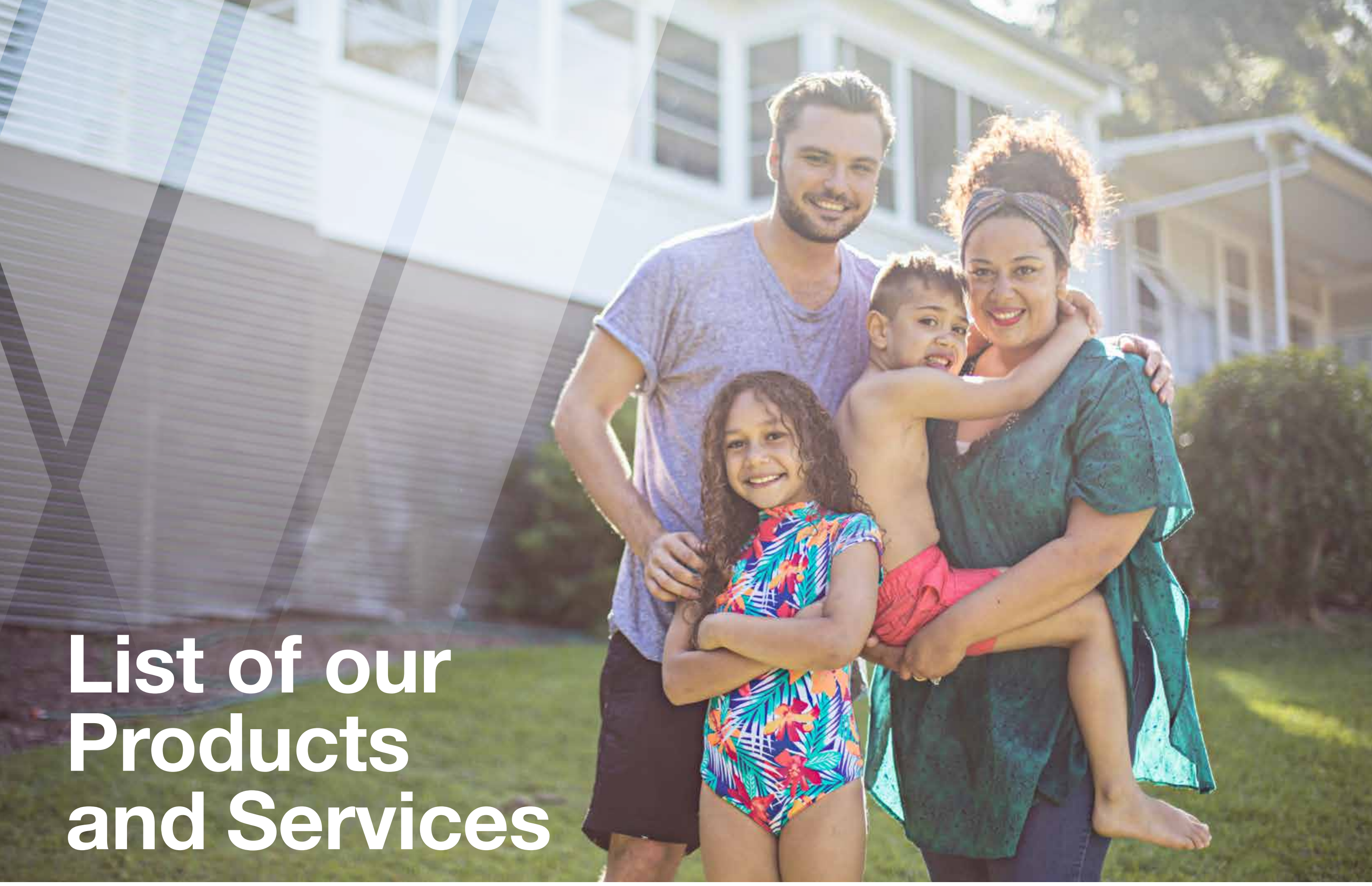
49th ANNUAL REPORT

Woolworths Team Bank

2020



List of our Products and Services

MEMBERSHIP
Exclusively for employees of the Woolworths Group and their families - once a member always a member

LOANS
Personal, Car and Home

VISA CREDIT CARD
Uncomplicated - low interest rate and up to 55 days interest free

TERM DEPOSIT ACCOUNTS
From 3 months to 2 years

SPECIFIC SAVINGS ACCOUNTS
Goal account, Christmas Club account, Youth and Deeming accounts, Mortgage Offset accounts and Cash Management account

EASY ACCESS TO SAVINGS
Visa Debit Card, rediCard, Cheque book, Internet Banking and ATM's (NAB, rediATM and BOQ)

ELECTRONIC BANKING
BPAY, Telephone, Internet, Bank@Post, Electronic Statements and Mobile Phone Banking (including the WTB app, Apple Pay, Android Pay and Samsung Pay)

NETPLUS ACCOUNT
Convenient at-call access to your savings through Internet Banking and ATMs

PAYROLL DEPOSIT SERVICE
Have your pay, or part of your pay, deposited directly into your account to make paying bills easier through our direct debit system

INSURANCE
Health, Car, Home and Contents, Boat, Caravan, Travel and Landlords

FINANCIAL PLANNING
High quality, personalised financial advisory service - first interview free

TRAVEL
Loans, Foreign Currency, VISA Credit card, VISA Debit card, Insurance, Traveler's cheques and Access Prepaid Mastercard

SUREPLAN
Pre-paid Funeral Service

CAR SEARCH
Free car buying service

Woolworths Team Bank

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Woolworths Team Bank

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 49th Annual General Meeting of Woolworths Team Bank Limited

(ABN: 67 087 651 803, AFSL & Australian Credit Licence No.240720) will be held at 5.00 pm AEST on Wednesday 11 November 2020 in the Woolworths State Office, 522-550 Wellington Road, Mulgrave, Victoria with links to Norwest NSW and other locations.

AGENDA AND ITEMS OF BUSINESS

1. Welcome and opening by the Chair of the Board.
2. Apologies.
3. Table the Minutes of the 48th Annual General Meeting held on 6 November 2019.
4. Receive the Bank's Annual Report containing the Chairman's Report, Directors' Report, Directors' Declaration, Auditor's Independence Declaration, Independent Auditor's Report and Financial Statements for the financial year ended 30 June 2020.
5. Appointment of Directors.
6. To consider other business items.
7. To close the meeting.

By order of the Board

RODNEY ATTRILL
Company Secretary

21st October 2020

WOOLWORTHS TEAM BANK LIMITED

Chairman	A.E. Parle
Deputy Chairman	A.M. Wilson
Directors	C.M. Elliott, B. Ashley, P.D. Ryan, D.J. Rowan, C. Cramond, J Ogg, P. Hathaway
Management and Administration	Rodney Attrill *Chief Executive Officer*
	Bill McLardie *Deputy General Manager*
	Savinda Pathirana *Finance Manager*
	Josephine McCabe *Administration Manager*
	Stephen Cook *Business Development Manager*
	Rajah Ramanathan *Chief Risk and Compliance Officer*
Branch Staff	
Victoria	Bruce Bello, Geoff Duncan, Lynette Emerson, Debra Yallop, Wendy Huang, Mary-Jaine Saylon, Amy Simcox, Vicki Tellatin, Pam Sleeman, Kerryn Keating
New South Wales	Rosalind Carr, Brendan Flynn, Allison Micallef, Diane Micallef, Donna Myers, Simone Dimech
Queensland	Sue McIntyre
South Australia	Victoria Neville
Auditors	Grant Thornton Audit Pty Ltd (External) MVA Bennett Pty. Ltd (Internal)
Solicitor	Daniels Bengtsson Pty Ltd
Bankers	CUSCAL National Australia Bank
Affiliation	CUSCAL
Registered Office	522-550 Wellington Road, Mulgrave, Victoria 3170
Postal Address	Private Bag 10, Mulgrave North, Victoria 3170
Office Hours	Monday to Friday 8.30 am - 4.30 pm
Member Insurance	QBE Bond & Package Insurance QBE Insurance (Australia) Limited QBE Travel Insurance (Australia) Limited QBE Mortgage Guarantee Insurance Genworth Mortgage Guarantee Insurance NIB Travel Insurance (Australia) Limited NIB Private Health Insurance
Financial Planning	Bridges Financial Services Pty Ltd
Industry Association	Customer Owned Banking Association (COBA)

Hello members

The Board of Directors are pleased to present this year's financial statements to our members, our 49th year of operating and servicing the team members of the Woolworths Group and their families.

Financial Overview

The operating profit for the financial year after tax was $76,320 (2019: $255,877) with the total asset position of $127.02m (2019: $127.2m).

Our Capital Adequacy of 15.37% (2019: 15.03%) and Liquidity of 18.76% (2019: 14.95%) remain strong and are comfortably in excess of the required regulatory benchmarks.

The underlying profit after income tax was impacted through the year from the costs of the Covid-19 pandemic and we were able to manage this situation within our financial means to ensure the members were supported when they needed it the most and with minimal impact on the balance sheet of Woolworths Team Bank (WTB).

Our People and Culture

The change from Woolworths Employees' Credit Union (WECU) to Woolworths Team Bank has been a positive move for both our members and team within WTB, it brings a fresh outlook on providing competitive products for the Woolworths team and their families to better manage their financial situation, this has never been more important than in the current Covid-19 pandemic.

During the year there were a number of improvements and changes made within WTB, these included:

- A new CEO appointed to replace Steve Sampson who retired mid-year.
- Improvements in our Home Loan product suite to ensure a competitive and attractive product is being made available to the members.
- We moved our international money transfer product to SendFX to ensure improved quality and service for the members.

Covid-19 Pandemic

WTB continue to monitor the unprecedented Covid-19 pandemic and its impact on the economy, whilst the duration of this challenge is not known WTB has ensured that we support our membership and team members in a positive way.

Through the year we provided assistance to a number of members through deferrals of home loan payments for up to 6 months along with redemption of Term Deposits without penalty when needed.

WTB will continue this support and ensure that through these ever-changing times we are there for you, our members, as we have been in the past and will be in the future.

Delivering more for our members

As seen with the improvement in our International Money Transfers product our leadership team will continue to review our products and partnerships to ensure that the best possible offering is available to the members.

Moving forward we will continue to invest in delivering the best possible experience to apply, enquire and access WTB via our branches, digital offering or the Business Development Team out in the supermarkets and stores.

With the Woolworths Group team members spread across Australia we will continue to invest in our digital channels to ensure we can deliver value wherever our WTB members are located, it will also ensure that new members wanting to join can do so in a few simple and easy steps.

Our new member onboarding platforms will be enhanced along with a number of commonly used forms placed onto our website for ease of use for members and our social clubs, additionally the enhanced lending applications will become available for member use.

Our Team

As with any not for profit institution our people are a critical part of our success.

During the year Rod Attrill was appointed the Chief Executive Officer of WTB and he brings a wealth of experience and knowledge to help lead the team moving forward into an exciting new phase of our history.

We welcomed a number of new directors to the Board this year including Peter Hathaway, Jane Ogg and Chris Cramond. These new additions to the Board compliment the current directors and bring a strong and experienced leadership team to help drive WTB to further success during our 50th year.

I would like to formally thank my fellow directors for the time they volunteered through the year and extend that to Rod Attrill and his team for the outstanding work they have done through the last 12 months.

Once again, I would like to recognise the support of the Woolworths Group and having this bond is critical to the success of WTB, we continue to be able to support existing and new members from through this relationship and welcome the support we receive.

Finally my strongest thanks goes to our members, the loyalty and support over the last 49 years has been outstanding, we now move into our 50th year and can celebrate this milestone with you, our members, and not only look back but have a very positive outlook for the future.

Sincere regards,

TONY PARLE
Chairman

21st October 2020

Your Directors present their report on the Bank for the financial year ended 30 June 2020.

Woolworths Team Bank Limited (formerly knows as Woolworths Employees' Credit Union Limited) is a company registered under the Corporations Act 2001.

DIRECTORS

The Directors of the Bank at any time during or since the end of the financial year are:

NAMES, QUALIFICATIONS, EXPERIENCES AND SPECIAL RESPONSIBILITIES

A.E. Parle (Chair)
MAMI, FCPA, GAICD
Bachelor of Business (Accounting)
Director since May 1994
Audit Committee
Governance & Remuneration Committee
Risk Committee

C.M. Elliott
MAMI, CA
Bachelor of Commerce
Post Graduate Diploma (Management)
Director since September 2016
Audit Committee
Risk Committee (Chair)

J. Ogg
GAICD
Master of Commerce (HRM)
Graduate Diploma of Frontline Management
Bachelor of Commerce
Director since April 2020

A.M. Wilson
MAMI, GAICD
Master of Management
Master of Risk Management
Director since November 2013
Governance & Remuneration Committee (Chair)

C. Cramond
Director since January 2020
Marketing & Development Committee

P.D. Ryan
MAMI
Post Graduate Certificate in Management
Director since July 2001
Marketing & Development Committee
Governance & Remuneration Committee

B. Ashley
MAMI, CA, GAICD
Graduate Diploma of Applied Finance
Bachelor of Commerce
Director since March 2018
Audit Committee (Chair)
Risk Committee

D.J. Rowan
Post Graduate Certificate (Management)
Diploma of Management
Director since August 2018
Marketing & Development Committee (Chair)

P. Hathaway
Bachelor of Arts
Certificate in Direct Marketing
Director since July 2020
Marketing & Development Committee

The Directors retire by rotation and/or as per the Constitution's Terms of Office provisions.

* MAMI – MEMBER OF AUSTRALASIAN MUTUALS INSTITUTE LTD.

* GAICD – GRADUATE OF THE AUSTRALIAN INSTITUTE OF COMPANY DIRECTORS

* FCPA – FELLOW OF CERTIFIED PRACTICING ACCOUNTANTS AUSTRALIA

* CA – MEMBER OF CHARTERED ACCOUNTANTS AUSTRALIA

Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated. The Company Secretary in office at the end of the year:-

R. W. Attrill
Master of Business Administration
Graduate Certificate (Management)
Certificate IV in Finance
Chief Executive Officer since February 2020
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 a decrease of 5.86% (2019 increase of 2.04%) in operating income during the year and a decrease in non-interest expenses of 0.48% (2019: increase of 5.65%), resulting in an operating profit (after income tax) of $76,320 (2019:$255,877), representing a return on assets of 0.06% (2019: 0.2%).

Members' funds grew by 0.83% (2019:2.18%). Reserves now stand at $9.28 million (2019: $9.21 million), which equates to a capital adequacy level of 15.37% (2019: 15.03%). From 3rd of August 2020 the Bank adopted the name Woolworths Team Bank Limited from Woolworths Employees' Credit Union Limited.

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

PRINCIPAL ACTIVITIES

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

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

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

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

- The operations of WTB;
- The results of those operations; or
- The state of affairs of the WTB

in the financial years subsequent to this financial year.

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 12.

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 MEETING		AUDIT COMMITTEE		RISK COMMITTEE		MARKETING COMMITEE		REMUNERATION COMMITEE		TOTAL	
DIRECTOR	ELIGIBLE	ATTENDED	ELIGIBLE	ATTENDED	ELIGIBLE	ATTENDED	ELIGIBLE	ATTENDED	ELIGIBLE	ATTENDED	ELIGIBLE	ATTENDED
A. E. Parle	10	8	4	4	4	4			4	4	**22**	**20**
A.M. Wilson	10	10							4	4	**14**	**14**
D Rowan	10	9					4	4			**14**	**13**
B Ashley	10	10	4	4	4	4					**18**	**18**
C Elliott	10	7	4	4	4	4					**18**	**15**
P.D.Ryan	10	6					4	4	4	4	**18**	**14**
C Cramond	5	4					2	2			**7**	**6**
J Ogg	2	2									**2**	**2**
P Hathaway	1	1					1	1			**2**	**2**

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

21st October 2020

B. ASHLEY
Director

21st October 2020

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 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 2020 and of its performance for the year ended on that date.

2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with 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

21st October 2020

Grant Thornton

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W www.grantthornton.com.au

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 2020, 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

Darren Scammell

D M Scammell
Partner – Audit & Assurance

Melbourne, 21 October 2020

Grant Thornton

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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 2020, 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 2020 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* (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.

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 annual report for the year ended 30 June 2020, 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.

Grant Thornton

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

Darren Scammell

D M Scammell
Partner – Audit & Assurance

Melbourne, 21 October 2020

	NOTE	2020 - $	2019 - $
STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020			
Interest revenue	2	**4,517,398**	5,042,623
Interest expense	2	**(1,525,302)**	(1,860,790)
Net interest income	2	**2,992,096**	3,181,833
Fees, commission and other income	2	**808,852**	855,519
TOTAL NET OPERATING INCOME		**3,800,947**	4,037,352
Bad and doubtful debts	2	**34,506**	5,625
Other expenses	2	**3,673,005**	3,684,149
TOTAL NON-INTEREST EXPENSE	2	**3,707,511**	3,689,774
Profit before income tax		**93,437**	347,578
Income tax expense	3	**(17,117)**	(91,701)
PROFIT AFTER INCOME TAX		**76,320**	255,877
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME		**76,320**	255,877
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020			
ASSETS			
Cash	4	**6,173,021**	5,520,107
Investments at amortised cost	5	**17,901,441**	13,101,563
Receivables	6	**702,819**	403,573
Loans and advances	7	**101,611,476**	107,516,635
Current tax assets	12	**28,029**	13,926
Other assets	11	**101,532**	67,737
Plant and equipment	8	**152,343**	217,966
Intangible assets	9	**401,378**	309,402
TOTAL ASSETS		**127,072,039**	127,150,909
LIABILITIES			
Deposits	13	**115,605,540**	105,969,400
Payables and other liabilities	14	**1,532,471**	1,197,071
Due to other financial institutions	15	**600,740**	10,709,821
Deferred tax liabilities	10	**45,396**	63,045
TOTAL LIABILITIES		**117,784,147**	117,939,337
NET ASSETS		**9,287,892**	9,211,572
MEMBERS FUNDS			
Retained earnings		**8,862,241**	8,778,624
General reserve for credit losses		**276,091**	292,168
Capital Profits Reserve		**149,560**	140,780
TOTAL MEMBERS FUNDS		**9,287,892**	9,211,572

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

	NOTE	2020 - $	2019 - $
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020			
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**4,542,456**	5,045,200
Interest paid		**(1,563,698)**	(1,834,806)
Other non-interest income received		**815,418**	847,436
Bad debts recovered	2	**6,426**	5,219
Payments to suppliers		**(3,573,517)**	(3,583,017)
Income tax paid		**(48,869)**	(135,346)
Net (decrease) increase in receivables from other financial institutions	5	**(4,799,878)**	6,331
Net increase (decrease) in loans and advances	7	**5,870,653**	(10,899,441)
Net increase in deposits	13	**6,717,748**	5,077,935
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	16	**10,966,739**	(5,470,489)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of intangible assets	9	**(179,717)**	(170,883)
Acquisition of property, plant, and equipment	8	**(25,028)**	(41,249)
Proceeds from sale of property, plant, and equipment		**-**	18,000
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(204,745)**	(194,132)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net decrease (increase) in wholesale deposits	15	**(10,109,081)**	4,702,077
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(10,109,081)**	4,702,077
NET INCREASE / (DECREASE) IN CASH HELD		**652,914**	(962,544)
Cash at beginning of year		**5,520,107**	6,482,651
CASH AT END OF YEAR	16	**6,173,021**	5,520,107

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

	Retained Earnings $	General Reserve for Credit Losses $	Capital Profits Reserve $	Total $
Total at 1 July 2019	8,778,624	292,168	140,780	9,211,572
Total Comprehensive Income for the year	76,320			76,320
Transfer to / from Retained Earnings	16,077	(16,077)		-
Transfer to / from Capital Profits Reserve	(8,780)		8,780	-
TOTAL AT 30 JUNE 2020	8,862,241	276,091	149,560	9,287,892

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Retained Earnings $	General Reserve for Credit Losses $	Capital Profits Reserve $	Total $
Total at 1 July 2018	8,560,704	261,351	133,640	8,955,695
Total Comprehensive Income for the year	255,877			255,877
Transfer to / from Retained Earnings	(30,817)	30,817		-
Transfer to / from Capital Profits Reserve	(7,140)		7,140	-
TOTAL AT 30 JUNE 2019	8,778,624	292,168	140,780	9,211,572

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 2020. The report was authorised for issue on 21 October 2020 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

AASB 16 LEASES

The standard replaces AASB 117 Leases and has for lessees removed the current distinction between operating and finance leases. The standard requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The Bank had no existing or new leases as at 1 July 2019 or during the financial year and as such the change in accounting policy has had no impact on the financial report at the date of adoption.

INTERPRETATION 23 (INT 23) – UNCERTAINTY OVER INCOME TAX TREATMENTS

Int 23 clarifies the application of AASB 112 to accounting for income tax treatments that have yet to be accepted by tax authorities, in scenarios where it may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept an entity's tax treatment. There was no effect from the adoption of Int 23 in relation to accounting for uncertain tax positions.

(C) FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

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

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

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

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

(I) FINANCIAL ASSETS AT AMORTISED COST

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Bank's cash and receivables fall into this category of financial instruments as well as bonds, NCDs, FRNs and term deposits.

(II) FINANCIAL ASSETS AT FVTPL

Financial assets that are within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. The Bank does not have any financial assets in the categories of FVPL.

(III) FINANCIAL ASSETS AT FVOCI

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

(IV) CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

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

(D) LOANS TO MEMBERS

(I) BASIS OF RECOGNITION

All loans are initially recognised at fair value, net of loan origination fees and inclusive of transaction costs incurred. Loans are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the loans using the effective interest method.

Loans to members are reported at their recoverable amount representing the aggregate amount of principal and unpaid interest owing to the Bank at balance date, less any allowance or provision against impairment for debts considered doubtful.

(II) INTEREST EARNED

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

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

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

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

(III) LOAN ORIGINATION FEES AND DISCOUNTS

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

(IV) TRANSACTION COSTS

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

(V) FEES ON LOANS

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

(VI) NET GAINS AND LOSSES

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

(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. Current and deferred tax balances relating to amounts recognised directly in equity.

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 27.5% (2019: 27.5%). 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:	2020 - $	2019 - $
INTEREST REVENUE		
Loans and advances	**4,285,329**	4,648,123
Deposits with other financial institutions	**232,069**	394,500
	4,517,398	5,042,623
INTEREST EXPENSE		
Member deposits	**1,448,106**	1,727,211
Short term wholesale deposits	**77,196**	133,579
	1,525,302	1,860,790
NET INTEREST INCOME	**2,992,096**	3,181,833
FEES,COMMISSION AND OTHER INCOME		
The gain/(loss) on disposal of plant and equipment	**(12,992)**	2,864
Fees and commissions		
- Other fee income	**283,980**	314,031
- Insurance commissions	**244,432**	303,233
- Other commissions	**234,192**	157,990
Bad debts recovered	**6,426**	5,219
Other income	**52,814**	72,182
FEES, COMMISSION AND OTHER INCOME	**808,852**	855,519
NON-INTEREST EXPENSE		
Bad and doubtful debts	**34,506**	5,625
Amortisation - Software	**87,740**	83,171
Depreciation - Plant and equipment	**77,660**	74,418
General and administration		
- Personnel costs	**1,764,929**	1,673,302
- insurance costs	**163,612**	148,973
- Assurance costs	**99,551**	91,469
- Information Technology costs	**791,300**	693,675
- Other	**688,214**	919,141
NON-INTEREST EXPENSE	**3,707,511**	3,689,773
PROFIT BEFORE TAX	**93,437**	347,578

3. INCOME TAX

THE PRIMA FACIE TAX ON PROFIT IS RECONCILED TO THE INCOME TAX EXPENSE AS FOLLOWS:		
PRIMA FACIE TAX ON PROFIT BEFORE TAX AT 27.5% (2019: 27.5%)	**25,695**	95,584
TAX EFFECT OF:		
Non-deductible expenses	**1,176**	1,431
Other adjustments	**(9,754)**	(5,314)
INCOME TAX EXPENSE ATTRIBUTABLE TO PROFIT	**17,117**	91,701
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	**2,507,434**	2,456,595

4. CASH

	2020 - $	2019 - $
Cash on hand	**218,735**	219,825
Cash at banks	**5,954,286**	5,300,282
	6,173,021	5,520,107

5. INVESTMENTS AT AMORTISED COST

Bonds	**10,815,116**	7,018,480
Negotiable Certificates of Deposit	**4,992,733**	3,982,156
CUSCAL Security Deposit	**2,093,592**	2,100,927
	17,901,441	13,101,563

6. RECEIVABLES

Interest receivable	**24,130**	49,189
Other receivables	**678,689**	354,384
	702,819	403,573

All receivables are due within 12 months.

7. LOANS AND ADVANCES

	Gross Carrying value 2020 - $	ECL Allowance 2020 - $	Carrying value 2020 - $	Gross Carrying value 2019 - $	ECL Allowance 2019 - $	Carrying value 2019 - $
Residential loans	**92,978,321**	**-**	**92,978,321**	98,312,970	-	98,312,970
Personal loans	**7,773,029**	**(79,563)**	**7,693,466**	8,097,230	(67,912)	8,029,318
Overdrafts and credit cards	**955,946**	**(16,257)**	**939,689**	1,179,971	(5,624)	1,174,347
Total	**101,707,296**	**(95,820)**	**101,611,476**	107,590,171	(73,536)	107,516,635

A) DIRECTORS AND DIRECTOR-RELATED ENTITIES	2020 - $	2019 - $
Loans to director-related entities	**65,705**	40,545

B) MATURITY ANALYSIS		
Overdrafts	**221,913**	290,080
Credit Card	**734,033**	889,891
Not longer than 3 months	**5,806**	4,074
Longer than 3 months and not longer than 12 months	**205,032**	244,736
Longer than 1 year and not longer than 5 years	**6,053,607**	5,356,562
Longer than 5 years	**94,486,905**	100,804,828
TOTAL LOANS	**101,707,296**	107,590,171

7. LOANS AND ADVANCES CONTINUED

C) CREDIT QUALITY - SECURITY HELD AGAINST LOANS	2020 - $	2019 - $
Secured by mortgage over real estate	**92,978,321**	98,312,970
Partially secured by goods mortgage	**6,325,457**	6,787,483
Wholly unsecured	**2,403,518**	2,489,718
	101,707,296	107,590,171

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%	**80,744,855**	85,334,026
- loan to valuation ratio of more than 80% but mortgage insured	**12,233,466**	12,978,944
	92,978,321	98,312,970

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 - 2020	Housing 2020 - $	Other 2020- $
Victoria	**53,733,997**	**3,307,461**
NSW	**32,738,426**	**3,948,261**
Tasmania	**1,301,101**	**192,265**
Queensland	**3,020,385**	**828,515**
Western Australia	**190,999**	**118,101**
South Australia	**1,643,347**	**275,858**
Australian Capital Territory	**93,995**	**34,027**
Northern Territory	**256,072**	**24,487**
	92,978,321	**8,728,975**

GEOGRAPHICAL CONCENTRATIONS - 2019	Housing 2019 - $	Other 2020- $
Victoria	56,398,607	3,740,977
NSW	34,713,444	4,242,108
Tasmania	1,518,106	226,147
Queensland	3,975,848	856,796
Western Australia	339,610	83,771
South Australia	1,030,326	68,746
Australian Capital Territory	90,695	38,576
Northern Territory	246,334	20,079
	98,312,970	9,277,202

(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 22.

7. LOANS AND ADVANCES CONTINUED

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

The Bank has an off balance sheet funding facility with Bendigo and Adelaide Bank. This facility replaces securitised loans facility funded through Integris. These loans do not qualify for recognition and are not recognised in the books of the Bank at any time. The value of off balance sheet loans under management is set out in Note 23.

G) PROVISION FOR IMPAIRMENT	Stage 1 12 month ECL 2020 - $	Stage 2 Lifetime ECL 2020 - $	Stage 3 Lifetime ECL 2020 - $	Overlays 2020 - $	Total 2020 - $	Total 2019 - $
Balance at 1 July per AASB 9	**(17,867)**	**(25,825)**	**(29,844)**	**-**	**(73,536)**	(77,569)
Changes in the loss allowance						
- Transfer to stage 1	**576**	**-**	**-**		576	994
- Transfer to stage 2	**-**	**18,831**	**-**	(25,461)	(6,630)	14,319
- Transfer to stage 3	**-**	**-**	**(34,877)**		(34,877)	(1,622)
- Net movement due to change in credit risk	**-**	**-**	**-**		-	-
- Write-offs		**-**	**12,221**		12,221	(9,658)
- Recoveries of amounts previously written off	**-**	**-**	**6,426**		6,426	-
Balance at 30 June	**(17,291)**	**(6,994)**	**(46,074)**	(25,461)	(95,820)	(73,536)

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 is 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).

An overlay was applied additionally to the ECL to cover the potential losses from unsecured credit facilities impacted from COVID-19.

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

ANALYSIS OF LOANS IMPAIRED OR POTENTIALLY IMPAIRED BY CLASS	VALUE OF IMPAIRED LOANS 2020 - $	PROVISION FOR IMPAIRMENT 2020 - $
Mortgage	**1,069,057**	**-**
Personal	**52,798**	**79,563**
Credit Card and Overdrafts	**46,448**	**16,257**
	1,168,303	**95,820**

ANALYSIS OF LOANS IMPAIRED OR POTENTIALLY IMPAIRED BY CLASS	VALUE OF IMPAIRED LOANS 2019 - $	PROVISION FOR IMPAIRMENT 2019 - $
Mortgage	319,676	-
Personal	67,021	67,913
Credit Card and Overdrafts	57,072	5,623
	443,769	73,536

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

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

There were loans granted with temporary repayment deferrals according to APRA specifications which were impacted by COVID-19.

8. PLANT AND EQUIPMENT

	2020 - $	2019 - $
OFFICE EQUIPMENT		
At cost	**52,966**	52,083
Provision for depreciation	**(38,953)**	(34,281)
	14,013	17,802
EDP EQUIPMENT		
At cost	**195,789**	171,644
Provision for depreciation	**(108,780)**	(81,113)
	87,009	90,531
MOTOR VEHICLES		
At cost	**231,243**	231,243
Provision for depreciation	**(179,922)**	(121,610)
	51,321	109,633
TOTAL PLANT AND EQUIPMENT	**152,343**	217,966
TOTAL PLANT AND EQUIPMENT		
Cost	**479,998**	454,970
Provision for depreciation and amortisation	**(327,655)**	(237,004)
Total written down amount	**152,343**	217,966

MOVEMENT IN CARRYING AMOUNTS		
MOVEMENT IN CARRYING AMOUNTS– OFFICE EQUIPMENT		
Balance at beginning of financial year	**17,802**	13,544
Additions	**883**	9,594
Depreciation expense	**(4,673)**	(5,336)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	**14,013**	17,802
MOVEMENT IN CARRYING AMOUNTS – EDP EQUIPMENT		
Balance at beginning of financial year	**90,531**	83,270
Additions	**24,145**	31,655
Depreciation expense	**(27,666)**	(24,395)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	**87,009**	90,531
MOVEMENT IN CARRYING AMOUNTS – MOTOR VEHICLES		
Balance at beginning of financial year	**109,633**	171,936
Additions	**-**	-
Depreciation expense	**(45,321)**	(44,688)
Disposals	**(12,992)**	(17,615)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	**51,321**	109,633
MOVEMENT IN CARRYING AMOUNTS -TOTAL		
Balance at beginning of financial year	**217,966**	268,750
Additions	**25,028**	41,249
Depreciation expense	**(77,660)**	(74,418)
Disposals	**(12,992)**	(17,615)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	**152,343**	217,966

9. INTANGIBLE ASSETS

	2020 - $	2019 - $
Computer software	**770,034**	578,352
Less Provision for amortisation	**(368,656)**	(268,950)
	401,378	309,402

10. DEFERRED TAX ASSETS / (LIABILITIES)

DEFERRED TAX ASSETS / (LIABILITIES) COMPRISE TEMPORARY DIFFERENCES ATTRIBUTABLE TO:		
Trade debtors	**26,351**	9,310
Trade creditors	**15,012**	16,971
Capitalised expenses	**14,099**	18,799
Deferred tax liabilities		
Prepayments	**(427)**	(880)
Depreciation and amortisation	**(55,395)**	(62,210)
Other assets	**(45,036)**	(45,035)
Deferred tax, net		
Deferred tax assets	**55,462**	45,080
Deferred tax liabilities	**(100,858)**	(108,125)
Deferred tax assets / (liabilities), net	**(45,396)**	(63,045)

11. OTHER ASSETS

Prepayments	**101,532**	67,737

12. CURRENT TAX ASSETS

Current income tax payable	**28,029**	13,926

13. DEPOSITS

	2020 - $	2019 - $
Call deposits	**64,184,465**	56,836,311
Term deposits	**51,254,946**	48,963,953
Member withdrawable shares	**166,129**	169,136
	115,605,540	105,969,400

(A) MATURITY ANALYSIS

On call	**64,184,465**	56,836,311
Not longer than 3 months	**31,928,861**	22,878,403
Longer than 3 and not longer than 12 months	**18,106,872**	25,165,849
Longer than 1 and not longer than 5 years	**1,219,213**	919,701
No maturity specified	**166,129**	169,136
	115,605,540	105,969,400

(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	**76,444,423**	71,357,470
NSW	**31,580,603**	28,438,090
Tasmania	**1,616,701**	1,042,097
Queensland	**4,323,897**	3,945,447
Western Australia	**732,737**	427,884
South Australia	**528,891**	394,221
Australian Capital Territory	**328,300**	315,992
Northern Territory	**49,987**	48,199
	115,605,540	105,969,400

14. PAYABLES AND OTHER LIABILITIES

	2020 - $	2019 - $
Trade creditors	**121,369**	153,681
Accrued interest payable	**366,754**	405,149
Sundry creditors & other liabilities	**1,044,348**	638,241
	1,532,471	1,197,071

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

15. DUE TO OTHER FINANCIAL INSTITUTIONS

Term deposits from other financial institutions and wholesale deposits	**600,740**	10,709,821

All deposits are due within 3 months.

16. STATEMENT OF CASH FLOWS

(A) RECONCILIATION OF THE OPERATING PROFIT AFTER TAX TO THE NET CASH FLOWS FROM OPERATIONS		
Operating profit after tax	**76,320**	255,877
NON-CASH MOVEMENTS		
Provision for impairment	**34,506**	15,291
Depreciation and amortisation	**165,400**	156,907
Net (gain)/loss on disposal of plant and equipment	**12,992**	(2,864)
CHANGES IN ASSETS AND LIABILITIES		
Interest receivable	**25,059**	2562
Trade creditors	**(32,116)**	(121,044)
Accrued interest payable	**(38,396)**	25,984
Tax receivable	**(53,785)**	(70,599)
Deferred tax liabilities	**(17,649)**	15,158
Prepayments	**(33,795)**	67,414
Deposits with other financial institutions	**(4,799,878)**	6,331
Loans and advances	**5,910,334**	(10,946,260)
Deposits	**9,636,140**	5,226,176
Other receivables	**(324,304)**	46,819
Sundry creditors and other liabilities	**405,912**	(148,241)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**10,966,739**	(5,470,489)

(B) RECONCILIATION OF CASH		
CASH BALANCE COMPRISES:		
Cash	**218,736**	219,825
Bank	**5,954,286**	5,300,282
CASH BALANCE AT END OF YEAR	**6,173,021**	5,520,107

16. STATEMENT OF CASH FLOWS CONTINUED

(C) CASH FLOWS PRESENTED ON A NET BASIS

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

(a) member deposits to and withdrawals from deposit accounts.

(b) borrowings and repayments on loans and advances.

(D) BANK OVERDRAFT FACILITY

The Bank has a bank overdraft facility available to the extent of $400,000 (2019: $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.

	2020 - $	2019 - $
Approved but undrawn loans and credit limits	**1,256,015**	923,580
Loan redraw facilities available	**7,165,889**	6,457,458

OTHER EXPENSE COMMITMENTS

Not later than 1 year	**344,703**	383,916
later than 1 year but not 2 years	**225,125**	352,130
Later than 2 years but not 5 years	**970,094**	223,056
Greater than 5 years	**-**	-
	1,539,922	959,102

UNDRAWN LOAN FACILITIES

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

Total value of facilities approved	**1,847,801**	1,797,778
Less amount advanced	**(955,946)**	(1,179,971)
NET UNDRAWN VALUE	**891,855**	617,807

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. 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.

19. AUDITORS' REMUNERATION

	2020 - $	2019 - $
Amounts received or due and receivable by the auditors of Woolworths Team Bank Limited		
Audit of the financial statements of the Bank - Grant Thornton	**50,000**	50,000
(Includes statutory audit, APRA audit and ASIC financial services licence audit)		
Taxation Services	**10,000**	10,000
	60,000	60,000

20. 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 2 members 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 $479,092 (2019: $386,226) 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 $390,468 (2019: $433,036). 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 $73,337 (2019: $60,199).

(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.

21. 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.

22. 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 2020 is $16,961 (2019: $24,142). The Bank has not funded any loans under this facility in 2019-2020.

23. 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 Bnak. 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 2020 is $22,753,285 (2019: $7,159,712).

24. 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	
	2020 - $	2019 - $	2020 - $	2019 - $
FINANCIAL ASSETS				
Cash and liquid assets	**6,172,592**	5,520,107	**6,172,592**	5,520,107
Investments at amortised cost	**17,901,870**	13,101,563	**17,901,870**	13,101,563
Loans and advances	**101,611,476**	107,556,316	**101,611,476**	107,556,316
Receivables	**702,819**	403,573	**702,819**	403,573
Total financial assets	**126,388,757**	126,581,558	**126,388,757**	126,581,558
FINANCIAL LIABILITIES				
Deposits	**115,605,540**	105,969,400	**115,605,540**	105,969,400
Term deposits from other financial institutions and wholesale borrowings	**600,740**	10,709,821	**600,740**	10,709,821
Trade creditors	**1,532,471**	1,197,072	**1,532,471**	1,197,072
Total financial liabilities	**117,738,751**	117,876,293	**117,738,751**	117,876,293

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

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

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

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

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

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

Deposits: The carrying amounts approximates amortised cost.

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

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

(B) CREDIT RISK EXPOSURES

The Bank's maximum exposures* to credit risk at balance date in relation to each class of recognised financial assets 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.

24. FINANCIAL INSTRUMENTS CONTINUED

(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		0-3 MONTHS		4-12 MONTHS		1-5 YEARS		OVER 5 YEARS		NON-INTEREST BEARING		TOTAL		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 %	2019 %
FINANCIAL ASSETS																
Cash and liquid assets	**5,954**	5,301	**-**	-	**-**	-	**-**	-	**-**	-	**219**	219	**6,173**	5,520	**0**	0.82
Investments at amortised cost	**-**	-	**2,994**	3,982	**4,092**	2,101	**6,813**	7,018	**4,002**	-	**-**	-	**17,901**	13,101	**0.92**	2.44
Loans and advances	**101,707**	107,190	**-**	-	**-**	-	**-**	400	**-**	-	**-**	-	**101,707**	107,590	**3.87**	4.47
Receivables	**-**	-	**24**	49	**-**	-	**-**	-	**-**	-	**678**	355	**702**	404	**N/A**	N/A
TOTAL FINANCIAL ASSETS	**107,661**	112,491	**3,018**	4,031	**4,092**	2,101	**6,813**	7,418	**-**	-	**897**	574	**126,483**	126,615	**-**	-
FINANCIAL LIABILITIES																
Deposits	**64,018**	53,539	**31,929**	22,878	**18,107**	25,166	**1,219**	919	**-**	-	**166**	169	**115,439**	105,969	**1.04**	1.65
Due to other financial institutions	**-**	-	**600**	10,709	**-**	-	**-**	-	**-**	-	**-**	-	**600**	10,709	**0.75**	2.37
Trade creditors	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1,532**	1,197	**1,532**	1,197	**N/A**	N/A
TOTAL FINANCIAL LIABILITIES	**64,018**	53,539	**32,529**	33,587	**18,107**	25,166	**1,219**	919	**-**	-	**1,698**	1,366	**117,571**	117,875	**-**	-

25. 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.

2020	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	**6,173,021**	**-**	**-**	**-**	**-**	**-**	**-**	**6,173,021**
Liquid Investments	**17,901,441**	**3,000,000**	**2,000,000**	**6,465,014**	**2,964,349**	**4,840,746**	**-**	**19,270,109**
Loans & advances	**101,611,476**	**926,102**	**1,715,720**	**8,615,233**	**34,682,600**	**126,202,909**	**-**	**172,142,564**
Receivables	**678,689**	**-**	**-**	**-**	**-**	**-**	**678,689**	**678,689**
Total financial assets	**126,364,627**	**3,926,102**	**3,715,720**	**15,080,247**	**37,646,949**	**131,043,655**	**678,689**	**198,264,383**
FINANCIAL LIABILITIES								
Due to other financial institutions	**600,740**	**601,110**	**-**	**-**	**-**	**-**	**-**	**601,110**
Creditors	**121,369**	**-**	**-**	**-**	**-**	**-**	**121,369**	**121,369**
Deposits from members – at call	**64,350,594**	**64,184,465**	**-**	**-**	**-**	**-**	**166,129**	**64,350,594**
Deposits from members – term	**51,254,946**	**13,323,557**	**18,899,126**	**18,262,750**	**1,230,313**	**-**	**-**	**51,715,746**
Total financial liabilities	**116,327,649**	**78,109,132**	**18,899,126**	**18,262,750**	**1,230,313**	**-**	**287,498**	**116,788,819**

2019	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	5,520,107	5,520,107	-	-	-	-	-	5,520,107
Liquid Investments	13,101,563	2,000,000	2,000,000	2,147,194	7,934,558	-	-	14,081,752
Loans & advances	107,516,635	817,153	1,720,111	8,323,478	33,716,412	122,019,136	-	166,596,290
Receivables	354,385	-	-	-	-	-	354,385	354,385
Total financial assets	126,492,690	8,337,260	3,720,111	10,470,672	41,650,970	122,019,136	354,385	186,552,534
FINANCIAL LIABILITIES								
Due to other financial institutions	10,709,821	9,015,620	1,709,571	-	-	-	-	10,725,191
Creditors	153,681	-	-	-	-	-	153,681	153,681
Deposits from members – at call	57,005,447	56,836,311	-	-	-	-	169,136	57,005,447
Deposits from members – term	48,963,953	10,487,487	12,678,870	25,496,483	932,819	-	-	49,595,659
Total financial liabilities	116,832,902	76,339,418	14,388,441	25,496,483	932,819	-	322,817	117,479,978

26. 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 polices and systems to monitor the likelihood of the events and minimise the impact. Systems of internal control are enhanced through:

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

FRAUD

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

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	2020 - $	2019 - $
Retained earnings	**9,011,801**	8,959,085
Less prescribed deductions	**(401,378)**	(309,402)
NET TIER 1 COMMON EQUITY	**8,610,423**	8,649,683
TIER 1 ADDITIONAL EQUITY	**-**	-
NET TIER 1 CAPITAL	**8,610,423**	8,649,683

TIER 2		
Reserve for credit losses	**276,091**	292,168
Less prescribed deductions	**-**	-
NET TIER 2 CAPITAL	**276,091**	292,168
TOTAL CAPITAL	**8,886,514**	8,941,851

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

	RISK WEIGHTING	CARRYING VALUE	RISK WEIGHTED VALUE	CARRYING VALUE	RISK WEIGHTED VALUE
		2020 - $	**2020 - $**	**2019 - $**	**2019 - $**
Cash	0%	**218,736**	**-**	219,825	-
Government Bonds	0%	**4,009,576**	**-**	-	-
Deposits in highly rated ADI's	20%	**5,954,477**	**1,190,895**	5,306,920	1,061,384
Deposits in highly rated ADI's	50%	**2,093,592**	**1,046,796**	2,101,042	10,505,20
Negotiable certificates of deposit	20%	**4,997,723**	**999,545**	3,992,442	798,488
Bonds	20%	**5,819,496**	**1,163,899**	5,037,654	1,007,531
Bonds	50%	**1,004,992**	**502,496**	2,012,976	1,006,488
Standard loans secured against eligible residential mortgages up to 80% LVR, no mortgage insurance	35%	**75,826,635**	**26,539,322**	85,334,024	29,866,909
Standard Loans secured against eligible residential mortgages up to 90% LVR, with mortgage insurance	35%	**9,308,086**	**3,257,830**	5,624,453	1,968,558
Standard Loans secured against eligible residential mortgages greater than 90% LVR, with mortgage insurance	50%	**7,843,601**	**3,921,800**	7,354,492	3,677,246
Other assets	100%	**9,565,718**	**9,565,718**	9,857,680	9,857,680
TOTAL		**126,642,631**	**48,188,302**	126,841,508	50,294,805

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;

2020	2019
15.37%	15.03%

The level of capital ratio can be affected by growth in assets relative to growth in reserves and by changes in the mix of assets. To manage the Bank's capital the Bank reviews the ratio monthly and monitors major movements in the asset levels. Policies have been implemented to require reporting to the Board and the regulator if the capital ratio falls below a minimum level determined by the Bank's Internal Capital Adequacy Assessment Process (ICAAP).

Further a 2 year capital budget projection of the capital levels is maintained annually to address how strategic decisions or trends may impact on the capital level.

PILLAR 2 CAPITAL ON OPERATIONAL RISK

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

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

- Operational risk capital $7,889,800 (2019: $7,730,280)

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

INTERNAL CAPITAL ADEQUACY MANAGEMENT

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

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.

NOTES

Woolworths
Team Bank

Woolworths Team Bank Limited
ABN: 67 087 651 803
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