

# WAW Year in Review 2020/2021

**WAW**  
Banking as it should be.



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





## Our Vision

Banking that is ethical, sustainable and socially beneficial.



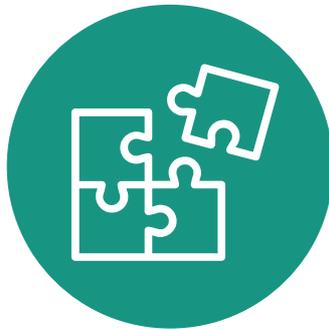
## Our Purpose

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 WAW 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.

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## On behalf of the Board, Management and Staff, we are pleased to present the Annual Review and Financial Statements for the 2020-21 Financial Year.

2021 represented 65 years of operation for the Credit Union, and perhaps also one of its most testing. The COVID pandemic has created a very challenging operating environment, given the scale of disruption to so many aspects of society and the economy in such a short period of time. The pandemic has continued to test the organisation's systems, operational resilience and planning, and we are proud to confirm that your Credit Union has stood up to these tests and continues to work hard to ensure the business is in a strong position for what lies ahead.

Of course, our resilience has 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 ensured that the extensive planning and investments made into our banking systems and associated technology stood up to the demands placed upon them over the last 12-18 months.



**The combined efforts of staff and suppliers 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 recent lessons are being carefully factored into our planning, we remain committed to moving the organisation forward and are delighted to confirm that a number of important new investments were made into our technology platforms and services during the year as part of our Strategic Plan. Among the largest is our financial commitment to enhancing our cyber-security systems and associated customer support programs,

# Welcome from the Chair and CEO

which aim to exceed the expectations set out by Federal regulators under the Information Security Prudential Standard (CPS 234). We also remain committed to supporting our customers in an age where their security online is of paramount importance, with our team making over 7,000 outbound calls during the year as part of our transaction monitoring systems. Further refinements to a variety of our products and services was undertaken following a major rebuild that took place last year.



Our goal is to modernise and simplify account structures, ensure they meet the future needs of customers in an increasingly digital environment, and provide fair value that recognises the core Mutual principals of our operating model.

Despite the increasing technical expectations placed on banking services, WAW remains an important partner to many community organisations, fundraisers and charities. While 2020-21 led to the cancellation of a considerable number of events, we were still able to deliver almost 4% of net profits to a number of worthwhile and important local initiatives. We were especially proud to be associated with the launch of a community-owned battery in Yackandandah, which is the first of its kind in Australia. The installation of the 274 kWh battery, which sources its energy from a 65 kW solar installation connected nearby, was driven by the vision of many local people and the hard work of Totally Renewable Yackandandah and Indigo Power. We extend our congratulations for the leadership and vision of many people over many years to see this project to fruition.

From a financial perspective, record-low interest rates have stimulated significant demand from many new and existing customers during the year. Results show a second consecutive year of record growth in lending and deposits, with WAW's total assets surpassing \$620m. Lending grew by just over 10% or approximately \$44m, while deposits increased by approximately

\$62m or 12% for the year. Given the strong deposit growth, the organisation's funding position remains in a very sound position with Liquidity finishing at 21.80%, up from 21.00% in 2019-20.

**The total value of Capital generated during the year increased by \$2.38m to finish at \$35.7m, up from \$33.3m in 2019-20.**

Despite an improvement in net interest income, the robust growth rates meant that the Capital Adequacy Ratio remained stable year-on-year, finishing at 13.83% as compared to 13.85% in 2019-20. The Credit Union's Board and Senior Management made the strategic decision to accept higher rates growth in recent years in order to deliver scale, which in turn provides further opportunities to invest in the future of the business. These dynamics and decisions in recent years have led to an improved profit position and enhanced operating efficiency ratios, including the important Cost to income measure which finished in a much stronger position than previous years at just over 80%.

The Board and Management remain very cognisant of balancing the strategic requirement for continued scale which in turn supports future investment and development, with sustainable levels of growth that keeps pace with our resources, competencies and the economic context. Various elements of the Credit Union's performance in areas of efficiency and margins are closely monitored as we continue to operate in an uncertain environment. While the profit result was positive for the year, and above budget, the continuing and increasing competitive pressures on the banking sector mean that smaller customer-owned organisations must consider future operating expenses very closely and find the best way to balance the significant shift of customers toward digital banking channels which require considerable investments to establish and maintain.

In closing, we want to recognise the service of former Director Rob Anderson who left the Board during the year. We would also like to make special mention of the retirement of Gregory Hutchinson after 40 years of service to the Credit Union and its customers. Greg's contribution to WAW included representing the organisation on various industry groups and committees, as well as working across a number of important operational areas as a Senior Manager. We pass on our sincere thanks to retiring Directors, staff and their families for their contributions. We also wish to again thank our staff, customers and suppliers for their support during a difficult year and we look forward to working hard for you again in 2021-22.

# 2021 IN NUMBERS



**Net profit after tax: \$2.2m**  
(up from \$1.2m in 2020)



**Lending growth: 10.3%**  
(up from 9.8% in 2020)



**Total deposits: \$580.3m**  
(up from \$518.2m in 2020)



**Capital Adequacy Ratio: 13.83%**  
(down from 13.85% in 2020)



**Total Liquidity: 21.80%**  
(up from 21.00% in 2020)



**Our staff: 84**  
(up from 82 in 2020)



**Percentage of net profit reinvested  
into our communities: 3.67%**  
(down from 7% in 2020)



**Total assets: \$621.1m**  
(up from \$556.9m in 2020)



**Total loan balances: \$471.5m**  
(up from \$427.5m in 2020)



**Deposit growth: 12.0%**  
(down from 13.4% in 2020)



**Net assets: \$36.4m**  
(up from \$34.1m in 2020)



**Total number of customers: 24,609**  
(down from 24,713 in 2020)



**New accounts opened: 971**  
(up from 958 in 2020)

2020-21 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.



# Supporting our local communities

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

We support regionally-based initiatives that help communities instigate social, educational, environmental and health programs. We distribute these funds to address local issues, influence positive change in the community and help make our community a thriving place to live, work and visit.

These are some of the initiatives we have supported in the past year:

- We supported regional sport as major sponsors of Ovens and King Football and Netball League and the Hume Football and Netball League, as well as various sporting teams.
- We supported community health with the relocation of the defibrillator at Beechworth Golf Club to the outside of the building, so it can be accessed and used by the public.
- We engaged with local arts initiatives, providing sponsorship to the Chiltern 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 ran an Insurance Campaign which supported local businesses. As a result, we contributed \$5,400 worth of vouchers to small businesses across our region, as they build-back-better post COVID-19.
- We supported sustainable initiatives, with corporate sponsorship of the Albury Wodonga Sustainable Living Festival.
- We supported education with sponsorship for Year 12 achievers' awards.

## **Partnering with Uniting to build resilience in our communities**

WAW 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 2020 saw 27 boxes and 3 bags of non-perishable food and household essential items donated through WAW Service Centres. This was approximately 430kg of essential food that was donated to those in need.

An additional \$700 in cash donations was received for the Gift for Families Appeal.

### **ABC Goulburn Murray and Uniting Winter Blanket Appeal**

Supporting the Winter Blanket Appeal in May 2021, WAW Service Centres were again collection points for both monetary donations and Winter woollies to help support our community. In 2021, the Winter Blanket Appeal saw a total of \$21,000 in monetary donations and 394 new blankets.

# WAW's digital banking journey

Digital banking has dramatically altered the landscape of banking in recent years.

As WAW customers continued to embrace digital innovation this year, we have seen a significant shift in the payment methods our customers use.



Increase in customers using Apple Pay: 92%

SAMSUNG pay

Increase in customers using Samsung pay: 56%



Increase in customers using Google pay: 52%



Decline in customers using cheques: 40%

# The Customer-Owned banking approach

## WAW is a proudly customer-owned bank.

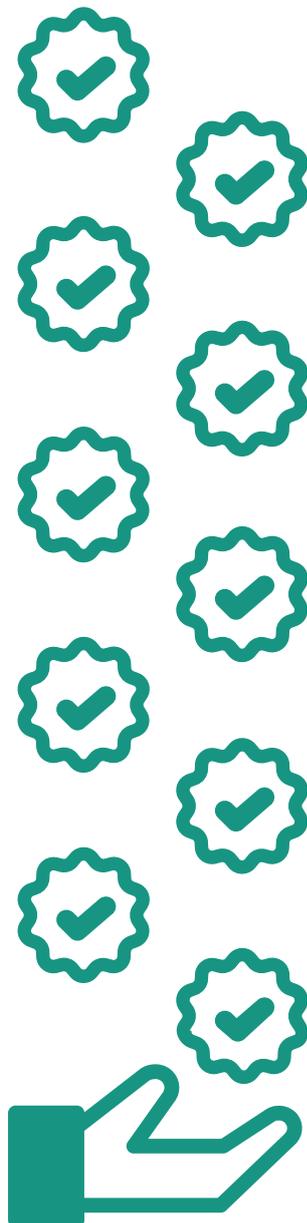
This means we exist to serve you, not simply to drive high profits for external shareholders.

Our day-to-day operations are led by our executive team, based in Wodonga Victoria, and our 84 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, WAW 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 WAW 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 this year, they generated \$27,111,664 in new home loans.

## We offer fair rates and fees

Despite the challenges of record low interest rates in the 2020-21 financial year, we have continued to act responsibly and provide fair rates for our customers.

The approach WAW 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, WAW continued to support First Home buyers in our region as a participating lender in the Government's First Home Loan Deposit Scheme (FHLDS).

The First Home Loan Deposit Scheme 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 WAW lending terms and conditions).

10,000 places were released this year, and WAW funded 94 loans under this scheme. That's 94 regional households that we were able to help get into their first home sooner!



# Our commitment to sustainability

## Solar in our WAW Service Centres

WAW has started 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 WAW'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 WAW, 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

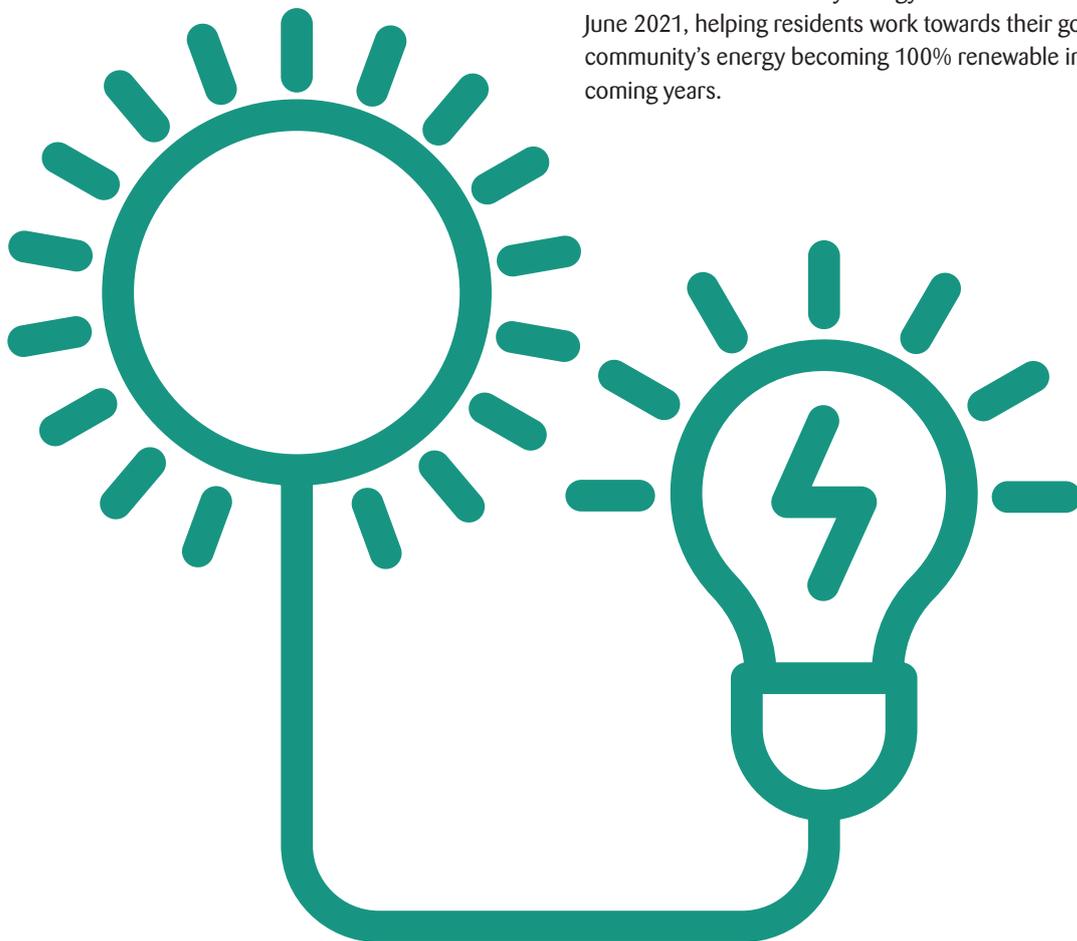
WAW is proud to support sustainable innovation in our local communities.

We were thrilled to support the development of the Yackandandah community-scale solar and battery system, known as Yack01, with a loan that aligns financing for the innovative project with long-term environmentally responsible outcomes in our community.

Indigo Power and Totally Renewable Yackandandah have been planning this battery for several years, and the installation commenced at the Agency of Sculpture workshop in early 2021. The roof of the workshop is covered entirely with bi-facial solar panels. These are see-through panels that can create energy from the sun that hits both directly on the panels and underneath.

The storage battery facility is one of the first of its kind in Australia. It will enable solar energy generated during the day to be stored and then used by Indigo Power customers in the evening. The battery has the capacity to power up to 40 average-sized households overnight.

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.



# RESTAURANT

## BAKERY



OPEN TRICYCLE

ICE CREAM

Vintage Shop

LOOK INSIDE  
HAND  
SOAPS  
CANDLES  
LOLLIES  
... PAID FOR ME

# Celebrating 150 years of ingenuity with COBA (Customer Owned Banking Australia)



**In 2020, WAW Credit Union strongly endorsed a campaign which proudly celebrates the ingenuity and ‘can do’ spirit of Australia. Launched by the Customer Owned Banking Association, the campaign focused on the relationship between hard-working Australians and customer-owned banking.**

WAW is part of a movement that began in Australia when groups of like-minded workers and communities came together to create building societies, credit unions, and mutual banks.

Customer-owned banking put people first from the beginning, and that has seen us stand by customers through droughts, fires, wars, recessions, and now the hardships of COVID-19.

We can take confidence in a tried-and-true way of working that has served generations of Australians and is more important than ever.

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.



## **WAW Credit Union Co-Operative Limited**

ABN: 48 087 651 787

AFSL: 247298

Australian Credit Licence: 247298

### **Contact**

Head office: 11 Stanley Street, Wodonga VIC 3690

General enquiries: 1300 368 555

Email: [info@wawcu.com.au](mailto:info@wawcu.com.au)

Internet banking: [www.wawcu.com.au](http://www.wawcu.com.au)

Phone banking: 1300 361 766

### **Customer Service Centres**

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

### **Affiliations and Key Suppliers**

COBA – Customer Owned Banking Association · World Council of Credit Unions ·  
The Association of Asian Confederation of Credit Unions · TransAction Solutions Ltd · Credit Union  
Financial Support System Ltd · Visa Worldwide · Purcell Partners · Ultradata Australia

### **Bankers**

Cuscal Ltd · National Australia Bank

### **Corporate Insurers**

QBE Insurance (Australia) Ltd; Chubb

### **Auditors**

External – Crowe Albury

Internal – AFS & Associates Pty Ltd

### **External Dispute Resolution Provider**

Australian Financial Complaints Authority

### **Legal Support**

Daniels Bengtsson, Sydney · HL, Albury

### **Key Regulators**

APRA – Australian Prudential Regulation Authority

ASIC – Australian Securities and Investments Commission

ATO – Australian Taxation Office

AUSTRAC - Australian Transaction Reports and Analysis Centre Privacy Commissioner

# **WAW**

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