2021 ANNUAL REPORT

MOVE BANK

Railways Credit Union Limited trading as MOVE Bank

Registered Office	Level 1, 179 Ann Street Brisbane QLD 4000
ABN	91 087 651 090
AFSL/Australian credit licence	234536
Postal Address	GPO Box 648, Brisbane QLD 4001
Phone	1300 362 216
Email	info@movebank.com.au
Website	movebank.com.au
Branch	Ground Floor, RC2, Plaza Level Central Station
Auditors	BDO Audit Pty Ltd
Affiliated with	Customer Owned Banking Association
Board of Directors	Bron Davies - *Chair* Rachel Adair Bill Armagnacq Scott Riedel Marcus Salouk Mick Skinner Tim Staley
Executive Team	Therese Turner - *Chief Executive Officer* Bernard Luton - *Company Secretary* Jeff Urquhart - *Chief Financial Officer* Nikki Hutson - *Chief People Office* Taryn Pontifex - *Chief Credit Officer* Geoff Ryan - *Chief Information Officer* Mel Treacy - *Chief Risk Officer* Rachel Young - *Chief Experience Officer*

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FROM YOUR

Chair & CEO

Bron Davies & Therese Turner

For over 50 years MOVE Bank has supported the financial wellbeing of our members in good times and bad. And in another year of continued uncertainty, we've remained true to our purpose of providing tremendous value and support to our members.

As we navigate the changing and challenging environment, we have reconfirmed our position as Australia's Best Small Mutual Bank, receiving this prestigious award for the second year in a row. MOVE Bank was also recognised with a further 17 industry awards for our exceptional product range in 2021, adding to our impressive tally of awards in recent years.

"We have reconfirmed out position as Australia's Best Small Mutual Bank."

We also celebrated our 5th year trading as MOVE Bank and we put in place important changes at our last Annual General Meeting to broaden our membership to all Australians and to protect the mutual benefits of MOVE Bank for future generations.

With record low interest rates, along with the uncertainty surrounding the pandemic, we approached the year with a modest outlook. Despite these challenging conditions, we performed exceptionally well to achieve solid growth and strong financial results exceeding our expectations.

These strong results will enable us to accelerate our digital transformation strategy, with significant investment to be made in projects and technology over the next few years that will deliver an improved member and employee experience.

Our Performance

Sustainable performance

Delivering sustainable performance in a record-low interest rate environment is our priority, with loan growth, member value and cost efficiency continuing to be key objectives.

Demand for loans was exceptionally strong, driven by the buoyant housing market and MOVE Bank's competitive home loan offerings. Our total loan portfolio increased by 9.6% and resulted in our strongest lending year on record. We funded over $200 million in loans during FY21, an increase of 131% on the prior year. A number of key milestones were also achieved, with total assets exceeding $700 million and total loans portfolio surpassing $500 million for the first time.

$212 MILLION
NEW LOANS FUNDED

The reduction in the official cash rate to a low of 0.10% p.a. made profit management challenging during the year, especially as the decreasing interest rate had the impact of reducing our interest income by $3.3 million from the prior year. As always, we remained focussed on maintaining a fair and competitive balance between the rates for borrowers and depositors.

Through careful management of our overall product portfolio mix and offerings, we were able to effectively navigate through this low-rate environment and grow our net interest income by almost 2%. Our strong growth in total assets of 7.6% also placed pressure on cost control, however we also managed to contain the increase in our operating costs at 1.4%, which was below inflation.

As a result our after-tax profit of $1.5 million for the year was well ahead of the budget forecast and represented a slight increase on the prior year.

$1.57 MILLION
AFTER-TAX PROFIT

An important component of our risk management program is a focus on high-quality lending practices to minimise the risk of impaired loans. Through a combination of responsible lending practices, supportive processes, and a dedicated sales and loan team, we have continued to experience low levels of bad debts.

As a combination of these outcomes, we have continued to build upon our reserves, resulting in MOVE Bank maintaining a strong capital ratio of 20.15% which is well above regulatory requirements and the Australian banking industry average of 18.4%[1].

[1] Source: APRA - Key statistics for ADIs for June 2021 quarter (apra.gov.au)

38.99
NET PROMOTER SCORE

20.15%
CAPITAL RATIO

MOVE Bank
Board of Directors

Technology Enhancement

Last year the Board made the important decision to make a significant investment in information technology to enhance our operational resilience and deliver our digital strategy to improve the member and employee experience.

The first phase of this major project is to outsource our IT operations, by upgrading our infrastructure to the latest technology and gaining access to specialist expertise in cybersecurity management.

The next phase will involve the rollout out of our digital transformation roadmap which will deliver an enhanced experience for member and brokers during the online loan journey and increase the automation of back office functions to assist staff to deliver operational efficiencies.

This decision represents a significant upfront investment for MOVE Bank, which will impact our profitability over the next two years however will deliver a positive return on investment in the medium-term through the advancement of our technology capabilities.

National Expansion

We have continued with our national expansion program to bring the benefits of MOVE Bank to even more members across the country. A key part of this strategy is engaging with home loan brokers, which now account for around 60% of all new home loan written in Australia.

We continue to build and develop our broker relationships, as home loan brokers are a now a fundamental part of the financial landscape in Australia and an important component of our growth strategy.

Our growing broker relationships have enabled us to reach a greater number of new members who live interstate. By expanding interstate at a faster rate, we are increasing the percentage of our members and our loan portfolio located outside of Queensland, which is important in providing diversity and increased financial stability for MOVE.

Our Members

We've continued our investment in enhancing member experiences and delivering straightforward banking solutions.

Guided by Our Members

Our Voice of Member program has continued to provide real-time insights into what we're doing well and where we can improve. Listening to feedback about our members' experience after key interactions provides vital insights which we use to improve our products and services to meet our member expectations.

This feedback has driven the development of Loan Journey Guides for members buying or building a home, along with valuable tools such as our Home Buying Success Blueprint. These resources are helping to navigate the journey into the property market and set clear expectations about what to expect.

We are also excited to have re-invigorated our First Home Buyers Club. Our exclusive club aims to help first home buyers enter the property market with confidence. This is part of the reason why we've been named Queensland's top lender for first home buyers for the second year running.

Another way we assess our performance during the year is by monitoring our Net Promoter Score (NPS), which indicates how willing our members are to recommend us to their friends and family. This financial year our NPS remained very positive with a score of 38.99, which compares exceptionally well to the big four banks who averaged +10.1 [2].

[2] Source: Roy Morgan NPS April 2021 (roymorgan.com)

All this feedback provides us with vital insights that we actively use to improve our products, processes, communications and member service to build a better bank.

In the year ahead, we're developing a series of green loan products designed to support members in making sustainable decisions when it comes to their vehicles and homes.

Investing in Member Experience

With technology trends across the finance industry constantly evolving, we are actively investing in the latest digital banking technology to ensure we're offering a seamless online experience. We're taking steps to simplify and digitalise our home loan journey, with projects in the pipeline that will provide members real-time loan application status updates and the ability to sign their documents electronically.

Continuous improvement is a core value, so our team continues to work on the new and improved MOVE Bank App. This upgrade will deliver an enhanced user experience with a suite of new features to help members manage their banking on the go.

Bank Smart, Bank Safe

With the ongoing increase in scams and fraud experienced across the entire financial services industry, MOVE Bank continues to take a proactive approach to ensure that members are protected.

To provide an extra layer of security when banking online, one-time passwords were mandated for internet banking during the year. We also implemented remote access scam warnings within Internet Banking to educate members about potential scams.

Our Bank Smart, Bank Safe Week also provided important education and awareness, to assist members to protect themselves and their personal information.

Behind the scenes, we will continue to protect our members with ongoing surveillance to help alert suspicious behaviour and regularly monitor emerging fraud trends to ensure that our systems and processes continue to remain robust.

Supporting our members

We've continued to support members through this challenging period, with ongoing access to our COVID-19 relief package and empowering members to use our digital self-service channels which became increasingly important during lockdown periods.

Our relief package remains available to members financially impacted by the pandemic and disaster events, providing special banking support and the opportunity to defer loan repayments.

"MOVE Bank have supported me and my family through some tough times. Money for some people can be very stressful, and there is always someone on the other end of the phone to help me and listen to me. Thankyou."
- MOVE Bank Member

MOVE Bank
Executive Team

Our People

We would like to thank every staff member and the leadership team for their outstanding efforts during a challenging and busy year - our ability to support our members would not have been possible without you.

During the year, two of our long-term directors retired from the Board. We sincerely thank both Kellie Dwyer and Andrew Hughes for their dedication and significant contribution to the MOVE Bank Board and its various committees over many years.

We would also like to welcome Rachel Adair and Marcus Salouk who have recently been appointed to the Board, to fill casual vacancy and Board appointed positions. Both Rachel and Marcus bring relevant skills and qualifications which will make them an asset to the Board and we look forward to working with them.

Workplace Flexibility Program

Like most organisations, continuing to support our employees during the uncertainty and ever-changing COVID-19 environment has been a key focus at MOVE. We fast-tracked the launch of our Workplace Flexibility Program, which is designed to help protect the health and well-being of our people and provide a flexible work environment to suit the needs of both staff and members.

MOVE Bank has now successfully transitioned to a hybrid working model, in which staff can work from both the home and office. This new way of working gives our team more flexibility and allows MOVE to adapt quickly to any lockdown closures, ensuring no disruption to member service.

We will continue to develop and refine our flexibility program to respond to the evolving needs of our members and team in the year ahead.

Supporting Our Team

Working from home and the uncertain COVID-19 environment has resulted in substantial changes to work practices and daily life.

To assist with this transition and change, we enhanced the benefits of our Employee Assistance Program, providing our team and their families with 24/7 access to counselling with a qualified psychologist to support their mental wellbeing and help adjust to the 'COVID' normal.

Our People and Culture team also launched a series of initiatives throughout the year to keep our team connected and engaged while they adapted to our new ways of working. This was especially important during lockdown periods to bring our team together and celebrate our everyday successes.

Our Community

Giving Back to the Community

This financial year we have continued to give back to our community.

Inspired by a staff suggestion, we have implemented a scheme where members can donate unwanted small balances to the Australian Mutuals Foundation to help disadvantaged Australian children with housing, medical care and education.

We also supported the GIVIT's Severe Storm & Flood Appeal in May by donating a proportion of loan application fees to the appeal, as well as providing 'Beyond Blue' with a donation based upon the response rate from our annual member survey.

Additionally, we engaged with our members through the Christmas Appeal to support causes that are close to their hearts. Members nominated to support Beyond Blue, Foodbank Australia, and the Australian Mutuals Foundation's Christmas Gift Appeal.

As part of our employee experience initiatives, our team has been engaging in a range of community programs including registering as a Lifeblood team with the Australian Red Cross. Using blood donor's leave, our team saved an outstanding 27 lives in our first group donation.

In the year ahead we will continue to engage with members and our team to give back to the wider community.

Your Financial Wellness

As a mutual bank, it is important to support our members, not only with our great products and service, but also with helpful information to assist them when making important financial decisions.

Our partnership with Your Financial Wellness provides access to digital tools and resources designed to improve the financial wellbeing of our members and the broader community. This program continues to be offered free of charge to our members, as well as employees of our corporate partners within the rail, transport, and logistics industries.

Furthering our commitment to improving financial literacy, we also provided support to a study by the Centre for Social Impact (which is part of the University of New South Wales), to more deeply understand the factors aiding and restricting financial literacy in Australia.

This valuable research found that almost one in two Australians experience some form of financial stress, and one in four Australians experience high or overwhelming levels of financial stress.

These crucial insights reinforce the importance of supporting the financial wellbeing of our members and communities through these initiatives.

Looking Forward

Every year brings with it opportunities, challenges and uncertainties. The past year however has particularly demonstrated that MOVE Bank's operating performance is solid and we have strong operational resilience to adapt to a changing environment.

In the year ahead, MOVE Bank will be making a significant investment in information technology to continue to enhance operational resilience and further our digital transformation roadmap. As we make this investment in the future, a reduction in profitability is planned in the short term.

These strategic initiatives will ensure that we can continue to improve our operations and competitive position, so we meet the evolving needs and expectations of our members and banking regulation.

A Note of Thanks

On a final note, we would sincerely like to thank our members for their continued support. Our members are the reason we exist, and we will continue to work hard to provide our members with tremendous value, great products and exceptional service for many years to come.

Bron Davies
Chair

Therese Turner
CEO

Directors' Report

Your Directors submit their report on Railways Credit Union Limited trading as MOVE Bank ("MOVE Bank") for the financial year ended 30 June 2021.

MOVE Bank is a company registered under the *Corporations Act 2001*.

Directors

The names of the Directors in office at any time during or since the end of the year are:

Bronwyn (Bron) D Davies (Chair)	
Thomas (Bill) W Armagnacq	
Kellie L Dyer	Retired 30 June 2021
Andrew J Hughes	Retired 30 June 2021
Scott J Riedel	
Michael (Mick) F Skinner	
Timothy (Tim) J Staley	
Rachel L Adair	Appointed as a Casual Director 1 July 2021
Marcus Salouk	Appointed as an External Director 1 July 2021

The names of the Company Secretaries in office at any time during or since the end of the year are:

Bernard C Luton
Therese L Turner

Qualifications, experience and special responsibilities

Bronwyn (Bron) D Davies	B.Ec, Grad Cert Technology (BS), CPA, CIA, GAICD Chief Auditor, Airservices Australia Elected Director of MOVE Bank since 2012 Appointed Board Chair in November 2019 Member of the Risk Management Committee, Audit & Compliance Committee and the Remuneration & Succession Committee
Thomas (Bill) W Armagnacq	B Com, FCA, FAICD Company Director Appointed as an External Director of MOVE Bank since October 2019 Chair of the Remuneration & Succession Committee Member of the Audit & Compliance Committee
Kellie L Dyer	BBus (Marketing), MBA (Tech Mgt), Grad Dip Management, GAICD Senior Commercialisation Strategist, Impact Innovation Group Elected Director of MOVE Bank from 2009 to June 2021 Former member of the Risk Management Committee Former member of the Remuneration & Succession Committee
Andrew J Hughes	BCom, FCPA, MCom (Accounting), Assoc Dip in Civil Engineering, GAICD Finance Manager Business Partner, Queensland Rail Elected Director of MOVE Bank from 2009 to June 2021 Former member of the Audit & Compliance Committee
Scott J Riedel	BEng (Hons), RPEQ, Grad Dip Business, GAICD Head of SEQ, Queensland Rail Elected Director of MOVE Bank since 2016 Member of the Risk Management Committee
Michael (Mick) F Skinner	BBus (Transport & Logistics Mgt), Grad Cert (Intermodal Transport), GAICD, FCILT Company Director Elected Director of MOVE Bank since 2016 (and previously from 2003 to 2006) Chair of the Audit & Compliance Committee

Directors' Report

Qualifications, experience and special responsibilities (continued)

Timothy (Tim) J Staley	BCom, FCPA, MAICD Head of Technology, Aurizon Elected Director of MOVE Bank since 2020 Chair of the Risk Management Committee Member of the Remuneration and Succession Committee
Rachel L Adair	LLB (hons), CA Manager - Group Management Reporting and Budgeting, Aurizon Appointed as a Director to fill a casual vacancy in July 2021 Member of the Audit & Compliance Committee
Marcus Salouk	GAICD, F Fin, BE (hons), CPEng, RPEQ, MSc Analytics, MAppFin&Invest Executive Director (Technology Consulting Company) Appointed as an External Director to fill a Board vacancy in July 2021 Member of the Risk Management Committee

All Directors have held their office from 1 July 2020 to the date of this report unless otherwise stated.

Company Secretaries

Qualifications and experience

Bernard C Luton	Bachelor of Laws, Grad Dip Applied Corporate Governance, GAICD Company Secretary Appointed as Company Secretary on 13 November 2009
Therese L Turner	MBA (Accounting), Advanced Diploma Accounting, GAICD Chief Executive Officer (CEO) Appointed as Company Secretary on 27 September 2017

Directors' Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

Meetings of Board & Committees	Board	Risk Management	Audit & Compliance	Remuneration & Succession
Number of meetings held	11	4	4	2
Number of meetings attended	Attended/Eligible to attend			
Bronwyn (Bron) D Davies	11/11	4/4	4/4	2/2
Thomas (Bill) W Armagnacq	11/11	2/2	4/2*	2/2
Kellie L Dyer	11/11	4/4		2/2
Andrew J Hughes	10/11	2/2	2/2	-
Scott J Riedel	11/11	2/2	2/2	1/1
Michael (Mick) F Skinner	11/11	-	4/4	-
Timothy (Tim) J Staley	11/11	2/2	3/2*	1/1

*Director attended more committee meetings than eligible to attend.

Directors' Report

Insurance and Indemnification of Directors, Officers or Auditor

Insurance premiums have been paid to insure each of the Directors and officers of MOVE Bank, against any costs and expenses incurred by them in defending any legal proceeding arising out of their conduct while acting in their capacity as a director or officer of MOVE Bank. In accordance with normal commercial practice disclosure of the premium amount and the nature of the insured liabilities is prohibited by a confidentiality clause in the contract. An indemnity has been provided to Directors to the extent permitted by law.

No insurance cover or indemnity has been provided for the benefit of the auditors of MOVE Bank.

Principal Activities

The principal activities of MOVE Bank during the year were the provision of financial services to members as prescribed by the Constitution.

No significant changes in the nature of these activities occurred during the year.

Operating Results for the Year

The net profit of MOVE Bank for the year ended 30 June 2021 after providing for income tax was $1,565,812 (2020: $1,481,965).

Review of Operations

MOVE Bank's operations from its activities of providing financial services to its members did not change from the previous financial year.

During the year MOVE Bank won numerous awards including for the second year in a row, Australia's Best Small Mutual Bank for 2021 in the Mozo Experts Choice Australia's Best Bank Awards and Money Magazine's 2021 Personal Lender of the Year. The Best Small Mutual Bank Award recognised MOVE Bank as the best of the best among Australia's banks when it comes to customer value.

This year's operating environment saw the continuation of a global pandemic that has continued to adversely impact domestic economic conditions. Historically low interest rates went even lower. The housing market for the majority of the year remained buoyant with housing prices consistently rising for many areas of Australia. Competition amongst the banking sector remains intense. The low interest rate environment has placed pressure on the profitability of banks and MOVE Bank is not immune from these challenges.

MOVE Bank's after tax profit increased 5.7% from the prior year result. MOVE Bank's gross loans increased by 9.6% from the prior year, with growth results being assisted by changes to MOVE Bank's home loan product offering and the strong housing market that continued throughout the financial year. The net interest margin tightened from 1.80% to 1.70%, as a consequence of a competitive loan market and the cash rate reducing 0.15% throughout the year. MOVE Bank's increased gross loan portfolio outweighed the impact of a tighter net interest margin resulting in a net interest income increase of 1.8%. Other income was also impacted by MOVE Bank's continued COVID-relief package in the first quarter of the year and a reduction in commission income primarily from reduced foreign card transactions.

MOVE Bank continuously strives to maintain tight control over its operating expenses. While MOVE Bank's operating expenses (excluding depreciation and amortisation expenses) rose by 3.5% during the financial year, the increase was mainly due to additional loan origination costs associated with the increase in gross loans.

The continued reduction in impaired loan facilities resulted in a write-back of the provision for impairment. Impaired loans represent 0.14% (2020: 0.18%) of gross loans and advances, evidencing the very high quality of MOVE Bank's loan portfolio. Bad debt write-offs reduced significantly in the current year to $99,389 (2020: $496,548).

As a member-owned bank, retained profits are MOVE Bank's main source of capital. It is essential that MOVE Bank generates sufficient profit to support growth, strategic investment and to maintain a prudent buffer of capital for unexpected adverse events such as the COVID-19 pandemic. During the year MOVE Bank's capital adequacy ratio reduced from 21.17% to 20.15% primarily as a result of the strong asset growth experienced, with current holdings well above the minimum APRA prudential requirement.

COVID-19 Pandemic

MOVE Bank continues to monitor the COVID-19 pandemic and its impact on the domestic economy. An improvement in the economy is not expected to eventuate until the uncertainty associated with lockdowns and outbreaks can be managed. A prolonged impact associated with the virus on the domestic economy is expected to have an adverse impact on MOVE Bank's financial performance.

MOVE Bank continues to prioritise the protection of our staff and support of our members, while maintaining the safety and security of MOVE Bank.

As discussed in the review of operations, MOVE Bank is well capitalised. A significant level of capital provides MOVE Bank with sufficient capacity to continue supporting our members through any challenging times ahead.

MOVE Bank has continued to maintain strong liquidity throughout the period since the onset of COVID-19 in Australia in March 2020. MOVE Bank's liquidity ratio was 20.08% as at 30 June 2021.

During the year MOVE Bank borrowed an additional $9.8m from the Reserve Bank of Australia's Term Funding Facility (TFF). The TFF provides MOVE Bank and other Authorised Deposit-Taking Institutions with access to low cost funding over a 3 year period. In total, MOVE Bank has borrowed $24.5m from this facility, with the first drawdown of these borrowings due for repayment in June 2023 and the remainder in April/May 2024.

Dividends

No dividends have been paid or declared since the beginning of the financial year and no dividends have been recommended or provided for by the Directors of MOVE Bank.

Options

No options over unissued shares or interests in MOVE Bank were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Significant Changes in the State of Affairs

In the opinion of the Directors there have been no significant changes in the state of affairs during the year.

Directors' Report

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the reporting period which have significantly affected, or may significantly affect, the operations, the results of those operations or the state of affairs of MOVE Bank in subsequent financial years.

Likely Developments and Expected Results

The operations of MOVE Bank are not expected to change significantly in future financial years. Over the next two years MOVE Bank plans a significant investment in information technology in order to enhance operational resilience and deliver our digital strategy to improve the customer experience. While the timing of this investment is not yet fully determined, it is expected that this investment will reduce the operating results of MOVE Bank over the next 2 years.

Further information about likely developments in the operations of MOVE Bank and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to MOVE Bank.

Environmental Regulation and Performance

MOVE Bank is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

Proceedings

No person has applied for leave of the Court to bring proceedings on behalf of MOVE Bank or to intervene in any proceedings to which MOVE Bank is a party for the purpose of taking responsibility on behalf of MOVE Bank for all or part of those proceedings. MOVE Bank was not a party to any such proceedings during the year.

Regulatory Disclosures

The disclosures required by APS 330 Public Disclosures (namely the common disclosures in Attachment A and the Regulatory Capital Reconciliation) are available on our website at movebank.com.au/about-move-bank/corporate-information/regulatory-disclosures.

Auditor Independence

The Directors received an independence declaration from the auditor, BDO Audit Pty Ltd. A copy has been included on the following page of the report.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Bron Davies	Mick Skinner
Bronwyn (Bron) D Davies Chair	Michael (Mick) F Skinner Chair, Audit & Compliance Committee

Brisbane, 29 September 2021

Auditor's Independence Declaration

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Australia

DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF RAILWAYS CREDIT UNION LIMITED (TRADING AS MOVE BANK)

As lead auditor of Railways Credit Union Limited (Trading as MOVE Bank) for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Tim Kendall

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 29 September 2021

Statement of Profit or Loss & Other Comprehensive Income for the year ended 30 June 2021

	Note	2021 $	2020 $
Interest income	4(a)	17,086,353	20,399,788
Interest expense	4(b)	(5,073,427)	(8,604,171)
Net interest income		12,012,926	11,795,617
Other income	5	1,558,523	1,576,118
Employee benefits expense	6(a)	(5,435,241)	(5,449,988)
Depreciation and amortisation expense	6(b)	(990,678)	(1,119,740)
Credit impairment gain/(loss)	6(c),13(a)	33,766	(28,912)
Other expenses	6(d)	(5,130,085)	(4,761,745)
Profit before income tax		2,049,211	2,011,350
Income tax expense	7	(483,399)	(529,385)
Profit for the year		1,565,812	1,481,965
Other comprehensive income, net of income tax			
Items that will not be reclassified to profit or loss			
Net gain on revaluation of equity instruments	9	18,360	-
Net gain on revaluation of land and buildings	14(a)	-	107,314
Income tax relating to these items	7(d)	(4,774)	(29,511)
Other comprehensive income for the year, net of income tax		13,586	77,803
Total comprehensive income for the year		1,579,398	1,559,768

The above statement of profit or loss & other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30 June 2021

	Note	2021 $	2020 $
ASSETS			
Cash and cash equivalents	8	16,657,590	28,498,733
Other receivables	10	370,057	343,815
Income tax receivable		-	105,463
Financial assets at amortised cost	11	151,836,212	136,484,605
Loans and advances	12	538,113,921	490,442,323
Investment securities	9	1,862,744	1,844,384
Property, plant and equipment	14	4,587,546	5,054,588
Intangible assets	15	543,431	711,215
Other assets		458,588	262,599
TOTAL ASSETS		714,430,089	663,747,725
LIABILITIES			
Deposits	16	618,929,964	579,383,756
Other payables	17	913,426	1,057,322
Income tax payable		37,076	-
Borrowings	18	24,553,253	14,699,451
Lease liabilities	19	714,113	856,998
Deferred tax liabilities	7	210,528	216,599
Provisions	20	424,371	465,639
TOTAL LIABILITIES		645,782,731	596,679,765
NET ASSETS		68,647,358	67,067,960
EQUITY			
Redeemed preference shares	21	229,550	221,860
Reserves	22	68,417,808	66,846,100
TOTAL EQUITY		68,647,358	67,067,960

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the year ended 30 June 2021

	Asset revaluation reserve	Credit loss reserve	Fair value reserve	General reserve	Redeemed preference shares	Total equity
	$	$	$	$	$	$
Balance at 1 July 2020	3,386,317	1,512,338	518,867	61,428,578	221,860	67,067,960
Profit for the year	-	-	-	1,565,812	-	1,565,812
Other comprehensive income for the year						
Net gain on revaluation of investment securities, net of tax	-	-	13,586	-	-	13,586
Total comprehensive income for the year	-	-	13,586	1,565,812	-	1,579,398
Transfers						
Redeemed preference shares	-	-	-	(7,690)	7,690	-
Credit loss reserve	-	107,914	-	(107,914)	-	-
Total transfers	-	107,914	-	(115,604)	7,690	-
30 June 2021	3,386,317	1,620,252	532,453	62,878,786	229,550	68,647,358
Balance at 1 July 2019	3,308,514	1,515,724	518,867	59,951,187	213,900	65,508,192
Profit for the year	-	-	-	1,481,965	-	1,481,965
Other comprehensive income for the year						
Net gain on revaluation of investment securities, net of tax	-	-	-	-	-	-
Net gain on revaluation of land & buildings, net of tax	77,803	-	-	-	-	77,803
Total comprehensive income for the year	77,803	-	-	1,481,965	-	1,559,768
Transfers						
Redeemed preference shares	-	-	-	(7,960)	7,960	-
Credit loss reserve	-	(3,386)	-	3,386	-	-
Total transfers	-	(3,386)	-	(4,574)	7,960	-
30 June 2020	3,386,317	1,512,338	518,867	61,428,578	221,860	67,067,960

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the year ended 30 June 2021

	Note	2021 $	2020 $
Operating activities			
Interest received		17,087,592	20,839,254
Payments to suppliers and employees		(11,701,510)	(10,581,808)
Dividends received		20,644	100,014
Fees and commissions received		1,367,171	1,419,778
Other income		388,126	199,383
Interest and other costs of finance paid		(5,215,054)	(9,019,235)
Income tax paid		(351,705)	(783,768)
Net movement in financial assets amortised cost		(15,351,607)	7,578,264
Net movement in loans and advances		(47,131,951)	5,619,417
Net movement in deposits		39,723,485	(24,014,910)
Net movement in borrowings		9,815,442	14,699,451
Net cash inflows from operating activities	23(b)	(11,349,367)	6,055,840
Investing activities			
Purchase of property, plant and equipment		(92,623)	(51,989)
Purchase of intangible assets		(268,147)	(401,313)
Proceeds from sale of property, plant and equipment		11,816	-
Net cash flows used in investing activities		(348,954)	(453,302)
Financing activities			
Principal portion of lease liabilities paid		(142,822)	(174,205)
Net cash flows used in financing activities	23(c)	(142,822)	(174,205)
Net increase/(decrease) in cash and cash equivalents		(11,841,143)	5,428,333
Cash and cash equivalents at 1 July		28,498,733	23,070,400
Cash and cash equivalents at 30 June	8	16,657,590	28,498,733

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 30 June 2021

1. CORPORATE INFORMATION

The financial statements cover Railways Credit Union Limited trading as MOVE Bank for the financial year ended 30 June 2021 and were authorised for issue in accordance with a resolution of the Directors on 29 September 2021.

MOVE Bank is an unlisted public company limited by shares, incorporated and domiciled in Australia.

For the purpose of preparing the financial statements, MOVE Bank is a for profit entity.

The registered office and principal place of business of MOVE Bank is Level 1, 179 Ann Street, Brisbane, Queensland 4000.

The principal activities of MOVE Bank during the year were the provision of financial services to members.

2. BASIS OF PREPARATION

Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards including Australian Accounting Interpretations, and the Prudential Standards set down by the Australian Prudential Regulation Authority (APRA).

The financial statements have been prepared on an accruals basis and are based on historical costs except for land and buildings and financial assets at Fair Value through Other Comprehensive Income (FVOCI).

The presentation currency of the financial statements is Australian Dollars.

Compliance with IFRS

The financial statements comply with Australian Accounting Standards and interpretations and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board in their entirety.

3. SIGNIFICANT ACCOUNT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements.

Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(i) Significant accounting judgements

Impairment of non-financial assets

MOVE Bank assesses impairment of all assets at each reporting date by evaluating conditions specific to MOVE Bank and to the particular asset that may lead to impairment. No impairment indicators were noted during this review.

Fair value of property, plant and equipment

Refer to Note 14.

(ii) Significant accounting estimates and assumptions

Impairment of financial assets

The measurement of the Expected Credit Loss (ECL) allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (eg. likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 13(a).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk;
- choosing appropriate models and assumptions for the measurement of ECL;
- establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL;
- establishing groups of similar financial assets for the purposes of measuring ECL; and
- determining the relevant period of exposure to credit risk when measuring ECL for credit cards and revolving credit facilities.

Refer to Note 13 for policies regarding impairment of loans and advances.

Estimation of useful life of assets

The estimation of the useful life of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment), remainder of lease term (for leasehold improvements) and turnover policies (for motor vehicles).

In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life and adjustments are made when considered necessary.

Depreciation charges are included in Note 14.

4. NET INTEREST INCOME

	2021 $	2020 $
(a) Interest income on assets carried at amortised cost		
Cash and cash equivalents	93,219	220,988
Financial assets	936,157	1,897,265
Loans and advances	16,056,977	18,281,535
Total interest income	17,086,353	20,399,788
(b) Interest expense on liabilities carried at amortised cost		
Borrowings	53,066	5,588
Lease liabilities	12,571	15,720
Deposits	5,007,790	8,582,863
Total interest expense	5,073,427	8,604,171
Total Net Interest Income	12,012,926	11,795,617

Recognition and measurement

Interest income and interest expense

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, future cash flows are estimated considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

Loan origination fees and loan transaction costs that are direct and incremental to the establishment of loans are deferred and amortised as a component of the calculation of the effective interest rate in relation to the originated loans. Fees charged on loans after origination of the loan are recognised in profit or loss when the service is provided.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves. For information on when financial assets are credit-impaired, see Note 13.

5. OTHER INCOME

	2021 $	2020 $
Fees and commission income from contracts with customers	1,391,531	1,378,200
Dividend revenue	20,644	100,014
Bad debts recovered	37,682	25,428
Other	108,666	72,476
Total other income	1,558,523	1,576,118

Recognition and measurement

Fee and commission income and expense

MOVE Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which MOVE Bank expects to be entitled in exchange for providing the services.

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Loan fees that are recognised using the effective interest method are included with loan balances in the statement of financial position.

Other fee and commission income – including account servicing fees, loan discharge and administration fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Insurance brokerage commission income - MOVE Bank offers insurance arrangements to customers acting as agent on behalf of an insurer and receives a commission on each insurance product as a percentage of premium paid by customers for each policy. MOVE Bank has generally concluded that it is the agent in its insurance arrangements because it typically does not act in the capacity of an insurer and its responsibility is limited to arranging or mediating the provision of insurance for third party insurer.

MOVE Bank's performance obligation is to execute the insurance policy on behalf of the insurer and revenue is recognised once the policy has been executed or renewed (ie. on the trade date). Payment of the commission is typically due on the trade date.

MOVE Bank estimates the amount to which it will be entitled, but constrains that amount until it is highly probable that including the estimated fee in the transaction price will not result in a significant revenue reversal, which generally occurs upon satisfaction of the performance obligation, on the trade date. The transaction price is determined by taking the commission fee earned, less an allowance for credits for policies which may be cancelled during the policy period. The credits are calculated based on the average customer retention rate provided by the insurer.

Dividend income

Dividend income is recognised on an accrual basis when MOVE Bank's right to receive the dividend is established. Dividends are presented in net income from other financial instruments at Fair Value through Profit or Loss (FVTPL) or other revenue based on the underlying classification of the equity investment. Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in Other Comprehensive Income (OCI).

6. EXPENSES

	2021 $	2020 $
(a) Employee benefits expense		
Wages, salaries and other employee benefits expense	5,019,502	5,059,674
Workers' compensation costs	11,610	13,740
Defined contribution superannuation expense	404,129	376,574
Total employee benefits expense	5,435,241	5,449,988
(b) Depreciation and amortisation expense		
Depreciation of property, plant and equipment		
Buildings	91,992	103,992
Plant and equipment	267,512	430,326
Total depreciation of property, plant and equipment	359,504	534,318
Amortisation of intangible assets		
Computer software	435,931	349,112
Total amortisation of intangible assets	435,931	349,112
Depreciation of right-of-use assets		
Properties	195,243	236,310
Total depreciation of right-of-use assets	195,243	236,310
Total depreciation and amortisation expense	990,678	1,119,740
(c) Impairment		
Credit impairment (gain)/loss	(33,766)	28,912
(d) Other expenses		
Audit and other accounting expenses	248,900	210,462
Director fees and other expenses	382,981	351,255
Information technology expenses	1,570,107	1,373,790
Marketing and promotion expenses	480,018	481,911
Member transaction expenses	994,657	1,006,880
Other occupancy expenses	201,791	220,472
Other expenses	1,022,222	820,799
Telephone and postage expenses	229,409	296,176
Total other expenses	5,130,085	4,761,745
(e) Other expenses relating to leased liabilities		
Short-term lease expenses included in other expenses 6(d)	7,570	29,554

7. TAXATION

(a) Components of income tax expense

The major components of income tax expense are:

	2021 $	2020 $
Current income tax charge	494,244	438,256
Deferred tax adjustments resulting from reduction in tax rate	(11,396)	-
Deferred tax relating to temporary differences	8,216	91,129
Under provision of prior year deferred tax	(7,665)	-
Income tax expense	483,399	529,385

(b) Reconciliation of income tax expense to prima facie tax payable

	2021 $	2020 $
Accounting profit before tax	2,049,211	2,011,350
At company statutory income tax rate of 26.0% (2020: 27.5%)	532,795	553,121
Non-deductible entertainment	2,212	6,165
Rebatable fully franked dividends	(8,847)	(42,863)
Deferred tax adjustments from reduction in tax rate	(11,396)	-
Other non-assessable income	(23,700)	-
Other non-deductible items	-	12,962
Under provision of prior year deferred tax	(7,665)	-
Income tax expense	483,399	529,385

(c) Recognised deferred tax assets and liabilities

Deferred income tax as at 30 June relates to the following:

	2021 $	2020 $
(i) Deferred tax liabilities		
Land & buildings - recognised in other comprehensive income	255,037	286,494
Land & buildings - recognised in profit or loss	270,867	312,069
Other receivables	44,581	40,634
Shares – recognised in other comprehensive income	190,851	196,812
Gross deferred tax liabilities	761,336	836,009
(ii) Deferred tax assets		
Provisions	376,115	444,385
Depreciation	88,478	111,133
Other	86,215	63,892
Gross deferred tax assets	550,808	619,410
Net deferred tax asset/(liabilities)	(210,528)	(216,599)

7. TAXATION (continued)

(d) The movement in deferred tax assets and liabilities for each temporary difference during the year is as follows:

Deferred income tax as at 30 June relates to the following:

(i) Deferred tax liabilities

	2021 $	2020 $
Land & buildings – recognised in other comprehensive income		
Opening balance	286,494	256,983
Change in tax rate applicable 1 July	(15,627)	-
Change recognised in other comprehensive income	-	29,511
Closing balance	270,867	286,494
Land & buildings – recognised in profit or loss		
Opening balance	312,069	370,769
Change in tax rate applicable 1 July	(17,022)	-
Change recognised in profit or loss	(40,010)	(58,700)
Closing balance	255,037	312,069
Other receivables		
Opening balance	40,634	34,474
Change in tax rate applicable 1 July	(2,216)	-
Change recognised in profit or loss	6,163	6,160
Closing balance	44,581	40,634
Shares – recognised in other comprehensive income		
Opening balance	196,812	196,812
Change in tax rate applicable 1 July	(10,735)	-
Change recognised in other comprehensive income	4,774	-
Closing balance	190,851	196,812
Gross deferred tax liabilities	761,336	836,009

(ii) Deferred tax assets

	2021 $	2020 $
Provisions		
Opening balance	444,385	579,492
Change in tax rate applicable 1 July	(24,239)	-
Change recognised in profit or loss	(44,031)	(135,107)
Closing balance	376,115	444,385
Depreciation		
Opening balance	111,133	112,152
Change in tax rate applicable 1 July	(6,062)	-
Change recognised in profit or loss	(16,593)	(1,019)
Closing balance	88,478	111,133

	2021 $	2020 $
Other		
Opening balance	63,892	71,435
Change in tax rate applicable 1 July	(3,903)	-
Change recognised in profit or loss	18,561	(7,543)
Under provision of prior year deferred tax	7,665	-
Closing balance	86,215	63,892
Gross deferred tax assets	550,808	626,627
Net deferred tax asset/(liabilities)	(210,528)	(216,599)

(e) Franking credit balance

	2021 $	2020 $
Balance of the franking account at year-end adjusted for franking credits or debits arising from payment of the provision for income tax or receipt of dividends receivable at the end of the reporting period based on a tax rate of 26.0% (2020: 27.5%)	26,077,020	25,716,464

Recognition and Measurement

Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the Australian corporate tax rate of 26.0% (2020: 27.5%) adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, offset by any unused tax losses.

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. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The amount of deductible temporary differences brought to account as deferred tax assets is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that MOVE Bank will derive sufficient future assessable income to enable the deferred tax asset to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where MOVE Bank has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

8. CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Deposits with Authorised Deposit-Taking Institutions (ADIs)	16,657,590	28,498,733

(a) Reconciliation to Statement of Cash Flows

For the purposes of the statement of cash flows, cash includes cash on hand and 'at call' deposits, net of overdrafts with other financial institutions. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2021 $	2020 $
Deposits with ADIs	16,657,590	28,498,733

9. INVESTMENT SECURITIES

	2021 $	2020 $
At fair value through other comprehensive income		
Investment securities	1,862,744	1,844,384
Amount of investment securities expected to be recovered more than 12 months after the reporting date	1,862,744	1,844,384

Shares in Cuscal Limited (Cuscal) and Indue Ltd (Indue)

These companies provide transactional banking solutions to various financial institutions across Australia. The shares are not publicly traded and are not redeemable.

Recognition and measurement

Investment securities are instruments that meet the definition of equity from the issuer's perspective; that is the instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

Investment securities are measured at fair value and any fair value changes are recognised through other comprehensive income. It is MOVE Bank's policy to designate investment securities as FVOCI when those investments are held for purposes other than to generate investment returns and the MOVE Bank intends to hold for the foreseeable future.

Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's rights to receive payment is established.

Impairment

All equity instruments which include those classified through other comprehensive income are not subject to impairment under AASB 9.

10. OTHER RECEIVABLES

	2021 $	2020 $
Accrued interest	169,345	170,584
Sundry debtors	200,712	173,231
Total other receivables	370,057	343,815
Amount of other receivables expected to be recovered more than 12 months after the reporting date	-	-

11. FINANCIAL ASSETS AT AMORTISED COST

	2021 $	2020 $
ADI interest bearing deposits	140,779,803	136,484,605
Investments in residential mortgage-backed securities	11,056,409	-
Total financial assets at amortised costs	151,836,212	136,484,605
Amount of financial assets amortised cost expected to be recovered more than 12 months after the reporting date	60,956,409	35,800,000

Recognition and Measurement

Financial assets at amortised cost includes deposits held with financial institutions and other investments with original maturities of more than three months. Amounts due from other financial institutions are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Impairment of financial assets at amortised cost

No provision for impairment is required against financial assets at amortised cost as they are deposits with ADIs. MOVE Bank considers these assets to have a low credit risk as the ADIs have a credit rating that is "investment grade" or if the ADI is unrated the ADI is highly capitalised (see Note 24(c)(ii)).

12. LOANS AND ADVANCES

	2021 $	2020 $
Overdrafts	37,802,796	48,575,907
Term loans	500,551,462	442,748,608
Gross loans and advances	538,354,258	491,324,515
Deferred application fees	(190,810)	(249,174)
Deferred loan document and settlement costs	199,661	154,852
Deferred loan referral costs	504,085	101,377
Provisions for credit impairment (Note 13)	(753,273)	(889,247)
Net loans and advances	538,113,921	490,442,323
Amount of loans and advances expected to be recovered more than 12 months after the reporting date	511,019,783	465,414,126

(a) Collateral held

MOVE Bank holds collateral against loans and advances to members as detailed below:

	2021 $	2020 $
Loans and advances with no collateral	7,674,859	10,513,196
Loans and advances with collateral	530,679,399	480,811,319
Gross loans and advances	538,354,258	491,324,515

Where collateral is held, it is in the form of mortgage interests over property, other registered securities over assets, mortgage insurance and guarantees. The fair value of the collateral is measured at the time of providing the loan and advance and is required to be no less than 100% of the loan or advance not including capitalised fees and insurances. The fair value of the collateral is generally not updated except when a loan or advance is individually assessed as impaired. Collateral is usually not held over loans and advances to, or deposits with, other financial institutions. Collateral is usually not held against non-property investment securities.

Recognition and measurement

Loans and advances are financial assets for which the contractual cash flows are solely repayments of principal and interest and that are held in a business model with the objective of collecting contractual cash flows.

Loans and advances are initially recognised at fair value plus transaction costs directly attributable to the origination of the loan or advance, which are primarily brokerage and origination fees. These costs are amortised over the estimated life of the loan. Subsequently, loans and advances are measured at amortised cost using the effective interest rate method, net of any provision for credit impairment.

13. IMPAIRMENT OF LOANS AND ADVANCES

(a) Allowance for impairment

The following tables show reconciliations from the opening to the closing balance of the allowance for ECL by stage for loans and advances.

Loans and advances to members at amortised cost

2021	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Balance at 1 July 2020	153,373	374,923	360,951	889,247
Transfer to 12-month ECL	195,471	(141,899)	(53,572)	-
Transfer to lifetime ECL not credit-impaired	(89,980)	89,980	-	-
Transfer to lifetime ECL credit-impaired	(36,393)	(92,516)	128,909	-
Bad debts written off	-	-	(99,389)	(99,389)
Net remeasurement of loss allowance	(125,330)	20,500	71,064	(33,766)
Other movements	(2,819)	-	-	(2,819)
Balance at 30 June 2021	94,322	250,988	407,963	753,273

2020	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Balance at 1 July 2019	122,378	516,945	692,538	1,331,861
Transfer to 12-month ECL	398,841	(250,432)	(148,409)	-
Transfer to lifetime ECL not credit-impaired	(192,631)	196,331	(3,700)	-
Transfer to lifetime ECL credit-impaired	(177,792)	(130,653)	308,445	-
Bad debts written off	-	-	(469,548)	(469,548)
Net remeasurement of loss allowance	4,555	42,732	(18,375)	28,912
Other movements	(1,978)	-	-	(1,978)
Balance at 30 June 2020	153,373	374,923	360,951	889,247

The allowance for impairment in these tables includes ECL on loan commitments for certain retail products such as credit cards and overdrafts, because MOVE Bank cannot separately identify the ECL on the loan commitment component from those on the financial instrument component.

13. IMPAIRMENT OF LOANS AND ADVANCES (Continued)

(a) Allowance for impairment (continued)

Explanation of the changes in the allowance for impairment

The main changes in the allowance for impairment are:

- Of the total write-offs of $99,389, ,529 in loan and advance write-offs had not been recognised as being subject to a significant increase in credit risk at least 12 months prior to the write-off occurring. This impacted the assessment of the stage 1 ECL with it reducing by $59,051 in the current year.

- The stage 2 ECL reduction from the prior year is mainly due to:
  - MOVE Bank no longer carries an allowance for impairment of loans and advances subject to COVID-19 repayment holiday relief. The 2019-2020 stage 2 ECL included an allowance of $153,680 for loans and advances that were receiving COVID-19 repayment holiday relief at that time. Nearly all of these loans are currently in order and only an insignificant portion of these loans have an allowance for impairment at the end of the current year. MOVE Bank had no loans and advances receiving COVID-19 repayment holiday relief at the end of the current financial year.
  - Partially offsetting the reduction in the stage 2 ECL for the loans no longer subject to COVID-19 repayment relief was an increase in the stage 2 ECL allowance for concerns as to the timeliness of Australia's economic recovery with COVID-19 related lock-downs continuing and a shift to a greater of portion of MOVE Bank loans being held by borrowers domiciled in eastern seaboard states other than Queensland. MOVE Bank management increased the allowance for impairment for forward looking macro-economic factors by $76,563 in the current year.
- The increase in the stage 3 ECL is mainly due to loans transitioning from being recognised as stage 1 ECL loans in 2019-2020 to stage 3 ECL loans in 2020-2021 – an increase to the allowance for impairment of $36,393. Approximately 67% related to unsecured overdrafts and the remaining 33% relating to personal loans. In the current year, the value of the allowance for impairment that transitioned from stage 2 to stage 3 was $92,516 – slightly lower than the amount of write-offs for the current year of $99,389.

Impact of movements in gross carrying amount on provision for impairment

The changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance can be summarised as follows:

2021	Stage 1	Stage 2	Stage 3	
	Gross Loans classified as 12-month ECL	Gross Loans classified as Lifetime ECL not credit-impaired	Gross Loans classified as Lifetime ECL credit-impaired	Total
Balance at 1 July 2020	481,462,098	8,910,205	952,212	491,324,515
Transfer to 12-month ECL	7,570,437	(7,102,370)	(468,067)	-
Transfer to lifetime ECL not credit-impaired	(2,209,485)	2,209,485	-	-
Transfer to lifetime ECL credit-impaired	(544,366)	(1,242,046)	1,786,412	-
Bad debts written off	-	-	(99,389)	(99,389)
Net movement in loan balances	47,282,286	(10,609)	(142,545)	47,129,132
Balance at 30 June 2021	533,560,970	2,764,665	2,028,623	538,354,258

The contractual amount outstanding on loans that were written off during the year ended 30 June 2021 and that are still subject to enforcement activity is $nil (2020: $nil).

Recognition and measurement

Impairment of loans and advances

MOVE Bank applies a three-stage approach to measuring ECLs for the following categories of financial assets that are not measured at FVTPL:

- financial assets that are debt instruments carried at amortised cost (loans and advances to members); and
- loan commitments issued.

No impairment loss is recognised on equity investments carried at FVOCI.

Exposures are assessed on a collective basis in each stage unless there is sufficient evidence that one or more events associated with an exposure could have a detrimental impact on estimated future cash flows. Where such evidence exists, the exposure is assessed on an individual basis.

Stage	Measurement basis
12-months ECL (Stage 1)	The portion of lifetime ECL associated with the probability of default events occurring within the next 12 months.
Lifetime ECL – not credit impaired (Stage 2)	ECL associated with the probability of default events occurring throughout the life of an instrument.
Lifetime ECL – credit impaired (Stage 3)	Lifetime ECL, but interest revenue is measured based on the carrying amount of the instrument net of the associated ECL.

At each reporting date, MOVE Bank assesses the default risk of exposures in comparison to the risk at initial recognition, to determine the stage that applies to the associated ECL measurement. If the default risk of an exposure has increased significantly since initial recognition, the asset will migrate to Stage 2. If no significant increase in default risk is observed, the asset will remain in Stage 1. Should an asset become impaired it will be transferred to Stage 3.

MOVE Bank considers reasonable and supportable information that is relevant and available without undue cost or effort, for this purpose. This includes quantitative and qualitative information and also forward-looking analysis. Refer to Note 24 (c) Credit risk management.

MOVE Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- other financial assets measured at amortised cost that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

Inputs, assumptions and techniques used for estimating impairment

In assessing the impairment of financial assets under the expected credit loss model, MOVE Bank defines default (a 'non-performing loan') in accordance with its Credit Policy and procedures, which includes defaulted assets and impaired assets as described below. Default occurs when a loan obligation is 90 days or more past due, or when it is considered unlikely that the credit obligation to MOVE Bank will be paid in full without recourse to actions, such as realisation of security.

Impaired exposures under the expected credit loss model consist of:

- Loans which are contractually 90 days or more past due.
- Loans that are subject to a debt repayment arrangement whereby some of the debt is highly unlikely to be fully repaid
- Off-balance sheet credit exposures where current circumstances indicate that losses may be incurred.

13. IMPAIRMENT OF LOANS AND ADVANCES (Continued)

(a) Allowance for impairment (continued)

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, MOVE Bank considers both quantitative and qualitative information, including expert credit risk assessment, forward looking information and analysis based on MOVE Bank's historical experience.

For loans and advances MOVE Bank uses the number of days past due (DPD) or the relative change in probability of default at account level, to determine significant increase in credit risk. This includes loans for which MOVE Bank has agreed to a temporary change in the repayment arrangements because of the borrower's financial circumstances having changed.

In addition, as a backstop, MOVE Bank considers that significant increase in credit risk occurs when an asset is more than 30 days past due (DPD).

Consistent with industry practice and guidance by the International Accounting Standards Board (IASB) on 27 March 2020, repayment deferrals as part of COVID-19 support packages in isolation will not necessarily result in a significant increase in credit risk, and therefore will not trigger an automatic migration from stage 1 ECL to stage 2 ECL in the allowance for impairment for such loans.

While the loan repayment deferral is not considered an overarching significant increase in credit risk trigger, the level of support packages offered by the government and lenders in the prior year and for much of the current year to borrowers differed significantly to our ordinary historical experience which is used to inform our ECL calculations. In the prior year, due to the uncertainty of these loans returning to performing post the deferral period they were assessed as stage 2 ECL. In the current year, with MOVE Bank not having any current loans subject to COVID-19 repayment deferrals, MOVE Bank has considered the impact of COVID-19 through the forward-looking macro-economic adjustments to the allowance for impairment.

Calculation of expected credit losses

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: as the present value of all cash shortfalls (ie. the difference between the cash flows due to MOVE Bank in accordance with the contract and the cash flows that MOVE 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 MOVE Bank if the commitment is drawn down and the cash flows that MOVE Bank expects to receive.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, MOVE Bank assesses whether financial assets carried at amortised cost and financial assets carried at FVOCI 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 MOVE Bank on terms that MOVE 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 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 generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component and MOVE Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: MOVE 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.

Write off

Loans and advances are written off when there is no realistic prospect of recovery. This is generally the case when MOVE Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with MOVE Bank's procedures for recovery of amounts due.

14. PROPERTY, PLANT AND EQUIPMENT

	2021 $	2020 $
Land and buildings		
At fair value	3,800,000	3,800,000
Accumulated depreciation	(91,992)	-
Net carrying amount	3,708,008	3,800,000
Plant and equipment		
At cost	3,309,920	3,555,983
Accumulated depreciation	(3,118,316)	(3,184,635)
Net carrying amount	191,604	371,348
Right-of-use assets		
At cost	1,119,487	1,119,550
Accumulated depreciation	(431,553)	(236,310)
Net carrying amount	687,934	883,240
Total property, plant and equipment		
At fair value	3,800,000	3,800,000
At cost	4,429,407	4,675,533
	8,229,407	8,475,533
Accumulated depreciation and impairment	(3,641,861)	(3,420,945)
Net carrying amount	4,587,546	5,054,588

(a) Reconciliation of carrying amount at beginning and end of the period

	2021 $	2020 $
Land and buildings		
Net carrying amount at beginning of the year	3,800,000	3,796,678
Revaluation	-	107,314
Depreciation charge	(91,992)	(103,992)
Balance at the end of the year	3,708,008	3,800,000
Plant and equipment		
Net carrying amount at beginning of the year	371,348	749,685
Additions	92,623	51,989
Disposals	(4,855)	-
Depreciation charge for the year	(267,512)	(430,326)
Balance at the end of the year	191,604	371,348
Right-of-use property		
Net carrying amount at the beginning of the year	883,240	1,119,550
Revaluation	(63)	-
Depreciation charge for the year	(195,243)	(236,310)
Balance at the end of the year	687,934	883,240

14. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Revaluation of land and buildings

The valuations of freehold land and buildings were carried out by an independent firm, John Watt and Associates Valuers and Development Consultants on 18 May 2020.

The current market value of the property has been assessed based on direct comparison reflecting a rate per square metre of floor area with a check valuation carried out on the basis of a capitalisation of the estimated net return. The revaluation was based on this market value. The revaluation was made in accordance with a policy to revalue land and buildings every three years. Land and buildings were revalued to $3,800,000 at 30 June 2020. Based on current market information MOVE Bank directors have assessed the current carrying value of land and buildings to be appropriate at 30 June 2021.

If revalued land and buildings were stated at historical cost, amounts would be as follows:

	2021 $	2020 $
Cost	1,347,967	1,347,967
Accumulated depreciation	(1,339,729)	(1,285,810)
Net book value	8,238	62,157

Valuation techniques used to derive level 3 fair values recognised in the financial statements

The fair value measurement for land and buildings has been categorised as a level 3 fair value based on the inputs to the valuation technique used. Details of the significant inputs used and the relationship between unobservable inputs and the fair values are:

Description	Valuation approach	Unobservable inputs	Range of inputs	Relationship between unobservable inputs and fair value
Land and Buildings	Sale price comparison approach undertaken by an external valuer or the Board. Sales prices of comparable land and buildings in a similar location are adjusted for differences in key attributes such as property size and standard. The valuation model is based on a price per square metre.	Sale Prices	$4,530 to $5,653 per square metre	The greater the sales price per square metre of the property the greater the fair value.

Recognition and Measurement

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured at their fair value, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation increase is credited to other comprehensive income unless it reverses a revaluation decrease on the same asset previously recognised in profit or loss. A revaluation decrease is recognised in profit or loss unless it directly offsets a previous revaluation increase on the same asset in the asset revaluation reserve. On disposal, any revaluation reserve relating to sold assets is transferred to retained earnings.

It is the policy of MOVE Bank to have an independent valuation every three years, with annual appraisals being made by the Directors.

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Recognition and Measurement (continued)

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all property, plant and equipment including buildings and capitalised leased assets but excluding freehold land, is depreciated over their useful lives to MOVE Bank commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired term of the lease or the estimated useful life of the improvements.

Property, plant and equipment is depreciated on a straight-line basis. A summary of rates used:

Buildings	4%
Computer hardware	33.3%
Leasehold improvements	10% - 40%
Office furniture and equipment	10% - 15%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where MOVE Bank expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

MOVE Bank has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

15. INTANGIBLE ASSETS

	2021 $	2020 $
Computer software		
At cost	2,915,014	2,747,933
Accumulated amortisation	(2,371,583)	(2,036,718)
Net carrying amount	543,431	711,215

(a) Reconciliation of carrying amount at beginning and end of the period

	2021 $	2020 $
Computer software		
Balance at the beginning of the year at cost	711,215	659,014
Additions	268,147	401,313
Amortisation expense	(435,931)	(349,112)
Balance at the end of the year	543,431	711,215

Recognition and Measurement

Items of computer software which are not integral to the computer hardware owned by MOVE Bank are classified as intangible assets with a finite life.

Computer software is amortised on a straight-line basis over the expected useful life of the software ranging from 3 – 5 years.

16. DEPOSITS

	2021 $	2020 $
Call deposits (including withdrawable shares)	509,641,002	486,348,055
Term deposits (including accrued interest)	109,288,962	93,035,701
	618,929,964	579,383,756
Amount of deposits expected to be settled more than 12 months after the reporting date	21,091,542	5,701,100

(a) Concentration of deposits

There are no concentrations of deposits greater than 10% of total deposits.

(b) Fair value

Refer to Note 32(c) for details of the fair value of these financial instruments.

Recognition and measurement

Deposits are initially measured at fair value less directly attributable transaction costs, and subsequently measured at their amortised cost using the effective interest method. Interest on deposits is recognised on an accrual basis. Interest accrued at the end of the reporting date is shown as a part of deposits.

17. OTHER PAYABLES

	2021 $	2020 $
Annual leave	305,491	414,367
Sundry creditors and accrued expenses	607,935	642,955
	913,426	1,057,322
Amount of other payables expected to be paid more than 12 months after the reporting date	-	-

(a) Fair value

Refer to Note 32(c) for details of the fair value of these financial instruments.

Recognition and Measurement

Short-term employee benefits

Liabilities for wages, salaries and the value of fringe benefits received (including non-monetary benefits) that are expected to be settled wholly within twelve months of the end of the reporting period are recognised in other payables in respect of employee services provided to the end of the reporting period and are measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

18. BORROWINGS

	2021 $	2020 $
Term funding facility	24,553,253	14,699,451
Amount of borrowings expected to be paid more than 12 months after the reporting date	24,553,253	14,699,451
The borrowings and interest accrued at 30 June 2021 are repayable as follows:		
First draw on 29 June 2020 repayable on 29 June 2023	14,736,401	14,699,451
Second draw on 23 April 2021 repayable on 23 April 2024	4,737,646	-
Third draw on 25 May 2021 repayable on 25 May 2024	5,079,206	-
	24,553,253	14,699,451

(a) Term Funding Facility

The Term Funding Facility (TFF) is being offered by the RBA to all ADIs since the onset of the COVID-19 pandemic. The borrowings are for a term of 3 years each. MOVE Bank provided securities in the form of ADI interest bearing deposits and residential mortgage-backed securities (refer Note 11) with a face value of $27,913,858 as collateral for this facility.

(b) Fair value

Refer to Note 32(c) for details of the fair value of these financial instruments.

Recognition and Measurement

Borrowings are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method.

19. LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2021 $	2020 $
Movement schedule of lease liabilities		
Balance at the beginning of the year	856,998	1,102,550
Accretion of interest	12,571	15,720
Payments	(155,393)	(189,925)
Remeasurement of lease liability	(63)	(71,347)
Balance at the end of the year	714,113	856,998
Amount of property leases expected to be paid more than 12 months after the reporting date	567,772	714,113

(a) Property leases

Lease liabilities relate to the Central Railways Station, Brisbane (Plaza Level). The lease was extended for a further 5 years effective 16 December 2020 and expires on 15 December 2025. The lease requires monthly payments in advance.

Recognition and Measurement

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, MOVE Bank's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

20. PROVISIONS

	2021 $	2020 $
Long service leave and associated costs	424,371	465,639
Amount of provisions expected to be paid more than 12 months after the reporting date	136,363	174,785

Recognition and Measurement

Long-term employee benefits

Liabilities for long service leave and annual leave which are not expected to be settled within twelve months of the end of the reporting period. They are recognised as provisions for employee benefits and other payables and are measured at the present value of the expected future payments to be made in respect of services provided to the end of the reporting period. Consideration is given to expected future salary and wage increases, experience of employee departures and periods of service.

Expected future payments are discounted using corporate bond rates at the end of the reporting period with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Contributions are made by MOVE Bank to employee superannuation funds and are recognised in profit or loss when incurred except those included in the provision for long service leave and associated costs.

21. REDEEMED PREFERENCE SHARES

	2021 $	2020 $
Redeemed preference share	229,550	221,860

Under the *Corporations Act 2001* member shares are classified as redeemable preference shares. The redemption of these shares is required under the Act to be made from profits. The value of the shares that have been paid to members is in accordance with the terms and conditions of the share issue and the redemption account represents the amount of profits appropriated.

22. RESERVES

Nature and purpose of reserves

(a) Credit loss reserve

The credit loss reserve records amounts previously set aside as a general provision and is maintained to comply with the Prudential Standards as set by APRA. The Board maintained its policy for the calculation of the Credit Loss Reserve of requiring a reserve of 0.50% of credit risk weighted assets.

(b) Asset revaluation reserve

The asset revaluation reserve records revaluations of land and buildings.

(c) Fair value reserve

The fair value reserve records the movement in the fair value of investment securities at each reporting date.

(d) General reserve

The general reserve records funds set aside for future expansion and to ensure the prudential strength of MOVE Bank.

23. CASH FLOW STATEMENT RECONCILIATION

(a) 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:

- Deposits in and withdrawals from savings and other deposit accounts;
- Sales and purchases of dealing securities (if applicable);
- Sales and purchases of maturing certificates of deposit; and
- Provision of member loans and the repayment of such loans.

(b) Reconciliation of net profit after tax to net cash flows from operating activities

	2021 $	2020 $
Net profit for the year	1,565,812	1,481,965
Adjustments for:		
Depreciation	554,747	770,628
Amortisation	435,931	349,112
Impairment of loans and advances	(33,766)	28,912
Remeasurement change in lease liability	-	(71,347)
Make good component in lease asset recognition	-	(17,000)
Net profit on disposal of property, plant and equipment	(6,963)	-
Changes in assets and liabilities		
(Increase)/decrease in other receivables	(26,242)	517,338
(Increase)/decrease in financial assets amortised cost	(15,351,607)	7,578,264
(Increase)/decrease in loans and advances	(47,637,830)	5,508,519
(Increase)/decrease in other assets	(195,989)	(83,421)
(Decrease)/increase in current tax payable	142,539	(345,512)
(Decrease)/increase in provisions	(41,268)	(98,766)
(Decrease)/increase in other payables	(143,896)	166,514
(Decrease)/increase in net deferred taxes	(10,845)	91,129
(Decrease)/increase in deposits	39,546,208	(24,519,946)
(Decrease)/increase in borrowings	9,853,802	14,699,451
Net cash (outflows)/inflows from operating activities	(11,349,367)	6,055,840

(c) Reconciliation of movements of net debt to cash flows arising from financing activities

Year ended 30 June 2021	Net debt opening balance $	Cashflows: Repayments $	Non-cash changes: Initial recognition $	Non-cash changes: Remeasurement changes $	Net debt closing balance $
Lease liabilities	856,998	(142,822)	-	(63)	714,113

Year ended 30 June 2020	Net debt opening balance $	Cashflows: Repayments $	Non-cash changes: Initial recognition $	Non-cash changes: Remeasurement changes $	Net debt closing balance $
Lease liabilities	-	(174,205)	1,102,550	(71,347)	856,998

24. FINANCIAL RISK MANAGEMENT

MOVE Bank's activities principally relate to the use of financial instruments. MOVE Bank accepts deposits and provides loans at both fixed and floating rates for various periods. Surplus liquidity is invested in high quality assets. Accordingly, the activities of MOVE Bank expose it to the following key financial risks; market risk (including interest rate risk), credit risk and liquidity risk.

Treasury risk management is carried out by an appropriately skilled and trained management team and is monitored by the Board Risk Management Committee, under Board mandated and approved risk policies. The management team identifies, evaluates and if deemed appropriate, hedges financial risk. The Board approves written principles for overall risk management, as well as detailed policies covering specific areas, such as mitigating interest and credit risk, specific large credit exposures and management of delinquent loans.

(a) Risk management

MOVE Bank has appointed a Chief Risk Officer whose responsibilities include maintaining and continuously reviewing MOVE Bank's risk management framework. Oversight of risk management is the responsibility of the Risk Management Committee operating in accordance with formal risk policies approved by the Board.

The Risk Management Committee, which meets regularly, comprises independent non-executive Directors. It recommends to the Board the risk management policies which the Audit & Compliance Committee monitor. This includes the identification, assessment and reporting of risks. It also ensures that contingency plans are in place to achieve business continuity in the event of serious disruptions to business operations.

The Audit & Compliance Committee, which comprises independent non-executive Directors, oversees the testing and assessment of internal controls implemented by management to manage material risk. The internal audit program is approved by this committee, and it considers the outcome of both internal and external audit reports.

The Audit & Compliance Committee monitors compliance with Board policies as well as prudential and statutory requirements.

The committee reviews annual financial statements prior to sign off by the Board and oversees breach reporting to regulatory bodies such as APRA and ASIC.

The Chair of the Board and the Chair of the Risk Management Committee annually certify to APRA that senior management and the Board have identified key risks facing MOVE Bank, established systems to monitor those risks, including setting and requiring adherence to a series of prudential limits and adequate, timely reporting processes, and they ensure that these risk management systems are operating effectively and are adequate having regard to the risks they are designed to control. Any breaches in compliance are reported to the Board in a timely manner in accordance with the applicable policy.

(b) Market risk

Market risk is the potential adverse change in MOVE Bank's income or the value of MOVE Bank's net worth arising from movements in interest rates. The objective of MOVE Bank is to manage and control market risk exposure in order to minimise risk and optimise return. MOVE Bank is not exposed to currency risk or any other significant price risk. It does not trade in the financial instruments it holds on its books and is only exposed to interest rate risk arising from changes in market interest rates.

The management of market risk is the joint responsibility of the Chief Financial Officer (CFO) and CEO. Market risk is also monitored by management through the Asset & Liability Committee (ALCO) on a monthly basis.

Market risk is measured and reported using a variety of techniques, according to the appropriateness of the technique to the exposure concerned. The techniques used to measure interest rate risk include interest rate repricing gap analysis, sensitivity analysis and interest rate risk management profiles which are conducted by management using a system developed by an independent risk management consultancy. Refer to Note 24(e) below for the details of these policies and for quantitative disclosures in respect of interest rate risk.

24. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk

Credit risk is the risk of financial loss as a result of a default by counterparties to discharge contractual obligations. MOVE Bank assumes credit risk predominantly from its lending activities. Exposure also arises from investment activities and off-balance sheet financial instruments such as loan commitments.

Credit risk policy

Credit risk, being the most significant risk faced by MOVE Bank, is managed to ensure exposure is minimised while supporting sound growth.

(i) Loans and advances

The method of managing credit risk is by way of strict adherence to the credit assessment policies before the loan is approved and close monitoring of defaults in the repayment of loans thereafter. The credit policy has been endorsed by the Board to ensure that loans are only made to borrowers who are considered capable of meeting loan repayments. A regular review of compliance with these policies is conducted as part of the scope of external audit.

(ii) Liquid investments

Credit risk in relation to liquid investments is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in MOVE Bank incurring a financial loss. Refer to Note 24(d).

Credit risk management

(i) Loans and advances

Concentrations of risk arise when loans are extended to borrowers of similar risk characteristics, such as industry and geographic location. Credit risk is minimised by dealing with many individual members. A sizeable portion of the loan book is represented by residential mortgages. The primary means of reducing the risk on these loans is the acquisition of security, which is residential property in Australia.

MOVE Bank has a concentration in retail lending to members who are employees of Queensland Rail or Aurizon. This concentration is considered acceptable as MOVE Bank was formed to service these members, and the employment concentration is not exclusive.

Should members leave the industry, the loans continue, and other employment opportunities are available to the members to facilitate the repayment of the loans.

It is the policy of MOVE Bank to allow members with a secured loan or advance reasonable assistance and opportunity to rectify a breach prior to recovery procedures being initiated. However, if a counterparty has failed to make a payment when contractually due, various actions are triggered such as re-negotiation, enforcement of covenants or legal proceedings and the impairment and provisioning policies are actioned.

Concentrations of credit risk on loans greater than 10% of capital currently arise in the following categories:

2021	Maximum credit exposure	
Industry	$	% Total Loans
Queensland Rail	117,033,621	21.74%
Aurizon	56,927,320	10.57%

2020	Maximum credit exposure	
Industry	$	% Total Loans
Queensland Rail	125,034,906	25.45%
Aurizon	61,198,294	12.46%

At the reporting date there were no concentrations of credit risk on loans to individual members (including associated members) greater than 10% of capital.

(ii) Liquid investments

To limit the concentration of risk, MOVE Bank uses the following credit rating limits:

	Eligible capital base	
	Investment in an individual ADI	Investment in a number of ADIs
Credit Rating	Maximum	Maximum
AAA to A-	25%	N/A
BBB+ to BBB-	25%	100%
Unrated*	5%	15%

*Deposits with Indue Limited (Indue) are excluded from the calculation relevant to these limits. Indue provides transaction and settlement services and MOVE Bank must deposit with Indue a security amount calculated based on previous twelve month's average banking transactions provided by Indue to MOVE Bank.

The eligible capital base for the purposes of the exposures to individual ADIs is MOVE Bank's tier 1 regulatory capital.

24. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The maximum exposure limit to a number of ADIs rated BBB+ to BBB- only applies when MOVE Bank's liquidity ratio is below 18%.

Measurement of credit risk

(i) Loans and advances

Lending conditions are continually monitored to compare the position of MOVE Bank to the rest of the market to ensure that opportunities are maximised and MOVE Bank is prepared for downturns.

Comprehensive reports are tabled on a regular basis to the Board and senior executive dissecting the loan book balance into various risk profiles. For example, in relation to retail loans risk characteristics such as geographic distribution of loans, security type, occupancy type, loan to value ratios, and mortgage insurance percentages are detailed.

Stress testing is an integral tool in the management of credit risk exposure, by projecting financial impacts of movements in market conditions including economic downturn resulting in low business growth, increase in unemployment and reduction in property values. Recent stress testing has indicated that MOVE Bank is resistant to a significant downturn in the economy.

(ii) Liquid investments

MOVE Bank uses the ratings of reputable ratings agencies to assess the credit quality of all investment exposures.

Prior to placing an investment with an acceptable unrated ADI, Management must ensure sufficient due diligence is undertaken to satisfy itself that the unrated ADI is a financially viable and stable entity. As part of this process, Management will review the unrated ADI's most recent annual report, and such other financial information as may be available. Management will also ensure the unrated ADI is regulated by APRA.

The carrying values associated with liquidity investments held by MOVE Bank are as follows:

Credit Rating	2021	2020
	$	$
ADI exposures		
AAA to A-	90,752,270	75,418,972
BBB+ to BBB-	59,431,332	75,796,156
Unrated	7,253,791	13,768,210
RMBS exposures		
AAA to A-	11,056,409	-
Total	168,493,802	164,983,338

Impairment and provisioning policies

(i) Loans and advances

In order to comply with Prudential Standards, MOVE Bank recognises a statutory impairment allowance for impairment losses in relation to loans based on losses that have been incurred at reporting date using objective evidence for impairment.

Once a loan is past due by 90 days it is considered impaired unless other factors indicate that the impairment should be recognised sooner. Management make judgements about a borrower's financial situation and the net realisable value of any underlying collateral to estimate future cash flows.

Due to the different methodologies used, the allowance for impairment losses calculated for the purposes of Australian Accounting Standards may be different to the required prescribed provision as determined for APRA reporting purposes. For the methodology used to determine expected credit losses under AASB 9, refer to Note 13(b). As a consequence, on a quarterly basis management recalculate the allowance for impairment based upon the expected loss model under AASB 9 and compare that to required provision under the Prudential Standards.

If the AASB 9 calculation is significantly higher than the Prudential Standard calculation, management will review the circumstances giving rise to the variance and determine if that circumstance has been appropriately considered in determining the allowance for impairment. Variances between the two methodologies will be reported by management to the Board on a quarterly basis.

Credit risk exposure

MOVE Bank's maximum credit risk exposure, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset, is the carrying amount of those assets as indicated in the Statement of Financial Position where the maximum credit risk exposure is $588,107,271 (2020: $536,582,413).

In relation to loans, the maximum credit exposure is the value of the Statement of Financial Position plus the undrawn facilities (loans approved not advanced and undrawn overdraft limits). Details of undrawn facilities are shown in Note 25(a). Details of collateral held as security are disclosed in Note 12(a).

(d) Liquidity risk

Liquidity risk is the risk that MOVE Bank may encounter difficulties raising funds to meet commitments associated with financial instruments eg. borrowing repayments or member withdrawal demands. It is the policy of the Board that MOVE Bank maintains adequate cash reserves to meet the member withdrawal demands when requested.

Liquidity risk management

MOVE Bank manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer-term forecast cash flows;
- Monitoring the maturity profiles of financial assets and liabilities;
- Maintaining adequate reserves and liquidity support facilities; and
- Monitoring the prudential liquidity ratio daily.

MOVE Bank has a long standing arrangement with the industry liquidity support scheme, CUFSS, which can access industry funds to provide support to MOVE Bank should this be necessary at short notice.

MOVE Bank is required to maintain at least 9% of total adjusted liabilities as liquid assets capable of being converted to cash within 48 hours under the APRA Prudential Standards. MOVE Bank's policy is to apply an operational minimum of 12.5% of funds as liquid assets to maintain adequate funds for meeting member withdrawal requests.

The ratio is checked daily and should the liquidity ratio fall below this level, Management will take action to raise additional liquid funds from new deposits from members and/or access borrowing facilities available. Note 18 describes the borrowing facilities as at reporting date.

The ratio of liquid funds over the past year is set out below:

	2021	2020
Ratio to total adjusted liabilities:		
As at 30 June	18.86%	20.97%
Average for the year	22.11%	22.64%
Minimum during the year	18.13%	20.27%
Ratio to total deposits:		
As at 30 June	20.08%	21.92%

Maturity profile of financial liabilities

The table shows the undiscounted cash flows on MOVE Bank's financial liabilities, including unrecognised loan commitments on the basis of the earliest possible contractual maturity. These values will not agree to the statement of financial position.

MOVE Bank's expected cash flows on financial liabilities vary significantly from this analysis. For example, on-call deposits from members are expected to maintain a stable or increasing balance and any unrecognised loan commitments are not expected to be all drawn down immediately.

To manage the liquidity risk arising from financial liabilities, MOVE Bank holds liquid assets comprising cash and cash equivalents and investment grade investment securities for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements.

24. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

The maturity profile of MOVE Bank's financial liabilities is shown in the following table:

Year ended 30 June 2021	Carrying value	Within 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Gross nominal outflows
	$	$	$	$	$	$	$
FINANCIAL LIABILITIES							
Deposits	618,929,964	518,198,537	12,073,878	68,340,072	21,111,701	-	619,724,188
Other payables	913,426	607,935	-	305,491	-	-	913,426
Borrowings	24,553,253	-	-	-	24,654,640	-	24,654,640
Lease liabilities	714,113	-	38,362	118,220	584,108	-	740,690
Total financial liabilities	645,110,756	518,806,472	12,112,240	68,763,783	46,350,449	-	646,032,944
Off balance sheet items undrawn (Note 24(a))	-	49,753,013	-	-	-	-	-

Year ended 30 June 2020	Carrying value	Within 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Gross nominal outflows
	$	$	$	$	$	$	$
FINANCIAL LIABILITIES							
Deposits	579,383,756	498,578,687	16,992,771	58,705,276	5,721,259	-	579,997,993
Other payables	1,057,326	642,959	116,865	297,502	-	-	1,057,326
Borrowings	14,699,451	-	-	-	14,809,697	-	14,809,697
Lease liabilities	856,998	-	14,023	128,646	658,097	95,380	896,147
Total financial liabilities	595,997,531	499,221,646	17,123,659	59,131,424	21,189,053	95,380	596,761,163
Off balance sheet items undrawn (Note 24(a))	-	45,257,898	-	-	-	-	-

(e) Interest rate risk

Interest rate risk is the risk or variability of the fair value of future cash flows arising from financial instruments due to the changes in interest rates.

The policy of MOVE Bank is to maintain a balanced 'on book' strategy by ensuring the net interest rate gaps between assets and liabilities are not excessive. MOVE Bank aims to limit any loss due to a change in interest rates to be no greater than 1.5% of regulatory capital.

The gap is measured monthly to identify any large exposures to the interest rate movements and to rectify the excess through targeted fixed rate interest products available through investment assets, and term deposit liabilities to rectify the imbalance to within acceptable levels. MOVE Bank can undertake derivative transactions to reduce the interest rate risks.

A review of the interest rate risk management profile is conducted by Management through the Asset & Liability Committee. The Board monitors interest rate risk through these reviews and other Management reports.

24. FINANCIAL RISK MANAGEMENT (continued)

(e) Interest rate risk (continued)

Based on calculations as at 30 June 2021, the profit before tax and equity impact for a 1% (2020: 1%) movement in interest rates would be as follows:

2021

Movement in interest rates	Impact on Profit before tax	Impact on Equity
1% increase	(588,500)	(426,663)
1% decrease	588,500	426,663

2020

Movement in interest rates	Impact on Profit before tax	Impact on Equity
1% increase	(598,400)	(433,840)
1% decrease	598,400	433,840

The method used in determining the sensitivity is to evaluate the profit impact based on the timing of the interest repricing on the banking book of MOVE Bank for the next 12 months. In doing the calculation the assumptions applied were that:

- The interest rate change would be applied equally to loans, term deposits and savings;
- The rate change would be as at the beginning of the 12-month period and no other rate changes would be effective during the period;
- The term deposits would all reprice to the new interest rate at the term maturity;
- Savings that are considered by MOVE Bank to be sensitive to interest rate changes would all reprice in the event of a rate change within 30 days;
- Savings that are not considered by MOVE Bank to be sensitive to interest rate changes and are as a consequence less likely to change in the future, would reprice no earlier than 1 year;
- Variable interest rate mortgage loans would all reprice to the new interest rate within 30 days;
- Fixed rate mortgage loans would all reprice at a new interest rate at the expiry of their fixed rate period.
- Variable interest rate personal loans would reprice to the new interest rate within 2 years;
- Fixed rate personal loans would not reprice as the rate is fixed for the duration of the loan;
- All loans would be repaid in accordance with the current average repayment rate (or contractual repayment terms);
- The value and mix of call savings to term deposits remains unchanged; and
- The value and mix of personal loans to mortgage loans remains unchanged.

There has been no significant change to MOVE Bank's exposure to market risk or the way MOVE Bank manages and measures interest rate risk in the reporting period

Interest rate risk maturity profile

MOVE Bank's exposure to interest rate risk, which is the risk that a financial instrument's value or cash flows will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate on classes of financial assets and financial liabilities, is set out below.

24. FINANCIAL RISK MANAGEMENT (continued)

(e) Interest rate risk (continued)

2021	Floating interest rate	Fixed interest rate maturing Within 1 year	Fixed interest rate maturing 1-5 years	Fixed interest rate maturing Over 5 years	Non-interest sensitive	Total	Effective interest rate
	$	$	$	$	$	$	%
ASSETS							
Cash and cash equivalents	14,658,527	1,999,063	-	-	-	16,657,590	0.26%
Investment securities	-	-	-	-	1,862,744	1,862,744	N/A
Other receivables	-	-	-	-	370,056	370,056	N/A
Financial assets at amortised cost	-	151,836,212	-	-	-	151,836,212	0.66%
Loans and advances	362,763,769	44,757,668	122,468,151	8,124,333	-	538,113,921	2.88%
Total assets	377,422,296	198,592,943	122,468,151	8,124,333	2,232,800	708,840,523	
LIABILITIES							
Deposits	509,641,002	88,126,659	21,162,302	-	-	618,929,963	0.53%
Other payables	-	-	-	-	913,426	913,426	N/A
Borrowings	-	-	24,553,253	-	-	24,553,253	0.25%
Lease liabilities	-	-	714,113	-	-	714,113	1.58%
Total liabilities	509,641,002	88,126,659	46,429,668	-	913,426	645,110,755	

2020	Floating interest rate	Fixed interest rate maturing Within 1 year	Fixed interest rate maturing 1-5 years	Fixed interest rate maturing Over 5 years	Non-interest sensitive	Total	Effective interest rate
	$	$	$	$	$	$	%
ASSETS							
Cash and cash equivalents	25,000,220	3,498,513	-	-	-	28,498,733	0.68%
Investment securities	-	-	-	-	1,844,384	1,844,384	N/A
Other receivables	-	-	-	-	343,815	343,815	N/A
Financial assets at amortised cost	-	136,484,605	-	-	-	136,484,605	0.79%
Loans and advances	395,565,896	41,312,543	45,296,465	8,267,419	-	490,442,323	3.42%
Total assets	420,566,116	181,295,661	45,296,465	8,267,419	2,188,199	657,613,860	
LIABILITIES							
Deposits	486,348,055	87,300,982	5,734,719	-	-	579,383,756	0.99%
Other payables	-	-	-	-	1,057,326	1,057,326	N/A
Borrowings	-	-	14,699,451	-	-	14,699,451	0.25%
Lease liabilities	-	41,883	-	815,115	-	856,998	1.58%
Total liabilities	486,348,055	87,342,865	20,434,170	815,115	1,057,326	595,997,531	

24. FINANCIAL RISK MANAGEMENT (continued)

(f) Operational risk

Operational risk is the risk of loss to MOVE Bank resulting from deficiencies in processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks. Operational risks in MOVE Bank relate mainly to legal, compliance, business continuity, data infrastructure, outsourced services, fraud and employee errors.

MOVE Bank's objective is to manage operational risk to balance the avoidance of financial losses through the implementation of controls, whilst avoiding procedures which inhibit innovation. These risks are managed through the implementation of policies and systems to monitor the likelihood of the events and minimise the impact.

- Systems of internal control are enhanced through: segregation of duties between employee duties and functions, including approval and processing duties;
- documentation of the policies and procedures, employee job descriptions and responsibilities, to reduce the incidence of errors and inappropriate behaviour;
- implementation of whistleblowing policies to promote a compliance culture and awareness of duty to report exceptions by staff;
- education of members to review their account statements and report exceptions to MOVE Bank promptly;
- effective dispute resolution procedures to respond to member complaints;
- effective insurance arrangements to reduce the impact of losses;
- contingency plans for dealing with loss of functionality of systems or premises or staff; and
- use of a software system designed to manage controls and compliance related tasks.

Fraud

Fraud can arise from members' banking activities including where either Personal Identification Numbers (PINs) or passwords become compromised as a result of members failing to protect them adequately. It can also arise from other system failures.

MOVE Bank has systems in place which are considered to be robust enough to prevent any material fraud. However, in common with all retail ADIs fraud is potentially a real cost to MOVE Bank. Fraud losses have arisen from Visa card transactions and internet banking activity.

IT Systems

MOVE Bank manages the majority of its IT environment with the contracted support of specialist organisations. MOVE Bank's investment in its IT environment and training of the IT staff is significant to ensure that MOVE Bank is able to meet member expectations and service requirements.

Other network suppliers are engaged on behalf of MOVE Bank by Indue to service the settlements with other financial institutions for direct entry, Visa cards, member chequing, New Payments Platform and BPay.

MOVE Bank's disaster recovery site is sufficiently equipped to mitigate the risk of a disaster having a significant impact on MOVE Bank's financial position

(g) Capital management

MOVE Bank is regulated by APRA. As a result, MOVE Bank must, for capital adequacy purposes, hold the minimum levels of capital required by Australian Prudential Standard - APS110 Capital Adequacy. As part of these requirements MOVE Bank must hold tier 1 capital and may also include tier 2 capital as part of its required capital holding up to certain prescribed limits.

Tier 1 capital comprises the highest quality components of capital that fully satisfy the following essential characteristics:

(a) provide a permanent and unrestricted commitment of funds;
(b) are freely available to absorb losses;
(c) do not impose any unavoidable servicing charge against earnings; and
(d) rank behind claims of depositors and other creditors in the event of winding up.

24. FINANCIAL RISK MANAGEMENT (continued)

(g) Capital management (continued)

For the purpose of calculating MOVE Bank's capital base, tier 1 capital consists of retained earnings, realised reserves and current year earnings. MOVE Bank's tier 1 capital consists entirely of common equity tier 1 capital.

Tier 2 capital includes other components that, to varying degrees, fall short of the quality of tier 1 capital, however, still contribute to the overall strength of the financial institution as a going concern. Tier 2 capital consists of the general reserve for credit losses.

Capital held by MOVE Bank comprises:

Tier 1 Capital	2021 $	2020 $
General reserve	61,312,977	59,946,613
Retained earnings	1,565,809	1,481,965
Asset revaluation reserve	3,386,317	3,386,317
Asset fair value reserve	532,453	518,867
Capitalised loan origination and settlement costs	(703,746)	(256,229)
Prescribed deductions	(2,406,175)	(2,555,599)
Net tier 1 capital	63,687,635	62,521,934

Tier 2 Capital		
Reserve for credit losses	1,620,252	1,512,338
Net Tier 2 capital	1,620,252	1,512,338
Total Capital	65,307,487	64,034,272
Less deductions from total capital	-	-
Total Capital	65,307,887	64,034,272

APRA requires authorised deposit-taking institutions (ADIs) to maintain a minimum capital ratio of 8% of risk weighted assets at any given time in accordance with Prudential Standards. In addition, APRA imposes ADI specific minimum capital ratios.

MOVE Bank's capital ratios as at the end of the financial year for the past 5 years are as follows:

Year	Capital ratio
2021	20.15%
2020	21.17%
2019	20.66%
2018	21.46%
2017	20.79%

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. MOVE Bank measures the capital ratio on a monthly basis and monitors any major movements in asset levels.

Policies have been implemented which require reporting to the Board and APRA if the capital ratio falls below 15%. During the financial year, MOVE Bank has complied with its capital ratio requirements at all times.

25. COMMITMENTS

(a) Outstanding loan commitments

Loans and credit facilities approved but not funded or drawn at the end of the financial year:

	2021 $	2020 $
Loans approved but not funded	12,812,107	8,325,071
Undrawn overdrafts	36,940,907	36,932,827

26. CONTINGENCIES

Credit Union Financial Support Scheme (CUFSS)

MOVE Bank is a participant in CUFSS. The purpose of the CUFSS is to protect the interests of its Mutual ADI members, increase stability in the industry and provide liquidity in excess of current borrowing limits in times of need. The balance of the debt at 30 June 2021 was Nil (2020: Nil).

27. AUDITORS' REMUNERATION

The auditor of MOVE Bank is BDO Audit Pty Ltd.

	2021 $	2020 $
Amounts received or due and receivable by BDO Audit Pty Ltd for:		
An audit or review of the financial report of MOVE Bank	87,000	80,300
Other statutory assurance services - regulatory or prudential audits	41,000	43,900
	128,000	124,200

28. STANDBY BORROWING FACILITIES

MOVE Bank has a gross borrowing facility of:

	Approved Facility $	Current Borrowing $	Net Available $
2021			
Corporate Online Funds Transfer (NAB)	1,000,000	-	1,000,000
	1,000,000	-	1,000,000
2020			
Corporate Online Funds Transfer (NAB)	1,000,000	-	1,000,000
	1,000,000	-	1,000,000

The borrowing facilities are not secured and there are no restrictions in relation to these facilities.

29. KEY MANAGEMENT PERSONNEL

(a) Directors

The names of the Directors of MOVE Bank who have held office during the financial year are:

Bronwyn (Bron) D Davies
Thomas (Bill) W Armagnacq
Kellie L Dyer
Andrew J Hughes
Scott J Riedel
Michael (Mick) F Skinner
Timothy (Tim) J Staley

(b) Remuneration of Key Management Personnel

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of MOVE Bank, directly or indirectly, including any Director (whether executive or otherwise) of MOVE Bank.

KMP comprises 7 Directors (2020: 7) and 11 members of Management (2020: 9) responsible for the day-to-day financial and operational management of MOVE Bank.

The names of managers who are KMP in office as at reporting date were:

Therese Turner, Chief Executive Officer (CEO)
Jeff Urquhart, Chief Financial Officer (CFO)
Bernard Luton, Company Secretary and Chief Risk Officer (CRO)
Nikki Hutson, Chief People Officer (CPO)
Geoff Ryan, Chief Information Officer (CIO)
Rachel Young, Chief Experience Officer (CXO)
Taryn Pontifex, Chief Credit Officer (CCO)
Bryan Jones, Finance Manager
Stephen Shorten, Lending Manager
Melissa Treacy, Compliance Manager and Legal Counsel

The aggregate compensation of KMP during the year comprising of amounts paid, payable or provided for was as follows:

	Directors		Other KMP	
	2021	2020	2021	2020
	$	$	$	$
Short-term employee benefits	296,389	277,340	1,779,600	1,725,851
Termination payment (including long service leave and annual leave)	-	-	33,360	-
Post-employment (including superannuation)	26,204	26,210	146,593	140,544
Other long-term (including long service leave and annual leave)	-	-	165,707	150,573
	322,593	303,550	2,125,260	2,016,968

Remuneration shown as short-term benefits means (where applicable) wages, salaries, sick leave and the value of fringe benefits received, but excludes out of pocket expense reimbursements.

All remuneration to Directors was approved by the members at the 2019 Annual General Meeting of MOVE Bank.

29. KEY MANAGEMENT PERSONNEL (continued)

(c) Loans to KMP and their Close Family Members

All loans disbursed to KMP were approved on the same terms and conditions applicable to members for each class of loan, except for those KMP who are not Directors. There are no loans that are impaired in relation to the loan balances with KMP.

KMP who are not Directors may have received a concessional rate of interest on their loans and facilities for part of the reporting period. These benefits, where subject to fringe benefits tax, are included in the remuneration in (b) above. As at 30 June 2021 no KMP who are not Directors receive a concessional rate of interest on their loans and facilities.

There are no benefits or concessional terms and conditions applicable to the close family members of the KMP. There are no loans that are impaired in relation to the loan balances with close family relatives of KMP.

	2021	2020
	$	$
The aggregate value of loans	6,375,458	4,253,695
The total value of other credit facilities to KMP as at the balance date amounted to:	128,000	128,000
Less amounts drawn down and included in the above balance	(29,379)	(16,261)
Net balance available	98,621	111,739
During the year the value of term loans funded to KMP	2,232,414	78,000
	2,232,414	78,000
During the year the aggregate value of revolving credit facility limits granted or increased to KMP amounted to:	10,000	-
Interest and other revenue earned on loans and revolving credit facilities to KMP and related parties	134,396	154,743

(d) Other Transactions of KMP and their Close Family Members

KMP have received interest on deposits with MOVE Bank during the financial year. Interest has been paid to all KMP Directors on terms and conditions no more favourable than those available on similar transactions to members of MOVE Bank.

	2021	2020
	$	$
Total value term and savings deposits at year end	1,180,011	1,667,356
Total interest paid on deposits	14,753	26,570

MOVE Bank's policy for receiving deposits from other related parties and in respect of other related party transactions, is that all transactions are approved, and deposits accepted on the same terms and conditions that apply to members for each type of deposit.

There are no benefits paid or payable to the close family members of the KMP. There are no service contracts to which KMP or their close family members are an interested party.

30. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

No matters or circumstance have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of MOVE Bank in subsequent financial years.

31. CLASSES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following is a summary of financial instruments by class.

	2021 $	2020 $
Financial assets at amortised cost		
Cash and cash equivalents	16,657,590	28,498,733
Other receivables	370,056	343,815
Amortised cost investments	151,836,212	136,484,605
Loans and advances	538,113,921	490,442,323
	706,977,779	655,769,476
Financial assets at fair value through other comprehensive income		
Investment securities	1,862,744	1,844,384
Financial liabilities measured at amortised cost		
Deposits	618,929,964	579,383,756
Other payables	913,426	1,057,326
Borrowings	24,553,253	14,699,451
	644,396,643	595,140,533

32. FAIR VALUE MEASUREMENT

(a) Fair value hierarchy

MOVE Bank measures fair values of assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument;
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (ie. derived from prices). This category includes instruments valued using:
  - quoted market prices in active markets for similar instruments
  - quoted prices for identical or similar instruments in markets that are considered less than active; or
  - other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values for assets and liabilities traded in active markets are based on quoted market prices at reporting date. The quoted market price for financial assets is the current bid price. The fair value of assets and liabilities that are not traded in an active market are determined using valuation techniques. To the extent possible assumptions used are based on observable market prices and rates at the end of the reporting date.

32. FAIR VALUE MEASUREMENT (continued)

(b) Fair value estimates

The fair value estimates were determined as follows:

Cash and cash equivalents and other receivables

The carrying values approximate their fair value as they are short term in nature or are receivable on demand.

Investments

(i) Assets measured at fair value through other comprehensive income

The shareholdings in Cuscal and Indue are measured at fair value and any changes in that fair value are recognised through other comprehensive income under AASB 9. These companies were created by credit unions to supply services to the shareholding credit unions.

During the 2015/16 year, MOVE Bank purchased shares in Indue which now provides the banking services to MOVE Bank. The shares in both companies are not able to be publicly traded and are not redeemable.

The financial reports of Cuscal and Indue record net tangible assets backing of these shares exceeding their cost value. Shares may be sold to other shareholders of the companies.

The fair value of the shareholdings in Cuscal and Indue was determined using an adjusted net tangible assets calculation.

The carrying values of financial assets amortised cost approximate their fair value due to the short-term maturities of these securities.

Loans and advances

For variable rate loans the carrying value is a reasonable estimate of fair value. The fair value for fixed rate loans was calculated by utilising discounted cash flow models based on the maturity of the loans. The discount rates applied were based on the current benchmark rate offered for the average remaining term of the portfolio as at 30 June 2021.

Deposits

The fair value of at call and variable rate deposits, and fixed rate deposits repriced within twelve months, approximates the carrying value.

Discounted cash flow models based upon deposit types and related maturities were used to calculate fair value of other term deposits. The discount rates applied were based on the current benchmark rate offered for the actual remaining term of the portfolio as at 30 June 2021.

Other payables

The carrying value approximates their fair value as they are short term in nature.

Borrowings

The Term Funding Facility is a fixed rate borrowing and the fair value was calculated by utilising discounted cash flow models based on the maturity of the borrowing. The discount rates applied were based on the current benchmark rate offered for the average remaining term of the borrowing as at 30 June 2021.

32. FAIR VALUE MEASUREMENT (continued)

(c) Financial assets and liabilities

The table below summarises the fair values of financial assets and liabilities at reporting date.

		2021		2020	
		Carrying value	Fair value	Carrying value	Fair value
	Note	$	$	$	$
Financial Assets					
Cash and cash equivalents	8	16,657,590	16,657,590	28,498,733	28,498,733
Other receivables	10	370,056	370,056	343,815	343,815
Financial assets at amortised cost	11	151,836,212	151,836,212	136,484,605	136,484,605
Loans and advances	12	538,113,921	546,682,107	490,442,323	497,491,670
Investment securities	9	1,862,744	1,862,744	1,844,384	1,844,384
Financial Liabilities					
Deposits	16	618,929,964	619,457,552	579,383,756	579,920,547
Other payables	17	913,426	913,426	1,057,322	1,057,322
Borrowings	18	24,553,253	24,401,979	14,699,451	14,712,275

The values reported have not been adjusted for any changes in credit ratings of the assets.

(d) Fair value hierarchy levels

The table below categorises assets and liabilities measured and recognised at fair value at the reporting date by the level of the fair value hierarchy into which the fair value measurement is categorised.

	Level 1	Level 2	Level 3	Total
2021	$	$	$	$
Financial Assets				
Investment securities	-	-	1,862,744	1,862,744
Non-Financial Assets				
Land and buildings	-	-	3,708,008	3,708,008
	-	-	5,570,752	5,570,752
2020				
Financial Assets				
Investment securities	-	-	1,844,384	1,844,384
Non-Financial Assets				
Land and buildings	-	-	3,800,000	3,800,000
	-	-	5,644,384	5,644,384

Transfers into and out of the different fair value hierarchy levels are recognised at the date the event or change in circumstances that caused the transfer to occur. There have been no significant transfers into or out of each level during the year ended 30 June 2021 or the prior year.

The table below categorises assets and liabilities not measured and recognised at fair value at the reporting date by the level of the fair value hierarchy into which the fair value measurement is categorised.

(d) Fair value hierarchy levels (continued)

	Level 1	Level 2	Level 3	Total Fair Values	Total Carrying Amount
	$	$	$	$	$
2021					
Financial Assets					
Investments	-	151,836,212	-	151,836,212	151,836,212
Loans and advances	-	546,682,108	-	546,682,108	538,113,921
Financial Liabilities					
Deposits	-	619,457,552	-	619,457,552	618,929,964
Borrowings	-	24,401,979	-	24,401,979	24,553,253
2020					
Financial Assets					
Investments	-	136,484,605	-	136,484,605	136,484,605
Loans and advances	-	497,491,670	-	497,491,670	490,442,323
Financial Liabilities					
Deposits	-	579,920,547	-	579,920,547	579,383,756
Borrowings	-	14,712,275	-	14,712,275	14,699,451

(e) Level 3 fair value hierarchy

	2021	2020
	$	$
Movements in level 3 of the fair value hierarchy		
Balance at the beginning of the financial year	5,644,384	5,641,062
Losses recognised in profit or loss	(91,992)	(103,992)
Gains recognised in other comprehensive income	18,360	107,314
Gains recognised through fair value reserve	-	-
Balance at the end of the financial year	5,570,752	5,644,384
Total gains/losses for the period included in other income in profit or loss that relate to assets held at the end of the reporting period	-	-

33. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by MOVE Bank in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(a) Financial assets and financial liabilities

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when MOVE Bank becomes a party to the contractual provisions of the financial instruments. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FTVPL are recognised immediately in the profit or loss.

(ii) Classification and subsequent recognition and measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

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

- 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 on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, MOVE Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, MOVE Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

MOVE Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to MOVE Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – eg. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how MOVE Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

(a) Financial assets and financial liabilities (continued)

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (eg. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, MOVE Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, MOVE Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit MOVE Bank's claim to cash flows from specified assets (eg. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – eg. periodical reset of interest rates.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after MOVE Bank changes its business model for managing financial assets. There were no changes to any of MOVE Bank business models during the current year (2020: Nil).

Financial liabilities

MOVE Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL

(iii) De-recognition

Financial assets

MOVE Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which MOVE Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(i) On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and
(ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by MOVE Bank is recognised as a separate asset or liability.

In transactions in which MOVE Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, MOVE Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, MOVE Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

MOVE Bank de-recognises a financial liability when its contractual obligations are discharged or cancelled or when they expire.

33. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Financial assets and financial liabilities (continued)

(iv) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, MOVE Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, MOVE Bank recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

(v) Offsetting

Financial assets and financial liabilities are set off and the net amount presented in the Statement of Financial Position when, and only when, MOVE Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(vi) Fair value measurement

Refer to Note 32(d) for details.

(b) Fair value measurement

Fair values may be used for financial and non-financial asset and liability measurement as well as sundry disclosures.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, MOVE Bank.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, MOVE Bank uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant.

External valuers are selected based on market knowledge and reputation.

Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

33. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Impairment of assets (excluding financial assets)

At each reporting date, MOVE Bank reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired.

If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed in profit or loss (except for items carried at a revalued amount).

Where it is not possible to estimate the recoverable amount of an individual asset, MOVE Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances 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 in the Statement of Financial Position are shown inclusive of GST.

(e) New and amended accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period and have not been early adopted by the MOVE Bank. None of these are expected to have a material effect on the financial statements of the MOVE Bank.

Directors' Declaration

The Directors of Railways Credit Union Limited trading as MOVE Bank declare that:

(a) 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:

  (i) comply with Australian Accounting Standards and Interpretations and the *Corporations Regulations 2001*; and

  (ii) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date.

(b) Railways Credit Union Limited has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards; and

(c) In the Directors' opinion, there are reasonable grounds to believe that Railways Credit Union Limited will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of the Directors in accordance with a resolution of the Board of Directors

Bron Davies

Bronwyn (Bron) D Davies
Chair
Brisbane

Mick Skinner

Michael (Mick) F Skinner
Chair, Audit & Compliance Committee
Brisbane

Dated this 29th day of September 2021.

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INDEPENDENT AUDITOR'S REPORT

To the members of Railways Credit Union Limited (trading as MOVE Bank)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Railways Credit Union Limited trading as MOVE Bank (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Railways Credit Union Limited (trading as MOVE Bank), is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report, 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.

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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 on the other information obtained prior to the date of this auditor's report, 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* and for 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 has 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 (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

Tim Kendall

T J Kendall
Director

Brisbane, 29 September 2021

MOVE BANK

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ABN 91 087 651 090 **AFSL/Australian credit licence** 234536 Railways Credit Union Limited trading as MOVE Bank