

29 August 2022

Auswide Bank Ltd FY22 Result

Continued momentum in changing macro environment

- Statutory Net Profit After Tax (NPAT) of \$26.132m, up 8.2%
- Statutory Return on Equity (ROE) of 9.8% (Regional Bank leader)
- Loan book growth of 7.3% to \$3.855b
- Net Interest Margin (NIM) of 194bps, down 6bps on FY21
- Cost to income ratio of 61.1%, up from 60.1%

* All figures compare FY22 to FY21 unless otherwise indicated

Financial overview	FY22	FY21	Change
Statutory NPAT (\$m)	26.132	24.155	8.2%
NPAT excluding non-recurring items ¹ (\$m)	24.956	24.155	3.3%
Net interest revenue (\$m)	82.044	78.161	5.0%
Customer deposits (\$b)	3.059	2.933	126m
ROE statutory (%)	9.8%	9.7%	0.1%
EPS statutory (cents)	60.5c	56.7c	3.8c
Final dividend per share, fully franked (cents)	21.0c	21.0c	0.0c
Total dividend per share, fully franked (cents)	42.0c	40.0c	2.0c

Auswide Bank Ltd (ASX: ABA, “Auswide”) today released its results for the full year ended 30 June 2022 (FY22). Established in 1966, Auswide offers Australians an extensive range of personal and business banking products and services via an omni-channel distribution strategy which includes branches, strategic relationships and online & digital channels. Auswide has a strong legacy in regional Queensland, and a growing customer base in Southeast Queensland, New South Wales and Victoria.

Auswide Bank’s Managing Director Martin Barrett said: “Following several years of record profit growth FY22 has continued this positive trend. NPAT of \$26.132m was up 8.2% on pcp, driven by strong home loan growth and margin management. Through the year we have continued to expand our broker distribution and our Private Bank capability. We are more nimble than our bigger competitors and we are able to quickly seize opportunities in the competitive banking landscape including the roll out of new technologies which have provided new distribution possibilities and efficiency benefits.”

“We have continued to build strong momentum in the face of a volatile macroeconomic environment. Despite increasing inflationary pressures, the Queensland economy and housing market remains active. We anticipate the continued RBA

¹ Difference between NPAT, ROE and EPS statutory and excluding non-recurring items, due to tax credits which the Bank underclaimed, transition payment from payment systems provider, costs of M&A which did not proceed, release of COVID overlay in collective provision.

Small things. Big difference.

Official Cash Rate increases will provide support to our NIM, despite rising funding costs. Our successful strategy of profitable loan growth will continue.”

“Importantly this strong result was supported by the acceleration of investment in our digital and lending capability in FY22. Our loan processing capability has continued to improve and our volumes have continued to increase. We have a strong focus on improving the cost per loan in a highly competitive market and are well placed to continue our profitable growth agenda.”

“Our exploration phase of digital niches was completed during the period, and we are now undergoing phase two which includes a full digital experience including payment choices and ‘Anytime Anywhere Banking’. We will be introducing an improved loan experience through auto decisioned loans, digital documentation and robotic processes. Auswide will be elevating the brand across digital platforms, and we have integrated industry leading AI to retain customers as we move into a volatile period.”

“Capital remains strong at 12.90% and comfortably meets the ‘unquestionably strong’ regulatory targets.”

FY22 Operational Review

During the period, Auswide delivered loan book growth of 7.3%, valuing its loan book at \$3.855 billion, up from \$3.593 billion at June 2021. Approvals were up 10.3% compared to FY21. Private Bank, the Government’s First Homeowners scheme, fixed rate products and the enhancement of our broker offering all underpinned growth in FY22.

The focus of profitable loan book growth remains a key strategic objective of the bank. There is consistent management of funding lines as well as asset and deposit pricing to ensure the loan book growth is reflected in the net interest revenue and profitability.

The growth in the loan book has been supported by Auswide’s heightened strategic focus on its customer experience and products. In FY22 Auswide developed a new customer ‘evolution journey’ and increased its home loan support and retention focus for existing customers. The digital initiative of ‘Anytime Anywhere Banking’ also launched, offering face-to-face services, or Customer Hub and digital options. We also continued to market our brand through our partnership with the Queensland Rugby League (QRL), which remains a strong reference point for brokers and consumers.

Auswide focused on enhancing its products in FY22 to showcase our high-quality lending offering. This was well received by our customers, with home loan settlements at a record high of \$1.06b, an increase of 10.9% on FY21. We also saw sustained Private Bank momentum in customer and asset growth.

A standout has been the quality of our loan book with arrears amongst the best across the industry at a historic low of 0.18% of loan book at 30 June 2022.

Small things. Big difference.

FY22 Financial Review

Auswide's strong loan book growth delivered net interest revenue of \$82.0m up 5.0% on pcp. A surge in funding costs resulted in a NIM of 194bps, down 6bps from FY21.

Auswide has an ongoing strategic focus on expanding customer deposits and tight management of funding costs. Customer deposits grew at 4.3% in the period, to reach 73.2% of funding (FY21: 75.6%). There was a 21.4% in lower cost at call savings accounts from \$1.44b at June 2021 to \$1.75b at June 2022. Deposit growth will provide funding for asset growth and repayment of the RBA term funding facility from Q4 of FY23.

Auswide retained its strong capital position with a capital adequacy ratio of 12.90% and CET1 of 10.63%, comfortably meeting APRA's 'unquestionably strong' requirement. The capital ratio is down from 13.31% at 30 June 2021 as the growing home loan portfolio contributes to elevated risk weighted assets.

Return on Equity of 9.8% (FY21: 9.7%) is the strongest compared to our regional bank peers. At a time when many banks have seen their ROE declining Auswide Bank has been improving this metric.

The Board has declared a fully franked final dividend of 21.0cps, bringing the total dividend of 42.0cps for FY22 up from 40.0cps for FY21. This dividend reflects very strong operational performance and prudent capital management to provide returns to shareholders.

Environmental, Social and Governance (ESG)

In FY22, Auswide's Sustainability Committee developed policies, targets and measures for our ESG progress. The pillars of the framework include; Customers, Our People, Community, Environment, Financial and Technology & Data.

The objectives of the Sustainability Committee include the embedding of the new policies and targets in the strategic and risk management frameworks of the bank. As the new 3 year strategic plan is developed across H1 of FY23, 'Sustainability' will be a core consideration as Auswide further engages with stakeholders to advance the commitment to environmental, social and governance priorities.

FY23 Outlook

Auswide has experienced a strong start to FY23. The record level of loan approvals in the year to date is expected to deliver loan book growth of 1.5x to 2.0x system across H1 of the financial year. In addition, the NIM is supported by funding and pricing management and is projected to trend upwards in the first quarter.

Auswide will continue to focus on ongoing broker lending enhancement to support growth, continue to expand Private Bank, and prepare for the macro tailwind of Australians looking to refinance as fixed rates mature and expire.

The growth in the loan book has impacted the credit risk weighted assets as the loan book has grown in the first months of the financial year. The Board has resolved to underwrite the Dividend Reinvestment Plan for the final dividend of FY22 to ensure the tier 1 and total capital remains strong for further growth and investment.

Small things. Big difference.

Investor Conference Call

Following the release of the FY22 result, Auswide Bank's Managing Director, Martin Barrett and Chief Financial Officer, Bill Schafer will brief the market via a conference call at 09:00 am (AEST) today, Monday 29 August.

To register for the conference call and access dial in details, please follow the link below.

<https://s1.c-conf.com/diamondpass/10023781-ldgfbsa6.html>

For more information:**Investors:**

Maddie Seacombe, Citadel-MAGNUS +61 402 999 291 mseacombe@citadelmagnus.com

Saskia West Citadel-MAGNUS +61 452 120 192 swest@citadelmagnus.com

Media:

James Strong, Citadel-MAGNUS +61 448 881 174 jstrong@citadelmagnus.com




Martin Barrett

Managing Director

+61 7 4150 4001

mbarrett@auswidebank.com.au



Bill Schafer BCom CA

Chief Financial Officer and Company Secretary

+61 7 4150 4075

bschafer@auswidebank.com.au

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.