

Woolworths Team Bank Limited (A.B.N. 67 087 651 803)

APS 330 Financial Reporting as at 30 June 2021

Basic public disclosure requirements on capital and credit risk

CAPITAL REQUIREMENTS

Capital requirements in the ADI is determined by the risk weights of the relevant assets held with the minimum required capital to over 8% of the risk weighted assets. The ADI maintains a capital policy level of Minimum 13.50% and a capital target of 15.00%. The level of capital as at 30 June 2021 is 15.74%.

The risk weighted assets for each asset grouping as set out in the table below is determined by the APRA Prudential Standard APS 112. These are prescribed risk weights to measure the level of risk based on the nature and level of security supporting the assets recovery.

The risk weighted assets held as at the end of the quarter ended 30 June 2021 are as follows:

Table A Risk Weighted Assets By Asset Class

	Prescribed	
	RWA	
	\$	
	Current quarter 30 June 2021	Previous quarter 31 March 2021
(a) Capital requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio;		
• Loans - secured by residential mortgage	32,969,905	32,936,979
• Loans - other retail	8,188,828	8,337,921
• Liquid investments	5,635,188	5,652,219
• all other assets	400,930	933,744
Total credit risk on balance sheet	47,194,850	47,860,863
Total credit risk off balance sheet (commitments)		
• Undrawn financial commitments (overdrafts, credit cards, line of credit, Loans approved not advanced, guarantees)	1,721,457	1,654,032
• Capital requirements for securitisation	-	-
(b) Capital requirements for market risk.	-	-
(c) Capital requirements for operational risk.	8,260,980	8,184,105
Total Risk Weighted assets (Sum above components)	57,177,287	57,699,000

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CAPITAL HELD BY THE ADI

The capital held by the ADI exceeds the policy and minimum capital prescribed by the APRA Prudential Standards. This excess facilitates future growth within the ADI.

The capital ratio is the amount of capital described in Table B divided by the risk weighted assets.

Table B

	Capital \$		Capital Ratio	
	Current quarter 30 June 2021	Previous quarter 31 March 2021	Current quarter 30 June 2021	Previous quarter 31 March 2021
Common Equity Tier 1	8,763,242	8,710,287	15.27%	15.10%
Tier 1	8,763,242	8,710,287	15.27%	15.10%
Total Capital	9,034,012	8,981,244	15.74%	15.57%

CREDIT RISK

(i) CREDIT RISK – INVESTMENTS

Surplus cash not invested in loans to members are held in high quality liquid assets. This included the funds required to be held to meet withdrawal of deposits by members of the ADI.

The ADI uses the ratings of reputable ratings agencies to assess the credit quality of all investment exposure, where applicable, using the credit quality assessment scale in APRA Prudential Guidance in APS112. The credit quality assessment scale within this standard has been complied with.

The Table C below excludes the Equities and Off Balance Sheet exposures. Off Balance Sheet exposures are set out in the Table E that follows

The exposure values associated with each credit quality step are as follows in Table C:

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Table C

Current Quarter 30 June 2021

Investments with banks and other ADI's	Current quarter					
	Average gross exposure in quarter	Carrying value on balance sheet	Past due facilities	Impaired facilities	Specific Provision as at end of quarter	Increase in specific provision and write offs in quarter
	\$	\$	\$	\$	\$	\$
Cuscal	10,596,171	10,379,956	-	-	-	-
Banks	13,981,736	15,606,547	-	-	-	-
Government	8,776,193	9,106,605	-	-	-	-
Total	33,354,100	35,093,108	-	-	-	-

Previous quarter 31 March 2021

Investments with banks and other ADI's	Previous quarter					
	Average gross exposure in quarter	Carrying value on balance sheet	Past due facilities	Impaired facilities	Specific Provision as at end of quarter	Increase in specific provision and write offs in quarter
	\$	\$	\$	\$	\$	\$
Cuscal	10,509,885	8,220,094	-	-	-	-
Banks	13,283,544	15,945,522	-	-	-	-
Government	8,666,056	10,995,211	-	-	-	-
Total	32,459,485	35,160,827	-	-	-	-

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CREDIT RISK – LOANS

The classes of loans entered into by the ADI are limited to loans; commitments and other non-market off-balance sheet exposures. The ADI does not enter into debt securities and over-the-counter derivatives.

Impairment details

The level of impaired loans by class of loan is set out below:

- Carrying Value is the amount of the balance sheet gross of provision (net of deferred fees)
- Past due loans is the 'on balance sheet' loan balances which are behind in repayments past due by 90 days or more but not impaired
- Impaired loans are the 'on balance sheet' loan balances which are at risk of not meeting all principle and interest repayments over time
- Provision for impairment is the amount of the impairment provision allocated to the class of impaired loans
- The losses in the period equate to the additional provisions set aside for impaired loans, and bad debts written off in excess of previous provision allowances.

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

The analysis of the ADI's loans by class, is as follows in Table D:

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Table D [excludes off balance sheet exposures or equities. Off balance sheet exposures are set out in the Table E that follows]

Current Quarter 30 June 2021

Loans Portfolio	Gross exposure value - Average for the period	Gross exposure value on balance sheet	Commitments – redraws, overdraft facilities undrawn	Past due facilities	Impaired facilities	Specific Provision as at end of quarter	Increase in specific provision and write offs in quarter
	\$	\$	\$	\$	\$	\$	\$
Mortgage secured	91,780,118	91,795,608	8,765,686	185,345	185,345	-	-
Personal	7,667,854	7,329,513	23,800	52,713	52,713	65,134	-25,137
Overdrafts & Credit cards	876,994	926,605	920,253	2,132	2,199	2,157	-9,699
Total	100,324,966	100,051,727	9,709,740	240,190	240,257	67,291	-34,836

Previous quarter 31 March 2021

Loans Portfolio	Gross exposure value - Average for the period	Gross exposure value on balance sheet	Commitments – redraws, overdraft facilities undrawn	Past due facilities	Impaired facilities	Specific Provision as at end of quarter	Increase in specific provision and write offs in quarter
	\$	\$	\$	\$	\$	\$	\$
Mortgage secured	91,701,583	91,502,873	8,467,092	-	-	-	-
Personal	7,746,217	7,536,780	29,300	53,454	53,454	90,271	4,824
Overdrafts & Credit cards	858,331	903,267	1,031,240	12,300	12,589	11,856	-5,379
Total	100,306,131	99,942,920	9,527,632	65,754	66,043	102,126	-555

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General Reserve for Credit Losses

This reserve is set aside to quantify the estimate for potential future losses in the loans and investments.

In addition to the provision for impairment, the Board has recognised the need to make an allocation from retained earnings to ensure there is adequate protection for members against the prospect that some members will experience loan repayment difficulties in the future.

The reserve has been determined on the basis of the past experience with the loan delinquency and amounts written off.

The value of the reserve is amended to reflect the changes in economic conditions, and the relevant concentrations in specific regions and industries of employment within the loan book.

	Current quarter 30 June 2021	Previous quarter 31 March 2021
Balance	\$270,770	\$270,957

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OFF BALANCE SHEET ARRANGEMENTS

The ADI has entered into arrangements for off balance sheet loans to support its liquidity requirements from time to time. The table below states the current value of off balance sheet loans managed by the ADI as at 30 June 2021

Table E

Current Quarter 30 June 2021

	Securitised Loans Off- balance sheet exposures	Off- balance sheet loans exposures
	Aggregate amount	Aggregate amount
	\$	\$
Mortgage loans	21,094	23,872,481
Personal loans	-	-
Credit cards	-	-
Total	21,094	23,872,481

The recognised gain or loss on off balance sheet arrangements entered into in the past quarter is \$ Nil

Previous Quarter 31 March 2021

	Securitised Loans Off- balance sheet exposures	Off- balance sheet loans exposures
	Aggregate amount	Aggregate amount
	\$	\$
Mortgage loans	4,583	24,110,417
Personal loans	-	-
Credit cards	-	-
Total	4,583	24,110,417