



SUSTAINABILITY REPORT 2022



small things  
big difference



Auswide Bank



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We acknowledge the Traditional Owners of the lands on which we operate and pay our respects to Elders past and present, and to emerging community leaders. We also acknowledge the important role Aboriginal and Torres Strait Islander peoples continue to play within the communities in which Auswide Bank operates and where our team members reside.

# Our approach

At Auswide Bank, our sustainability approach is centred on long term value creation that ensures we remain relevant to our customers, people, shareholders and the communities in which we operate.



We understand the decisions and actions we take today play a critical role in creating a more sustainable future.

The drivers of our approach are:

- > placing customers at the heart of everything we do
- > serving our customers by supporting the communities they live in
- > seeking greater sustainability that meets our responsibilities to our community.

Building upon the Environmental, Social, and Governance (ESG) sustainability focus areas launched in FY21, we have been evolving our approach while recognising this work is never really complete. What's important is being able to demonstrate and measure our impact.

During the year Auswide Bank established its Sustainability Committee to develop a sustainability strategy and framework and to oversee the ongoing development of this strategy. Over the course of the year under the guidance of the Board Risk Committee, the Sustainability Committee worked to develop Auswide Bank's sustainability framework and establish targets and measurement in line with our business objectives and sustainability responsibilities.

## Our approach

Our sustainability vision is to provide ethical banking to all our communities. Our commitment is doing business responsibly and in ways that benefit our customers and communities, today and into the future.

*The approach we are taking to sustainability focuses upon six key pillars:*



Our sustainability goals are centred on **value creation** that ensures we remain relevant to our customers, people, shareholders and the communities in which we operate.



1

Workforce empowerment and capability



2

Climate change, sustainable finance and environment



3

Data protection and governance



4

Innovation, transformation and execution



5

Community support and involvement



6

Customer experience and product responsibility



7

Supporting economic and customer resilience



8

Leadership and governance



# Our sustainability goals and value drivers

## Workforce empowerment and capability

- > Wellbeing - health and safety (working conditions)
- > Inclusion and diversity
- > Employee support and benefits
- > Culture and engagement
- > Talent and capability

## Climate change, sustainable finance and environment

- > Climate change
- > Climate offset initiative
- > Lending emissions
- > Sustainable finance

## Data protection and governance

- > Cyber security
- > Customer data privacy
- > Open banking
- > Regulatory reporting

## Innovation, transformation and execution

- > Transformation
- > Digital capability
- > Innovation and partnerships

## Community support and involvement

- > Maintaining and developing strong relationships and investments that contribute to a better community

## Customer experience and product responsibility

- > Enhancing our customer experience
- > Customer satisfaction and advocacy
- > Product simplification
- > Lending responsibility
- > Resolving customer complaints

## Supporting economic and customer resilience

- > Supporting disaster recovery
- > Managing credit risk
- > Business resilience
- > Customer support

## Leadership and governance

- > Corporate governance
- > Modern slavery
- > Purpose led culture
- > Business ethics
- > Critical incident risk management
- > Systemic risk management



# 1

## Workforce empowerment and capability

Auswide bank is focused on creating a workforce of the future. This means a focus on workforce wellbeing, as well as well as attracting and retaining people with a strong sense of purpose and ethics, while developing them to be the best they can be.



### Our value drivers

- > Wellbeing - health and safety (working conditions)
- > Inclusion and diversity
- > Employee support and benefits
- > Culture and engagement
- > Talent and capability

Our goal is to build a diverse and inclusive workforce that reflects our customer base and feels connected by our mission and values, with a focus on placing our customers at the centre of everything we do.

### Wellbeing in the work force

Auswide Bank understands that the mental and physical wellbeing of people at work is good for everyone and enhances personal and organisational resilience and success.

Some of the key initiatives include:

- > Ongoing education and training in mental health.
- > Participation in wellbeing initiatives to raise awareness.
- > Flexible working arrangements with staff taking advantage of a hybrid working model to support a work-life-balance.

- > Wellness days - staff are given four leave days per year, in addition to personal and annual leave.
- > Employee Assistance Program provides staff access to three free personal coaching and counselling sessions per issue to help them deal with the challenges, concerns or issues that may be affecting them at work or at home.

The eight areas of assistance available to all staff and selected services for immediate family members are:

- Employee Assist
- Legal Assist
- Family Assist
- Money Assist
- Nutrition and Lifestyle Assist
- Conflict Assist
- Career Assist
- Manager Assist.
- > Ongoing Workplace Health and Safety training to ensure understanding and compliance for a better work environment.
- > Discounted private health cover and free annual influenza vaccinations.

## Employee support and benefits

Auswide Bank understands the importance of having the right people in the right roles. We value the contribution and dedication of all our people and recognise them as critical to our success.

Auswide Bank strives to provide satisfying and rewarding career opportunities through:

- > Linking recognition and reward to strong performance by providing competitive levels of remuneration to ensure that we retain capable staff at all levels.
- > Assessment of our employees on their achievements and contribution to our strategic goals, as well as their demonstration of a key set of performance indicators.
- > Rewarding employees for their efforts based on both their individual contribution to their team and the achievement of their Key Performance Indicators (KPIs) and/or targets.
- > Direct communication with management through regular staff surveys and weekly intranet communications from leaders.
- > A dedicated and skilled onsite recruitment team whose purpose is to ensure that we provide best practice with a structured and transparent approach to recruitment.
- > Offering attractive staff benefits, including fee free transaction accounts, discounts on loans and general insurance and credit card fee waivers.
- > Reimbursement of costs associated with approved professional development.
- > The opportunity to participate in company success through a Staff Share Plan.

## Inclusion and diversity

Auswide Bank is focused on creating a workforce that represents the varied cultures and life experiences of our staff and customers, as well as our greater society. We encourage our employees to champion our efforts to be a more diverse, inclusive and accessible bank.

We're committed to pay equitably across our workforce and do not discriminate based on gender, background or identity. We continue to conduct a gender pay review each remuneration cycle, promote flexible working and support our people through the parental leave journey.

Each year we submit a report to the Workplace Gender Equality Agency in accordance with the requirements of the Workplace Gender Equality Act 2012.

Into the future we will continue to work on building a more diverse and inclusive organisation, as well as becoming part of inclusion networks, groups and communities of best practice and advocacy.

## Culture and engagement

Our annual employee engagement survey measures overall levels of engagement. This year we achieved an engagement score of 97%.

When we asked our employees what they liked most about working at Auswide Bank, their responses included a sense of strong teamwork and collaboration and strong commitment to the Bank's values. When we asked what we could do better, they highlighted a need for more investment in people capabilities, systems and processes.

We continue to act on their feedback by working across the bank to understand key themes and identify actions to address areas of concern.

### OUR PEOPLE AND OUR VALUES

Our people are highly committed to our values and take pride in supporting the community. We encourage our employees to support their community by offering two days of paid volunteer leave each year.

During the year, a number of employees took volunteer leave. Some used their leave to participate in bank-organised activities, such as supporting the Queensland Cancer Council, while others participated in their own volunteering activities.

## Talent and capability

Employee capability remained a key focus throughout FY22. This year we have continued to build on our capability framework, which defines the workforce capabilities required to deliver the banks strategy.

### LEADERSHIP

We have continued our focus on senior leader talent and succession to ensure our efforts are focused on attracting and retaining the best talent to deliver the Bank's strategy.

This year we saw a key group of our leaders undertake a leadership development program. The program has helped 36 of our leaders develop a range of capabilities to allow them to lead the business.

### LEARNING AND DEVELOPMENT

Investing in our people, increasing our understanding of customer needs and providing a better customer experience is essential for our success.

Our e-learning training platform continues to allow staff the flexibility to better balance training with the demands of their day-to-day roles. We were able to achieve a 100% completion rate across all compliance modules throughout the business. Modules include, but are not limited to IT security, anti-money laundering, counter-terrorism financing and Workplace Health and Safety.



## 2

# Climate change, sustainable finance and environmental

The changes we make today in managing our operational footprint and how we assess and manage lending activity risks means we are playing our role in minimising the future impacts of climate change, impact on liveability and our economic and physical resilience.



### Our value drivers

- > Climate change
- > Climate offset initiative
- > Lending emissions
- > Sustainable finance

Education and building team capability to better understand and drive our response in this fast-changing area is important to us. We will continue to work with leaders across the business to increase awareness, understanding and create change.

#### Climate Change

We understand that climate change is one of the most pressing challenges of our time.

Auswide Bank's approach to climate change aligns closely with our strategic purpose of helping all Australians own their own home. A house may not feel like a home without a safe and sustainable environment and thriving community around it.

At Auswide Bank, we are very conscious of our impact on the environment. We are also increasingly aware of our community's changing attitudes, expectations and our need to set an example to other businesses.

Over the past few years we started our journey to reducing waste and increasing efficiency including:

- > Implementing ways to recycle paper generated internally, e.g. document shredding and secure document destruction.
- > Encouraging customers to cancel or reduce the numbers of statements they receive by mail.
- > Promoting Internet Banking and other electronic options as an alternative way of receiving statements and reducing customers' need to travel to branches for simple transactions.
- > Promoting BPAY® as a free service allowing customers to pay any bill bearing the distinctive BPAY logo.
- > Promoting BPAY View®, which enables our customers to receive bills online from selected billers.
- > Allowing ATM users to elect at the time of their transaction whether they wish to receive a printed receipt.
- > Paying the majority of our suppliers electronically rather than by cheque.

- > Providing our shareholders with the option of receiving annual reports and other shareholder communications online.
- > Actively sponsoring community organisations such as Landcare in their initiatives including National Tree Day.
- > Having energy efficient LED lighting at all new and refurbished branches.
- > Having automatic timers to switch off air-conditioning at all branches when not in use.
- > Directing branches to turn off all lightning and electrical appliances when not in use.
- > Recycling of printer, fax and photocopier cartridges through Cartridges 4 Planet Arc.
- > Using recycled products where possible and financially viable.
- > Recycling obsolete phone handsets, mobile phone batteries and computer equipment.

Over the next few years we will be looking to strengthen our capability in this area by developing a climate action plan. This will allow us to:

- > Gain a better understanding of the impact of extreme weather events such as cyclones, flooding, bushfires and droughts on our customers and their homes.
- > Access how we can reduce our emissions, setting clear and meaningful targets and transparency in the way we report and share our progress.
- > Gain an understanding of how we achieve a status of becoming a certified carbon neutral organisation.
- > Work with government and best practice organisations and agencies in reducing our impact on the environment.

### Climate offset initiative

While individuals, companies or governments generate huge amounts of carbon, there are specific programs and organisations that exist to take carbon out of the atmosphere.

Auswide Bank will look to 'offsetting' as a strategy to compensate for the emissions we might create by matching it to a reduction in carbon somewhere else, after we've done everything else to reduce our carbon emissions.

Our goal will be to purchase carbon offsets from accredited projects that are carefully aligned to our values.

### Sustainable business

We know that tackling the considerable challenges of climate change is something that cannot be achieved alone. Partnerships are key to building scale and creating impact. Our goal is to see collaboration

grow between industry, government, business, and community.

During the year we continued our focus on being a sustainable business by:

- > managing our climate related risks and environmental impact through scenario analysis and risk assessments and assessing the impact of our lending activities.
- > the launch of VISA debit cards made from plants not plastic.
- > an upgrade to our Internet Banking and mobile app to continue to deliver enhanced electronic banking options.
- > ongoing promotion and education of electronic banking as an alternative way of receiving statements and reducing our customers need to travel to branches for simple transactions.

### Lending emissions

Auswide Bank does not finance companies engaged principally in the exploration, mining, manufacture or export of thermal coal or coal seam gas. We do not intentionally invest directly in companies specialising in these areas.

### Sustainable finance

We know that climate change is increasingly impacting the ability of our customers to afford, maintain, and insure their home. While we cannot control its destructive force, we will continue to support the immediate recovery from natural disasters.

We will also help build future resilience for our customers by championing renewable energy, gain access to efficiency upgrades and the development of new green products.

Our product development program is looking to provide a range of loans that will support and offer customers a discounted finance rate when purchasing energy efficient equipment and clean energy assets such as solar and electric vehicles.

Education and building team capability to better understand and drive our response in this fast-changing area is important to us.



# 3

## Data protection and governance

Maintaining robust systems and processes for the ethical collection and use of data while ensuring cyber security and data privacy.



### Our value drivers

- > Cyber security
- > Customer data privacy
- > Open banking
- > Regulatory reporting

As we progress toward integrating digital banking as part of our customer offering, data protection remains crucial. Managing cyber security risks and protecting customer privacy is fundamental to ensuring our customers can trust us with their confidential information. This is reinforced by our commitment to transparency around how data is collected, used and stored.

#### Cyber security - protection from fraud and scams

Banking organisations face rising operational risk from increasingly sophisticated cyber threats. This stems from an increased reliance on technology to do business.

This year we have continued our focus on cyber security as the breadth of data under our governance increases. We have improved our in-house capability through focused development of our core cyber security business processes, research and development activities.

We have strengthened our cyber security function through implementing enhancements to our 'detect and respond' capabilities. Auswide Bank's cyber governance framework ensures cyber related issues and risks are constantly monitored using efficient and effective treatment plans.

Our performance in cyber security is measured by monitoring the number of attempted and failed cyber attacks on our business. This includes regular authorised simulated cyber attack testing to assess the effectiveness of our controls and to identify areas for further development.

We work closely with cyber security service providers, industry leading threat intelligence partners and security teams from other financial services organisations to keep abreast of trends related to cyber criminal activities.

#### Customer data privacy

We are committed to respecting the privacy of our customers' personal data and our privacy policy explains how we collect, store, use and disclose personal information and how we comply with privacy laws.



In order to protect this information Auswide Bank has in place physical security measures, and uses appropriate technology, processes and security to restrict access to this sensitive data.

In the event of a privacy breach, our processes ensure these risks are managed in a timely and effective way.

As part of regular communications to customers our focus is ongoing education on the privacy risks arising from scams and identity fraud.

### Open Banking

Open banking was one of many technology projects that occurred this year.

Empowering customers with their own data, Open Banking is an important element of the Australian Government Consumer Data Right (CDR) legislation passed by the Australian Government back in 2017. Under the Open Banking system customers will be able to direct their bank to share their data with other banks and non-bank financial service providers.

The aim of open banking is to empower customers to use their data to make better decisions and find the best products and services to suit their needs.

For Auswide Bank customers we continue to meet the requirements of being a data holder. This supports

our customers' authorising the sharing of their data with accredited data recipients.

### Regulatory reporting

Auswide Bank recognises the need for a robust prudential and regulatory environment ensuring a resilient, stable and growing Australian banking industry.

We operate under a comprehensive Regulatory Reporting & Data program. This ensures timely, accurate and comprehensive data to meet all our prudential and other regulatory obligations through regular reporting to financial regulators, including the ACCC, the Australian Securities and Investments Commission (ASIC), the Australian Prudential Regulation Authority (APRA), the Australian Transaction Reports and Analysis Centre (Austrac) and the Reserve Bank of Australia (RBA).

### Trusted Data

The foundation of all activity listed above is ensuring data is trusted, which is core to Auswide Bank's Data Strategy. We continue to invest across prioritised data activity, with priority determined by data roles (Data Owners and Data Stewards) that sit throughout the group.



# 4

## Innovation, transformation and execution

Auswide Bank continues to focus on accelerating growth through investment in digital capabilities. This investment underpins our strategic priority of providing a customer focused alternative to the big banks.



### Our value drivers

- > Transformation
- > Digital Capability
- > Innovation and partnerships

### Creating the digital bank of the future

The Australian banking sector is seeing a rapid shift in demand towards digital banking and like the industry, Auswide Bank is investing to offer a digital alternative for our current and future customers.

Our digital transformation also extends to our employees by offering them learning opportunities to grow their capabilities in a changing skills environment.

While scoping activity is already underway, Auswide Bank's digital transformation program, prioritising activity based on customer and employee experience. While scoping activity has been underway Auswide has also setup key digital pillars including data, API connectivity, cloud capability and security that forms the foundation of future investment.

Auswide Bank's Transformation Program is in its early stages and will continue to roll out over the next few years, through until 2025. The program will be

supported by strong governance, risk management and enhanced execution capability. The program is split into three phases including:

- > Digital niches – making specific targeted investments to improve the experiences of our broker and third-party customers.
- > Digital amplification – amplify from a niche approach to reach across all customers and through any channel.
- > Digital optimisation – scale using the advantages of digital.

Investment across these phases will deliver distinctive digital capabilities including:

- > Acquisition through partners – focusing on relationships with partners as the primary driver of customer acquisition.
- > Customer choice – give customers a choice of channels to engage with Auswide Bank, including face to face, phone, digital and partner.
- > Digital uplift - uplift digital channel user experience to match target customer expectations.
- > Automation – improve digital capability to support customers and partners experience with efficient processes.

Phase 1 digital niche investment is now complete as we move into phase two and three detailed over page.

Phase 1: Complete



## Digital Niches

- > Foundational data capabilities for a data driven business
- > Digital experience through Internet Banking and Mobile App
- > Loan processing enhancements for time-to-yes and turnaround
- > Cyber resilience and protections to customer data
- > Broker accreditation, support and communications
- > Increased sales with digital verification of Identity services
- > Robotic processes

Phase 2: Now

- > A full digital experience, payment choices and anytime, anywhere, banking
- > Improved loan experience through auto decisioned loans, digital documentation and robotic processes
- > Elevating the brand across digital platforms
- > Industry leading AI to retain customers during a period of customer volatility
- > Trusted data for decision making

Phase 3: Next



## Digital Amplification

- > Integrations to speed up the connection of data, applications and devices
- > Best in class digitised end to end loan experience - open banking, streamlined refinancing, auto decisioning
- > Faster response supported by a 360-degree customer view
- > AI capability expanding across business, including next best offering
- > Digital Web/App experience that matches customer expectations

### Project Execution

To ensure the execution of our change program is successful we saw the need to implement a new project framework to allow robust governance, monitoring activities, greater risk focus and agile delivery practices.

Specific activity introduced to our new project framework include:

- > Integrated multi-year strategic and investment planning, together with ongoing management to prioritise and deliver an enhanced return on investment.
- > Focus on sponsorship of the project as a key area of success

- > Structured management to allow proactive responses to project issues and risks
- > Increasing efficiency of delivery through streamlined processes
- > Supporting execution capability, right-sizing governance and approval processes to enable innovation within value and risk boundaries.

Auswide Bank continues to focus on accelerating growth through investment in digital capabilities.



Connection to  
the community  
is an integral part  
of our identity



# 5

## Community Support and involvement

Connection to the community is an integral part of our identity, and we aim to build deep relationships with the community and understand what matters to them.



### Our value drivers

- > Maintaining and developing strong relationships and investment that contribute to a better community

Auswide Bank supports grass roots initiatives in local communities through developing and maintaining strong relationships and investments that contribute to the community. This is achieved by developing and supporting vulnerable community members with access to suitable and affordable financial services through:

- > regional community programs assisted by our branch network
- > workplace giving
- > disaster relief support.

In line with our community-focused ethos, Auswide Bank runs a number of its own events and activities that raise money for charity or support cultural activities in our community.

Auswide Bank encourages staff to participate in numerous charity fundraising activities each year.

Our sponsorship program is not about generating a commercial return, it is about being authentic in our aim to give a helping hand where it is needed.

### Queensland Rugby League Partnership

In November of 2018 Queensland Rugby League (QRL) and Auswide Bank joined forces heralding a new chapter for the Queensland Maroons and the state's emerging talent.

There is a strong alignment of values, aspirations, and commitment to the community between the two organisations. Collaboratively over the past four years, Auswide Bank and QRL have rolled out a range of initiatives that enable Rugby League families to be both financially and physically healthy.

Regional Queensland represents a very enthusiastic and loyal fan base of which many of our customers belong.

### Auswide Bank Mal Meninga Cup

The Auswide Bank Mal Meninga Cup is a junior rugby league football competition based in Queensland, played between teams made up of players under the age of 18. The Mal Meninga Cup is the highest level of Rugby League competition for this age group.

Our support of this regional competition allows young regional Queensland footballers to play in a competition that gives them an opportunity to progress their football careers, helping them to achieve their sporting dreams.

## Corey Parker Rugby League Training Clinics

During the year, Auswide Bank in conjunction with QRL hosted two one-hour skills training clinics with over 200 children in attendance. This was a great opportunity for customers, their children and local football club members to participate in a once in a

lifetime training clinic hosted by one of the games greats, Corey Parker.

This was an initiative whereby Auswide Bank continued its focus on supporting grass roots sports development within local communities.

## Community and charity support

<p><b>Murgon Mustangs – Domestic Violence Awareness</b></p>	<p><b>Purpose:</b> The Murgon Mustangs domestic violence prevention program uses rugby league to educate young players and the community about this nation-wide issue.</p>	<p><b>Partnership achievement:</b> Auswide Bank have partnered with the Murgon Mustangs for the past two years to provide funds to support the club to continue their work advocating 'no excuse for domestic abuse'.</p>
<p><b>Salvation Army Red Shield Appeal (Bundaberg)</b></p>	<p><b>Purpose:</b> The Bundaberg arm of the Salvation Army raises much needed funds to help local business continuing their efforts to help people whose lives have been impacted by domestic violence.</p>	<p><b>Partnership achievement:</b> Auswide Bank donated \$30,000 to the Red Shield Appeal annual Bundaberg Business Lunch.</p>
<p><b>Auswide Bank Regional Road Show</b></p>	<p><b>Purpose:</b> In association with QRL, the aim of the Regional Roadshows was to give the Queensland regional communities the opportunity to interact with Maroons legends and NRL development and wellness officers.</p>	<p><b>Partnership achievement:</b> This year saw the Regional Roadshow visit Bundaberg, Maryborough and Gympie communities. In each regional community health and wellbeing sessions were delivered to school students and a fundraising dinner was held to support a local Rugby League club. As both Gympie and Maryborough had been significantly impacted by flooding in the weather events earlier in the year, our visits were well received.</p>
<p><b>Queensland Cancer Council</b></p>	<p><b>Purpose:</b> In Australia more than 1.1 million people living with cancer of who have survived a diagnosis. Through our alliance and collaboration with the Cancer Council we are committed to help work towards a cancer free future.</p>	<p><b>Partnership achievement:</b> Our team lent a hand at Wanstall Apex Lodge in Brisbane as well as volunteered their time to wrap Christmas presents at the Brisbane Myer Centre.</p> <p>Across the bank our staff dressed in pink and held numerous morning teas during the year to help raise awareness for this worthy cause. Gympie branch raised funds for this year's Relay for Life.</p>
<p><b>Epilepsy Queensland</b></p>	<p><b>Purpose:</b> Epilepsy Queensland's mission is to provide information, training and support to people living with epilepsy, family members and supporters.</p>	<p><b>Partnership achievement:</b> In May of this year, we set ourselves the challenge to raise funds and climbed the Brisbane Story Bridge.</p>
<p><b>Walk for Mental Awareness</b></p>	<p><b>Purpose:</b> Walk for Awareness helps raise awareness for people with mental health battles. The walk is to remember and honour those who have lost their lives or are continuing to battle with mental health</p>	<p><b>Partnership achievement:</b> Auswide Bank sponsored this event and Auswide Bank staff and their families also participated in the 11th Walk for Awareness.</p>

## Community and charity support continued

<b>Wide Bay Sports Academy</b>	<b>Purpose:</b> Wide Bay Sports Academy provides regional athletes with accessible advanced training, education and testing with the intention of providing a link between clubs and Queensland/Australian representation and elite sporting programs.	<b>Partnership achievement:</b> Our annual sponsorship allows the academy to give athletes the support, education and coaching they need to reach their peak level while living in the region with family and social network support.
<b>Corey Parker Coaching clinics</b>	<b>Purpose:</b> To provide children the opportunity to engage with former State of Origin greats and enhance their own skills via a training clinic.	<b>Partnership achievement:</b> Clinics were held at Souths Magpies and Capalaba Warrior during the year – with over 200 children in attendance.
<b>Australian Football league Women’s (AFLW) GenW program</b>	<b>Purpose:</b> GenW is a program that shows AFLW is for everyone and supports the code to develop the sport for everyone.	<b>Partnership achievement:</b> This year we sponsored the captain of the Brisbane Lions AFLW player Breanna Koenen.

### Connection to our communities

Auswide Bank’s history is built on long term relationships, and we recognise we have a role to play in supporting the communities in which we operate. Auswide Bank values supporting key grassroots initiatives within our network which this year included:

- > Netball St Lukes
- > ATW Sportsman’s Lunch
- > Bundaberg Cycling Club
- > Rotary Xmas Trailer
- > Bundaberg Squash
- > LifeFlight Golf Day
- > Mackay Show
- > Zonta Club of Bundaberg
- > RACQ LifeFlight
- > Rockhampton Men’s Shed
- > FNQ (Mackay) highland Dancing Association.

### Supporting our staff to support our communities

Corporate volunteering provides Auswide Bank with the opportunity to develop staff skills, build teams and bolster our reputation within our local community.

Auswide Bank encourages staff to actively assist communities through volunteering for charity or similar work. Auswide Bank provides two full days leave each year to enable staff to volunteer and support the community. This year we saw staff lend a hand to Cancer Council Queensland by:

- > Participating in a busy bee for the Charles Wanstall Apex Lodge in Brisbane.
- > Christmas fundraising by supporting the gift wrapping program.



# 6

## Customer experience and product responsibility

Delivering a consistent superior experience by understanding our customer needs and providing the right products and services.



### Our value drivers

- > Enhancing our customer experience
- > Customer satisfaction and advocacy
- > Product simplification and transparency
- > Lending responsibility
- > Resolving customer complaints

#### Enhancing our customer experience

Providing great and appropriate customer outcomes underpins our approach to banking that makes a 'big difference' to our customers. Our customers' expectations are evolving, and we aim to continue to meet their expectations by delivering personal, timely and relevant customer support. This year our program to enhance customers outcomes delivered:

- > Launch of new mobile banking app with enhanced functionality.
- > Continuous improvement of loan process to make it simpler and faster through the auto decisioning of loans, digital documentation and robotic processes.
- > Digital verification of identify services.
- > Simplified customer guides to assist those buying, refinancing, building or renovating their homes.
- > All lending letters were enhanced by the introduction of clear and simple language.

#### Customer satisfaction and advocacy

We strive for customers who love to bank with us. We realise the benefit of strong customer advocacy and over the coming year we will develop a system that will allow us to measure our NPS performance.

Working with mortgage brokers has been an important part of our growth story in recent years and a key contributor to growth through our brokers is improving advocacy. Each year Momentum Intelligence complete their Third-Party Lending report comparing lenders on performance across many categories important to them. In this report, Auswide Bank's brokers advocacy results for 2022 was an NPS of 74%.

#### Product simplification and transparency

Becoming a simple and intuitive bank is key to our strategy. Our strategy to simplify our product portfolio and create transparency around our products. Key focuses includes:

- > Simplification to ensure better customer choice and decision making while continuing to meet core needs.
- > Reduce the number and complexity of management and administration processes and allow people to become subject matter experts on chosen products.



This year we continued our program of winding up products which are no longer supported and migrating those customers to our current product set in a fair way. This program reduces complexity to ensure a better customer experience.

We also delivered enhancements to our product governance including implementing policies, processes and reporting to meet product Design and Distribution Obligations.

In addition, we reviewed, updated and reissued a range of product terms and conditions in order to simplify, assist customers with understanding and to remove any potential terms that might have been considered unfair.

### **Lending responsibly**

Lending responsibly is a top priority and we demonstrate our commitment to this principle by ensuring affordability, transparency of terms and conditions, and, where needed, support for borrowers in financial hardship.

We comply with regulatory guidance and continually evolve internal credit policies and frameworks to uphold best practice and deliver responsible customer outcomes.

### **Resolving customer complaints**

Listening to and responding to customers' concerns and complaints helps us to continually improve our bank. Early capture and the reporting of complaints internally continues to support the early identification of trends and issues that may require broader resolution or remediation. We strive for a transparent and accessible complaint management process and communications.

This year, the number of recorded complaints was 495, compared with 208 in 2021. Our total customer complaints as a percentage of total customers remains low at 0.58%.

A speedy response is important, and we continued to resolve our customers' issues quickly; 84% of all complaints were immediately resolved, and an average time to resolve complaints was 9 days.

Of total complaints, 24 were referred to the Australian Financial Complaints Authority (AFCA) which speaks to the efficiency and efficacy of our resolution process.



# Support for a shifting economic landscape



# 7

## Supporting economic and customer resilience

The ability to support customers withstand and recover from major disruptions is a critical factor in delivering our purpose to make a difference for our customers, shareholders and community.



### Our value drivers

- > Supporting disaster recovery
- > Managing credit risk
- > Business resilience
- > Customer support

#### Supporting disaster recovery

This year we saw weather events that impacted a number of local communities and the ongoing impacts of COVID-19 placing continued pressure on the economy. During this we understood our responsibilities to help our customers and communities thrive by providing access to financial services that facilitate a healthy economy.

We did this through provision of hardship support packages, providing customers with the products and services needed to flexibly adapt to the changing economic conditions, when need arises.

#### Managing credit risk

Auswide Bank continues to monitor the credit quality of the portfolio to assess economic impacts by completing ongoing scenario modelling and detailed portfolio analysis to assess the required

provisioning levels and potential credit quality impacts due to the shifting economic landscape.

#### Business resilience

Auswide Bank has processes and systems in place to ensure we respond quickly to unprecedented circumstances. This has been built using past experiences and the impacts this has had on the bank. We continue to develop scenario models to identify potential risks to our business under a range of different economic outcomes. Our strong levels of capital and liquidity see us well positioned to manage a range of scenarios.

#### Customer support

We are committed to doing our part to ensure customers are able to continue to actively participate in the economy during times of hardship. We are committed to providing extra care for customers who are experiencing vulnerability, which may be temporary or permanent.

We continue to support our customers financially impacted with Banking Relief Packages during uncertain times. The Auswide Bank team work closely with customers to understand their needs and offer access to a range of financial support measures such as deferrals of mortgage and/or personal loan repayments, or allowing interest only repayments for a short period; special arrangements in relation to arrears; early access to Term Deposit funds without penalties; and waiver of other fees and charges related to non-payment.

We also work closely with our business partners such as Allianz to make sure claims can be lodged quickly and prioritised for those areas affected by environmental events.



# 8

## Leadership and Governance

Auswide Bank is working hard to ensure a profitable future led by a Board and management team who share a drive to succeed as a publicly listed company, as a financial institution, as an employer and as an active member of the community.



### Our value drivers

- > Corporate governance
- > Modern slavery
- > Purpose led culture
- > Business ethics
- > Critical incident risk management
- > Systemic risk management

Operating ethically is the foundation of stakeholder trust at Auswide Bank. Over many years, we have built our business on strong principles and values that guide our behaviour.

#### Corporate governance

Our approach to corporate governance is based on a set of values and behaviours that underpin day-to-day activities providing transparency, fair dealing and seek to protect stakeholder interests.

To ensure honesty, respect and integrity in all our activities, we use a framework of policies and programs. Responsibly managing our governance includes:

- > transparent disclosure
- > business conduct and ethics

- > financial and business management
- > compliance
- > sustainable shareholder returns
- > risk management.

#### BOARD GOVERNANCE

Auswide Bank's Board and senior executive are committed to managing our business ethically and maintaining high standards of corporate governance.

#### BOARD OF DIRECTORS

The Board Charter sets out the roles and responsibilities of the Board. The role of the Board is to provide strategic guidance for Auswide Bank Ltd and effective oversight of management.

#### BOARD COMPOSITION

The size of the Board is subject to the provisions of Auswide Bank's Board Charter. There is an election of Directors at each annual general meeting. Directors and re-election is on a rotation basis at least once every three years.

#### REGULATORY COMPLIANCE

Auswide Bank is an authorised deposit-taking institution supervised by the Australian Prudential Regulation Authority (APRA) under the Banking Act 1959. Auswide Bank is also supervised by the Australian Securities and

Investments Commission under the Corporations Act 2001 and has been granted Australian financial services and credit licenses. Auswide Bank is committed to meeting all regulatory requirements.

### **RISK MANAGEMENT**

Auswide Bank is committed to implementing appropriate strategies to identify, analyse and manage the risks associated with its activities. Auswide Bank has adopted an integrated approach to risk management which meets the international standard ISO31000 Risk Management. Auswide Bank has appointed a Chief Risk Officer and is compliant with APRA Prudential Standards CPS 220 (Risk Management) and APS 310 Audit & Related Matters.

### **CODE OF CONDUCT**

The way we behave, both at work and outside, is a key driver of our success and directly affects the perceptions people have about Auswide Bank. We have adopted a Code of Conduct that sets out the expectations for how our staff act, solve problems and make decisions, making it clear that we take behavioural expectations seriously and that we're prepared to act if people breach the Code.

### **WHISTLEBLOWER PROTECTION**

As part of our commitment to being a conscientious corporate citizen, Auswide Bank encourages staff to report any activity that is illegal, improper or unfair at work without fear of retribution. Our approach is detailed in our Whistleblower Policy, which promotes a culture of conducting our business with honesty, fairness and integrity.

### **BOARD PERFORMANCE ASSESSMENT**

In accordance with the Prudential Standard CPS 520 Fit and Proper, the organisation's Fit and Proper Policy requires all new appointments to meet the fitness and propriety test prior to appointment and undergo re-assessment on an annual basis. A performance evaluation of the Board and individual director's contribution is undertaken annually.

### **CONFLICTS OF INTEREST**

The Board regularly assesses the independence of each director in the light of interests disclosed. The Conflict of Interest Policy applies to all senior executives, employees, officers and agents of Auswide Bank and requires that material interests that could potentially conflict with the interest are declared.

### **BOARD COMMITTEES**

The Board operates in conjunction with the following committees:

- > Board Risk Committee
- > Board Audit Committee
- > Board Remuneration Committee
- > Board Credit Committee.

### **Responsible banking**

Auswide Bank is committed to acting in the interests of its customers. As such, our focus is on ensuring that the financial commitments our customers make are appropriate for their circumstance and can be managed without adverse financial impacts.

### **Modern slavery**

Auswide Bank is committed to contributing to society's efforts to address and ultimately eliminate any exploitation of vulnerable people with which we may be involved, directly or indirectly.

Auswide Bank respects all human rights as outlined in the United Nations' Universal Declaration of Human Rights and embeds them in our policies and practices.

We do this by:

- > Respecting the human rights of our staff and customers.
- > Encouraging respect for human rights in our supply and value chains.

We understand that our supply chain decisions need to include considerations of more than the traditional factors such as cost, quality and speed of delivery.

Auswide Bank takes its compliance obligations under the *Australian Modern Slavery Act 2018* (Cth) seriously and is committed to conducting due diligence on third parties to ensure that they have in place appropriate measures to prevent and address modern slavery risks.

### **Purpose-led Culture**

Our purpose is to create prosperity for our customers, shareholders, and people through empathy, integrity and by making a difference. Each day we strive to make a difference to the lives of our customers, shareholders and people.

In FY22 we continued our focus on building leader capability to create trusting environments for our people with a focus on wellbeing. In addition, we have broadened our diversity focus to ensure we value the differences in all of our people and truly reflect our customers. We know we have more to do, particularly as we grow our organisation and ensure our purpose and values are meaningful and reflect all parts of our organisation.

### **Critical incident risk management**

Auswide Bank's Business Continuity Management program (BCM) assists in ensuring that critical business activities can be maintained or restored within acceptable timeframes should a business continuity event disrupt operations, and that the financial, legal, regulatory, reputational and other material consequences of the event are minimised.

The objective of the Auswide Banks BCM program is to maintain a pre-approved minimum level of

operational capacity for Auswide Bank Ltd including provision of services for key stakeholders by minimising the impact that a disruptive event could have on the viability of the organisation and provision of its customer services. This includes:

- > ensuring the welfare of personnel
- > protecting the organisation's image and reputation
- > maintaining a level of customer satisfaction
- > enhancing organisational stability
- > reducing risk exposures and potential economic losses
- > minimising legal liabilities
- > anticipating and satisfying future regulatory requirements.

The Bank's BCM is supported by a documented Business Continuity Plan (BCP) that meets the objectives of the Bank's BCM Policy. The BCPs provide sufficient information and procedures to enable the organisation to respond to disruptions caused by a business continuity event to recover critical business functions that may be impacted, and to resume normal business operations.

Its BCPs cater to the following activities in the event of an incident or major disaster:

- > pre-incident preparation
- > responding to an incident, emergency or disaster
- > recovering and resuming critical business functions
- > restoring and returning all business operations.

Regular training is provided to relevant staff to build a proactive business continuity culture and to continually improve our level of resilience. Business Continuity training is designed to provide an overall awareness and understanding of business continuity principles and preparations. Additional training also provided includes Business Continuity Leadership training and Crisis Management training.

### **REVIEW, TESTING AND EXERCISING**

The BCM program is tested via a combination of scenario exercises of its BCP and by periodic recovery infrastructure testing to confirm resumption of critical business functions.

All elements of the BCM Program, including the identification of recovery priorities and the development of tools. This will be reviewed at least annually or more frequently if there are material changes to business operations or to regulatory

requirements, to ensure that the BCM is fit for purpose under CPS 234. It is a requirement that regular testing is carried out in accordance with Information Security Policy and Cyber Response Plan. The outcomes of these reviews are formally reported to the Auswide Bank Ltd Board Risk Committee, with changes to a plan as required to remain accurate and current.

During the year, no less than one extensive BCP exercise is undertaken with the BCM team managing a test crisis, which is facilitated by an external provider to enhance the Bank's BCM/BCP capabilities assessment.

### **Systemic risk management**

Each year Auswide Bank undertakes financial stress testing conducted on at least an annual basis, in addition to any ad hoc testing commissioned by the Board, Board committees or management.

The key aims of Auswide's Enterprise-Wide Stress Testing Framework (EWSTF) are:

- > Stress testing capabilities - review and develop capabilities within Auswide Bank.
- > Risk analysis - assist Auswide understand its risk profile, assess the risk appetite of Auswide against its ability to bear risk and provide a forward-looking view on the risks in the housing portfolio and other asset portfolios.
- > Capital buffers - provide an understanding and enable decisions on the adequacy of the amount and quality of capital, provide an understanding and enable decisions on the adequacy of capital buffers and assess the appropriateness of capital targets and triggers.
- > Mitigating actions - assess the effectiveness and feasibility of mitigating strategies and provide information to enable and inform decisions regarding the timeliness of mitigating strategies and gain an understanding of the effects of various mitigating strategies on targets, triggers and buffers and determine the decisions on which mitigating strategies would be preferable under stress testing scenarios.
- > Information - provide readily understandable information and data to the Board and senior management to enable and inform capital and liquidity planning, compliance with regulatory requirements for capital and liquidity, gauging of risk appetite for the development of new products and strategic planning.





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