



Woolworths
Team Bank

Live life on *your* terms

51st Annual Report

2021 – 2022

Woolworths Team Bank acknowledges the Traditional Custodians of the lands on which we live and work. We pay our respects to Elders past, present and emerging.

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**The bank for
team members
& families**

**with all the
benefits
you need.**

CHAIRMAN & CEO'S REPORT

With the continuation of the restrictions, apprehension, and uncertainty associated with a new era of pandemic life, the early part of 2022 was a tough year by any measure. As the world moved towards a more normal setting in the second half, we saw a greater level of stability return to the financial markets and a consequential step up in the performance of the Mutual sector, including Woolworths Team Bank.

Our commitment to giving strong and empathic support to our members remained our key focus in 2022 as we navigated the post-pandemic world.

Taking care of our members is just what we do.

We approached this year with a steady hand, making sound decisions and ensuring we placed the Bank in a strong position as we built a sustainable level of financial and operational resilience.

Fresh from our 50th Anniversary in 2021, we have accelerated our move towards a more digitally accessible bank for Team Members and their families. This change will be affected by greater investment in our digital assets, but we will always remain a bank committed to maintaining close contact with our members through personalised interactions.

Throughout the year, we have experienced a steady increase in members seeking out our lending products as we helped put members into new homes, refinanced loans under more favourable conditions, and placed the keys for new cars into more hands than ever before.

As our products and service offerings grew, we started to see greater interest from new memberships, resulting in more contact from the wider Woolworths Group and beyond (including Endeavor and Big W).

The retention of our members continues to be outstanding, and we are confident this will continue as we present a greater range of well-priced, relevant products to our community.

During the year, we welcomed two new Directors - Pieter van der Merwe and Ross Spencer - onto the Woolworths Team Bank Board. Their depth of experience in Cyber Security and Trading operations respectively will further build on the already strong skills base of the Board.

We would also like to thank Paul Ryan for his contribution to the Board over many years and to Jane Ogg for her contributions during her stay, and we wish them both well in their future ventures.

Financial Overview

We maintained our operating profit for the financial year in line with the previous (COVID-impacted) period. This has been achieved through strong fiscal management and adapting how we operate during a difficult time.

As such, our profit result of \$94,835 (2021 : \$100,852) with total assets at the end of the year totalling \$144.8m (2021 : \$136.1m) is a pleasing outcome. Our capital adequacy remained stable at 15.54% compared to the previous period (2021 : 15.76%). Liquidity also remains strong at 21.01% (2021: 24.54%). Both of these figures are comfortably within the required regulatory benchmarks.

Looking forward

Over the coming 12 months, we will continue to push forward with a number of new initiatives for members. This includes a much more sustainable and environmentally friendly offer on green cars and an improved account for our members with children starting their banking journey.

Our new upgraded website will go live early in the new year and will enable us to offer better alternatives for members who want to engage with us online. As such, it will become a new platform for us to start meaningful relationships with team members Australia-wide.

The development of our roadmap continues to be supported by our Board, the team and - most importantly - our members. This allows us to continue living up to our name and mission: to help all members 'live life on their terms.'

We look forward to an exciting 2023 as we continue with our focus on delighting our wonderfully loyal members.

Signed,



Tony Parle, Chairman
7 November 2022



Rod Attrill, CEO
7 November 2022

OUR YEAR AT A GLANCE

Since 1972, our mandate has been to look after the team members of the Woolworths Group (and their families) with financial services and banking products that suit their needs. In 2022, we marked 50 years since we set ourselves on this path. Our Bank has accommodated the needs of this group over time, as well as included more members under our bond (such as the Endeavour Group).

Marking half a century of operation presented us with an opportunity to re-establish ourselves; to meet the demands that members have of a modern bank, to invest in our own team, and reach out across the country like we never have before. It's plain that in the last year of operation, our ambition to grow and connect with new team members has proven fruitful. Our total assets have grown once more, as have our loan and deposit portfolios.

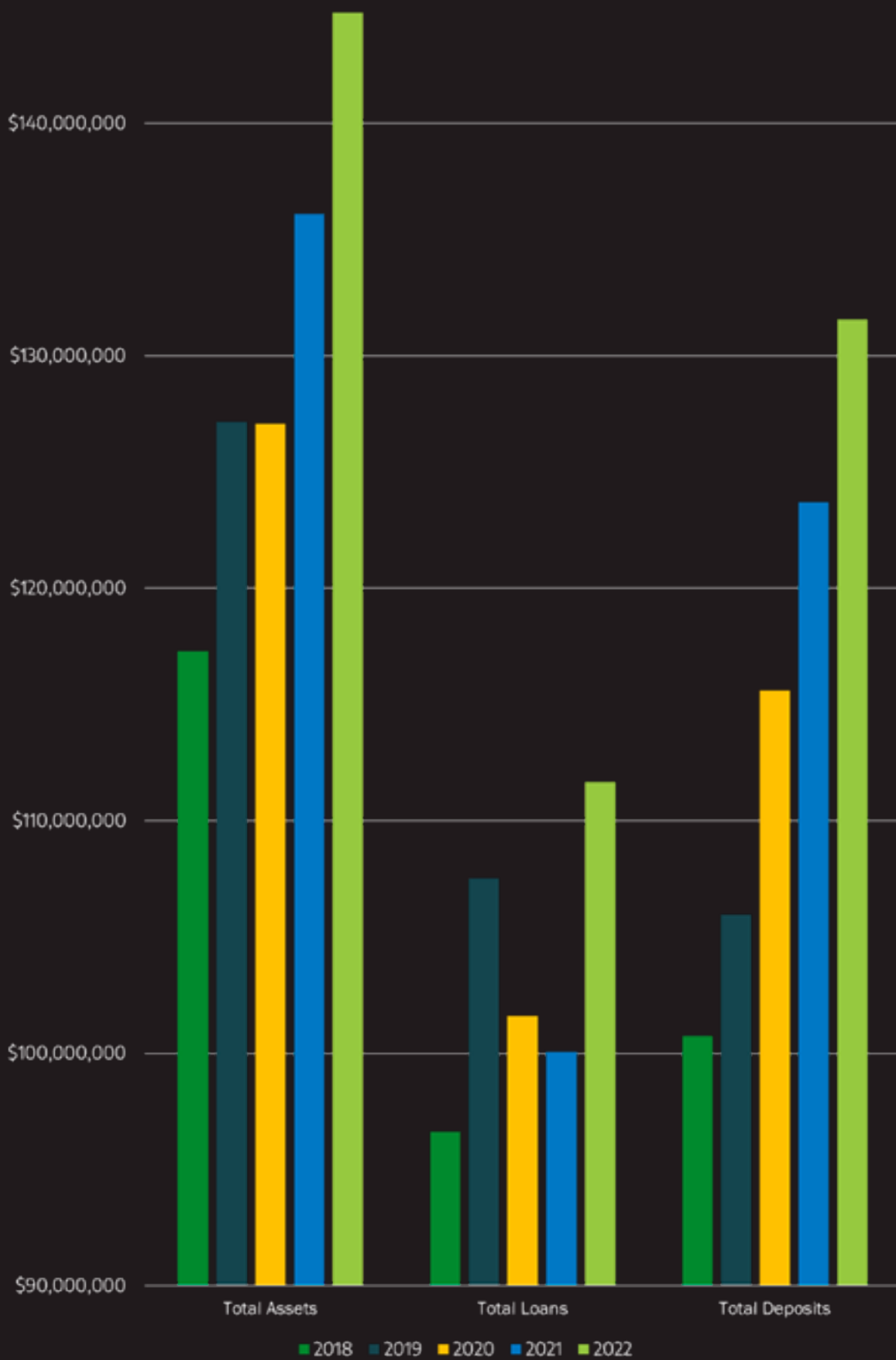
We've been helped along by a more substantial online presence and an increasingly visible brand. We saw an increase in website visitation by roughly 26% yearly – excluding our paid traffic. There's also been a 13% uplift in branded queries through search engines like Google and Bing in the last six months of the financial year.

Both of the above are terrific indicators that the Woolworths Team Bank brand continues to thrive and be discovered by more potential members with each passing year.

When we looked at the traffic going to different pages on our website, personal loans proved to be our most widely sought-after product online, followed closely by home loans and our Christmas Club Account. The enduring popularity of these product lines is an excellent validation of our team's hard work. This work will continue in earnest in the new financial year.

However, this only encompasses a small piece of our overall plan to bring our Bank's true value into more households across the country.

Performance over the last five years



OUR PRIORITIES

Our directors and executive team met early in 2022 to discuss the direction of Woolworths Team Bank. It was critical for us to develop a better understanding of how we could emerge from the pandemic with an energised approach to operations: one that would place our members at the heart of everything we do.

Member-centric solutions

The right products for the right people. We will ensure the products we offer are relevant and provide value regardless of an individual's life stage.

Grow and leverage host support. We will seek out new engagements with stores and sites across the country to create pathways to grow awareness of the Bank's products and services.

Improve the experience for existing members. By reaching out to our community and utilising new infrastructure, we'll ensure their experience is tailored and highly satisfactory.

People, partners & culture

Delighting our members with a greater level of personal service, which we will begin to measure through surveys and reporting.

One of our more ambitious goals is to make the process of buying a first home more widely available to those covered by our bond.

Checking in on members long term by engaging them after they purchase.

Infrastructure & innovation

Simple and digital-friendly systems. We will help new and existing bank members to interact with us on their terms through well-designed systems they're comfortable using.

New processes. We are developing processes to prioritise positive customer outcomes through seamless staff integrations. All this will save us time and expense, and improve the customer experience.

Geographically diverse customer base. The Woolworths Group has spread to every corner of the country. It's vital for us to hold true to our own mutuality and meet these potential members where they live and help them however we can.

This led us to create several strategic pillars to build on. These pillars will create sustainable, long-term growth for Woolworths Team Bank by focusing on what truly matters.

Strong financial & risk position

Enhance staff training and on-the-job learning. We also attend seminars and webinars geared towards Australian Deposit-Taking Institutions (e.g. Customer Owned Banking Association), as well as invest in training for our teams across Australia.

Proactive risk management.

We will develop and maintain a strong and efficient risk management framework with clearly defined structures, policies, processes, controls, roles and systems to manage the different categories of risks.

Continued participation in industry subcommittees.

We're eager to interact more with our peers in the new financial year (e.g. COBA Small Australian Mutuals), so we can continue to report back to our business with pertinent issues and new insights.

Awareness & branding

Create brand evangelists. Our bank members are often team members inside the Woolworths & Endeavour Group. We want to forge closer bonds with our host companies by empowering our members to tell people about our Bank.

Establish relationships in new markets. Historically, we've substantially grown our bank membership close to our branches in Sydney and Melbourne. As many across the country adopt a modern approach to banking that is much more mobile, so too will we extend our reach to communities that would benefit from our services.

Evolve our marketing program. By growing our in-house capability, we will be able to reach new members and better engage our existing ones. We'll be empowered to promote the brand widely with more cost-effective advertising. Finally, we endeavour to begin more detailed brand tracking to better track what our prospective and existing members think of us and our service.

Environment, social & governance

Environment. As we transition to an operating model that favours remote work, eliminating paper wastage in our branches, and championing green products for our members, it's important we document the steps we take towards change. We commit to producing climate-related disclosures in the new financial year, as well as working towards addressing the guidelines set out by APRA in CPG 229.

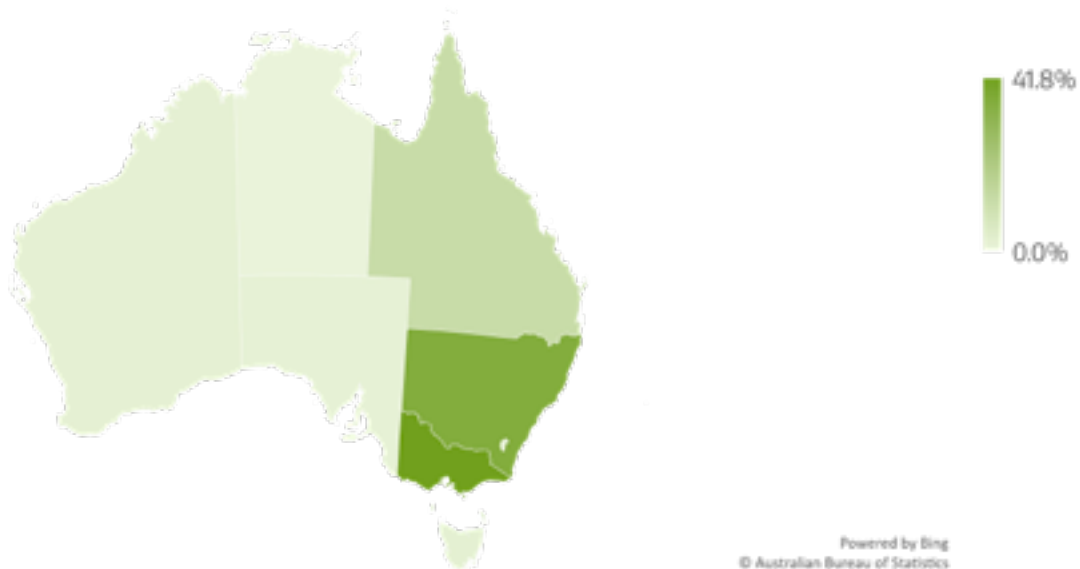
Social. Woolworths Team Bank is committed to being a workplace that champions multiple points of view, which is why we'll create Diversity and Inclusion Policies to attract and retain the right talent. Such policies may cover Gender Equality, Sexual Harassment, First Nations Representation, and Accessibility & Inclusion.

Governance. Our bank has always striven for proper and transparent governance. As documented in the above section entitled 'Strong financial & risk position', we will continue this important work, in our efforts to safeguard the integrity of the Bank.

OUR MEMBERS

All of the above means very little if we aren't helping the members of our Bank. That's why we spend time getting to know them, and understanding their wants and needs.

Where do our members live?

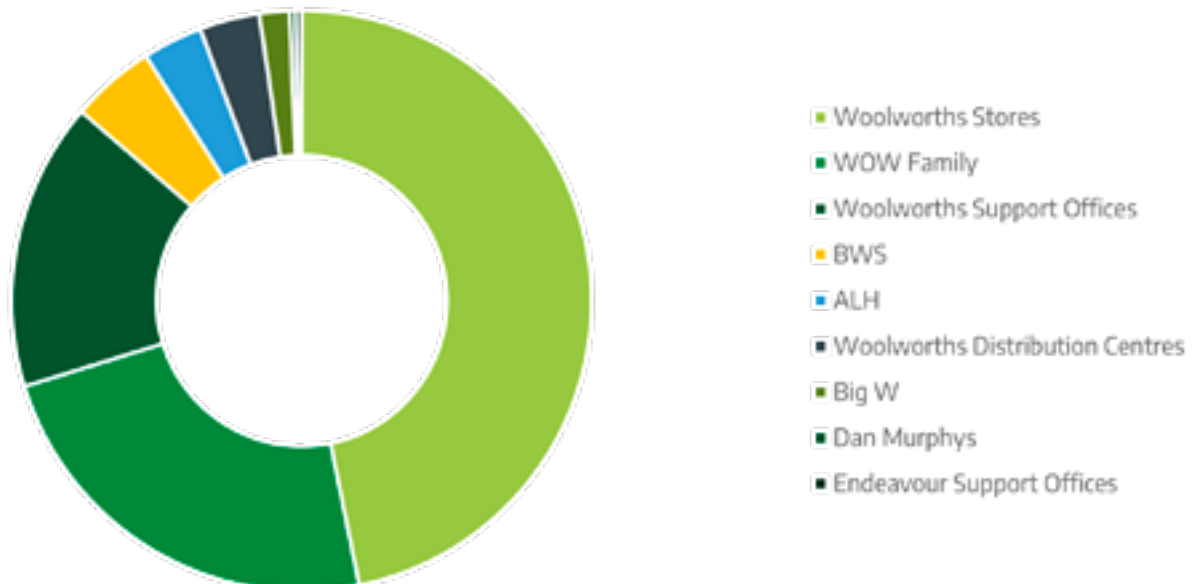


How many accounts do members hold?

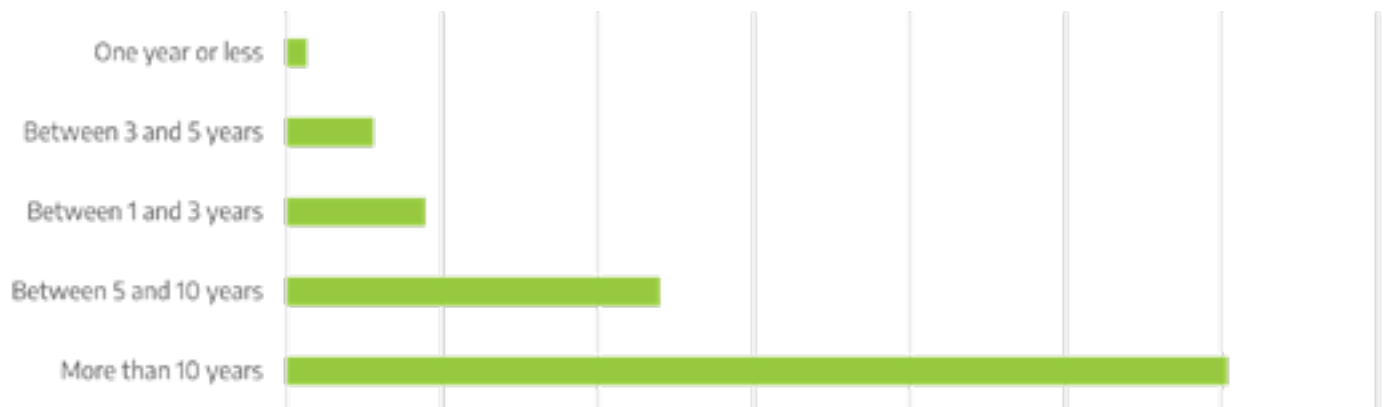
1 account 2 accounts 3 accounts 4 accounts 5 accounts 6 accounts 7+ accounts



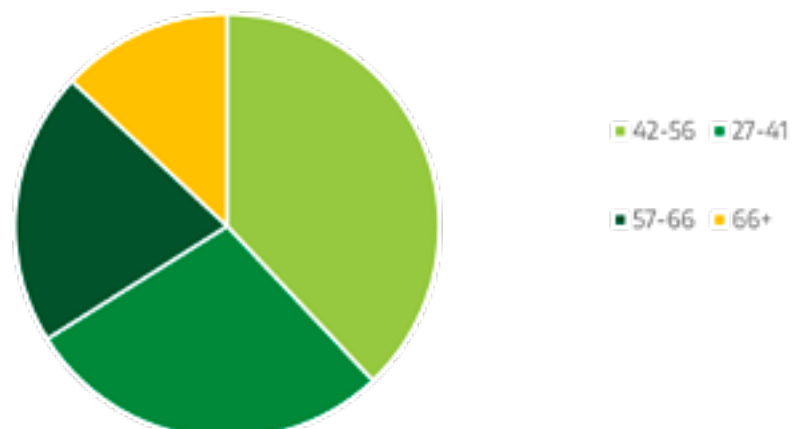
Where do our new members work?



How long have members been with us?



How old are our members?



We're passionate about giving young men and women a good start in life however we can. As such, we once again sought out worthy recipients for our Woolworths Team Bank Scholarship in 2021.

We received hundreds of applications, and a panel of judges from our Executive Team and Board of Directors made the final decision. The winners reflect a changing generation who value hard work and aspire to greatness. Here are our scholarship recipients for 2021.

While Emily struggled academically all her young life due to dyslexia, she always had a love for horses. She regularly competes in dressage and shows her horse at local events.

As such, our scholarship funds would help her pay for her TAFE Course in caring for horses. We're looking forward to one day seeing Emily on the TV competing for Australia!

Chloe Mickel, Skilled Trades

At the time of application, Chloe worked in a Woolworths Supermarket in South Australia. Chloe completed her Certificate 1 in Construction, which led her to an apprenticeship in Carpentry for 2022.

Chloe was an easy choice for our skilled trades scholarship, thanks to her clear vision for a future career in building and construction.

“After finding a passion for building things and anything construction-related, I realised university isn’t everything, and I would much rather follow my dreams.”

This scholarship money helped her purchase uniforms and the basic tools needed for her new career. It also helped pay for rent and petrol in the more remote area she would need to relocate to.

“I believe this scholarship could really get my career off to the best start.”

Alexander Norris, Academia

Alexander previously worked in the Woolworths St Ives Supermarket, and both his parents work in a nearby Customer Fulfilment Centre.

While he had been working hard through his final year of high school, Alexander had already faced great adversity. He suffered a major sporting injury in Grade 11, rupturing his knee’s anterior cruciate ligament and requiring major surgery at great expense.

As a result, he’d been studying on a 10-year-old laptop in desperate need of replacement.

Despite this, he had nonetheless been offered early entry into the University of Technology Sydney’s Law Degree. His scholarship helped pay for a new laptop and software for his future studies.

After senior years of schooling during a global pandemic and significant personal challenges, we’re thrilled to see Alexander receive our scholarship for academia.

Darren Rowan, Emily Griffith and Rod Attrill.



MEET OUR DIRECTORS



Anthony Parle (Chair)

Tony Parle is a highly qualified and experienced member of the Woolworths Team. He has been a director since 1994 and chairman since 1999, and serves on a number of the sub-committees alongside his role as chair of the Board.

Tony is a strong advocate of mutual banking and providing benefits to team members through the bond with the Woolworths group. This has seen extensive growth through Tony's time on the Board, and he has driven a number of key changes within the Bank, including the rebranding from WECU to Woolworths Team Bank in recent years.

- MAMI, FCPA, GAICD
- Bachelor of Business (Accounting)
- Director since May 1994
- Audit Committee
- Governance & Remuneration Committee
- Risk Committee

Chris Cramond

Chris Cramond is the General Manager, Woolworths Group Exports and Wholesale with the Woolworths Group and has been an appointed Director of the Bank since January 2020.

Chris headed up Woolworths Financial Services, which included the starting up of Woolworths Insurance. Chris is also a member of the Bank's Board Marketing and Development Committee.



- Director since January 2020
- Marketing & Development Committee



Peter Hathaway

Peter Hathaway was appointed a director of Woolworths Team Bank in June 2020 and has been a member of the Board Marketing and Development Committee since June 2020. Peter has over twenty years experience in the food and beverage retail industry, where he has held senior General Management, Commercial, Brand & Marketing positions for Woolworths Food Company and Pinnacle Drinks businesses within Woolworths Group.

Prior to joining Woolworths, Peter worked for The Cellarmaster Group and Australian Wine Selectors. Peter is currently General Manager of Macro Wholefoods Company, a Woolworths Group business.

- Bachelor of Arts
- Certificate in Direct Marketing
- Director since June 2020
- Marketing & Development Committee

Darren Rowan

A strategic and visionary technology leader with over 26 years of retail/IT experience, Darren Rowan is focused on delivering next-generation technology roadmaps and service delivery plans to support a Board's vision and goals. He is currently the Head of IT - Project Delivery Stores for Woolworths Limited.

He regularly serves as a strategic advisor to the business, offering invaluable insight into 18-month planning, infrastructure consolidation and growth, enterprise frameworks, risk, compliance and change.

Darren has expertise in building store networks and across ERPs, SAP and MS Dynamics. He is also passionate about building and developing high-performance teams and future leaders.



- GAICD
- Post Graduate Certificate (Management)
- Diploma of Management
- Director since August 2018
- Chair - Marketing & Development Committee



Paul Ryan

Paul Ryan is a highly active community member and a father of three. He works at Goodstart to advocate for the most vulnerable – to ensure all Australia's children have equal opportunities for school and life success. Paul is a state manager with 35 years of experience working for major national organisations and brings deep leadership and operational expertise in managing diverse organisational footprints and people. With a strong background in all areas of business operations – marketing, logistics to procurement and finance – Paul has a deep understanding of what's needed to support his team and centres to be their best.

Paul has a passion for people and making a difference in the communities we all live in. He is a volunteer and fundraiser for a number of charities, including Australian Red Cross, Country Fire Authority, Victoria Police Blue Ribbon Foundation and The Royal Children's Hospital Foundation Melbourne. Paul resigned as a director in November 2021.

- MAMI
- Post Graduate Certificate in Management
- Director since July 2001
- Post Graduate Certificate (Business & Marketing)
- Marketing & Development Committee
- Governance & Remuneration Committee



Ross Spencer

Ross has worked within the Woolworth's Group for the past 14 years and, over this time, has held a variety of roles in Operations and Support functions. More recently, Ross has led the coordinated efforts of the Woolworths Group's planning and response to the COVID-19 pandemic by leading a cross-functional team consisting of Safety, Risk, Legal, Marketing, Finance, Government Relations and Operations teams with the purpose of providing frameworks, policy and guidance to effectively navigate through the pandemic.

Currently, Ross is the General Manager Team Enablement in Woolworths Supermarkets, leading an element of the National Operations team that directly supports ~1,000 stores across the areas of Capacity, Trade & Events, Team Activation, Stores Governance and Resilience streams.

- Director Since March 2022
- General Manager - Team Enablement Woolworths Supermarkets
- Diploma of Management

Pieter van der Merwe

Pieter is a highly experienced technology executive specialised in Cyber Security and Technology Risk Management. Pieter is currently the Chief Security Officer of Woolworths Group.

Pieter prides himself in taking a practical approach to information security. He is constantly searching for ways to derive the most value out of the current investments in security processes and technologies and get the basics of security right. Pieter has experience in developing and implementing large-scale strategic security programs in numerous industries and geographies, having worked across South Africa, Africa, the Middle East, the UK, Europe, Australia and New Zealand.

Pieter has a deep understanding of the risks and challenges faced by organisations in responding to and managing the risks associated with a world ever more reliant on technology.



- Director since 2022
- B.Sc (Military Sciences)
- MAICD
- Chief Security Officer for Woolworths Group
- M.Sc (Electronics) with a specialisation in Cyber Security

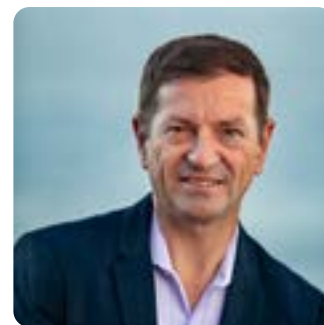
Reference

- MAICD - Member Of The Australian Institute Of Company Directors
- MAMI – Member Of Australasian Mutuals Institute Ltd.
- GAICD – Graduate Of The Australian Institute Of Company Directors
- CA – Member Of Chartered Accountants Australia and New Zealand
- FCPA – Fellow Of Certified Practicing Accountants Australia

Anthony Wilson

Anthony Wilson is a founding partner of ABM Risk Partnership, a niche consultancy that has advised Executives and Boards in industries as diverse as Telecommunications, Veterinary, Finance & Financial Services, Insurance, State Government Departments, and Retail.

Anthony retains a strong commercial focus, especially given his broad senior executive experience in both support and operational roles. He has held senior roles in workers compensation and public liability, claims management, insurance, human resources, procurement, mergers and acquisitions, liquor licensing and operations and also held the role of Chief Audit Executive for Woolworths. He is the author of *The Uncertainty Effect: An Introduction to Risk Management* and is a private pilot and aircraft owner.



- MAMI, GAICD
- Master of Management
- Master of Risk Management
- Director since November 2013
- Governance & Remuneration Committee
- Audit Committee
- Chair - Risk Committee



Bree Ashley

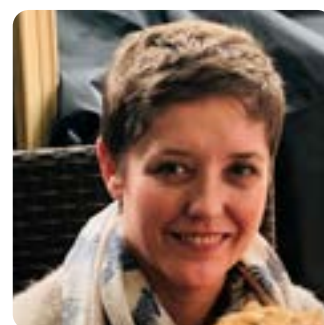
Bree Ashley has more than 15 years of experience in commercial and financial accounting. She is drawn to challenging roles providing growth opportunities and the ability to work with a diverse group of people. Her career has seen her work at PricewaterhouseCoopers, Downer EDI, Woolworths and Endeavour, where she is currently the General Manager Finance BWS.

Bree holds a Bachelor of Commerce from Sydney University and a Diploma of Applied Finance. She is also a member of the Institute of Chartered Accountants and a graduate and member of the Australian Institute of Company Directors.

- MAMI, CA, GAICD
- Graduate Diploma of Applied Finance
- Bachelor of Commerce
- Director since March 2018
- Chair - Audit Committee
- Risk Committee

Jane Ogg

Jane Ogg was appointed a director of Woolworths Team Bank in April 2020 and has been Chair of the Board Governance and Remuneration Committee since May 2021. Jane has extensive experience within the financial services industry, where she held senior HR positions with Commonwealth Bank, Perpetual and AMP before joining Woolworths Group in 2017. Jane specialises in performance and reward policy and programs and has supported the people and remuneration committees of ASX-listed company boards for more than 10 years. Jane resigned as a director in September 2022.



- GAICD
- Master of Commerce (HRM)
- Graduate Diploma of Frontline Management
- Bachelor of Commerce
- Director since April 2020
- Chair - Governance & Remuneration Committee

DIRECTORS' STATEMENT

Woolworths Team Bank Limited is a company registered under the Corporations Act 2001. Your directors present their report on the Bank for the financial year ended 30 June 2022.

Information on Directors

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

- A E Parle – Chair
- A M Wilson – Deputy Chair
- B Ashley
- C Cramond
- J Ogg (resigned 30th September 2022)
- P Hathaway
- P D Ryan (resigned 11th November 2021)
- D J Rowan
- R Spencer
- P van der Merwe

The Directors retire by rotation and/or as per the Constitution's Terms of Office provisions. Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

Information on Company Secretary

The Company Secretary is Mr Rod Attrill – MBA. Mr Attrill has been company secretary since February 2020.

Directors' benefits

No Director has received or become entitled to receive during, or since the end of the financial year, a benefit because of a contract made by Woolworths Team Bank (WTB), a controlled entity, a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest, other than that disclosed in Note 22 of the financial report.

Review and results of operations

The Bank experienced a decrease of 0.25% (2021 increase of 2.59%) in operating income during the year and a decrease in non-interest expenses of 0.14% (2021: increase of 1.81%), resulting in an operating profit (after income tax) of \$94,835 (2021:\$100,852), representing a return on assets of 0.07% (2021: 0.07%). Members' funds grew by 6.35% (2021: 1.08%). Reserves now stand at \$9.48 million (2021: \$9.38 million), which equates to a capital adequacy level of 15.54% (2021: 15.76%).

In the opinion of the Directors, given the circumstances related to the impact of the COVID-19 pandemic, the results for the year were satisfactory. No dividend has been declared by the Directors.

Principal activities

The principal activities of Woolworths Team Bank during the year were the provision of retail financial services to members in the form of taking deposits and giving financial accommodation as prescribed by the Constitution. No significant changes in the nature of these activities occurred during the year.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of Woolworths Team Bank during the financial year.

Significant events after the balance date

Whilst there has been no matters or significant events since the end of the financial year which will affect the operating results, Woolworths Team Bank has continued to monitor and manage the impact of the COVID-19 pandemic.

Woolworths Team Bank has put in place several measures to support the membership and we are intentionally maintaining a higher level of liquidity during this uncertain period.

As the expected length of the pandemic is still unknown and whilst there has been an impact on markets both domestically and globally, the core bond with the Woolworths Group team members allows Woolworths Team Bank to remain in a strong position financially.

Consequently, we are of the opinion that this matter will not significantly affect the operations, the results of the operations and the state of affairs of the Bank for the subsequent financial year.

Likely developments and expected results

No other matter, circumstance or likely development in the operations has arisen since the end of the financial year that has significantly affected or may affect:

- The operations of Woolworths Team Bank;
- The results of those operations; or
- The state of affairs of Woolworths Team Bank

Auditor's independence

The auditors have provided the declaration of independence to the Board as prescribed by the Corporations Act 2001 as set out on page 27.

Rounding of amounts

The Bank is a type of company referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar, or in certain cases, to the nearest thousand.

Directors' meetings

The numbers of meetings of directors (including meetings of Committees of Directors) eligible to attend during the year and the number of meetings attended by each director were as follows:

AUDIT COMMITTEE			RISK COMMITTEE		
DIRECTOR	ELIGIBLE	ATTENDED	DIRECTOR	ELIGIBLE	ATTENDED
TONY PARLE	3	2	TONY PARLE	3	2
ANTHONY WILSON	3	3	ANTHONY WILSON	3	3
BREE ASHLEY	3	3	BREE ASHLEY	3	2
PIETER VAN DER MERWE	1	1	PIETER VAN DER MERWE	1	1
MARKETING & DEVELOPMENT COMMITTEE			GOVERNANCE & REMUNERATION COMMITTEE		
DIRECTOR	ELIGIBLE	ATTENDED	DIRECTOR	ELIGIBLE	ATTENDED
DARREN ROWAN	3	3	TONY PARLE	2	2
PAUL RYAN	1	1	DARREN ROWAN	1	1
CHRIS CRAMOND	3	3	PAUL RYAN	1	1
PETER HATHAWAY	3	3	JANE OGG	2	2
BOARD MEETING			TOTAL		
DIRECTOR	ELIGIBLE	ATTENDED	DIRECTOR	ELIGIBLE	ATTENDED
TONY PARLE	10	9	TONY PARLE	18	15
ANTHONY WILSON	10	10	ANTHONY WILSON	16	16
DARREN ROWAN	10	8	DARREN ROWAN	14	12
BREE ASHLEY	10	8	BREE ASHLEY	16	13
PAUL RYAN	4	3	PAUL RYAN	6	5
CHRIS CRAMOND	9	8	CHRIS CRAMOND	12	11
JANE OGG	10	9	JANE OGG	12	11
PETER HATHAWAY	10	10	PETER HATHAWAY	13	13
PIETER VAN DER MERWE	5	5	PIETER VAN DER MERWE	7	7
ROSS SPENCER	1	1	ROSS SPENCER	1	1

Indemnification and insurance of directors and officers

During the year, a premium was paid in respect of a contract insuring Directors and Officers of the Bank against liability. The Officers of the Bank 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, and the nature of liabilities covered by the insurance contract is prohibited by a confidentiality clause in the contract. No insurance cover has been provided for the benefit of the Auditors of the Bank.

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



A. E. Parle
Director
7 November 2022



B. Ashley
Director
7 November 2022

Directors' Declaration

The Directors of the Company declare that:

The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and

- a. comply with the Accounting Standards and the Corporations Regulations 2001; and
- b. give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended as at that date.

The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

In the Directors' opinion, there are reasonable grounds to believe that the Company 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 for and on behalf of the Directors by:



A. E. Parle
Director
7 November 2022

MEET OUR EXECUTIVE TEAM

Rodney Attrill, Chief Executive Officer

Rodney is an experienced Chief Executive Officer with a demonstrated history of working within large customer and member-based institutions. A strong business development professional with a Master of Business Administration, his focus has been in finance and financial management services, marketing, operational management and strategic human resources.

His key skillset is especially effective when it comes to change management, which requires strategic planning to ensure success. As such, Rodney is leading Woolworths Team Bank through a period of profound change and ensuring the organisation thrives in the future.



Savinda Pathirana, Finance Manager

Savinda is an experienced Finance Manager with a demonstrated history of working in financial services and the retail industry. A CPA with a strong finance, accounting and information technology background having a Bachelor of Commerce from Deakin University and a Bachelor of Science Information Technology from Curtin University of Technology.

He is a relied-on member of our team. He is also skilled in negotiation, business partnering, key account relationship building, and ERP systems.



Josephine McCabe, Administration Manager

Josephine has been in banking for 36 years and is the Administration Manager at Woolworths Team Bank.

She predominately looks after our Core Banking platform. Josephine is one of our longest-serving staff members, and her institutional memory and knowledge of banking make her an invaluable asset.



Rajah Ramanathan, Chief Risk and Compliance Officer

Rajah has a BCom (Melb) degree and is a Chartered Accountant (Australia and New Zealand) and a Fellow of the Governance Institute and Financial Services Institute of Australasia.

He has been in banking for over 35 years and held several executive roles; including General Manager, Chief Operating Officer, Chief Financial Officer, Company Secretary and Chief Risk Officer within the retail banking and financial services industry. He has extensive experience in general management and administration, finance, accounting, company secretarial and corporate governance, risk management and compliance, auditing (both internal and external), financial performance and statutory reporting, strategic planning, policy and product development, project and business change management and fraud investigations.



Alexander Rappel, Marketing Manager

Alexander is a Brisbane-based marketing professional with more than a decade of experience in financial services. His passion lies in creating great customer experiences for brands. Alexander has a Bachelor of Journalism from Queensland University of Technology, a certificate from the Association for Data-driven Marketing and Advertising, and multiple qualifications in digital marketing disciplines.

Better still, his career has seen him work for some of the biggest brands in the country, including Canstar and Compare the Market. He brings an extensive skillset to the Woolworths Team Bank executive team.



CHAPTER SEVEN

AUDITOR'S REPORT

Grant Thornton Audit Pty Ltd

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Collins Square
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Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Woolworths Team Bank Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Woolworths Team Bank Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



Darren Scammell
Partner – Audit & Assurance

Melbourne, 7 November 2022

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ACN-130 913 594

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Independent Auditor's Report

To the Members of Woolworths Team Bank Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Woolworths Team Bank Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's report for the year ended 30 June 2022, 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 we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with *Australian Accounting Standards and the Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

Darren Scammell
Partner – Audit & Assurance

Melbourne, 7 November 2022



CHAPTER EIGHT

FINANCIAL STATEMENTS

COMPLETE SET OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022			
	NOTE	2022 (\$)	2021 (\$)
Interest revenue	2	3,659,579	3,880,357
Interest expense	2	(493,240)	(830,290)
Net interest income	2	3,166,339	3,050,067
Fees, commission and other income	2	723,325	849,251
TOTAL NET OPERATING INCOME		3,889,664	3,899,318
Bad and doubtful debts	2	(12,463)	(11,348)
Other expenses	2	3,781,634	3,785,954
TOTAL NON-INTEREST EXPENSE	2	3,769,171	3,774,606
Profit before income tax		120,493	124,712
Income tax expense	3	(25,658)	(23,860)
PROFIT AFTER INCOME TAX		94,835	100,852
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		94,835	100,852

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022			
ASSETS			
Cash	4	8,043,527	11,690,881
Investments at amortised cost	5	24,317,895	23,595,577
Receivables	6	310,854	265,559
Loans and advances	7	111,673,781	99,984,435
Plant and equipment	8	92,457	110,205
Intangible assets	9	236,029	344,295
Current tax assets	12	-	37,000
Other assets	11	80,005	75,927
TOTAL ASSETS		144,754,548	136,103,879
LIABILITIES			
Deposits	13	131,561,290	123,703,991
Payables and other liabilities	14	1,538,775	886,566
RBA Term Funding Facility	15	2,035,736	2,033,702
Current tax liability	12	49,816	-
Deferred tax liabilities	10	85,352	90,876
TOTAL LIABILITIES		135,270,969	126,715,135
NET ASSETS		9,483,579	9,388,744
MEMBERS FUNDS			
Retained earnings		9,037,127	8,965,044
General reserve for credit losses	18	296,892	270,770
Capital Profits Reserve	19	149,560	152,930
TOTAL MEMBERS FUNDS		9,483,579	9,388,744

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

STATEMENT OF CASH FLOWS YEAR ENDED 30 JUNE 2022

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2022 (\$)	2021 (\$)
Interest received		3,659,387	3,853,729
Interest paid		(563,949)	(1,017,242)
Other non-interest income received		697,896	816,071
Bad debts recovered	2	8,156	9,446
Payments to suppliers		(2,891,853)	(3,545,863)
Income tax paid		(7,443)	(37,000)
Net (increase) in receivables from other financial institutions	5	(722,318)	(5,694,136)
Net decrease in loans and advances	7	(11,676,883)	1,638,389
Net increase in deposits	13	7,857,299	8,098,451
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	16	(3,639,708)	4,121,845
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of intangible assets		-	(43,872)
Acquisition of property, plant, and equipment	8	(19,325)	(49,043)
Proceeds from sale of property, plant, and equipment		9,646	55,967
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(9,679)	(36,948)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net decrease in wholesale deposits	15	2,033	1,432,963
NET CASH FLOWS FROM FINANCING ACTIVITIES		2,033	1,432,963
NET INCREASE IN CASH HELD		(3,647,354)	5,517,860
Cash at beginning of year		11,690,881	6,173,021
CASH AT END OF YEAR	16	8,043,527	11,690,881

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Retained Earnings (\$)	General Reserve for Credit Losses (\$)	Capital Profits Reserve (\$)	Total (\$)
Total at 1 July 2021	8,965,044	270,770	152,930	9,388,744
Total Comprehensive Income for the year	94,835	-	-	94,835
Transfer to / from Retained Earnings	(26,122)	26,122	-	-
Transfer to / from Capital Profits Reserve	3,370	-	-3,370	-
TOTAL AT 30 JUNE 2022	9,037,127	296,892	149,560	9,483,579

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Retained Earnings (\$)	General Reserve for Credit Losses (\$)	Capital Profits Reserve (\$)	Total (\$)
Total at 1 July 2020	8,862,241	276,091	149,560	9,287,892
Total Comprehensive Income for the year	100,852	-	-	100,852
Transfer to / from Retained Earnings	5,321	(5,321)	-	-
Transfer to / from Capital Profits Reserve	(3,370)	-	3,370	-
TOTAL AT 30 JUNE 2021	8,965,044	270,770	152,930	9,388,744

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. STATEMENT OF ACCOUNTING POLICIES

This complete set of financial statements is prepared for Woolworths Team Bank for the year ended 30 June 2022. The report was authorised for issue on 7 November 2022 in accordance with a resolution of the Board of Directors. The Bank is a public company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is 522-550 Wellington Road, Mulgrave, Victoria 3170. The complete set of financial statements is presented in Australian dollars. The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards ensures compliance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The Bank is a for-profit entity for the purpose of preparing the financial statements.

(A) BASIS OF MEASUREMENT

The financial statements have been prepared on an accruals basis, and are based on historical cost. The accounting policies adopted are consistent with those of the previous year unless otherwise stated.

(B) NEW STANDARDS APPLICABLE FOR THE CURRENT YEAR

There were no amended accounting standards and interpretations issued by the Australian Accounting Standards Board effective for the year ended 30 June 2022 that were relevant to the Bank. The Bank has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

The directors do not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Bank in future periods

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferred of Effective Date
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- AASB 17 Insurance Contracts

(C) FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the financial instrument and are measured initially at cost adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets that are recognised in profit or loss, are presented within finance costs, finance income or other financial items, except for impairment of loans and receivables which is presented within other expenses.

(I) 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. The Bank's cash and receivables fall into this category of financial instruments as well as bonds, NCDs, FRNs and term deposits.

(II) FINANCIAL ASSETS AT FVTPL

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. The Bank does not have any financial assets in the categories of FVPL.

(III) FINANCIAL ASSETS AT FVOCI

The Bank does not have any equity investments measured at FVOCI.

(IV) CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

The Bank's financial liabilities include wholesale deposits, member deposits, other payables and liabilities. Financial liabilities are measured subsequently at amortised cost using the effective interest method.

(D) LOANS TO MEMBERS

(I) BASIS OF RECOGNITION

All loans are initially recognised at fair value, net of loan origination fees and inclusive of transaction costs incurred. Loans are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss 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 Bank at balance date, less any allowance or provision against impairment for debts considered doubtful.

(II) INTEREST EARNED

Term loans – interest is calculated on the basis of the daily balance outstanding and is charged in arrears to a members account on the last day of each month.

Overdraft – interest is calculated initially on the basis of the daily balance outstanding and is charged in arrears to a members account on the last day of each month.

Credit cards – the interest is calculated initially on the basis of the daily balance outstanding and is charged in arrears to a members account on the 26th day of each month, on cash advances and purchases in excess of the payment due date. Purchases are granted up to 55 days interest free until the due date for payment.

Non-accrual loan interest – while still legally recoverable, interest is not brought to account as income where the Bank is informed that the member has deceased, or, where a loan is impaired.

(III) LOAN ORIGINATION FEES AND DISCOUNTS

Loan establishment fees and discounts are initially deferred as part of the loan balance, and are brought to account as income over the expected life of the loan as interest revenue.

(IV) TRANSACTION COSTS

Transaction costs are expenses which are direct and incremental to the establishment of the loan. These costs are initially deferred as part of the loan balance, and are brought to account as a reduction to income over the expected life of the loan as interest revenue.

(V) FEES ON LOANS

The fees charged on loans after origination of the loan are recognised as income when the service is provided or costs are incurred.

(VI) NET GAINS AND LOSSES

Net gains and losses on loans to members to the extent that they arise from the partial transfer of business or on securitisation, do not include impairment write downs or reversals of impairment write downs.

(VII) COMMISSIONS

Revenue for commissions from off balance sheet loans is recognised every 15th day of the month. Revenue from insurance commissions are recognised at the point of sale of the product.

(E) LOAN IMPAIRMENT

The Bank uses more forward looking information to recognise expected credit losses - the 'expected credit loss model' (ECL). Instruments within the scope of the requirements include loans and advances and other debt-type financial assets measured at amortised cost, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. The Bank 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 instrument.

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 ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment (loans in default) at the reporting date.

MEASUREMENT OF ECL

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

CREDIT-IMPAIRED FINANCIAL ASSETS

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

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

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

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

PRESENTATION OF ALLOWANCE FOR ECL IN THE STATEMENT OF FINANCIAL POSITION.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(F) BAD DEBTS WRITTEN OFF

(DIRECT REDUCTION IN LOAN BALANCE)

Bad debts are written off from time to time as determined by management and the Board of Directors when it is reasonable to expect that the recovery of debt is unlikely. Bad debts are written off against the provisions for impairment, if a provision for impairment had previously been recognised. If no provision had been recognised, the write offs are recognised as expenses in profit or loss.

(G) CASH AND LIQUID ASSETS

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(H) DEPOSITS WITH OTHER FINANCIAL INSTITUTIONS

Term deposits and negotiable certificates of deposit with other financial institutions are unsecured and have a carrying amount equal to their principal amount. Interest is paid on the daily balance at maturity. Interest is recognised when earned. The accrual for interest receivable is calculated on a proportional basis of the expired period of the term of the investment. Interest receivable is included in the amount of receivables in the statement of financial position.

(I) EQUITY INVESTMENTS AND OTHER SECURITIES

The Bank did not hold any equity investments during the reporting period.

(J) PLANT AND EQUIPMENT

Plant and equipment are depreciated on a straight line basis so as to write off the net cost of each asset over its expected useful life to the Bank. The useful lives are adjusted if appropriate at each reporting date. Estimated useful lives at reporting date are:-

Leasehold improvements: 7 years

Plant and equipment: 3 to 5 years

(K) INTANGIBLE ASSETS

Items of computer software which are not integral to the computer hardware owned by the Bank are classified as intangible assets. Computer software is amortised over the expected useful life of the software. These lives range from 3 to 8 years.

(L) MEMBER SAVINGS

(I) BASIS FOR MEASUREMENT

Member savings and term investments are quoted at the aggregate amount payable to depositors as at the balance date.

(II) INTEREST PAYABLE

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

(M) DUE TO OTHER FINANCIAL INSTITUTIONS

Amounts due to other financial institutions are carried at the principal amount. Interest is charged as an expense as it accrues.

(N) ACCOUNTS PAYABLE AND OTHER LIABILITIES

Liabilities for trade creditors and accruals are recognised when the Bank becomes a party to the contractual provisions of the liability and are measured initially at fair value.

Trade creditors and accruals are measured subsequently at amortised cost using the effective interest method.

(O) EMPLOYEE ENTITLEMENTS

Employee entitlements are not provided for on the Bank's statement of financial position. The Bank is charged a loading on salaries for employee entitlements by the host organisation, Woolworths Limited. Provision for employee entitlements are maintained by Woolworths Limited.

(P) INCOME TAX

The income tax expense shown in profit or loss is based on the profit before income tax adjusted for any non tax deductible, or non-assessable items between accounting profit and taxable income. Deferred tax assets and liabilities are recognised using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets or liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. These differences are presently assessed at 25% (2021: 26%). Deferred tax assets are only brought to account 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 the Bank will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a income tax benefit to be obtained.

(Q) GOODS AND SERVICES TAX

As a financial institution the Bank is input taxed on all income except for income from commissions and some fees. An input taxed supply is not subject to GST collection, and similarly the GST paid on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases are generally recovered on a proportionate basis. In addition certain prescribed purchases are subject to reduced input taxed credits (RITC), of which 75% of the GST paid is recoverable.

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST). To the extent that the full amount of the GST incurred is not recoverable from the Australian Taxation Office (ATO), the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the statement of financial position. Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(R) IMPAIRMENT OF ASSETS

At the reporting date the Bank assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In determining recoverable amount the expected net cash flows have not been discounted to their present value using a market determined risk adjusted discount rate.

(S) ACCOUNTING ESTIMATES AND JUDGEMENTS

Management have made critical accounting estimates when applying the Bank's accounting policies with respect to the impairment provisions for loans. Note 7(G) elaborates further on the approach for impairment of loans.

(T) NEW OR EMERGING STANDARDS NOT YET MANDATORY

Certain standards have been issued by the Australian Accounting Standards Board that are not yet effective. The Bank has considered these accounting standards and determined that their impact on the Bank will be immaterial.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. OPERATING PROFIT

NET PROFIT BEFORE TAX HAS BEEN DETERMINED AFTER:	2022 (\$)	2020 (\$)
INTEREST REVENUE		
Loans and advances	3,471,815	3,683,567
Deposits with other financial institutions	187,764	196,790
	3,659,579	3,880,357
INTEREST EXPENSE		
Member deposits	493,240	830,290
NET INTEREST INCOME	3,166,339	3,050,067
FEES, COMMISSION AND OTHER INCOME		
The gain/(loss) on disposal of plant and equipment	17,273	23,734
Fees and commissions		
- fee income	254,995	255,382
- Insurance commissions	163,147	172,634
- commissions	272,405	376,046
Bad debts recovered	8,156	9,446
Other income	7,349	12,010
FEES, COMMISSION AND OTHER INCOME	723,325	849,251
NON-INTEREST EXPENSE		
Bad and doubtful debts	(12,463)	(11,348)
Amortisation - Software	115,894	105,594
Depreciation - Plant and equipment	37,073	54,307
General and administration		
- Personnel costs	1,748,518	1,835,839
- insurance costs	133,108	142,837
- Assurance costs	96,025	79,504
- Information Technology costs	855,119	732,850
- Other	795,897	835,023
NON-INTEREST EXPENSE	3,769,171	3,774,606
PROFIT BEFORE TAX	120,493	124,712

3. INCOME TAX EXPENSE

THE PRIMA FACIE TAX ON PROFIT IS RECONCILED TO THE INCOME TAX EXPENSE AS FOLLOWS:		
PRIMA FACIE TAX ON PROFIT BEFORE TAX AT 25% (2021: 26%)	30,123	32,425
TAX EFFECT OF:		
Non-deductible expenses	-	(278)
Change in tax rate	(4,498)	(2,476)
Other adjustments	33	(5,811)
INCOME TAX EXPENSE ATTRIBUTABLE TO PROFIT	25,658	23,860
The income tax expense comprises of amounts set aside for current year profits.		
The franking account balance at year end, adjusted for income tax payable is	2,438,081	2,493,717

4. CASH

	2022 (\$)	2021 (\$)
Cash on hand	134,188	193,351
Cash at banks	7,909,339	11,497,530
	8,043,527	11,690,881

5. INVESTMENTS AT AMORTISED COST

Bonds	18,223,228	15,503,460
Negotiable Certificates of Deposit	-	1,999,665
Term Deposits	4,000,000	4,000,000
CUSCAL Security Deposit	2,094,667	2,092,452
	24,317,895	23,595,577

6. RECEIVABLES

Interest receivable	50,952	50,760
Other receivables	259,902	214,799
	310,854	265,559

All receivables are due within 12 months.

7. LOANS AND ADVANCES

	Gross Carrying value	ECL Allowance	Carrying value	Gross Carrying value	ECL Allowance	Carrying value
	2022 (\$)	2022 (\$)	2022 (\$)	2021 (\$)	2021 (\$)	2021 (\$)
Residential loans	104,700,694	-	104,700,694	91,795,608	-	91,795,608
Personal loans	6,186,646	(45,702)	6,140,944	7,329,513	(65,134)	7,264,379
Overdrafts and credit cards	841,269	(9,126)	832,143	926,605	(2,157)	924,448
Total	111,728,609	(54,828)	111,673,781	100,051,726	(67,291)	99,984,435

A) DIRECTORS AND DIRECTOR-RELATED ENTITIES

Loans to director-related entities	2,098,401	2,118,103
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B) MATURITY ANALYSIS

Overdrafts	222,261	259,493
Credit Card	619,008	667,112
Not longer than 3 months	4,551	5,726
Longer than 3 months and not longer than 12 months	199,468	243,954
Longer than 1 year and not longer than 5 years	3,991,470	5,775,816
Longer than 5 years	106,691,851	93,099,625
TOTAL LOANS	111,728,609	100,051,726

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7. LOANS AND ADVANCES (CONTINUED)

C) CREDIT QUALITY - SECURITY HELD AGAINST LOANS	2022 (\$)	2021 (\$)
Secured by mortgage over real estate	104,700,694	91,795,608
Partially secured by goods mortgage	5,421,026	6,464,810
Wholly unsecured	1,606,889	1,791,308
	111,728,609	100,051,726

It is not practicable to value all collateral as at balance date due to the variety of assets and condition.

A breakdown of the quality of the residential mortgage security on a portfolio basis is as follows:-

SECURITY HELD AS MORTGAGE AGAINST REAL ESTATE IS ON THE BASIS OF:

- loan to valuation ratio of less than 80%	96,540,932	80,598,065
- loan to valuation ratio of more than 80% but mortgage insured	8,159,762	11,197,543
	104,700,694	91,795,608

Where the loan value is less than 80% there is a margin more than 20% to cover the costs of any sale, or potential value reduction.

D) CONCENTRATION OF LOANS

Loans to members are predominantly to employees of Woolworths Group Limited and their families.

GEOGRAPHICAL CONCENTRATIONS - 2022	Housing (\$)	Other (\$)
Victoria	51,911,244	2,340,038
NSW	40,375,090	2,883,382
Tasmania	2,318,915	112,061
Queensland	7,812,969	1,081,346
Western Australia	1,014,345	219,583
South Australia	1,185,379	324,407
Australian Capital Territory	82,752	17,213
Northern Territory	-	49,885
	104,700,694	7,027,915

GEOGRAPHICAL CONCENTRATIONS - 2021	Housing (\$)	Other (\$)
Victoria	49,755,262	2,796,364
NSW	34,023,505	3,633,080
Tasmania	1,953,736	149,684
Queensland	4,024,744	979,587
Western Australia	487,008	185,824
South Australia	1,215,377	261,128
Australian Capital Territory	88,658	20,726
Northern Territory	247,318	229,725
	91,795,608	8,256,118

(E) SECURITISED LOANS

The Bank acts as an agent for a securitisation entity to arrange and fund loans made directly by the securitisation entity. These loans do not qualify for recognition and are not recognised in the books of the Bank at any time. The value of securitised loans under management is set out in Note 24.

(F) TRANSFERS OF FINANCIAL ASSETS - OFF BALANCE SHEET LOANS

The Bank has an off balance sheet funding facility with Bendigo and Adelaide Bank. This facility replaces securitised loans facility funded through Integris. These loans do not qualify for recognition and are not recognised in the books of the Bank at any time. The value of off balance sheet loans under management is set out in Note 25.

G) PROVISION FOR IMPAIRMENT

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
	2022 (\$)	2022 (\$)	2022 (\$)	2022 (\$)	2021 (\$)
Balance at 1 July per AASB 9	(16,266)	(4,266)	(46,759)	(67,291)	(95,820)
Changes in the loss allowance					
- Transfer to stage 1	-	-	-	-	1,025
- Transfer to stage 2	-	-	-	-	28,189
- Transfer to stage 3	1,543	1,367	(1,543)	1,367	(27,313)
- Net movement due to change in credit risk	2,940	-	-	2,940	-
- Write-offs	-	-	-	-	17,182
- Recoveries of amounts previously written off	-	-	8,156	8,156	9,446
Balance at 30 June	(11,783)	(2,899)	(40,146)	(54,828)	(67,291)

Key assumptions in determining the provision for impairment:

The Bank has determined the likely impairment loss on loans which have not maintained the loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as industrial restructuring, job losses or economic circumstances. In identifying the impairment, the Bank is required to estimate the potential impairment using the length of time the loan in arrears and the historical losses arising in past years. Given the relatively small number of impaired loans, the circumstances may vary for each loan over time resulting in higher or lower impairment losses. An estimate is based on the period of impairment. A provision is allowed for specifically identified loans. The policy covering impaired loans and advances is set out in Note 1(E).

Measurement of ECL

The key inputs into the measurement of ECL include the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD); and
- discounting.

These parameters are generally derived from internal analysis, management judgements and other historical data. They are adjusted to reflect forward-looking information as described below.

PD estimates are calculated based on arrears over 90 days and other loans and facilities where the likelihood of future payments is low. The definition of default is consistent with the definition of default used for internal credit risk management and regulatory reporting purposes. Instruments which are 90 days past due are generally considered to be in default.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD percentage applied considers the structure of the loan, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, Loan to Value Ratios (LVR) are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and future expectations.

Where appropriate, in calculating the ECL, future cash flows are discounted at the original effective interest rate of the exposure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7. LOANS AND ADVANCES (CONTINUED)

ANALYSIS OF LOANS IMPAIRED OR POTENTIALLY IMPAIRED BY CLASS	Value of impaired loans	Provision for impairment
	2022 (\$)	2022 (\$)
Mortgage	-	-
Personal	93,797	45,702
Credit Card and Overdrafts	22,965	9,126
	116,762	54,828

ANALYSIS OF LOANS IMPAIRED OR POTENTIALLY IMPAIRED BY CLASS	Value of impaired loans	Provision for impairment
	2021 (\$)	2021 (\$)
Mortgage	185,345	-
Personal	64,228	65,134
Credit Card and Overdrafts	32,006	9,126
	281,579	67,291

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

The loans that are past due are not considered for impairment as they are well secured.

There were loans granted with temporary repayment deferrals according to APRA specifications which were impacted by COVID-19. There were no active deferred loan facilities remaining as at 30 June 2022.

8. PLANT AND EQUIPMENT

	2022 (\$)	2021 (\$)
OFFICE EQUIPMENT		
At cost	52,966	52,966
Provision for depreciation	(45,375)	(42,289)
	7,591	10,677
EDP EQUIPMENT		
At cost	227,870	208,545
Provision for depreciation	(169,011)	(143,227)
	58,859	65,318
MOTOR VEHICLES		
At cost	36,288	64,663
Provision for depreciation	(10,281)	(30,453)
	26,007	34,210
TOTAL PLANT AND EQUIPMENT	92,457	110,205
TOTAL PLANT AND EQUIPMENT		
Cost	317,124	326,174
Provision for depreciation and amortisation	(224,667)	(215,969)
Total written down amount	92,457	110,205
MOVEMENT IN CARRYING AMOUNTS		
MOVEMENT IN CARRYING AMOUNTS – OFFICE EQUIPMENT		
Balance at beginning of financial year	10,677	14,013
Additions	-	273
Depreciation expense	(3,086)	(3,609)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	7,591	10,677
MOVEMENT IN CARRYING AMOUNTS – EDP EQUIPMENT		
Balance at beginning of financial year	65,318	87,009
Additions	19,325	10,065
Depreciation expense	(25,784)	(31,756)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	58,859	65,318
MOVEMENT IN CARRYING AMOUNTS – MOTOR VEHICLES		
Balance at beginning of financial year	34,210	51,321
Additions	-	38,705
Depreciation expense	(8,203)	(18,942)
Disposals	-	(36,874)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	26,007	34,210
MOVEMENT IN CARRYING AMOUNTS -TOTAL		
Balance at beginning of financial year	110,205	152,343
Additions	19,325	49,043
Depreciation expense	(37,073)	(54,307)
Disposals	-	(36,874)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	92,457	110,205

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

9. INTANGIBLE ASSETS

	2022 (\$)	2021 (\$)
Computer software	813,907	813,907
Less Provision for amortisation	(577,878)	(469,612)
	236,029	344,295

10. DEFERRED TAX ASSETS / (LIABILITIES)

DEFERRED TAX ASSETS / (LIABILITIES) COMPRISE TEMPORARY DIFFERENCES ATTRIBUTABLE TO:

Deferred tax assets		
Trade debtors	13,707	17,496
Trade creditors	19,732	17,411
Capitalised expenses	4,272	8,887
Tax losses	-	26,079
Deferred tax liabilities		
Prepayments	-	-
Depreciation and amortisation	82,122	118,170
Other assets	40,941	42,579
Deferred tax, net		
Deferred tax assets	37,711	69,873
Deferred tax liabilities	(123,063)	(160,749)
Deferred tax assets / (liabilities), net	(85,352)	(90,876)

11. OTHER ASSETS

Prepayments	80,005	75,926
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12. CURRENT TAX ASSETS / (LIABILITIES)

Current income tax receivable	-	37,000
Current income tax payable	(49,816)	-

13. DEPOSITS

	2022 (\$)	2021 (\$)
Call deposits	84,715,790	75,247,271
Term deposits	46,683,223	48,292,374
Member withdrawable shares	162,277	164,346
	131,561,290	123,703,991

(A) MATURITY ANALYSIS

On call	84,715,790	75,247,271
Not longer than 3 months	24,199,130	24,330,251
Longer than 3 and not longer than 12 months	21,057,813	23,813,079
Longer than 1 and not longer than 5 years	1,426,280	149,044
No maturity specified	162,277	164,346
	131,561,290	123,703,991

(B) CONCENTRATION OF RISK

The Bank's deposit portfolio does not include any deposit which represents 10% or more of total liabilities.

Member deposits at balance date were received from individuals employed principally with Woolworths Group Limited.

GEOGRAPHICAL CONCENTRATIONS

Victoria	86,725,068	84,228,009
New South Wales	37,553,744	31,734,023
Tasmania	1,099,184	1,288,513
Queensland	4,067,686	4,482,438
Western Australia	1,133,369	841,352
South Australia	464,079	574,331
Australian Capital Territory	291,394	307,102
Northern Territory	64,489	83,878
	131,399,013	123,539,645

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

14. PAYABLES AND OTHER LIABILITIES

	2022 (\$)	2021 (\$)
Trade creditors	234,046	287,187
Accrued interest payable	109,095	179,803
Sundry creditors & other liabilities	1,195,634	419,576
	1,538,775	886,566

All accounts payable and other liabilities are due within 12 months.

15. RBA TERM FUNDING FACILITY

Term deposits from other financial institutions and wholesale deposits	-	-
RBA Term Funding Facility	2,035,736	2,033,702

16. STATEMENT OF CASH FLOWS

(A) RECONCILIATION OF THE OPERATING PROFIT AFTER TAX TO THE NET CASH FLOWS FROM OPERATIONS

Operating profit after tax	94,835	100,852
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NON-CASH MOVEMENTS

Provision for impairment	(12,463)	(11,348)
Depreciation and amortisation	152,967	159,901
Net (gain)/loss on disposal of plant and equipment	(17,273)	(23,734)

CHANGES IN ASSETS AND LIABILITIES

Interest receivable	(192)	(26,630)
Trade creditors	(53,141)	165,818
Accrued interest payable	(70,708)	(186,951)
Tax receivable	86,816	(8,971)
Deferred tax liabilities	(5,524)	45,480
Prepayments	(4,079)	25,606
Deposits with other financial institutions	(722,318)	(5,694,136)
Loans and advances	(11,676,883)	1,638,389
Deposits	7,857,299	8,098,451
Other receivables	(45,102)	463,888
Sundry creditors and other liabilities	776,058	(624,770)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(3,639,708)	4,121,845

(B) RECONCILIATION OF CASH

CASH BALANCE COMPRISES:

Cash	134,188	193,351
Bank	7,909,339	11,497,530
CASH BALANCE AT END OF YEAR	8,043,527	11,690,881

16. STATEMENT OF CASH FLOWS (CONTINUED)

(C) CASH FLOWS PRESENTED ON A NET BASIS

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

- (a) member deposits to and withdrawals from deposit accounts.
- (b) borrowings and repayments on loans and advances.

(D) BANK OVERDRAFT FACILITY

The Bank has a bank overdraft facility available to the extent of \$400,000 (2021: \$400,000).

The facility is secured by a fixed and floating charge over the assets of the Bank.

17. CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

In the normal course of business the Bank enters into various types of contracts that give rise to contingent or future obligations. These contracts generally relate to the financing needs of members.

CREDIT RELATED COMMITMENTS

Binding commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

	2022 (\$)	2021 (\$)
Approved but undrawn loans and credit limits	1,434,799	1,020,387
Loan redraw facilities available	7,897,989	7,660,125

OTHER EXPENSE COMMITMENTS

Not later than 1 year	409,980	225,120
later than 1 year but not 2 years	269,407	231,873
Later than 2 years but not 5 years	673,360	999,175
Greater than 5 years	-	134,403
	1,352,747	1,590,571

UNDRAWN LOAN FACILITIES

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

Total value of facilities approved	1,847,633	1,846,858
Less amount advanced	(841,269)	(926,605)
NET UNDRAWN VALUE	1,006,364	920,253

LIQUIDITY SUPPORT SCHEME

The Bank is a member of the Credit Union Financial Support Scheme Limited (CUFSS), a company limited by guarantee, established to provide financial support to member Credit Unions in the event of a liquidity or capital problem. As a member, the Bank is committed to maintaining 3.1% of total assets as deposits in its Austraclear account.

Under the terms of the Industry Support Contract (ISC), the maximum call for each participating Credit Union would be 3.1% of the participant's total assets. This amount represents the Bank's irrevocable commitment under the ISC. At balance date, there were no loans issued.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

18. GENERAL RESERVE FOR CREDIT LOSSES

	2022 (\$)	2021 (\$)
General reserve for credit losses	296,892	270,770

This reserve records amount previously set aside as a General provision and is maintained to comply with the Prudential Standards set down by APRA

19. CAPITAL PROFITS RESERVE

Capital Profits Reserve	149,560	152,930
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Share redemption

The accounts represent the amount of redeemable preference shares redeemed by the Bank since 1 July 1999. The Law requires that the redemption of the shares be made out of profits. Since the value of the shares has been paid to members in accordance with the terms and conditions of the share issue, the account represents the amount of profits appropriated to the account.

20. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations, the results of these operations or state of affairs of the Bank in subsequent financial years.

Amounts received or due and receivable by the auditors of Woolworths Team Bank Limited		
Audit of the financial statements of the Bank - Grant Thornton	55,000	52,000
(Includes statutory audit, APRA audit and ASIC financial services licence audit)		
Taxation Services	11,000	10,000
	66,000	60,000

22. RELATED PARTY DISCLOSURES

(A) REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of that entity. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Key management personnel has been taken to comprise the directors and one member of the executive management team responsible for the day to day financial and operational management of the Bank. The aggregate compensation of key management persons during the year was \$396,416 (2021: \$375,663) comprising wages, salaries, fringe benefits received, superannuation contributions, paid annual and sick leave and bonuses.

(B) LOANS TO KEY MANAGEMENT PERSONNEL

The aggregate value of loans to key management personnel amounted to \$2,098,401 (2021: \$2,118,103). Loans to key management personnel are approved on the same terms and conditions, which are applied to members. There are no benefits or concessional terms and conditions applicable key management persons or their close family members. There are no loans, which are impaired in relation to key management persons.

(C) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Other transactions with related parties include deposits from key management personnel. The total value of savings and term deposits from key management personnel amounted to \$53,772 (2021: \$230,118).

(D) THE FOLLOWING RELATED PARTY TRANSACTIONS OCCURRED DURING THE FINANCIAL YEAR:

(i) Transactions with other related parties

There were no transactions with related parties other than those disclosed elsewhere in this note.

(ii) Transactions with the directors of Woolworths Team Bank Limited

There were no transactions with directors at concessional interest rates.

(iii) Transactions with director-related entities

There were no transactions with director related entities at concessional interest rates.

23. OUTSOURCING ARRANGEMENTS

The Bank has arrangements with other organisations to facilitate the supply of services to members.

(a) CUSCAL Limited

CUSCAL is an Authorised Deposit Taking Institution registered under the Corporations Act 2001 and the Banking Act 1959. This organisation:

- (i) provides the licence rights to Visa Card in Australia and settlement with other institutions for ATM, Visa card and cheque transactions, direct entry transactions, as well as the production of Visa and Redicards for use by members;
- (ii) This company operates the computer network used to link Redicards and Visa cards operated through Reditellers and other approved ATM providers to the Bank's IT Systems.
- (iii) provides treasury and money market facilities to the Bank.

(b) Ultradata Australia Pty Ltd

Provides and maintains the application software utilised by the Bank.

(c) Transaction Solutions Limited

This service provider operates the computer facility on behalf of the Bank in conjunction with other Credit Unions. The Bank has a management contract with the company to supply computer support staff and services to meet the day to day needs of the Bank and compliance with the relevant Prudential Standards.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

24. SECURITISATION

The Bank had an arrangement with Integris Securitisation Services Pty Ltd whereby it acted as an agent to promote and complete loans on their behalf, for on sale to an investment trust. The Bank also manages the loans portfolio on behalf of the trust, and bears no risk exposure in respect of these loans. The amount of securitised loans under management as at 30 June 2022 is \$2,152 (2021: \$21,094). The Bank has not funded any loans under this facility in 2021-2022.

25. TRANSFERS OF FINANCIAL ASSETS

The Bank has established arrangements for the transfer of loan contractual benefits of interest and repayments to support ongoing liquidity facilities. These arrangements are with:-

- The Integris securitisation trust where the Bank acts as agent for the trust in arranging loans on behalf of Integris, and/or can transfer the contractual rights to the trust of pre-existing loans at market value; and
- Bendigo and Adelaide Bank (Bendigo) where the Bank has arrangements where it can transfer the contractual rights to Bendigo of pre-existing loans at market value.

Only residential mortgage-backed securities (RMBS) that meet specified criteria, are eligible to be transferred in each of the above situations.

Securitised loans not on the balance sheet - Derecognised in their entirety

The values of securitised loans which are qualifying for de-recognition arising from transfer of interest in the loans, as the conditions do not meet the criteria in the accounting standards. In each case the loans are variable interest rate loans, hence the book value of the loans transferred equates to the fair value of those loans.

The associated liabilities are equivalent to the book value of the loans reported.

Integris Securitisation Services Pty Ltd

The Integris securitisation trust is an independent securitisation vehicle established by the peak Credit Union body Cuscal. The Bank has an arrangement with Integris Securitisation Services Pty Ltd whereby it acts as an agent to promote and complete loans on their behalf, for on sale to an investment trust. The Bank also manages the loans portfolio on behalf of the trust. The Bank bears no risk exposure in respect of these loans. The Bank receives a management fee to recover the costs of administration of the processing of the loan repayments and the issue of statements to the members.

The Bank does not have any obligations in connection with performance or impairment guarantees, or call options to repurchase the loans. Refer to the Bendigo and Adelaide Bank lending facility below.

Bendigo and Adelaide Bank non-securitisation lending facility

As the Integris Securitisation program through Cuscal was discontinued in February 2014, the Bank as well as a number of other participating Credit Unions, as a consequence and as an alternative, entered into an APRA approved Receivables Acquisition and Servicing Agreement with the Bendigo and Adelaide Bank (Bendigo). This off - Balance Sheet loan funding facility is designed to cater for larger loans and/or high loan demand that on-Balance Sheet liquidity cannot readily address. Under this arrangement the Bank will assign mortgage secured loans to Bendigo at the book value of the loans, subject to acceptable documentation criteria with a complete absence of any securitisation vehicle and/or securitisation related matters.

The Bank will contract directly with Bendigo and will be responsible for ensuring the funding program is suitable for the organisation as well as its ongoing availability and administration.

The loans transferred qualify for de-recognition on the basis that the assignment transfers all the risks and rewards to Bendigo and there are no residual benefits to the Bank. The Bank receives a management fee to recover the costs of ongoing administration for processing of the loan repayments and the issue of statements to the members.

The amount of loans under management through this facility as at 30 June 2022 is \$23,387,478 (2021: \$23,872,481).

26. FINANCIAL INSTRUMENTS

(A) NET FAIR VALUES

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date, are as follows.

	TOTAL CARRYING AMOUNT AS PER STATEMENT OF FINANCIAL POSITION		AGGREGATE NET FAIR VALUE	
	2022 (\$)	2021 (\$)	2022 (\$)	2021 (\$)
FINANCIAL ASSETS				
Cash and liquid assets	8,043,527	11,690,881	8,043,527	11,690,881
Investments at amortised cost	24,317,895	23,595,577	24,317,895	23,595,577
Loans and advances	111,673,781	99,984,435	111,673,781	99,984,435
Receivables	265,559	265,559	265,559	265,559
Total financial assets	144,300,762	135,536,452	144,300,762	135,536,452
FINANCIAL LIABILITIES				
Deposits	131,561,290	123,703,991	131,561,290	123,703,991
Term deposits from other financial institutions and wholesale borrowings	2,035,736	2,033,702	2,035,736	2,033,702
Trade creditors	886,566	886,566	886,566	886,566
Total financial liabilities	134,483,593	126,624,259	134,483,593	126,624,259

THE FOLLOWING METHODS AND ASSUMPTIONS ARE USED TO DETERMINE THE NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

RECOGNISED FINANCIAL INSTRUMENTS

Cash and liquid assets and due from other financial institutions: The carrying amounts approximate fair value because of their short-term to maturity or are receivable on demand.

Investments: The redemption value of term deposits at balance date approximates fair value as current rates reflect market interest rates. These investments are intended to be held until maturity.

Trade payables and due to other financial institutions: The carrying amount approximates fair value, as they are short term in nature.

Short-term borrowings: The carrying amount approximates fair value because of their short-term to maturity.

Loan and advances: The fair values of variable rate loans receivable including impaired loans reflect the current market interest rates, are estimated at their carrying value.

Deposits: The carrying amounts approximate amortised cost.

Other financial liabilities: This includes interest payable and expenses payable for which the carrying amount is considered to be a reasonable estimate of net fair value.

All classes of financial assets and financial liabilities are held at amortised cost.

(B) CREDIT RISK EXPOSURES

The Bank's maximum exposures* to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position.

CONCENTRATIONS OF CREDIT RISK

The Bank minimises concentrations of credit risk in relation to loans receivable by undertaking transactions with a large number of members within the specified category. All members are concentrated in Australia.

Credit risk in loans receivable is managed in the following ways:

- a risk assessment process is used for all members; and
- credit insurance is obtained for high-risk members.

* The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(C) INTEREST RATE RISK

The Bank's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate	Fixed interest rate maturing in:										Non-interest bearing	Total	Weighted average effective interest rate		
		Fixed interest rate maturing in:														
		S'000														
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	%	
FINANCIAL ASSETS																
Cash and liquid assets	7,911	13,406	-	-	-	-	-	-	-	-	134	103	13,601	13,601	0	0
Investments at amortised cost	-	-	14,103	18,483	1,000	-	5,212	1,110	4,002	4,002	-	-	24,317	23,595	0.7	0.5
Loans and advances	111,729	100,051	-	-	-	-	-	-	-	-	-	-	100,051	100,051	3.2	3.5
Receivables	-	-	51	51	-	-	-	-	-	-	260	215	311	266	N/A	N/A
TOTAL FINANCIAL ASSETS	119,640	113,540	14,154	18,534	1,000	0	5,212	1,110	-	-	394	408	138,370	137,603	-	-
FINANCIAL LIABILITIES																
Deposits	94,582	87,096	14,333	12,479	21,058	23,813	1,426	149	-	-	162	164	131,961	123,703	0.4	0.4
Due to other financial institutions	-	-	-	-	-	-	2,036	2,034	-	-	-	-	2,036	2,034	0.1	0.1
Trade creditors	-	-	-	-	-	-	-	-	-	-	1,539	887	1,539	887	N/A	N/A
TOTAL FINANCIAL LIABILITIES	94,582	87,096	14,333	12,479	21,058	23,813	3,462	2,183	-	-	1,701	1,051	135,136	126,624	-	-

27. MATURITY PROFILE OF FINANCIAL ASSETS AND LIABILITIES

Monetary assets and liabilities have differing maturity profiles depending on the contractual term, and in the case of loans the repayment amount and frequency. The table below shows the period in which different monetary assets and liabilities held will mature and be eligible for renegotiation or withdrawal. In the case of loans, the table shows the period over which the principal outstanding will be repaid based on the remaining period to the repayment date assuming contractual repayments are maintained, and is subject to change in the event that current repayment conditions are varied. Financial assets and liabilities are at the undiscounted values (including future interest expected to be earned or paid). Accordingly these values will not agree to the statement of financial position.

2022	Book value	Up to 1 month	1- 3 months	3-12 months	1- 5 years	After 5 years	No maturity	Total cash flows
FINANCIAL ASSETS	\$	\$	\$	\$	\$	\$	\$	\$
Cash	8,043,527	-	-	-	-	-	-	8,043,527
Liquid Investments	24,317,895	4,410,647	-	6,586,524	9,780,047	4,840,249	-	25,617,467
Loans & advances	111,673,781	897,014	1,836,599	8,562,114	35,197,971	139,134,865	-	185,628,563
Receivables	259,902	-	-	-	-	-	259,902	259,902
Total financial assets	144,295,105	5,307,661	1,836,599	15,148,638	44,978,018	143,975,114	259,902	219,549,460
FINANCIAL LIABILITIES								
Due to other financial institutions	2,033,702	-	-	-	2,042,640	-	-	2,042,640
Creditors	234,046	-	-	-	-	-	234,046	234,046
Deposits from members – at call	84,878,067	84,715,790	-	-	-	-	162,277	84,878,067
Deposits from members – term	46,683,223	9,894,655	14,388,774	21,166,201	1,434,051	-	-	46,883,681
Total financial liabilities	133,829,038	94,610,445	14,388,774	21,166,201	3,476,691	-	396,323	134,038,434

2021	Book value	Up to 1 month	1- 3 months	3-12 months	1- 5 years	After 5 years	No maturity	Total cash flows
FINANCIAL ASSETS	\$	\$	\$	\$	\$	\$	\$	\$
Cash	11,690,881	-	-	-	-	-	-	11,690,881
Liquid Investments	23,595,577	3,005,590	3,002,005	1,408,455	12,675,472	4,850,714	-	24,942,237
Loans & advances	99,984,435	899,637	1,753,031	8,222,439	33,010,854	117,528,826	-	161,414,786
Receivables	214,799	-	-	-	-	-	214,799	214,799
Total financial assets	135,485,692	3,905,227	4,755,037	9,630,894	45,686,326	122,379,539	214,799	198,262,703
FINANCIAL LIABILITIES								
Due to other financial institutions	2,033,703	-	-	-	2,039,776	-	-	2,039,776
Creditors	287,187	-	-	-	-	-	287,187	287,187
Deposits from members – at call	75,411,617	75,247,271	-	-	-	-	164,346	75,411,617
Deposits from members – term	48,292,374	11,904,840	12,527,371	23,910,255	149,747	-	-	48,492,212
Total financial liabilities	126,024,881	87,152,110	12,527,371	23,910,255	2,189,523	-	451,533	126,230,791

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board has endorsed a policy of compliance and risk management to suit the risk profile of the Bank. The Bank's risk management focuses on the major areas of market risk, credit risk and operational risk. Authority flows from the Board of Directors to the Board Audit Committee which are integral to the management of risk.

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

Board Audit Committee: Assists the Board by providing an objective non-executive review of the effectiveness of the Bank's financial reporting and internal controls. The Board Audit Committee receives internal audit reports on assessment and compliance with the controls.

Board Risk Committee: Assists the Board by providing an objective non-executive oversight of the implementation and operation of the Bank's risk management framework. The Board Risk Committee also considers and confirms that the significant risks are to be assessed within the internal audit plan.

Management: This group is responsible for implementing risk management policies and controls and liaising with the Board Audit Committee, Board Risk Committee and Internal Audit.

Internal Audit: Provides internal audit reports to the Board Audit Committee and has the responsibility for reviewing the operational function, testing and assessing controls. Key risk management policies encompassed in the overall risk management framework include:-

- Market risk
- Liquidity
- Credit risk management
- Operations risk management including data risk management

The Bank has undertaken the following strategies to minimise the risks arising from financial instruments:-

A. MARKET RISK

The objective of the Bank's market risk management is to manage and control market risk exposures in order 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 Bank's financial condition or results. The Bank is not exposed to currency risk, and other price risk. Financial instruments held by the Bank are not traded. The Bank is exposed to interest rate risk arising from changes in market interest rates. Net interest rate gaps between assets and liabilities are maintained by offering variable interest rate products. Term deposits are the only fixed interest rate products the Bank offers on statement of financial position. The Bank manages its interest rate risk by the use of interest rate sensitivity analysis.

B. LIQUIDITY RISK

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

The Bank manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer term forecasted cash flows.
- Monitoring maturity profiles of financial assets and liabilities.

- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities
- Monitoring the prudential liquidity ratio daily.

The Bank has a longstanding arrangement with the industry liquidity support scheme with Credit Union Financial Support Services (CUFSS) which can access industry funds to provide support to the Bank should it be necessary at short notice. The Bank is required to maintain at least 9% of total adjusted liabilities as liquid assets capable of being converted to cash within 24 hours under the APRA Prudential Standards. The Bank policy is to apply 12% of funds as liquid assets to maintain adequate funds for meeting member withdrawal requests. The 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 and/or borrowing facilities available.

C. CREDIT RISK

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

(I) CREDIT RISK – LOANS

The method of managing credit risk is by way of strict adherence to the credit assessment policies before a 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 Bank has established policies over the:

- Credit assessment and approval of loans and facilities covering acceptable risk assessment, security requirements;
- Limits of acceptable exposure over the value to individual borrowers considered at high risk of default;
- Reassessing and review of the credit exposures on loans and facilities;
- Establishing appropriate provisions to recognise the impairment of loans and facilities;
- Debt recovery procedures; and
- Review of compliance with the above policies;

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

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 Bank that requires interest and a portion of the principle to be paid every month. On the first day of the next month, if the agreed repayment amount has not been paid, the loan is past due. Past due does not mean that a counterparty will never pay, but it can trigger various actions such as renegotiation, enforcement of covenants, or legal proceedings. Once the past due exceeds 90 days the loans is regarded as impaired, unless other factors indicate the impairment should be recognised sooner.

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

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, is recognised in the statement of comprehensive income.

Statement of financial position provisions are maintained at a level that management deems sufficient to absorb probable incurred losses in the Bank's loan portfolio from homogenous portfolios of assets and individually identified loans.

BAD DEBTS

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

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

COLLATERAL SECURING LOANS

A sizeable portfolio of the loan book is secured on residential property in Australia. Therefore, the Bank 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 Bank's exposure to an individual counterparty (or group of related parties). If prudential limits are exceeded as a proportion of the Bank's regulatory capital (10%), a large exposure is considered to exist. No capital is required to be held against these 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. Concentration exposures to counterparties are closely monitored with annual reviews being prepared for all exposures over 5% of the capital base. The Bank's policy on exposures of this size is to insist on an initial Loan to Valuation ratio (LVR) up to least 80% and bi-annual reviews of compliance with this policy are conducted.

CONCENTRATION RISK – INDUSTRY

The Bank has a concentration in retail lending for members who comprise employees and family of Woolworths Ltd. This concentration is considered acceptable on the basis that the Bank was formed to service these members, and the employment concentration is not exclusive. Should members leave Woolworths Ltd, the loans continue and other employment opportunities are available to the members to facilitate the repayment of the loans.

(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 Bank incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Bank.

There is a concentration of credit risk with respect to investment receivables with the placement of investments in CUSCAL. The credit policy is that investments are only made to institutions that are credit worthy. Directors have established policies that a maximum of 30% of total liabilities less capital can be invested with any one financial institution at a time, as long as they do not exceed 50% of the capital base as required by APRA prudential standard APS 221.

The risk of losses from the liquid investments undertaken is reduced by the nature and quality of the independent rating of the investment body and the limits to concentration on one financial institution.

Under the liquidity support scheme at least 3.1% of the total assets must be invested in the Bank's Austraclear account, to allow the scheme to have adequate resources to meet its obligations if needed.

EXTERNAL CREDIT ASSESSMENT FOR INSTITUTION INVESTMENTS

The Bank 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 Standard APS 112. The credit quality assessment scale within this standard has been complied with.

D. OPERATIONAL RISK

Operational risk is the risk of loss to the Bank resulting from deficiencies in processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks. Operational risks in the Bank relate mainly to those risk arising from a number of sources including legal compliance, business continuity, data infrastructure, outsourced services failures, fraud and employee errors.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses through the implementation of controls, whilst avoiding procedures which inhibit innovation and creativity. These risks are managed through the implementation of policies and systems to monitor the likelihood of the events and minimise the impact. Systems of internal control are enhanced through:

- the segregation of duties between employee duties and functions, including approval and processing duties;
- documentation of the policies and procedures, employee job descriptions and responsibilities, to reduce the incidence of errors and inappropriate behavior;
- implementation of the whistleblowing policies to promote a compliant culture and awareness of the duty to report exceptions by staff;
- education of members to review their account statements and report exceptions to the Bank promptly;
- effective dispute resolution procedures to respond to member complaints;
- effective insurance arrangements to reduce the impact of losses; and
- contingency plans for dealing with the loss of functionality of systems or premises or staff.

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 Bank 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 Bank.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

IT SYSTEMS

The worst case scenario would be the failure of the Bank's core banking and IT network suppliers, to meet customer obligations and service requirements. The Bank 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 Bank by the industry body CUSCAL to service the settlements with other financial institutions for direct entry, ATM & Visa cards, and BPAY etc. 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.

E. CAPITAL MANAGEMENT

The capital levels are prescribed by APRA. Under the APRA prudential standards capital is determined in three components:

- Credit risk
- Market risk (trading Book)
- Operations risk.

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

CAPITAL RESOURCES

TIER 1 CAPITAL

The vast majority of Tier 1 capital comprises retained earnings.

TIER 2 CAPITAL

Tier 2 capital consists of capital instruments that combine the features of debt and equity in that they are structured as debt instruments, but exhibit some of the loss absorption and funding flexibility features of equity. There are a number of criteria that capital instruments must meet for inclusion in Tier 2 capital resources as set down by APRA.

Tier 2 capital generally comprises:

- Available for sale reserve which arises from the revaluation of financial instruments categorised as available for sale and reflects the net gains in the fair value of those assets in the year. This is included within upper Tier 2 capital.
- A subordinated loan remitted from the Bank's ultimate parent. The principal amount has been amortised on a straight line basis over the last 5 years to maturity of the loan in accordance with the requirements of APRA Prudential Standard APS 111.
- A general reserve for credit losses.

TIER 1 COMMON EQUITY	2022 (\$)	2021 (\$)
Retained earnings	9,186,686	9,117,974
Less prescribed deductions	(236,029)	(344,295)
NET TIER 1 COMMON EQUITY	8,950,657	8,773,678
TIER 1 ADDITIONAL EQUITY	-	-
NET TIER 1 CAPITAL	8,950,657	8,773,678

TIER 2	2022 (\$)	2021 (\$)
Reserve for credit losses	296,892	270,770
Less prescribed deductions	-	-
NET TIER 2 CAPITAL	296,892	270,770
TOTAL CAPITAL	9,247,549	9,044,448

The risk weights attached to each asset are based on the weights prescribed by APRA in its Prudential Standard APS 112. The general rules apply the risk weights according to the level of underlying security.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	Risk weighting	Carrying value	Risk weighted value	Carrying value	Risk weighted value
		2022 (\$)	2022 (\$)	2021 (\$)	2021 (\$)
Cash	0%	134,188	-	193,351	-
Government Bonds	0%	11,875,225	-	9,106,605	-
Deposits in highly rated ADI's	20%	11,937,436	2,387,487	15,503,354	3,100,671
Deposits in highly rated ADI's	50%	2,093,525	1,046,762	2,092,452	1,046,226
Negotiable certificates of deposit	20%	-	-	1,999,643	399,928
Bonds	20%	6,379,263	1,275,853	6,441,815	1,288,363
Bonds	50%	-	-	-	-
Standard loans secured against eligible residential mortgages up to 80% LVR, no mortgage insurance	35%	91,453,729	32,008,805	75,891,935	26,562,176
Standard Loans secured against eligible residential mortgages up to 90% LVR, with mortgage insurance	35%	11,640,560	4,074,196	10,294,062	3,602,922
Standard Loans secured against eligible residential mortgages greater than 90% LVR, with mortgage insurance	50%	1,606,405	803,203	5,609,611	2,804,806
Other assets	100%	7,405,452	7,405,452	8,589,758	8,589,758
TOTAL		144,525,783	49,001,758	135,722,585	47,394,850

The capital ratio as at the end of the financial year over the past 2 years is as follows

2022	2021
15.54%	15.76%

The level of capital ratio can be affected by growth in assets relative to growth in reserves and by changes in the mix of assets. To manage the Bank's capital the Bank reviews the ratio monthly and monitors major movements in the asset levels. Policies have been implemented to require reporting to the Board and the regulator if the capital ratio falls below a minimum level determined by the Bank's Internal Capital Adequacy Assessment Process (ICAAP). Further a 2 year capital budget projection of the capital levels is maintained annually to address how strategic decisions or trends may impact on the capital level.

PILLAR 2 CAPITAL ON OPERATIONAL RISK

This capital component was introduced as from the 1 January 2008 and coincided with changes in the asset risk weightings for specified loans and liquid investments. Previously no operational charge was prescribed. The Bank uses the Standardised approach which is considered to be most suitable for its business given the small number of distinct transaction streams. The Operational Risk Capital Requirement is calculated by mapping the Bank's three year average net interest income and net non-interest income to the Bank's various business lines.

Based on this approach, the Bank's operational risk requirement is as follows:

- Operational risk capital \$8,597,370 (2021 \$8,260,980)

It is considered that the Standardised approach accurately reflects the Bank's operational risk

INTERNAL CAPITAL ADEQUACY MANAGEMENT

The Bank manages its internal capital levels for both current and future activities through the Audit Committee. The outputs are reviewed by the Board in its capacity as the primary governing body. The capital required for any change in the Bank's forecasts for asset growth, or unforeseen circumstances, are assessed by the Board. The finance department then updates the forecast capital resources models and the impact upon the overall capital position of the Bank is reassessed. In relation to the operational risks, the major measurements for additional capital is strategic risk, which concerns the risk to the viability of the Bank from unexpected adverse changes in the business environment.

29. CORPORATE INFORMATION

Woolworths Team Bank Limited is a public company limited by shares, and is registered under the Corporations Act 2001.

The address of the registered office is:

522 – 550 Wellington Road, Mulgrave VIC 3170

The address of the principal place of business is:

522 – 550 Wellington Road, Mulgrave VIC 3170

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



Woolworths Team Bank Limited
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