

23 November 2022

Auswide Bank Ltd (ABA) 2022 Annual General Meeting Presentation

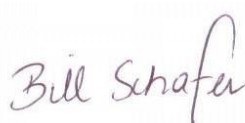
Auswide Bank Ltd's (ASX: ABA) 2022 Annual General Meeting will be held today at 11.00am Brisbane time. The meeting will be held at Christie Spaces Conference Centre, Level 1, 320 Adelaide Street, Brisbane, Queensland 4000 or online at <https://meetnow.global/M9FHG7J>.

The attached presentation which provides a review of the economic environment and strategic progress of the company, together with a review of Auswide Bank's operating activities and performance will be presented at today's Annual General Meeting.

Authorised for lodgment by:



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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.



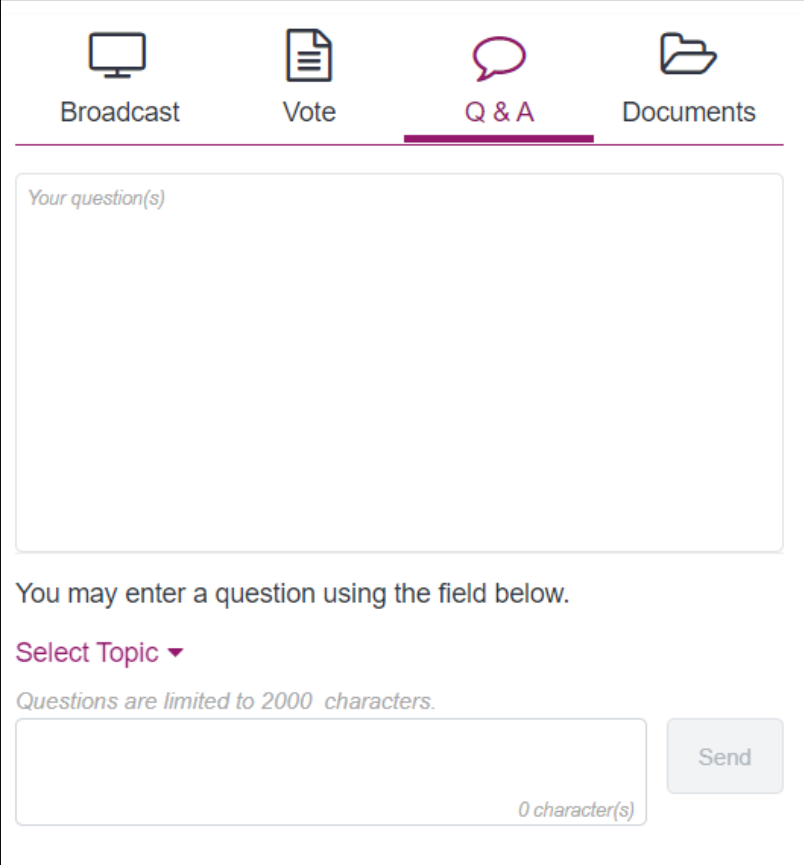
ANNUAL GENERAL MEETING

23 NOVEMBER 2022



How to ask a question

- To ask a written question select the Q & A icon
- Select the topic your question relates to from the drop-down list
- Type your question in the text box and **press** the send button
- To ask a verbal question follow the instructions below the broadcast window.



The screenshot shows a user interface with four tabs: Broadcast, Vote, Q & A, and Documents. The 'Q & A' tab is selected and highlighted with a purple underline. Below the tabs is a large text box labeled 'Your question(s)'. Below this text box is a smaller text box with a 'Send' button. The smaller text box has a character count '0 character(s)' and a note 'Questions are limited to 2000 characters.'.

Broadcast Vote **Q & A** Documents

Your question(s)

You may enter a question using the field below.

Select Topic ▼

Questions are limited to 2000 characters.

0 character(s) Send

How to vote

- When the poll is open, select the vote icon at the top of the screen
- To vote, select either For, Against or Abstain
- You will see a vote confirmation
- To change or cancel your vote “click here to change your vote” at any time until the poll is closed

The screenshot displays a web interface for online voting. At the top, there is a navigation bar with four icons: a monitor for 'Broadcast', a document with a red '1' for 'Vote' (which is the active tab), a speech bubble for 'Q & A', and a folder for 'Documents'. Below the navigation bar, a grey header box contains the text 'Items of Business'. The first item is '2A Re-elect Mr Sam Sample as a Director'. Below this item are three buttons: 'FOR', 'AGAINST', and 'ABSTAIN'. The second item is '2B Re-elect Ms Jane Citizen as a Director'. Below this item is a green checkmark icon, followed by the text 'We have received your vote For' and a link 'Click here to change your vote.'.



ANNUAL GENERAL MEETING

23 NOVEMBER 2022





01.

Financial Overview

Bill Schafer, CFO



FY22 Financial highlights

Continued strength with profitable loan book growth

STATUTORY
NPAT
\$26.132m

↑ 8.2%

LOAN BOOK
\$3.855b¹

↑ 7.3% GROWTH²

COST TO
INCOME RATIO
61.1%

↑ 1.0%

NET INTEREST
MARGIN
194BPS

↓ 6BPS
on FY21

NPAT EXCLUDING
NON-RECURRING
ITEMS
\$24.956m

↑ 3.3%

CUSTOMER
DEPOSITS
\$3.059b

↑ 4.3% GROWTH

EPS STATUTORY
60.5CPS

↑ 3.8CPS

ROE
9.8%

↑ FROM 9.7%

TOTAL DIVIDEND
42.0CPS

↑ 2.0CPS

ROE EXCLUDING
NON-RECURRING
ITEMS
9.4%

↓ FROM 9.7%

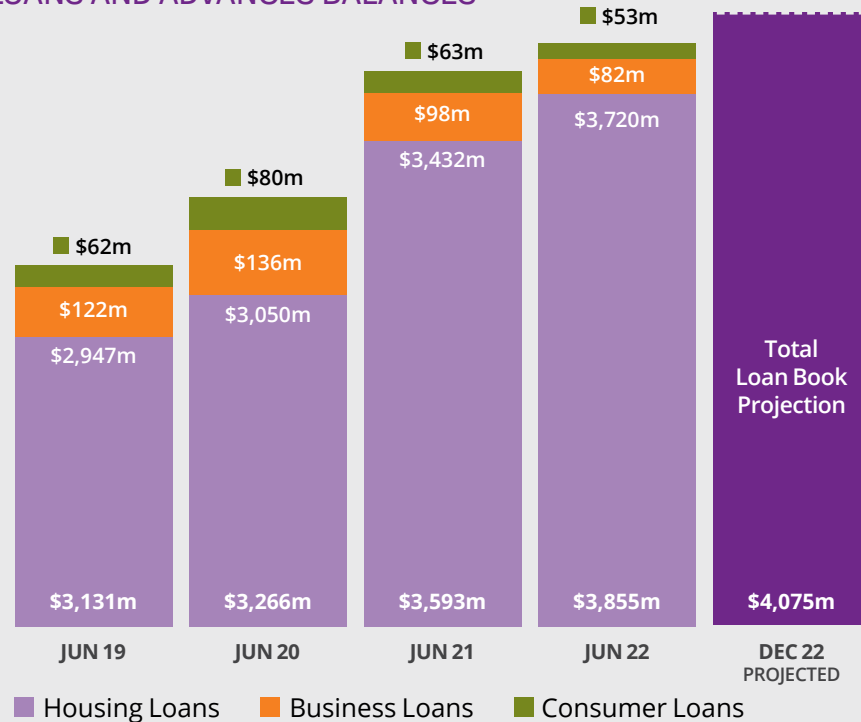
1. Including Investments in Managed Investment Schemes (MISs) reported in Financial Assets in Balance Sheet
2. The home loan book saw growth of 8.3% compared to RBA Financial Aggregates system growth of 7.8% for housing

3. Difference between statutory and excluding non-recurring items NPAT and ROE is due to:
 - Tax credits which the Bank previously underclaimed (\$628k)
 - Transition payment received from payments system provider (\$318k)
 - Costs of M&A activity which did not proceed \$120k
 - Release of COVID overlay in collective provision (\$350k)

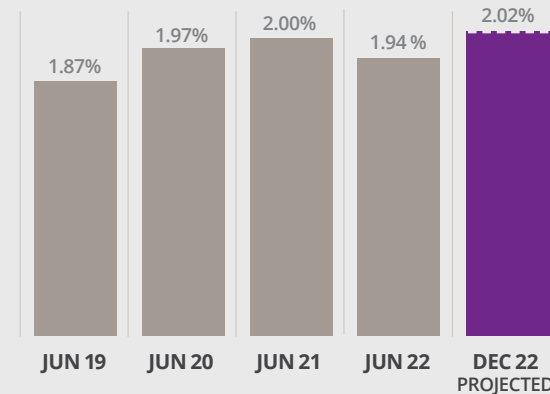
Ongoing strong loan book growth and strong net interest income

Loan book

LOANS AND ADVANCES BALANCES



NET INTEREST MARGIN



FY22 LOAN BOOK

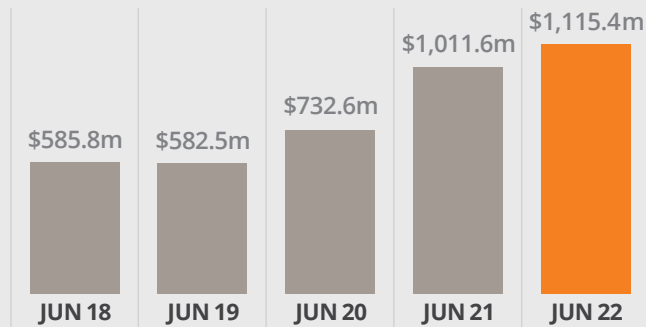
- > Home loan book growth of 8.3% (above system)
- > Loan book growth reflected in net interest income, up 5.0% to \$82.0m
- > Net interest margin of 1.94% (FY21: 2.00%)

H1 FY23 LOAN BOOK

- > Loan book target of \$4,075m at Dec 22
- > Net interest margin projection of 2.02% for H1 of FY23

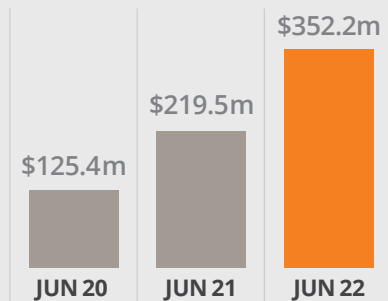
Broker and Private Bank driving growth

TOTAL HOME LOAN APPROVALS

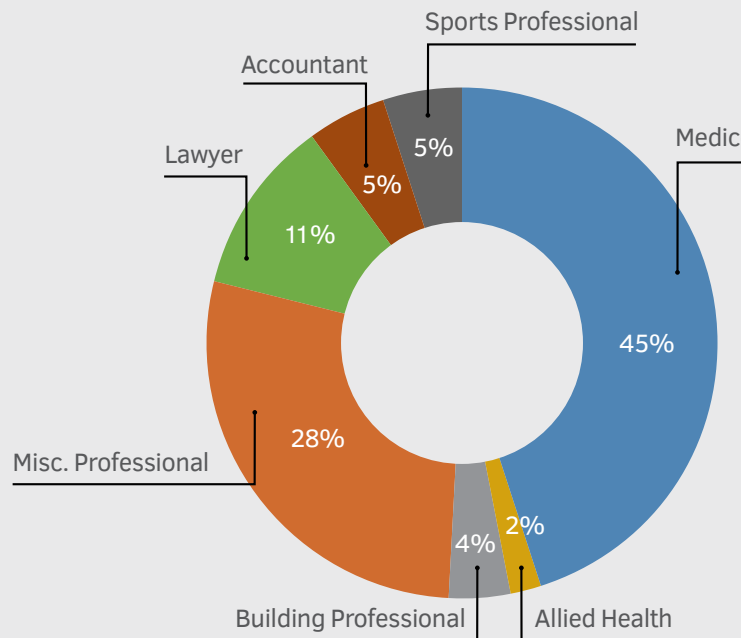


PRIVATE BANK PORTFOLIO

Material growth in Private Bank up from \$219.5m at June 21 to \$352.2m at June 22



PRIVATE BANK PORTFOLIO DISSECTION



BROKER

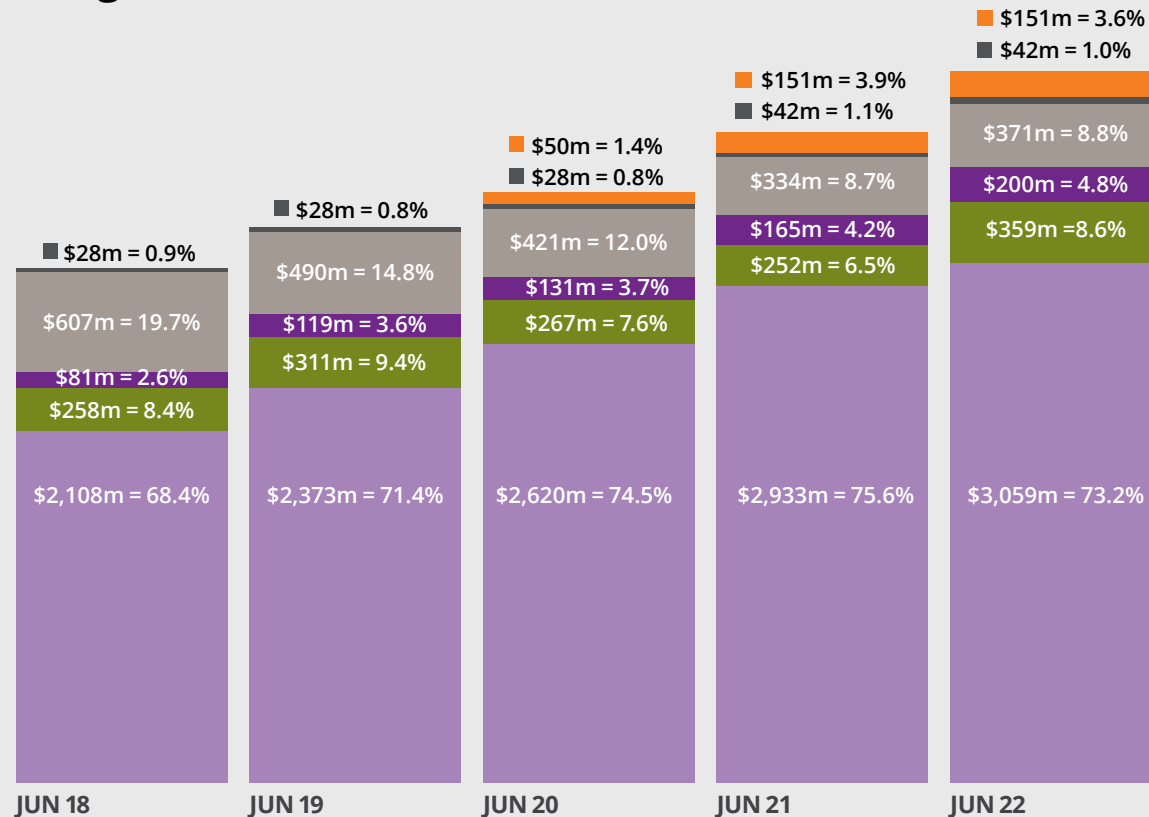
- > Ongoing investment in broker lending to enhance broker and customer experience
- > Growth driven through the third party channel

PRIVATE BANK

- > Portfolio driven by referral base and relationships built on quality service
- > Delivers lending and deposit solutions to high net worth individuals
- > Quick loan turnaround and high service model attracting customers

Strategic approach to funding as interest rates rise

Funding mix

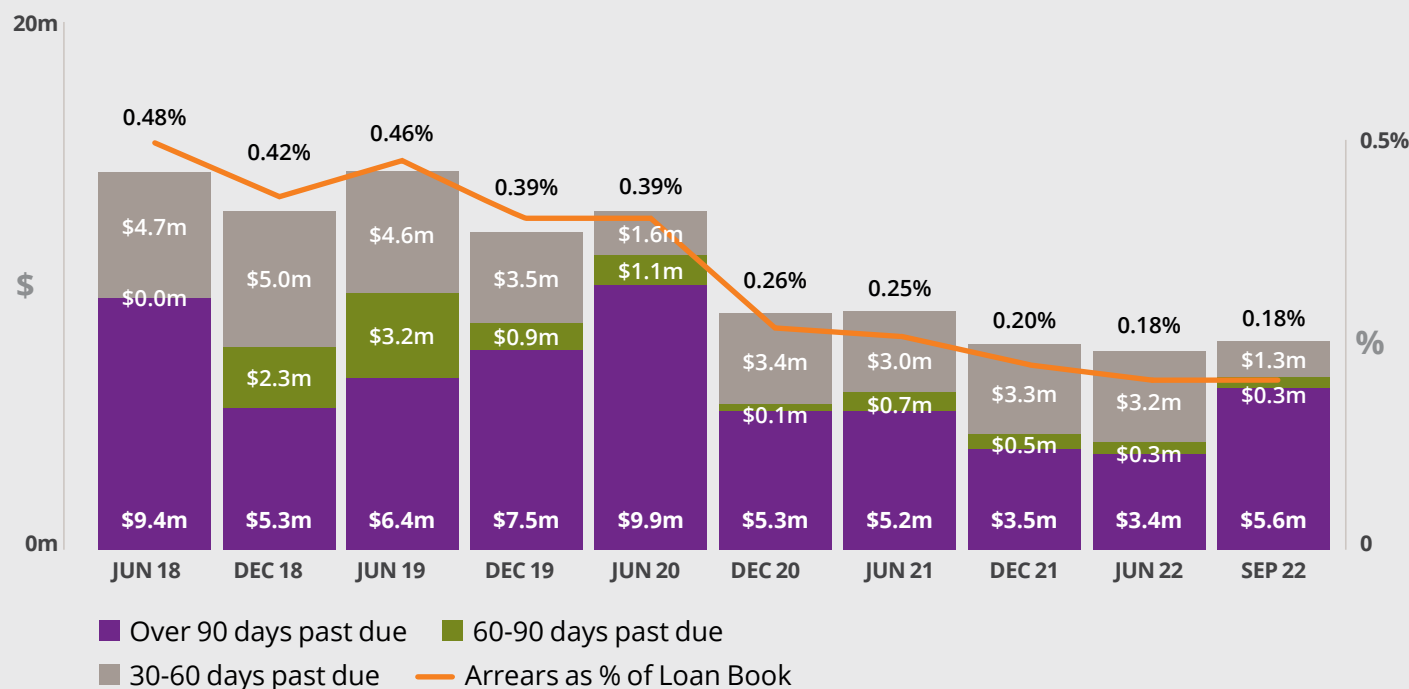


- > 4.3% growth in customer deposits (73.2% of total funding)
- > 21.4% growth in lower cost at call savings accounts from \$1.44b at June 21 to \$1.75b at June 22
- > Interest rates expected to continue rising before levelling off in 2023
- > Funding strategy to maintain focus on customer deposits and manage spreads on wholesale funding
- > Deposits to be originated from Qld branch network, deposit partnerships and online capabilities
- > Growth in deposits will provide funding for growth and repayment of RBA term funding in Q4 FY23

■ Customer deposits ■ Subordinated debt
■ Securitisation ■ Senior unsecured FRNs
■ NCDs ■ RBA Term Funding Facility

High quality credit and historic low arrears

Loan book arrears



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

	30 days past due (includes >90 days past due)	90 days past due
AUSWIDE	0.18	0.14
SPIN (Other)	0.58	0.30
SPIN (Regional)	1.08	0.60

(Auswide figures at 30 Sep 2022; SPINs: at 31 Aug 2022)

- Credit quality of loan portfolio is sound with a low level of arrears evident
- >30 days past due arrears at historic low of 0.18% of loan book
- >90 days past due arrears at 0.14% of loan book

ADVANCE PAYMENTS JUNE 2022

- > Credit quality enhanced by advance payments
- > 60% of term loans have advance payments > \$1,000
- > Total advance payments of \$206m (5.5% of total loan book)



Sustainability

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





02.

Operations and strategy

Martin Barrett, MD



Progress in key operational priorities



Customers

Enhancing customer experience

- > brand evolution journey and QRL
- > home loan support and retention focus for existing customers
- > Anytime Anywhere Banking – Face2face, Customer Hub & Digital

Growth FY22

- > increased capacity – increased yoy approvals
- > our niches – Private Bank, First Home Owners scheme, Fixed Rate products
- > deposits through partnerships
- > enhanced broker offering

Growth outlook

- > refinances as fixed rates mature
- > ongoing broker lending enhancement
- > Private Bank expansion

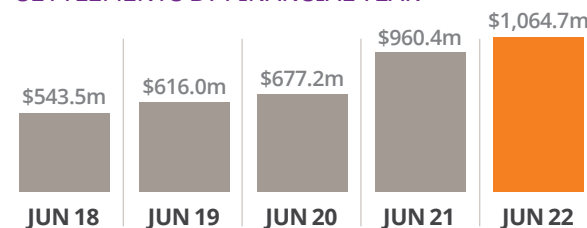


Products

High quality lending

- > home loan settlements at a record high \$1.065b, an increase of 10.9% on FY21

SETTLEMENTS BY FINANCIAL YEAR



- > sustained Private Bank momentum in customer and asset growth
- > total arrears at historic low of 0.18% of loan book at 30 June 22

Customer deposits

- > customer deposits grew 4.3% (73.2% of total funding) across FY22
- > 21.4% growth in lower cost at call savings accounts from \$1.44b at June 21 to \$1.75b at June 22



Strategy

Digital capabilities delivered

- > improving digital experience through Internet Banking and Mobile App
- > loan processing enhancements for time-to-yes and turnaround
- > boosting cyber resilience and protections to customer data
- > robotic processes to enhance customer service

Digital investments in action

- > a full digital experience including payment choices
- > improved loan experience: auto decisioned loans, digital documentation & robotic processes
- > industry leading AI to retain customers as we move into a period of customer volatility
- > delivering trusted data for decision making

Sustainability

- > Sustainability Committee developing policies, targets and measures for ESG progress
- > pillars of framework – Customers, Our People, Community, Environment, Financial and Technology & Data





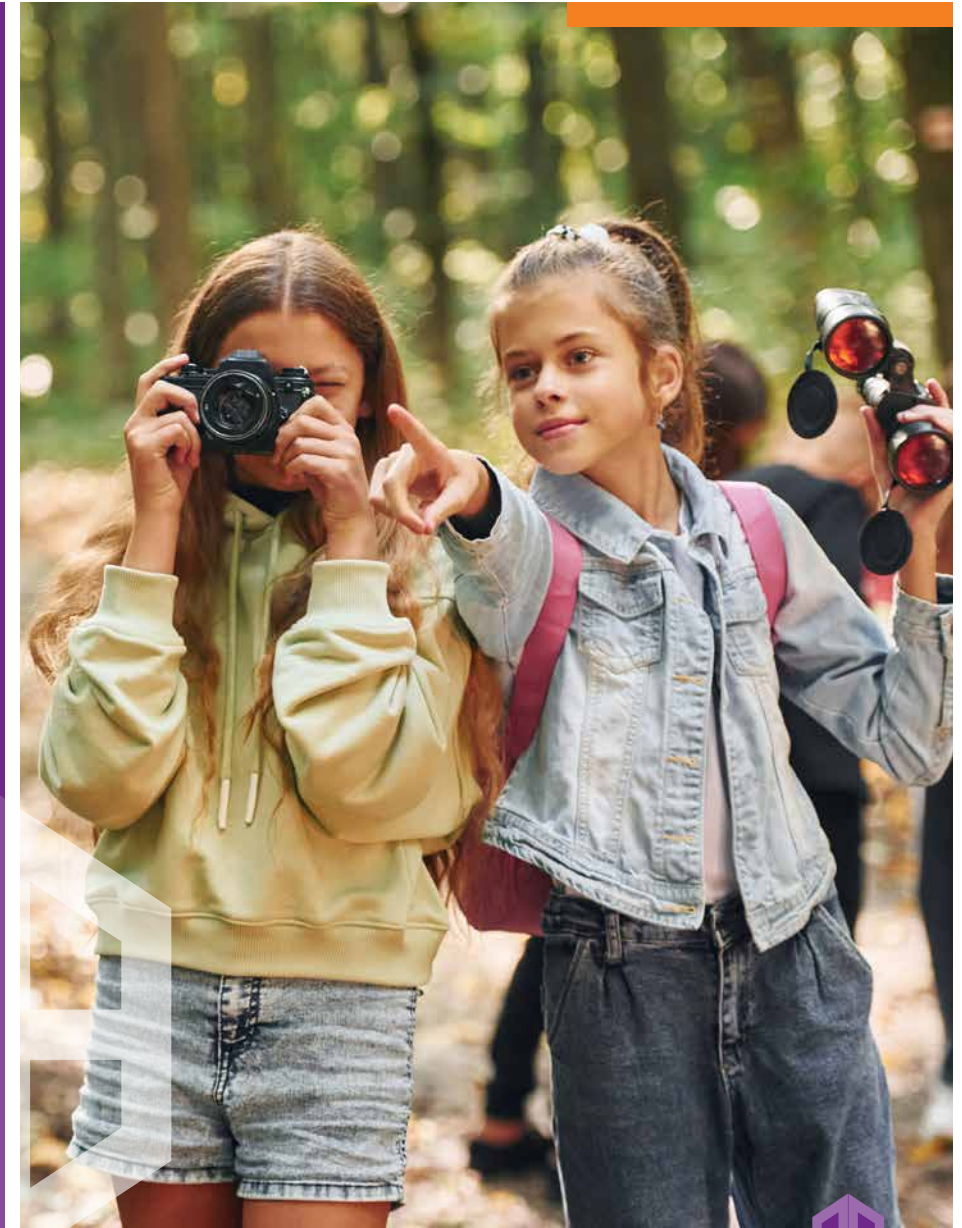
Lots of uncertainty and challenges however we are performing well

- > Inflation has quickly increased the cost of living and interest rates have moved just as quickly. Our loan book however is remaining strong with minimal arrears.
- > Talent is in demand and wages have been increasing significantly for businesses. Auswide Bank competes against much larger businesses to get the talent we need and this will place pressure on costs.
- > Housing market sales have quickly slowed and refinancing has increased across the industry. We have started the new Financial Year strongly as refinancing proves to be a positive, to date, for us.
- > Competition is intense with front book interest rate offers and cash backs prolific. Some lenders are gaining market share but unprofitably. We continue to focus on profitable growth.
- > Our Private Bank continues to win new business from our large competitors and more brokers support us today than ever before.
- > Our 17 branches continue to support our customers across regional Queensland and raise deposits that support our growth.

Continuing profitable growth through loan book growth and strong NIM

FY23 OUTLOOK

- > Loan book growth projected at 1.5x to 2.0x system for H1 of FY23
- > NIM trending above 200bps in H1 of FY23
- > Ensure NIM strength contributes to Net Interest Revenue (NIR)
- > Avoid loan book growth without NIR growth
- > Annualised ROE in H1 of FY23 of 9.5%
- > Enhancing capability through investment in digital bank
- > Delivering the new 3 year strategic plan in H1 of FY23



APPENDIX

Growth continues to drive profitability and shareholder returns

Financial overview

	FY22	FY21	CHANGE
NPAT Statutory	\$26.132m	\$24.155m	↑ 8.2%
NPAT excluding non-recurring items ¹	\$24.956m	\$24.155m	↑ 3.3%
Loan Book (billion) ²	\$3.855b	\$3.593b	↑ \$262m
Net Interest Revenue	\$82.044m	\$78.161m	↑ 5.0%
Net Interest Margin (NIM) (Basis points)	194bps	200bps	↓ 6bps
Final Dividend per share	21.0c	21.0c	→ 0.0c
Total Dividend per share	42.0c	40.0c	↑ 2.0c
EPS Statutory (cents)	60.5c	56.7c	↑ 3.8c
EPS excluding non-recurring items (cents) ¹	57.8c	56.7c	↑ 1.1c
ROE Statutory	9.8%	9.7%	↑ 0.1%
ROE excluding non-recurring items ¹	9.4%	9.7%	↓ 0.3%
Cost to Income Ratio	61.1%	60.1%	↑ 1.0%
Capital Adequacy Ratio	12.90%	13.31%	↓ 0.41%
Deposits	\$3.059b	\$2.933b	↑ \$126m

- > Loan book growth reflected in increased net interest revenue
- > NIM strength with loss of 6bps due to surge in funding costs
- > Total loan book growth 7.3%, home loans up 8.3%
- > Final dividend of 21.0c, prudent payout ratio of 73.1% on NPAT excluding non-recurring items
- > Cost to income ratio reflects strategic investments
- > Capital adequacy continues to support asset growth

Footnotes

1. See NPAT excluding non-recurring items reconciliation page 3
2. Including investments in Managed Investment Schemes (MISs) reported in Financial Assets in Balance Sheet





Questions | Thank you





Questions | Thank you



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 23 November 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.

