credit Union's internal risk management program and systems, including: Compliance, Operational Risk, Fraud & AML programs, Due Diligence assessment, Lending & Collection policies, processes and Provisioning practices. The Committee considers the adequacy of the Credit Unions Credit, Capital, Liquidity, Operational and Market Risk controls. It also determines policies to ensure the Credit Union's Risk Strategy is adhered to and monitoring adherence to those policies.

The Risk Committee monitors compliance with the framework laid out in the policy and reports in turn to the Board with relevant recommendations for Board consideration.

Audit Committee

The Audit Committee plays a key role in assisting the board of directors to fulfil its corporate governance and overseeing responsibilities in relation to the Credit Union's financial reporting, internal control system, and the internal and external audit functions.

The Committee carries out a regular review of all operational areas through the Internal Audit function, external compliance reviews and Management reporting 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 and reports in turn to the Board with relevant recommendations for Board consideration.

Internal Audit

Internal audit has responsibility for implementing the controls testing and assessment as required by the Audit Committee.

External Audit

The external auditor has responsibilities to the Board, Credit Union members, APRA and ASIC.

Chief Risk Officer

The Credit Union's Chief Risk Officer is a contracted resource which has been established to assist with the provision of structure, coordination of all risk related functions and systems, the maintenance of the Credit Union's overall Risk Management systems and development of a positive risk culture throughout the organisation.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Compliance Manager

The Credit Union's Compliance Manager is an internal staffing resource which has been established to assist with the provision of structure, coordination of compliance functions and systems, and the performance of regular internal "compliance checking" procedures. The Compliance Manager has a primary role of establishing, developing and increasing the culture of compliance within the Credit union.

Key Risk Management Policies

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.

The Credit Union has undertaken the following strategies to minimise the risks arising from financial instruments.

21.1 Market risk

The objective of the Credit Union's market risk management is to manage and control market risk exposures to optimise risk and return.

Market risk is the risk that changes in interest rates, foreign exchange rates or other prices and volatilities will have an adverse effect on the Credit Union's financial condition or results. The Credit Union is not exposed to currency risk and other significant price risks. The Credit Union does not trade in the financial instruments it holds on its books. The Credit Union is exposed only to interest rate risk arising from changes in market interest rates.

(i) Interest rate risk

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

Most banks are exposed to interest rate risk within its treasury operations. The Credit Union does not have a treasury operation and does not trade in financial instruments.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.1 Market risk (Continued)

(ii) Interest rate risk in the banking book

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

The interest rate risk on the banking book is reported to the Board monthly.

In the banking book the most common risk the Credit Union faces arises from fixed rate assets and liabilities. This exposes the Credit Union to the risk of sensitivity should interest rates change.

The table set out in Note 25 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.

(iii) Method of managing risk

The Credit Union manages its interest rate risk by the use of interest rate sensitivity analysis. The detail and assumptions used are set out below.

(iv) Interest rate sensitivity

The Credit Union’s exposure to market risk is measured and monitored using interest rate sensitivity models.

The policy of the Credit Union to manage the risk is to maintain a balanced ‘on book’ strategy by ensuring the cumulative sensitivity between assets and liabilities are not excessive. The measured sensitivity not to be exceeded is 2.5% of the Credit Unions’ capital. The cumulative sensitivity 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 deposits liabilities to rectify the imbalance to within acceptable levels. The policy of the Credit Union is not to undertake derivatives to match the interest rate risks. The Credit Union’s exposure to interest rate risk is set out in Note 25 which details the contractual interest change profile.

The Board monitors these risks through monthly management reports.

Based on the calculations as at 30 June 2026, the net profit impact for a 1% (2025: 1%) movement in interest rates would be $703,215 (2025: $416,840).

The Credit Union performs a sensitivity analysis to measure market risk exposures.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.1 Market risk (Continued)

(iv) Interest rate sensitivity (Continued)

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 the Credit Union for the next twelve (12) months. In doing the calculation the assumptions applied were that:

- the interest rate change would be applied equally over the loan products and term deposits;
- the rate change would be as at the beginning of the twelve (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 deposits with similar terms and rates applicable;
- 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.

There has been no change to the Credit Union's exposure to market risk or the way the Credit Union manages and measures market risk in the reporting period.

21.2 Credit risk

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

(i) Credit risk – loans

The analysis of the Credit Union's loans by class is as follows:

Loan class	2026 Carrying value $'000	2026 Off balance sheet $'000	2026 Maximum Exposure $'000	2025 Carrying value $'000	2025 Off balance sheet $'000	2025 Maximum Exposure $'000
Housing	150,217	16,841	167,058	141,433	21,416	162,849
Personal	5,992	1,842	7,834	6,650	1,326	7,976
Commercial	9,000	1,812	10,812	8,197	1,990	10,187
Total	165,209	20,495	185,704	156,280	24,732	181,012

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.2 Credit risk (Continued)

(i) Credit risk – loans (Continued)

Carrying value is the value in the Statement of Financial Position. Maximum exposure is the value in the Statement of Financial Position plus the undrawn facilities (loans approved but not advanced, redraw facilities, etc.).

All loans and facilities are within Australia. The geographic distribution is not analysed into significant areas within Australia as the exposure classes are not considered material. Loans to members are mainly concentrated in Central New South Wales.

The method of managing credit risk is by way of strict adherence to the 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).

The Credit Union 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 and commercial lending;
- 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 with these policies is conducted as part of the internal audit scope.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.2 Credit risk (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 the Credit Union that requires interest and a portion of the principal 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 exceeds ninety (90) days the loan is regarded as impaired, unless other factors indicate the impairment should be recognised sooner.

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

If such evidence 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 Statement of Comprehensive Income. In estimating these cash flows, management makes judgements about a counter-party's financial situation and the net realisable value of any underlying collateral.

In addition to specific provisions against individually significant financial assets, the Credit Union makes collective assessments for each financial asset portfolio segmented by similar risk characteristics.

Provisions in the Statement of Financial Position are maintained at a level that management deems sufficient to absorb probable incurred losses in the Credit Union'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 capital will not be repaid or recovered.

The provisions for impaired and past due exposures relate to the loans to members.

Details of past due and impaired loans are as set out in Note 11.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.2 Credit risk (Continued)

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 and must be approved by the Board, taking account of the exposure at the date of the write off.

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

A reconciliation of the movement of both past due and impaired exposure provisions is provided in Note 11.

Collateral securing loans

A sizeable portfolio of the loan book is secured on residential property in Australia. Therefore, the Credit Union is exposed to risks in the reduction 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 Credit Union's exposure to an individual counterparty (or group of related parties). If prudential limits are exceeded as a proportion of the Credit Union's regulatory capital (10%) a large exposure is considered to exist. No capital is required to be held against these exposures but APRA must be informed. 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 loans greater than 5% of capital is set out in Note 11. Within this total, the Credit Union currently holds $7,307,935 (2025: $3,215,075) in significant concentrations of exposures to members (large exposure loans greater than 10% of capital). Concentration exposures to counterparties are closely monitored.

Concentration risk – industry

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

The Credit Union has a concentration in the retail lending for members who reside in Central NSW. This concentration is considered acceptable on the basis that the Credit Union was formed to service these members and the employment concentration in the area is not exclusive. Should members leave the area, the loans continue and other employment opportunities are available to the members to facilitate the repayment of the loans.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.2 Credit risk (Continued)

(ii) 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 the Credit Union.

There is no concentration of credit risk with respect to investment receivables. The credit policy is that investments are only made to institutions that are creditworthy. Directors have established policies that, excluding investments with CUSCAL, ANZ, CBA, NAB, WBC and the Australian Government, a maximum of 25% of capital can be invested with any one financial institution at a time.

The risk of losses from liquid investments is reduced by the nature and quality of the independent rating of the investment body and the limits to concentrating investments in one institution.

Under the liquidity support scheme, at least 3% of the Credit Union's total assets must be invested in CUSCAL and / or a Bank Financial Support Scheme (CUFSS) approved Authorised Deposit-taking Institution (ADI), to allow the scheme to have adequate resources to meet its obligations if needed.

All other rated investment must be with financial institutions with a Standards & Poors (S&P) short term rating in excess of BBB. Investments with unrated institutions are subject to financial review and board approval.

External credit assessment for institution investments

The Credit Union uses the ratings of S&P to assess the credit quality of all investment exposure, where applicable, using the credit quality assessment scale in APRA Prudential Guidance Note AGN 112. The credit quality assessment scale within this standard has been complied with.

The investment exposure values associated with each credit quality step are as follows:

	2026 Carrying value $'000	2026 Past due value $'000	2026 Provision $'000	2025 Carrying value $'000	2025 Past due value $'000	2025 Provision $'000
CUSCAL (A+)	5,250	-	-	5,250	-	-
Banks (BBB and above)	135,496	-	-	115,645	-	-
Unrated	-	-	-	-	-	-
Total	140,746	-	-	120,895	-	-

The Credit Union has critically assessed the need for an ECL on its investment securities and has determined that no ECL is required at 30 June 2026 (30 June 2025: Nil).

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.2 Credit risk (Continued)

(iii) Credit risk – guarantees

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. At 30 June 2026, the Credit Union had $64,000 (2025: $64,000) in performance guarantees outstanding, secured by first mortgage over residential property or fixed term deposits.

21.3 Liquidity risk

Liquidity risk is the risk that the Credit Union 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 that the Credit Union maintains adequate cash reserves and committed credit facilities so as to meet the member withdrawal demands when requested.

The Credit Union 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.

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

The Credit Union is required to maintain at least 9% of total adjusted liabilities as liquid assets capable of being converted to cash within 48 hours under the APRA Prudential Standards. The Credit Union policy is to apply at least 12% of funds as liquid assets to maintain adequate funds for meeting member withdrawal requests. This ratio is checked daily. Should the liquidity ratio fall below this level, the management and Board are to address the matter and ensure that the liquid funds are obtained from new deposits or available borrowing facilities. Note 28 describes the borrowing facilities as at the balance date. These facilities are in addition to the support from CUFSS.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.3 Liquidity risk (Continued)

The maturity profile of the financial liabilities, based on the contractual repayment terms are set out in Note 24.

The ratio of liquid funds over the past year is set out below:

	2026 $'000	2025 $'000	2026 (%)	2025 (%)
Total minimum liquidity holdings				
As at 30 June	110,140	109,654		
Total adjusted liabilities				
As at 30 June	311,941	298,751	35.31	36.70
Average for the year	309,784	292,186	37.48	36.14
Minimum during the year	297,769	283,512	35.31	34.70

21.4 Operational risk

Operational risk is the risk of the direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks. Operational risks in the Credit Union relate mainly to those risks arising from a number of sources including legal compliance; business continuity; data infrastructure; outsourced services failures; fraud; and employee errors. The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Credit Union's reputation with overall cost effectiveness.

Operational risks are managed through the implementation of policies and systems to monitor the likelihood of the events and minimise the impact. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management as the 1st Line of Defence. This responsibility is supported by the development of overall Credit Union standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including independent authorisation of transactions; Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements; Documentation of controls and procedures;
- Periodic assessment of operational risks faced and the adequacy of controls to mitigate those risks; Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans; Training and professional development; Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.4 Operational risk (continued)

There is an independent oversight of operational risk including effective challenge to activities and decisions which are material in relation to the Credit Union's risk profile, and reporting lines to appropriately escalate issues. This is the 2nd Line of Defence and is assigned to the Risk Management Committee and Chief Risk Officer (CRO).

Compliance with Credit Union standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and the Board of Directors of the Credit Union. This is the 3rd Line of Defence and also ensures the 1st and 2nd Lines of Defence operate effectively.

Fraud

Fraud can arise from member card PINS and internet passwords being compromised where not protected adequately by the member. It can also arise from other systems failures. The Credit Union has systems in place which are considered to be robust enough to prevent any material fraud. However, in common with all retail banks, fraud is potentially a real cost to the Credit Union.

IT systems

The worst case scenario would be the failure of the Credit Union's core banking and IT network suppliers to meet customer obligations and service requirements.

The Credit Union has outsourced the IT systems management to an independent data processing centre (IDPC) which is owned by a collection of credit unions. This organisation has the experience in-house to manage any short-term problems and has a contingency plan to manage any related power or systems failures. Other network suppliers are engaged on behalf of the Credit Union by the industry body CUSCAL to service the settlements with other financial institutions for direct entry, ATM, Visa, and BPAY.

A full disaster recovery plan is in place to cover medium to long-term problems which is considered to mitigate the risk to an extent such that there is no need for any further capital to be allocated.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.5 Capital management

The Credit Union’s regulator (APRA) sets and monitors capital requirements for the Credit Union. The Credit Union reports to APRA on a regular basis and has adopted the standardised approach for credit risk and operational risk. The Credit Union's regulatory capital is compromised of two tiers.

Tier 1 capital which comprises the highest quality of capital and satisfies all of the following characteristics:

- Provides a permanent and unrestricted commitment of funds; Freely available to absorb losses;
- Does not impose any unavoidable servicing charge against earnings; and
- Ranks behind the claims of depositors and other creditors in the event of a winding-up of the issuer.

Tier 2 capital which includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of the Credit Union and its capacity to absorb losses.

Risk weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures. The Credit Union’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Credit Union has complied with all externally imposed capital requirements throughout the period.
There have been no material changes in the Credit Union’s management of capital during the period.

	2026 $’000	2025 $’000
The Credit Union’s regulatory capital position at balance date was:		
Tier 1 Capital	29,229	26,633
Tier 2 capital	491	471
Total regulatory capital	29,720	27,104
Total risk weighted assets	125,535	114,061

	2026 %	2025 %
Capital expressed as a percentage (%) of total risk-weighted assets		
Tier 1 capital	23.28	23.35
Total regulatory capital	23.67	23.76

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.5 Capital management (Continued)

Internal capital adequacy management

The Credit Union manages its internal capital levels for both current and future activities which are reviewed by the Board in its capacity as the primary governing body. The capital required for any change in the Credit Union's forecasts for asset growth or unforeseen circumstances are assessed by the Board.

The Credit Union have determined to maintain a minimum capital level of 14% as compared to the risk weighted assets of the Credit Union at any given time.

22. CATEGORIES OF FINANCIAL INSTRUMENTS

	Note	2026 $'000	2025 $'000
Financial assets – carried at amortised cost			
Cash and liquid assets	9	16,846	27,484
Investment Securities	13	126,548	105,900
Accrued receivables	10	1,529	1,544
Loans to members	11	165,203	156,218
Total cash		310,126	291,146
FVOCI investments	13	13	617
TOTAL FINANCIAL ASSETS		310,139	291,763
Financial liabilities – carried at amortised cost			
Deposits from members	17	278,664	261,326
Lease liabilities	16	223	281
Payables and other liabilities	18	2,148	2,708
TOTAL FINANCIAL LIABILITIES		281,035	264,315

23. FAIR VALUE MEASUREMENT

23.1 Financial instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Credit Union becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Credit Union commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

(ii) Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including arm’s length transactions, reference to similar instruments and option pricing models.

Financial assets are classified into the following categories upon initial recognition:

- Amortised cost;
- Fair value through profit or loss (FVPL); or
- Fair value through other comprehensive income (FVOCI).

23. FAIR VALUE MEASUREMENT (Continued)

23.1 Financial instruments (Continued)

Subsequent measurement of financial assets

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Central West Credit Union's cash and cash equivalents, loans and advances to members and trade receivables fall into this category of financial instruments as well as negotiable certificates of deposits (NCDs), floating rate notes (FRNs) and term deposits.

Financial assets at Fair Value through Profit or Loss (FVPL)

Financial assets that are within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Fair Value through Other Comprehensive Income (FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities – CUSCAL Ltd and TAS.

(iii) Impairment

AASB 9 requires the use of forward-looking information to recognise expected credit losses - the **'expected credit loss model' (ECL).** Instruments within the scope of the requirements comprise all financial assets measured at amortised cost and investment debt securities measured at FVOCI. These include cash, receivables, loans and advances to members and investment securities.

The Credit Union considers a broader 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 financial asset.

23. FAIR VALUE MEASUREMENT (Continued)

23.1 Financial instruments (Continued)

(iv) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

23.2 Impairment of non-financial assets

At each reporting date the Credit Union assesses whether there is any indication that individual non-financial assets are impaired. Where impairment indicators exist, recoverable amount is determined, and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount.

23.3 Measurement of fair values

A number of the Credit Union'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, the Credit Union 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. The Credit Union recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Management have made critical accounting estimates when applying the Credit Union'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 Credit Union's investment in unlisted equity securities, is based on consideration of sales in a limited market and the investee's net tangible assets.

24. MATURITY PROFILE OF FINANCIAL INSTRUMENTS

Monetary assets and liabilities have differing maturity profiles depending on the contractual term. The table below shows the period in which different monetary assets and liabilities held will mature and be eligible for renegotiation or withdrawal. Financial assets and liabilities are at the undiscounted values (including future interest expected to be paid or received). Accordingly, these values will not agree to the Statement of Financial Position.

2026	Carrying Amount $'000	0 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	5 + years $'000	No maturity $'000	Total Cash Flows $'000
Financial assets							
Cash on hand	567	-	-	-	-	567	567
Cash at bank and investments	142,827	21,944	39,164	84,764	-	16,279	162,151
Loans to members	165,203	4,057	15,826	73,404	293,263	-	386,550
FVOCI equity investments	13	-	-	-	-	13	13
Total financial assets	308,610	26,001	54,990	158,168	293,263	16,859	549,281
Financial Liabilities							
Trade payables and other liabilities	2,148	2,148	-	-	-	-	2,148
Lease liabilities	223	16	50	159	-	-	225
Deposits from members	278,664	30,916	66,832	2,966	-	177,950	278,664
Total financial liabilities	281,035	33,080	66,882	3,125	-	177,950	281,037

2025	Carrying Amount $'000	0 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	5 + years $'000	No maturity $'000	Total Cash Flows $'000
Financial assets							
Cash on hand	534	-	-	-	-	534	534
Cash at bank and investments	132,850	20,330	20,116	80,184	-	26,950	147,580
Loans to members	156,218	4,033	15,570	72,385	281,037	-	373,025
FVOCI equity investments	617	-	-	-	-	617	617
Total financial assets	290,219	24,363	35,686	152,569	281,037	28,101	521,756
Financial Liabilities							
Trade payables and other liabilities	2,708	2,708	-	-	-	-	2,708
Lease liabilities	281	16	47	225	-	-	288
Deposits from members	261,326	32,061	62,236	2,381	-	164,649	261,327
Total financial liabilities	264,315	34,785	62,283	2,606	-	164,649	264,323

25. INTEREST RATE CHANGE PROFILE OF FINANCIAL INSTRUMENTS

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.

2026

	Within 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Non-interest rate sensitive $'000	Total $'000
Financial assets						
Cash and liquid assets	16,279	-	-	-	567	16,846
Receivables due from other financial institutions	3,000	17,000	35,795	70,753	-	126,548
Accrued receivables	1,529	-	-	-	-	1,529
Loans to members	55,764	11,179	43,168	55,085	13	165,209
FVOCI equity investment	-	-	-	-	13	13
Total financial assets	76,572	28,179	78,963	125,838	593	310,145
Financial Liabilities						
Deposits from members	186,704	22,076	66,832	2,966	86	278,664
Lease liabilities	-	-	-	-	223	223
Trade payables and other liabilities	-	-	-	-	2,148	2,148
Total financial liabilities	186,704	22,076	66,832	2,966	2,457	281,035

2025

	Within 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Non-interest rate sensitive $'000	Total $'000
Financial assets						
Cash and liquid assets	26,950	-	-	-	534	27,484
Receivables due from other financial institutions	25,000	69,900	11,000	-	-	105,900
Accrued receivables	1,544	-	-	-	-	1,544
Loans to members	61,504	12,909	42,730	39,128	9	156,280
FVOCI equity investment	-	-	-	-	617	617
Total financial assets	114,988	82,809	53,730	39,128	1,160	291,825
Financial Liabilities						
Deposits from members	172,724	23,900	62,236	2,381	86	261,327
Lease liabilities	-	-	-	-	-	-
Trade payables and other liabilities	-	-	-	-	2,708	2,708
Total financial liabilities	172,724	23,900	62,236	2,381	2,794	264,035

26. FINANCIAL COMMITMENTS

	2026 $'000	2025 $'000
Loans approved, but not funded	3,003	7,254
Loan redraw facilities available	13,971	14,213
Loan facilities available to members for overdrafts and line of credit loans, as follows:		
- Total value of approved facilities	4,512	4,634
- At term	(999)	(1,369)
- Net undrawn value	3,513	3,265

27. EXPENDITURE COMMITMENTS

27.1 Other expenditure commitments

The costs committed under contracts with Ultradata and Experteq are as follows:

Within 1 year	1,118	626
1 to 5 years	4,246	-
Over 5 years	46	-
	5,410	626

27.2 Other

In the normal course of business, the Credit Union 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. The Credit Union applies the same credit policies and assessment criteria in making commitments and conditional obligations for off-balance sheet risks as it does for on-balance sheet loan assets. The Credit Union holds collateral supporting these commitments where it is deemed necessary.

28. STANDBY BORROWING FACILITIES

The Credit Union has the following credit facilities with CUSCAL:

Overdraft facility		
Gross	1,000	1,000
Current borrowings	-	-
Net available	1,000	1,000

There are no restrictions as to withdrawal of these funds subject to the availability of funds to CUSCAL at the time of draw down.

The borrowing facilities are secured by a fixed and floating charge over the assets and undertakings of the Credit Union.

29. CONTINGENT LIABILITIES

The Credit Union is a member of CUFSS Ltd, a company established to provide financial support to member Mutual ADIs in the event of a liquidity or capital problem arising. As a member, the Credit Union is committed to maintaining an amount equivalent to 3% of total assets as deposits in a nominated account. The maximum call for each member ADI would be 3% of the Credit Union's total assets. The Credit Union has the opportunity under certain circumstances to draw on this scheme.

At 30 June 2026, the Credit Union had $64,000 (2025: $64,000) in performance guarantees outstanding, secured by first mortgage over residential property or fixed term deposits.

30. KEY MANAGEMENT PERSONNEL DISCLOSURES

30.1 Remuneration of key management personnel

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, directly or indirectly including any Director. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

KMP have been taken to comprise of the Directors and the three members (2025: five) of the executive management team during the financial year, responsible for the day-to-day financial and operational management of the Credit Union.

	Year ended 30 June 2026			Year ended 30 June 2025		
	Directors	**Other KMP**	**Total**	**Directors**	**Other KMP**	**Total**
Short-term benefits	168	698	866	145	757	902
Post-employment benefits	30	85	115	26	95	121
Other long-term benefits	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-
Total	198	783	981	171	852	1,023

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 Credit Union, or on behalf of the Credit Union, in exchange for services rendered to the Credit Union.

Compensation includes:

(i) short-term employee benefits, such as wages, salaries, paid annual leave, paid sick leave, and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as salary packaged) for current employees;

(ii) post-employment benefits such as pensions, and other retirement benefits;

(iii) other long-term employee benefits, including long-service leave or other long-service benefits, and, if they are not payable wholly within twelve months after the end of the period, bonuses; and

(iv) termination benefits.

30. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

30.2 Loans to key management personnel and their close members of family (Continued)

	Year ended 30 June 2026			Year ended 30 June 2025		
	Directors	Other KMP	Total	Directors	Other KMP	Total
Opening balance	3,007	576	3,583	3,723	659	4,382
Interest charged	65	7	72	149	15	164
Closing Balance	2,659	382	3,041	3,007	576	3,583
Amount of impairment loss expense recognised	-	-	-	-	-	-

Loans provided to staff / spouse jointly for any purpose are provided at the lower of the current FBT Benchmark rate as advised by the ATO or the rate of interest on offer to members for a similar loan / overdraft facility. Loans provided to Directors and KMP's close members of family are on conditions no more favourable than those extended to members generally. Security has been obtained for these loans in accordance with the Credit Union's lending policy.

There is no provision for impairment in relation to any loan extended to KMP or their close members of family. No loan impairment expense in relation to these loans has been recognised during the period.

30.3 Other transactions

There were no other transactions during the financial year between the Credit Union and members of the Board.

30.4 KMP and their close members of family saving, term deposit and revolving credit facility accounts

	Year ended 30 June 2026			Year ended 30 June 2025		
	Directors	Other KMP	Total	Directors	Other KMP	Total
Opening balance	2,149	500	2,649	814	512	1,326
Interest paid	6	4	10	2	4	6
Closing Balance	2,240	605	2,845	2,149	500	2,649

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

31. ECONOMIC DEPENDENCY

The Credit Union has an economic dependency on the following suppliers of services:

(i) CUSCAL Limited – This entity supplies the Credit Union rights to members' cheques and Visa Cards in Australia and provides services in the form of settlement with bankers for member chequeing, Visa Card transactions and the production of members' cheque books and Visa Cards for use by members. It also provides central banking facilities. In addition, CUSCAL operates the switching computer used to link Visa Cards operated through approved ATM suppliers and merchants, to the Credit Union EDP systems.
(ii) Experteq – this company operates the computer facility on behalf of the Credit Union, in conjunction with other Credit Unions. The Credit Union has a management contract with the bureau to supply computer support staff and services to meet the day to day needs of the Credit Union and compliance with relevant prudential standards.
(iii) CUFSS – this entity provides emergency liquidity support to the Credit Union.
(iv) Ultradata Australia Pty Ltd – this company supplies and maintains the application software utilised by the Credit Union.

32. SEGMENTAL REPORTING

The Credit Union operates exclusively in the retail financial services industry within Australia.

33. STATEMENT OF CASH FLOWS

33.1 Cash flows presented on a net basis

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.

33.2 Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at call with other financial institutions. Cash at the end of the financial year as shown in the Statement of Financial Position is reconciled to the related items in the Statement of Financial Position as follows:

	2026 $'000	2025 $'000
Cash balance comprises:		
- Cash on hand	567	534
- Imprest accounts	16,279	26,950
	16,846	27,484

33. STATEMENT OF CASH FLOWS (CONTINUED)

33.3 Reconciliation of cash flows from revenue activities to profit for the year after income tax

	2026 $'000	2025 $'000
Profit for the year after income tax	1,975	2,179
Non-cash items		
Provision for loan impairment	(42)	35
Depreciation and amortisation	346	478
Movements in assets and liabilities		
Deferred taxes	(170)	(24)
Provision for income tax	162	1
Provision for employee entitlements	(46)	60
Interest and other receivables	(118)	35
Prepayments	(131)	(203)
Accrued interest payable	(136)	282
Creditors and accruals	91	(2)
Net cash flows from revenue activities	1,931	2,841

34. CORPORATE GOVERNANCE DISCLOSURES

Board

The Credit Union Board has responsibility for the overall management and strategic direction of the Credit Union.

Board members are independent of management and are either Board appointed or elected by members on a rotation of every three (3) years. Currently, at 30 June 2026 there was two Board appointed Directors.

Each Director must be eligible to act under the constitution as a member of the Credit Union and *Corporations Act 2001* (Cwlth) criteria. Directors need to also satisfy the fit and proper criteria 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:

- Monitors the matters of operational risk management and APRA reporting obligations;
- Monitors the compliance with applicable laws;
- Reviews Chief Executive Officer performance and remuneration;
- Approves financial budgets and performance criteria;
- Ratifies funding that exceeds Chief Executive Officer's approved delegation levels prior to funding; and
- Ratifies management approved interest rate changes.

34. CORPORATE GOVERNANCE DISCLOSURES (CONTINUED)

Board remuneration

The Board receives remuneration from the Credit Union in the form of Director fees approved by members, for elected Directors, and approved by the Board for appointed Directors. All Directors are reimbursed for out-of-pocket expenses. There are no other benefits received from the Credit Union by the Directors.

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 Chief Executive Officer participation as secretary.

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

- Monitoring audit reports received from internal and external auditors and management's responses 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

Risk Committee

The Risk Committee plays a key role in assisting the board of directors to fulfil its corporate governance and overseeing responsibilities in relation to the Credit Union's identification of risk, monitoring of risk and oversight of risk management systems developed to manage risk within the Board's risk appetite.

The Risk Committee has no direct decision-making power, however, will be required to provide suggestions and recommendations to the board of directors in relation to matters and issues that it has considered on behalf of the board. The responsibility for formal decisions on all board related issues remains with the board as a whole, despite the fact that the board may rely upon committee recommendations to make such decisions.

The primary objective of the Committee is to assist the Board of Directors in fulfilling its responsibilities relating to the following risk management and reporting practices of the Credit Union:

- Oversee and appraise the effectiveness of the Credit Union's internal risk management program and systems, including:
  - Compliance program;
  - Operational Risk Program;
  - Fraud & AML programs;
  - Due Diligence assessment process;
  - Lending & Collection process; and
  - Provisioning practices.
- Consider the adequacy of the Credit Unions Credit, Capital, Liquidity, Operational and Market Risk controls;

34. CORPORATE GOVERNANCE DISCLOSURES (CONTINUED)

Risk Committee (Continued)

- Undertake any role assigned to the committee in accordance with any Board policy including the Board's Lending & Collections policy and Provisioning Policy
- Determination of policies that ensure that the Credit Union's Risk Strategy is adhered to and monitoring adherence to those policies.

Policies

The Board has endorsed a policy of compliance and risk management to suit the risk profile of the Credit Union's ethical guidelines to staff and to reinforce the practice of providing efficient service to members with courtesy and recognition of members as owners.

The ethical principles adopted by the Credit Union are in accordance with the Customer Owned Banking Code of Practice.

Key risk management policies include:

- Capital adequacy management
- Liquidity management
- Credit risk management
- Data risk management
- Operations risk management
- Human resources
- Work health & safety
- Accounting
- Business continuity management
- Corporate governance

Compliance

The Credit Union has a Compliance Manager who is responsible for maintaining the awareness of staff for all changes in compliance legislation and responding to staff inquiries on compliance matters. The officer also monitors the Financial Services Reform (FSR) and Australian Credit license (ACL) obligations and responds to all member complaints and disputes should they arise.

External audit

External audit is performed by Intentus Chartered Accountants, whose history with auditing credit unions exceeds 35 years and currently includes auditing 3 credit unions in NSW. Intentus utilises sophisticated computer assisted audit software to supplement the compliance testing.

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.

CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
AS AT 30 JUNE 2026

Central West Credit Union Limited is not required by Australian Accounting Standards to prepare consolidated financial statements. In accordance with 295(3A) of the Corporations Act 2001, no further information is required to be disclosed in this consolidated entity disclosure statement.

B.L. Adams
Director
Chair of the Board of Directors
23rd September 2026

CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

DIRECTORS' DECLARATION

The Directors of Central West Credit Union Limited declare that:

(a) The financial statements and notes set out on pages 8 to 58:

  (i) comply with Accounting Standards and the *Corporations Act 2001* (Cwlth); and

  (ii) give a true and fair view of the financial position as at 30 June 2026 and performance for the year ended on that date of the Credit Union.

(b) The consolidated entity disclosure statement is true and correct.

(c) In the Directors' opinion there are reasonable grounds to believe that the Credit Union will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed at Parkes on the 23rd day of September 2026 for and on behalf of the Directors by:

B.L. Adams
Director
Chair of the Board of Directors

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

Opinion

We have audited the financial report of Central West Credit Union Limited (the Credit Union), which comprises the Statement of Financial Position as at 30 June 2026, and the Statement of Profit and 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 information, the Consolidated Entity Disclosure Statement and the Director's Declaration.

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

(i) giving a true and fair view of the Credit Union's financial position as at 30 June 2026 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 Credit Union in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 Credit Union's annual report for the year ended 30 June 2026 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.

PO Box 69, Orange NSW 2800
1/23 Sale St, Orange NSW 2800
Ph: 02 6362 5100

127 Keppel Street, Bathurst NSW 2795
Ph: 02 6362 5100

Responsibilities of the Directors for the Financial Report

The Directors of the Credit Union are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the Directors determine is necessary to enable preparation of the financial report that gives a true and fair view and 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 Credit Union 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 Credit Union 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.

intentus

Intentus

Katy Henry

Katy Henry
Principal

23 Sale Street
Orange NSW 2800

Dated: 24 September 2026