



Auswide Bank Ltd

½ Yearly Results

2015/2016

22nd February 2016

Small things. Big difference.

auswidebank.com.au

H1 FY16 FINANCIAL SUMMARY

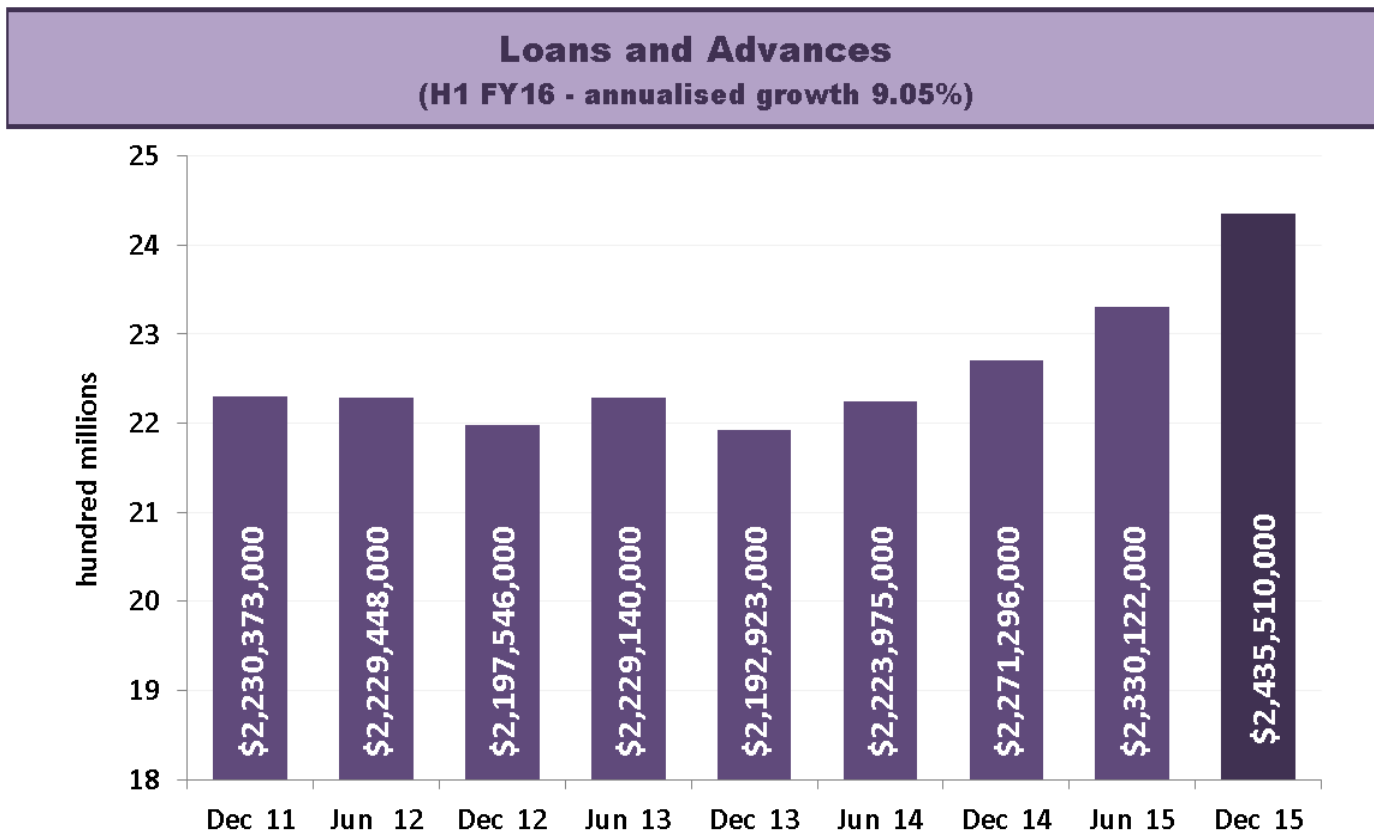
Details	H1 2015-16	H1 2014-15	Change
Net interest revenue (\$m)	26.542	25.856	2.65%
Consolidated underlying NPAT (\$m)	6.782	6.495	4.40%
Consolidated statutory NPAT (\$m)	6.063	6.495	(6.67%)
Earnings per share (cents)	16.36	17.74	(1.38c)
Underlying cash earnings per share (cents)	18.30	17.74	0.56c
Interim dividend per share, fully franked (cents)	14.0	14.0	-
Net interest margin (basis points)	183	181	2bps

The NIM is calculated using average balances for each of the major categories of interest bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate. Month end averages are used as they are representative of the entity's operations during the period.

Small things. Big difference.

LOAN BOOK GROWTH

9.05% ANNUALISED GROWTH IN FIRST HALF FY16

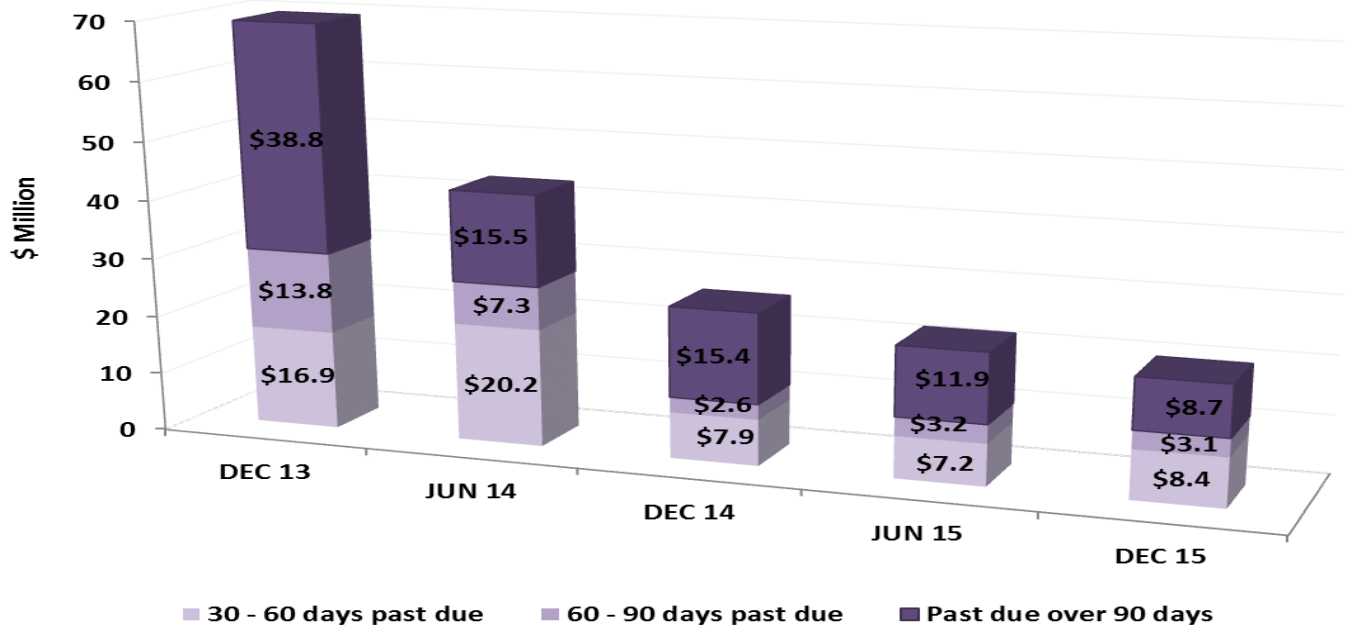


Small things. Big difference.

ARREARS

- Arrears continue to trend downwards
- Reduced arrears reflective of enhanced risk management
- Total provisions of \$5.205m at 31 December 2015 – (0.21% of total loan book)
- > 30 day arrears - (0.83% of total loan book)
- >90 day arrears – (0.36% of total loan book)

Loans and Advances Past Due

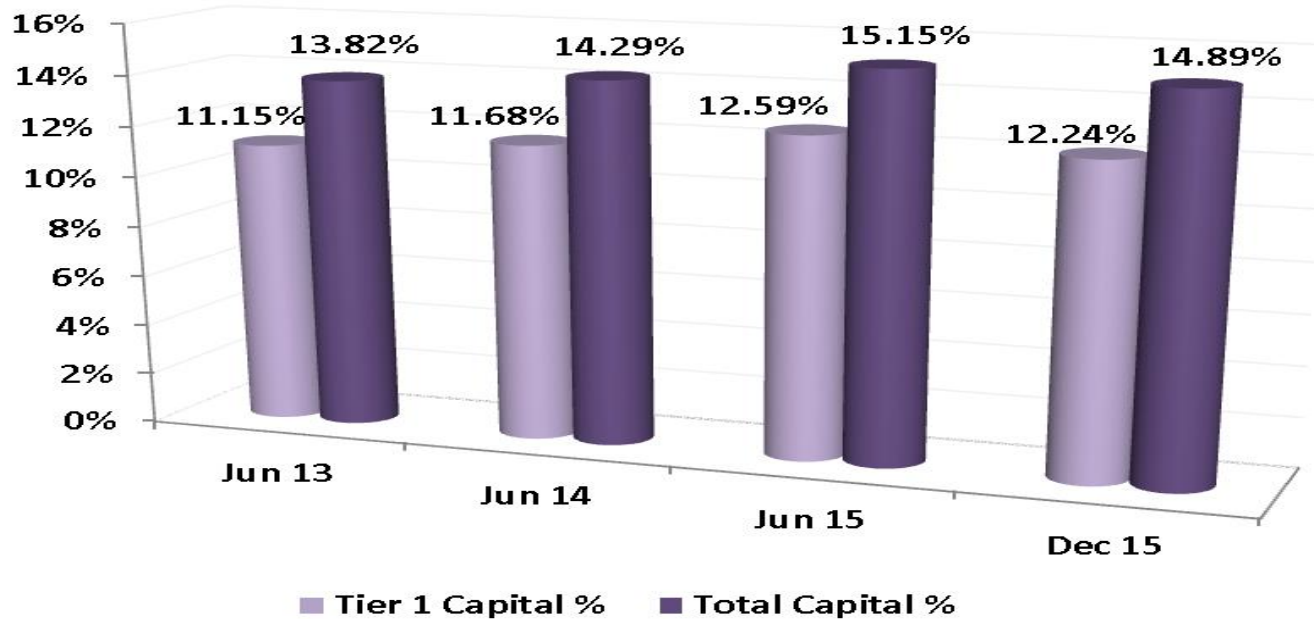


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CAPITAL

- Capital adequacy of 14.89%
- Capital adequacy ratio provides flexibility for loan book growth

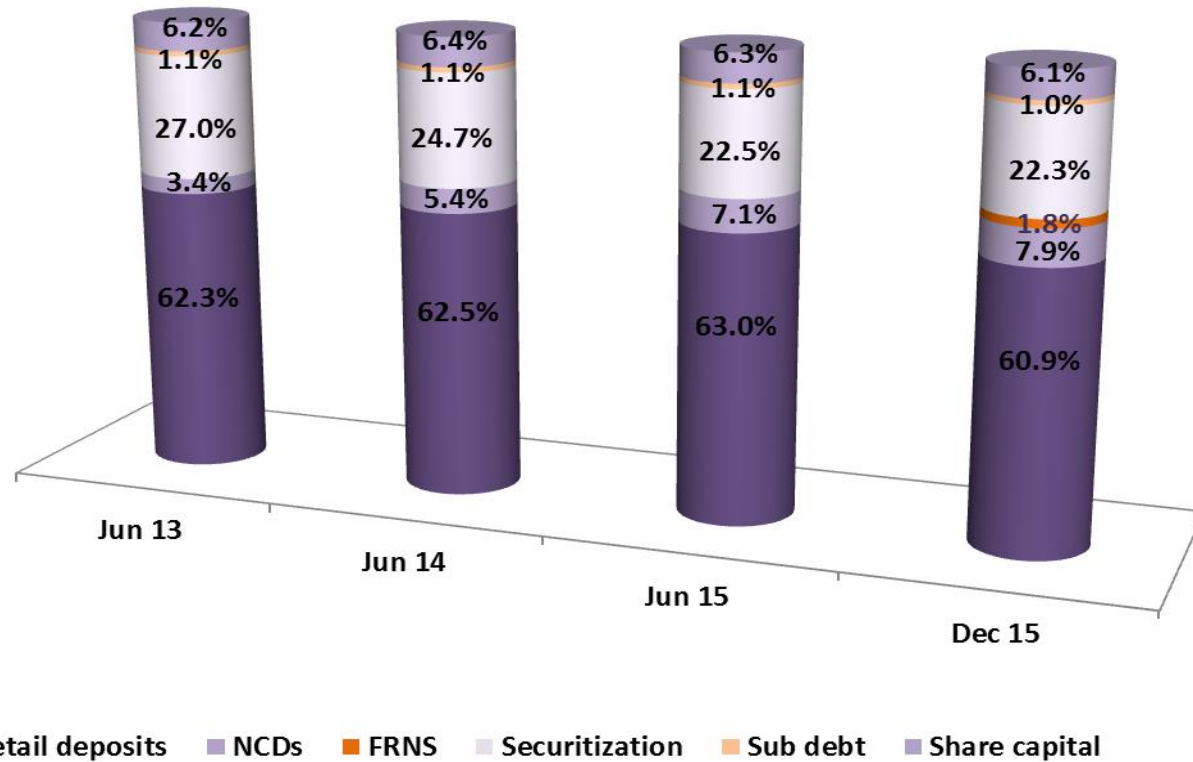
Strong Capital Adequacy Ratio



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FUNDING

Diversified Funding Mix



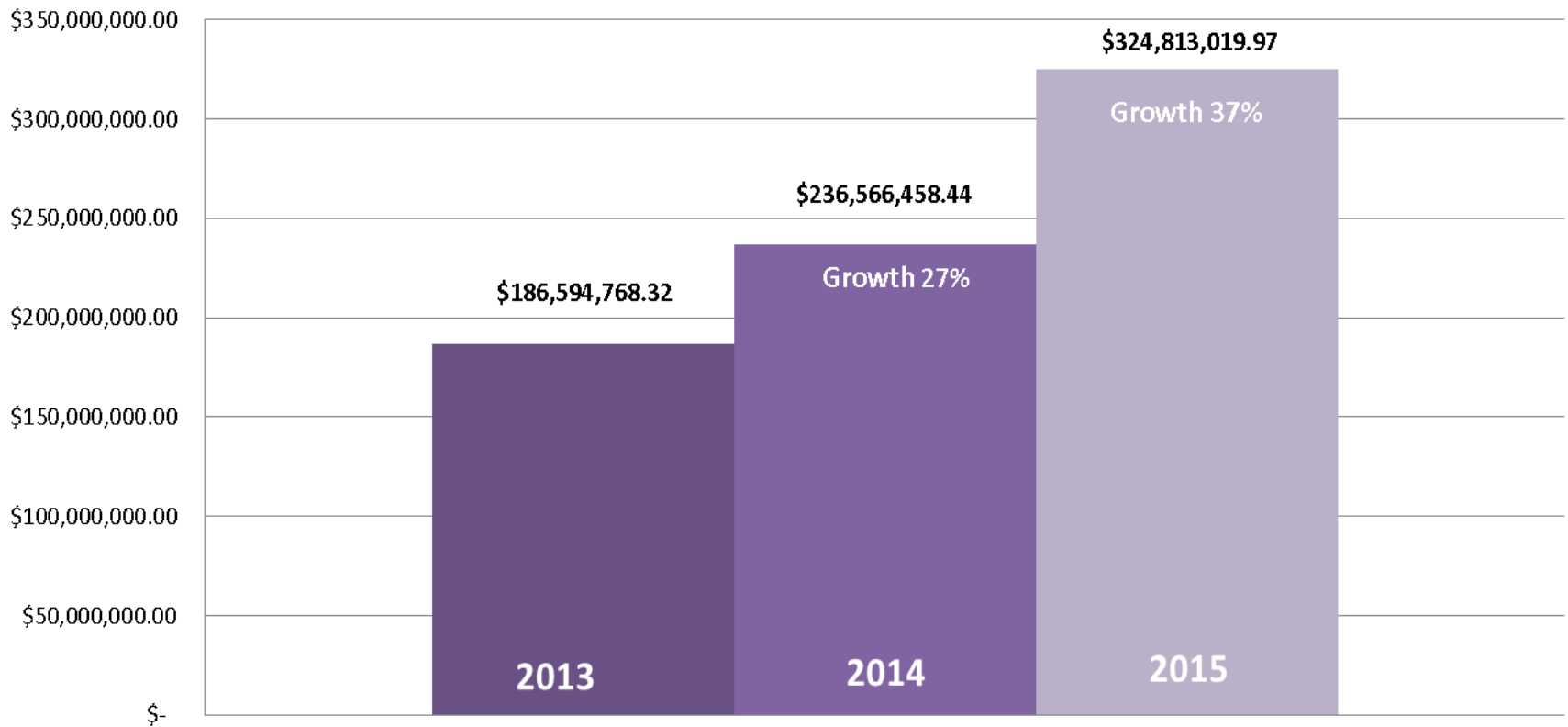
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HOME LOAN APPROVALS

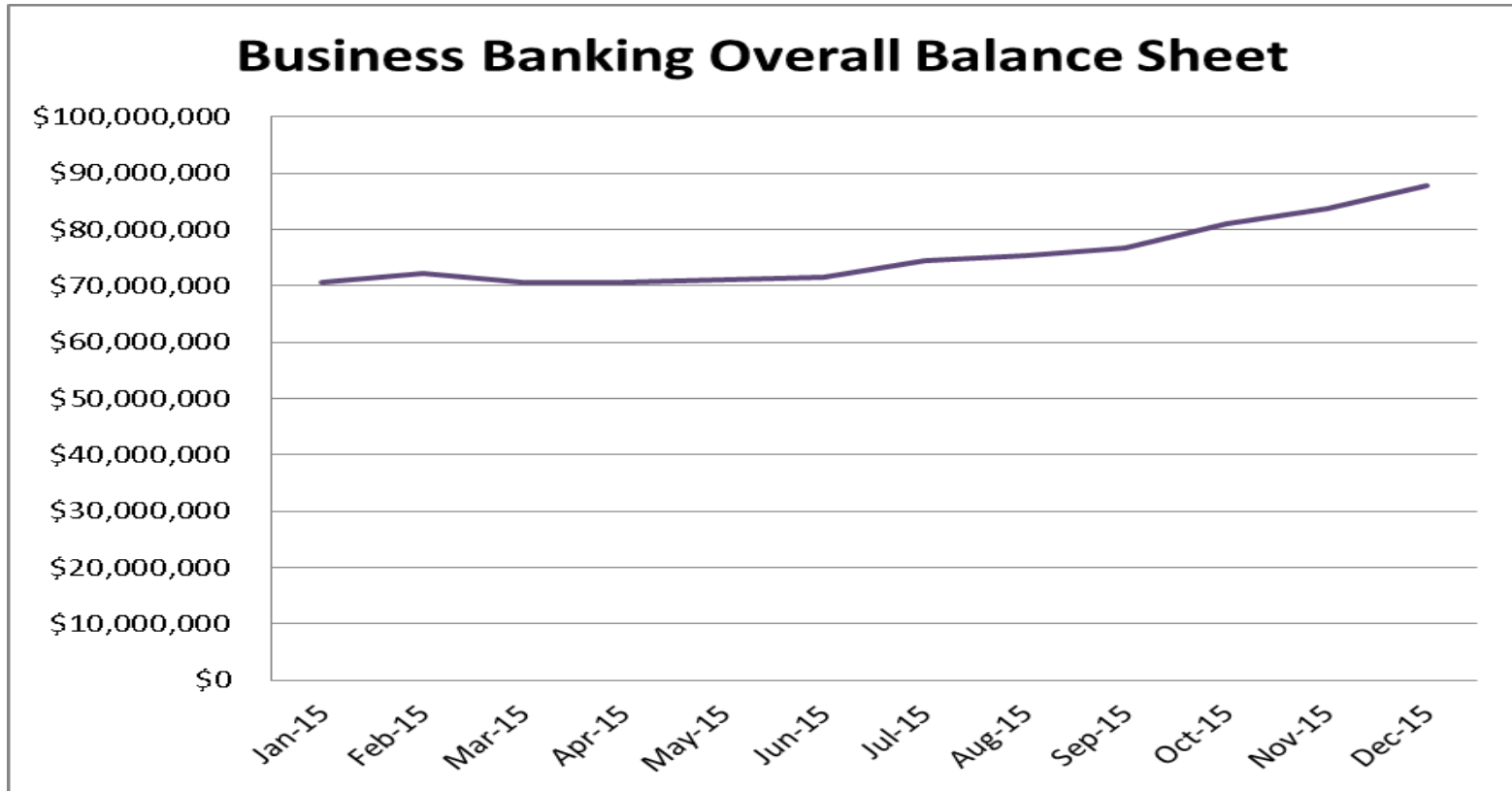
1ST HALF COMPARISON JULY TO DEC

Residential Home Loan Approvals - First Half Financial Year



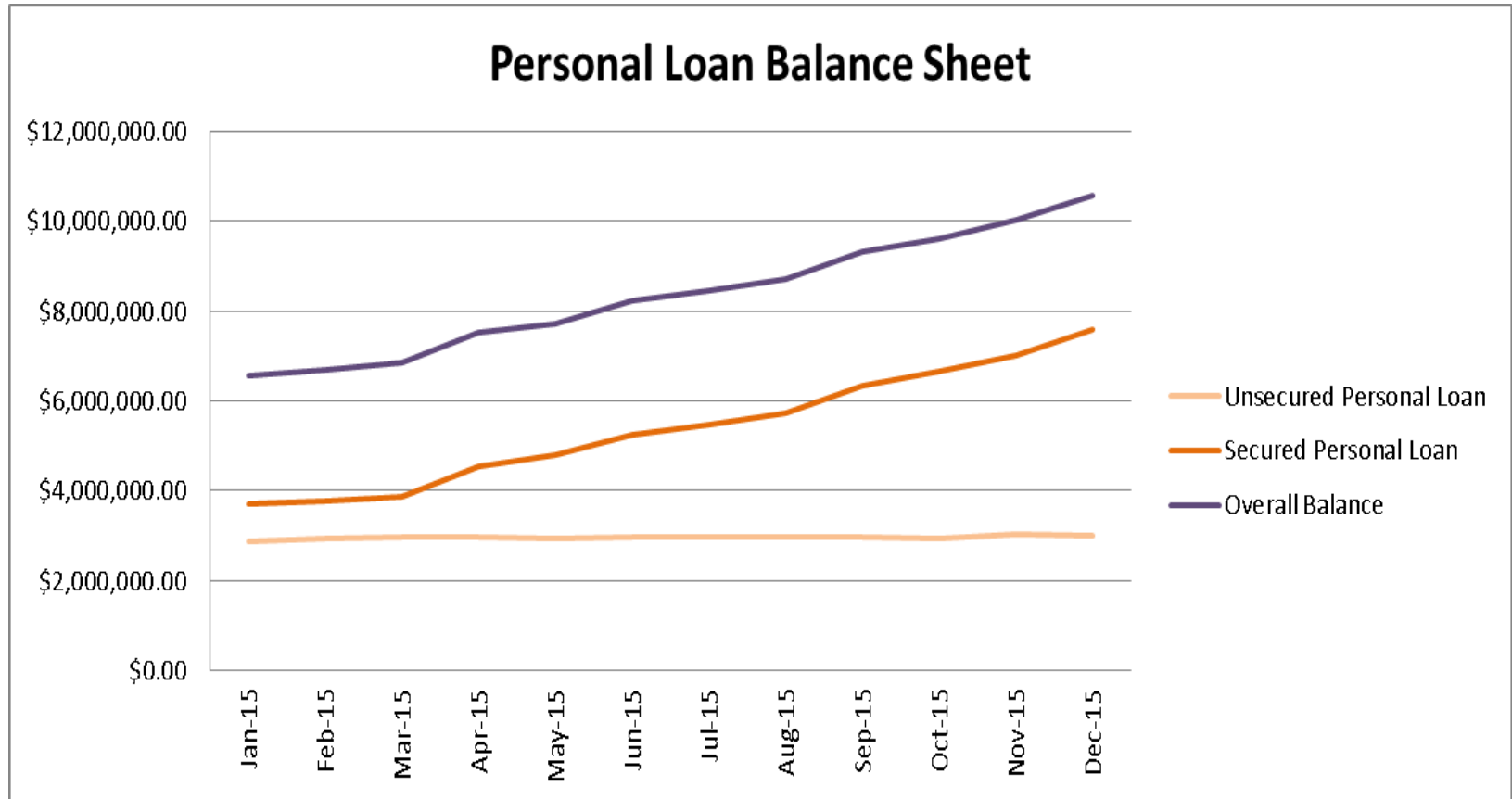
Small things. Big difference.

BUSINESS BANKING BALANCE SHEET MOMENTUM BUILDING



Small things. Big difference.

PERSONAL LOANS BALANCE SHEET



Small things. Big difference.

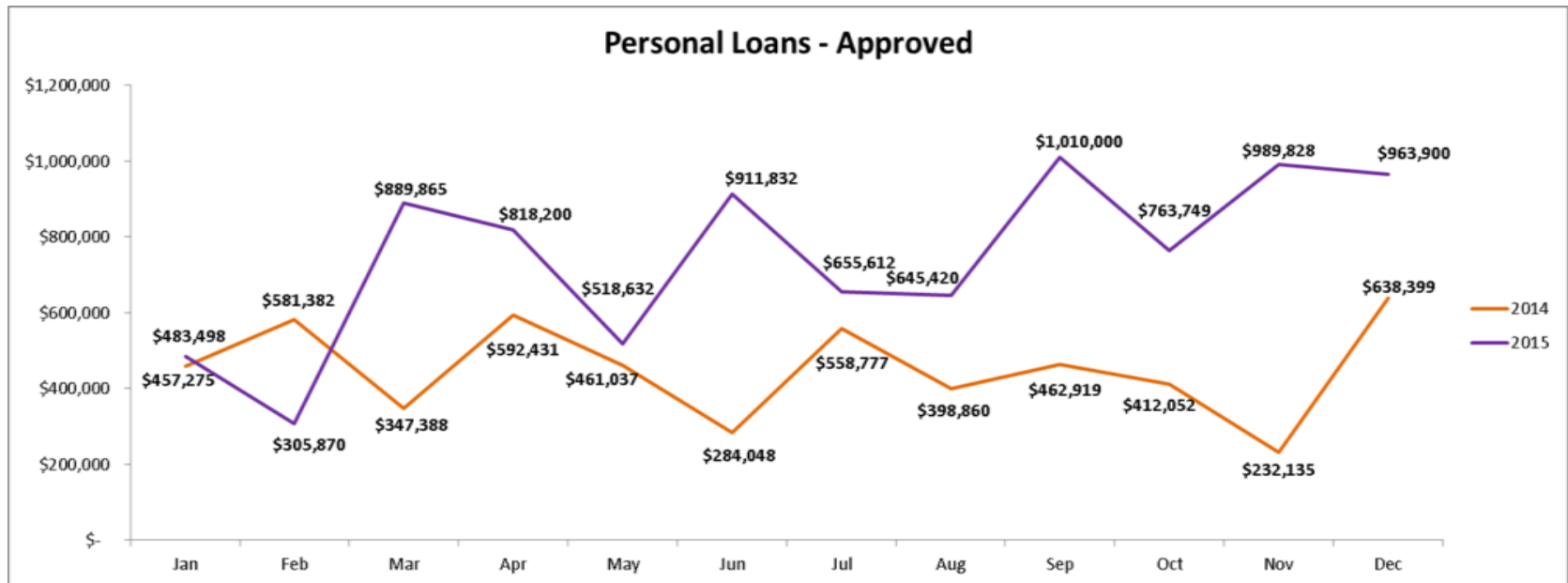
BUSINESS UPDATE

Lending

- **Home Loan** initiatives are improving quality and quantity of business
 - Broker business continues to grow with improved flow from Victoria & NSW following new BDM appointments
 - SEQ market continues to improve and remains an area of opportunity
 - Market remains competitive however, margins are well managed
 - Delay in new lending system - benefits to flow in 2016/17 financial year
- **Business Banking** momentum is improving
 - Net growth of \$16m over the past 6 months (housing & business)
 - Pipeline is strengthening as capability continues to be demonstrated

BUSINESS UPDATE

- **Personal Loans** are growing
 - Approvals continue to increase
 - P/L's remain a key focus point for growth
 - Margin and quality is strong with secured loans showing strongest growth



Small things. Big difference.

DISTRIBUTION

Branch Network

- Rationalisation program completed with consolidation of network to 23 branches resulting in \$1m of annual savings
- Branch modernisation continues with Head Office & Townsville completions due in late February



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BUILDING ON OUR BRANDS TOUCH POINTS



INVESTMENTS/ACQUISITIONS

MoneyPlace (Peer 2 Peer)

- 20% equity stake taken (19.3% following foundation investors further commitment)
- Personal Lending distribution potential up to \$60m over 5 years providing for new revenue stream
- Asset classes defined as superior
- Further “Fintech” interest/opportunity to be explored

YCU

- First proposed merger by listed ADI and mutual in over 10 years
- Target implementation date late May – subject to regulatory approvals and member vote
- Expected to be EPS accretive in 2017 with significant expected synergies. Assisted by aligned operating systems
- Provides branch distribution in Brisbane and over 4000 new customers
- Potential catalyst for further merger opportunities with mutuals

OUTLOOK

- Quality of new business is strong, lending momentum is improved and arrears are expected to remain low
- Outlook remains highly competitive and core region remains challenged however:
- Revenue is improving as initiatives continue to contribute improved lending growth outside of the core region (SEQ, Sydney & Melbourne)
- Operating costs are well controlled with necessary investment occurring across technology, distribution and capability
- Branch rationalisation program (8 poor performing branches or duplicated sites closed) will provide strong cost saves in the second half of the 15/16 financial year
- Regulatory focus on investment lending and capital strength are well managed
- Funding market spreads have widened however impacts on Auswide Bank are expected to be modest
- MoneyPlace offers an exciting new distribution and revenue opportunity
- YCU merger expands our SEQ capability and offers strong synergy and growth opportunities
- ROE target of 10% by 6/18 has a defined pathway for achievement

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 22 February 2016.

Financial amounts

All dollar values are in Australian 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.

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