



Auswide Bank Ltd
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Australian Financial Services &
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22 November 2017

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

Auswide Bank Ltd (ABA) – Managing Director & CFO Presentations 2017 AGM

Please find attached presentations which provide a review of the economic environment and strategic progress of the company, together with a review of Auswide Bank's operating activities and performance. These overviews will be presented at today's Annual General Meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Martin Barrett'.

Martin Barrett
Managing Director

Small things. Big difference.



ANNUAL GENERAL MEETING MD & CFO REPORT

22ND NOVEMBER 2017

*Small things.
Big difference.*

Financial Performance

CFO

Bill Schafer



AGENDA – Financial Performance

1. FY17 FINANCIAL PERFORMANCE HIGHLIGHTS
2. FY17 FINANCIAL SUMMARY
3. NPAT RECONCILIATION
4. LOAN BOOK PERFORMANCE
5. NET INTEREST MARGIN (NIM)
6. FUNDING MIX
7. CAPITAL COMPARISON
8. DIVIDEND

FY 2017 financial performance highlights



Net Interest Revenue
↑ 6.7%



Underlying Return on Equity
7.2%



Underlying NPAT
↑ 11.4%



Underlying Return on Tangible Equity
9.2%



Statutory NPAT
↑ 29.5%



Underlying Cost to Income Ratio
↓ 3.5%



Loan Book
↑ 4.0%
to \$2.773 billion



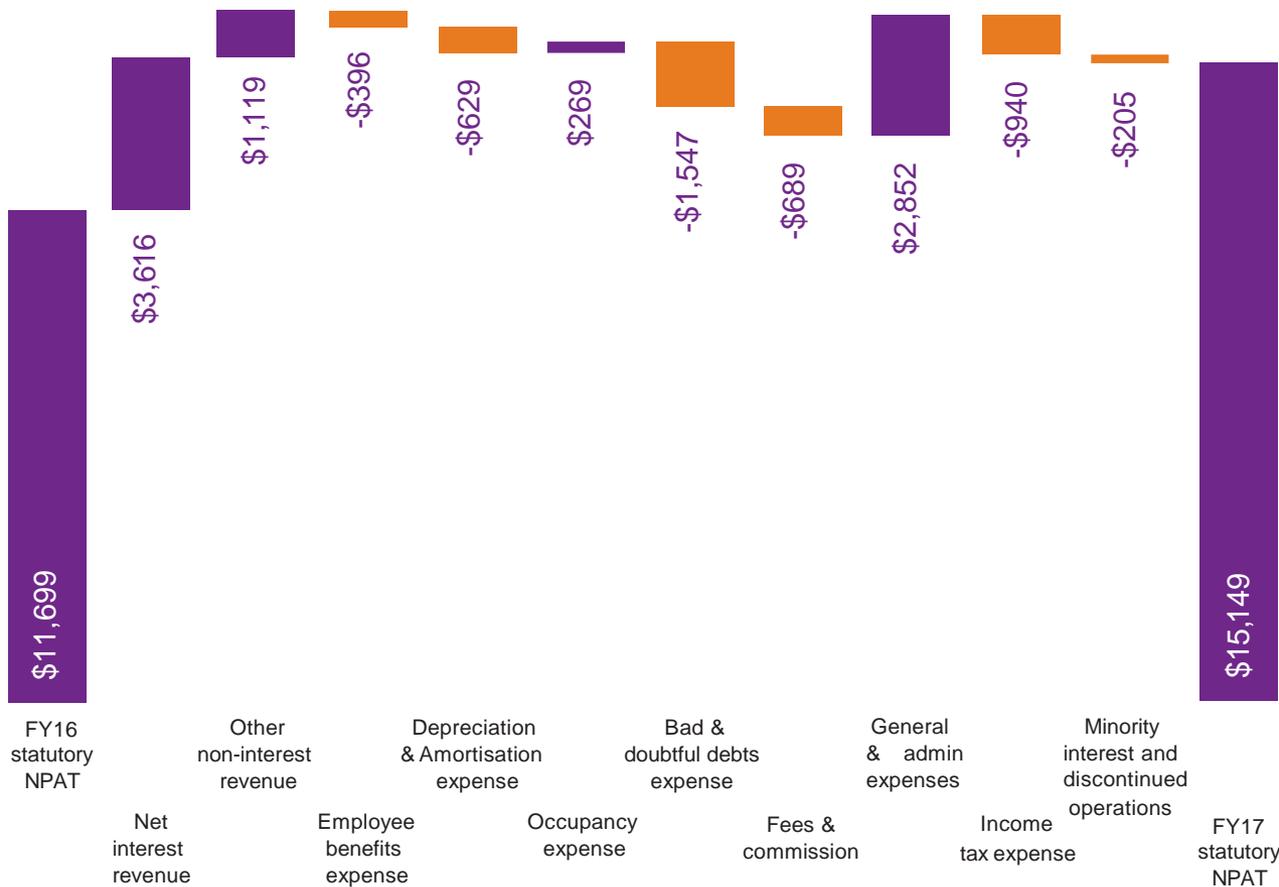
Total dividend
31c ↑ 1c

FY 2017 financial summary

| | | FY17 | FY16 | | Change |
|---------------------------------|-----------------------|------------|------------|----|-----------|
| NPAT | Underlying | \$15.636m | \$14.041m | ⬆️ | 11.4% |
| | Statutory | \$15.149m | \$11.699m | ⬆️ | 29.5% |
| Loan Book | | \$2.773b | \$2.666b | ⬆️ | 4.0% |
| Net Interest Revenue | | \$57.509m | \$53.893m | ⬆️ | 6.7% |
| Net Interest Margin | | 190 bps | 196 bps | ⬆️ | 6 bps |
| Dividend per share | Final (fully franked) | 17.0 cents | 16.0 cents | ⬆️ | 1.0 cents |
| | Total (fully franked) | 31.0 cents | 30.0 cents | ⬆️ | 1.0 cents |
| Earnings per share | Underlying | 38.5 cents | 37.5 cents | ⬆️ | 1.0 cents |
| | Statutory | 37.3 cents | 31.2 cents | ⬆️ | 6.1 cents |
| Return on Equity | Underlying NPAT | 7.2% | 7.0% | ⬆️ | 0.2% |
| | Statutory NPAT | 6.9% | 5.8% | ⬆️ | 1.1% |
| Return on Tangible Equity | Underlying | 9.2% | 8.9% | ⬆️ | 0.3% |
| | Statutory | 8.9% | 7.4% | ⬆️ | 1.5% |
| Underlying Cost to Income Ratio | | 65.6% | 69.1% | ⬆️ | 3.5% |

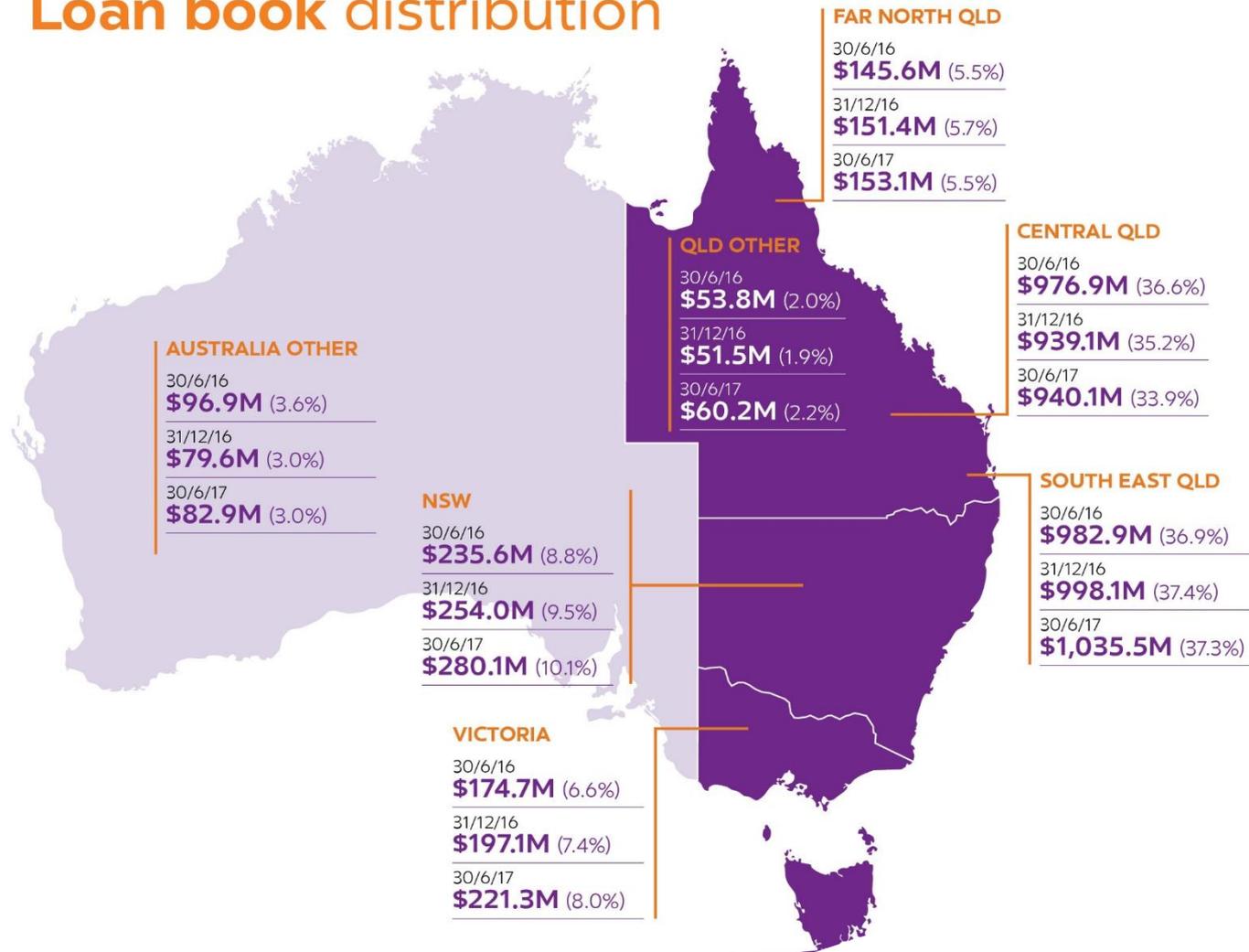
NPAT reconciliation

CONSOLIDATED STATUTORY NPAT

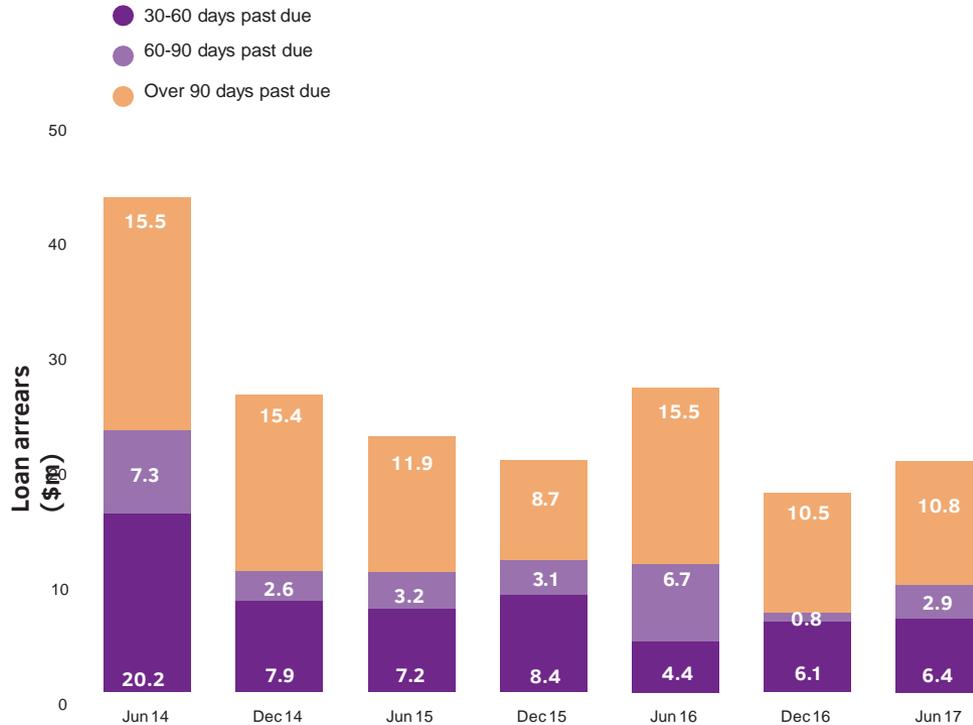


- Net Interest Revenue up 6.7%
- Underlying Cost to Income Ratio down to 65.6%
- Bad and doubtful debts 'normalised' after discontinuation of insurance subsidiary MRM Pty Ltd

Loan book distribution



Loan book arrears



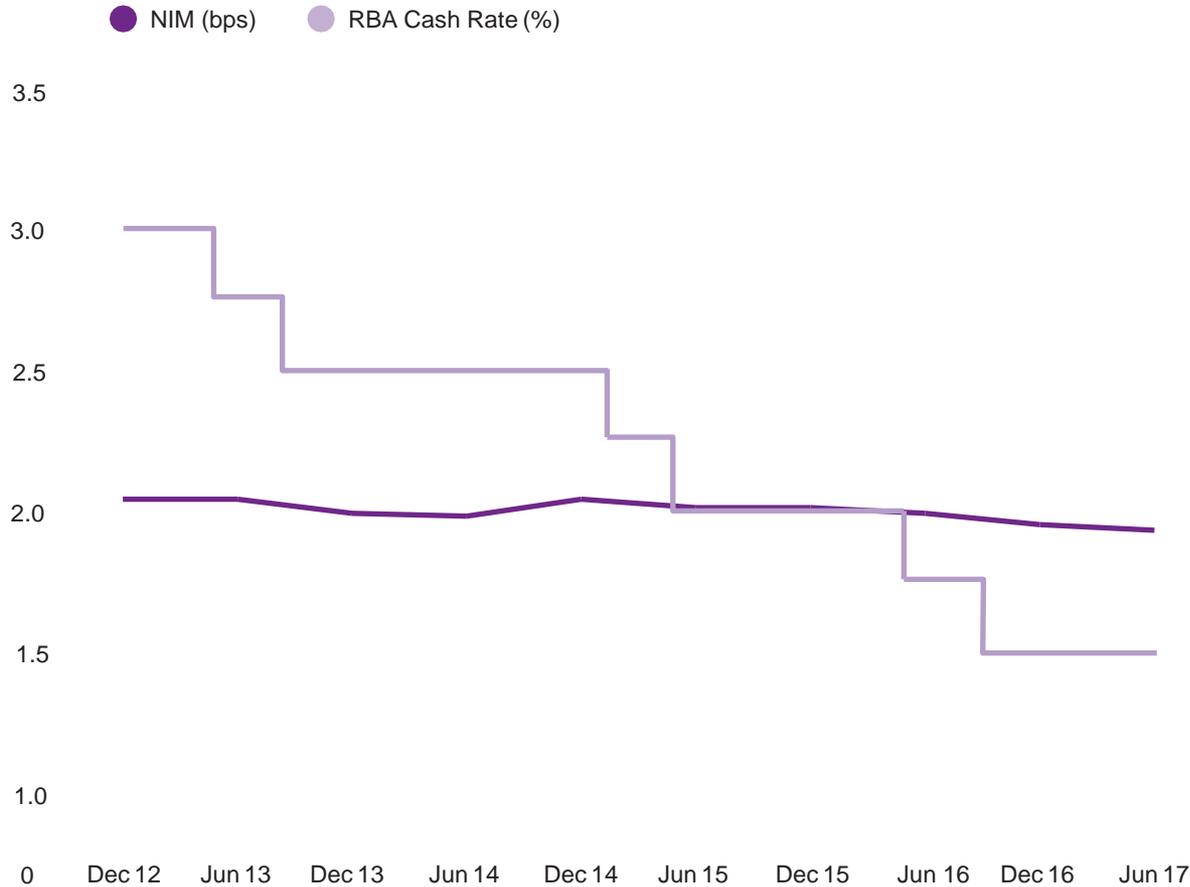
LOANS PAST DUE v. SPIN (percentage of total loans)

(Auswide figures: as at 30 June 2017, SPINs: as at 31 May 2017 - latest available at time of publication)

| | Auswide | SPIN (Other Banks) | SPIN (Regional Banks) |
|---|---------|--------------------|-----------------------|
| > 30 days past due (includes >90 days past due) | 0.73 | 1.06 | 1.69 |
| > 90 days past due | 0.39 | 0.50 | 0.72 |

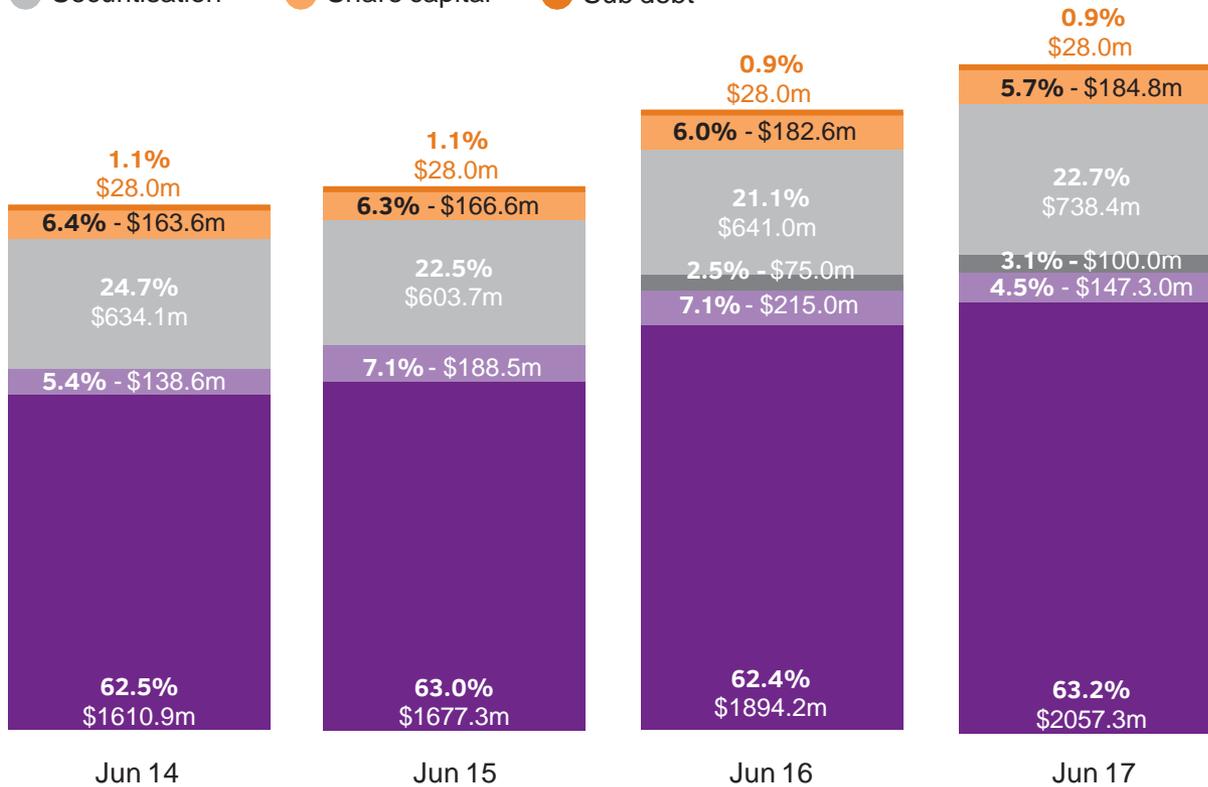
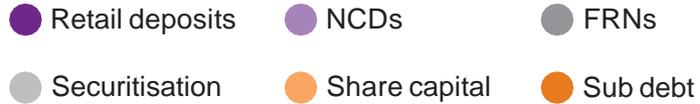
Net Interest Margin

NIM AND RBA CASH RATE



- Strong NIM despite regulatory controls and intense competition
- Net Interest Revenue up from \$53.9m to \$57.5m
- Profitable growth in loan book

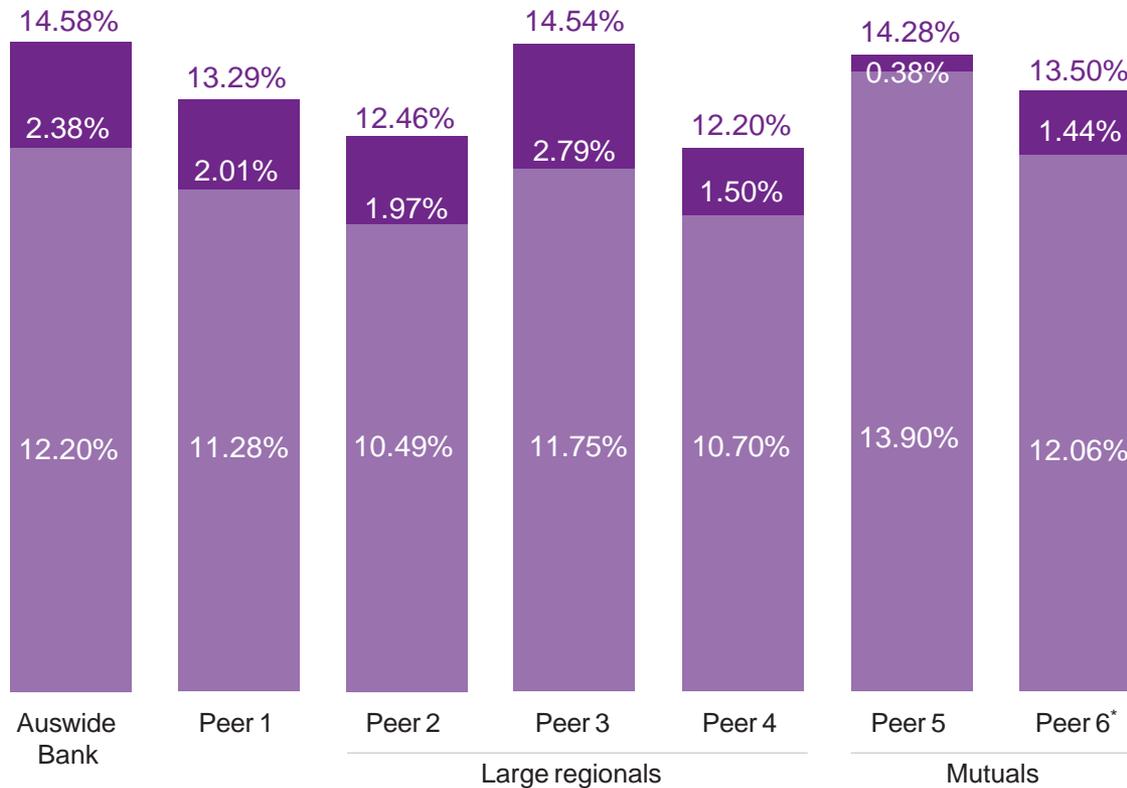
Funding mix



- Strategy to optimise funding mix and cost
- Concentration on customer deposits through branch network
- 8.6% uplift in deposits to \$2.06bn
- Diversified funding, extending the tenure of short term funding

Capital comparison

● Tier 1 Capital ● Tier 2 Capital

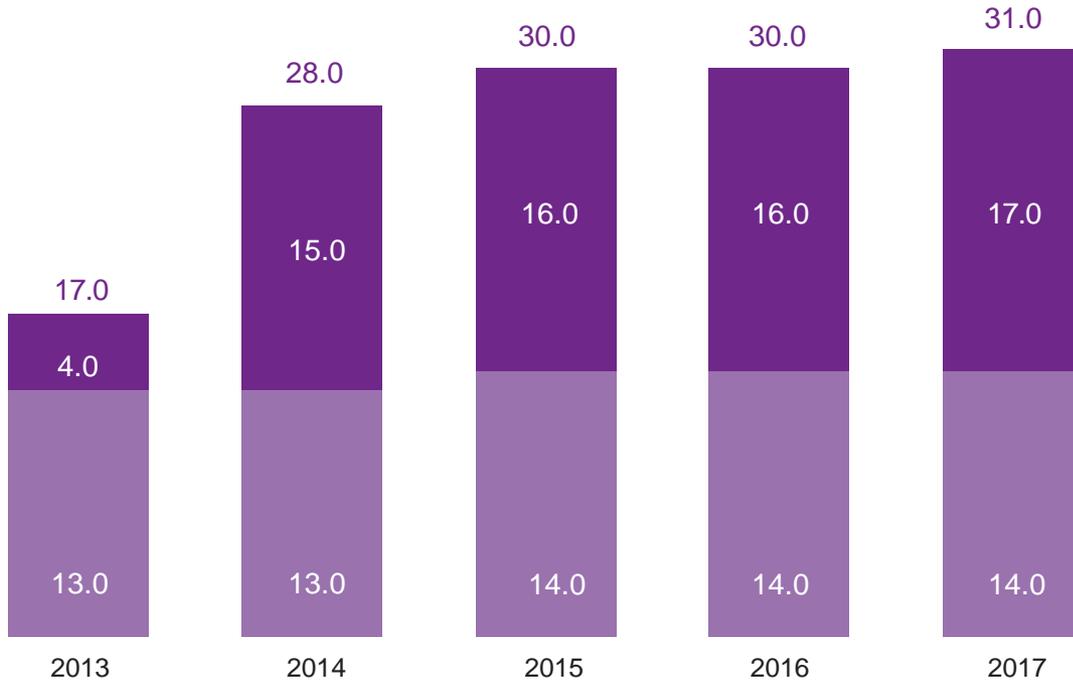


- Capital at 14.58% is strong in comparison to peers
- Capital strong in preparation for regulatory changes and to meet “unquestionably strong” targets for 2020

Dividend

DIVIDEND (CPS)

● 1H ● 2H



**FY17 Dividend payout ratio:
83% of Statutory NPAT**

81% of underlying NPAT

STRATEGIC & BUSINESS UPDATE

MD
MARTIN BARRETT



AGENDA – Strategic & Business Update

1. OUR VISION & MISSION
2. NON-FINANCIAL HIGHLIGHTS
 - STAFF
 - CUSTOMER
 - BRANDS
 - AWARDS
 - COMMUNITY
3. STRATEGIC OVERVIEW
4. OPERATING ENVIRONMENT
5. INVESTMENT/INNOVATION HIGHLIGHTS
6. OUTLOOK

OUR VISION AND MISSION

A 3D-style illustration of a man with brown hair, wearing a light blue t-shirt with a heart-shaped cutout containing a small orange cat, dark blue jeans, and white sneakers with yellow laces. He is standing on a light-colored floor against a purple background. To his left, the text 'Small things. Big difference.' is written vertically in white cursive. To his right, the text 'Our MISSION' and 'Our VISION' are written in white, with their respective descriptions below them.

Small things. Big difference.

Our
MISSION

Demonstrate the 'power of small' by placing our customers at the centre of everything we do!!

Our
VISION

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



NON-FINANCIAL HIGHLIGHTS

STAFF

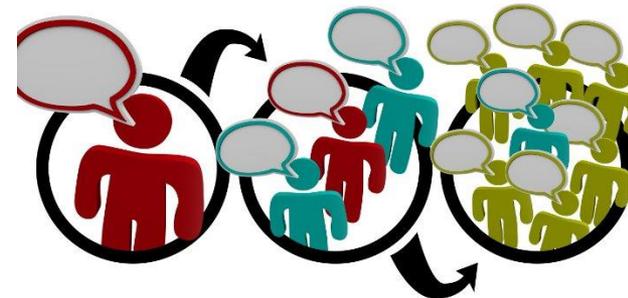
Staff Engagement
Industry leading
at **96%**



NON-FINANCIAL HIGHLIGHTS

CUSTOMER

- Customer growth 7%
- Customer satisfaction up to 85%
- Improved digital services
- Improved housing & personal loan approval time
- Improved branch experience



NON-FINANCIAL HIGHLIGHTS

BRAND

Brand awareness improving – now at >50% across Queensland



NON-FINANCIAL HIGHLIGHTS

AWARDS

Australia's Best Bank
2017

productreview.com.au



Experts Choice Home Loan
Package Award 2017

MOZO



Innovative Mortgage
Offering of the Year
2017

Australian Retail
Banking Awards



NON-FINANCIAL HIGHLIGHTS

COMMUNITY

Over \$500,000 in community support since 2015

- Disaster Recovery Donation - \$50,000
- Cyclone Debbie Relief Fund - \$12,500
- Hinkler Car/Wide Bay Tourism Project - \$50,000
- International Cycling Spectacular
- Salvation Army – Red Shield Appeal
- Friendlies High Country
- CQU Scholarship Program
- Mater Foundation – Miles for Memories



STRATEGIC OVERVIEW

The 2017-18 operational priorities under our strategic direction are set out below.

IN MARCH 2016, THE AUSWIDE BANK BOARD ENDORSED AN UPDATED THREE-YEAR STRATEGIC PLAN THAT BUILDS ON THE PROGRESS ACHIEVED OVER THE COURSE OF THE INITIAL 2013-2016 PLAN



HOME LOANS

Continue to focus on growth in our home loan book

- » LendFast upgrade
- » Apply Online capability
- » Process optimisation
- » Third-party service improvement



CONSUMER LOANS

Drive growth through an increase in branch capacity and technology investment

- » Launch on-balance sheet credit card
- » Increase in branch-based and digital capability
- » Margin optimisation



EXPENSE MANAGEMENT

A key priority as we adopt further transformation practices and reduce cost-to-income ratio

- » Focused expense management
- » Continue transformation projects
- » Reduce cost-to-income ratio

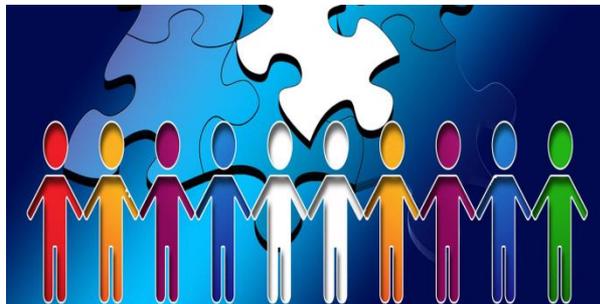


FUNDING OPTIMISATION

Manage funding mix of retail and wholesale sources with expected continued growth in customer deposits

- » Continue growth in customer deposits
- » Maintain efficient management of funding and mix of wholesale liabilities
- » Maximise return on liquid investments

OPERATING ENVIRONMENT



We are succeeding despite significant challenges:

Challenge

- **Regional Qld economics** are subdued and housing growth has been flat to negative.

Approach

- We are diversifying our business with growth occurring in SEQ , Melbourne & Sydney.

Challenge

- **Government and regulatory** requirements have increased considerably, restricting business and placing pressure on costs. This is impacting smaller ADIs to a greater extent.

Approach

- Meet our obligations but lobby for fairness as many regulatory settings favour the BIG Banks.

Challenge

- **Industry** is being reputationally challenged, mostly as a result of BIG Bank shortcomings.

Approach

- Promote positive culture that considers and supports all our stakeholders. Seek to win new customers from the BIG 4 “POWER OF SMALL”.

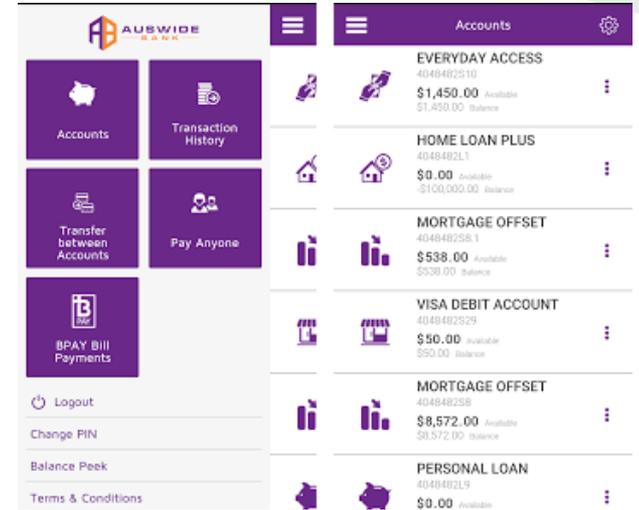
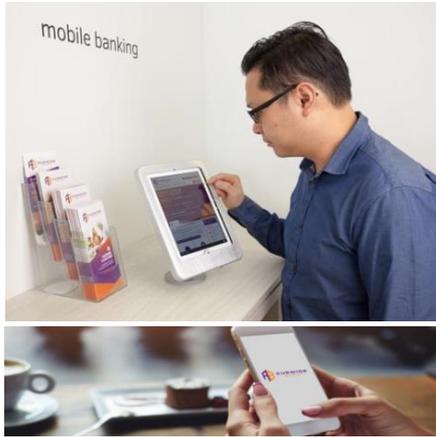
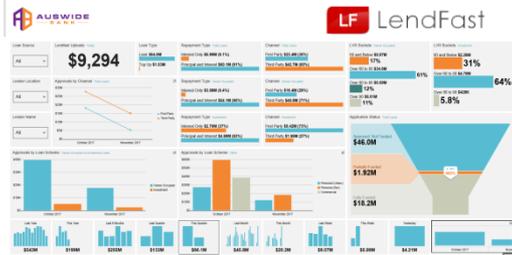
Challenge

- **Technology investment** is increasing considerably across the industry.

Approach

- Continue to invest in productivity and customer beneficial technologies choosing innovative and cost efficient partners.

INVESTMENT / INNOVATION HIGHLIGHTS



*Small things.
Big difference.*



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OUTLOOK

- Lending growth that will increase in 2nd half due to regulatory constraints on investor lending in the 1st half.
- Strong management of net interest margin to ensure profitable growth despite significant price competition.
- Continued attention on expenses to improve cost to income ratios.
- Ongoing improvement in customer service and support to improve advocacy.
- Review of M&A and Investment opportunities that support growth and capability as and when they arise.

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 November 2017.

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.