

03 March 2020

Dear Sir/Madam

Auswide Bank Limited (ABA) - Switzer Small & Microcap Investor Presentation

Please find attached the Switzer Small & Microcap Investor Presentation to be presented in Sydney on Tuesday 03 March 2020.

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



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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.



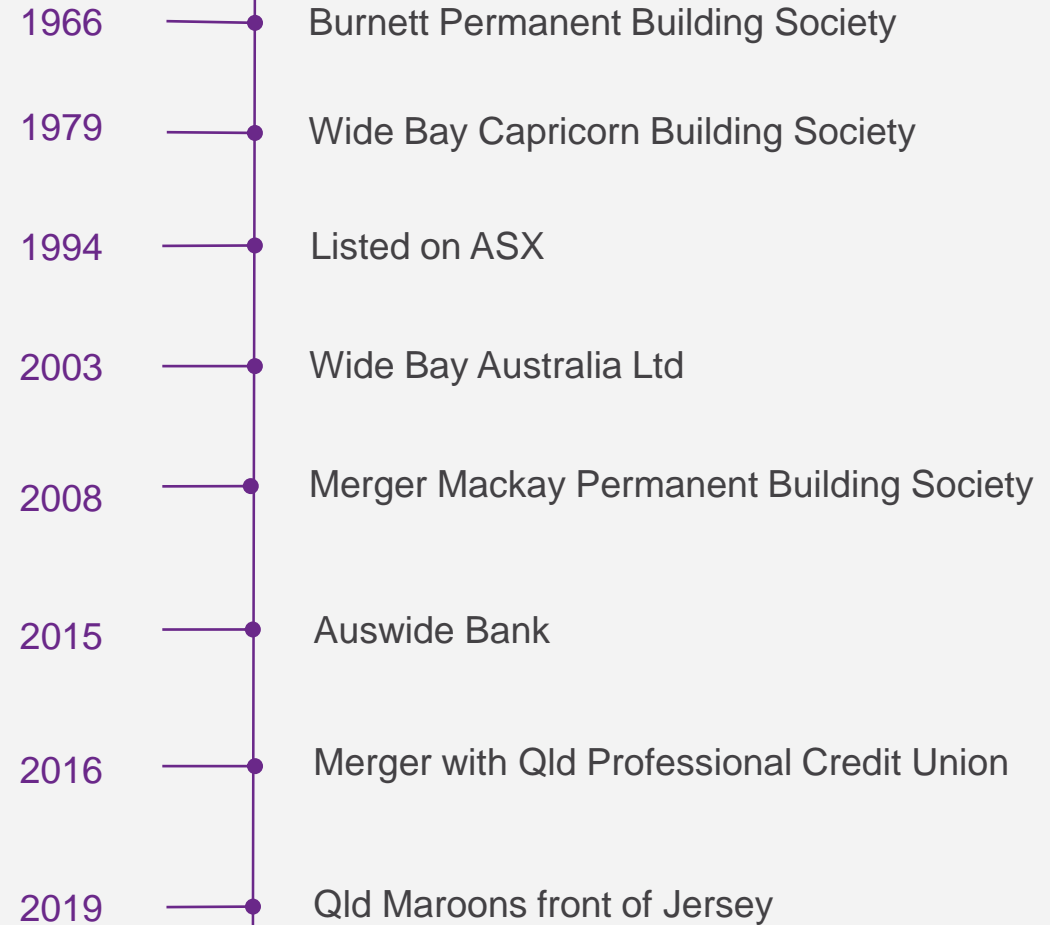
Switzer Small & Microcap Investor Presentation

3 March 2020

ABOUT AUSWIDE BANK

Auswide Bank is a growing Regional Bank

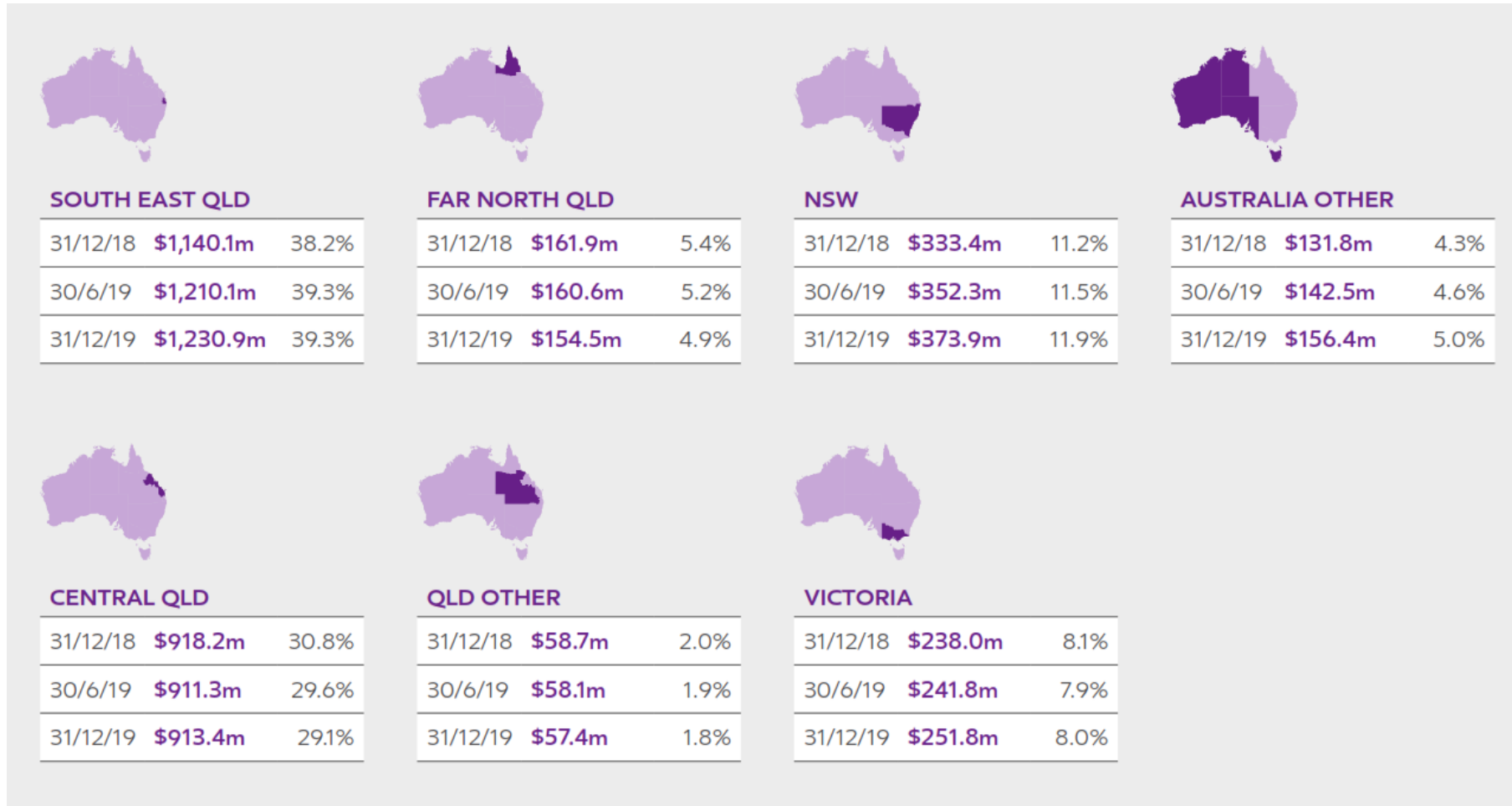
- ASX listed in 1994
- Market Capitalisation of circa \$260m
- Over \$3b in lending
- Consistent improvement in underlying NPAT profit over past 5 years
- Strong and improving dividend returns



A vertical timeline with a central purple line and dots marking key events. Horizontal lines extend from each dot to the left (year) and right (event description).

| | |
|------|---|
| 1966 | Burnett Permanent Building Society |
| 1979 | Wide Bay Capricorn Building Society |
| 1994 | Listed on ASX |
| 2003 | Wide Bay Australia Ltd |
| 2008 | Merger Mackay Permanent Building Society |
| 2015 | Auswide Bank |
| 2016 | Merger with Qld Professional Credit Union |
| 2019 | Qld Maroons front of Jersey |

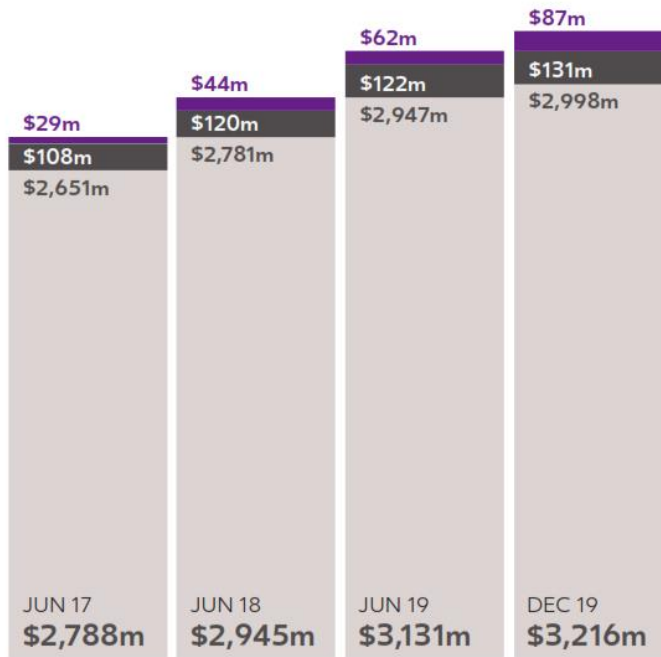
DRIVEN BY LOAN BOOK DIVERSIFICATION & GROWTH



- Above system growth drives further loan book diversification
- Continuing strength in SE QLD and Sydney loan books
- QRL partnership enhancing brand recognition

LOAN BOOK

NET INTEREST REVENUE UP 10.9%



● Housing loans ● Business ● Consumer loans

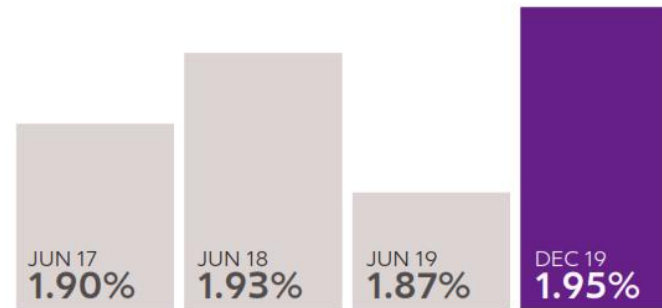
LOANS AND ADVANCES BALANCES

Grossed up for Investments in Managed Investment Schemes reported in Financial Assets.

* RBA Financial Aggregates – Total Credit Growth.



NET INTEREST INCOME

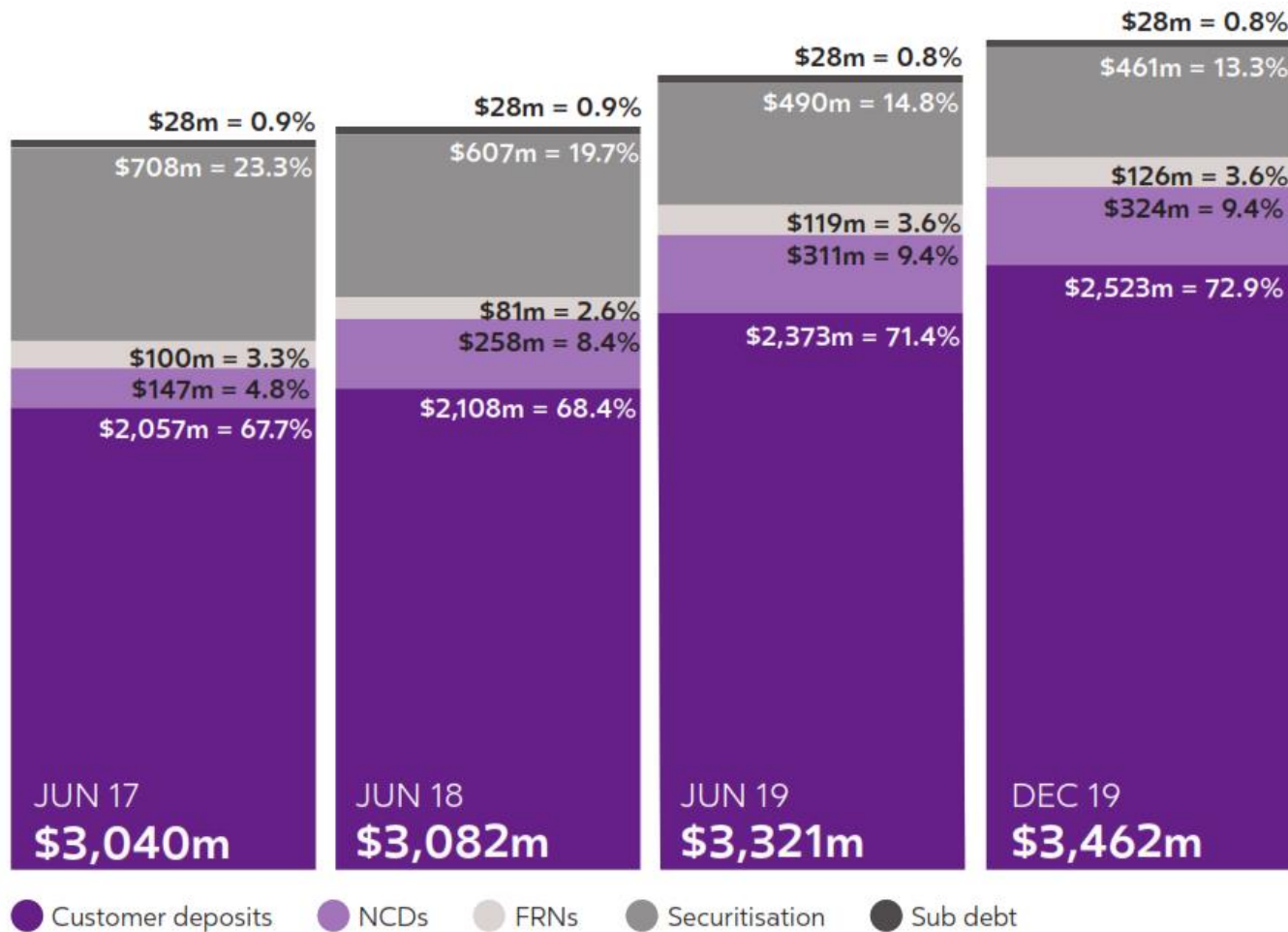


NET INTEREST MARGIN

- Net Interest Revenue up 10.9% from \$31.1m to \$34.5m
- Net Interest Margin rose 8 basis points from 1.87% for FY19 to 1.95% in H1 FY20
- Forecast upward trend in NIM over remainder of FY20
- Strong loan book growth of 5.4% annualised, well ahead of system growth of 2.4%*

FUNDING MIX

INCREASING CUSTOMER DEPOSITS DRIVE LENDING EFFICIENCIES



- 12.6% annualised growth in customer deposits to reach 72.9% of funding
- 24% annualised growth in at call savings accounts from \$903m to \$1.11b
- BBSW premium to the RBA cash rate tightened
- Continued management down of more expensive funding line, securitisation, now 13.3% of funding
- Maintained dual investment grade ratings from Fitch & Moody's of BBB+ and Baa2 respectively
- Continued diversification and management of funding lines

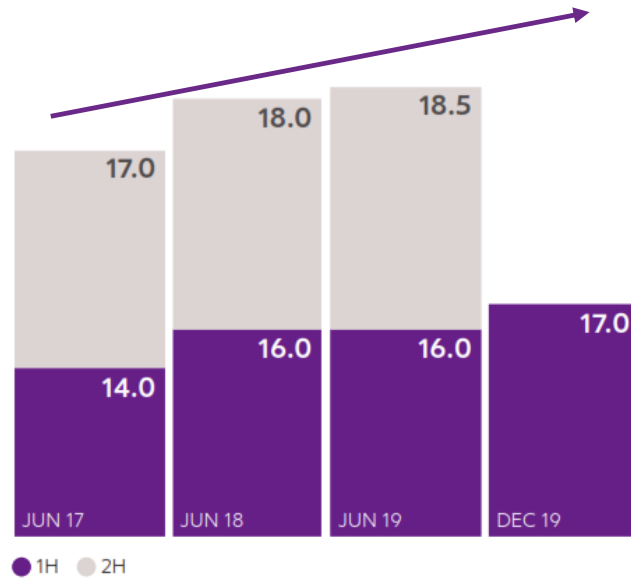
KEY FINANCIALS

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 via increasing Dividends (fully franked)

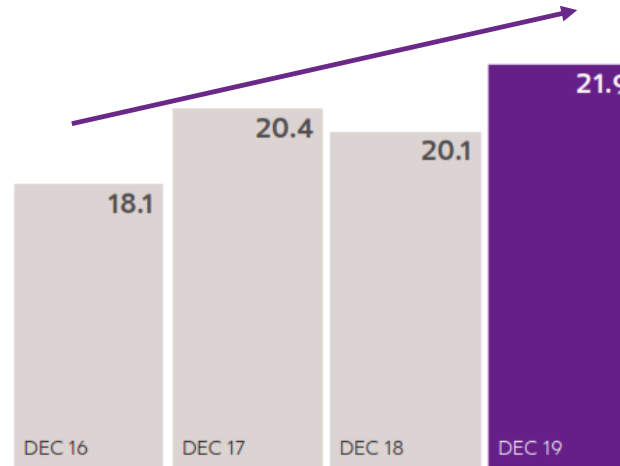
| | H1 FY16 | H1 FY17 | H1 FY18 | H1 FY19 | H1 FY20 |
|--------------------------------|----------|----------|----------|-----------|----------|
| NPAT (Underlying) | \$6.782m | \$7.319m | \$8.445m | \$8.467m | \$9.256m |
| Loan Book | \$2.436b | \$2.671b | \$2.804b | \$3.0196b | \$3.216b |
| Deposits | \$1.677b | \$1.933b | \$2.041b | \$2.190b | \$2.523b |
| Capital Adequacy Ratio | 14.98% | 14.60% | 14.93% | 14.43% | 13.03% |
| Total dividend per share (cps) | 14.0c | 14.0c | 16.0c | 16.0c | 17.0c |
| EPS (underlying) (cps) | 18.3c | 18.1c | 20.4c | 20.1c | 21.9c |

STRONG & IMPROVING RETURNS TO SHAREHOLDERS



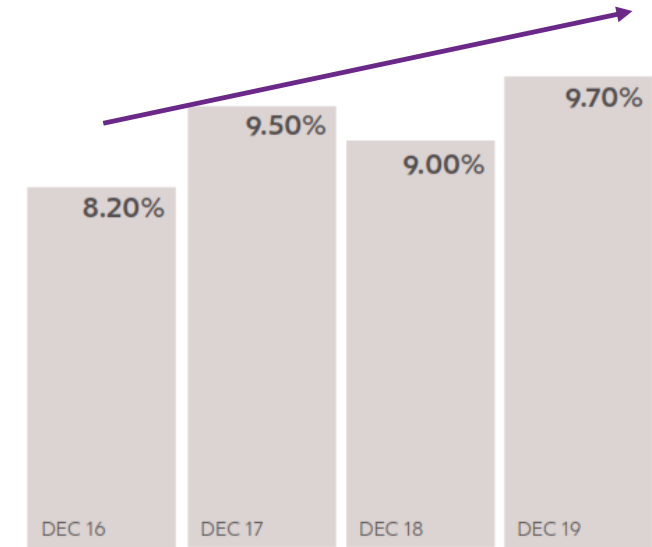
DIVIDEND (CENTS)

- Interim fully franked dividend increased to 17.0 cents from 16.0 cents for H1 FY19



EARNINGS PER SHARE
(CENTS PER SHARE)

- Return on Net Tangible Assets of 9.7% up 7.7% on pcip



RONTA (UNDERLYING)

- Payout ratio of 77.5%, within Board target range of 70% - 80%

H1 FY20 FINANCIAL HIGHLIGHTS



NPAT

\$9.256m

↑ 9.3% (STATUTORY
AND UNDERLYING)

- Strong H1 FY20 profit growth
- H1 profit up 9.3% on H1 pcg
- Net interest income increased by 10.9% in pcg



LOAN BOOK

↑ 5.4%

(ANNUALISED)

- Above system growth in a competitive market
- Ongoing diversification with strength in SE QLD and NSW
- Lending quality maintained through robust risk management



NIM

195BPS

↑ 7BPS

- Increased margin by 7bps on pcg
- Management of funding lines reduces wholesale funding costs
- Forecast upward trend in NIM across H2



COST TO INCOME RATIO

62.9%

↓ FROM 64.8% H1 FY19

- Careful management of overheads and personnel expenses
- Disciplined investment strategy
- Investment in on-line capabilities

H1 FY20 FINANCIAL HIGHLIGHTS



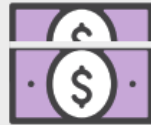
ARREARS

0.39%

OF LOAN BOOK

↓ FROM 0.42% IN H1 FY19

- Arrears at historic lows, well ahead of peers
- High quality lending complements loan book growth
- Focus on lower LVR loans increasing asset quality



EPS

21.9CPS

↑ 1.8 CPS

- Material uplift in earnings per share
- Providing shareholders with increasing return on investment
- RONTA increased to 9.70% nearing strategic target of 10.0%



DIVIDEND

17.0CPS

↑ 1.0CPS

- Dividend up from 16.0cps in H1 FY19
- Delivering sustainable returns to shareholders
- Payout ratio of 77.5% well within board target range



CAPITAL

13.03%

↓ FROM 13.79% JUNE 19

- Strong capital position supports growth initiatives
- Provides capacity for investment in digital and security
- Meeting 'unquestionably strong' regulatory targets

STRATEGY & OUTLOOK



FINANCIAL

Targeting:

- Cost to Income ratio of 60%
- Targeting an upward trend in NIM across H2
- Return on Net Tangible Assets of 10%
- Above system loan growth across home, personal and business lending



TECHNOLOGY

- Improving cyber security and fraud protection capabilities
- Upgrade of core banking system
- Self serve rollout to customers
- Improving efficiency and assisting cost to income impact



REGULATORY

- Remaining proactive and vigilant in meeting all regulatory compliance obligations
- No remediation issues



CUSTOMER

- Continuing to improve overall customer experience
- High level customer satisfaction
- Attracting customers across Australia



BRAND

- Brand refresh
- Improving brand awareness particularly in South East QLD
- Maroons Sponsorship

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 3 March 2020.

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.