

**24 May 2022**

## ABA to present at Wilsons Rapid Insights Conference

Auswide Bank Ltd (ASX: ABA) is pleased to announce that it will be participating at the Wilsons Rapid Insights Conference scheduled to be held on Thursday 26 May 2022. Managing Director, Martin Barrett and Chief Financial Officer, Bill Schafer will be presenting the Company's latest investor presentation.

Auswide Bank will be providing the presentation to conference delegates in advance of the conference. In order to ensure market transparency, the presentation is being made available to the market prior to release to conference delegates.



Martin Barrett  
Managing Director  
+61 7 4150 4001



Bill Schafer BCom CA  
Chief Financial Officer and Company Secretary  
+61 7 4150 4075

This announcement has been authorised by Martin Barrett.

**For more information:**

Investors: Françoise Dixon Citadel-MAGNUS +61 412 292 977

Media: James Strong Citadel-MAGNUS +61 448 881 174

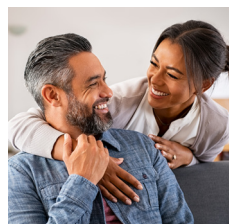
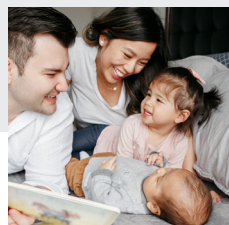
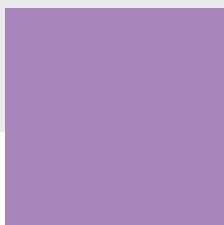
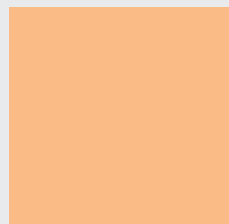
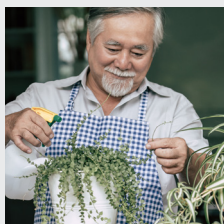
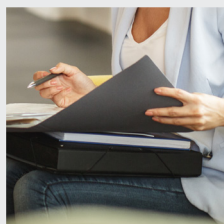
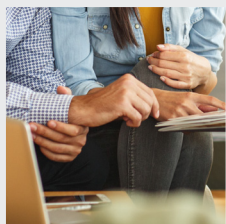
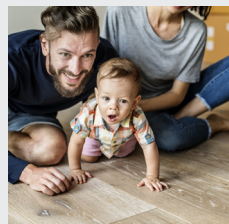
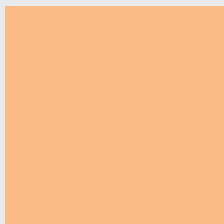
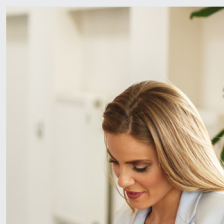
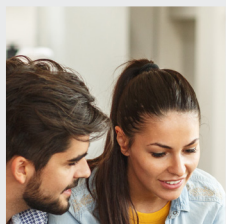
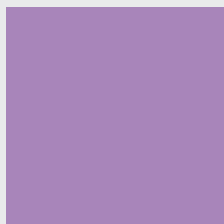
### About Auswide Bank Ltd

Auswide Bank became Australia's tenth and Queensland's third Australian owned bank, listed and trading on the ASX, on April 1, 2015. The company had operated as a building society since 1966.

Auswide Bank has an Australian Credit Licence and an Australian Financial Services Licence issued by ASIC and is an Authorised Deposit-taking Institution prudentially supervised by the Australian Prudential Regulation Authority.

Auswide Bank offers Australians an extensive range of personal and business banking products & services issued directly or in partnership with leading service providers via an omni-channel distribution strategy which includes branches, strategic relationships and online & digital channels.

*Small things. Big difference.*



# WILSONS RAPID INSIGHTS CONFERENCE

26 MAY 2022





# Board of directors

Diverse mix of skills and deep industry experience



**Sandra Birkenleigh**

BCom, CA, GAICD,  
ICCP (Fellow)

**Chair**

- > Focus on Financial Services (Banking and Wealth Management); and
- > Has advised on risk management in retail and consumer goods, wholesale electricity, resources and education.



**Barry Dangerfield**

**Director**

- > 39 year banking career across Qld and the NT; and
- > Skills in Business Banking, Commercial and Agribusiness and Retail Banking.



**Greg Kenny**

GAICD, GradDipFin

**Director**

- > Banking career in Australia and the US; and
- > Roles in Corporate and Business Banking, Treasury and Capital Markets.



**Grant Murdoch**

M Com (Hons)  
FAICD, FCA

**Director**

- > 37 years of Chartered Accountancy experience; and
- > Experience in M&A, corporate restructures, share issues, pre-acquisition due diligence and expert reports for capital raisings and IPOs.



**Jacqueline Korhonen**

BSc, BEng (Hon),  
GAICD

**Director**

- > Career of more than 35 years and encompasses executive roles with several multi-national technology companies; and
- > In addition to technology, skills include insurance and education.



**Martin Barrett**

BA (ECON), MBA

**Managing Director**

- > Appointed Managing Director in 2013; and
- > Has extensive experience in the banking sector, having held positions across Australia and the UK, including Motor Finance and Corporate & Business Banking.





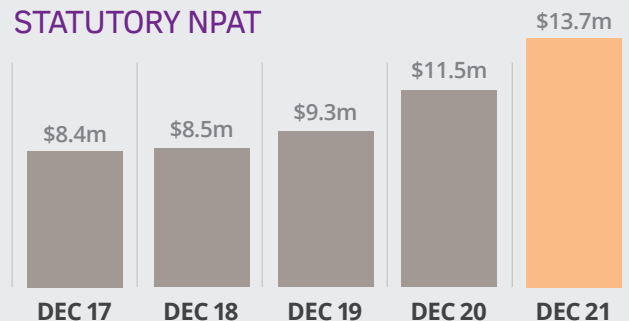
## Scale is not the advantage it once was

- > Ability to quickly seize opportunities
- > Customer Hub waiting times less than 1 minute vs 10 minutes+ for big rivals
- > Technology is providing productivity and efficiency benefits
- > Technology is opening new distribution possibilities
- > 65% of Australian home loans are written by brokers, which is an efficient growth opportunity for smaller banks like Auswide that can service them
- > Industry top quartile for loan approval times
- > Quickly assess, acquire and integrate technology solutions at much lower cost than big rivals
- > A bank with a building society service proposition and empathy
- > Customers are looking for alternatives following royal commission and low service levels

# Track record of delivering profitable growth

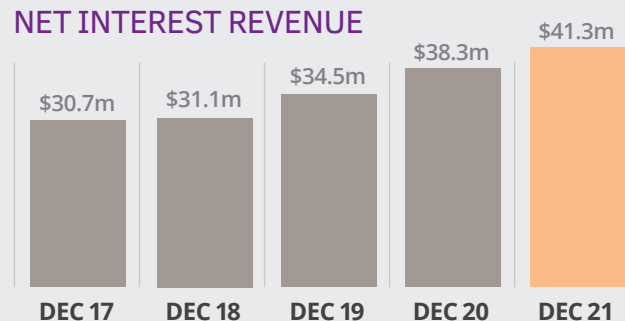
Above system loan book growth, stable NIM and cost management

## STATUTORY NPAT



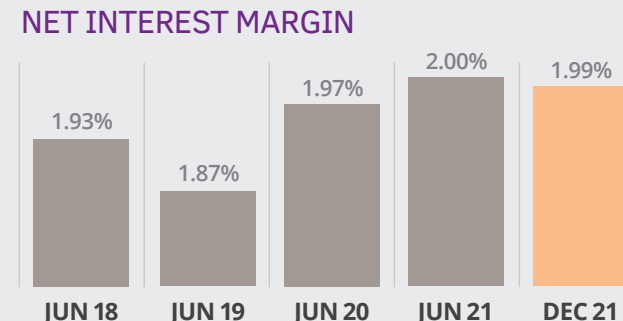
Incremental NPAT growth based on balance sheet strength and productivity

## NET INTEREST REVENUE



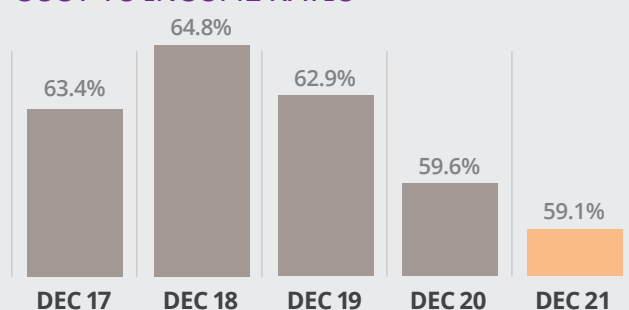
Increased interest revenue through competitive pricing and management of funding

## NET INTEREST MARGIN



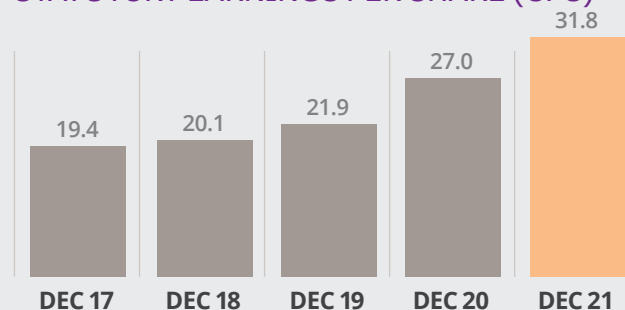
A stable NIM has been maintained while peers have seen decline

## COST TO INCOME RATIO



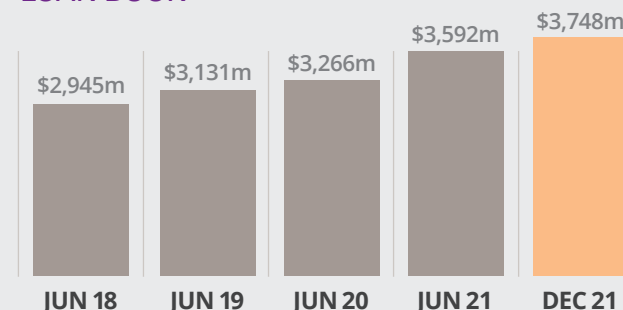
Cost management through effective technology investments and productivity

## STATUTORY EARNINGS PER SHARE (CPS)



Material growth in EPS based on profitable asset growth

## LOAN BOOK

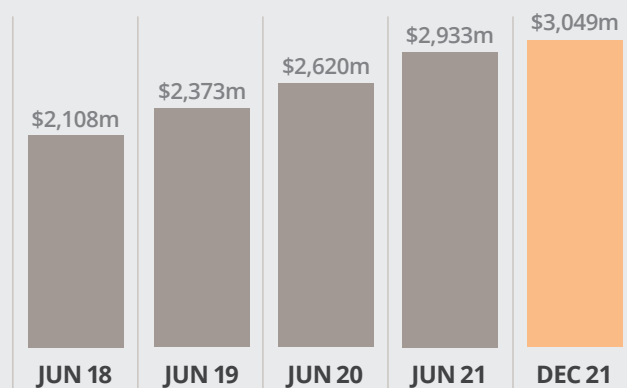


Broker flows, Private Bank and Partnerships have led to sustained growth

# Balance sheet strength

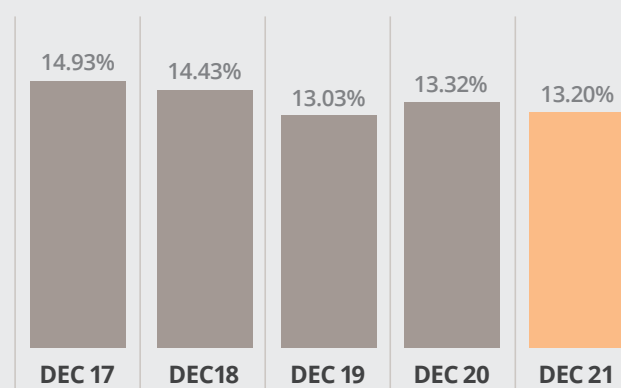
Strong deposit growth, RONTA ahead of strategic targets

## CUSTOMER DEPOSITS



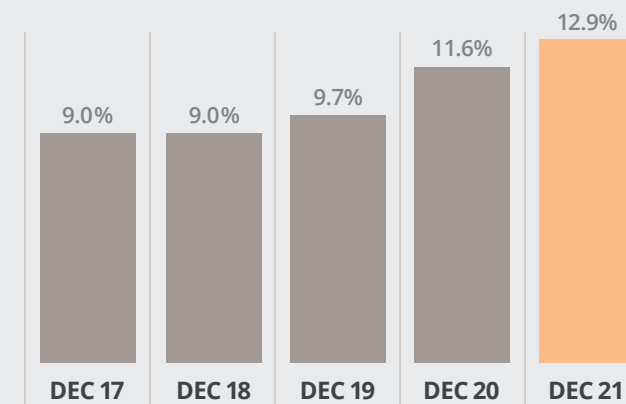
- > 7.9% annualised growth in deposits reflects strategic focus on cost effective funding lines
- > 75.0% of funding from customer deposits (H1 FY21: 74.4%)

## CAPITAL ADEQUACY RATIO



- > Capital remains strong at 13.20%
- > CET1 of 10.84%
- > Capital in excess of Board target

## STATUTORY RONTA

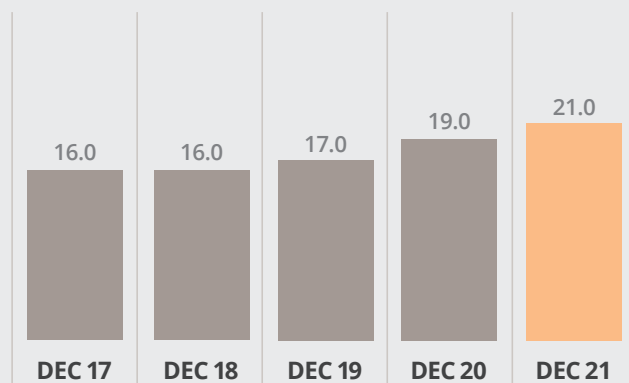


- > Return on Net Tangible Assets of 12.9% up from 11.6% on PCP
- > Ahead of strategic target of 10% and amongst the strongest in the ADI sector

# Interim dividend

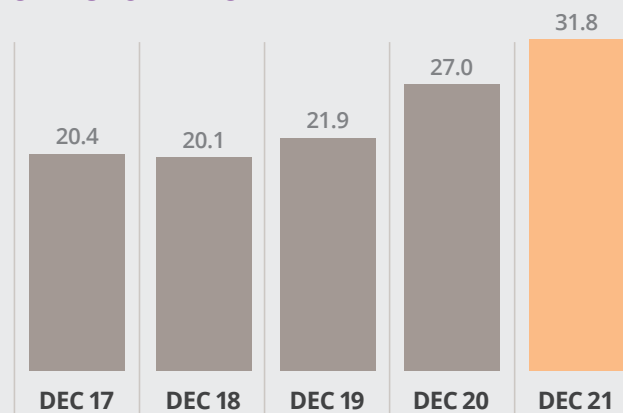
Interim dividend reflects very strong operational performance and prudent capital management

## INTERIM DIVIDEND (CPS)



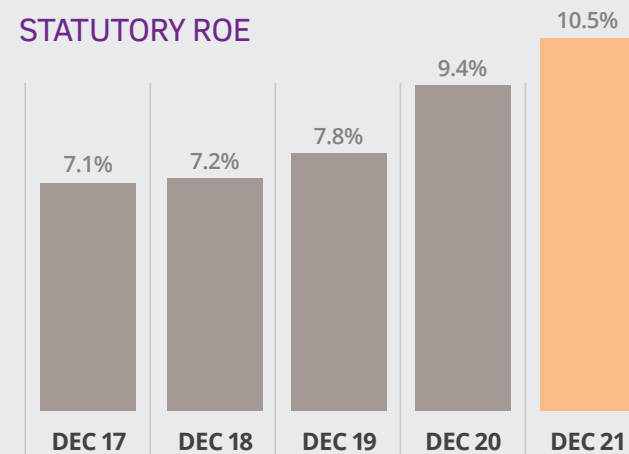
- > Interim fully franked dividend increase of 2.0 cents to 21.0 cents reflects balance between prudent capital management and providing strong returns to shareholders
- > Yield of 6.3% fully franked based on Dec 21 share price

## STATUTORY EPS



- > Interim dividend payout ratio of 66.4%; H1 FY21: 70.8%
- > Dividend payout ratio of 69.6% of underlying NPAT

## STATUTORY ROE

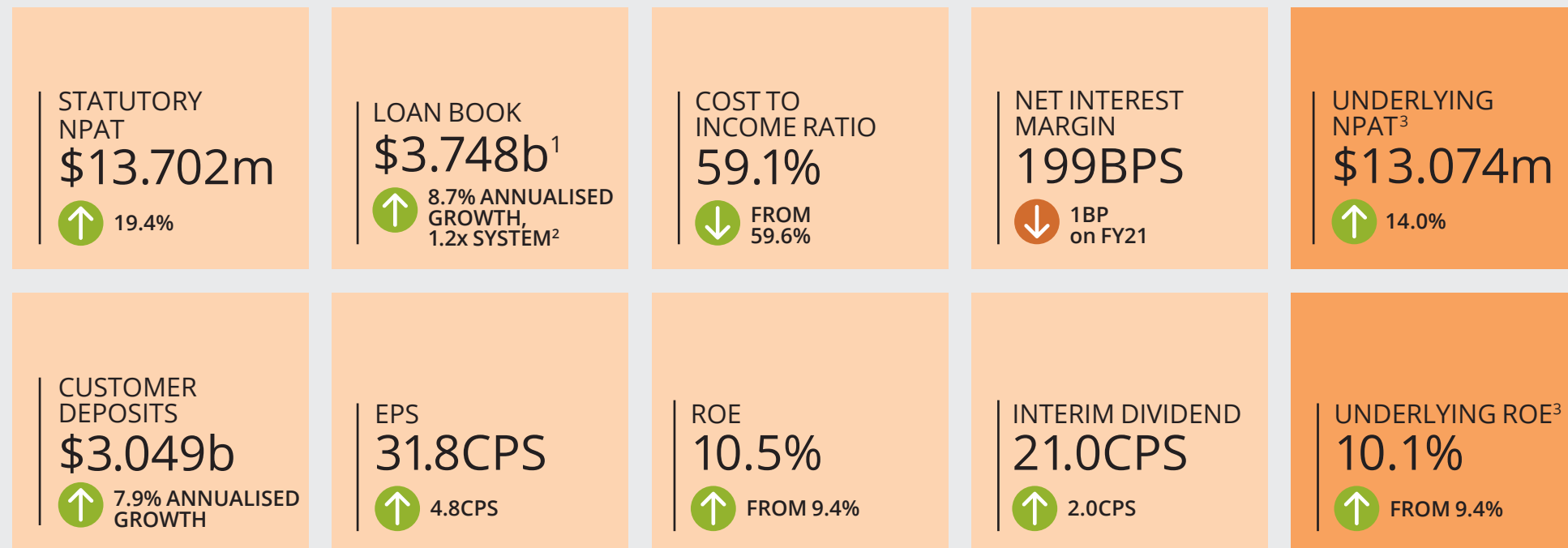


- > ROE of 10.5% up from 9.4% in H1 FY21
- > Outperforming sector in growth of returns, above regional bank peers and matching big 4 banks



# H1 FY22 Financial Highlights

Continuing strong performance with peer leading returns



1. Including Investments in Managed Investment Schemes (MISs) reported in Financial Assets in Balance Sheet
2. System growth of 7.2% per RBA Financial Aggregates December 21 - total credit growth
3. Difference between Statutory and Underlying NPAT and ROE is due to tax credits which the Bank previously underclaimed

# H1 FY22 Operational Highlights

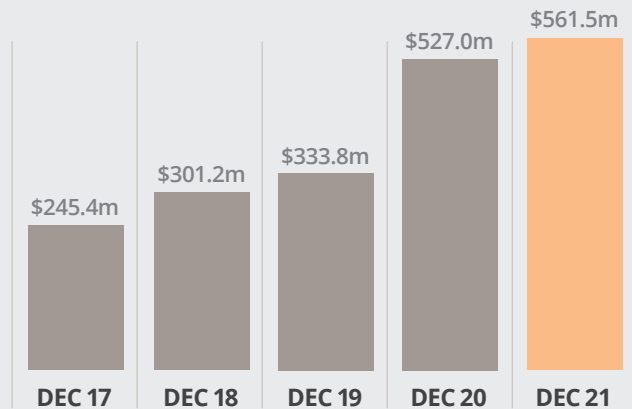


## Strong lending focus

- > Home loan settlements at record highs, totalling \$561.5m, an increase of 6.5% compared to prior corresponding period
- > Very strong growth and momentum is being seen in the Private Bank which continues to attract new customers with an increase of \$72.4m in the Private Bank loan book to \$291.9m



## SETTLEMENTS FIRST HALF OF FINANCIAL YEAR (\$m)



## Digital integration drawing growth

- > Growth in the loan book supported by significant flows through the broker channel:
  - Initiatives to further improve third party lending are being introduced to enhance the experience for broker relationships and speed of turnaround times for loan customers
  - Improvements in broker engagement, Verification of Identity services, auto-decisioning and internal dashboards are in progress with delivery expected in H2 FY22
- > A series of robotic processes has been successfully implemented in the operations and loan processing functions of the bank



## Deposit growth

- > Funding from customer deposits has continued to grow, now representing 75.0% of the total funding mix. Auswide has continued to build partnerships to achieve growth in customer deposits and funding of the loan book
- > Branch deposits up \$138.5m across H1 FY22 to \$2.267b

# Macro trends uncertain but Auswide strongly placed

## Economy remains strong



### Economic Outlook

- > March 22 seasonally adjusted building approvals for Qld: units up 12.4% and houses up 5.8% on prior month<sup>1</sup>
- > Major Qld construction projects include Queen's Wharf Brisbane (\$3.6b), Cross River Rail (\$5.4b) and Paradise Dam improvement project (\$1.2b)
- > Headline CPI inflation annual change to March 22: 6.0% Brisbane, 5.1% Australia<sup>1</sup>
- > Retail Trade in Qld increased 10.4% in the twelve months to March 22<sup>1</sup>



### Arrears & COVID-19 Assistance

- > \$1m overlay in provisions relating to COVID-19 remains in place
- > Arrears at historic lows, 0.2% of loan book
- > Auswide applies a maximum Debt to Income (DTI) ratio of 6 times; while Auswide has approx. 5% of loan approvals with a DTI above 6 times the total for the industry to December 2021 is >24%



### Housing Market

- > Brisbane house values up 29.3% and Regional Qld house values up 25.3% in 12 months to April 22<sup>2</sup>
- > Housing activity buoyed by population growth which is being driven by interstate migration, government stimulus and low interest rates
- > Uncertainty around housing market and values in a rising interest rate environment



### Brokers Continue to Capture Market Share

- > Brokers originated 66.9% of new residential home loans in September quarter 2021 (September Qtr 2020 60.1%)<sup>3</sup>
- > Post Royal Commission, shift in relationship between brokers and big 4 banks, creates opportunities for smaller banks

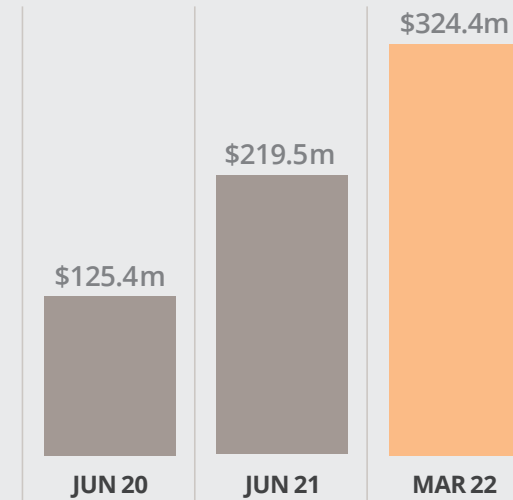
1. Queensland Government Statistician's Office Housing and Construction, CPI & Retail Trade March 2022
2. CoreLogic monthly chart pack May 2022
3. Mortgage & Finance Association of Australia (MFAA) - Media release 29 November 2021

# Private Bank driving growth

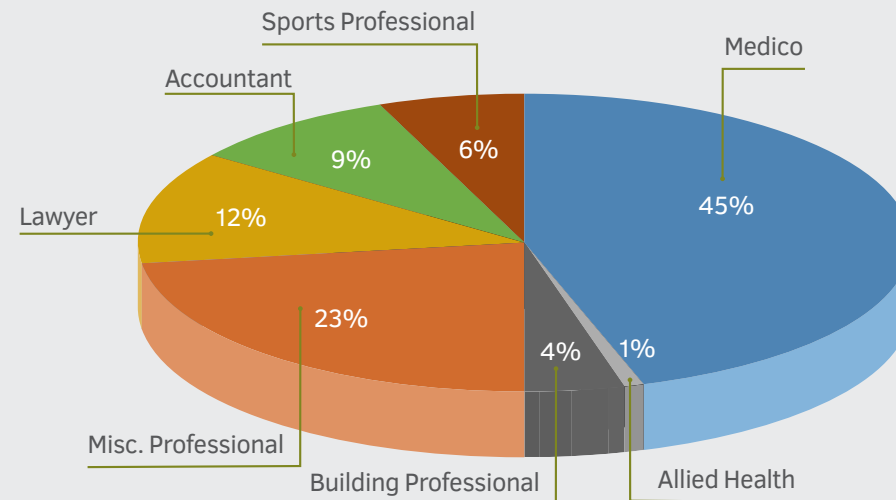
High Net Worth customers focusing on medical, professional and sporting with borrowing needs ideally over \$1m

## PRIVATE BANK PORTFOLIO

Material growth in Private Bank up from \$125.4m at June 20 to \$324.4m at March 22.



## PORTFOLIO DISSECTION



- > Deliver lending and deposit solutions to high net worth individuals
- > Quick loan turnaround time differentiates Auswide from its competitors
- > Leverage customer service capabilities in a high service model
- > Exciting growth niche with strong pipeline for future growth benefiting from advocacy
- > Solid referral base built on relationships and quality service proposition
- > Reviewing other services and offers to grow

# Transforming our business with technology

First phase of digital integration is complete

## Phase 1: Complete

### IMPROVED CUSTOMER AND PARTNER EXPERIENCE

- > Improving digital experience through Internet Banking and Mobile App
- > Loan processing enhancements to maintain time-to-yes and turnaround times
- > Boosting cyber resilience and protections to customer data
- > Digital advances for broker accreditation, support and communications
- > Enabling increased sales volumes with digital Verification of Identity services
- > Adoption of robotic processes in loan processing and administration
- > Capabilities to support a data driven business

## Phase 2: Now

### BUILD ON DELIVERED FOUNDATIONAL CAPABILITY

- > Enable a full digital experience including payment choices and anytime anywhere banking
- > Improved loan experience through a higher proportion of auto decisioned loans, digital document enablement and robotic processes
- > Elevating the Auswide brand across digital platforms including mobile and website
- > Implementing AI to retain customers in a period of customer volatility
- > Delivering trusted data for decision making off the basis of Auswide's Data Platform
- > Completing cloud foundation work allowing Data Platform to be the first major transition to the cloud

## Phase 3: Next

### TRANSFORMING OUR CUSTOMER AND PARTNER EXPERIENCE

- > Delivering a fully digitised loan experience supported by open banking, streamlined refinancing, auto decisioning capability, a digital document experience and automated processing
- > Investing to ensure a consistent experience meeting our customers channel of choice needs
- > Build on AI capability delivered to expand this offering across other business challenges
- > Deliver a digital Web/App experience that matches our target customer expectations
- > Continue cloud transitions in alignment with strategic goals



# Environmental, Social and Governance (ESG) vision

Auswide Bank believes that its ESG responsibilities and business objectives are connected.

- > Our goal is for Auswide Bank to be known as a healthy and sustainable organisation which generates positive and sustainable economic growth
- > Auswide has established an ESG Committee to develop an ESG management framework, policies, practices and disclosures
- > Initiatives aligned to the bank's ESG goals include:
  - Launch of the an eco-friendly banking card for customers
  - Electronic statements project to reduce paper wastage
  - Our community partnership with the QRL which supports the development of local football in the regional communities
  - Procurement guidelines for marketing materials to reduce printed material
- > Review and development of green loans for possible release in FY23



## AUSWIDE BANK'S SUSTAINABLE FRAMEWORK



### ENVIRONMENT

- > Energy footprint
- > Waste management and recycling
- > Education and community involvement



### SOCIAL

- > Supporting businesses
- > Community partnerships
- > Volunteering and fundraising
- > Ethical and sustainable business practices
- > Employee engagement
- > Diversity and inclusion
- > Pay equality
- > Wellbeing and safety
- > Talent development



### GOVERNANCE

- > Responsible lending
- > Cybersecurity and data protection
- > Privacy
- > Fraud and financial crime prevention and protection
- > Governance and conduct

# FY22 outlook

Continued loan book growth driven by digital transformation across the business



## ALL 3-YEAR STRATEGIC TARGETS ACHIEVED WITHIN 3 YEARS

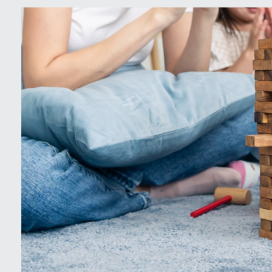
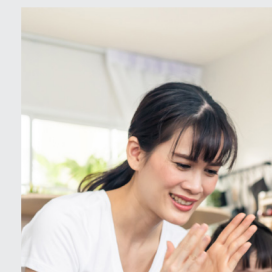
STRATEGIC TARGETS	H1 FY19	H1 FY20	H1 FY21	H1 FY22
Cost to Income Ratio (statutory)	64.8%	62.9%	59.6%	59.1%
NIM (Half Year)	1.88%	1.95%	2.01%	1.99%
RONTA	9.0%	9.7%	11.6%	12.9%
Annualised loan book growth	5.0%	5.4%	13.4%	8.7%



## LOOKING FORWARD

Target Reset focused on:

- > Best Regional Bank ROE 10%+
- > Defying scale cost challenges with CTI < 60%
- > Continued focus on margin management and growth to optimise customer outcomes and shareholder return
- > At or above system growth with focus on Private Bank, Broker and Partnerships
- > Profitable growth





A photograph of a man with a beard and a baby crawling on a wooden floor. The man is wearing a dark blue long-sleeved shirt and is looking at the camera with a smile. The baby is wearing a colorful striped shirt and is crawling towards the camera. A woman is partially visible in the background, sitting on the floor.

Small things. Big difference.

## Appendix: 1H FY22 financial highlights

# Financial overview

Strong NPAT result reflecting above system loan book growth, stable NIM and ongoing cost discipline

	H1 FY22	H1 FY21	CHANGE
NPAT Statutory (Consolidated)	\$13.702m	\$11.472m	↑ 19.4%
NPAT Underlying (Consolidated) <sup>1</sup>	\$13.074m	\$11.472m	↑ 14.0%
Loan Book (billion) <sup>2</sup>	\$3.748b	\$3.485b	↑ \$263m
Net Interest Revenue	\$41.313m	\$38.262m	↑ 8.0%
Net Interest Margin (NIM) (Basis points)	199bps	201bps	↓ 2bps
Interim Dividend per share	21.0c	19.0c	↑ 2.0c
EPS Statutory (cents)	31.8c	27.0c	↑ 4.8c
EPS Underlying (cents) <sup>1</sup>	30.4c	27.0c	↑ 3.4c
ROE Statutory	10.5%	9.4%	↑ 1.1%
ROE Underlying <sup>1</sup>	10.1%	9.4%	↑ 0.7%
Cost to income Ratio	59.1%	59.6%	↓ 0.5%
Capital Adequacy Ratio	13.20%	13.32%	↓ 0.12%
Deposits	\$3.049b	\$2.791b	↑ \$258m

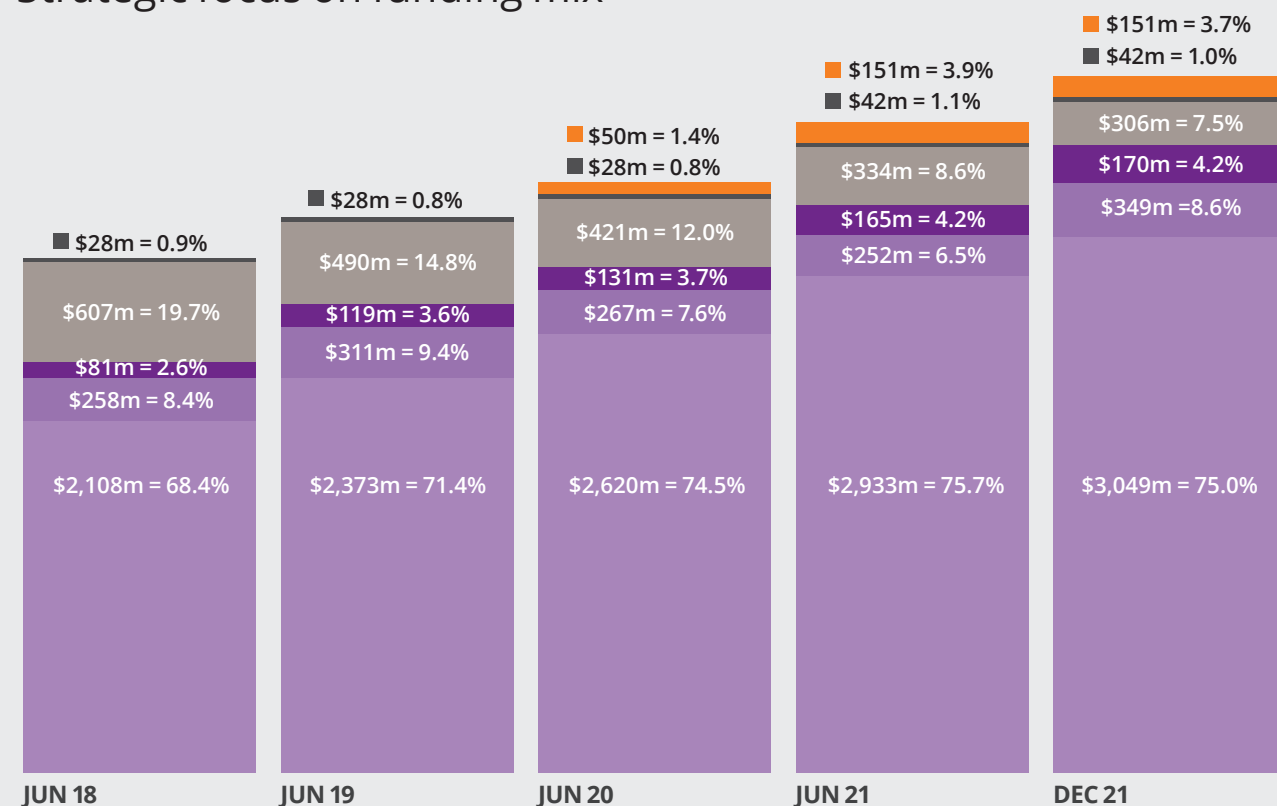
1. Difference between Statutory and Underlying NPAT, ROE and EPS is due to tax credits which the Bank underclaimed

2. Including Investments in Managed Investment Schemes (MISs) reported in Financial Assets in Balance Sheet

- > NPAT of \$13.702m, up 19.4% reflects strong growth in net interest revenue and ongoing cost discipline (CIR of 59.1% vs 59.6% PCP)
- > Underlying NPAT of \$13.074m differs from Statutory NPAT of \$13.702m due to tax credits which the Bank underclaimed
- > Net interest revenue of \$41.313m, up 8.0% due to profitable loan book growth and stable NIM
- > Annualised loan book growth of 8.7% was 1.2x system growth
- > Net Interest Margin of 199bps, down 2bps on H1 FY21
- > Annualised deposits up 7.9%; now 75.0% of funding (H1 FY21: 74.4%)
- > Strong balance sheet, capital adequacy ratio of 13.20%
- > Statutory ROE of 10.5% and Underlying ROE of 10.1% up from 9.4% in PCP
- > Interim dividend of 21.0c reflects strong financial results and prudent payout ratio of 66.4%

# Funding mix

Strategic focus on funding mix



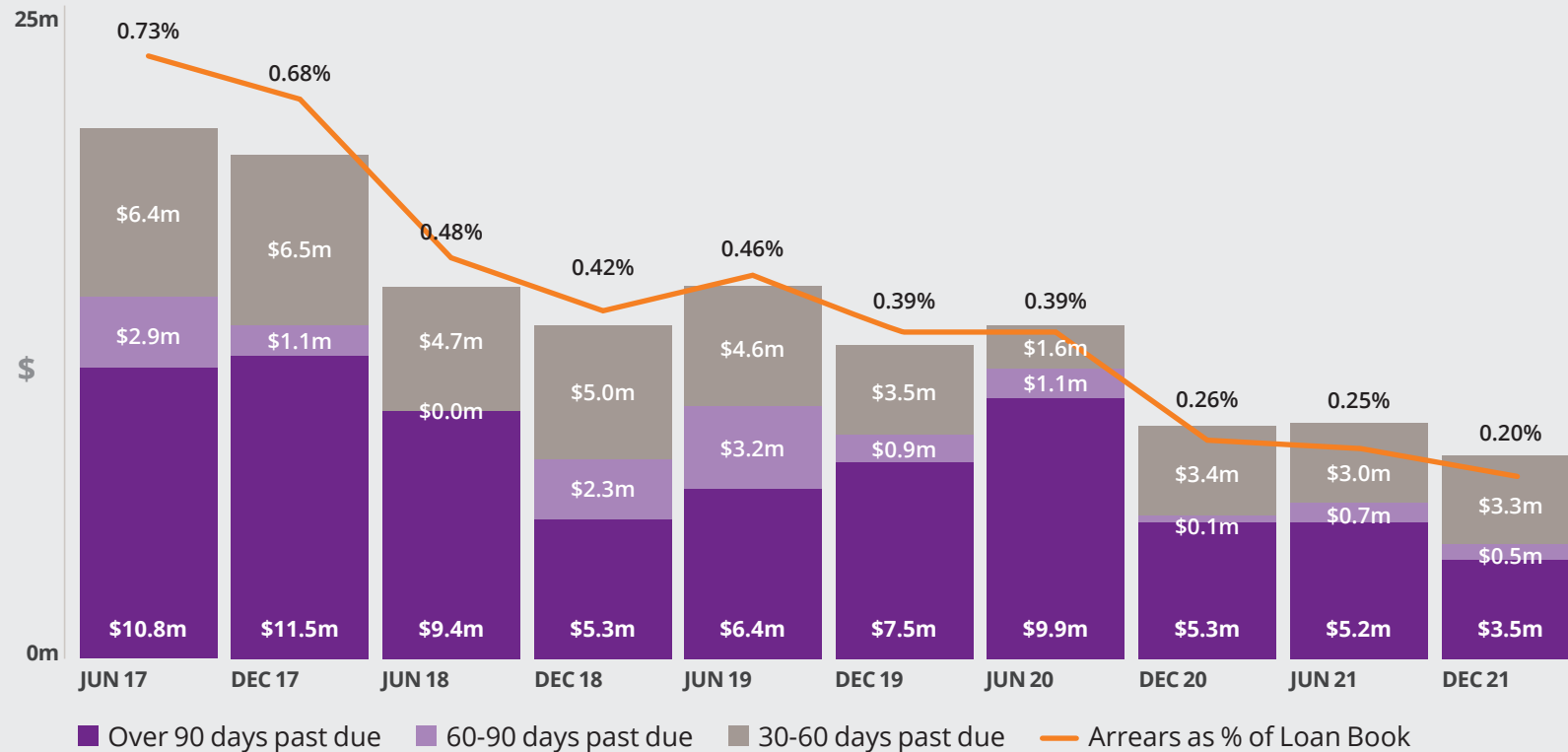
- > Ongoing strategic focus on expanding customer deposits and tight management of funding costs
- > Annualised 7.9% growth in customer deposits to reach 75.0% of funding (June 18: 68.4%)
- > Growth in lower cost at call savings accounts from \$1.440b (Jun 21) to \$1.634b (Dec 21), 26.9% annualised growth
- > Branch deposits from at call savings and term deposits up \$138.5m across H1 of FY22
- > Reduced reliance on securitisation; 7.5% of funding in Dec 21 vs 19.7% in June 18
- > Maintained dual investment grade ratings from Fitch & Moody's of BBB+ and Baa2 respectively

- Customer Deposits
- Securitisation
- NCDs
- Subordinated debt
- Senior unsecured FRNs
- RBA Term Funding Facility



# Loan book arrears

Arrears at historic lows and well below peers



1 LOANS PAST DUE V. SPIN (PERCENTAGE OF TOTAL LOANS)

	30 days past due (includes >90 days past due)	90 days past due
AUSWIDE	0.20	0.09
SPIN (Other)	0.81	0.45
SPIN (Regional)	1.09	0.59

(Auswide figures: at 31 Dec 21) SPINs: at 30 Nov 21 (latest available at time of publication)

- > Arrears of 0.20% are at historic lows highlighting loan book quality
- > Current arrears of \$7.3m, down 53bps compared to June 2017

# Disclaimer

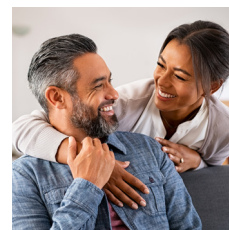
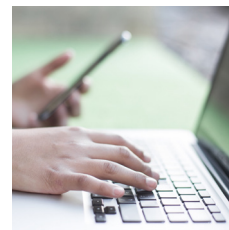
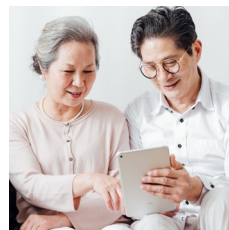
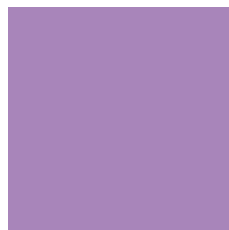
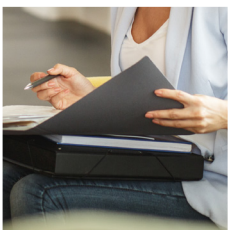
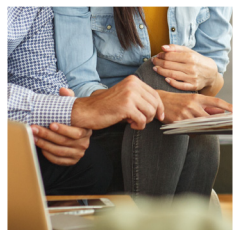
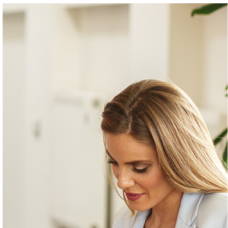
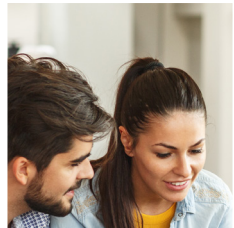
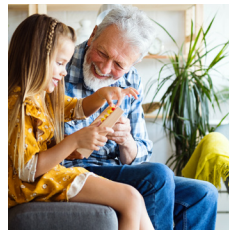
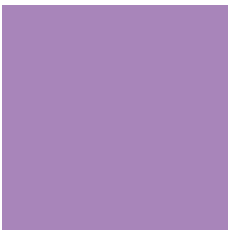
This Presentation has been prepared for Auswide Bank Ltd ABN 40 087 652 060, Australian Financial Services and Australian Credit License Number 239686, ASX Code ABA. The information is current as at 26 May 2022.

## FINANCIAL AMOUNTS

All dollar values are in Australia dollars (A\$) and financial data is presented as at the date stated. Pro-forma financial information and past information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of ABA's views on its future financial condition and/or performance. Past performance, including past trading or share price performance of ABA, cannot be relied upon as an indicator of (and provides no guidance as to) future ABA performance including future trading or share price performance.

## FUTURE PERFORMANCE

This Presentation contains certain “forward-looking statements”. Forward-looking statements can generally be identified by the use of forward-looking words such as “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “will”, “could”, “may”, “target”, “plan” and other similar expressions within the meaning of securities laws of applicable jurisdictions. The forward-looking statements contained in this Presentation involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of ABA, and may involve significant elements of subjective judgment as to future events which may or may not be correct. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.



Small things. Big Difference.

