

16 October 2019

Manager of Company Announcements
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Auswide Bank Limited (ABA) – Business Breakfast Presentation

Please find attached the investor presentation that was presented on Wednesday 16 October 2019 at a business breakfast in Brisbane, with an amendment on page 4.

The presentation provides a review of Auswide Bank's operating activities, strategic initiatives and performance.

Yours faithfully



Bill Schafer
Company Secretary

Small things. Big difference.

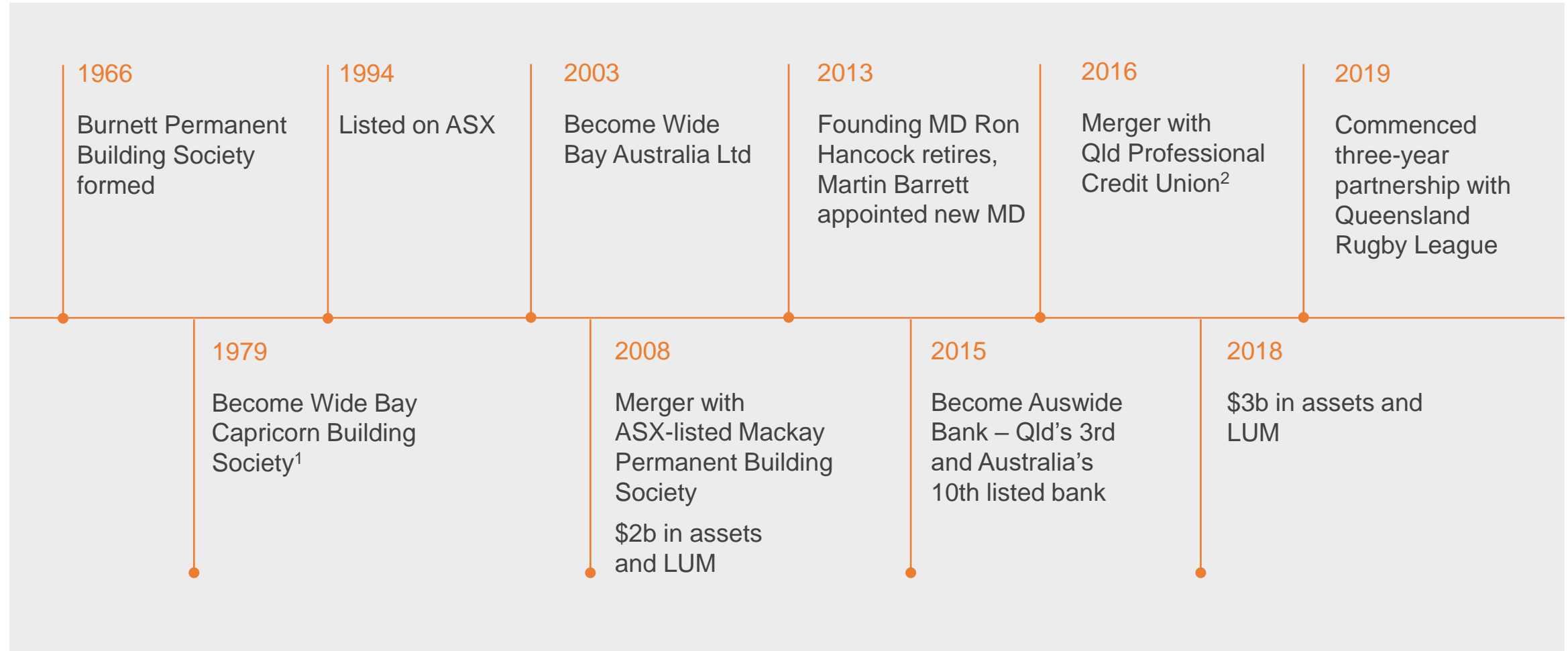


INVESTOR PRESENTATION

OCTOBER 2019

BUILDING ON SOLID FOUNDATIONS

LONGSTANDING RELATIONSHIPS WITH REGIONAL COMMUNITIES



¹ Following merger of Burnett Permanent & Maryborough Permanent Building Societies
² Your Credit Union

BOARD OF DIRECTORS

DIVERSE MIX OF SKILLS AND DEEP INDUSTRY EXPERIENCE



John Humphrey

Chairman

Non-Executive Director
of Spotless Group
Holdings Ltd and Lynas
Corporation Limited



Martin Barrett

Managing Director

Non-Executive Director
of Impact Community
Services



Barry Dangerfield

Non-Executive Director

Director of Bundaberg
Friendly Society Medical
Institute



Sandra Birkenleigh

Non-Executive Director

Non-Executive Director of MLC
Insurance Limited, the National
Disability Insurance Agency,
Horizon Oil Limited, 7-11
Holdings & its subsidiaries



Greg Kenny

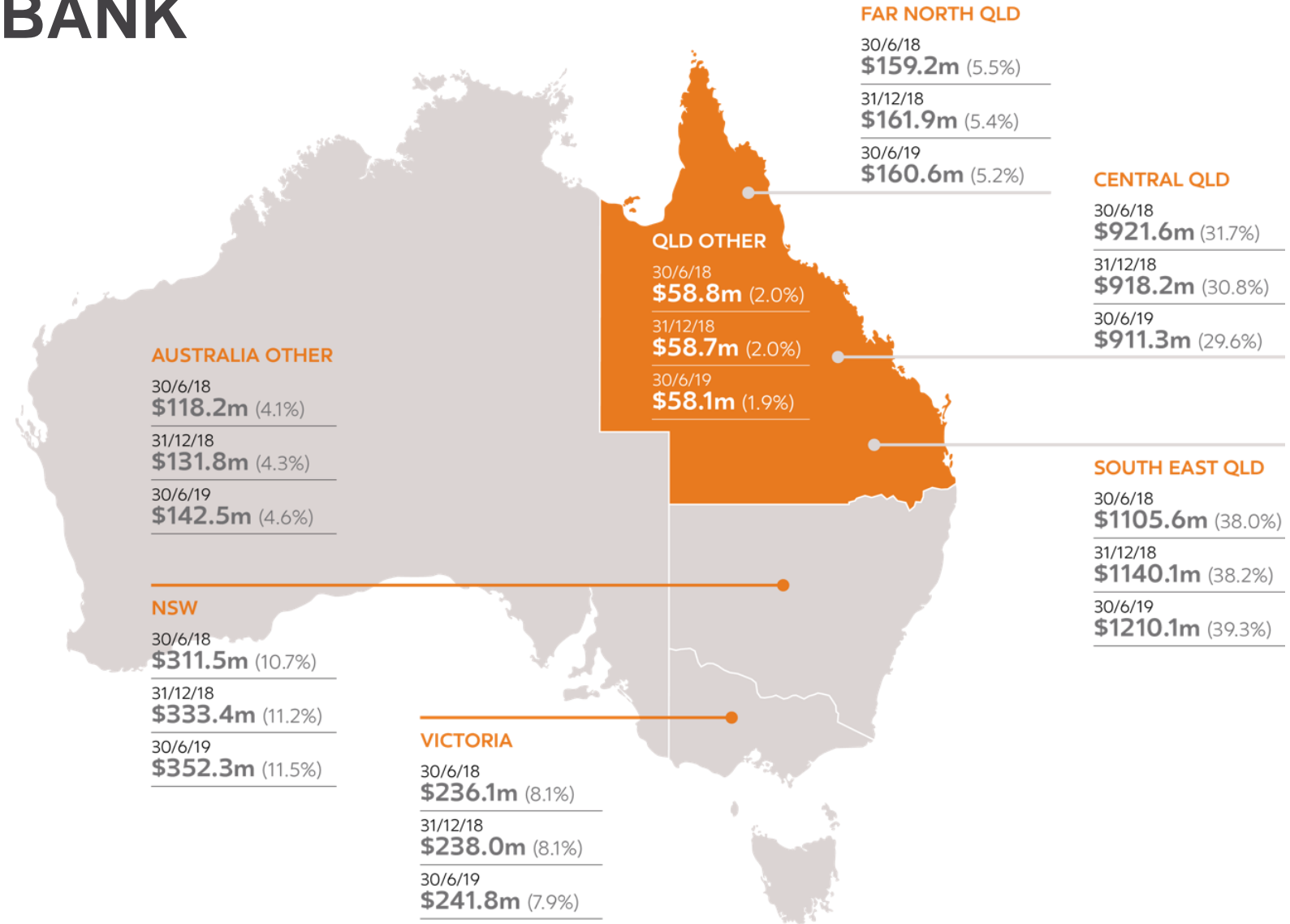
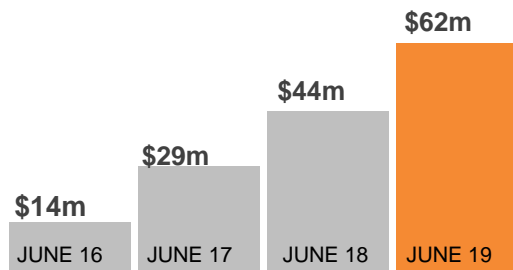
Non-Executive Director

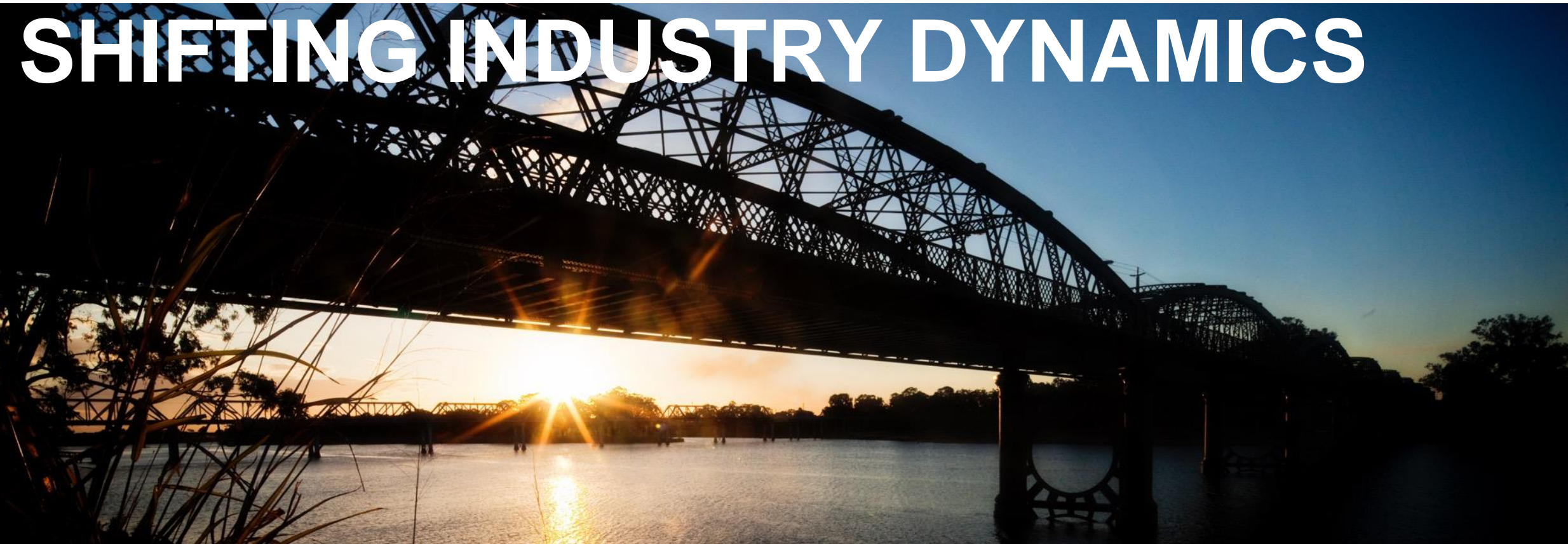
ABOUT AUSWIDE BANK

SMALL THINGS. BIG DIFFERENCE.

- Omni-channel distribution of banking products and services
- High quality loan book with over \$3b in assets
- Strong legacy in regional Qld, growing presence in SE Qld, NSW and Victoria
- Partnership with Queensland Rugby League and jersey sponsor of Qld Maroons
- Market capitalisation circa \$230m

CONSUMER LOAN GROWTH





MACROECONOMIC CHALLENGES

OPPORTUNITY FOR NIMBLE BANKS



GLOBAL ECONOMIC UNCERTAINTY

- Trade war
- BREXIT
- Potential for global recession
- Not fully recovered from GFC
- Consumer cautious and uncertain



SLUGGISH DOMESTIC ECONOMY

- Low wage growth
- Low inflation
- System housing growth at historic lows
- Household debt at historic highs



INTEREST RATES AT HISTORIC LOWS

- Weak consumer confidence
- Faster debt amortisation
- Lower spending
- Refinancing / churn accelerating

CHANGING DOMESTIC BANKING LANDSCAPE

BANKING OLIGOPOLY UNDER INCREASING COMPETITIVE THREAT



REPUTATION

- Substantial and ongoing reputational damage from Royal Commission
- Cultural challenges and increased pressure for change
- Remediation, Remediation, Remediation
- Brokers increasing market share and reducing flows to the big 4



TECHNOLOGY

- Data and information exposing limits of big bank value proposition
- Technology impacting segments and products



REGULATION

- ACCC and Government push for improved competition – new probe announced
- Capital overlays eroding advantages of Basel III
- Responsible lending challenges
- Enlivened and active regulators

OPPORTUNITY FOR AUSWIDE

GROWING OUR MARKET SHARE

- Very healthy staff engagement
- Strong reputation among local regional communities
- Broader brand awareness improving
- Growing support from mortgage brokers
- Continuing to invest in products and services
- Building reputation in Business Banking
- Regional QLD economy showing signs of improvement

9.537m

viewers watched the 2019 State of Origin series. All 3 games most watched 2019 programs to date

194,171

fans attended the 2019 State of Origin series.

Auswide is the official bank of the Queensland Maroons from 2019 with representation on the jersey and naming rights for the Mal Meninga Cup.

258,083

total website views during campaign period (13.06% increase on last year).

827,820

total households exposed to the Auswide Bank Brand during 2019 State of Origin Game 1.



ACCELERATING OUR FUTURE GROWTH

FOCUSED ON DELIVERING SUSTAINABLE PROFITS

- Comprehensive credit reporting
- Open banking
- Technology breaking down distribution challenges
- Exploring partnerships with Fintech and member-based organisations
- Managing funding and operating costs
- Evaluating M&A opportunities



FY19 RESULT



KEY FINANCIALS

STRONG LOAN BOOK AND DEPOSIT GROWTH

- Consistent underlying NPAT growth despite competitive lending environment and volatile funding costs
- Strong loan book growth diversifying total lending portfolio with 24% of loan book now outside QLD
- Low level of arrears highlight sound credit quality of lending portfolio
- Capital materially ahead of Board target, excess capital being utilised to drive loan book growth
- Track record of delivering returns to shareholders. FY19 Dividend yield of 6.73% fully franked

	FY15	FY16	FY17	FY18	FY19
NPAT (Underlying)	\$13.655m	\$14.041m	\$15.636m	\$17.108m	\$17.201m
Loan Book	\$2.330b	\$2.666b	\$2.773b	\$2.945b	\$3.131b
Deposits	\$1.664b	\$1.894b	\$2.057b	\$2.108b	\$2.373b
Capital Adequacy Ratio	15.15%	14.31%	14.42%	14.89%	13.79%
Total dividend per share (fully franked)	30.0c	30.0c	31.0c	34.0c	34.5c
EPS (underlying) (cps)	37.1c	37.5c	38.5c	41.0c	40.8c

OUTLOOK



OUTLOOK



Targeting:

- Cost to Income ratio of 60%
- Return on Net Tangible Assets of 10%
- Above system loan growth across home, personal and business lending



Improving cyber security and fraud protection capabilities



Growth opportunities will continue to present from the ongoing reputation challenges, regulatory capital increases, remediation and regulatory focus particularly on the big four banks

Further growth across partnerships



Remaining proactive and vigilant in meeting all regulatory compliance obligations



Continuing to improve overall customer experience



Improving brand awareness with particular focus on South East QLD

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 15 October 2019.

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.