



INVESTOR PRESENTATION

H1 FY21 RESULTS

24 FEBRUARY 2021



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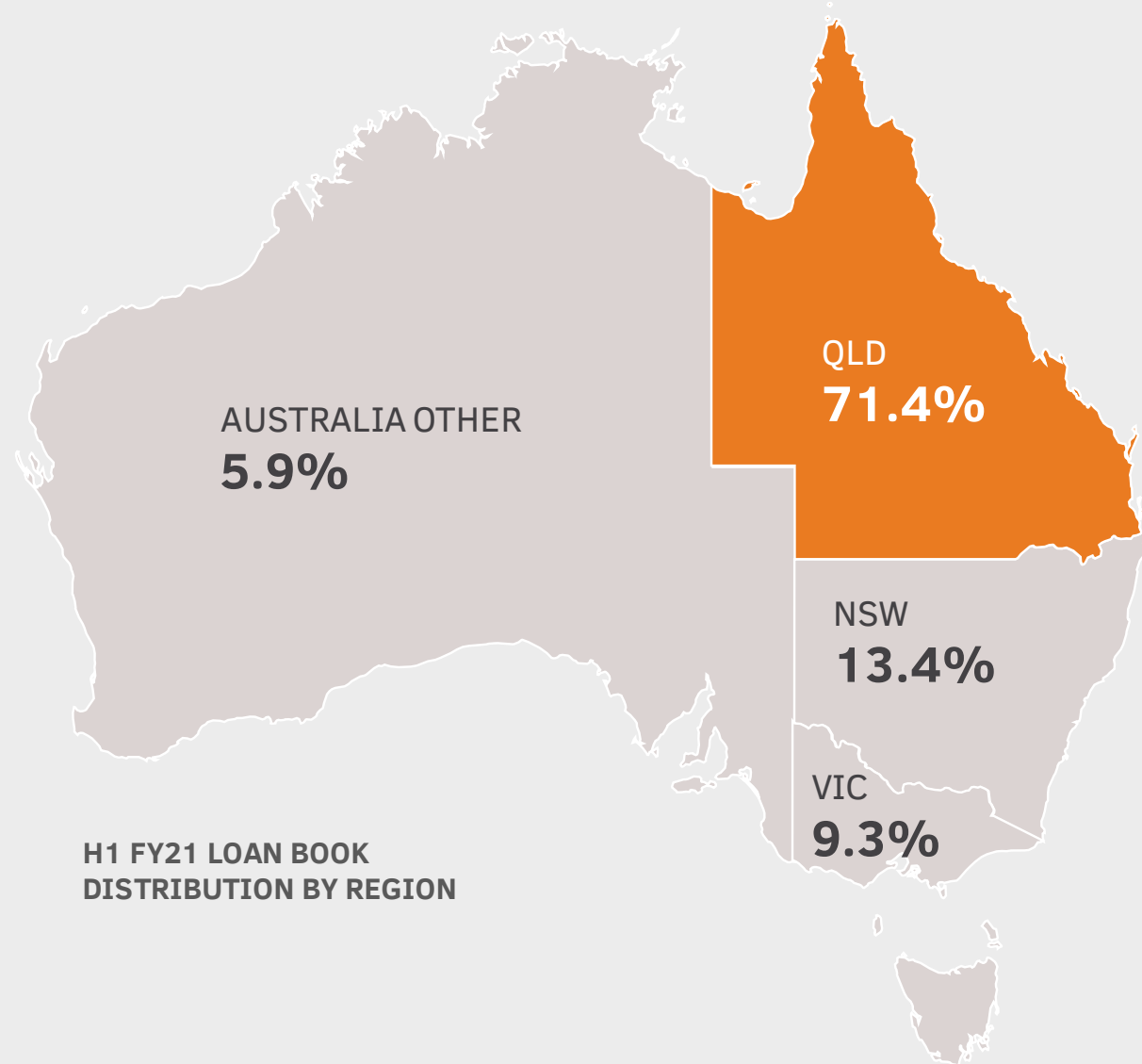
ABOUT AUSWIDE BANK



ABOUT AUSWIDE BANK

SMALL THINGS. BIG DIFFERENCE.

- Established in 1966, Auswide Bank provides home loans, consumer lending and credit cards through its national online offering, branch and broker networks
- Strong legacy in regional Qld, growing presence in SE Qld, NSW and Victoria
- High quality loan book with over \$4.0b in assets
- Significant improvement in growth and profitability
- Partnership with Queensland Rugby League and jersey sponsor of Qld Maroons
- Industry-leading staff engagement score of 96%¹



H1 FY21 LOAN BOOK
DISTRIBUTION BY REGION

1. In 2020, 88% of staff participated in Auswide Bank Employee Engagement & Satisfaction Survey

H1 FY21 FINANCIAL HIGHLIGHTS

STRONG H1 FY21 PERFORMANCE ACROSS ALL KEY METRICS

LOAN BOOK \$3.485b ¹ ↑ 13.4% ANNUALISED GROWTH	NET INTEREST REVENUE \$38.262m ↑ 10.9%	NET INTEREST MARGIN 201 BPS ↑ 6BPS	COST TO INCOME RATIO 59.6% ↓ FROM 62.9%	STATUTORY NPAT \$11.472m ↑ 23.9%
CAPITAL 13.32% ↑ FROM 12.95% JUN 20	EPS 27.0 CPS ↑ 5.1 CPS	DIVIDEND 19.0 CPS ↑ 2.0 CPS	CUSTOMER DEPOSITS \$2.791b ↑ 10.6%	RONTA 11.6% ↑ FROM 9.7%

1. Including Investments in Managed Investment Schemes (MISs) reported in Financial Assets in Balance Sheet

H1 FY21 OPERATIONAL HIGHLIGHTS

HOME LOAN GROWTH AT RECORD HIGHS SUPPORTED BY INCREASED NIM

- ➔ Strong result with growth across all key metrics including NPAT of \$11.472m, up 23.9% and net interest revenue of \$38.262m, up 10.9%
- ➔ H1 FY21 performance ahead of FY21 financial targets; above system loan book growth (H1: 4.7x), Cost to income ratio of 60% (H1: 59.6%) and Return on Net Tangible Assets > 10% (H1: 11.6%)
- ➔ Annualised loan book growth of 13.4% driven by strong broker flows and Private Bank as Auswide extends presence in SE Qld, NSW and Vic; lending quality maintained through robust risk management
- ➔ Cost to income ratio declined to 59.6% (H1 FY20: 62.9%) reflecting increasing revenue, careful cost management, disciplined investment in online capabilities
- ➔ 10.6% growth in customer deposits to \$2.791b; continuing to transform funding mix, reduce funding costs
- ➔ Strong capital position of 13.32% meets 'unquestionably strong' regulatory targets; CET1 of 10.88%
- ➔ Queensland economy remains resilient and economic outlook improves across Australia

ECONOMIC & REGULATORY OUTLOOK

IMPROVING ECONOMIC OUTLOOK

- QLD economy strong, diversified and growing faster than national average. December 2020 quarter CPI - Brisbane 1.1%, Australia 0.9%
- Retail trade improved in the December 2020 quarter by 2.1%
- QLD unemployment rate reduced to 7.5% in December after a peak of 8.8% in July 2020
- \$6 billion of QLD government initiatives to protect QLD jobs, business and health
- Brisbane house values have improved by 3.2% in the 12 months to December 2020
- QLD building approvals up 111% from June 2020 to December 2020
- Qld population growing faster than the rest of Australia

Source: Queensland Treasury

REGULATORY LANDSCAPE

APRA

- **Temporary capital treatment of repayment deferrals** – Until 1 April 2021, the period of deferral is not treated as a period of arrears nor are the loans regarded as impaired
- **Dividend payments** – From the start of 2021, APRA will no longer hold banks to a minimum level of earnings retention

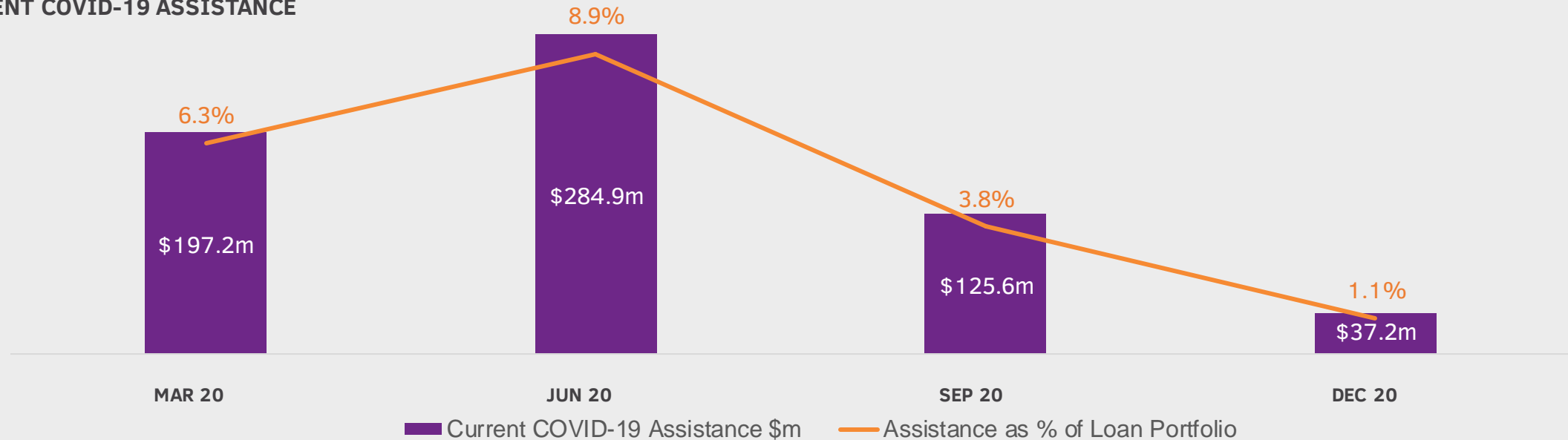
RBA

- **Cash rate of 0.10%** – RBA reduced the cash rate (OCR) on 3 November from 0.25%
- **Term funding facility (TFF)** of \$150m 3-year funding at a fixed rate available to Auswide. \$90m was drawn in the first tranche priced at 0.25%. \$60m is available in the second tranche, released in November 2020, priced at 0.10% with \$40m drawn by December 2020.

COVID-19 SUPPORT FOR CUSTOMERS

ONLY 1.1% OF LOAN BALANCES REMAIN ON ACTIVE ASSISTANCE

CURRENT COVID-19 ASSISTANCE



- In March 2020, Auswide announced a range of COVID-19 packages to support customers
- At 30 June 2020, almost 9% of Auswide's loan book had received some form of assistance
- Total balance of COVID-19 assistance peaked at \$308.0m in August 2020 before declining as customers commenced, or indicated they would recommence, repayments after the period of assistance or paid out their loan
- This was slightly lower than the industry average reflecting the concentration of the portfolio in Queensland
- At 31 December 2020, 1.1% of loan balances remain on assistance mainly related to home loans with an LVR <80%

OUR BROKER NETWORK

STRONG BROKER FLOW AND FIRST HOME LOAN DEPOSIT SCHEME CONTRIBUTE TO EARNINGS GROWTH

COST EFFECTIVE DISTRIBUTION CHANNEL

- Mortgage brokers represent significant growth opportunity
- Improved broker service as back office efficiencies reduce loan processing times
- Supporting higher volumes through tech initiatives and flexible workforce
- First Home Loan Deposit Scheme introduces Auswide to wider broker and customer group
- QRL partnership lifts brand profile and is important reference point for brokers and consumers

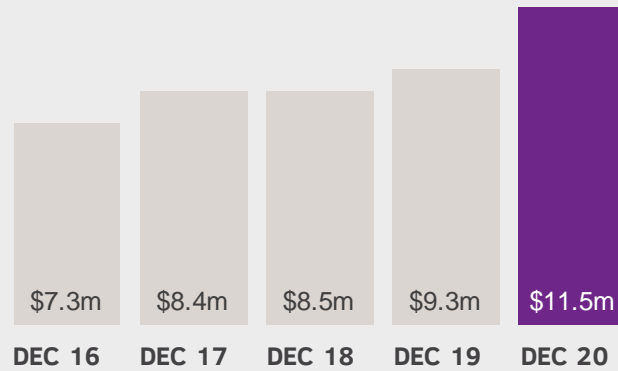
FIRST HOME LOAN DEPOSIT SCHEME

- From 1 February 2020, Auswide offered loans to eligible first home buyers
- The scheme provides a government guarantee for any loan monies above 80% LVR
- Scheme removes requirement for lenders mortgage insurance, reducing deposit needed to as low as 5 per cent
- Increase in loans with an LVR > 90% reflects success of scheme
- Scheme continues into H2 FY21 driving material growth in home loans

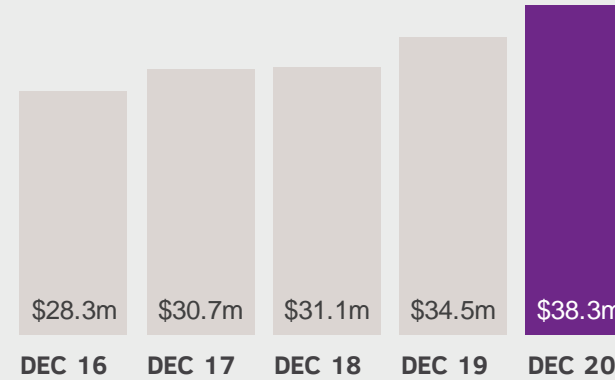
TRACK RECORD OF DELIVERING PROFITABLE GROWTH

ABOVE SYSTEM LOAN BOOK GROWTH, NIM EXPANSION AND CAREFUL COST MANAGEMENT

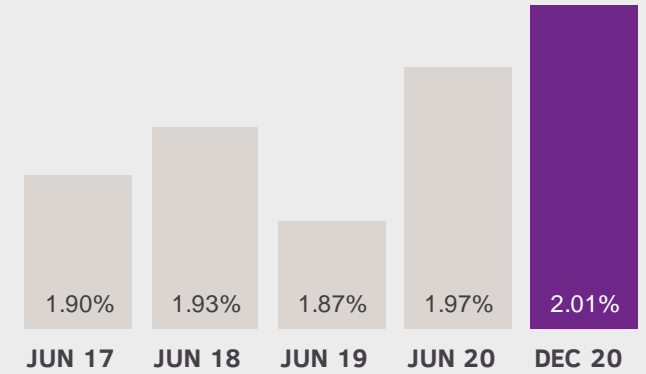
UNDERLYING NPAT



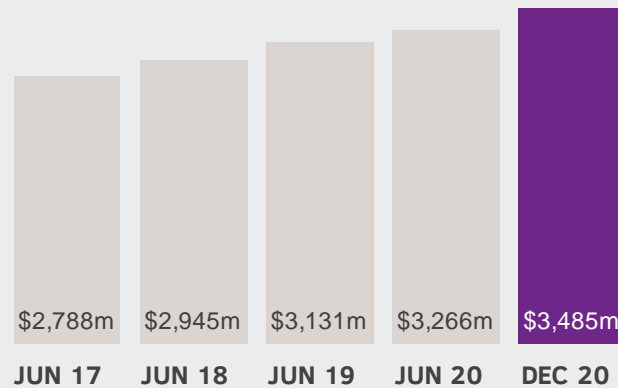
NET INTEREST REVENUE



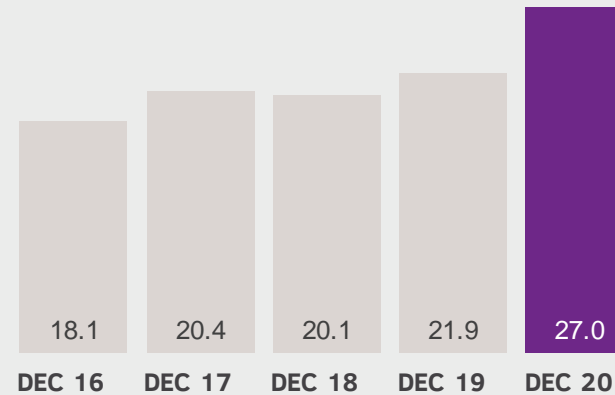
NET INTEREST MARGIN



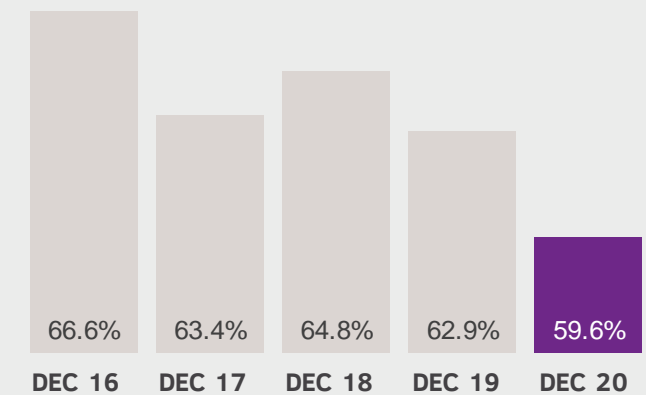
LOAN BOOK



EARNINGS PER SHARE (CPS)



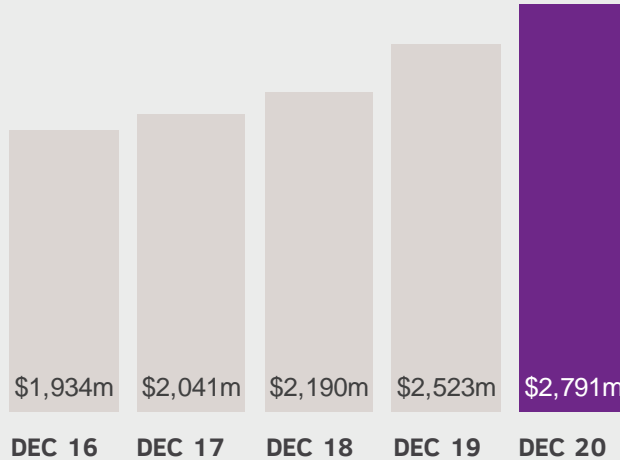
COST TO INCOME RATIO



BALANCE SHEET STRENGTH

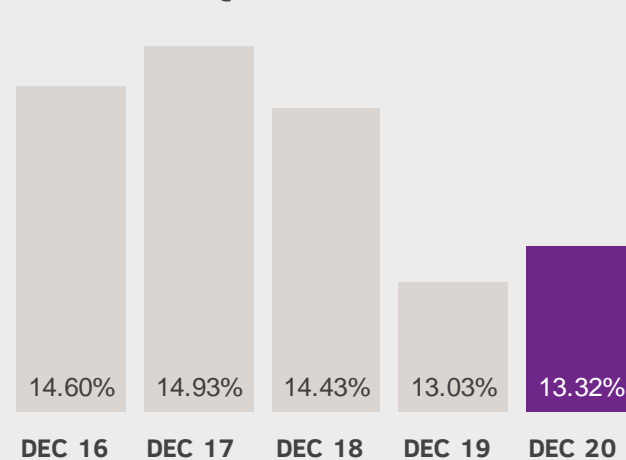
STRONG DEPOSIT GROWTH, RONTA AHEAD OF FY21 TARGETS

CUSTOMER DEPOSITS



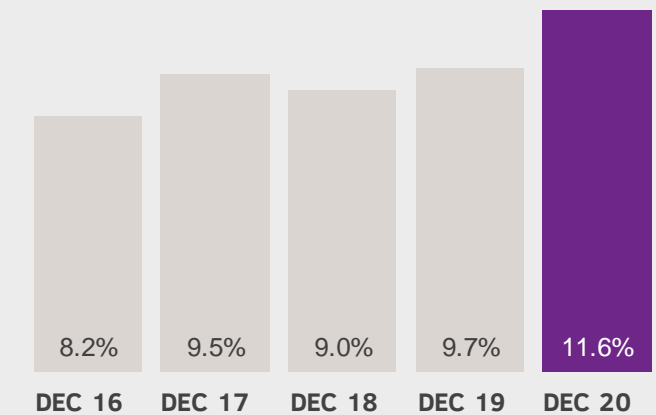
- 10.6% growth in deposits reflects strategic focus on cost effective funding lines
- 74.4% of funding from deposits (H1 FY20: 72.9%)

CAPITAL ADEQUACY RATIO



- Capital remains strong at 13.32%
- CET1 of 10.88%
- Capital in excess of Board target of 12.50%

RETURN ON NET TANGIBLE ASSETS (RONTA)



- Return on Net Tangible Assets of 11.6% up from 8.2% in December 16
- Ahead of FY21 financial target of 10%

H1 FY21 RESULT OVERVIEW



FINANCIAL OVERVIEW

STRONG NPAT RESULT REFLECTING ABOVE SYSTEM LOAN BOOK GROWTH, NIM EXPANSION AND ONGOING COST DISCIPLINE

	H1 FY21	H1 FY20		Change
NPAT (Consolidated)	\$11.472m	\$9.256m	↑	23.9%
Loan Book ¹	\$3.485b	\$3.216b	↑	\$269m
Net Interest Revenue	\$38.262m	\$34.516m	↑	10.9%
Net Interest Margin (bps)	201bps	195bps	↑	6bps
Interim dividend per share (fully franked)	19.0c	17.0c	↑	2.0c
EPS (cents)	27.0c	21.9c	↑	5.1c
RONTA ²	11.6%	9.7%	↑	1.9%
Cost to Income Ratio	59.6%	62.9%	↓	3.3%
Capital Adequacy Ratio	13.32%	13.03%	↑	0.3%
Deposits	\$2.791b	\$2.523b	↑	\$268m

1. Including Investments in Managed Investment Schemes (MISs) reported in Financial Assets in Balance Sheet.

2. Return on Net Tangible Assets (equivalent to Return on Tangible Equity (ROTE))

- NPAT of \$11.472m, up 23.9% reflects strong growth in net interest revenue and ongoing cost discipline (CIR of 59.6% vs 62.9% in pcg)
- Net interest revenue of \$38.262m, up 10.9% due to profitable loan book growth and increase in NIM
- Loan book growth of 8.4% was 4.7x system growth
- Net Interest Margin of 201bps, up 6bps on H1 FY20
- Deposits up 10.6%; now 74.4% of funding (H1 FY20: 72.9%)
- Strong balance sheet, capital adequacy ratio of 13.32%
- RONTA of 11.6% exceeds FY21 strategic target of 10.0%
- Final dividend of 19.0cps reflects strong financial results and prudent payout ratio of 70.8%

CONSOLIDATED NPAT RECONCILIATION

STRONG NPAT GROWTH

\$000s

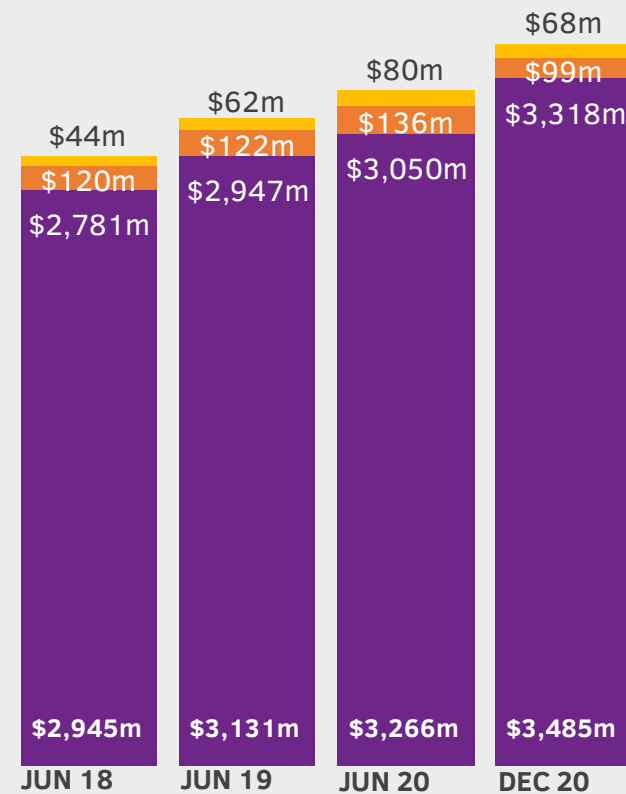


- Consolidated NPAT of \$11,472, up 23.9% on pcp despite competitive lending environment
- Net interest revenue growth of 10.9% reflects loan book growth and 6bps expansion in NIM
- Disciplined approach to costs with cost to income ratio of 59.6% (H1 FY20: 62.9%)

LOAN BOOK

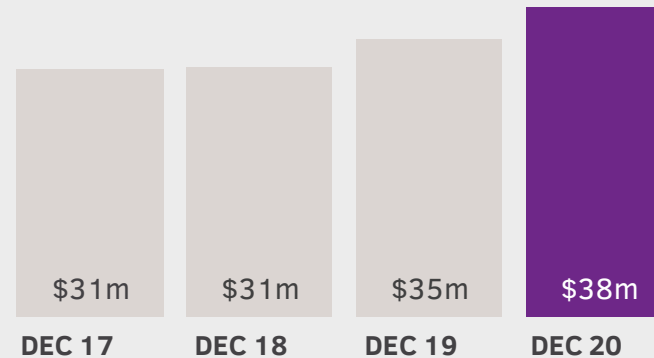
STRONG GROWTH IN NET INTEREST REVENUE

LOANS AND ADVANCES BALANCES

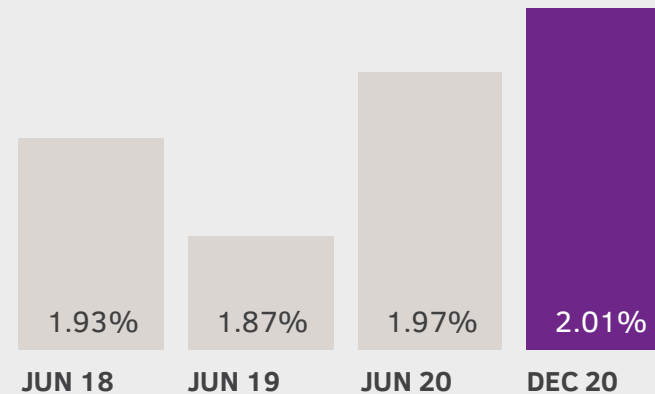


■ Housing Loans ■ Business ■ Consumer Loans

NET INTEREST REVENUE








NET INTEREST MARGIN



- Net interest revenue of \$38m, up 10.9% on pcp
- Net interest margin of 2.01% (H1 FY20: 1.95%); 1.99% in H2 FY20
- Loan book growth of 8.4% on pcp, 4.7x system reflecting strong broker flows, first home loan deposit scheme and partnerships
- Housing loans of \$3,318m, up 10.7% on pcp; 95.2% of loan book
- Business lending of \$99m following change in strategy with lending pause in place (2.8% of loan book)

LOAN BOOK DISTRIBUTION

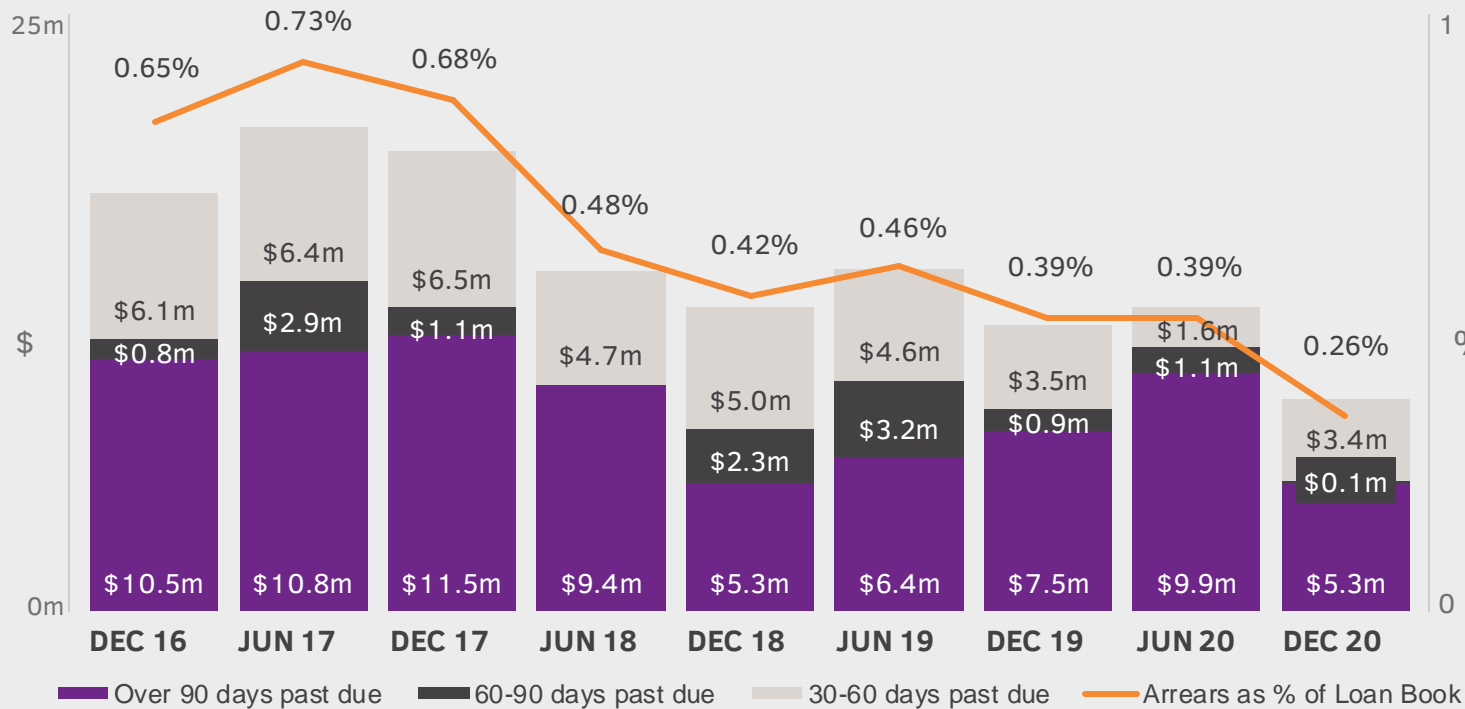
LOAN DIVERSIFICATION ACCELERATES DRIVEN BY STRONG BROKER FLOWS AND PRIVATE BANK

	LOAN BOOK			BREAKDOWN	
	DEC 19	DEC 20	GROWTH RATE	DEC 19	DEC 20
 SOUTH EAST QLD	\$1,230.9m	\$1,303.5m	5.9% ↑	39.2%	38.0%
 QLD OTHER	\$1,125.3m	\$1,143.4m	1.6% ↑	35.9%	33.4%
 NSW	\$373.9m	\$460.2m	23.1% ↑	11.9%	13.4%
 VICTORIA	\$251.8m	\$320.0m	27.1% ↑	8.0%	9.3%
 AUSTRALIA OTHER	\$156.4	\$199.4m	27.5% ↑	5.0%	5.9%

- Strong broker flows drive growth in SE QLD, NSW and Victoria
- 28.6% of loan book outside Queensland (H1 FY20: 24.9%)
- SE QLD remains a significant growth opportunity and largest contributor to loan book by region
- In H1 FY21, growth in broker flows contributed to:
 - 56.7% increase on pcp in Home Loan Approvals
 - 57.9% increase on pcp in Home Loan Settlements

LOAN BOOK ARREARS

ARREARS AT HISTORIC LOW AND WELL BELOW PEERS



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

	Auswide	SPIN (Other)	SPIN (Regional)
>30 days past due (includes >90 days past due)	0.26	0.81	1.59
>90 days past due	0.16	0.45	0.87

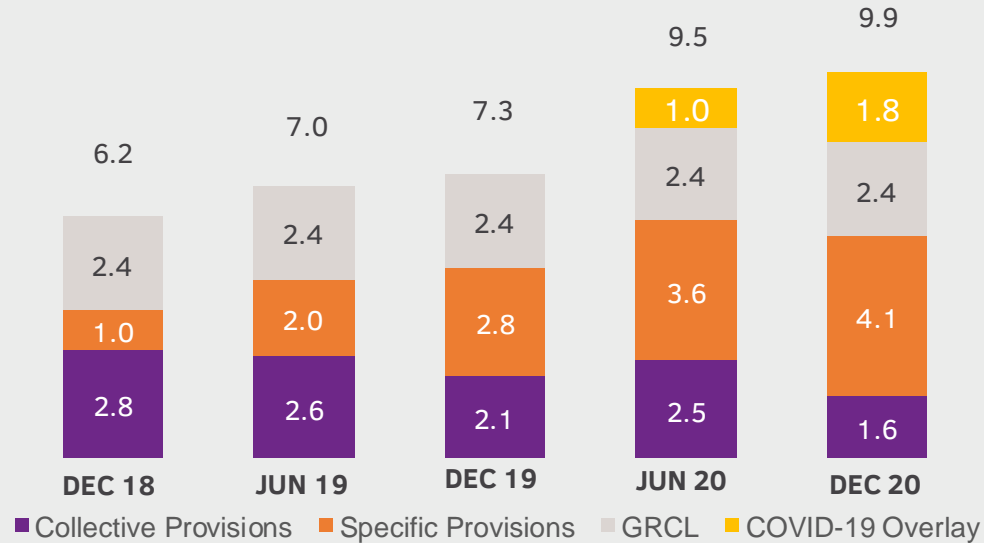
(Auswide figures: at 31 Dec 20)
SPINs: at 30 Nov 20 (latest available)

- Arrears of 0.26% are at historic low highlighting loan book quality
- Current arrears of \$8.8m, down 49% compared to December 2016
- COVID-19 loan deferrals not included in arrears based on APRA guidelines

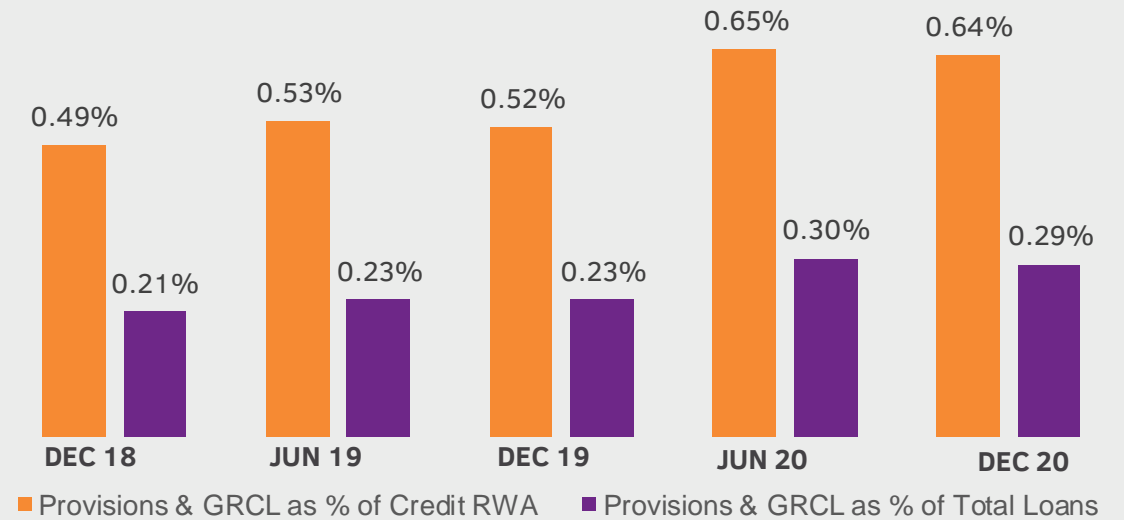
COVID-19 PROVISIONS & COVERAGE RATIOS

COLLECTIVE PROVISIONS STRENGTHENED

TOTAL PROVISIONS AND GRCL (\$M)



TOTAL PROVISION COVERAGE RATIO

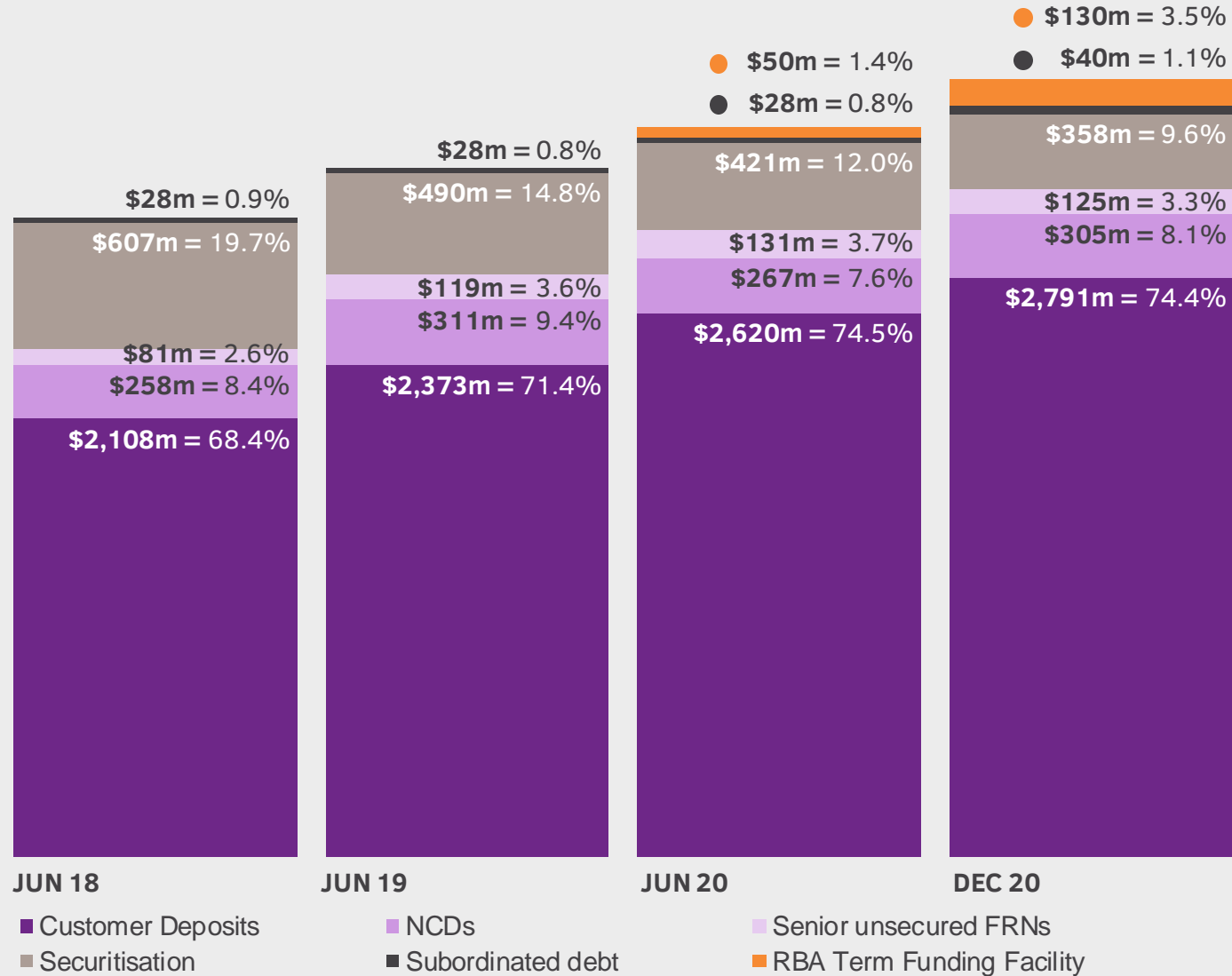


- Total provisions and GRCL of \$9.9m provides confidence provisions are adequate based on economic outlook scenarios
- \$1.8m COVID-19 overlay retained in provisions for volatility and economic uncertainty

- Non COVID-19 arrears remain at historically low levels

FUNDING MIX

STRATEGIC FOCUS ON FUNDING MIX SUPPORTS MARGIN GROWTH

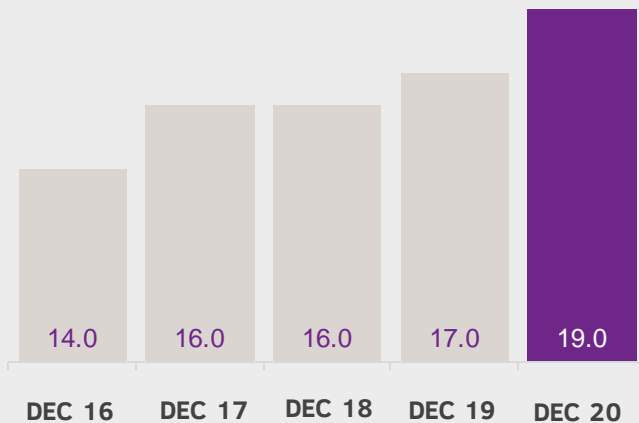


- Ongoing strategic focus on expanding customer deposits and tight management of funding costs
- 10.6% growth in customer deposits to reach 74.4% of funding (June 18: 68.4%)
- 17.4% growth in lower cost at call savings accounts from \$1.13b to \$1.32b
- Reduced reliance on securitisation (more expensive funding line); 9.6% of funding in December 20 vs 19.7% in June 18
- RBA Term Funding Facility of \$150m with \$130m drawn down
- Maintained dual investment grade ratings from Fitch & Moody's of BBB+ and Baa2 respectively

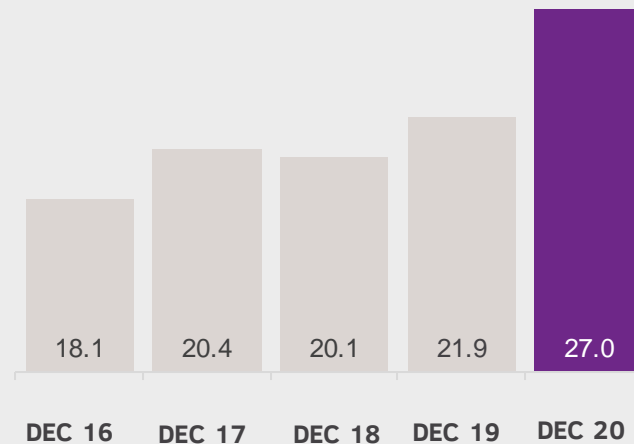
DIVIDEND AND RETURNS

INTERIM DIVIDEND REFLECTS STRONG OPERATIONAL PERFORMANCE AND PRUDENT CAPITAL MANAGEMENT

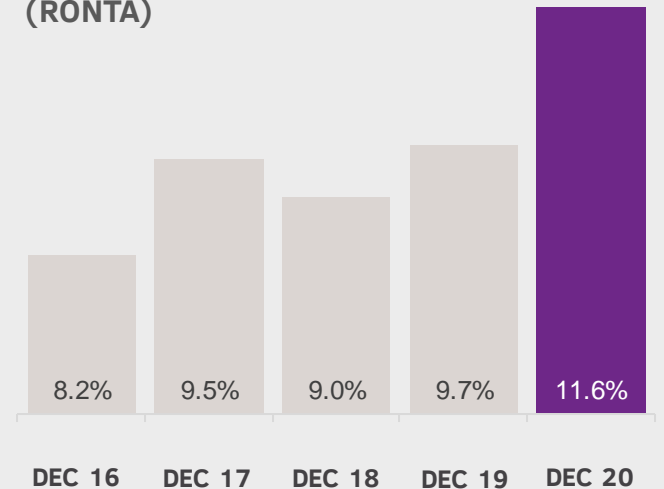
INTERIM DIVIDEND (CPS)



EPS (CPS)



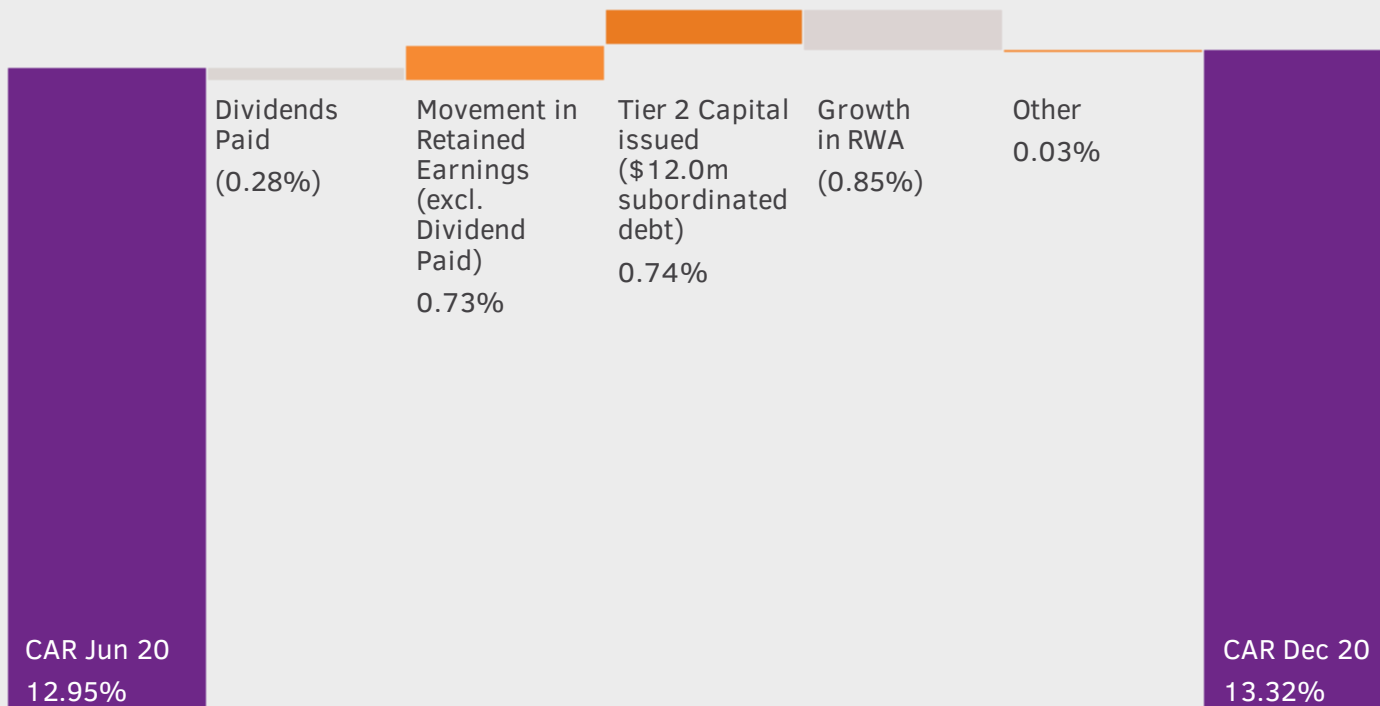
RETURN ON NET TANGIBLE ASSETS (RONTA)



- Interim fully franked dividend of 19.0 cents reflects balance between prudent capital management and providing returns to shareholders
- Interim dividend payout ratio of 70.8%, within Board target range of 70-80% (H1 FY20: 77.5%)
- RONTA of 11.6%, up from 9.7% in H1 FY20
- Ahead of FY21 financial target for RONTA of 10%

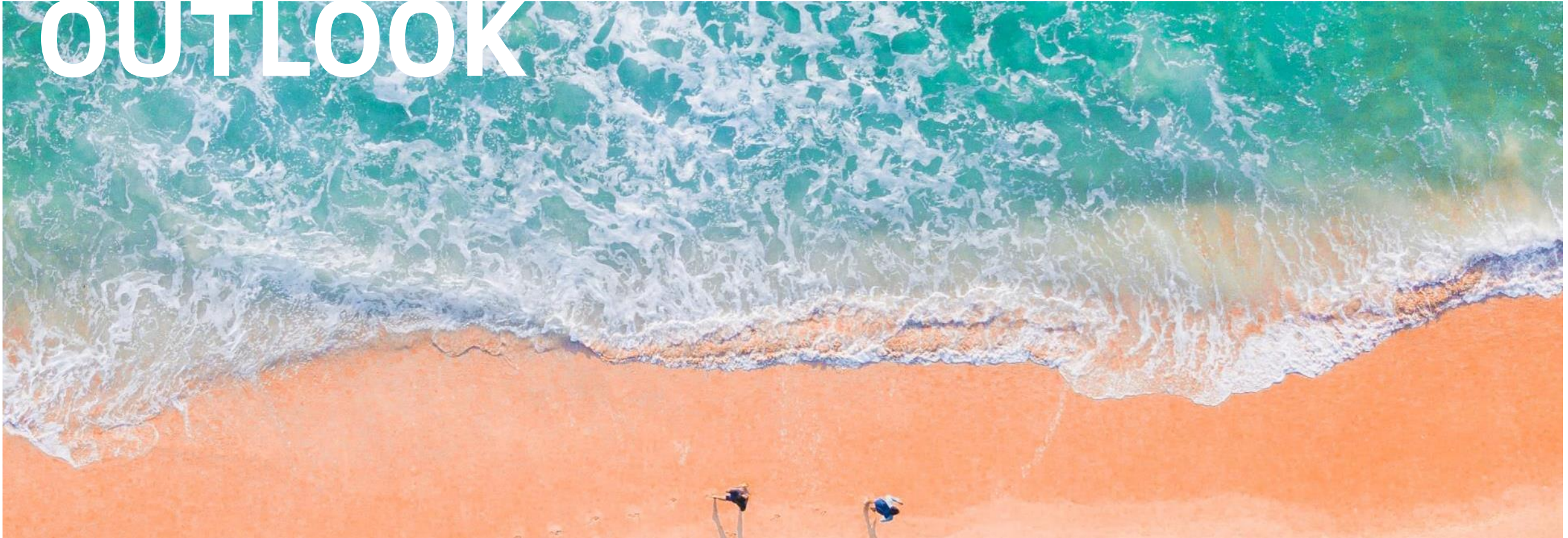
CAPITAL

STRONG CAPITAL POSITION SUPPORTS ABOVE SYSTEM LOAN BOOK GROWTH



- Capital remains strong at 13.32% and comfortably meeting APRA's unquestionably strong requirement
- CET1 of 10.88%
- Capital ratio has increased from 12.95% at 30 June 2020 due to strong operating results and issuance of \$12m in Tier 2 capital in August 2020
- Capital will support above system loan book growth in H2 FY21
- Capital supply drivers will include Tier 2 subordinated debt transaction and Dividend Reinvestment Plan for the interim dividend

STRATEGY & OUTLOOK



OUR STRATEGIC PRIORITIES

BUILDING ON OUR STRENGTHS

OUR VISION

The bank that our customers, staff and partners want their friends, family and colleagues to bank with.



3-YEAR STRATEGIC PLAN FY20 – 22

OUR VISION – “The bank that our customers, staff and partners want their friends, family and colleagues to bank with.”

BRAND AWARENESS

- Building the Auswide Brand through consistent messaging and enhanced customer service
- Leverage QRL membership base, increase broker flows and expand community engagement
- QLD / SEQ key growth opportunity

PARTNERSHIPS

- Build partnerships that support retail banking growth across platforms and via member and community-based organisations
- Achieve distribution reach beyond Auswide Bank physical and digital offerings
- Cost effective channels

DIGITAL AND CUSTOMER HUB

- Improve the customer experience through capable digital implementation
- Support customer transition from branch to digital, drive higher product conversion rates increasing RONTA
- ROI discipline extending digital solutions that solve customer and back office challenges

EFFICIENCY

- Improve efficiencies by automating processes and simplifying products
- Improve broker service proposition via faster turnaround times and consistency
- Continue to optimise investment to growth opportunities / channels

STRENGTH

- Strengthen the bank through enhancing staff capabilities, reducing errors and further developing risk audit processes
- Enhance cyber risk resilience and fraud detection capability
- Continue to mature diversified funding lines and particularly customer deposits improving self-funding ratio
- Optimise capital efficiency and strength

NON-ORGANIC GROWTH

- Reviewing M&A, Fintech and other partnering opportunities to drive scale.

IMPROVING TECHNOLOGY FOUNDATIONS

ENHANCED TECHNOLOGY SUPPORTING CUSTOMER EXPERIENCE

Improving our foundations

Building digital experiences

Technology to support Loan Origination

Insisting on “Baked-in-Security”

CUSTOMER OUTCOMES

- Improve customer experience and support transition from branch to digital channel
- Enhance customer hub to maximise service levels and opportunities with growing SE Qld and interstate customer base
- Invest in technology to solve customer problems and broaden access to products and services
- Ensure cyber resilience and strong protections to customer data
- Technology and partners to improve loan processing experience and reduce the cost per loan in a highly competitive market

BUSINESS OUTCOMES

- Improve customer retention and grow customer base
- Drive higher product conversion rates, increasing RONTA
- Core banking system upgrade: Open Banking, National Payments Platform, Comprehensive Credit Reporting
- Assist in lowering cost to income ratio

Internet and app banking truly integrated and responsive to customer touch point

FY2021 OUTLOOK

CONTINUED LOAN BOOK DIVERSIFICATION AS YOUNGER CUSTOMERS ARE ATTRACTED AND DIVERSIFY OUTSIDE QLD

FINANCIAL TARGETS

3-year strategic objectives achieved in 18 months

- ✓ **Cost to Income ratio of 60%**
- ✓ **Stable trend in NIM across FY21**
- ✓ **Return on Net Tangible Assets of 10%**
- ✓ **Above system loan growth**



DISCLAIMER

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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.