



*Sustainability Report*  
2023





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# About us

Founded in 1966, Auswide Bank has a history of helping Australians achieve home ownership for more than 57 years. We understand that every action we take and every decision we make creates a big difference to our customers' banking experience and their financial future.

In a fast paced, complex and impersonal world the small things are often sacrificed. It's easy to feel forgotten, but we believe it's the small things that create real value to our customers.

Auswide Bank is friendly and flexible. We are responsive and responsible. We are agile and nimble. We listen and then we deliver. Though we may be small we make a big difference in our customers' lives.

Small things really matter to us like delivering on our promises and 'going the extra mile'!

Our products and services are competitive and offer features that make a big difference to our customers no matter where they live.

It's the small things that really make us different, especially when you compare us to the 'big banks' and the banks 'owned' by the 'big banks'.

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 MISSION

To demonstrate the 'power of small' by placing our customers at the centre of everything we do.

## OUR VISION

To be the bank that our customers, staff and partners want their friends, family and colleagues to bank with.

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## At a glance

**57** YEARS STRONG  
EST. IN 1966

**\$3.414b**   
CUSTOMER DEPOSITS

**\$4.403b**   
IN LOAN BOOK ASSETS

**16**   
BRANCHES

**89,000<sup>1</sup>**   
CUSTOMERS

### CORE OFFERINGS



Home Loans



Personal Loans



Credit Cards



Payments



Deposit Solutions



Insurance



Internet Banking and App

### AWARD BANKING



<sup>1</sup>As at 30 June 2023.

## OUR VALUES

### EMPOWER

Empowering customers and staff to initiate change

### MAKE IT HAPPEN

To make decisions and adapt quickly to meet our customers' needs

### PURPOSE

Identify our purpose and be passionate about it

### OWN IT

Own our actions, decisions, customers and outcomes

### WOW

To exceed our customers' expectations and celebrate their successes and our own

### ETHICAL

A commitment to be ethical and operate in a sustainable workplace

### REAL

Build open and honest relationships and deliver on our promises

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# Our approach

Our approach is focused on supporting the ongoing success of our customers, and we remain committed to long-term value creation for all our stakeholders and to sustainable business growth.

That's why this report matters. It demonstrates how we have worked to achieve the best possible outcomes for our customers and remained true to our purpose during the 2023 financial year.

We aim to report on the material issues and activities that matter most to our customers, our employees and other stakeholders.

By reading this report, you will find information about:

- > how we supported our customers and employees to thrive
- > how we created positive impact for our communities
- > our contribution towards a healthier planet
- > our governance and financial performance.

We're proud of the progress we've made on various aspects of our sustainability journey, guided by our commitment to putting people first and maintaining the highest governance standards.

We're aware that a lot of work still needs to be done to ensure a smooth transition to meeting Federal Government climate, sustainability and Environmental, Social and Governance (ESG) reporting requirements due to commence from 2024.





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## Our focused approach to sustainability

*Our six sustainability pillars include:*



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



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# Workforce empowerment and capability



## Our value drivers

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

Building culture and human capital is crucial for Auswide Bank to deliver an exceptional customer experience and sustainable profitable growth.

We seek to build a diverse and inclusive workforce that reflects our customer base and feels connected to our purpose, values, and risk culture, always demonstrating “our power of small” by putting customers at the heart of everything we do. We aim to help our people work flexibly, seize future opportunities, and become good corporate citizens.

## Wellbeing in the work force

Auswide Bank recognises that people’s mental and physical health at work is good for everyone and increases the resilience and success of individuals and organisations.

Some of the key initiatives of our commitment to mental and physical wellbeing are:

- > 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 achieve a work-life-balance.
- > Wellness days - staff are given four leave days per year in addition to personal and annual leave.
- > Our 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.
- > Ongoing Workplace Health and Safety training to ensure understanding and compliance for a better work environment.
- > Discounted private health cover, free annual influenza vaccinations.

Additionally, this year, we focused on conducting health checks during monthly one-on-one feedback meetings between managers and employees.

## Employee support and benefits

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

- > Linking recognition and reward to strong performance by providing competitive levels of remuneration within our geographic markets.
- > 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. This ensures we recognise work ethic in conjunction with achievement.
- > Rewarding employees for their efforts based on both their individual contribution to their team and the achievement of their own 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 use best practice with a structured and transparent approach to recruitment.
- > Offering attractive staff benefits including fee free transactions accounts, discounts on personal and home loans, general insurance discounts 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.

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### Inclusion and diversity

Auswide Bank promotes a diverse workforce and we understand its positive impact within our business. Prioritising diversity makes us responsive and creates value for our customers and shareholders while building a high performing and sustainable organisation.

Auswide Bank is committed to:

- > Being a diversity leader and advocate in our industry, and fully integrating diversity best practice into the way we work, and how we do business.
- > Invest in building capability among our people and leaders to support and foster diversity and flexibility.
- > Consistently meeting or exceeding our legal and regulatory obligations in relation to equal opportunity, diversity, and inclusion, wherever our business operates.

Demonstrating diversity, Auswide Bank applies the following principles to meet compliance, talent management and corporate citizenship objectives and to deliver value to our customers and shareholders:

- > Emphasise the accountability of our leaders to create a work environment and foster a company culture where individual difference is understood, respected, and fully valued.
- > Achieve greater gender diversity – particularly in the senior levels of our organisation – through the continued review of measurable objectives by the Board.
- > Continue to promote flexible work practices that meet the differing needs of our people, which support their lifestyle duties and responsibilities in the context of our business requirements.
- > Development of recruitment protocols that eliminates bias – whether it is real or perceived by facilitating equal employment opportunities based on relative ability, performance, and potential.
- > Deliver fair and equitable performance management processes.
- > Determine the remuneration for women and men undertaking work of equal value considering previous increases, position in range, performance, relevant market pay banding considerations and pay equity.
- > Understand the reasons for staff resignations.
- > Building and training our people to develop and retain a workforce of qualified people from diverse backgrounds and ages.

- > Create and maintain a safe work environment by acting against inappropriate workplace and business behaviour (including discrimination, harassment, bullying, victimisation, and vilification).
- > Enhance customer service and market reputation through a workforce that respects and reflects the diversity of our customers.
- > Contribute to the economic, social, and educational well-being of the communities we serve.
- > Create an inclusive workplace culture by continually measuring and evaluating our diversity and inclusion position, both internally against our targets and against appropriate external benchmarks.
- > Flexible working arrangements for our people to support our colleagues through the parental leave process.

Auswide Bank proudly recognises the lands of their Traditional Custodians.

Auswide Bank will continue to focus on developing a Reconciliation Action Plan, integrating efforts from across the Group. Our goal is to establish empathetic, positive, and reciprocal relationships.

### Creating regional employment opportunities

With our head office in Bundaberg Queensland, we continue to employ regional Queenslanders. Around 70% of our employees work in regional Queensland across our branches, Bundaberg head office, our contact centre and processing centres located in Bundaberg.

### Culture and engagement

Our 2023 staff engagement and satisfaction remains very strong and remained consistent from 2022 at 97%.

Our staff survey had a strong employee participation with a 88% response rate.

Some key highlights are:

- > Satisfaction score remains at a stable 86% for the last 3 years.
- > Leadership score continues to trend upwards from 92% in 2022 to 94% in 2023. Continued focus on Leadership programs, better coaching and regular one-on-one discussions and performance continue to contribute to this culture.





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- > Teamwork and communication sits at 86% from 85% in 2022, this is a result of continued focus of inclusion and consultation of leadership in decision making.
- > Innovation sits at 96% across the bank up from 93% in 2022.
- > Personal wellbeing score sitting at a consistent 93% through more focus on health and wellbeing initiatives and staff benefits package.

### Talent and capability

Workforce skills continued to be a focus in 2023.

- > We have further extended our competency framework to define the employee skills needed to execute the bank's strategy.
- > We delivered a bank-wide training program aimed to increase knowledge and awareness around customers potentially experiencing vulnerability and/or hardship.
- > We increased our self-paced learning offerings, which are delivered by our eLearning platform.
- > Our existing training programs were continuously enhanced, and digital dynamic workbooks were introduced to support technical skill-based capability uplift.

This year we committed to increasing our organisational awareness around cyber security, by introducing an interactive cyber security escape room training program. This program saw all employees across the organisation join a virtual escape room challenge aimed to increase awareness amongst teams, identifying potential cyber threats.

### Leadership

We continued to invest in our leadership capability across the organisation by extending our leadership program to new and emerging leaders. This program is designed to further develop a range of capabilities and leadership skills required to drive and execute effective organisational strategies.

### 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 online training platform continues to give employees the flexibility to better balance training with their daily work needs. We are able to consistently achieve above KPI benchmarks for completion rates of all compliance modules across the company.

An extensive amount of work has also been undertaken to map learning pathways across our organisation, and will continue to be a focus.



EMPLOYEE SATISFACTION

86%

43%

DIVERSITY

Female representative at executive and Board level

70%

OF STAFF WORK IN REGIONAL QUEENSLAND COMMUNITIES

EMPLOYEE ENGAGEMENT

97%

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# Climate change, sustainable finance and environment



## Our value drivers

- > Climate change
- > Sustainable business
- > Continued commitment to lending emissions

We continue to work with leaders across the company to increase awareness, understanding and create change.

## Climate change

As Auswide Bank continues to develop and embed its ESG strategy, it is important that our approach toward our environment aligns with the expectations of customers, shareholders, staff as well as our strategic business objectives.

During the year, we commenced our investigations on what a climate action plan and decarbonisation pathway and program using the expertise of external consultants. Ongoing investigations will continue in the area into 2024.

## Australian climate and sustainability reporting standards for 2023 and beyond

The Australian government has proposed a new law to enhance climate-related financial disclosures from companies and other entities operating in the country. Drawing from the recommendations of the Task Force on Climate-related Financial Disclosures, the proposed legislation intends to provide investors and stakeholders with reliable information about the financial risks and opportunities associated with climate change. It is part of the government's broader efforts to address climate change, foster sustainable economic growth, and safeguard the interests of investors and the broader financial system. The law will apply to larger entities, including listed companies, banks, insurers, and superannuation funds, but would also impact smaller companies.

Key features of the reporting requirements:

- > Precise climate-related financial disclosures in annual reports.
- > Information on the financial impact of climate-related risks and opportunities on business activities.
- > Disclosure of relevant metrics and targets related to climate-related risks.

A three-phased approach will be introduced to the reporting requirements. Starting with a relatively limited group of very large entities that expands over two years to apply to progressively smaller entities. The phased approach provided by Treasury is outlined in the table over the page.

As Auswide Bank falls into group 2 our climate-related financial disclosures will commence in financial year 2026-27.

This work will fall under the responsibility of the bank's ESG Committee.



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## GROUP 1

2024-25 onwards

Entities required to report under Chapter 2M of the Corporations Act and that fulfill **two of the three** thresholds:

- > Has over 500 employees;
- > The value of consolidated gross assets at the end of the financial year of the company and any entities it controls is \$1 billion or more;
- > The consolidated revenue for the financial year of the company and any entities it controls is \$500 million or more.

AND

Entities required to report under Chapter 2M of the Corporations Act that are a 'controlling corporation' under the NGER Act and meet the NGER publication threshold.

## GROUP 2

2026-27 onwards

Entities required to report under Chapter 2M of the Corporations Act and that fulfill **two of the three** thresholds:

- > Has over 250 employees;
- > The value of consolidated gross assets at the end of the financial year of the company and any entities it controls is \$500 million or more;
- > The consolidated revenue for the financial year of the company and any entities it controls is \$200 million or more.

AND

Entities required to report under Chapter 2M of the Corporations Act that are a 'controlling corporation' under the NGER Act and meet the NGER publication threshold.

## GROUP 3

2027-28 onwards

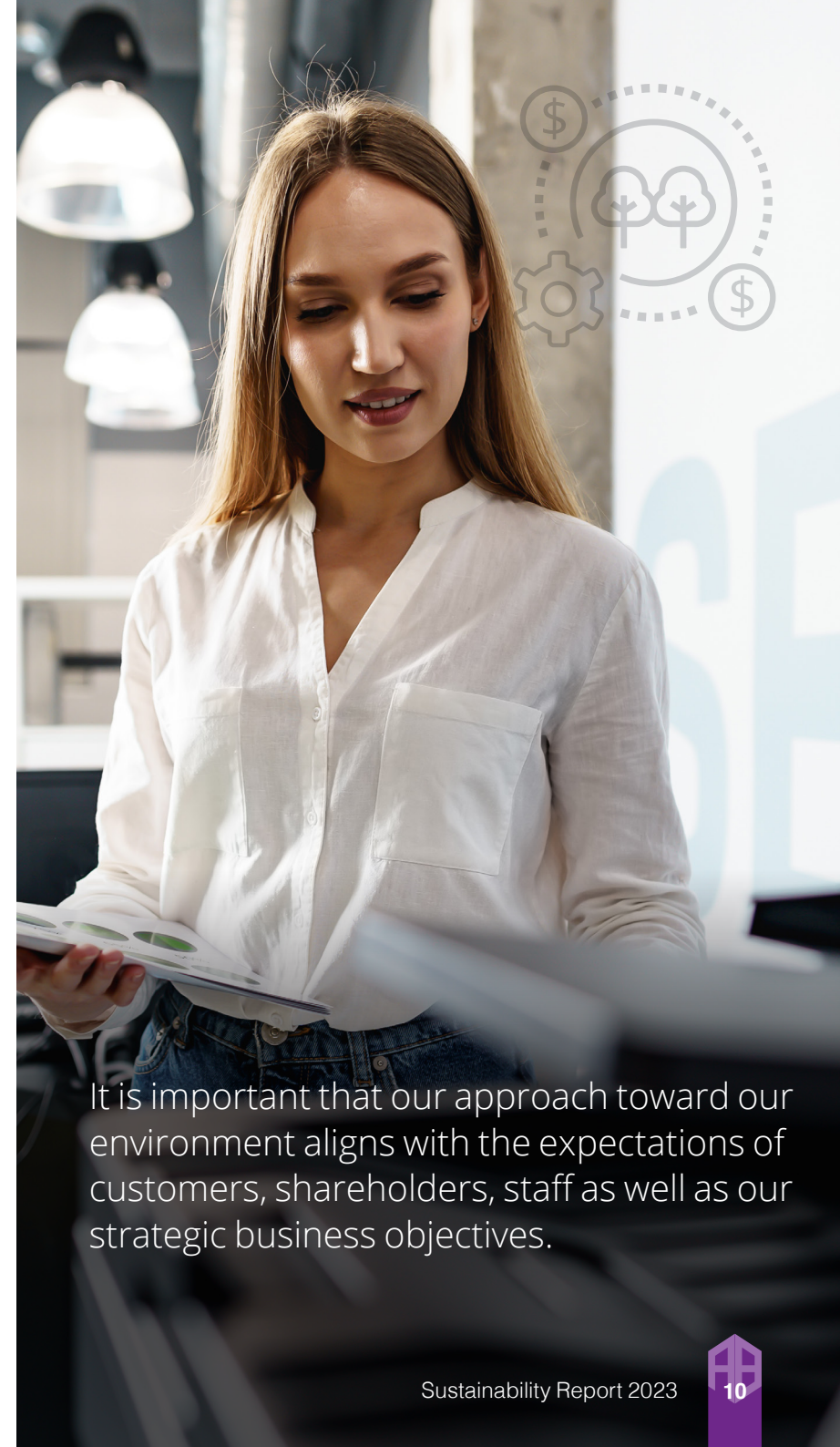
Entities required to report under Chapter 2M of the Corporations Act and that fulfill **two of the three** thresholds:

- > Has over 100 employees;
- > The value of consolidated gross assets at the end of the financial year of the company and any entities it controls is \$25 million or more;
- > The consolidated revenue for the financial year of the company and any entities it controls is \$50 million or more.

AND

Entities required to report under Chapter 2M of the Corporations Act that are a 'controlling corporation' under the NGER Act.

*Credit: Department of the Treasury, 'Climate-related financial disclosure Consultation Paper June 2023', accessed 17 July 2023.*



It is important that our approach toward our environment aligns with the expectations of customers, shareholders, staff as well as our strategic business objectives.

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### Sustainable business

Auswide Bank's Risk Management framework describes how we identify, assess, manage and monitor risk, including climate-related risk. The way we reflect climate risk within our risk framework continues to evolve as our exposure changes.

Our ongoing focus on reducing waste and increasing efficiency includes:

- > Promotion and education of electronic banking as an alternative way of receiving statements and reducing customers' needs to travel to branches for simple transactions.
- > Implementing ways to recycle paper generated internally.
- > Encouraging customers to reduce the numbers of paper statements they receive by mail.
- > 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 receiving a printed receipt.
- > Paying our suppliers electronically.
- > Providing our shareholders with the option of receiving annual reports and other shareholder communications on-line.
- > Having energy efficient LED lighting and automatic timers to switch off air-conditioning at all offices when not in use.
- > Recycling of printer, fax and photocopier cartridges through Cartridges 4 Planet Arc.
- > Recycling obsolete computer and telephone equipment.

**10%** INVESTMENT FROM LIQUIDITY BOOK

**VISA DEBIT CARDS**  
made from plant-based degradable material

### eStatements

During the year all Internet Banking customers who were receiving paper statements were switched to eStatements. Customers were offered the opportunity to continue to receive paper statements but pleasingly uptake was very low. As part of our new customer process receiving statements electronically is our default option.

### Plant-based eco-friendly cards

Auswide Bank launched a new eco-friendly Visa Debit Card made from Polylactic Acid, a plant-based and degradable material made from renewable resources. The new card replaces our standard Visa Debit Card made from plastic.

These cards are delivered in envelopes made from 100% recycled paper with a letter also made from 100% recycled paper.

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





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# Data protection and governance

## Our value drivers

- > Cyber security
- > Protection from fraud and scams
- > Customer data privacy
- > Open banking
- > Regulatory reporting
- > Trusted data

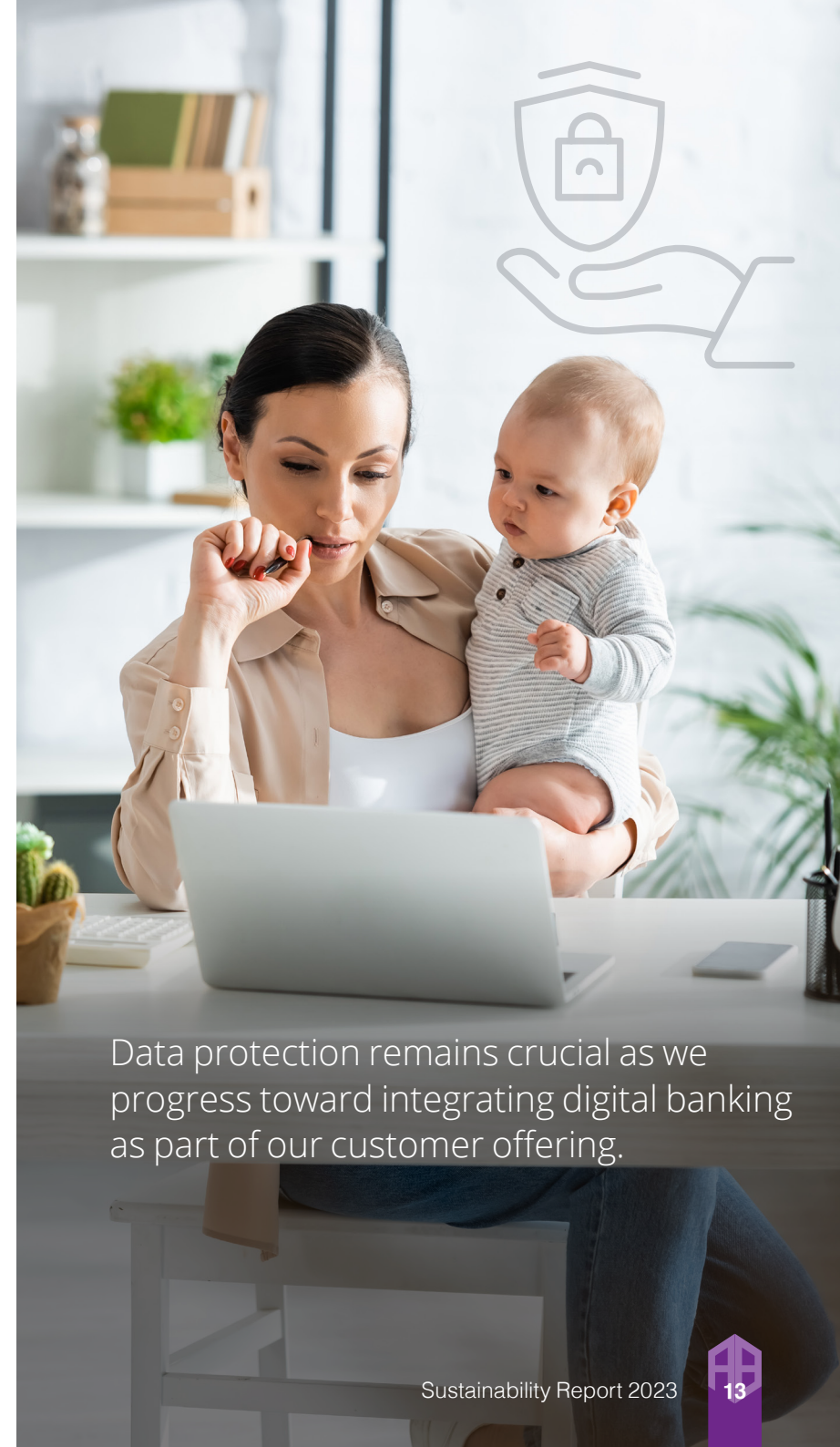
As we progress toward integrating digital banking as part of our customer offering, data protection remains crucial. Managing cyber security risks and protecting customer privacy is foundational to ensuring our customers can trust us with their confidential information. This is reinforced by our commitment 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 in a rapidly changing landscape using efficient and effective treatment plans.



Data protection remains crucial as we progress toward integrating digital banking as part of our customer offering.



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Our performance in cyber security is measured by monitoring the number of successful and failed cyber-attacks on our business. This includes regular authorised simulated cyberattack 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 customers data Auswide Bank has in place physical security measures, and uses appropriate technology, processes and technology 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 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.

We operate under a comprehensive Regulatory Reporting & Data program to ensure timely, accurate and comprehensive data to meet all our prudential and other regulatory obligations through regular reporting to financial regulators including the Australian Competition and Consumer Commission, the Australian Securities and Investments Commission, the Australian Prudential Regulation Authority and the Reserve Bank of Australia.

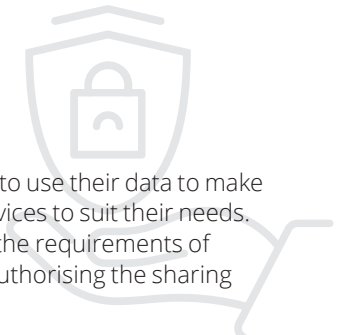
### Trusted data

The foundation of all activity is ensuring data is trusted, and is core to Auswide Bank's Data Strategy. We continue to prioritise data activity in alignment with Auswide Bank's Corporate Strategy and supporting program of work. Additionally, activity targets advancing data capability maturity and ongoing adherence to legislative and regulatory requirements are in place.

**98%** INTERNAL TRAINING completion on protecting data and cyber security

**40k+** Security vulnerabilities RESOLVED

**130k+** FIREWALL THREATS BLOCKED



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# Digital, transformation and partnership

## Our value drivers

- > Strategy drives digital
- > Digital capabilities are generating a return
- > Digital projects on the strategic roadmap

## Our approach

At Auswide Bank, we deploy digital capabilities to accelerate the delivery of our strategy. We focus on those opportunities that maximise our return on investment for our key value streams. Whether it's automation including robotics, point to point integration, predictive analytics, or Artificial Intelligence/Machine Learning (AI/ML), we target digital interventions where they will have the largest impact.

Our corporate strategy is driven by four focus areas:

- 1) Third Party and Private Bank channels for acquisition.
- 2) Actively pursue inorganic growth.
- 3) Roll out exceptional customer experience across all channels.
- 4) Invest to grow and keep the promise.

These priorities ensure we are targeted in our approach to digital.

## Our progress:

Current digital capabilities deployed and generating a return include:

- > Internet banking and mobile app offering full payment choices and anytime banking to our customers.
- > Ongoing investment in maintaining cyber and data resilience.
- > Data platform in the cloud offering improved data capabilities and management of data risk.
- > Digital fraud management via our partnership with Indue.



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- > Industry leading AI to retain our home loan customers through a targeted call program.
- > A robotic process automation program that automatically completes up to 5,100 processes per month. This program stretches across our customer and operations areas creating ongoing efficiencies for the bank.

### What's next?

Our digital program is constructed around our corporate strategic priorities and reflects a desire to embed digital more deeply in our key value streams. Digital projects over our three year strategic timeline include:

- > A new retail website for our customers offering a simpler, cleaner, more user friendly experience including access to a range of easy to use tools. This new website was rolled out in July 2023.
- > A new portal and website experience for our brokers. The website offers a new look and feel with improved information and tools. For the first time we will also offer a portal experience that provides our brokers with the opportunity to securely log in to view the status of their submitted applications.

- > We continue to seek ways to improve the broker experience with integration work due to be delivered reducing the time brokers spend on Auswide Bank applications.
- > Streamline and digitise end to end loan origination to provide a faster, more efficient, and more consistent broker and customer experience.
- > Deliver new digital deposit white-label capabilities that allow Auswide Bank to expand its B2B funding partnerships, growing its geographic reach and accessing new customers.
- > Deliver a Customer Relationship Manager (CRM) capability to improve our ability to service our customers offering a more consistent experience across channels and improving customer retention.



**5,100** ROBOTIC PROCESSES per month

**NEW WEBSITE LAUNCHED** for enhanced user experience

**NEW WEBSITE AND BROKER PORTAL** allowing loan status updates

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# Community support and involvement



Auswide Bank supports local communities through developing and maintaining strong relationships and investments that contribute to the community, as well as supporting vulnerable community members with access to suitable and affordable financial services.

Our connection to our community is an important part of our identity. Our goal is to build deep relationships within our communities, understand what's important to them and help people feel connected.

## Queensland Rugby League Partnership

In November of 2018, Queensland Rugby League (QRL) and Auswide Bank joined forces heralding a new chapter for the Maroons and the state's emerging talent. Regional Queensland represents a very passionate and loyal fan base of which many of our customers belong.

Apart from our increased brand exposure by being on the front of the Maroons team jersey, throughout our five-year partnership we have achieved many great things.

### > Auswide Bank Regional Road Shows

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. During these roadshows more than \$45,000 was raised for local communities.

### > Murgon Mustangs – Domestic Violence Awareness program

Auswide Bank partnered with the Murgon Mustangs to provide funds to support the club to continue their work advocating 'no excuse for domestic abuse'.

### > Coaching clinics

Auswide Bank in conjunction with QRL hosted two one-hour skills training clinics held across a number of community clubs with more than 450 children in attendance. These training clinics provided QRL community club players the opportunity to engage with former State of Origin greats and enhance their own skills.

### > Auswide Bank Mal Meninga Cup

The Auswide Bank Mal Meninga Cup is a junior rugby league football competition based in Queensland and is the highest level of Rugby League competition for players under 18 years of age.

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.

### > Customer engagement

Over the five years we took many of our customers, and partners to QRL events giving them an opportunity to share in the joy of our partnerships whilst allowing us to develop better relationships with them along the way.

On September 14, 2023 we saw the conclusion of Auswide Bank's partnership with the QRL and our front of jersey sponsorship of the Queensland Maroons team.

Auswide Bank is extremely proud and honoured to have supported Queensland Rugby League (QRL) and local football league communities for the last five years.



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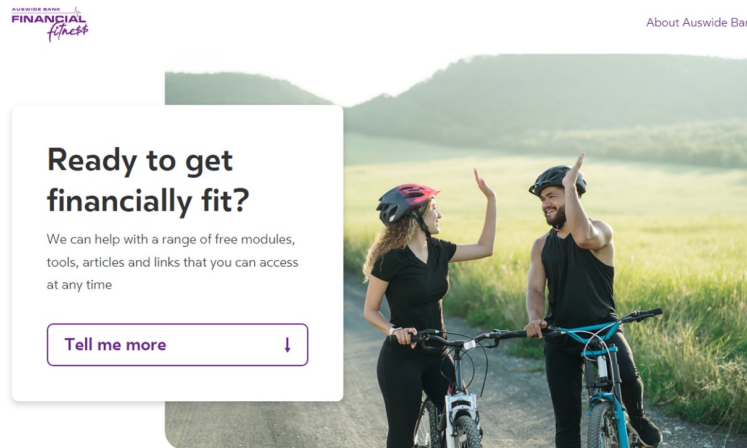
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### Financial literacy program

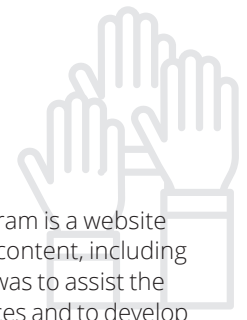
Financial literacy focuses on the ability to manage personal finance effectively, making appropriate personal finance choices, such as saving, insurance, budgeting, retirement and tax planning.

In consultation with the QRL, during the year Auswide Bank developed a Financial Literacy program for the QRL community to support their health and wellbeing education. The program focused on 16-25 year olds, an age group where becoming financially fit early can make a big difference to a person's financial future.

The QRL supports the rugby league community with on field and off field issues including concussion and injury management, drug and alcohol education, and mental health awareness and support. They were looking to provide financial wellbeing education as part of the program and they asked Auswide Bank for support.













The Auswide Bank 'Financial Fitness' financial literacy program is a website that contains a range of user-friendly financial education content, including modules, tools, articles and links. The goal of this website was to assist the QRL community to learn how to better manage their finances and to develop skills to achieve financial goals.



#### Fitness modules

Start your journey towards financial fitness with these fun, interactive and self-paced modules.

If you have 10-15 minutes spare, why not try a module now.

 <b>Leaving Home</b> <a href="#">Info</a>	 <b>Managing Bills</b> <a href="#">Info</a>	 <b>Buying vs Renting</b> <a href="#">Info</a>	 <b>Shared Accommodation</b> <a href="#">Info</a>	 <b>Dealing with Debt Issues</b> <a href="#">Info</a>
 <b>Saving for Your Goals</b> <a href="#">Info</a>	 <b>Building Good Money Habits</b> <a href="#">Info</a>	 <b>Your Credit History</b> <a href="#">Info</a>	 <b>Couples and Cash</b> <a href="#">Info</a>	 <b>Suddenly Single</b> <a href="#">Info</a>

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## Community and charity partnerships

<b>Salvation Army Red Shield Appeal (Bundaberg)</b>	<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.	<b>Partnership achievement:</b> Auswide Bank donated \$30,000 to the Red Shield Appeal annual Bundaberg Business Lunch.
<b>Queensland Cancer Council</b>	<b>Purpose:</b> In Australia more than 1.1 million people are either living with cancer or have survived a diagnosis. Through our alliance and collaboration with the Cancer Council, we are committed to help work towards a cancer-free future.	<b>Partnership achievement:</b> Across the bank our staff dressed in pink and held numerous morning teas during the year to help raise awareness for this worthy cause.
<b>Walk for Mental Awareness</b>	<b>Purpose:</b> Walk for Mental Awareness was created to help 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.	<b>Partnership achievement:</b> Auswide Bank was a major sponsor of the event and had a number of staff and their families participating in the 11th Walk for Mental Awareness.
<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. A focus is to deliver outcomes for the 2032 Olympics.
<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 Nirimba and Logan during the year with more than 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 saw the second year we sponsored the Brisbane Lions AFLW player Breanna Koenen.
<b>Bundaberg Regional Show partnership</b>	<b>Purpose:</b> The Bundaberg Show is an annual event with people from all over the Bundaberg region showcasing their talent and passion. The show provides everyone with great entertainment and community spirit.	<b>Partnership achievement:</b> Our local branches assisted with ticket sales and support of the event.
<b>Bargara Triathlon</b>	<b>Purpose:</b> Bargara Triathlon Club is located at Bargara in the Wide Bay region, with a membership that spreads throughout the Bundaberg Region.	<b>Partnership achievement:</b> Our partnership allowed the club to successfully hold their annual Triathlon and promote participation and fitness over results. The event catered for a wide range of triathletes, from those who seek national age selection to those who like to keep fit and challenge themselves.
<b>Stanley River Junior Rugby League Club - Community Social Responsibility Program of the Year</b>	<b>Purpose:</b> Stanley River continues to be a community leader in the wellbeing and education space, having provided 11 youth mental health first aid accredited people who form part of QRL's Support Squad.	<b>Partnership achievement:</b> Our support allowed, the club to engage with the QRL wellbeing team to facilitate two education programs around bullying and vaping.



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### Connection to our communities

It's the small things that make a big difference. 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 sponsorships where we can give back to our communities, providing essential support to key grassroots initiatives within our network which this year included:

- > Queensland Rugby League (QRL)
- > Netball St Lukes
- > Bundaberg Cycling Club
- > Rotary Xmas Trailer
- > Bundaberg Squash
- > LifeFlight Golf Day
- > Zonta Club of Bundaberg
- > Mayor Christmas appeal
- > Cawarral Cricket Club
- > Bundaberg Railway Historical Society Inc.
- > Rotary Club Bundaberg
- > ATW Rugby League
- > The Waves Rugby League
- > Mackay Show Sponsorship
- > Boyne Tannum Sands Ladies Bowling Club
- > Mackay Highland Dancing Association
- > Bundaberg Orchid Society
- > Coral Isle Century ride
- > Queensland Cancer Council
- > The BMD Wynnum Manly Seagulls - Paul Green Medal Memorial Day

### Staff supporting our communities

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 fund-raising activities each year.

Auswide Bank provides two full days each year to enable staff to volunteer for a worthwhile community assistance opportunity. Such leave is not restricted to the community groups Auswide Bank directly supports.

### LAUNCH FINANCIAL FITNESS APP to support health and wellbeing education







# Customer experience and product responsibility

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### Our value drivers

- > Enhancing our customer experience
- > Evolving our service and distribution channels
- > Customer satisfaction and advocacy
- > Product simplification and transparency
- > Resolving customer complaints
- > Fair and competitive rates and fees
- > Supporting customers through the cost-of-living pressures
- > Trusted partners
- > Protecting customers from frauds and scams

### Why is this important to us?

Delivering on exceptional customer experience is how we think about our purpose and how we differentiate ourselves from our competitors.

We aim to create experiences our customers love by putting them in charge of when, how and where they choose to interact with us. We have the responsibility to lend only what customers can afford, provide clear terms and conditions and deliver fair customer outcomes.

Our focus on enhancing the customer experience is core to our business and one of the four strategic outcomes in our Corporate Strategy for 2023-2025. We believe customers benefit from long term relationships, a great banking experience and personalised solutions. We ask our people to streamline and simplify processes, take ownership to resolve customer issues and to identify and address customer feedback.

### Evolving our service and distribution channels

The way customers want to access products and services has changed over time. While we are continuing to grow our customer base around the country, customer visits to branches are decreasing in preference to online banking. We are supporting this change by:

- > Continuously improving the loan process for simplicity and speed through automated decisioning, digital documentation, and robotic processes.
- > Launch of a new retail website with a clean, user-friendly design that simplifies existing content and layout. This redesign ensures that essential tools and information are readily accessible to users.
- > Increasing features of internet banking and mobile app to enable customers to self-serve in areas such as transfer temporary limit increases.

- > Review of current customer forms with the goal of making them easier to use with clear and simple language and are easier to use.
- > A restructure of our customer banking team to streamline customer support and fulfilment of customer enquiries.

Considering these changing preferences, we've continued to assess the long-term viability of our branch network to make sure we're using our customers' funds in the most responsible and sustainable way. This includes investing in services and systems that will continue to support the way people want to bank now and into the future.

### Customer satisfaction and advocacy

In June 2023 we undertook extensive customer research to determine how we are delivering on our commitment to making a difference and creating value for our customers. With a scoring system that often has a number of competitors producing negative scores, we are proud to see a strong net promoter score.

The results:

- > Customer satisfaction and NPS amongst the best in the industry.
- > Overall customer satisfaction of 97% and Net Promoter Score of 31.

This research has provided Auswide Bank with areas of focus in the coming months, to ensure we continue to deliver an experience that is aligned with customer needs.

We will work with and thank those customers who are strong advocates for the Bank, while also spending time understanding more about why some customers did not score us as strongly.

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### Product simplification and transparency

Our customers expect to be supported by everyday banking products with features that contribute to a more sustainable future. Our focus on simplifying the product portfolio and creating transparency around what we offer includes:

- > Products that are easy to understand and use and that provide value.
- > Ensuring better customer choice and decision-making while meeting core needs.
- > Reducing the number and complexity of management and administration processes, allowing individuals to become subject matter experts on chosen products.

This year, we continued our program of phasing out products that are no longer supported, ensuring a smoother customer experience.

We also enhanced our product governance, implementing policies, processes, and reporting to meet product design and distribution obligations. Additionally, we reviewed, updated, and reissued a range of product terms and conditions to simplify comprehension and remove any potentially unfair terms.

### Open Banking

Open Banking is a key part of consumer data rights legislation passed by the Australian government in 2017. It gives customers the right to share their financial data with accredited third parties, including other banks or any business that meet Australian Competition and Consumer Commission accreditation standards.

The aim of Open Banking is to empower customers to use their data to make better informed decisions on the best products and services that suit their individual needs.

In 2022, customers were able to access personal financial data on the specific banking products they use.

### Lending responsibly

While we know that responsible lending is a legal requirement for lenders, over and above this, our priority is on ensuring that customers can afford their loans, to avoid any potential hardship.



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Our dedication to responsible lending is demonstrated by our emphasis on affordability, openness in our disclosure of terms and circumstances, and assistance for borrowers who are struggling financially. To uphold best practices and provide responsible client results, we continuously improve internal credit rules and procedures, while remaining compliant with regulatory guidance.

### Resolving customer complaints

An accessible and efficient complaints process is important to us. Listening to and responding to customers' concerns and complaints helps us to continually improve our Bank. Early capture and internal reporting of complaints supports the early identification of trends and issues that may require broader resolution or remediation. That's why in recent years we've focused on building a stronger complaints management system through process improvements.

We maintain a transparent and accessible complaint management process and communications.

This year, we recorded 458 complaints, compared to 495 in 2022. Our total customer complaints as a percentage of total customers remains low at 0.51%. We continued to ensure swift resolution of customers' issues; 87% of all complaints were immediately resolved, with an average time of 8.5 days for resolution. Of the total complaints, only 12 were referred to the Australian Financial Complaints Authority (AFCA).

	Total number of complaints	Complaints as a percentage of total customers	Immediate resolution	Average time to resolution	Total complaints referred to AFCA
FY22	495	0.58%	84%	9 days	24
FY23	458	0.51%	87%	8.5 days	12

### Fair and competitive rates and fees

Our approach to pricing aims to ensure our overall package of banking products remains competitive when compared to other banks. Following two years of record lows, interest rates began to rise throughout 2023 and beyond.

As we shift to an environment of rising interest rates, the very low rates experienced by borrowers have started to rise. We understand that for many borrowers, this will be the first time that they have experienced rising interest rates and we're committed to having support options available for any customers that experience difficulty. The rising interest rate environment does however bring more positive news for depositors who have struggled in recent years, particularly those who rely on interest on their savings for income.

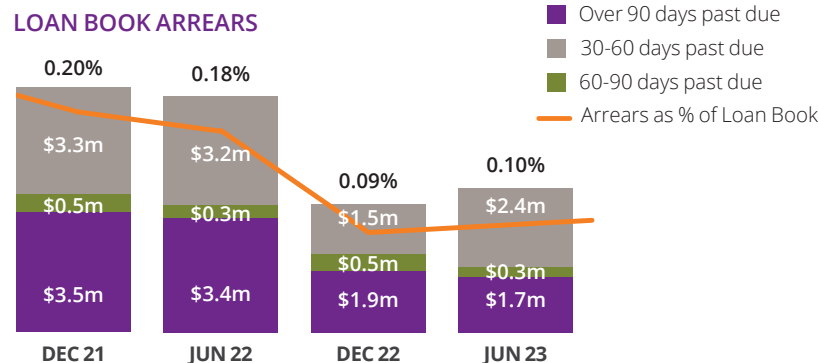
Our goal and commitment is to safeguard the long-term viability and profitability of our Bank, while striking a fair balance between the interest rates we give depositors and borrowers.

### Supporting customers through the cost of living pressures

Through cost of living pressures, Auswide Bank has increased the support available for customers experiencing financial hardship or vulnerability following the past year's cash rate rises.

The Bank has proactively contacted customers who may be at higher risk of financial stress, including home loan customers who are coming off a fixed loan term. Our digital channels also feature financial hardship support messages, directing customers to the support that is available.

In addition to this we have developed financial literacy support around this topic to educate customers on options available to them.





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### Trusted partners

Working with mortgage brokers continues to be an important part of our growth story, as more than 70% of consumers now choose to seek assistance from a broker when taking out a home loan.

When choosing aggregators to work with it is important that the values they uphold with their brokers strongly align with ours. We continue to support our broker network with ongoing education, support and guidance, to ensure our values are reflected in the interactions they have with customers when promoting our brand and products.

Our Broker Relationship Team grew from six members to nine this year to continue to deliver on this commitment to our broker network, expanding our representation in both Victoria and New South Wales. We also created a dedicated Broker Support and Customer Team. We are committed to extending the Bank's high standard of customer service to our broker introduced customers and supporting their need in the next stage of their financial journey. With the expanded team, we increased engagement from our broker partners and this year generated just over \$1 billion in new home loans from the channel.

### Protecting customers from scams

Unfortunately, the risk of people falling victim to fraud is increasing in Australia and around the world. That's why we spend a lot of time and resources monitoring and notifying customers of any suspicious transactions on their accounts. Scammers continue to find new and sophisticated ways to defraud people.

We continue to invest in fraud and scam awareness training for our employees with the goal of enhancing our team's ability to recognise, act immediately and report concerns about potential fraudulent and deceptive activities.

We educate our customers in an effort to increase their awareness of fraud. This includes regularly updated fraud information on our website, social media and email channels.





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We took the following actions to help our customers avoid becoming the victim of fraud or scams:

- > Monitored trends and identified new types of fraud scams.
- > Published fraud and scam articles, alerts and the Australian Government's Stay Smart Online updates on our website, social media channels, and customer e-newsletters.
- > Improved our fraud monitoring activities to inform customers more quickly of suspicious activities on their accounts.
- > Maintained our enhanced anti-money laundering systems and technology.
- > Collaborated with industry bodies and government agencies, such as the Australian Banking Association, Customer Owned Banking Association and the Australian Competition and Consumer Commission.

In 2024 we will:

- > Continue to implement fraud mitigation systems and technology.
- > Continue to focus on customer and employee education and fraud awareness.



### CUSTOMER COMPLAINTS

0.51%

as a % of total customers

### ACTIVE BROKERS

6,000+

### FIRST HOME BUYERS SUPPORT

\$689m+

in first home buyer lending

### ENHANCING CUSTOMER EXPERIENCE

31<sup>1</sup> NET PROMOTER SCORE

SATISFACTION 97%<sup>1</sup>

<sup>1</sup>As at 30 June 2023.

### Australian financial complaints authority

50% DECREASE IN LODGED COMPLAINTS FROM 2022

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# Supporting economic and customer resilience

## Our value drivers

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

Auswide Bank is committed to supporting our customers and the wider economy.

## Business resilience

Our business resilience focuses on the ability to absorb stress, recover critical functionality and thrive in an altered circumstance.

We continue to enhance our scenario analysis tools and models to provide insights into our portfolio's resilience and vulnerability to adverse economic conditions. These tools are used in capital management and stress testing exercises to understand how our portfolios could be impacted under a range of scenarios.

Our capital and liquidity levels are strong. Our portfolio is well positioned to withstand potential impacts from a rising interest rate environment given serviceability buffers used in loan origination assessments, prepayment buffers built up by customers and low levels of high Loan-to-Value Ratio lending in the portfolio.

## Customer support

Auswide Bank understands its responsibilities to help our customers and communities thrive by providing access to financial services that facilitate a healthy economy.

Our staff work closely with customers to understand their needs and support them during these uncertain times. Customers experiencing financial difficulty or vulnerability remain a priority. Our support is through the provision of hardship support packages and providing customers with the products and services needed to flexibly adapt to the changing economic conditions.





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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.

### Supporting disaster recovery

In February 2022, Gympie residents experienced its biggest flood for more than 120 years. Much of the town was impacted with a large number of residents needing to leave their homes and shelter at emergency centres.

The main street of the town flooded where our branch was located. Our Gympie branch was entirely submerged during the flood event rendering it impossible to continue to trade from this location.

To allow continuity of service to our local customers we were able to quickly take tenancy in a local shopping centre and establish a full-service branch. It was always the intention this was temporary, and we would move back to our main street location. This gave Auswide Bank the opportunity to think about how we could 'future proof' this branch should an event like this occur again. Our Gympie branch has been renovated with a flood resilient design.

The practical flood resilience techniques used for our Gympie branch were:

- > Raise appliances and power outlets.
- > Install removable cabinetry.
- > Use water-resistant flooring, skirting and internal wall materials, fibre cement sheeting instead of plasterboard, and moisture-resistant insulation, such as rigid foam insulation.

- > Use water-resistant or water-proof materials on the outside of the branch.
- > Replace hollow core doors with solid core doors and aluminium and glass doors.
- > A floor plan that allows water to easily flow out without becoming trapped.
- > Walls that don't have cavities inside, where water can be trapped and turn to mould.

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.

### Managing credit risk

Auswide Bank continues to monitor the credit quality of the portfolio to assess economic impacts. This is completed by ongoing scenario modelling and detailed portfolio analysis, to assess the required provisioning levels and potential credit quality impacts due to the shifting economic landscape.



#### SENSIBLE LENDING

**0.1%** Arrears as percentage of Loan Book

#### CAPITAL ADEQUACY RATIO

**13.7%**

#### COMMON EQUITY TIER 1

**11.43%**

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# Leadership and governance

## Our value drivers

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

Operating ethically is the foundation of stakeholder trust in Auswide Bank. Over many years, we have built our business on strong principles and values that guide our behaviour. We communicate clear messages about what we stand for and follow through with the right actions to make ethics real for our team.

## Corporate governance

The Board is responsible for our overall corporate governance and recognises the role it plays on behalf of shareholders and the industry. In FY23 the Board continued to oversee and monitor progress against our sustainability focus areas.

Auswide Bank is committed to strengthen our financial and operating resilience and risk culture. Complementing this, is the investment in our transformation program, which is critical to simplifying our technology and automating our processes to provide better outcomes for our customers, staff and shareholders.

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 protection of stakeholder interests.

Responsibly managing our governance supports are:

- > 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 detailed in Auswide Bank's Board Constitution. There is an election of Directors at each annual general meeting. Directors' 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 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 Australian Prudential Regulation Authority Prudential Standards CPS 220 (Risk Management) and APS 310 Audit & Related Matters.



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### 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.

### WHISTLE-BLOWER 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 Whistle-blower 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 Bank's 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.

### Role of the Board

The Board's role and responsibilities are set out in the Board Corporate Governance Policy. The Board also has a range of policies which detail the purpose, specific roles and responsibilities, delegations, operation, and performance of the Board.

Key elements of the Board's role are:

- > Approve and guide the strategic direction, major initiatives and objectives of the Bank and monitor their implementation.
- > Monitor financial performance.
- > Review risk appetite, risk policies and risk management strategy.
- > Monitor compliance with regulatory and statutory requirements and the implementation of associated policies.
- > Approve our values, culture, reputation, and ethical standards.
- > Set the performance standards for the Managing Director (MD) and monitor ongoing performance.
- > Undertake Board and director performance assessments.
- > Participate in member engagement and events.

### Structuring the Board to value add

The Board ensures that, collectively, directors have a broad range of relevant financial, industry experience and other necessary skills, and expertise to meet Auswide Bank's strategic objectives.

Each year the Board reviews its collective skills against the Board's skills and experience requirements. The election of directors is determined in accordance with statutory and regulatory requirements. Directors are appointed by the Board, allowing the Board the flexibility to source appropriate skills and expertise onto the Board when necessary.





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### Banking Executive Accountability Regime

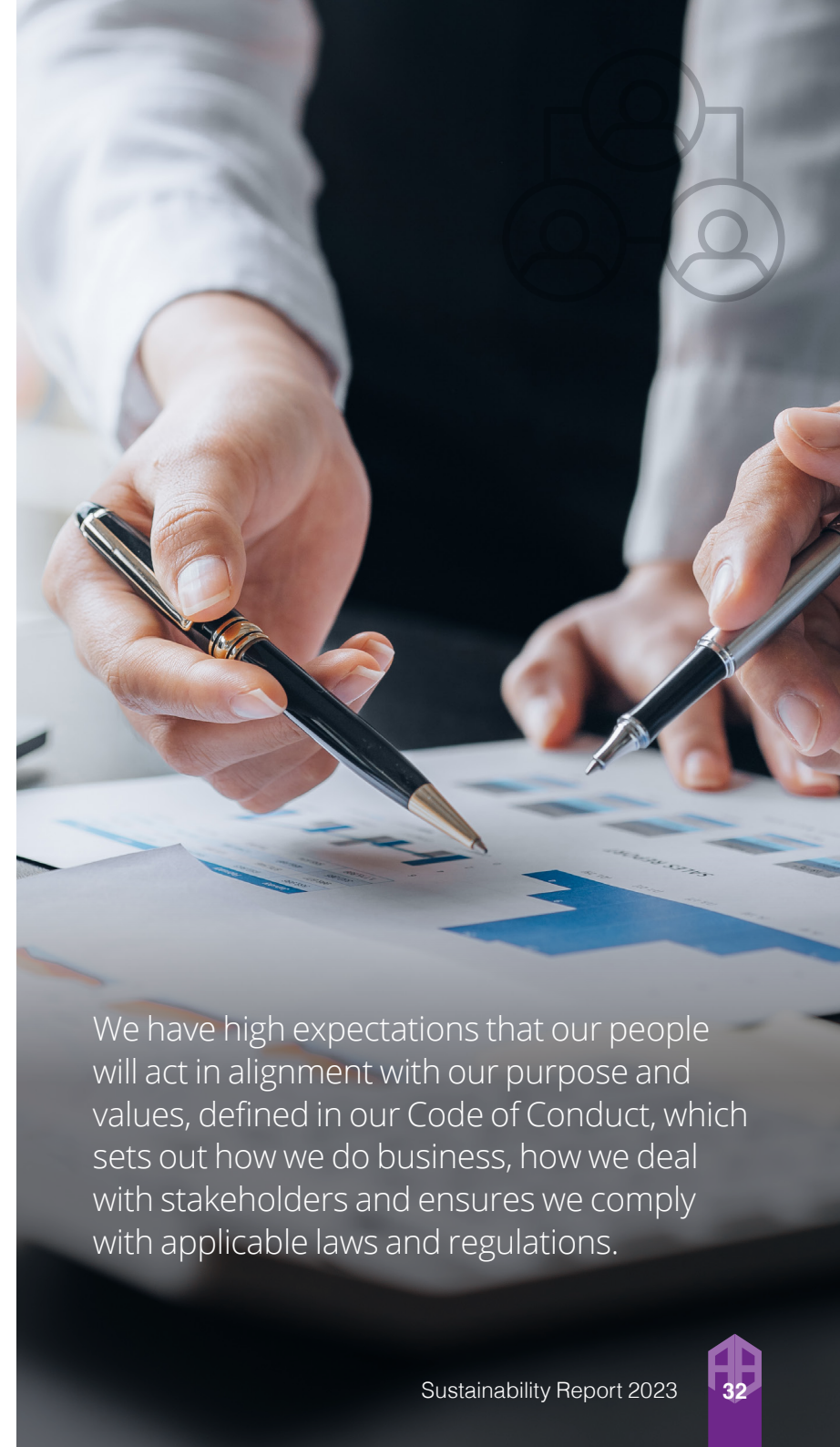
The Banking Executive Accountability Regime (BEAR) came into effect for small to medium-sized banks on 1 July 2019. Consistent with the recommendations of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, the BEAR increases the accountability of Executives and Directors for their behaviour, decision-making and the banking cultures they oversee. We have continued to meet our obligations under the BEAR.

### Responsible and ethical banking

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

Auswide Bank maintains a high standard of ethics and transparency across the organisation. We have high expectations that our people will act in alignment with our purpose and values as defined in our Code of Conduct, which sets out how we do business, how we deal with stakeholders and ensures we comply with applicable laws and regulations. The Code equips our people to make good decisions that make a positive difference. Significant matters are escalated through our risk and compliance committees and consequence management forums.

We are committed to providing an environment where our people can feel safe to report any behaviour or conduct outside the parameters set out in the Code. This is reinforced by Auswide Bank's Whistle-blower Policy, which operates a private and confidential service alongside the Code of Conduct and encourages team members to speak up when they feel something isn't right.



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### 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, and to address any risk of slavery, human trafficking and forced labour. Respecting and protecting human rights across our operations and supply chains is an area of great importance.

Accordingly, the Group seeks to engage with suppliers and customers who have a similar ethical approach to doing business and have taken steps to manage their supply chain in this way.

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 the community.

Living our purpose is key to rebuilding trust following the Royal Commission into Financial Services. This includes addressing conflicts between the interests of financial institutions and their customers, ensuring customers are treated fairly and ensuring regulators have the powers and resources needed to be effective in their enforcement and supervision role.

Auswide Bank has implemented controls to comply with new breach reporting and anti-hawking obligations that commenced during the 2022 financial year, in response to recommendations made by the Royal

Commission. We have enhanced our approach to identify, assess, and manage new and changed laws and regulations, through the establishment of a formal Regulatory Change Framework.

In FY23 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 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 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.

The Bank's BCM is supported by a documented Business Continuity Plan (BCP) that meets the objectives of the Bank's BCM Policy. The BCP provides 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.

Our BCP caters 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.



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### 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.

This is to be reviewed at least annually or more frequently if there are material changes to business operations or to regulatory requirements, to ensure 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 the 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, 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.

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.

### Systemic risk management

Auswide Bank undertakes financial stress testing on at least an annual basis, in addition to any ad hoc testing.

The aims of Auswide Bank's Enterprise-Wide Stress Testing Framework are:

- > Stress testing capabilities - review and develop capabilities.
- > Risk analysis - assist Auswide Bank to understand its risk profile, assess the risk appetite of the Bank 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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