

23 November 2022

## Auswide Bank Ltd (ABA) – 2022 Annual General Meeting Address to Shareholders by Chair and MD

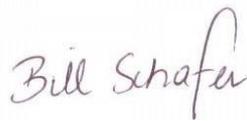
Auswide Bank Ltd's (ASX: ABA) 2022 Annual General Meeting will be held today at 11.00am Brisbane time. The meeting will be held at Christie Spaces Conference Centre, Level 1, 320 Adelaide Street, Brisbane, Queensland 4000 or online at <https://meetnow.global/M9FHG7J>.

The addresses to shareholders from the Chair and Managing Director which will be delivered at the Annual General Meeting are attached.

Authorised for lodgment by:



Martin Barrett BA (Econ) MBA  
Managing Director  
+61 7 4150 4001  
[mbarrett@auswidebank.com.au](mailto:mbarrett@auswidebank.com.au)



Bill Schafer BCom CA  
Chief Financial Officer and Company Secretary  
+61 7 4150 4075  
[bschafer@auswidebank.com.au](mailto: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.*

**Auswide Bank Limited**  
**Annual General Meeting**  
**23 November 2022**

**Chair's Address – Sandra Birkenleigh**

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I am pleased to present the Chair's AGM address on behalf of the Board of Auswide Bank.

**FY22 Financial Highlights**

Auswide Bank reported growth across a number of key financial metrics in FY22. Management of funding costs and controlled operational expenditure resulted in a NPAT of \$26.132m an 8.2% increase on the previous period.

The loan book grew 7.3% to \$3.86 billion in the financial year and contributed to a 5% increase in net interest revenue of \$82 million. Surging funding costs led to a reduction in the NIM by 6 basis points ending the year at 194 basis points.

The final, fully franked dividend of 21 cents per share represented a payout ratio of 73.1% on NPAT excluding non-recurring items. Capital remains strong at 12.90% however, the FY22 final dividend was fully underwritten with funds raised further strengthening Tier 1 and total capital, ensuring Auswide is well placed for future growth and investment. Ongoing profit growth and prudent capital management enabled a total FY22 dividend of 42 cents per share demonstrating shareholder value.

Sustainability continues to be a core consideration for Auswide Bank and over the year we implemented a sustainability and strategy framework centred on six key pillars to guide our approach in aligning our business objectives with our ESG responsibilities. Auswide Bank released our first Sustainability Report in 2022 and we will continue our ongoing engagement with stakeholders to advance our commitment to environmental, social and governance priorities.

**FY23 Outlook**

Despite the volatile macroeconomic environment with rising inflation, interest rates and cost of living increases the loan book continues to grow profitably. Auswide is well prepared for the macro tailwind of Australians looking to refinance as fixed interest rates mature and expire. We continue to manage risk and subscribe to prudent loan underwriting standards coupled with strong governance, a sound culture, appropriate internal controls, and clear accountabilities. To date, added economic pressures have not adversely impacted our arrears, which continue to remain steady at low levels.

Auswide's heightened strategic focus on customer experience and products has increased home loan support and retention for existing customers. Retail banking continues to be competitive, and our digital and physical offerings support customers in this space, while broker lending and our Private Bank portfolio contribute to the diversification of the loan book.

Auswide is committed to enhancing our response to cyber security with ongoing investment being made to ensure our customers benefit from robust protections to safeguard against the risk of increasingly sophisticated scams and fraud. Our strategic plan outlines the need for targeted investment into the exploration of digital niches in order to deliver capabilities across automation, customer choice and acquisition through partners.

## **Acknowledgements**

I would like to acknowledge the focus and commitment of the Board of Directors, together with our Managing Director, Martin Barrett. As a Board we remain committed to delivering long term, sustainable and profitable growth to drive shareholder value. Barry Dangerfield will not be standing for re-election at this year's AGM and will continue his service on the Board until his resignation at the end of the year, we thank Barry for his insight, guidance and significant contribution to the Board over the past 11 years and wish him well in his future endeavours.

Our people are our most valuable asset, and I would like to acknowledge the management and staff of Auswide for the contribution they continue to make to our business and our customers.

And finally, to our shareholders, thank you for your ongoing support as we work towards delivering profitable and sustainable returns.

I would now like to invite our Chief Financial Officer, Bill Schafer to present the FY22 overview.

## **Managing Director's Address – Martin Barrett**

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Thank you Bill

May I extend my warm welcome to you all.

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Auswide Bank has continued its successful, profitable growth. We have enabled this via our focus on our customer channel experience, each of which is important to our current and future success.

Our brand has continued to be better known and our Maroons partnership has helped us in that regard. Unfortunately next year will be our last year with the Maroons following the NRL packaging a deal with Westpac. A NSW based bank will be on the jersey of the Maroons from 2024!

Today we distribute our products and services via 6 different channels:

- 1) 17 Branches throughout regional Queensland and one in Brisbane
- 2) Our digital deposit and lending platforms
- 3) Our Queensland based lenders
- 4) A national distribution of home loan brokers
- 5) A growing group of National Partners
- 6) And of course, our relatively new and highly successful Private Bank.

The result is that we have now doubled our home loan settlements over the past 5 years which is now over \$1b p.a and continues to increase. Our deposit book has also followed suit supporting our lending success. Importantly we have seen our growth contribute positively to our NPAT with the company experiencing record profitability.

Importantly our lending has been high quality with the bank arrears levels amongst the lowest in the industry. Whilst interest rates have been increasing rapidly we are yet to see any stress on our loan book. We continue to monitor this and will work with any customers that do fall into difficulties to find the best solution.

Today we are in very good shape and we have built a strong platform on which to continue our growth.

In many ways we have and are defying the traditional view that to be successful in banking you must have scale. Whilst this obviously has numerous advantages, including better stock liquidity, nonetheless we are operating on a ROE that is better than any of our small and regional bank peers. Simply this is because we are working hard on improving our efficiency and productivity to compete in a highly competitive market whilst not compromising on our customers experience which continues to be of a high standard.

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I'd like to make some comments on the current environment given we have seen such an incredible turn of events in recent years. Very quickly we have moved from emergency interest rate settings and near zero inflation to rapidly increasing interest rates and the highest inflation in decades (now 7.3%). Wage growth has been low however is rapidly rising with the demand for skilled employees very high. We are under pressure to both retain our people and attract new talent.

With rate rises housing sales are falling and refinancing is increasing. Price competition including "cash backs" of up to \$6k are being offered to lure new customers. Like other difficult markets in which we have succeeded I'm confident we will continue to succeed in this one. Our loan book is high quality and we have been conservative on debt to income. We have multiple funding sources and price points that will assist us compete for new business and critically retain our existing business. We have invested in our back office support and our retention capabilities including AI technology.

A quick word on our Private Bank. This business has now exceeded \$300m in lending and continues to grow. Simply we are providing an old fashioned service proposition to customers with bigger banking needs. We have a proposition that big banks struggle to match with the biggest testament to our approach being the referral of new customers from our existing customers. We see further growth opportunity in this segment and will continue to invest to support it.

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As Bill has mentioned we have been successful in exceeding system lending growth in our first quarter and are well on target to achieve double system growth and continue to increase our market share this financial year.

Our fully franked dividend yield is currently in excess of 7% which equates to a pre-tax yield well over 10%.

Our ROE we believe will continue to be favourable to our regional banking peers.

Whilst the economic environment and the Geo-Political Environment are highly uncertain and volatile we will continue our focus on profitable growth. Our next 3 year strategic plan includes a number of exciting investments and opportunities that we believe will further lift our ability to compete successfully. We are setting an ambitious agenda for the period ahead as we build off our very strong foundations.

Thank you