

17 November 2020

Auswide Bank Ltd (ABA) 2020 Annual General Meeting Presentation

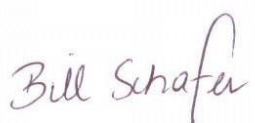
Auswide Bank Ltd's (ASX: ABA) 2020 Annual General Meeting will be held today at 11.00am Brisbane time. The meeting will be held online at <https://web.lumiagm.com/325220196>.

The attached presentation which provides a review of the economic environment and strategic progress of the company, together with a review of Auswide Bank's operating activities and performance will be presented at today's Annual General Meeting.

Authorised for lodgment by:



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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.



2020 ANNUAL GENERAL MEETING

17 NOVEMBER 2020

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01. Chairman's
Address
John Humphrey

02. CFO's
Address
Bill Schafer

03. MD's
Address
Martin Barrett

CHAIRMAN'S ADDRESS



BOARD OF DIRECTORS & COMPANY SECRETARY

DIVERSE MIX OF SKILLS AND DEEP INDUSTRY EXPERIENCE



John Humphrey

Chairman



Martin Barrett

Managing Director



Sandra Birkenleigh

Non-Executive Director



Barry Dangerfield

Non-Executive Director



Greg Kenny

Non-Executive Director



Bill Schafer

Company Secretary and
CFO

CFO'S ADDRESS



FY20 FINANCIAL OVERVIEW

STRONG NPAT PERFORMANCE, LOAN BOOK GROWTH, NIM EXPANSION

	FY20	FY19	Change
NPAT (Consolidated)	\$18.504m	\$17.201m	↑ 7.6%
NPAT (excluding the effects of COVID-19)	\$20.114m	\$17.201m	↑ 16.9%
Loan Book ²	\$3.266b	\$3.131b	↑ 4.3%
Net Interest Revenue	\$70.516m	\$63.185m	↑ 11.6%
Net Interest Margin (bps)	197bps	187bps	↑ 10bps
Final dividend per share (fully franked)	10.75c	18.5c	↓ 7.75c
Total dividend per share (fully franked)	27.75c	34.5c	↓ 6.75c
EPS (cents)	43.8c	40.8c	↑ 3.0c
RONTA ¹	9.7%	9.1%	↑ 0.6%
RONTA (excluding the effects of COVID-19)	10.6%	9.1%	↑ 1.5%
Cost to Income Ratio	62.5%	64.5%	↓ 2.0%
Capital Adequacy Ratio	12.95%	13.79%	↓ 0.8%
Deposits	\$2.620b	\$2.373b	↑ 10.4%

- NPAT (excluding the effects of COVID-19) of \$20.114m, up 16.9% reflects strong growth in net interest revenue and ongoing cost discipline (CIR of 62.5%)
- Net interest revenue of \$70.516m, up 11.6% due to profitable loan book growth and increase in NIM
- Loan book growth of 4.3% was 1.5x system growth
- Net Interest Margin of 197bps, up 10 bps; NIM of 199bps in 2H FY20
- Deposits up 10.4%; now 74.5% of funding (FY19: 71.4%)
- Strong balance sheet, capital adequacy ratio of 12.95%
- RONTA (excluding the effects of COVID-19) of 10.6% exceeds strategic target of 10.0%
- Final dividend of 10.75cps reflects strength of financial results and APRA guidance

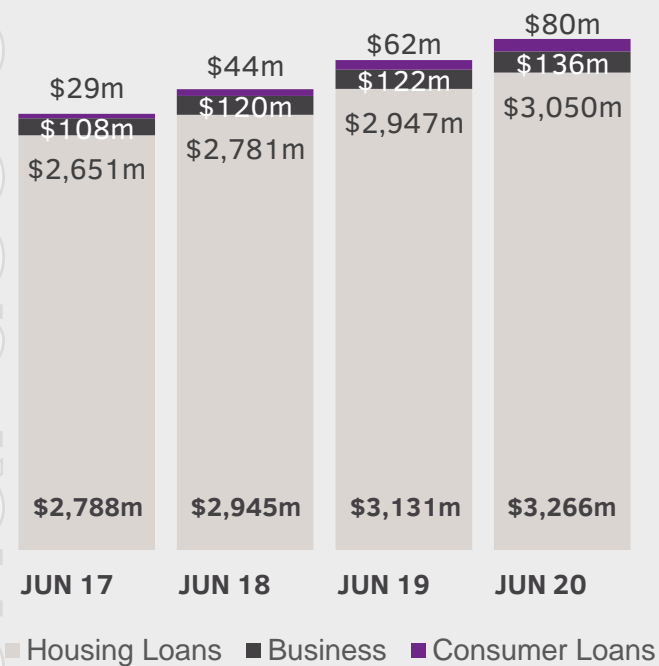
1. Return on Net Tangible Assets (equivalent to Return on Tangible Equity (ROTE))

2. Grossed up for Investments in Managed Investment Schemes (MISs) reported in Financial Assets in Balance Sheet.

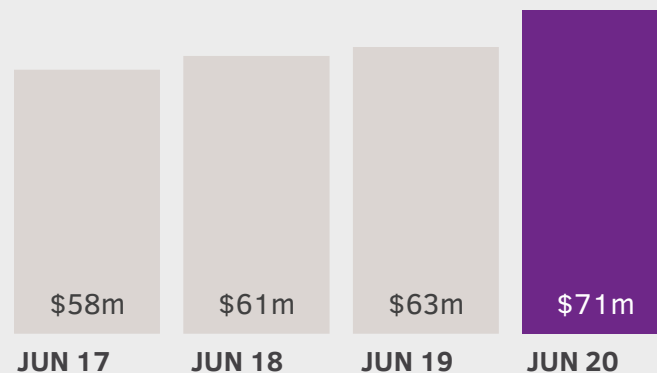
LOAN BOOK

STRONG NET INTEREST REVENUE GROWTH

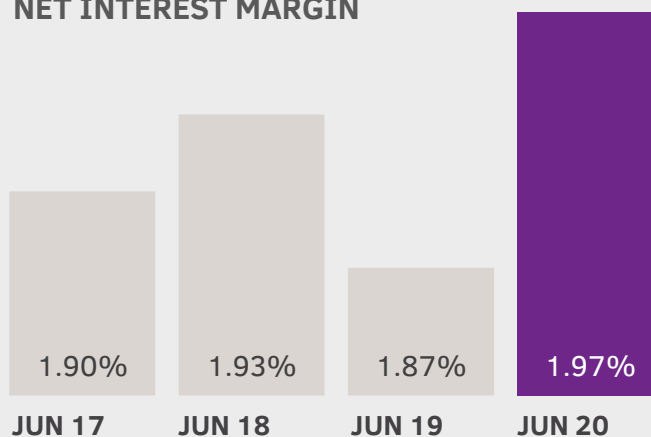
LOANS AND ADVANCES BALANCES



NET INTEREST INCOME



NET INTEREST MARGIN



- Net interest revenue of \$71m, up 11.6%
- Net interest margin of 1.97% (FY19: 1.87%); 1.99% in H2 FY20
- Loan book growth of 4.3% on pcp, 1.5x system reflecting strong broker flows, first home loan scheme and partnerships
- Housing loans of \$3,050m, up 3.5%; 93.4% of loan book (FY17: 95.1%)
- Consumer lending of \$80m, up 29.0% (FY19: \$62m); good quality loan book
- Business lending of \$136m, up 11.5%; change in strategy with lending pause in place (4.2% of loan book)

FY21 TRADING UPDATE

STRONG PERFORMANCE IN 4 MONTHS TO END OCTOBER 2020

KEY FINANCIAL METRICS ¹	FY21 YTD OCT20	FY20 YTD OCT19		Change
NPAT	\$7.444m	\$5.569m	↑	33.7%
Loan Book	\$3.434b	\$3.182b	↑	7.9%
Net Interest Revenue	\$25.194m	\$22.550m	↑	11.7%
Net Interest Margin (bps)	199bps	191bps	↑	8bps
Deposits	\$2.815b	\$2.442b	↑	15.2%

- NPAT of \$7.444m, up 33.7% on pcp due to strong growth in net interest revenue and ongoing cost discipline (CIR of 60.2%)
- Net interest revenue of \$25.194m, up 11.7% on pcp due to profitable loan book growth and increase in NIM
- Loan book increased to \$3.434b, up 7.9% on pcp (3.9x system)²
- Net Interest Margin of 199bps, up 8 bps on pcp
- Deposits up 15.2% on pcp; now 75.9% of funding (Oct 19: 72.6%)

1. Based on unaudited management financial information

2. System growth of 2.0% per Sept 2020 RBA Financial Aggregates – Total Credit Growth (October 2020 not yet available)



COVID-19 SUPPORT FOR CUSTOMERS

REPAYMENT DEFERRAL, MOST COMMON FORM OF LOAN ASSISTANCE

In March 2020, Auswide announced COVID-19 support packages that provided affected customers with various options including;

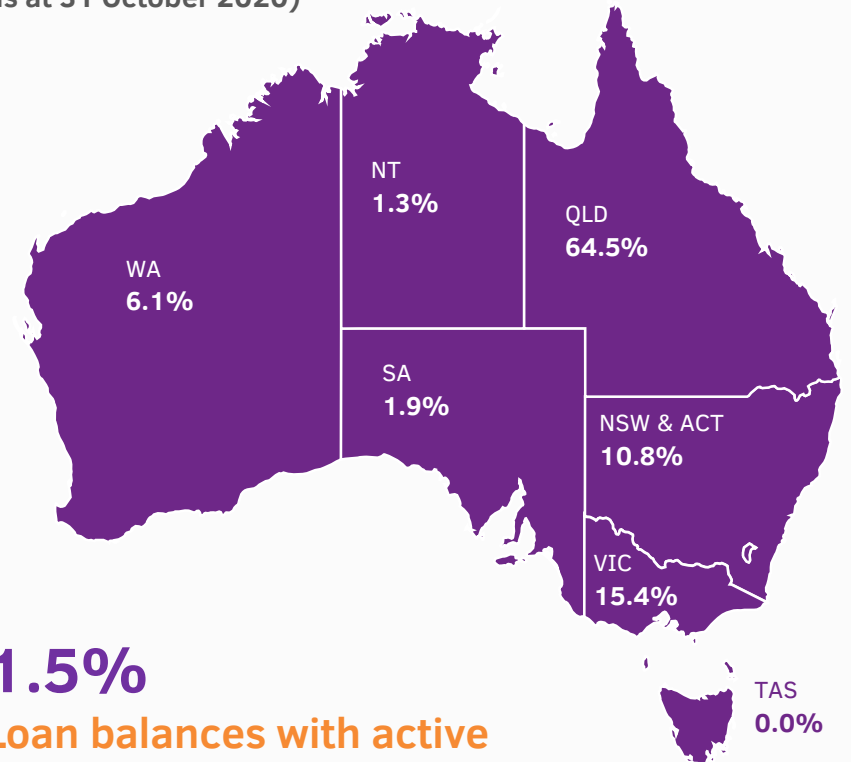
- Deferment of payments for up to 6 months
- Reduce payments for up to 6 months
- Change to interest only for 6 months

92% of customers have now been contacted and have recommenced payments or will be recommencing payments after the 6 month assistance period concludes.

LOAN ASSISTANCE PROVIDED (31 OCTOBER 2020) (\$M)

Assistance Type	Home Loan	Other	Commercial	Total
Change to Interest Only	15.6	-	-	15.6
Deferred repayments	33.1	0.08	0.06	33.2
Reduced repayments	1.6	-	-	1.6
Total Approved	50.3	0.08	0.06	50.4

ASSISTANCE BY STATE (as at 31 October 2020)



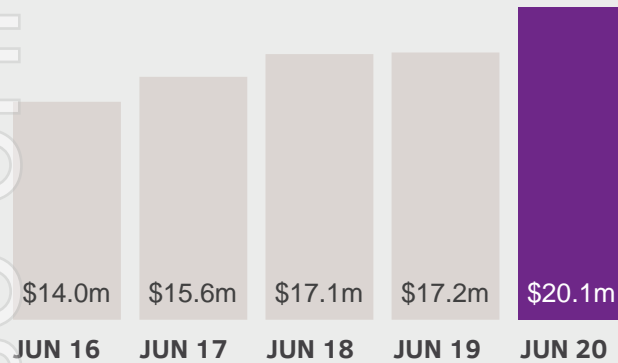
1.5%

Loan balances with active assistance (% of loan book)

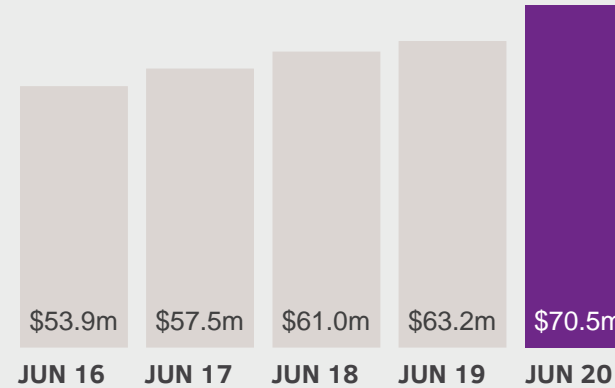
TRACK RECORD OF DELIVERING PROFITABLE GROWTH

GROWING LOAN BOOK WHILE MAXIMISING NIM

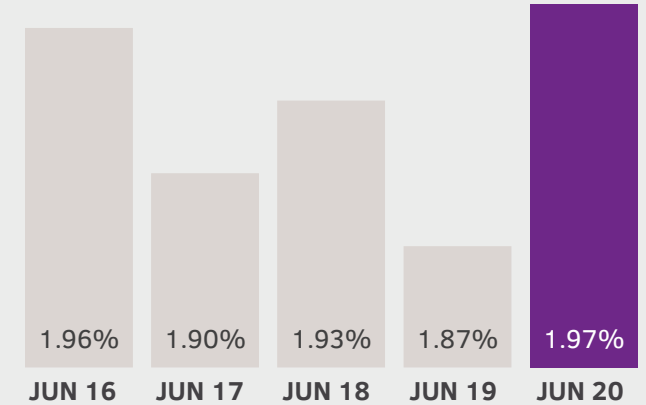
UNDERLYING NPAT¹



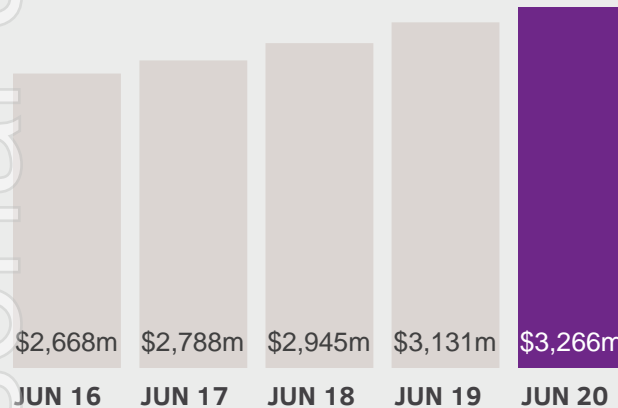
NET INTEREST REVENUE



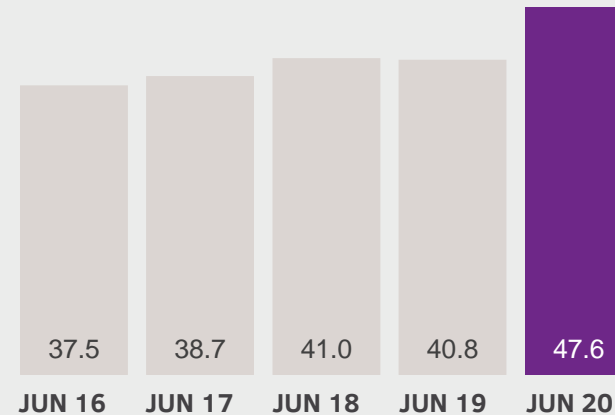
NET INTEREST MARGIN



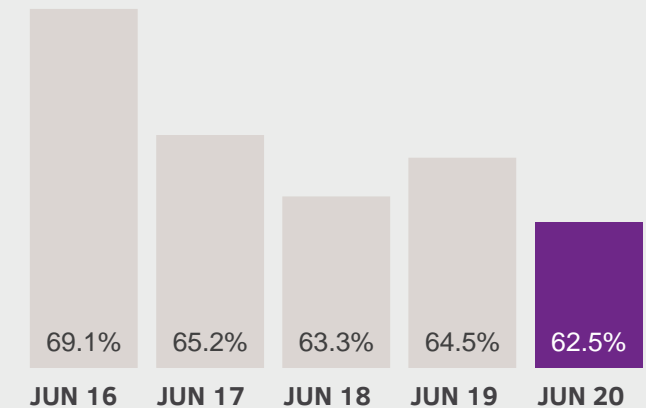
LOAN BOOK



UNDERLYING EPS¹ (CPS)



COST TO INCOME RATIO



1. FY20 results excluding the effects of COVID-19

MANAGING DIRECTOR'S ADDRESS



ECONOMIC & REGULATORY OUTLOOK

IMPROVING ECONOMIC OUTLOOK

- **QLD economy strong, diversified and growing** faster than national average. September 2020 quarter CPI - Brisbane 2.3%, Australia 1.6%
- Retail trade improved in the Sep 2020 quarter by 2.6%
- QLD unemployment rate reduced to 7.7% in September after a peak of 8.8% in July 2020
- \$6 billion of QLD government initiatives to protect QLD jobs, business and health
- September quarter change in Brisbane dwelling value of 1.3% and 3.8% across the past 12 months
- QLD Building approvals up 45% from June 2020 to September 2020

Source: Queensland Treasury

COMPLEX 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.¹
- **Dividend payments** - on 29 July, APRA advised that for the remainder of the calendar year, boards should retain at least half of their earnings when deciding on dividends (use DRPs to offset reductions in capital)²

RBA

- **Cash rate of 0.10%** – RBA reduced the cash rate on 3 Nov 2020 from 0.25%
- **Term funding facility (TFF) of \$200bn** provides banks with 3-year funding at a fixed rate of 0.10% (reduced from 0.25% on 3 Nov 2020)

1. The counting of days past-due is paused from the date the deferral is granted
2. Conduct regular stress-testing to maintain integrity of business and demonstrate ongoing lending capacity and maintain sufficient capital to be able to continue to support the economy via lending growth

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.



OUR BROKER NETWORK

COST EFFECTIVE DISTRIBUTION CHANNEL

- Mortgage brokers represent significant growth opportunity with record share (57%) of new residential home loans in June Quarter 2020
- 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



My clients were over the moon when I called them.
They are now huge fans of Auswide Bank!



I have a few deals with Auswide at the moment and expect a few more, mainly due to the experiences I have had.



Just want to give a big shout to Auswide credit team, and my BDM Vicky. Hope soon you are promoted more on our panel for home loans as you are great to deal with.



Put simply the support you offered me throughout the application and settlement process was first class but the level of support given on Friday was to a level I have not seen in my 15 years of broking.

FY2021 OUTLOOK

QLD ECONOMY RESILIENT, ON TRACK TO EXCEED FINANCIAL TARGETS

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**

COVID-19

- COVID-19 recovery plan completed
- Continue review of customers that required support
- Establish plans for customers that require further support beyond September
- Continue to review economic data, credit policies, adequacy of provisioning

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 17 November 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.