



Year in Review 2022-2023



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



Our Vision

Banking that is ethical, sustainable and socially beneficial.



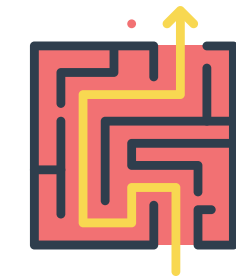
Our Purpose

To create a positive social impact by putting customers and community at the centre of everything we do.



Our Values

Trust, co-operation, moral integrity, financial prudence, caring for customers and social responsibility.



Our strategic priorities

We focus on five pillars that will drive our growth, distinguish us in the market and prioritise our project expenditure for the year.

1. Ensure financial sustainability

The financial sustainability of our organisation guides our decision-making. Our customers and wider stakeholders expect BankWAW to be a strong, resilient financial institution that can invest in the future with confidence.

2. Conduct business ethically

Trust is central to our social licence, and we are committed to ethical banking that is demonstrated through our products, services, and engagement across the community.

3. Enhance customer experiences

Consistently providing outstanding customer experience and delivering banking services that are easy to understand and access is at the forefront of our efforts throughout the organisation.

4. Develop partnerships

Leveraging our organisation's extensive knowledge of the region, and close relationships with all communities is key to unlocking future growth and opportunities.

5. Develop our people and culture

Our staff have always been critical to our success and central to our values. Supporting their growth as well as a passion for the customer-owned banking model delivers a sustainable long-term advantage for BankWAW.

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Welcome from the Chair and CEO

To our valued customers, partners, and the BankWAW community,

As we reflect on the 2022-2023 financial year, it is a privilege to share our collective achievements, to review industry and economic dynamics that have unfolded in this latest period, and provide a glimpse into the key themes impacting the sector and BankWAW into the future.

While the organisation has continued to navigate consecutive years of unpredictable economic conditions, we are delighted to confirm that the business has again performed well in 2022-23 as a result of your continued support and a commitment to a banking model that is ethical, sustainable and socially beneficial. This financial year also marked 67 years of operation for the organisation.

The Australian economy has encountered significant headwinds, which have been prominently characterised by high inflation and rapidly escalating interest rates - with the RBA announcing 10 rate rises this year alone. These macroeconomic factors provided both challenges and opportunities as we navigated the evolving landscape; however, the focus remained on our customers by ensuring that rate increases were passed on to our depositors and that every opportunity was taken to identify ways to limit the impact on borrowers. While the outcome of these decisions has led to a lower Net Interest Margin (NIM) than might otherwise have been possible, we were mindful of the challenges facing our customers along with previous decisions the organisation made during the onset of COVID.

The effort and commitment of our staff continues to underpin the organisation's resilience, and we are extremely proud and thankful for their efforts. Our suppliers continued to ensure that the extensive planning and investments made into our banking systems and associated technology stood up to the demands placed upon them, including 3 million card-based transactions alone. The combined efforts of staff and suppliers, along with the planning and oversight of our Board



and management team, has meant that WAW customers did not face a single material outage of services during the year which compares very well against many of our larger peers.

As we reflect on the outcomes and lessons each year, we must also keep an eye on the future. Consumer preferences within the banking sector continue to shift as digitalisation integrates in almost every facet of modern life. Customers are increasingly prioritising digital banking solutions, including online banking platforms, mobile apps, and FinTech innovations, over traditional banking methods. This shift has been underscored by the need for convenience, 24/7 accessibility, and personalised customer experiences. From an economic standpoint, while these innovations bring about operational efficiencies and diversification of financial products, they also present a new set of challenges pertaining to cybersecurity, data privacy, and regulatory compliance.

These changes inform our (multi-year) efforts to invest in our digital capabilities, which included launching a brand new Internet banking service in February that delivered customers a greatly-improved user experience. The latest responsive design technology that automatically adapts screen presentations to the device being used for access, along with more intuitive navigation in this system sets the scene for major investment into our banking App technology next year.

As part of this landscape, we recognise that the nature and scale of cyber threats cannot be underestimated, and so we maintained a high-level of commitment to systems and security-framework development throughout the year. Fraud detection and prevention resulted in approximately 9,000 outbound calls being made to customers during the year. Actions also included the implementation of (further) state of the art firewall technology to our environment to complement existing controls, as well as a recommitment to our cyber security partner, Triskele Labs, whose staff are amongst the most certified and experienced advisory, offensive and defensive Cyber Security experts in the country.

Despite the ongoing technical expectations placed on banking services, the organisation remains committed as a partner to many community organisations, fundraisers and charities. Over \$130,000, or 4% of net profits, was returned directly to our regional community in 2022-23. BankWAW continued to support many existing partnerships as well as find new opportunities to have an impact. One of these opportunities included major support of the Uniting Our Communities Flood Relief Concert Weekend held at Club Corowa. The event was a huge success with pop stars Daryl Braithwaite and Eskimo Joe co-headlining the two day concert, with support from local acts. Due to the success of the concert, Club Corowa announced an additional \$50,000 in Community Flood Support Grants for individuals and local organisations who had been affected by the floods in early 2023.

Financially, the organisation remains in a very sound position, with positive results in terms of growth, Capital and Liquidity. Total assets increased by over \$26M to \$683.1M, with the Board and Management team focused on managing key prudential ratios closely following a number of years of strong growth. Among these Capital Adequacy finished the period at 15.97%, up from 14.16% in 2021-22. While there was strong underlying growth in Capital this year as profitability increased, it must also be noted that the new Capital Prudential Standards took effect from 1 January 2023 which changed the way Capital Adequacy is calculated by Authorised Deposit-taking Institutions (ADIs). Capital levels are a critical area of strategic focus, and the Board is delighted to see the growth strategy implemented over the last three years contribute materially to these results. Liquidity also finished the period strongly

at 19.20% (20.37% in 2021-22) as the organisation took the opportunity to rebalance the funding position after several years of higher deposit inflows.

Behind these ratios, loan balances grew by \$30.39M (or just under 6%) to \$538.37M based on over \$200M in new loan approvals. The focus remained on funding well-secured residential loans across the local region with new business overwhelmingly secured through the branch network. The deposit base increased by \$20.3M, to \$633.05M with an effective funding composition comprising at call account (55.9% of total) and term deposit accounts (44.1% of total).

While our purpose focuses on people and impact, the Board and Management remains very cognisant of the need to achieve results that support future investment and organisational development. BankWAW's performance in areas such as cost-to-income and interest margins are closely monitored as we look ahead at an increasingly complex future and changing risks, including cyber, environmental and regulatory. While profitability was again positive for the year, and above budget, competitive pressures increased materially in the second half of the year and smaller customer-owned organisations must carefully monitor future operating expenses very closely. As reported previously, we must also find the best way to balance the demands placed on the business as customers seek better digital banking channels, while also finding innovative ways to maintain a physical presence in our regional communities where we have been a mainstay when so many larger entities have left.

In closing, we want to make special mention of a number of long-serving staff who retired during the year, including Carmel Bordignon (27 years), Barbara Jones (27 years), Denise O'Donohue (23 years) and Jennie Kotzur (14 years). We would also like to sincerely thank our customer-owners, and the wider regional community, for trusting us with their banking services. BankWAW only exists because of our customers and we extend our best wishes to them following another challenging year for many families and businesses. We are excited to work hard for all our stakeholders again in 2023-24, and want to assure you that we will continue to find ways to give back, while always moving the organisation forward.

1 Today, BankWAW represents the merger of six individual Credit Unions, with the earliest history of these organisations dating back to 1956.

Youth Banking

Banking that grows with you

General advice warning: In providing you with information you should consider the appropriateness of the advice with regards to your particular financial situation and needs. You should consult the financial services guide and the Products and Services Terms and Conditions booklet before making a decision to apply for any product. This documentation is available at any BankWAW service centre or at bankwaw.com.au. BankWAW is the registered business name held by WAW Credit Union Co-Operative Ltd.



Committed to digital transformation

BankWAW is invested in our digital transformation, understanding the ever changing needs of our customers.

Digital transformation can be explained as, the process of using technology to fundamentally change how our business operates and delivers value to our customers. It can help us to improve customer experience by providing better, faster, and more personalised services.

We understand that our customers have certain expectations when they interact with us online. Some of these expectations include an easy-to-use website and app and clear and accurate product and service descriptions.

BankWAW customers also expect to be able to easily contact us if they have any questions or concerns, and to receive timely and helpful responses. With an increasing awareness of online safety and the possibility of being scammed, our customers have specific expectations about

the security of their personal and financial information when interacting with us online.

Meeting and exceeding customer expectations online requires BankWAW to provide a high-quality and seamless customer experience. And this comes with the right tools and platforms both for BankWAW and our customers.

Our digital transformation involves using digital technologies to change our processes to become more efficient and effective. The idea is to use technology not just to replicate an existing service in a digital form, but to use technology to transform that service into something significantly better.

Moving forward with our digital transformation will never see us forget our grass roots as a customer owned bank. Our customers will never be seen or treated as just a number. In order to provide the best possible service, we need to transform and adapt and continue to develop our technologies, which will only enhance our exceptional customer service.

2023 IN NUMBERS



Net profit after tax: \$3.2m



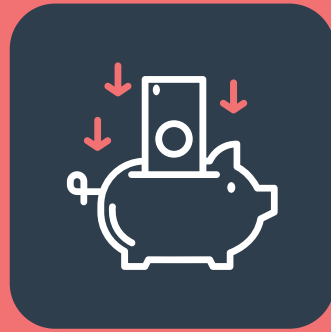
Total assets: \$683.1m



Total loan balances: \$538.4m



Lending growth: 5.98%



Total deposits: \$633.1m



Deposit growth: 3.33%



Net assets: \$43m



Capital Adequacy Ratio: 15.97%



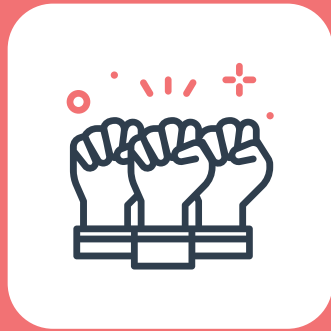
Total Liquidity: 19.20%



Total number of customers: 24,869



New accounts opened: 1,242



Our staff: 93



Percentage of net profits reinvested
into our communities: 4%

With the easing of COVID-19 restrictions in our region, we have been able to start increasing our investment in local communities.

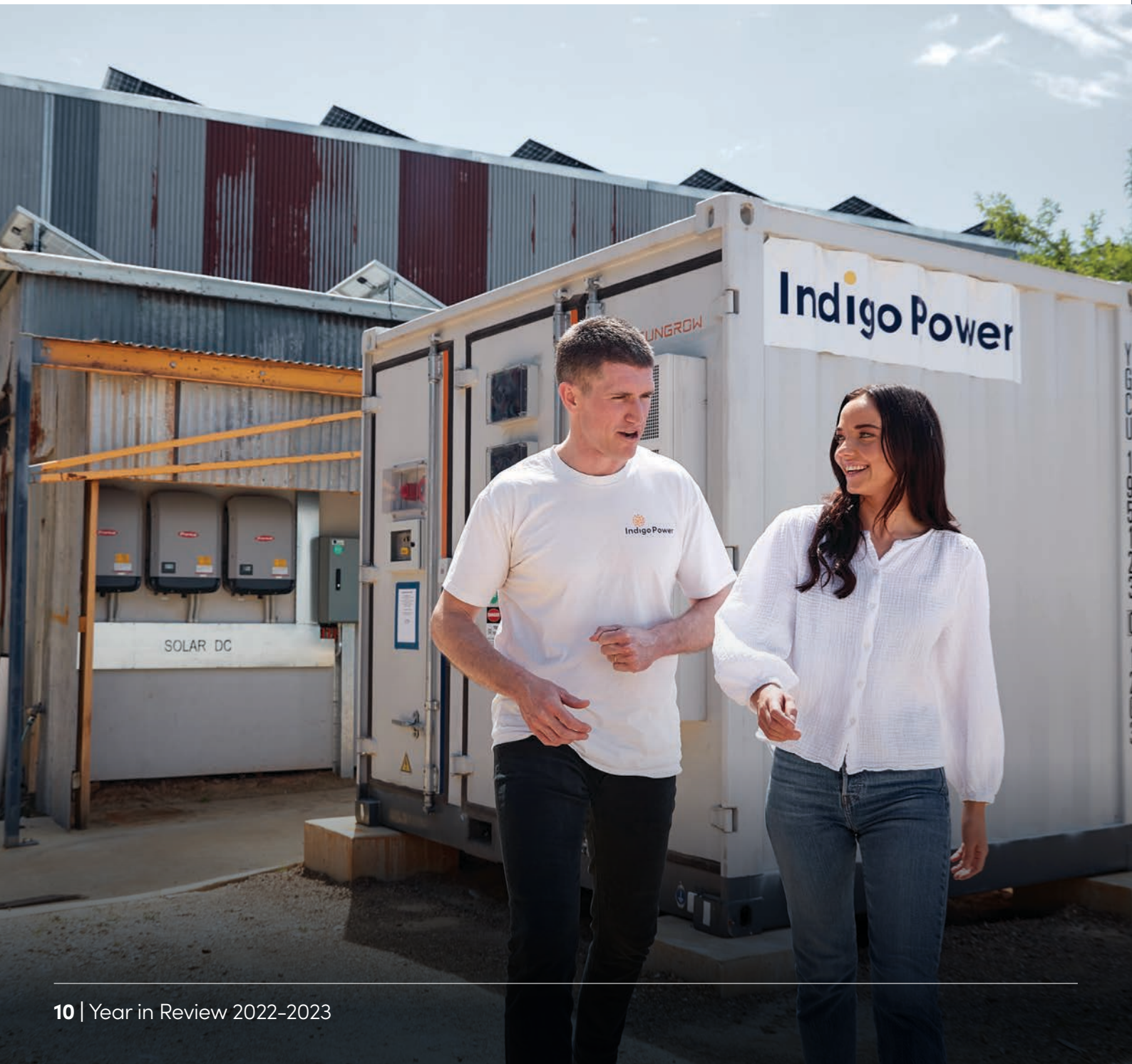
Sponsorships, Partnerships and Donations 2022-2023

BankWAW actively engages with the communities we service.

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

We support groups within our community either via financial sponsorship agreements or through contributions of goods and services. Additionally, we support regional programs that deliver positive educational, medical or safety outcomes to the community.

Sponsorship is used to enhance our key message as a community-based organisation, to strengthen recognition of the brand to the broader community and to maintain or develop further relationships with communities and groups.



BORDER RELAY FOR LIFE 2022



CAREERS DAY



CORRYONG FNC JUNIORS



CORRYONG SHOW 2022



HUME NETBALL LEAGUE



FRAUD AWARENESS 2022



R U OK DAY



WANGARATTA LANDCARE AND SUSTAINABILITY EVENT 2023



NORTH EAST 60 AND OVER BOWLS



O&K GRAND FINAL



TALLANGATTA SECONDARY COLLEGE AWARD WINNER



FOOD BANK CORRYONG



Supporting our local communities

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

Flood Relief Concert

We were proud to be a major sponsor and support Club Corowa (Corowa RSL Club) as they made a significant contribution to the local communities that were affected by floods at the start of 2023.

BankWAW supported the Uniting Our Communities Flood Relief Concert Weekend held at Club Corowa and it was a huge success. Pop stars Daryl Braithwaite and Eskimo Joe were the co-headliners over the two day concert, with support from local acts.

Due to the success of the concert, Club Corowa announced an additional \$50,000 Uniting Our Community Flood Support Grant for individuals and local organisations who had been affected by the recent floods.

Individual organisations were able to apply for grants up to \$10,000, which could include contributions for clean-up efforts, replacement of equipment or simply to ensure a safe environment for staff and visitors to those places.

The impact that the floods had on the community is significant and this grant went towards providing relief to those organisations impacted. BankWAW thoroughly enjoyed working with Club Corowa and we were thrilled to see that our support contributed to such impactful results in the community.

Fraud Awareness Evenings

BankWAW is committed to keeping our customers safe. We know that awareness of the dangers of fraud is a strong way to avoid falling for scams.

One way we try to educate our communities is by holding regular Fraud Awareness Evenings. At these evenings, participants will hear from our experienced local fraud prevention officers on some of the current and emerging scams, examples of what can happen when things go wrong and best practice preventative techniques that they can use to minimise the risk of being scammed.

Talk to us when you are suspicious, lost your card or access codes, or have any question about scams, fraud or security. You can get in touch with our team by calling 1300 368 555 or email fraud@bankwaw.com.au.

Fraud Prevention at BankWAW

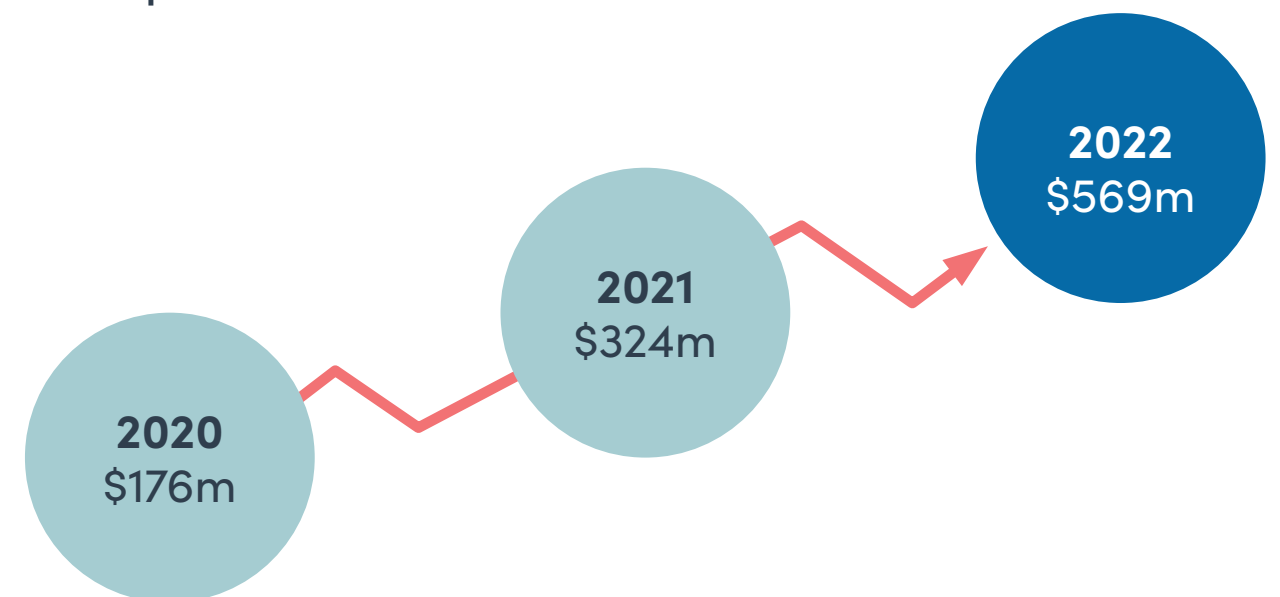
The BankWAW Board of Directors and Senior Management are committed to protecting the revenue, property, information and other assets of BankWAW from any attempt, either by customers, the general public, contractors, agents, intermediaries or its own officers, to gain financial or other benefits by fraud.

In this regard, the Board has adopted a policy that provides a framework to detect, eliminate and allow for the recovery of losses of all fraudulent and corrupt activity.

Financial losses reported to Scamwatch in 2022 totalled more than \$569 million. That is a 76% increase compared to losses reported in 2021.

\$569 million ▲ 76%

Amount reported lost to Scamwatch



**Australian Competition and Consumer Commission (ACCC) media release no. 36/23 (media release, 17 April 2023)*

The Customer-Owned banking approach

BankWAW is a proudly customer-owned bank.

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

Our day-to-day operations are led by our executive team, based in Wodonga Victoria, and our 94 staff are 100% based across North-East Victoria and Southern New South Wales.

We represent over 24,000 customers and are focused on customer benefits, community involvement, fairer fees and superior levels of service.

Being customer-owned means customers and community always come first. We are local people, we employ local people, we represent the financial interests of local people and we reinvest in our local communities.

Our Customer Owned Banking Code of Practice (COBCOP) is our pledge to you.



It is a plain English commitment to fair and responsible banking, with 10 key promises:

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

Helping locals own a home

“Ash helped us buy our first family home back in 2018. He was then with us every step of the way through the building process of our second family home in 2020. He answers the phone first time every time” – BankWAW customer, December 2022

Your home loan is one of the biggest investments you'll ever make and regardless if it is your first home, an investment or you're a home owner looking for something new – it can be both exciting and overwhelming.

With this in mind, BankWAW is committed to helping home buyers navigate the property market with fair and equitable finances.

Our loans specialists are not paid commission, and so are paid the same rate regardless of which home loan is chosen, or the value of that loan. This means that our customers can be sure that what matters to us is the home loan that's right for them.

As a community-owned bank, we are dedicated to helping our customers grow financially through our services. As part of our commitment to customer service, we'll help you get the right home loan for your circumstances.

First Home Loan Deposit Scheme

This year, BankWAW continued to support First Home buyers in our region as a participating lender in the Government's First Home Guarantee Scheme (FHBG).

FHBG is an Australian Government Initiative established to assist eligible first home buyers to enter the property market sooner. Under this scheme, eligible first home buyers may be able to enter the property market with as little as a five per cent deposit (also subject to BankWAW lending terms and conditions).

BankWAW funded a total of \$10,850,000 in first home loans over 2022-2023. Meaning that we were able to help get locals into their first home sooner!

Buying a home is a big investment, but there's a lot we can do to make it less daunting. Give us a call or visit your local Service Centre to talk about your options.



Our commitment to sustainability

Indigo Power partnership

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

We were happy to continue our partnership with Indigo Power this year, as we ran a joint marketing campaign for BankWAW customers who signed up and became customers of Indigo Power. We ran this campaign recognising that Indigo Power and BankWAW share a common focus on community and sustainability.

The campaign was aimed at BankWAW customers who signed up to Indigo Power within a 4 month period. The first 50 customers were in the running to receive a \$200 credit in their BankWAW bank account, once they were able to present three monthly Indigo Power electricity bills.

The campaign was very popular and it is satisfying to know that we were able to help customers become more aware of the benefit of sustainable living.

Banking on Trees – our environmental promise

BankWAW believes in giving back to the communities we serve, which means giving back to the local environment. Each year, for every new account, or loan, BankWAW will plant a tree to help revegetate, regenerate and rehabilitate the local native bushland. It's all about loving where we live, and investing in our communities for the future.

Through our partnership with Parklands Albury Wodonga, BankWAW holds an annual Banking on Trees Planting Day where locals are invited to come along and get involved on the day. By planting trees for future good, both BankWAW staff and our customers are helping contribute to a better climate, support biodiversity and create better living conditions for local communities.





Celebrating being customer owned and part of COBA (Customer Owned Banking Australia)

The Customer Owned Banking Association (COBA) is the industry advocate for Australia's customer owned banking sector.

Their vision is for COBA to be the recognised, successful and leading advocate for a more competitive retail banking sector and a champion of the benefits of the customer owned model.

The customer owned banking sector has combined assets of \$147 billion, offering Australians a competitive alternative to banking institutions and access to a range of savings, investment, loan and insurance products. Unlike banks, profits are not paid to external shareholders, but put back into better products and services for customers and their local communities.

COBA provides representation and advocacy for its members to:

- Federal and state governments regulators, such as APRA and ASIC
- The media
- Industry and consumer groups, and the general public and other stakeholders.

It also provides member institutions with expert advisory and support services, such as fraud & financial crimes.

The challenges we face together may change over time, but our can-do attitude and ingenuity will always be there. We want to take this message forward, because many people are anxious about the future.

Today, customer-owned banking serves more than 4 million Australians and operates from every state and territory.

As a sector, we are still committed to helping people and families buy homes, plan for a bright future, help businesses get ahead, and grow communities. Fair rates and a fair go for all.

What to do if you suspect you are being scammed



One

Never provide online banking passwords, one-time security codes, pins, or tokens to anyone over the phone.



Two

If you're unsure of who is contacting you and what they are asking for, hang up and call us directly on a number you have sourced yourself.



Three

Contact us immediately if you think you have been scammed.

Top tips for avoiding scams



Stop – take your time before giving money or personal information



Think – ask yourself if the message or call could be fake?



Protect – act quickly if something feels wrong



Contact your bank and report scams to Scamwatch, www.scamwatch.gov.au/



Contact

Head office: 11 Stanley Street, Wodonga VIC 3690

Contact centre: 1300 368 555

Service Centres

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

Affiliations and Key Suppliers

Customer Owned Banking Association · Cuscal Ltd · World Council of Credit Unions · Experteq
· Credit Union Financial Support System Ltd · Visa Worldwide · Purcell Partners · Ultradata
Australia, Triskele Labs, Protecht

Bankers

Cuscal Ltd · National Australia Bank

Corporate Insurers

QBE · Chubb

Auditors

External – Crowe Albury

Internal – AFS & Associates Pty Ltd

External Dispute Resolution Provider

Australian Financial Complaints Authority

Legal Support

Daniels Bengtsson, Sydney · Norm Boyd & Associates Albury



1300 368 555



bankwaw.com.au



info@bankwaw.com.au

ABN: 48 087 651 787 | AFSL: 247298 | ACL: 247298