

bank

W.A.W



Year in Review 2021-2022



**We're a proudly local bank
that puts our customers first**



Our Vision

Banking that is ethical, sustainable and socially beneficial.



Our Purpose

To create a positive social impact by putting customers and community at the centre of everything we do.



Our Values

Trust, co-operation, moral integrity, financial prudence, caring for customers and social responsibility.



Our strategic priorities

We focus on five pillars that will drive our growth, distinguish us in the market and prioritise our project expenditure for the year.

1. Ensure financial sustainability

The financial sustainability of our organisation guides our decision-making. Our customers own BankWAW and we pledge to always put customers first.

2. Conduct business ethically

Our commitment to ethical banking is demonstrated in everything we do – our products, our services, our leadership.

3. Enhance customer experiences

We care for our customers, basing our decisions on their wellbeing. Our commitment to customer ownership enables this capability.

4. Develop partnerships

We belong to the regions of southern New South Wales and north-eastern Victoria. We build partnerships to enable greater outcomes for all.

5. Develop our people and culture

Our staff are engaged and empowered to be the champions of socially beneficial banking. We care for our staff, support each other's needs and work together to provide great customer service.

What's inside

- 04 Welcome from our CEO and Chair of the Board
- 07 BankWAW rebrand a success!
- 10 2022 in numbers
- 12 Supporting our communities
- 13 BankWAW's digital banking journey
- 14 The customer-owned banking approach
- 15 Helping First Home Buyers in our region
- 16 Our commitment to sustainability
- 18 Customer Owned Banking Association

Welcome from the Chair and CEO

On behalf of the Board, Management and Staff, we are pleased to present the Annual Review and Financial Statements for the 2021-22 Financial Year.

This past financial period represented 66 years of operation for the organisation and delivered a number of unique challenges and opportunities. While the pandemic continued to create an uncertain operating environment, our region has also had to contend with earthquakes and, more recently, flooding which has impacted multiple locations. In addition to these factors the Board and management has also been acutely focused on the impact of rapidly increasing interest rates as inflation approaches multi-decade highs, as well as the increasing level of threat being posed by cyber criminals. Each of these elements tests the capability of our people and planning, and we are delighted to confirm that the organisation's systems, staff, and operating frameworks stood up well to these challenges which is critical to making sure that the business is in a strong position for the future.

Our resilience has again been underpinned by the dedication and perseverance of our staff and we are extremely proud, and thankful, for their efforts. We also recognise the hard work of our suppliers who ensure that the extensive planning and investment made into our banking systems and associated technology stand up to the demands placed upon them. During the financial year, our core payments system processed over 3 million card-based transactions alone with these figures continuing to increase sharply year on year. The combined efforts of staff and suppliers, along with the planning and oversight of our Board and management team, has meant that WAW customers did not face a single material outage of services during the year which compares very well against many of our larger peers.

While the lessons of this year are being carefully factored into our plans moving forward, we have remained committed to moving the organisation forward. Of the many projects undertaken in accordance with our business and strategic planning, the rebrand of the organisation to BankWAW has certainly been the most prominent.



The decision to rebrand the organisation and incorporate the word bank into our trading name, after approximately 40 years of being known as WAW Credit Union, was not made lightly. Many years of review, and extensive engagement between the Board, management and our customers was undertaken to ensure that we reached an outcome that was reflective of our purpose, but also one that respected our long history and core values. Ultimately, the word bank was intended to reflect what we do from a products and services perspective, as opposed to who we are from a values and ownership perspective.

The rebrand marked a major refresh of WAW's image and is designed to appeal to new and existing customers alike. Staff were overwhelmingly in favour of a change following a number of workshops across our Service Centre network, while external research showed that a large (and growing) number of consumers did not clearly understand what a Credit Union was – especially in younger demographics. The launch of the new brand officially took place on 23 March 2022 and was the culmination of over two years work. Stakeholder engagement was a key element of this important project with a number of initiatives taking place leading up to and following the launch. These included webinars hosted by the Board Chair and CEO, extensive communication across our social media channels, direct written correspondence to customers as well as an outbound contact program by staff (and the CEO personally) to hundreds of customers and community stakeholders.

From the outset the Board and management were sensitive about cost and other elements of the project, especially given that this work coincided with the early onset of the pandemic. It was also accepted, however, that the rebrand was a long-term investment and an essential component in addressing strategic issues that could no longer be ignored. Key decisions were taken to reduce expenses during the transition and to limit the environmental impact of the changes. Among these were ideas to run down existing stationery levels to ensure as little wastage as possible, introduce new products/materials that were more environmentally friendly and progressively update marketing and digital collateral at the same time as new campaigns were being designed to ensure less duplication. We are pleased to confirm that the rebrand came in under budget at approximately \$638,000, which is significantly less than many like-sized organisations spend on similar initiatives.

Turning to more operational matters, BankWAW has continued to remain at the forefront of new innovations during the year. We are proud to confirm that we were among the first customer-owned banks to launch the initial phase of the new Open Banking (Consumer Data Right) regime in 2021. This was a significant body of work that represented a six-figure investment and involved over 18 months of planning and the attention of many staff during this period. Subsequent phases of Open Banking are due in late 2022 and will also require similar levels of investment by the organisation. In addition to new Open Banking standards, the business has also continued to be among the first to roll-out the latest updates to the New Payments Platform (NPP), which supports customers to make real-time payments to accounts* anywhere in Australia. And finally BankWAW has continued to increase its investment in cyber and fraud protection systems to the benefit of customers and the organisation generally, which has culminated in over 8,000 outbound calls being made to account holders during the year and the provision of a comprehensive 24x7 Security Operations Centre (SOC) and Security Information and Event Management (SIEM) system to monitor BankWAW systems and the wider digital environment via our partnership with Cyber Security experts.

Despite ongoing technical expectations being placed on banking services, the organisation remains an important partner to many community organisations, fundraisers and charities. While we continued to see a number of events cancelled during the year due to COVID, we were still able to return approximately 3% of profits to community initiatives. While this is below our goal of 5%, we were proud to continue our long-term partnership with Uniting as part of the Food for Families Appeal, where over 400 kgs of non-perishable food was donated to people across our region. Uniting has been delivering community services to people in Victoria and Tasmania for over 100 years, which has been helping them to live happy and healthy lives. Another important focus was continuing our work with the Winter Blanket Appeal which was widely promoted through ABC Goulburn Murray in May and June. We have seen a huge increase in people accessing this service over the last year, so we expect the need for winter support will be even greater in 2023 given prevailing economic conditions.

From a financial perspective the organisation continued to see very positive results in terms of growth, with total assets increasing by \$35.7M to \$657M. Importantly, growth across the business was well-balanced, which is a credit to the management team's oversight and focus in what were considered to be difficult trading conditions. Following two record years, lending was again strong with net growth in the portfolio of \$36.5M (+7.8%) as a result of just under \$200M in new loan approvals. Further, 90% of loan approvals were originated from BankWAW channels, as opposed to referral partnerships, which provides positive feedback about our strategy and leverages a commitment to the training and development of our lending staff. From a funding perspective, deposit balances increased by \$32.4M (+5.6%), to finish at \$612.7M as at 30 June leaving liquidity levels at just over 20.3%.

The total value of new Capital generated during the year increased by \$3.1M to finish at \$38.84m, up from \$35.7m in 2020-21. Good growth outcomes, close management of the Balance Sheet and a focus on the cost base helped deliver a 33-basis point increase year on year to Capital Adequacy which finished the period at 14.16%, up from 13.83% in 2020-21 and 13.85% in 2019-20. Capital levels are a critical area of strategic focus, and the Board is delighted to see the growth strategy implemented over the last three years contribute materially to these results.

The Board and Management remain very aware of the need to achieve scale in order to support future investment and organisational development, while growing in a sustainable way that reflects our resources, competencies, and the economic context. Various elements of BankWAW's performance in areas such as cost-to-income and interest margins are closely monitored as we look ahead at an increasingly complex and uncertain future. While the profit result was again positive for the year, and above budget, increasing competitive pressures on the banking sector mean that smaller customer-owned organisations must consider future operating expenses very closely. We must also find the best way to balance the significant shift of customers to digital banking channels, which require considerable investments to establish and maintain, while also finding innovating ways to maintain a presence in our wonderful regional communities.

In closing, we want to recognise the service of former Director, Victoria Schmidt, who retired at the 2021 AGM after three years on the Board and make a special mention of the retirement of Phillip Gavin after nearly 18 years of service. Phillip was a member of the senior management team and played a very important role over many years in the development and success of the business. We would also like to sincerely thank our customer-owners, and the wider regional community, for trusting us with their banking services. BankWAW only exists because of our customers, and we extend our best wishes to them following another challenging year for many families and businesses. We are excited to work hard for all our stakeholders again in 2022-23 and want to assure you that we will continue to find ways to give back, while moving the organisation forward.

¹ Today, BankWAW represents the merger of six individual Credit Unions, with the earliest history of these organisations dating back to 1956.

*For participating institutions.

Moving forward, giving back

BankWAW. Your local customer-owned bank.



BankWAW rebrand a success!

On 23 March 2022, WAW Credit Union rebranded and began trading as BankWAW.

You will have noticed our rebranded staff uniforms, digital platforms, building signage and marketing materials. This brand evolution marked the next step for WAW, whose Board and Management team embarked on the rebranding project after extensive research showed that people were often unclear about what a Credit Union does. This work emphasised the importance of modernising our presence in the market to remain relevant across a broad demographic.

Research conducted by the sector over many years, consistently found that there is a lack of understanding about what a Credit Union is, and what services they offer. This issue has only increased in prominence as the majority of the Credit Union/Building Society sector has added the word 'bank' into their brands. Incorporating the word 'bank' into the trading name is therefore a significant step forward in the customer-owned banking journey, as it is important that people clearly understand the products and services being offered.

The new brand and trading name retain 'WAW' which stands for Wangaratta Albury Wodonga, as their geographic footprint and community focus remains a key strength.

The organisation continues to be 100% customer-owned, run by the same local people, delivering great customer service, and supporting our regional communities. The changes to our brand reflect the products we offer but do not alter our legal or operating structure. Our values and approach to running the business remain unchanged.

We will continue to reinvest at least 5% of annual profits directly back into our community through sponsorships, donations and innovative programs that instigate positive social impacts.

BankWAW is proudly owned by its customers, and this move only reinforced our strength and position in the financial services industry as we continue to effectively adapt and evolve in a competitive banking environment.

Transition from

WAW

Banking as it should be.

... to

bank **WAW**

WAW Visa Debit Card
Your money at your fingertips

Access

This chip-enabled card gives you access to over 3000 rediATMs across Australia and 30 million eftpos outlets worldwide. It provides Visa PayWave convenience for in-store purchases under \$100 and can also be added to Apple Pay and Google Pay digital wallets on compatible mobile phones and tablets.

Fraud protection

The Visa Zero Liability Policy protects card owners against fraudulent charges or unauthorised purchases made with their card or account information.* Please confirm on line store terms & conditions before agreeing to them.

Card Security

Some simple steps to keeping your card secure:

- Sign your card as soon as you receive it.
- Never share your Personal Identification Number (PIN) with anyone.
- Never provide card or PIN details in response to unsolicited emails or phone calls.
- Never store your PIN with your card.
- Never 'Save' your card details for on line stores.
- Make sure you are shopping on 'trusted sites' before making any purchases.
- Check your account regularly on Netlink for any unauthorised transactions.
- If your card is lost or stolen, immediately contact 1800 648 027 to organise cancellation.
- If you believe that your card security has been put at risk, call WAW on 1300 368 555 immediately.

* Visa Zero Liability Policy does not apply to ATM transactions or where someone presses 'Savings' for an in-store purchase.

WAW
Banking as it should be.
www.wawcu.com.au

WAW AFSL 247298 01/2018 65956

WAW Banking as it should be. **QBE**

For the love of road trips

Ask us about QBE Motor Vehicle Insurance

Not all insurances cover and conditions apply. This policy has been prepared without taking into account your objectives, situation or needs. You must disclose it to your broker. You should read and consider the relevant insurance policy documents before applying for this product. Insurance is underwritten by QBE Insurance (Australia) Limited ABN 79 003 791 035. WAW Credit Union ABN 48 997 451 797. AFSL 247298.

This Belongs To

Who Is A Member Of Buck's Star Saver Club

Ph. 1300 368 555
www.wawcu.com.au

WAW Smart Banking

bank **WAW**

Digital Wallets

Update your wallet with BankWAW Digital Wallet available on Google Pay, Apple Pay or Samsung Pay

bank **WAW**

Christmas Saver Account

Reach your Christmas savings goal by organising a direct deposit each week, fortnight or month – then access your savings in time for the silly season

General advice warning: In providing you with information you should consider the requirements of the Finance and Credit laws in your particular financial situation and needs. You should contact the Financial Services Centre and the Finance and Services Terms and Conditions booklet before making a decision to apply for any product. This advertisement is provided as an illustration of the services and is not intended to be a contract. BankWAW is a registered financial services provider by WAW Credit Union (CA) (Operator Ltd).

bankwaw.com.au

WELCOME TO BUCK'S STAR SAVER CLUB

bank **WAW**

2022 IN NUMBERS



Net profit after tax: \$3.4m
(up from \$2.2m in 2021)



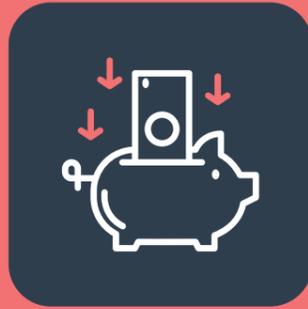
Total assets: \$656.9m
(up from \$621.1m in 2021)



Total loan balances: \$508.0m
(up from \$471.5m in 2021)



Lending growth: 7.74%
(down from 10.3% in 2021)



Total deposits: \$612.7m
(up from \$580.3m in 2021)



Deposit growth: 5.58%
(down from 12.0% in 2021)



Net assets: \$39.8m
(up from \$36.4m in 2021)



Capital Adequacy Ratio:
14.16% (up from 13.83% in 2021)



Total Liquidity: 20.37%
(down from 21.80% in 2021)



Total number of customers: 24,543
(down from 24,609 in 2021)



New accounts opened:
870 (down from 971 in 2021)



Our staff: 94
(up from 84 in 2021)



Percentage of net profit reinvested
into our communities: 2.91%
(down from 3.67% in 2021)

2021-22 led to the cancellation of a considerable number of events, which saw a decrease in profit reinvested in our local communities.

We're looking forward to increasing this investment again in the year ahead with the easing of COVID-19 restrictions in our region.



atmx

BankWAW's digital banking journey

Digital banking has dramatically altered the landscape of banking.

As BankWAW customers continue to embrace digital innovation, we continue to see a significant shift in the payment methods our customers use.

Supporting our local communities

We're committed to supporting the communities we serve and to make a positive contribution to our region.

BankWAW's commitment to the community is founded upon supporting local initiatives and local people. A significant component of this is our sponsorships and donations, and despite the continuing impacts of COVID-19 on local events, there has still been much to celebrate over the past 12 months.

Here are a few things we have been doing to help create a positive social impact in our regional communities:

- We continue to support regional sport as major sponsors of Ovens and King Football and Netball Leagues and the Hume Football and Netball League.
- We donated towards the addition of wonderful new seats in the Corryong Memorial Hall.
- We continue to partner with our community to deliver positive social outcomes and help build stronger ties in Southern NSW and North-Eastern Victoria.
- We engaged with local arts initiatives, providing sponsorship to the Beechworth Art Prize and Albury Wodonga Theatre Company.
- We helped build a greater awareness of our region's history, through our support for Beechworth's annual Kerferd Oration.
- We supported sustainable initiatives, with corporate partnerships with Indigo Power.

Partnering with Uniting to build resilience in our communities

BankWAW has continued to build our partnership with Uniting to help make a positive, long-term impact in our communities.

For over 100 years, Uniting has delivered community services to people across Victoria and Tasmania, empowering them to live happy and healthy lives.

Food For Families

The Food For Families Appeal in December 2021 saw boxes of non-perishable food and household essential items donated through BankWAW Service Centres. This was approximately 400kg of essential food that was donated to those in need. An additional \$1,630 in cash donations was received for the Food For Families Appeal.

ABC Goulburn Murray and Uniting Winter Blanket Appeal

Supporting the Winter Blanket Appeal in 2022, BankWAW Service Centres were again collection points for both monetary donations and Winter woollies to help support our community. In 2022, the Winter Blanket Appeal saw welcome donations both monetary and new blankets.



Increase in customers using Apple Pay: 70.78%



Increase in customers using Samsung pay: 102.87%



Increase in customers using Google pay: 129.62%



Decline in customers using cheques: 34.61%

The Customer-Owned banking approach

BankWAW is a proudly customer-owned bank.

This means we exist to serve you, not simply to drive high profits for external shareholders.

Our day-to-day operations are led by our executive team, based in Wodonga Victoria, and our 94 staff are 100% based across North-East Victoria and Southern New South Wales.

We represent over 24,000 customers and are focused on customer benefits, community involvement, fairer fees and superior levels of service.

Being customer-owned means customers and community always come first. We are local people, we employ local people, we represent the financial interests of local people and we reinvest in our local communities.

Our Customer Owned Banking Code of Practice (COBCOP) is our pledge to you.



It is a plain English commitment to fair and responsible banking, with 10 key promises:

1. We will be fair and ethical in our dealings with you.
2. We will focus on our customers.
3. We will give you clear information about our products and services.
4. We will be responsible lenders.
5. We will deliver high customer service and standards.
6. We will deal fairly with any complaints.
7. We will recognise customer rights as owners.
8. We will comply with our legal and industry obligations.
9. We will recognise our impact on the wider community.
10. We will support and promote this Code of Practice.

Helping First Home Buyers in our region

Your home loan is one of the biggest investments you'll ever make and when it's your first home, it can be both exciting and overwhelming.

With this in mind, BankWAW is committed to helping first home buyers enter the property market with fair and equitable finances.

Our loans specialists are not paid commission, and so are paid the same rate regardless of which home loan is chosen, or the value of that loan. This means that our customers can be sure that what matters to us is the home loan that's right for them.

Growing BankWAW and attracting new customers across younger demographics is important to our future, and so we do use and pay a fee to our mortgage brokers. We started working with mortgage brokers in 2017 and during 2021-22, they generated \$21,199,343 in new home loans.

We offer fair rates and fees

The approach BankWAW has always taken, and will continue to take, is to provide customers with value in our pricing structure, while also protecting the long-term sustainability of our business.

First Home Loan Deposit Scheme

This year, BankWAW continued to support First Home buyers in our region as a participating lender in the Government's First Home Guarantee Scheme (FHBG).

The First Home Guarantee Scheme (FHBG) is an Australian Government Initiative established to assist eligible first home buyers to enter the property market sooner. Under this scheme, eligible first home buyers may be able to enter the property market with as little as a five per cent deposit (also subject to BankWAW lending terms and conditions).

24,500 places were released in 2021-22, and BankWAW funded a total of \$18,063,200 in NHFIC loans - we funded 51 first home buyer guarantee & family home guarantee loans.. Meaning that we were able to help get locals into their first home sooner!



Our commitment to sustainability

Solar in our BankWAW Service Centres

BankWAW has been driving the installation of solar across our Service Centre network to increase our consumption of clean energy and actively lower our CO2 pollution and reduce our carbon footprint.

While we recognise that it will take a number of years to significantly minimise BankWAW's environmental footprint, we started the journey with the installation of solar panels on the Wangaratta Service Centre building in May 2021.

The move to clean energy in our Wangaratta Service Centre alone saves the equivalent of 586 trees per year, 9736 litres of fuel per year or 11,065 kgs (about the weight of a school bus) of coal burned per year. It also builds resilience into the local power supply, to build a more secure infrastructure in preparation for future emergencies.

This is also a key strategic decision that will see a financial benefit for BankWAW, as we estimate a 64 per cent decrease in energy costs at the Wangaratta Service Centre alone.

A socially beneficial outcome for all our customers and our local environment!

Supporting sustainable innovation in our region

BankWAW is proud to support sustainable innovation in our local communities.

The community battery began supplying members of the Yackandandah community energy hub with clean energy from June 2021, helping residents work towards their goal of their community's energy becoming 100% renewable in the coming years.

We have been able to maximise opportunities to connect with the communities with particular focus on TRY (Totally Renewable Yackandandah), local councils and Indigo Power. The community battery in Yackandandah has been supplying clean energy from June 2021, helping residents work towards their goal of their community's energy becoming 100% renewable. We have also worked with Indigo Power and KDEC Electrical and Solar, who installed a clean energy system at the Corryong Service Centre.

We aim to strengthen relationships with community organisations that are working towards sustainability and helping communities and the environment. Part of this is creating stronger company sustainability programs/processes and encouraging staff to comply and be involved.





Celebrating being customer owned and part of COBA (Customer Owned Banking Australia)

The Customer Owned Banking Association (COBA) is the industry advocate for Australia's customer owned banking sector.

Their vision is for COBA to be the recognised, successful and leading advocate for a more competitive retail banking sector and a champion of the benefits of the customer owned model.

The customer owned banking sector has combined assets of \$147 billion, offering Australians a competitive alternative to banking institutions and access to a range of savings, investment, loan and insurance products. Unlike banks, profits are not paid to external shareholders, but put back into better products and services for customers and their local communities.

COBA provides representation and advocacy for its members to:

- Federal and state governments regulators, such as APRA and ASIC
- The media
- Industry and consumer groups, and the general public and other stakeholders.

It also provides member institutions with expert advisory and support services, such as fraud & financial crimes.

The challenges we face together may change over time, but our can-do attitude and ingenuity will always be there. We want to take this message forward, because many people are anxious about the future.

Today, customer-owned banking serves more than 4 million Australians and operates from every state and territory.

As a sector, we are still committed to helping people and families buy homes, plan for a bright future, help businesses get ahead, and grow communities. Fair rates and a fair go for all.





Contact

Head office: 11 Stanley Street, Wodonga VIC 3690

Phone banking: 1300 368 555

Service Centres

Albury · Beechworth · Chiltern · Corryong · Lavington · Moulamein · Myrtleford · Tallangatta · Walla Walla · Walwa · Wangaratta · Wodonga · Yackandandah

Affiliations and Key Suppliers

Customer Owned Banking Association · World Council of Credit Unions · TransAction Solutions Ltd · Credit Union Financial Support System Ltd · Visa Worldwide · Purcell Partners · Ultradata Australia, Triskele Labs, Protecht

Bankers

Cuscal Ltd · National Australia Bank

Corporate Insurers

QBE · Chubb

Auditors

External – Crowe Albury

Internal – AFS & Associates Pty Ltd

External Dispute Resolution Provider

Australian Financial Complaints Authority

Legal Support

Daniels Bengtsson, Sydney · Norm Boyd & Associates Albury



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