



Annual Report 2023



Woolworths
Team Bank



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



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CEO AND CHAIR JOINT REPORT

“We are fiercely committed to creating positive change for our members.”

Tony Parle, Chairman



After a difficult trading environment in the previous year, our results for 2023 have shown the benefits of our focus on managed sustainable growth. We have achieved a structured balance of loan revenue growth and cost of funds, efficient management of expenses and good control over capital adequacy, liquidity and delinquency.

Our profit of \$338,032 and assets totalling \$144,401,079 returns the business to a strong growth trajectory and demonstrates our capacity to effectively operate through a difficult trading environment and while still ensuring a solid future for WTB with our investment in new technology, products and services.

Our six priority areas

First implemented in 2022, our six priorities are aimed at energising our approach to operations and placing our members at the heart of everything we do. Our focus has remained on member-centric solutions; people, partners, and culture; infrastructure and innovation; strong financial and risk position; branding and awareness; and ESG commitments, and have proven instrumental in this year's success.

We have pursued new engagements with stores, introduced simple and digital-friendly forms and processes,

developed proactive risk management frameworks, and evolved our marketing function. Our commitment to remaining a sustainable, solvent operation has been upheld over the last 52 years thanks to the ongoing support of our loyal members, the professional application of the Management team and the commitment, direction and support of the WTB Board Directors.

Building peer relationships

To further facilitate and support growth, we've increased interaction with our peers – most notably COBA Small Australian Mutuals – to ensure we remain abreast of new business insights and industry concerns. Our footprint into previously underserved states and territories has also started to expand, and we're excited about the reach and impact this will have on Woolworths Group team members.

We look forward to another year of servicing the financial needs of our current and future members.

Tony Parle, Chairman

This year, we have been able to support young Australians in a range of pursuits

Rod Attrill, CEO



At the end of 2022, inflation rates reached a 30-year high. As a mutual bank, we recognised we had the opportunity to invest in better products and services for the financial wellbeing of our members.

Last year, we opened our ears and our minds to suggestions from our members to learn what more could be done to help them live life on their terms.

This year, we responded.

Helping savings grow with more interest and less fees

This year welcomed significant changes to transaction fees and interest rates to benefit WTB members.

Firstly, we were successful in abolishing fees across a range of transaction accounts held by our members in what was one of our most significant changes since WTB was established. We also introduced higher interest rates with the new NetPlus account plan and competitive interest rates for term deposits, all to give back to our members in what has been a difficult year for Australian individuals and families.

Putting more Members first in more locations

In May and June this year, we commenced our QLD growth strategy with the appointment of a Business Development Manager dedicated to creating relationships with social clubs, store managers, and team members across the Sunshine State.

We look forward to increasing the awareness and accessibility of WTB with our on-the-ground presence in Queensland.

Visibility and brand awareness form one of our six strategic priorities, and one success of this focus area was evident with 50 applications for a WTB scholarship. This year, we have been able to support young Australians in a range of pursuits, including academia, sports, employment pathways, and more. We also joined Woolworths Group in celebrating the commitment of team members who have dedicated 25 years or more to the business. With specially-created WTB offers, over 1,000 25 Year Club members can now enjoy more ways to celebrate their loyalty.

Speaking of loyalty, I would like to extend my personal congratulations to our 10 and 25 Year Service Award recipients: Mari-Jaine Saylor (10 years), Donna Myers (10 years), Vicki Tellatin (20 years), Pam Sleeman (25 years) and Diane Micallef (25 years). WTB would not be what it is today without these hard-working, knowledgeable, and ever-so-friendly team members, and I'm truly honoured to call each of them my colleagues.

I invite you to read through this report and see the member-impact through our eyes.

Rod Attrill, CEO

OUR PRIORITIES

Our Directors and Executive Team met early in 2023 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.



Strong financial & risk position

Enhance staff training and on-the-job learning. We attended seminars and webinars geared towards Australian Deposit-Taking Institutions (e.g. Customer Owned Banking Association) and invested 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.



Branding & awareness

Create brand evangelists.

Our 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, we too will 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 Prudential Practice Guide CPG 229 Climate change Financial Risks November 2021.

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 DIRECTORS



Tony 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.

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



Anthony Wilson
Deputy Chair & Chair
Board Risk Committee

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 and 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.

• Director since November 2013 • MAMI, GAICD • Master of Management • Master of Risk Management • Audit Committee • Chair - Risk Committee



Bree Ashley
Chair Audit Committee

Bree Ashley has more than 20 years of commercial and financial accounting experience. Bree is currently the General Manager of Finance - BWS at Endeavour Group, prior to that she worked for Woolworths for a number of years where she led the financial, planning, and analysis team for the Food Group. She is drawn to challenging roles enabling her to partner with the business to drive financial and strategic outcomes as well as the ability to work with a diverse group of people. 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 and has previously held roles at PwC and Downer Group.

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



Ross Spencer
Director

Ross Spencer has been an integral part of the Woolworths Group for the past 16 years, taking on various roles within Operations and Support functions. Currently, Ross holds the position of Stores Enablement Director in Woolworths Supermarkets. In this role, he leads a division of our National Operations team that provides direct support to approximately 1,000 stores. Ross oversees multiple streams including capacity, trade and events, team activation, stores governance, and resilience. His expertise and leadership contribute significantly to the success of our stores. Ross 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 navigate through the pandemic effectively.

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



Carmel Pelunsky
Chair Governance and
Remuneration Committee

Carmel Pelunsky is a globally experienced executive who combines consulting expertise and in-house experience. She was most recently the People Director of Talent, Capability, and Inclusion at Woolworths Group. Prior to this, Carmel was a Managing Director at YSC, a global leadership consultancy where she led the Asia Pacific region, having previously spent time in the UK. Carmel holds a master's in Consulting and leading in Organisations from the Tavistock Clinic and Portman Trust, Applied Business Ethics, Postgraduate Diploma in Human Resource Management, and a Bachelor of Applied Psychology.

- Director since August 2023 • GAICD • Organisational Development • Human Resources Management Program • International Coaching Federation (ICF) Accreditation • Governance & Remuneration Committee



Darren Rowan
Chair Marketing and
Development Committee

Darren Rowan is a strategic and visionary technology leader with over 30 years of retail and IT experience. Darren is focused on delivering next-generation technology roadmaps and service delivery plans to support the Board's vision and goals. He is currently the General Manager IT – Stores Digital and W360 for Woolworths Group. 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 ERPs, SAP, and MS Dynamics. He is also passionate about building and developing high-performance teams and future leaders.

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



Pieter van der Merwe
Director

Pieter van der Merwe is the Chief Security Officer of Woolworths Group and a highly experienced technology executive specialised in Cyber Security and Technology Risk Management. 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. With a deep understanding of the risks and challenges organisations face, Pieter is adept at responding to and managing the risks associated with a world ever more reliant on technology.

- Director since December 2021 • B.Sc (Military Sciences) • MAICD • Chief Security Officer for Woolworths Group • M.Sc (Electronics) with a specialisation in Cyber Security • Audit Committee • Risk Committee

OUR DIRECTORS

(CONTINUED)



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 on the 30th of September 2022.

• GAICD • Master of Commerce (HRM) • Graduate Diploma of Frontline Management • Bachelor of Commerce • Director since April 2020 • Chair - Governance & Remuneration 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. Chris resigned as a Director on the 24th of May 2023.

• 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. Peter resigned as a Director on the 24th of May 2023.

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

OUR EXECUTIVES



Rodney Attrill
Chief Executive Officer

Rod Attrill is the CEO and Board Secretary of Woolworths Team Bank, with 30 years' experience working in the finance industry. He has held national leadership roles with Bank of Queensland (BOQ) and Compare the Market. Rod's experience and skills span frontline operations, customer service, lending, administration, marketing, and human resources, with key strengths in change management, strategy development, and leadership. Rod was appointed the Trustee for the Australian Mutual History Trust and volunteers as Deputy Chair of Extended Community Help Organisation (NFP).



Josephine McCabe
Administration Manager

Josephine has been in banking for 37 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.



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.

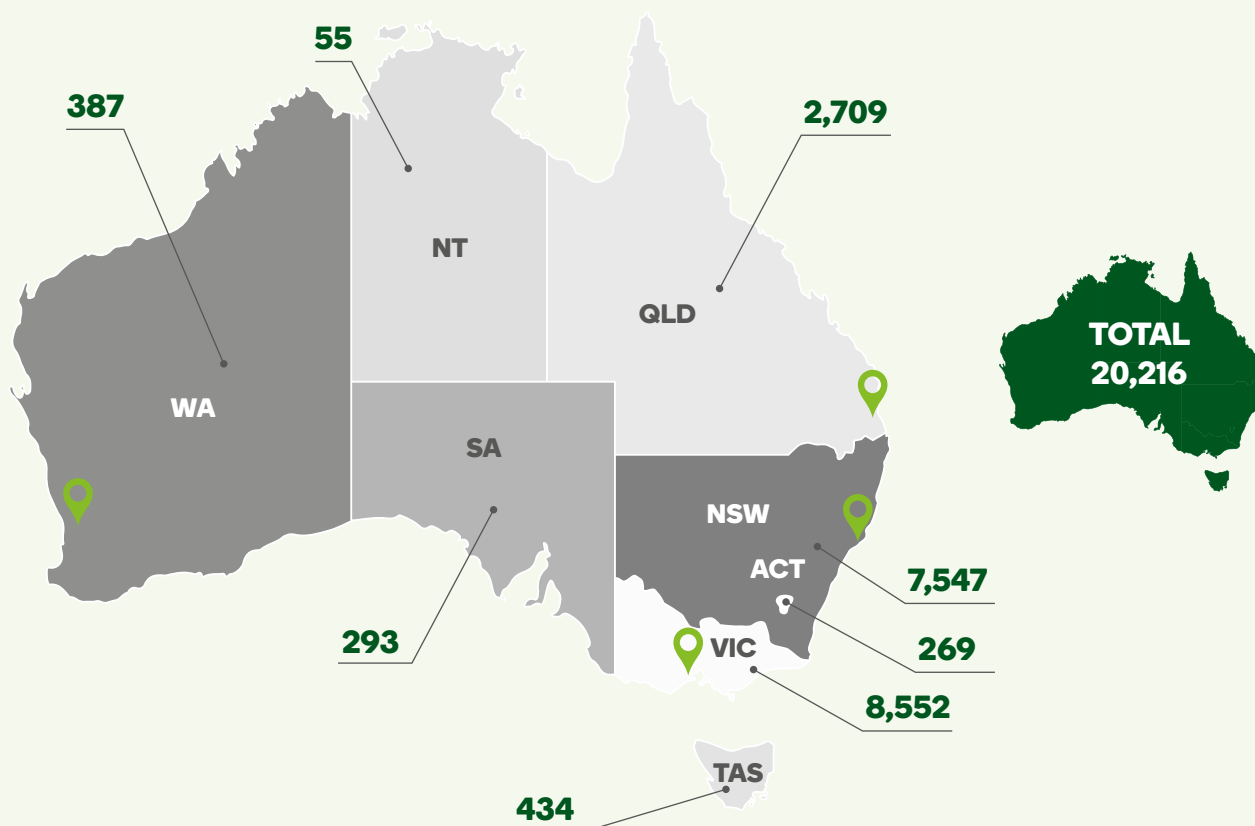


Rajah Ramanathan
Chief Risk and Compliance Officer

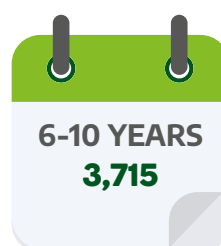
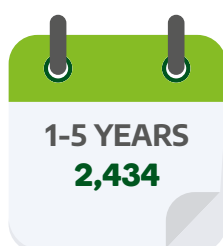
Rajah has a BCom (Melb) degree and is a Chartered Accountant (Australia and New Zealand) and a Fellow of the Governance Institute and Financial Services Institute of Australasia. He has been in banking for over 36 years and held several executive roles; including General Manager, Chief Operating Officer, 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.

MEMBERSHIP

Members By Location

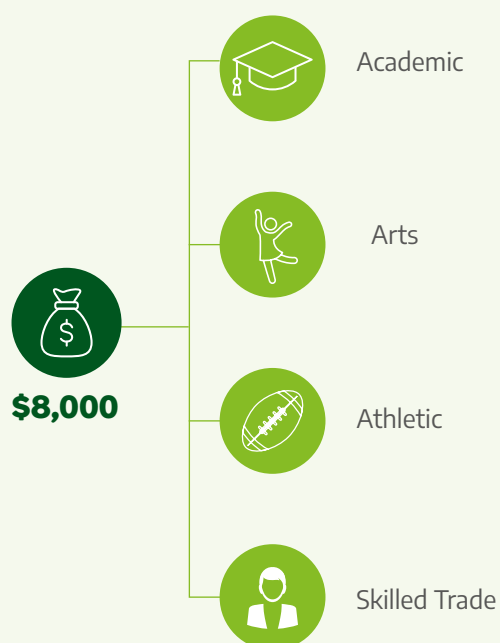


Years as a Member

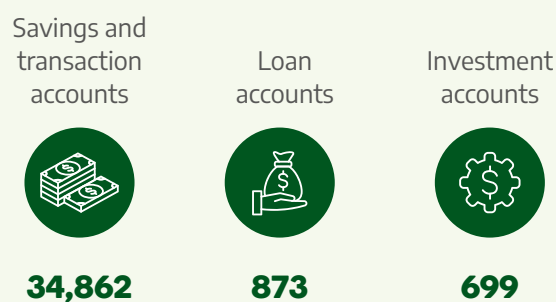


FUNDING

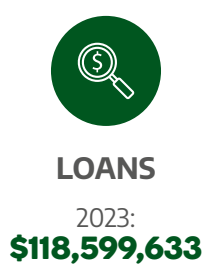
Scholarships Granted



Number of Accounts Held



Total Funds



LISTENING AND RESPONDING TO MEMBERS

With an acute focus on providing member-centric solutions, we evaluated our products and services from every angle and made sweeping changes to benefit our Members.

Better Rates for Better Banking

This year saw continued commitment to helping our members thrive by putting more money back in their pockets. As a mutual bank, we dedicate ourselves to making changes and improvements that not only make banking with us a pleasure, but to help our members succeed when it comes to meeting their savings goals.

In June 2023, we commenced an upgrade on all Cash Management accounts, transitioning Members to the NetPlus account that attracts a higher interest rate on the balance.

Under the previous S7 Cash Management account system, interest rates were paid between 0.15% p.a. and 0.65% p.a. depending on the total balance of the account. With the S10 NetPlus account, all members enjoy a standard 2.0% p.a. regardless of the amount held in savings, allowing accounts of all sizes to grow.

Accessible via Internet Banking or the Mobile Banking App, NetPlus accounts also see interest calculated daily before being credited at the end of each month so the impact is felt sooner.

We also implemented changes to our term deposit rates, bringing them in line with or in some cases, even exceeding those of the national big banks.

We understand every little bit counts during these difficult times; that's why we're committed to continual improvement and competitive rates to ensure our members are getting the best from their bank.

Fee Free Transaction Accounts

Woolworths Team Bank is committed to allowing our members to live life on their terms with competitive rates and personalised service. This year, we wanted to take things one step further by introducing a number of new benefits aimed at supporting our Members.

We asked members how we could help them get more from their exclusive bank and their voice was heard loud and clear. No one wants to pay fees to access their own money, so when 61% of members indicated this was a reason for taking their everyday banking elsewhere, we knew we needed to step up and ship the fees out.

And that we did.

We listened and responded. Access, Goal, NetPlus, SaverPlus, SuperSaver, and BU transaction accounts no longer attract annual card or member-support fees based on their balance held with us. Woolworths Team Bank prides itself on attentive, personalised, and member-first service and this milestone decision was made with our members in mind.

In fact, the move to abolish fees is one of the biggest commitments we've made to our members since we first introduced everyday banking over 50 years ago. This decision is just one of the many ways we've succeeded in putting more money back in the pockets of our members and their families.

Our new fee-free policy is available not only to Woolworths Group team members but their immediate family. We aim to help our members stretch their dollar further by actively listening and responding to their concerns, allowing us to deliver on the promise to make all WTB banking experiences exceptional.



Celebrating 25 Years of Loyalty

For the first time in WTB history, we shared in the celebrations with long-serving Woolworths Group team members joining the 25 Year Club. The 25 Year Club offers exclusive benefits and rewards to team members who have been employed with Woolworths Group for 25 years and beyond, and we were pleased to extend a suite of exclusive offers and services to our loyal members.

New and existing 25 Year Club members now have access to:

- Additional interest on transaction accounts and term deposits
- Reduced interest, zero application fees, and expedited service for home and personal loans

- Access to discounted health, pet, and motor vehicle insurance packages
- Car brokerage services
- Secure money transfers to over 200 countries with no international transfer fees
- Multi-currency cash passports.

WTB Member Relations Officers Donna Myers and Diane Micallef – 25 Year Club members – are available to guide Club inductees and existing Club members in accessing their exclusive gifts and unlocking additional interest on transaction and term deposit accounts.

Becoming involved in the 25 Year Club has been a point of pride for WTB, as we expand our connections and collaborations with more Woolworths Group team members.

MAKING MEMORIES FOR OUR MEMBERS

“Banking without the frustrating elevator music.”

When Mike Friday, of Western Australia, and his wife approached WTB for a home loan review from another bank, the couple were immediately impressed with our prompt responses, the thoroughness of the team, and how supportive everyone was.

“ Every conversation was positive and it seemed that nothing was a big ask. The thing that stands out for me is the fact that you can actually ring and talk to a person, no waiting in a queue, no endlessly frustrating elevator music or oft-repeated sales pitches; a real person. Email enquiries are also quickly dealt with. ”

Mike wasn't just looking for a better rate; he was searching for better service, too. Our personalised service and competitive rate was evident from our first interaction, and we supported the Friday's through some assessment hurdles. Within four weeks, their home loan was refinanced with WTB, putting more money back into their pocket as a result.

“ I have been very impressed with Woolworths Team Bank's efficient system and organisation. Happy to recommend them to anyone looking for an alternative that treats customers as something of value. ”

Woolworths Group's Supply Chain Team Leader, Brad, reviewed his home loan after a series of interest rate rises started impacting on the household budget, and spoke to WTB about refinancing options.

“ The WTB team not only met our expectations... but they exceeded them in every way. Getting answers to questions quickly so we can make decisions, keeping us in the loop as to the progress of the application so we were fully informed, and always there to take our call - my wife and I were very impressed with that level of customer service, and it was greatly appreciated. ”

“ The team even answered questions after hours to give us peace of mind. This was tremendously helpful and somewhat comforting to know that we could move forward with a decision and not have to think about it overnight or even over the weekend. ”

Getting the family finances back on track after dipping into savings accounts for months on end has meant Brad and his wife are feeling far less anxious about their financial circumstances and both are sleeping much better, too.

Brad has been busy spreading the word to his colleagues to let them know of the big bank alternative and where they should absolutely be going to get a loan. Thanks for spreading the word, Brad!

SCHOLARSHIPS

Scholarship funds gateway to learning and employment.

When Baulkin Hills' resident, Jenny, opened her email and saw an invitation to apply for WTB's scholarship program, she quickly dismissed the idea, assuming she would have no chance of winning it for her son.

Luckily for Jenny, she decided 'you have to be in it to win it,' and gave it her best shot anyway! Like any mum, Jenny wanted to give her then 18-year-old son who was transitioning from high school to a disability school leaver employment course the best chance to learn and participate fully in the class.

When the phone call came to say her son Zachary had been awarded the \$2,000 scholarship, Jenny couldn't believe what she was hearing.

"It was unbelievable to hear that he won," Jenny said. "Zach and his brother both have disabilities and they aren't academically or sports-oriented. So, for the scholarship to recognise that young people can take all sorts of pathways in life after school and actually back them, that's huge. We are ever so grateful!" she added.

Zachary had to return his laptop when he left high school, so the funds were able to pay for a new laptop to support his studies, research, and job applications.

“ As a single mum of two boys with disabilities, I'm paying off years' of debt that has built up from medical and disability costs for my kids. This meant the world to me that Zach's education wouldn't be hindered because of my financial situation. I would absolutely have gotten him a laptop, but I would have had to put it on finance which would have caused a great deal of anxiety, and he certainly wouldn't have gotten one as nice and as heavy-duty as the one he did. ”

Zachary is loving his new laptop and uses it for research, looking at TAFE courses, and preparing his resume and cover letter. You can bet he'll be using it again to find a job in logistics and warehousing when his course ends at the end of next year.

Scholarship keeps creative spark alive.

University student, Emma, is driven by two passions in life: business and dance. With the 18-year-old now undertaking an economics degree at UNSW, the pressure was on to find the money required for her dance lessons at Titan Athletics in Cherrybrook.

When Emma's father, a Woolworths Group employee, received word of a scholarship available to young people like her, she knew she had no choice but to give it a go.

'Dad told me about the scholarship and I thought I might have a pretty good shot at winning so I just gave it a crack, figuring I had nothing to lose,' Emma says on her decision to apply.

Talented and passionate about all things dance, Emma has been training with Titan Athletics for almost seven years and is thrilled that her \$2,000 scholarship will fund one of her training disciplines for an entire year. Currently undertaking lyrical contemporary at the highest level, and also attending competitions for jazz, expenses for travel and dance equipment quickly add up.

“ Without the scholarship money, I would have had to drop one of my weekly classes. I couldn't afford to do both. I'd still travel for competitions but it was really going to be tough to afford it all. ”

In addition to her own training, Emma also coaches a novice-level class; her first-time solo teaching since becoming a coach with Titan in the last four years. She is thrilled at having the opportunity to inspire and choreograph for the next generation.

While Emma aspires to enter into government work following the completion of her university studies, she still maintains a vital love for creative arts. Along with an interest in painting, Emma relishes the ability to balance her corporate drive with her passion for creative pursuits.

'Ultimately, I just want to keep dancing for as long as I can!'

DIRECTORS' REPORT

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 2023.

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 (resigned 24th May 2023)
- J Ogg (resigned 30th September 2022)
- P Hathaway (resigned 24th May 2023)
- C Pelunsky
- 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 20 of the financial report.

Review and results of operations

The Bank experienced an increase of 21.14% (2022 decrease of 0.25%) in operating income during the year and a increase in non-interest expenses of 14.34% (2022: decrease of 0.14%), resulting in an operating profit (after income tax) of \$338,032 (2022: \$94,835), representing a return on assets of 0.23% (2022: 0.07%).

Members' funds decreased by 5.36% (2022: increased by 6.35%). Reserves now stand at \$9.82 million (2022: \$9.48 million), which equates to a capital adequacy level of 17.21% (2022: 15.54%).

In the opinion of the Directors 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

There has been no matters or significant events since the end of the financial year which will affect the operating 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 33.

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:

Board Audit Committee		
Director	Eligible	Attended
Tony Parle	5	5
Anthony Wilson	5	5
Bree Ashley	5	5
Pieter van der Merwe	5	4

Board Risk Committee		
Director	Eligible	Attended
Tony Parle	4	4
Anthony Wilson	4	4
Bree Ashley	4	4
Pieter van der Merwe	4	4

Board Marketing and Development Committee		
Director	Eligible	Attended
Darren Rowan	1	1
Chris Cramond	1	1
Peter Hathaway	1	1

Board Governance and Remuneration Committee		
Director	Eligible	Attended
Tony Parle	1	1
Carmel Pelunsky	1	1
Darren Rowan	1	1



Board Meeting		
Director	Eligible	Attended
Tony Parle	12	12
Anthony Wilson	12	11
Darren Rowan	12	10
Bree Ashley	12	11
Pieter van der Merwe	12	6
Chris Cramond	12	9
Jane Ogg	3	3
Peter Hathaway	12	11
Ross Spencer	12	10
Carmel Pelunsky	7	6

TOTAL		
Director	Eligible	Attended
Tony Parle	22	22
Anthony Wilson	21	20
Darren Rowan	13	12
Bree Ashley	21	20
Pieter van der Merwe	21	14
Chris Cramond	13	10
Jane Ogg	3	3
Peter Hathaway	13	12
Ross Spencer	12	10
Carmel Pelunsky	8	7



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
6th November 2023

B Ashley
Director
6th November 2023

Directors' Declaration

The Directors of the Company declare that:

1. 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 2023 and of its performance for the year ended as at that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.
3. 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
6th November 2023

AUDITOR'S REPORT



Grant Thornton Audit Pty Ltd

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Collins Square
727 Collins Street
Melbourne VIC 3008
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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 2023, 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



D M Scammell
Partner – Audit & Assurance

Melbourne, 6 November 2023

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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 2023, 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 2023 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 *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 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

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*. The Directors' responsibility also includes 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: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



D M Scammell
Partner – Audit & Assurance

Melbourne, 6 November 2023

COMPLETE SET OF FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 - \$	2022 - \$
Interest revenue	2	6,107,375	3,659,579
Interest expense	2	(1,841,959)	(493,240)
Net interest income	2	4,265,416	3,166,339
Fees, commission and other income	2	594,378	723,325
TOTAL NET OPERATING INCOME		4,859,794	3,889,664
Bad and doubtful debts	2	(4,158)	(12,463)
Other expenses	2	4,461,728	3,781,634
TOTAL NON-INTEREST EXPENSE	2	4,457,570	3,769,171
Profit before income tax		402,224	120,493
Income tax expense	3	(64,192)	(25,658)
PROFIT AFTER INCOME TAX		338,032	94,835
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		338,032	94,835

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

ASSETS			
Cash	4	7,592,089	8,043,527
Investments at amortised cost	5	17,923,558	24,317,895
Receivables	6	159,841	310,854
Loans and advances	7	118,599,633	111,673,781
Plant and equipment	8	97,839	92,457
Intangible assets	9	-	236,029
Other assets	11	28,119	80,005
TOTAL ASSETS		144,401,079	144,754,548
LIABILITIES			
Deposits	13	124,507,002	131,561,290
Payables and other liabilities	14	1,842,808	1,538,775
RBA Term Funding Facility	15	8,080,115	2,035,736
Current tax liability	12	125,344	49,816
Deferred tax liabilities	10	24,199	85,352
TOTAL LIABILITIES		134,579,468	135,270,969
NET ASSETS		9,821,611	9,483,579
MEMBERS FUNDS			
Retained earnings		9,670,969	9,037,127
General reserve for credit losses	18		296,892
Capital Profits Reserve	19	150,642	149,560
TOTAL MEMBERS FUNDS		9,821,611	9,483,579

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

STATEMENT OF CASH FLOWS YEAR ENDED 30 JUNE 2023

	Note	2023 - \$	2022 - \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		6,055,435	3,659,387
Interest paid		(1,280,120)	(563,949)
Other non-interest income received		444,780	697,896
Bad debts recovered	2	1,551	8,156
Payments to suppliers		(4,053,217)	(2,891,853)
Income tax paid		(49,819)	(7,443)
Net (increase)/decrease in receivables from other financial institutions	5	6,394,337	(722,318)
Net increase in loans and advances	7	(6,904,051)	(11,676,883)
Net (increase)/decrease in deposits	13	(7,054,288)	7,857,299
NET CASH FLOWS USED IN OPERATING ACTIVITIES	16	(6,445,392)	(3,693,708)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant, and equipment	8	(50,425)	(19,325)
Proceeds from sale of property, plant, and equipment		-	9,646
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(50,425)	(9,679)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in wholesale deposits	15	6,044,379	2,033
NET CASH FLOWS FROM FINANCING ACTIVITIES		6,044,379	2,033
NET DECREASE IN CASH HELD		(451,438)	(3,647,354)
Cash at beginning of year		8,043,527	11,690,881
CASH AT END OF YEAR	16	7,592,089	8,043,527

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Retained Earnings \$	General Reserve for Credit Losses \$	Capital Profits Reserve \$	Total \$
Total at 1 July 2022	9,037,127	296,892	149,560	9,483,579
Total Comprehensive Income for the year	338,032	-	-	338,032
Transfer to / from Retained Earnings	296,892	(296,892)	-	-
Transfer to / from Capital Profits Reserve	(1,082)	-	1,082	-
TOTAL AT 30 JUNE 2023	9,670,969	-	150,642	9,821,611

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

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

1. STATEMENT OF ACCOUNTING POLICIES

This complete set of financial statements is prepared for Woolworths Team Bank for the year ended 30 June 2023. The report was authorised for issue on 6 November 2023 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 2023 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 ORIGATION 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 from 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.

(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 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.

2. OPERATING PROFIT

NET PROFIT BEFORE TAX HAS BEEN DETERMINED AFTER:

	2023 - \$	2022 - \$
INTEREST REVENUE		
Loans and advances	5,476,136	3,471,815
Deposits with other financial institutions	631,239	187,764
	6,107,375	3,659,579
INTEREST EXPENSE		
Member deposits	1,701,977	493,240
Wholesale deposits	139,982	-
	1,841,959	493,240
NET INTEREST INCOME	4,265,416	3,166,339
FEES, COMMISSION AND OTHER INCOME		
The gain on disposal of plant and equipment	-	17,273
Fees and commissions		
- fee income	206,574	254,995
- Insurance commissions	106,619	163,147
- commissions	121,754	272,405
Bad debts recovered	1,551	8,156
Other income	157,880	7,349
FEES, COMMISSION AND OTHER INCOME	594,378	723,325
NON-INTEREST EXPENSE		
Bad and doubtful debts	(4,158)	(12,463)
Amortisation - Software	236,029	115,894
Depreciation - Plant and equipment	45,043	37,073
General and administration		
- Personnel costs	2,031,357	1,748,518
- insurance costs	154,132	133,108
- Assurance costs	128,000	96,025
- Information Technology costs	922,126	855,119
- Transaction related costs	454,073	407,385
- Other	490,968	388,512
NON-INTEREST EXPENSE	4,457,570	3,769,171
PROFIT BEFORE TAX	402,224	120,493

3. INCOME TAX

THE COMPONENTS OF TAX EXPENSE COMPRISE:

	2023 - \$	2022 - \$
Current tax	125,345	11,134
Non-deductible expenses	(61,153)	14,524
Aggregate income tax expense	64,192	25,658

THE PRIMA FACIE TAX ON PROFIT IS RECONCILED TO THE INCOME TAX EXPENSE AS FOLLOWS:

	2023 - \$	2022 - \$
PRIMA FACIE TAX ON PROFIT BEFORE TAX AT 25% (2022: 25%)	100,556	30,123
TAX EFFECT OF:		
Non-deductible expenses	-	-
Other deductible expenses	(37,182)	-
Change in tax rate	-	(4,498)
Other adjustments	818	33
INCOME TAX EXPENSE ATTRIBUTABLE TO PROFIT	64,192	25,658
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	2,487,899	2,438,081

4. CASH

	2023 - \$	2022 - \$
Cash on hand	122,696	134,188
Cash at banks	7,469,393	7,909,339
	7,592,089	8,043,527

5. INVESTMENTS AT AMORTISED COST

Bonds	15,383,558	18,223,228
Term Deposits	-	4,000,000
CUSCAL Security Deposit	2,540,000	2,094,667
	17,923,558	24,317,895

6. RECEIVABLES

Interest receivable	102,892	50,952
Other receivables	56,949	259,902
	159,841	310,854

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
	2023 \$	2023 \$	2023 \$	2022 \$	2022 \$	2022 \$
Residential loans	110,297,432	-	110,297,432	104,700,694	-	104,700,694
Personal loans	7,537,759	(28,511)	7,509,248	6,186,646	(45,702)	6,140,944
Overdrafts and credit cards	797,469	(4,515)	792,954	841,269	(9,126)	832,143
Total	118,632,660	(33,026)	118,599,634	111,728,609	(54,828)	111,673,781

A) DIRECTORS AND DIRECTOR-RELATED ENTITIES

	2023 - \$	2022 - \$
Loans to director-related entities	71,100	2,098,401

B) MATURITY ANALYSIS

Overdrafts	172,554	222,261
Credit Card	624,915	619,008
Not longer than 3 months	2,776	4,551
Longer than 3 months and not longer than 12 months	180,704	199,468
Longer than 1 year and not longer than 5 years	4,178,910	3,991,470
Longer than 5 years	113,472,801	106,691,851
TOTAL LOANS	118,632,660	111,728,609

C) CREDIT QUALITY - SECURITY HELD AGAINST LOANS

Secured by mortgage over real estate	110,297,432	104,700,694
Partially secured by goods mortgage	7,026,264	5,421,026
Wholly unsecured	1,308,964	1,606,889
	118,632,660	111,728,609

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%	104,489,642	96,540,932
- loan to valuation ratio of more than 80% but mortgage insured	5,807,790	8,159,762
	110,297,432	104,700,694

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 - 2023	Housing 2023 - \$	Other 2023 - \$
Victoria	51,928,294	2,300,112
NSW	43,442,810	3,612,439
Tasmania	2,058,696	153,037
Queensland	9,112,115	1,228,675
Western Australia	1,234,253	396,080
South Australia	2,443,713	415,220
Australian Capital Territory	77,551	61,839
Northern Territory	-	167,826
	110,297,432	8,335,228

GEOGRAPHICAL CONCENTRATIONS - 2022	Housing 2022 - \$	Other 2022 - \$
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

(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. 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
	2023 \$	2023 \$	2023 \$	2023 \$	2022 \$
Balance at 1 July	(11,783)	(2,899)	(40,146)	(54,828)	(67,291)
Changes in the loss allowance					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	332	2,710	(3,042)	-	1,367
- Net movement due to change in credit risk		-	2,608	2,608	2,940
- Write-offs		-	17,643	17,643	-
- Recoveries of amounts previously written off	-	-	1,551	1,551	8,156
Balance at 30 June	(11,451)	(189)	(21,386)	(33,026)	(54,828)
Gross carrying value of loans	118,546,681	50,787	35,192	118,632,660	111,728,609

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.

7. LOANS AND ADVANCES ... CONTINUED

	2023	2023	2023
	Gross Carrying Value	ECL Allowance	Carrying Value
	\$	\$	\$
Mortgage	110,297,432	-	110,297,432
Personal	7,537,759	(28,510)	7,509,249
Credit Card and Overdrafts	797,469	(4,516)	792,953
Total	118,632,660	(33,026)	118,599,634

	2022	2022	2022
	Gross Carrying Value	ECL Allowance	Carrying Value
	\$	\$	\$
Mortgage	104,700,694	-	104,700,694
Personal	5,421,026	(45,702)	5,375,324
Credit Card and Overdrafts	1,606,889	(9,126)	1,597,763
Total	111,728,609	(54,828)	111,673,781

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.

8. PLANT AND EQUIPMENT

	2023 - \$	2022 - \$
OFFICE EQUIPMENT		
At cost	52,966	52,966
Provision for depreciation	(48,461)	(45,375)
	<u>4,505</u>	<u>7,591</u>
EDP EQUIPMENT		
At cost	278,295	227,870
Provision for depreciation	(203,710)	(169,011)
	<u>74,585</u>	<u>58,859</u>
MOTOR VEHICLES		
At cost	36,288	36,288
Provision for depreciation	(17,539)	(10,281)
	<u>18,749</u>	<u>26,007</u>
TOTAL PLANT AND EQUIPMENT	<u>97,839</u>	<u>92,457</u>
TOTAL PLANT AND EQUIPMENT		
Cost	367,549	317,124
Provision for depreciation and amortisation	(269,710)	(224,667)
Total written down amount	<u>97,839</u>	<u>92,457</u>
MOVEMENT IN CARRYING AMOUNTS		
MOVEMENT IN CARRYING AMOUNTS– OFFICE EQUIPMENT		
Balance at beginning of financial year	7,591	10,677
Additions	-	-
Depreciation expense	(3,086)	(3,086)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	<u>4,505</u>	<u>7,591</u>
MOVEMENT IN CARRYING AMOUNTS – EDP EQUIPMENT		
Balance at beginning of financial year	58,859	65,318
Additions	50,425	19,325
Depreciation expense	(34,699)	(25,784)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	<u>74,585</u>	<u>58,859</u>
MOVEMENT IN CARRYING AMOUNTS – MOTOR VEHICLES		
Balance at beginning of financial year	26,007	34,210
Additions	-	-
Depreciation expense	(7,258)	(8,203)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	<u>18,749</u>	<u>26,007</u>
MOVEMENT IN CARRYING AMOUNTS -TOTAL		
Balance at beginning of financial year	92,457	110,205
Additions	50,425	19,325
Depreciation expense	(45,043)	(37,073)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	<u>97,839</u>	<u>92,457</u>

9. INTANGIBLE ASSETS

	2023 - \$	2022 - \$
Computer software	813,907	813,907
Less Provision for amortisation	(813,907)	(577,878)
	-	236,029

10. DEFERRED TAX ASSETS / (LIABILITIES)

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

Deferred tax assets

Expected Credit Loss Provision	8,257	13,707
Accruals	27,946	19,732
Capitalised expenses	-	4,272

Deferred tax liabilities

Plant and equipment	24,460	82,122
Other assets	35,942	40,941

Deferred tax, net

Deferred tax assets	36,203	37,711
Deferred tax liabilities	(60,402)	(123,063)
Deferred tax assets / (liabilities), net	(24,199)	(85,352)

11. OTHER ASSETS

Prepayments	28,119	80,005
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12. CURRENT TAX LIABILITIES

Current income tax payable	(125,344)	(49,816)
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13. DEPOSITS

	2023 - \$	2022 - \$
Call deposits	74,667,128	84,715,790
Term deposits	49,679,421	46,683,223
Member withdrawable shares	160,453	162,277
	124,507,002	131,561,290

(A) MATURITY ANALYSIS

On call	74,667,128	84,715,790
Not longer than 3 months	23,515,110	24,199,130
Longer than 3 and not longer than 12 months	26,104,424	21,057,813
Longer than 1 and not longer than 5 years	59,887	1,426,280
No maturity specified	160,453	162,277
	124,507,002	131,561,290

(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	85,993,932	86,725,068
NSW	31,104,788	37,553,744
Tasmania	1,035,801	1,099,184
Queensland	4,646,532	4,067,686
Western Australia	776,621	1,133,369
South Australia	458,854	464,079
Australian Capital Territory	277,923	291,394
Northern Territory	52,098	64,489
	124,346,549	131,399,013

14. PAYABLES AND OTHER LIABILITIES

	2023 - \$	2022 - \$
Trade creditors	637,513	234,046
Accrued interest payable	670,934	109,095
Sundry creditors & other liabilities	534,361	1,195,634
	1,842,808	1,538,775

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

15. DUE TO OTHER FINANCIAL INSTITUTIONS

Maturity within 12 months

Term deposits from other financial institutions and wholesale deposits	6,042,345	-
RBA Term Funding Facility	2,037,770	-

Maturity over 12 months

RBA Term Funding Facility	-	2,035,736
	8,080,115	2,035,736

16. STATEMENT OF CASH FLOWS

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

Operating profit after tax	338,032	94,835
NON-CASH MOVEMENTS		
Provision for impairment	(21,802)	(12,463)
Depreciation and amortisation	281,074	152,967
Net (gain)/loss on disposal of plant and equipment	-	(17,273)
CHANGES IN ASSETS AND LIABILITIES		
Interest receivable	(51,940)	(192)
Trade creditors	403,467	(53,141)
Accrued interest payable	561,839	(70,708)
Tax receivable	75,528	86,816
Deferred tax liabilities	(61,153)	(5,524)
Prepayments	51,886	(4,079)
Deposits with other financial institutions	6,394,337	(722,318)
Loans and advances	(6,904,051)	(11,676,883)
Deposits	(7,054,288)	7,857,299
Other receivables	202,953	(45,102)
Sundry creditors and other liabilities	(661,274)	776,058
NET CASH FLOWS FROM OPERATING ACTIVITIES	(6,445,392)	(3,639,708)

(B) RECONCILIATION OF CASH

CASH BALANCE COMPRISES:

Cash	122,696	134,188
Bank	7,469,393	7,909,339
CASH BALANCE AT END OF YEAR	7,592,089	8,043,527

(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 (2022: \$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.

	2023 - \$	2022 - \$
Approved but undrawn loans and credit limits	318,077	1,434,799
Loan redraw facilities available	7,097,566	7,897,989

OTHER EXPENSE COMMITMENTS

Not later than 1 year	250,416	409,980
later than 1 year but not 2 years	270,449	269,407
Later than 2 years but not 5 years	414,915	673,360
Greater than 5 years	-	-
	935,781	1,352,747

UNDRAWN LOAN FACILITIES

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

Total value of facilities approved	1,842,098	1,847,633
Less amount advanced	(797,469)	(841,269)
NET UNDRAWN VALUE	1,044,629	1,006,364

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.

18. RESERVE FOR CREDIT LOSSES

	2023 - \$	2022 - \$
General reserve for credit losses	-	296,892

This reserve records amount previously set aside as a General provision and is maintained to comply with the Prudential Standards set down by APRA. This is no longer a requirement of the Prudential Standards set down by APRA and has been written back to general reserves during 2023.

19. CAPITAL RESERVE

Capital Profits Reserve	150,642	149,560
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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.

21. AUDITORS' REMUNERATION

	2023 - \$	2022 - \$
Amounts received or due and receivable by the auditors of Woolworths Team Bank Limited		
Audit of the financial statements of the Bank - Grant Thornton (Includes statutory audit, APRA audit and ASIC financial services licence audit)	60,500	55,000
Taxation Services	11,500	11,000
	72,000	66,000

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 \$346,323 (2022: \$396,416) 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 \$71,100 (2022: \$2,098,401). 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 \$27,165 (2022: \$53,772).

(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.

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 2023 is \$0 (2022: \$2,152). The Bank has not funded any loans under this facility in 2022-2023.

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 2023 is \$26,159,135 (2022: \$23,387,478).

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	
	2023 - \$	2022 - \$	2023 - \$	2022 - \$
FINANCIAL ASSETS				
Cash and liquid assets	7,592,089	8,043,527	7,592,089	8,043,527
Investments at amortised cost	17,923,558	24,317,895	16,778,710	24,317,895
Loans and advances	118,599,633	111,673,781	118,599,633	111,673,781
Receivables	159,841	265,559	159,841	265,559
Total financial assets	144,275,121	144,300,762	143,130,273	144,300,762
FINANCIAL LIABILITIES				
Deposits	124,507,002	131,561,290	124,312,035	131,561,290
Term deposits from other financial institutions and wholesale borrowings	8,080,115	2,035,736	8,080,115	2,035,736
Trade creditors	1,308,448	886,566	1,308,448	886,566
Total financial liabilities	133,895,565	134,483,592	133,700,598	134,483,592

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 the investment securities at balance date approximates fair value as current variable rates reflect market interest rates and the fixed rates are assessed at market 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 approximates to the calculated discounted cash flows (based upon the deposit type and its related maturity).

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.

(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:														Total		Weighted average effective interest rate	
		0-3 Months		4-12 Months		Over 1 to 5 years		Over 5 years		Non-interest bearing									
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%	
FINANCIAL ASSETS																			
Cash and liquid assets	7,470	7,911	-	-	-	-	-	-	-	-	-	-	123	134	7,593	13,691	3.4	0	
Investments at amortised cost	-	-	8,761	14,103	-	1,000	5,161	5,212	4,002	4,002	-	-	-	-	17,924	24,317	2.6	0.7	
Loans and advances	118,633	111,729	-	-	-	-	-	-	-	-	-	-	-	-	118,633	100,051	5.6	3.2	
Receivables	-	-	103	51	-	-	-	-	-	-	-	-	57	260	160	311	N/A	N/A	
TOTAL FINANCIAL ASSETS	126,103	119,640	8,864	14,154	-	1,000	5,161	5,212	4,002	4,002	-	-	180	394	144,310	138,370	-	-	
FINANCIAL LIABILITIES																			
Deposits	74,667	94,582	23,515	14,333	26,104	21,058	60	1,426	-	-	-	-	160	162	124,506	131,561	2.2	0.4	
Due to other financial institutions	-	-	6,091	-	6,007	-	-	2,036	-	-	-	-	-	-	8,043	2,036	3.5	0.1	
Trade creditors	-	-	-	-	-	-	-	-	-	-	-	-	1,843	1,539	1,843	1,539	N/A	N/A	
TOTAL FINANCIAL LIABILITIES	74,667	94,582	29,606	14,333	32,111	21,058	60	3,462	-	-	-	-	2,003	1,701	134,392	135,136	-	-	

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.

2023	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	7,592,089	-	-	-	-	-	-	7,592,089
Liquid Investments	17,923,558	2,651,437	-	2,167,000	10,458,365	4,840,001	-	20,116,803
Loans & advances	118,599,633	1,346,838	2,282,298	11,879,732	49,444,344	196,968,093	-	261,921,305
Receivables	56,949	-	-	-	-	-	56,949	56,949
Total financial assets	144,172,229	3,998,275	2,282,298	14,046,732	59,902,709	201,808,094	56,949	289,687,146
FINANCIAL LIABILITIES								
Due to other financial institutions	8,080,115	1,010,970	3,035,140	4,084,901	-	-	-	8,131,011
Creditors	637,513	-	-	-	-	-	637,513	637,513
Deposits from members – at call	74,827,581	74,667,128	-	-	-	-	160,453	74,827,581
Deposits from members – term	49,679,421	7,717,058	16,205,171	26,615,992	60,525	-	-	50,598,746
Total financial liabilities	133,224,630	83,395,156	19,240,311	30,700,893	60,525	-	797,966	134,194,851

2023	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

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.

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 behaviour;
- 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.

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	2023 - \$	2022 - \$
Retained earnings	9,821,611	9,186,686
Less prescribed deductions	(1,144,848)	(236,029)
NET TIER 1 COMMON EQUITY	8,676,763	8,950,657
TIER 1 ADDITIONAL EQUITY	-	-
NET TIER 1 CAPITAL	8,676,763	8,950,657

TIER 2		
Reserve for credit losses	-	296,892
Less prescribed deductions	-	-
NET TIER 2 CAPITAL	-	296,892
TOTAL CAPITAL	8,676,763	9,247,549

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.

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

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.

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

2023	2022
17.40%	15.54%

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.

27. 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

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