

A black and white photograph of an outdoor plaza. In the foreground, a paved walkway leads towards a large, dark metal pergola structure. To the right, several white patio umbrellas are open. The background shows a building and a cloudy sky. The overall mood is serene and modern.

WAW Year in Review 2019/2020

WAW

Banking as it should be.



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From the Chair and CEO

Welcome to the 2019/2020 WAW Year in Review.

On behalf of the Board, Management and Staff, we are pleased to present the Annual Review and Financial Statements for 2019/20.

As we look back on our 64th year of operation, it is perhaps one of the most profoundly challenging periods that we have ever faced. The significant bushfires that ravaged much of the local region (and many other parts of Australia), together with the extraordinary impact of the COVID-19 pandemic, have tested the organisation's planning, systems and overall operational resilience like never before, and we are proud to confirm that WAW has stood up to these tests and continues to work extremely hard to meet those that are still unfolding.

Of course our resilience has come down to the dedication, and on many occasions the bravery, of our staff and we are extremely proud and thankful for their determination and support.

We are also very appreciative of the hard work of many of our suppliers who worked with us to ensure that the extensive planning and investments we have made into our core banking systems and associated technology stood up to demands placed upon them and provided a predictable, reliable resource for our customers during difficult times.

Notwithstanding these challenges, we have been committed to moving WAW 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 these was the complete rebuild of our corporate website, which was a 15 month project from start to finish that has delivered a significant improvement in user experience, and far higher levels of integration with other areas of our digital strategy.

In addition to the website, we embarked on a full review of the organisation's transaction, savings and investment products in



2019 that saw us relaunch a number of entirely new products for customers in April this year. The focus of the product review was to modernise and simplify account structures, ensure they met the future needs of customers in an increasingly digital environment, and provide fair value that recognises the core Mutual principles of our operating model.

From a financial perspective, we have seen the level of support from new and existing customers lead to record growth results for the organisation.

During the year, WAW's total assets surpassed half a billion dollars following an increase of \$61.1M, or 12.32%, for the period. Deposits from customers surged by over \$60M to finish at \$518.2M, while loans outstanding to customers increased by \$38M, or just under 10%, to \$427.5M.

This growth was supported by WAW's inclusion in the Federal Government's First Home Loan Deposit Scheme (FHLDS) as one of 27 approved lenders able to issue the loans. The scheme was designed to assist First Home Buyers to enter the housing market, and enabled WAW to support first home buyers in our regional communities.

At the end of the period, our funding position remains very strong with Liquidity finishing at 21.00%, up from 19.13% in 2018-19, while the total value of Capital increased from \$31.9M in 2018-19 to \$33.32M as at 30 June 2020. WAW's Capital Adequacy Ratio finished (down) at 13.85% as a result of the decision to accept higher rates of growth during the period. Notwithstanding the very good growth results, profit was subdued and materially impacted by continued declines in the Official Cash Rate during the year and much lower operating margins across the sector.

The Board and Management made the decision to allow the momentum in growth that was achieved in 2018-19 to continue into 2019-20, after what appeared to be a further shift in consumer sentiment toward the customer-owned banking sector (away from the major Banks) during the Financial Services Royal Commission. 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.

As a result, various elements of WAW's performance are being closely monitored as we head into a more uncertain operating environment in 2020-21, especially considering that interest margins have been materially impacted in recent times. While the profit result was positive for the year, and slightly above budget, the very challenging environment means that Board and Management must consider future operating expenses very closely in the near future, which may require difficult decisions in the periods ahead.

We want to recognise the service of former Chair Carol Judd who retired at the conclusion of her term last year, and pass on our sincere thanks for her contribution. 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 2020-21.

In closing, we would like to acknowledge the exceptional kindness, resilience and unwavering commitment of our communities.

The COVID-19 pandemic has certainly changed the landscape of all our lives, but we have seen our communities come together, to support local businesses and those enduring hardship, in a most unprecedented way.

On behalf of the WAW Board and Management team, we would like to thank all of our communities for their dedication to supporting each other through these challenging times.

Chair Fiona Shanks and CEO Michael Mack

2020 in numbers



Net profit after tax

\$1.2m

(down from \$1.7m in 2019)

Total assets

\$557m

(up from \$496m in 2019)



Total loan balances

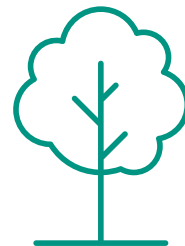
\$427.5m

(up from \$389m in 2019)

Lending growth

9.8%

(down from 10.9% in 2019)



Deposit growth

13.4%

(up from 7.1% in 2019)



Net assets

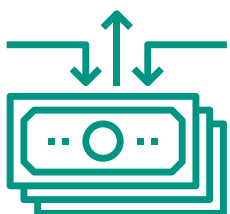
\$34m

(up from \$32.8m in 2019)

Capital Adequacy Ratio

13.85%

(Down from 14.46% in 2019)



Total liquidity

21%

(up from 19% in 2019)

Our people

82

(up from 80 in 2019)



**Invested back into
our community**

7%

(of net profit)

We put our customers first because we are customer-owned.



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 Strategy

Our corporate strategy provides long-term clarity for WAW and outlines our strategic objectives, performance goals and projects to 2023.



Our Values

We developed these six core values with our customers and staff, to reflect the values we all share:

- Trust
- Co-operation
- Moral integrity
- Financial prudence
- Caring for customers
- Social responsibility



Our strategic approach

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.



Customer-Owned Banking

WAW is a Customer-Owned Financial Institution.

We live and breathe the Customer-Owned Banking Code of Practice (COBCOP).

Our customers can have confidence in knowing they are covered by a plain English commitment to fair and responsible banking. The Code demonstrates the value that customer-owned banks like WAW places on improving the financial wellbeing of their customers and their communities.

Being Customer-Owned, we are focused on customer benefit, community involvement, fairer fees and superior levels of service.

We exist to serve our customers, not simply to drive high profits for external shareholders.

The Customer-Owned Banking Code of Practice outlines how we will deliver on our pledge to always put you first.

The Code contains 10 promises that outline how we will do this:

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



Our purpose is bigger than being a community-owned bank. We want to create a positive social impact by putting customers and community at the centre of everything we do.



Banking sustainably

WAW is a major sponsor of the Albury Wodonga Sustainable Living Festival.

Living more sustainably and supporting our communities to invest in their own greener living practices is something all our communities are passionate about.

WAW created a children's green space for pot planting and garden painting. With a choice of herbs, veggies or flowers, children planted their seedlings into biodegradable peat pots that they could take home and plant straight into their own garden.

Other children were just as keen to paint their own garden picture and there were plenty of art enthusiasts taking home a bundle of wet canvases, which would have made their parents very happy.

Banking with a social impact

WAW partnered with Uniting to create a positive social impact for people in need of extra support through difficult times.

WAW supported the Christmas 'Food for Families' throughout December, donating more than 500kg of food, personal care items and toys. It was an enormous effort that went a long way towards supporting local families in need through the holiday season.

Then Uniting, ABC Goulburn Murray and WAW joined forces again in May for the annual Winter Blanket Appeal, collecting and distributing blankets for those in need across our communities.

It's easy to forget that Winter can be an extremely tough time for many vulnerable men, women, children and families, who are living without Winter essentials. This year's appeal was an outstanding success, raising \$12,335 in cash donations and 263 new blankets.

A little can go a long way to supporting someone in need to get back on their feet.

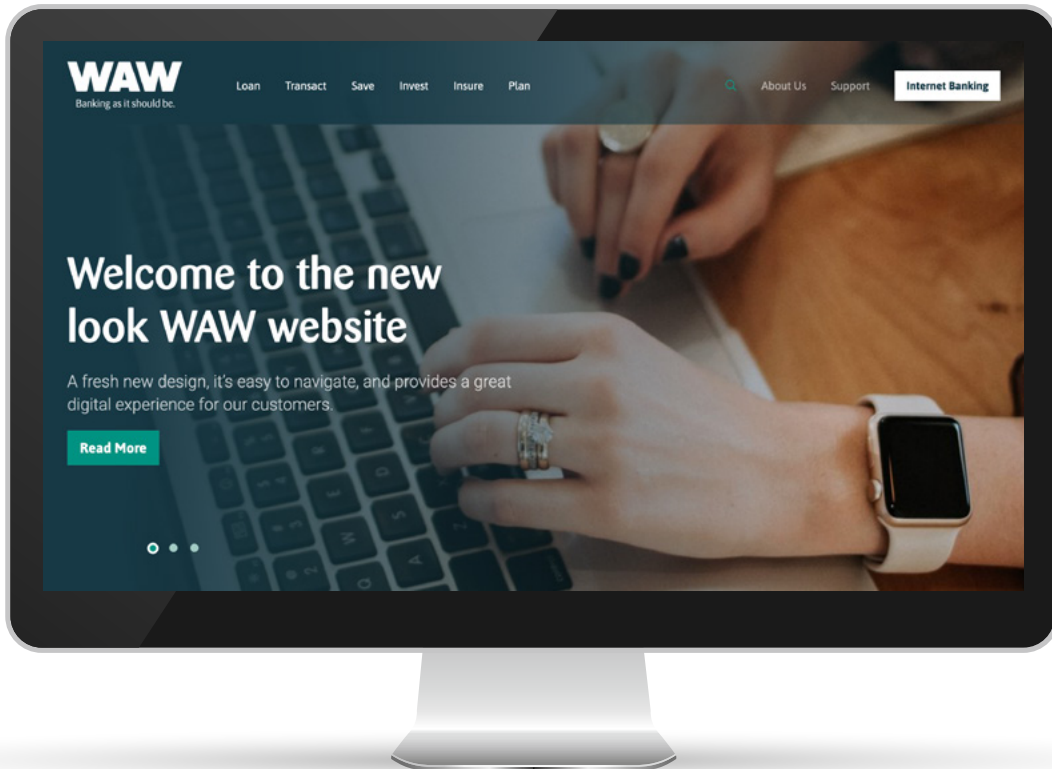
Banking for our community

In January of 2020, our heartland was hit by the most devastating bushfires seen in decades. WAW's own business operations and many of our staff in Corryong, Walwa and across the Alpine region were impacted by the fires.

We activated the WAW Community Fund, a Deductible Gift Recipient (DGR) that collects funds for worthwhile local causes and charities.

The WAW community raised funds to contribute to the bushfire-affected communities in the Upper Murray region. The funds were split between the Rotary Club of Corryong and the Lions Club of Corryong to support families who lost homes, buildings and property.





Banking and new technology

In early May, and after many months in development, WAW launched a new website.

The new site greatly improves the WAW customer experience. It's easier and faster to navigate, allowing our current and prospective customers to find information quickly about our products and services, and allowing us to share updates with the WAW community more often.

Our new site is a clear reflection of who we are, what we stand for and where we are going, as we continue to deliver new and improved banking services to our customers.

Banking on local partnerships

In February, WAW was pleased to launch its new Financial Planning partnership with RetireInvest – a local financial planning organisation with offices in Wangaratta, Wodonga and Benalla.

We are thrilled to partner with such a like-minded organisation, and one that offers high-quality, ethical Financial Planning for WAW customers.

WAW customers can access a free initial consultation with a planner from RetireInvest, obligation free. This adds value to our customers, and enables WAW to deliver on our promise to help our customers plan for a more secure financial future.

WAW Credit Union Co-Operative Limited

ABN: 48 087 651 787

AFSL: 247298

Australian Credit Licence: 247298

Contact

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General enquiries: 1300 368 555

Email: info@wawcu.com.au

Internet banking: 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 · Institute for Strategy,
Innovation and Leadership

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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