



Investor Presentation

H1 FY23 FINANCIAL RESULTS

27 FEBRUARY 2023



Auswide Bank

Small things. Big difference.

57 YEARS STRONG
EST. IN 1966

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.

CORE OFFERINGS



Home Loans



Personal Loans



Credit Cards



Everyday Banking



Savings Accounts



Insurance

FINANCIAL STATUS

\$3.248b



CUSTOMER DEPOSITS

\$4.108b



IN LOAN BOOK ASSETS

AWARDS



National Seniors
AUSTRALIA

MAJOR STRATEGIC PARTNERSHIPS

DISTRIBUTION



INTERNET
BANKING
AND APP



STRONG
BROKER NETWORK



PRIVATE
BANKING



16
BRANCHES

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.

H1 FY23 Financial Highlights

Record half-year result demonstrates profitable growth

UNDERLYING
NPAT¹

\$14.113m

↑ 7.9%

STATUTORY
NPAT

\$14.113m

↑ 3.0%

LOAN BOOK

\$4.108b

↑ 13.1%
annualised growth,
over 2x system²

COST TO
INCOME RATIO

62.3%

↑ 3.2%

NET INTEREST
MARGIN

202BPS

↑ 3BPS on
H1 FY22

UNDERLYING ROE¹

9.9%

↓ from 10.1%

CUSTOMER
DEPOSITS

\$3.248b

↑ 12.4%
annualised growth

EPS

31.7CPS

↓ 0.1CPS

ROE

9.9%

↓ from 10.5%

INTERIM DIVIDEND

22.0CPS

↑ 1.0CPS

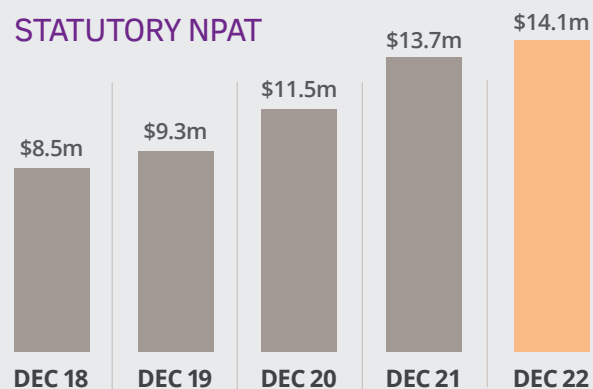
1. Difference between Statutory and Underlying NPAT and ROE in H1 FY22 is due to tax credits which the Bank previously underclaimed (\$628k)

2. System growth of 6.5% per RBA Financial Aggregates - total housing credit growth

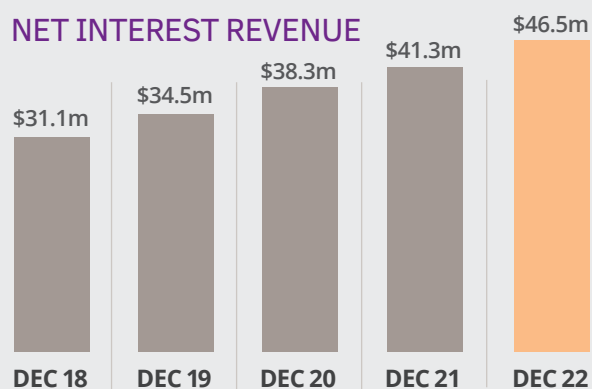
Continuing to deliver profitable growth

Loan book growth at over 2x system and NIM expansion

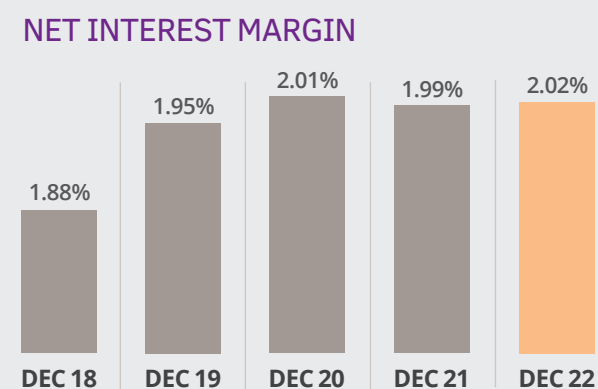
STATUTORY NPAT



NET INTEREST REVENUE



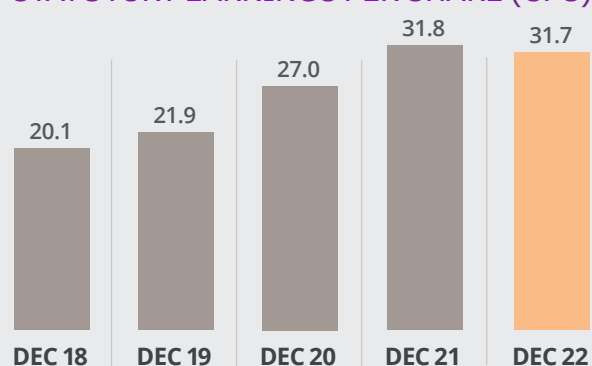
NET INTEREST MARGIN



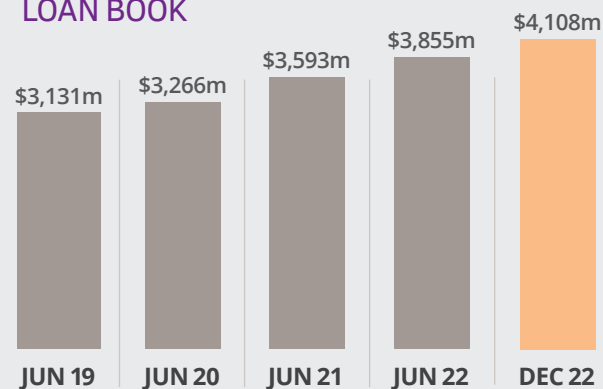
COST TO INCOME RATIO



STATUTORY EARNINGS PER SHARE (CPS)



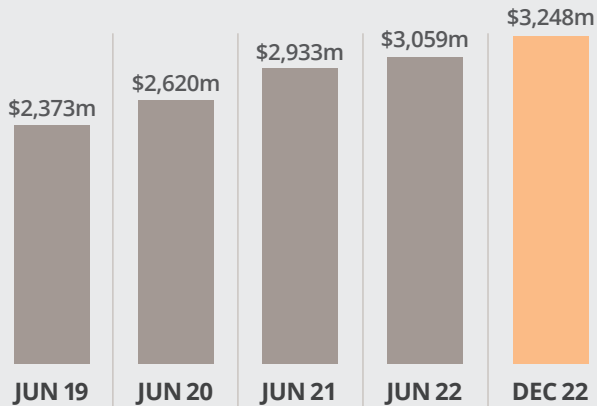
LOAN BOOK



Balance sheet strength

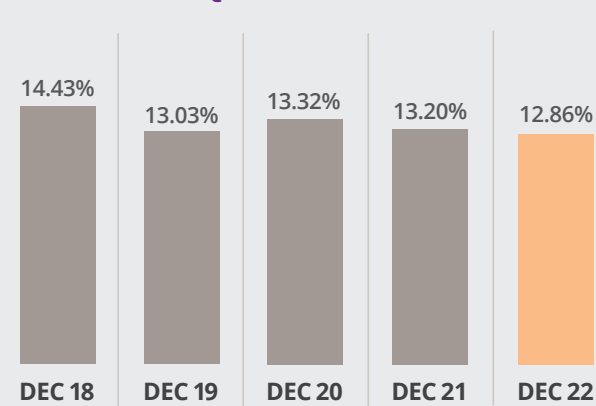
ROE in line with strategic target and continued deposit growth

CUSTOMER DEPOSITS



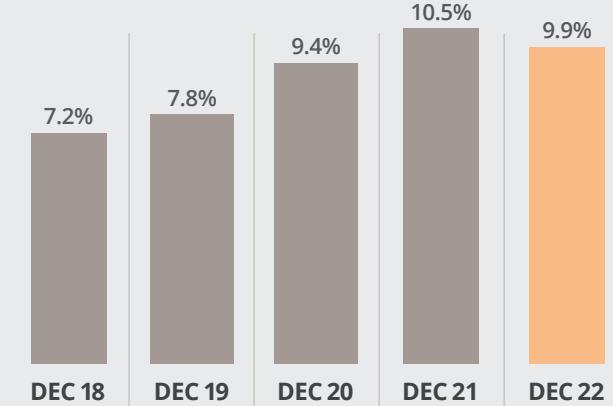
- > 12.4% annualised growth in deposits reflects strategic focus on cost effective funding lines
- > 71.7% of funding from customer deposits (H1 FY22 75.0%)

CAPITAL ADEQUACY RATIO



- > Capital remains strong at 12.86%
- > CET1 of 10.70%
- > The new prudential capital framework was effective 1 January 2023
- > Total capital under the new framework increased by 77bps

STATUTORY ROE



- > Return on Equity of 9.9% up from 7.2% in December 18
- > In line with strategic target of 10%
- > Best in class ROE for stand alone third and second tier banks

Financial overview

Record half-year NPAT result reflecting above system loan book growth, NIM expansion and business growth investment

	H1 FY23	H1 FY22	CHANGE
NPAT Underlying (Consolidated)	\$14.113m	\$13.074m	↑ 7.9%
NPAT Statutory (Consolidated)	\$14.113m	\$13.702m	↑ 3.0%
Loan Book (billion)	\$4.108b	\$3.748b	↑ \$360m
Net Interest Revenue	\$46.512m	\$41.313m	↑ 12.6%
Net Interest Margin (NIM) (Basis points)	202bps	199bps	↑ 3bps
Interim Dividend per share	22.0c	21.0c	↑ 1.0c
EPS Underlying (cents)	31.7c	30.4c	↑ 1.3c
EPS Statutory (cents)	31.7c	31.8c	↓ 0.1c
ROE Underlying	9.9%	10.1%	↓ 0.2%
ROE Statutory	9.9%	10.5%	↓ 0.6%
Cost to income Ratio	62.3%	59.1%	↑ 3.2%
Capital Adequacy Ratio	12.86%	13.20%	↓ 0.34%
Deposits	\$3.248b	\$3.049b	↑ \$199m

- > Underlying NPAT of \$14.113m, up 7.9% reflects strong growth in net interest revenue and continued investment in the business (CIR of 62.3% vs 59.1% H1 FY22)
- > Net interest revenue of \$46.512m, up 12.6% due to profitable loan book growth and NIM expansion
- > Annualised loan book growth of 13.1% was over 2x system growth
- > Net Interest Margin of 202bps, up 3bps on H1 FY22
- > Annualised deposits up 12.4%; now 71.7% of funding (H1 FY22 75.0%)
- > Strong balance sheet, capital adequacy ratio of 12.86%
- > ROE of 9.9% in line with strategic target of 10.0%
- > Interim dividend of 22.0c reflects strong financial results and prudent payout ratio of 70.9%

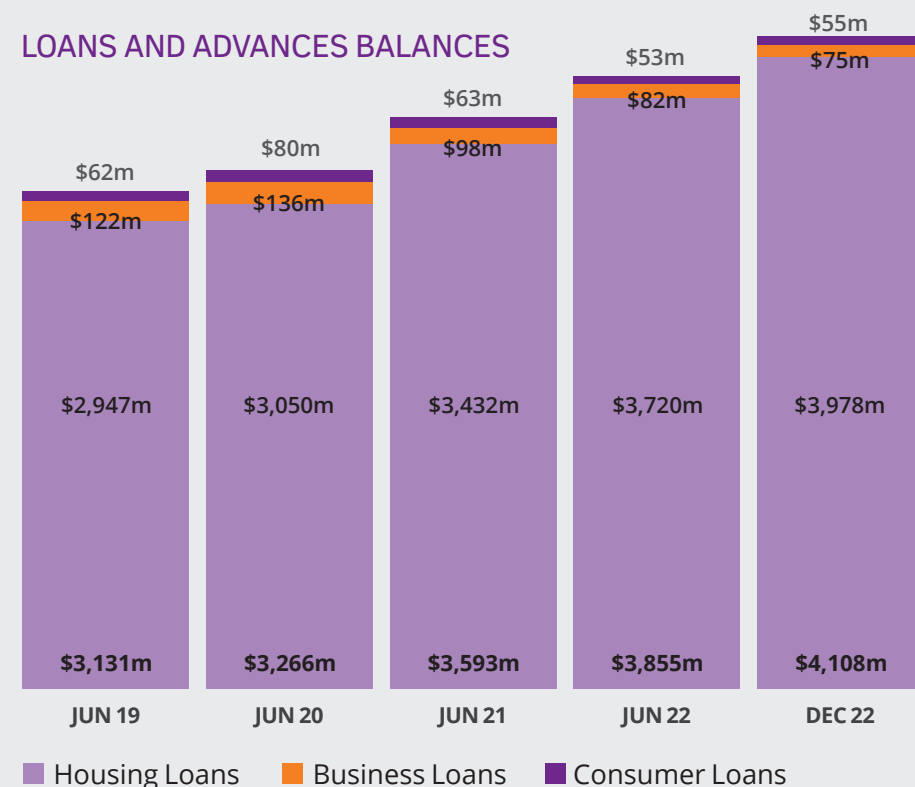
Material growth in net interest revenue driving record NPAT

	H1 FY22 Underlying NPAT	Tax credits underclaimed	H1 FY22 Statutory NPAT	Net Interest Revenue	Other non-interest income	Employee benefits expensed	Bad and doubtful debts expense and impairment to MIS investments	Fees and commissions	Occupancy, amortisation and general expenses	Income tax expense	H1 FY23 Statutory and Underlying NPAT
	\$13,074	\$628	\$13,702	\$5,199	(\$1,189)	(\$1,513)	\$553	(\$1,176)	(\$1,319)	(\$144)	\$14,113

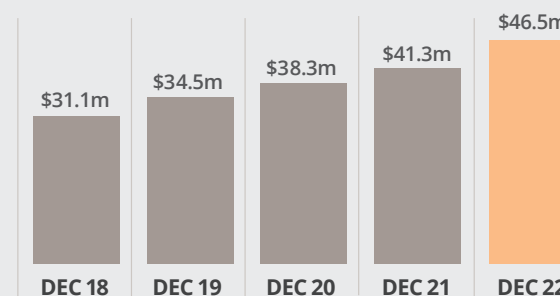
- Investor Presentation | H1 FY23 Results - February 2023

Record loan book growth

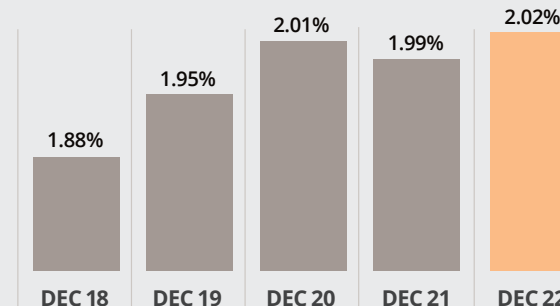
Net interest revenue rising through margin expansion



NET INTEREST REVENUE



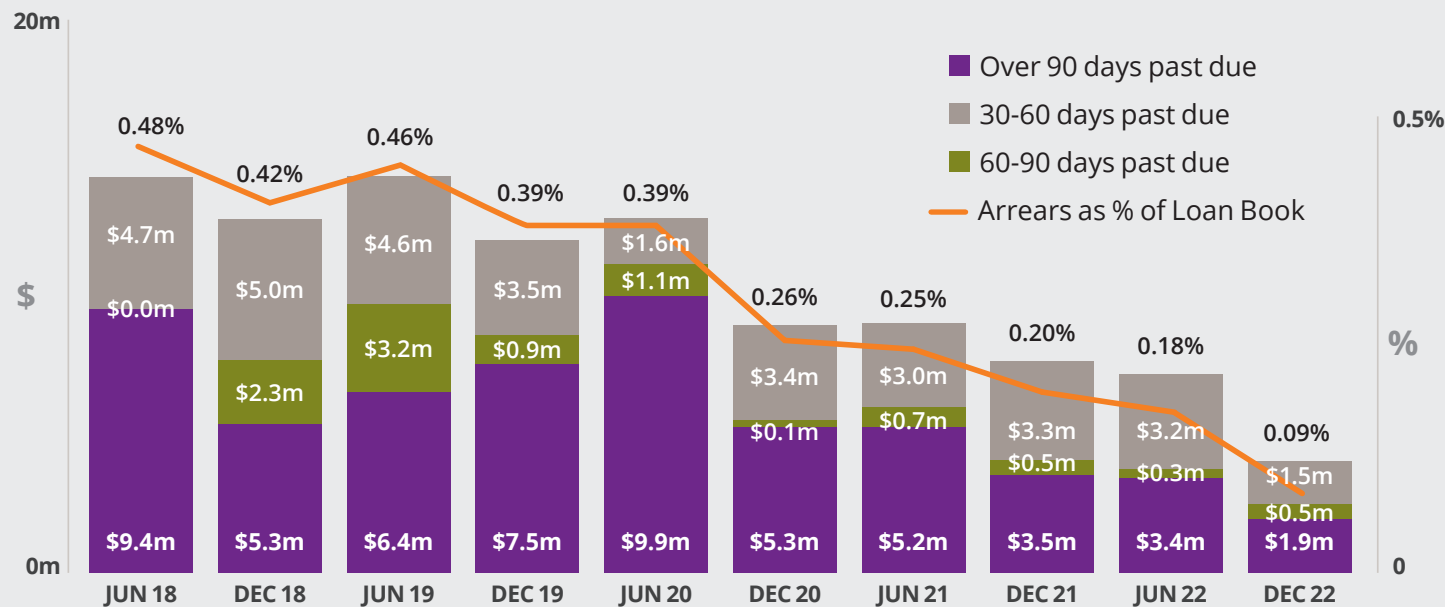
NET INTEREST MARGIN



- > Net interest revenue of \$46.5m, up 12.6% on H1 FY22
- > NIM of 2.02% up 8bps on “already strong” FY22 base of 1.94% (H1 FY22 1.99%)
- > Annualised loan book growth of 13.1%, over 2x system reflecting strong broker flows and private bank growth
- > Housing loans of \$3,978m, annualised growth of 13.9%

Industry leading loan book quality

High quality credit and historic low arrears



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

	30 days past due (includes >90 days past due)	90 days past due
AUSWIDE	0.09	0.05
SPIN (Other)	0.53	0.25
SPIN (Regional)	1.01	0.53

(Auswide figures: at 31 December 2022) SPINs: at 30 November 2022 (latest available at time of publication)

- Cash rate rises have caused significant increases to required payments
- Credit quality of loan portfolio is exceptional with an extremely low level of arrears evident
- >30 days past due arrears at historic low of 0.09% of loan book
- >90 days past due arrears at 0.05% of loan book

DEBT TO INCOME

- > Auswide applies a maximum Debt to Income (DTI) ratio of 6 times
- > Auswide has less than 5% of loan approvals with DTI above 6 times and no loans above 7 times
- > Compares to major banks DTI above 6 times of greater than 18%¹

ADVANCE PAYMENTS

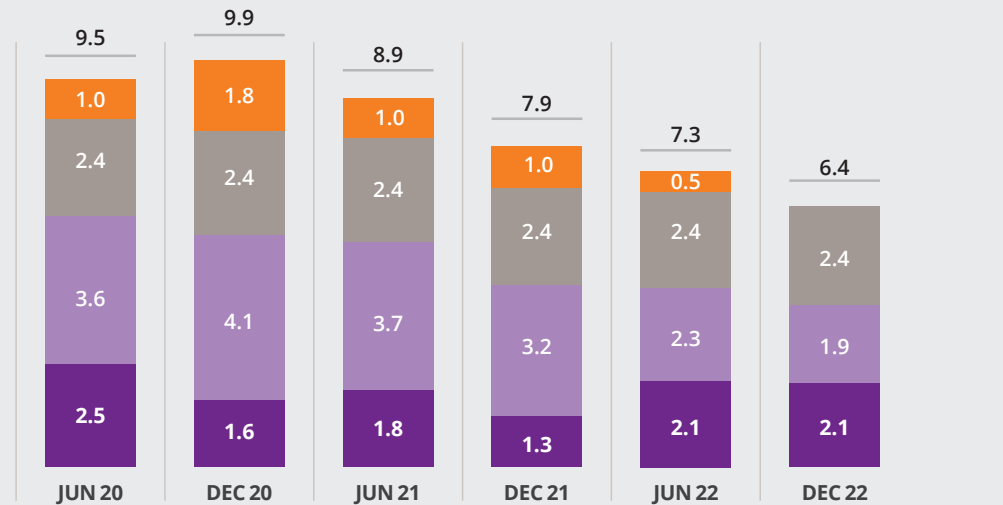
- > Credit quality enhanced by advance payments
- > \$440m in offset accounts (10.8% of total loan book)
- > Total advance payments of \$231m (5.7% of total loan book)

1. APRA Quarterly authorised deposit-taking institution property exposure statistics - Sep 2022

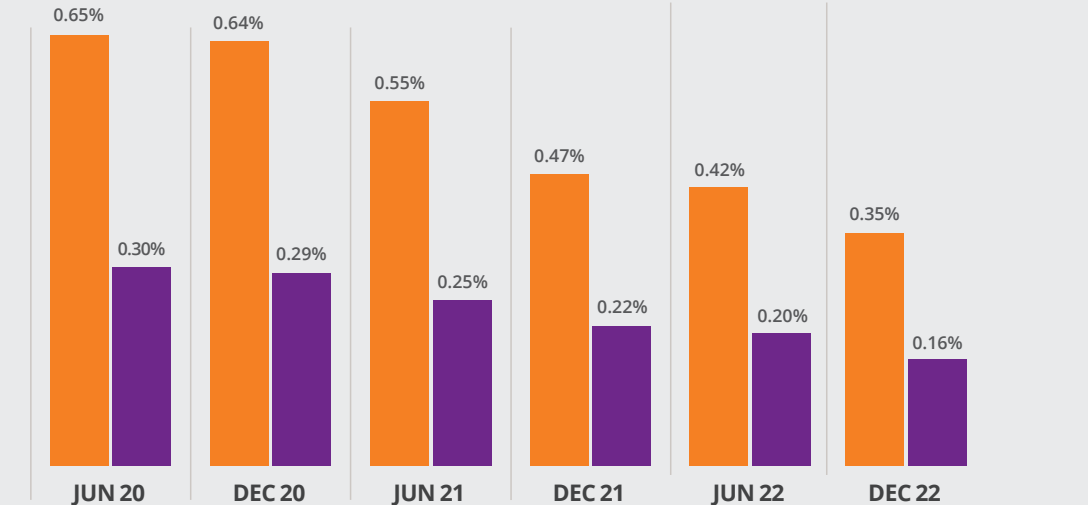
Total provisions and coverage ratio

Reducing provisions are in line with record low arrears

TOTAL PROVISIONS AND GRCL (\$M)



TOTAL PROVISION COVERAGE RATIO



■ Collective Provisions ■ Specific Provisions ■ GRCL ■ COVID-19 Overlay

■ Provisions & GRCL as % of Credit RWA ■ Provisions & GRCL as % of Total Loans

- > Specific provisions continue to reduce in a rising interest rate environment
- > Credit quality driving the strength of provisions
- > Total provision coverage ratio of 0.16% compared to an arrears level of 0.09% of the loan book

FY23 outlook

Continued loan book growth driven by digital transformation across the business



LOOKING FORWARD

Target reset focused on:

- > \$6b loan book through organic growth by 2025
- > Continued focus and delivery of digital transformation and loan processing capability with an aim of reducing the cost of each loan settled and increasing growth capacity
- > Renewed focus on optimum funding sources to identify growth opportunities in the lower cost savings and transaction accounts portfolio
- > Leveraging low arrears and well seasoned loans to facilitate a high quality Residential Mortgage Backed Security (RMBS) transaction providing long-term funding and capital benefits for investment strategies and loan book growth
- > Continue with our sustainability practices to ensure Auswide Bank together with its customers is building better futures together
- > Cost to Income ratio of less than 60% in the medium term with higher investment profile in short term to improve profitable growth ambition
- > Identification of M&A targets to source asset growth and opportunities for scale over the next three years

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 27 February 2023.

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.



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