

AUSWIDE BANK

2015-16 RESULTS
AUGUST 2016

Small things. Big difference.

auswidebank.com.au

AGENDA

- 🏠 Financial Summary
- 🏠 Strategic Merger with QPCU (“Your Credit Union”)
- 🏠 Strategic Investment in Peer-to-Peer Lender MoneyPlace
- 🏠 Loan Book
- 🏠 Strategy
- 🏠 Outlook

2015-16 FINANCIAL SUMMARY

Consolidated Entity	Results		
	FY16	FY15	% Change
Underlying cash NPAT	\$14.041m	\$13.655m	↑ 2.8%
Statutory NPAT	\$11.699m	\$13.262m	↓ 11.8%
Loan Book (including YCU)	\$2.666b	\$2.330b	↑ 14.4%
Net Interest Revenue	\$53.892m	\$50.806m	↑ 6.1%
NIM	196bp	198bp	↓ 2bp
Final dividend per share (fully franked)	16.0c	16.0c	-
Total dividend per share (fully franked)	30.0c	30.0c	-
Earnings per share - underlying	37.5c	37.1c	↑ 0.4c
Earnings per share - statutory	31.2c	36.1c	↓ 4.9c

FINANCIAL SUMMARY

2.8% INCREASE IN UNDERLYING CASH NPAT

Reconciliation of Consolidated Statutory NPAT to Underlying Cash NPAT	FY16 \$ million	FY15 \$ million
Statutory NPAT	11.699	13.262
Add back one-off expenses:		
M&A expenses	2.836	-
Branch rationalisation expenses	0.770	-
ATM outsourcing and rebranding	0.078	0.562
Other expenses	0.104	-
Less one-off income items:		
Legal settlements and dividends – MRM Pty Ltd	(1.284)	-
Tax adjustment on one-offs	(0.162)	(0.169)
Underlying cash NPAT	14.041	13.655

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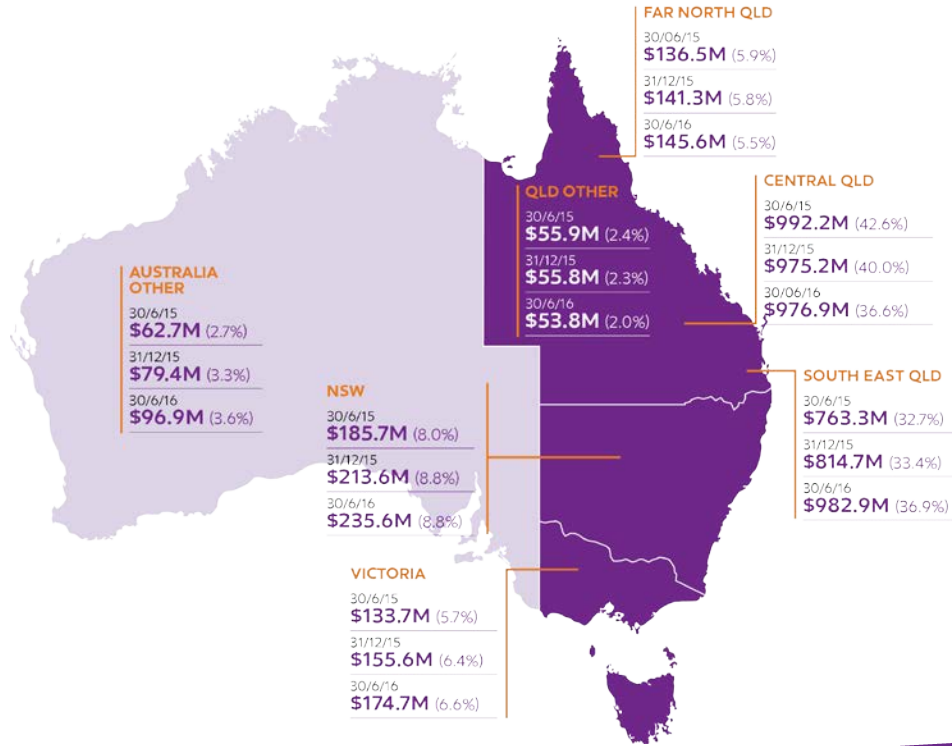
STRATEGIC MERGER WITH QPCU ("YOUR CREDIT UNION")

- Auswide Bank acquired 100% of the shares of YCU on 19 May 2016
 - Enhanced SEQ presence including Brisbane CBD branch
 - 4,000+ new customers
 - Financial synergies quickly realised and above target
 - Integration process materially completed by September 2016
- Merger has raised Auswide Bank's profile in mutuals sector as a potential merger partner
 - First merger between listed ADI and mutual in more than 10 years
 - Potential catalyst for further M&A opportunities
 - Strategic, legal and regulatory templates now developed for further M&A

STRATEGIC INVESTMENT IN PEER-TO-PEER LENDER MONEYPLACE

- ✚ Positions Auswide Bank to benefit from technology disruption across banking sector and accelerate consumer lending ambitions
 - ✚ 19.3% equity stake settled on 4 January 2016
 - ✚ Relationship includes conditional funding of up to \$60m over five years
 - ✚ Over \$1m now invested in consumer loans and accelerating
- ✚ MoneyPlace launched in October 2015 and is Australia's second fully licenced peer-to-peer (P2P) lender in the estimated \$50b Australian P2P market
 - ✚ Connects borrowers directly with investors with simple, streamlined personal loan product providing loans between \$5,000 and \$35,000
 - ✚ Credible Advisory Board and management to establish Australian market presence and drive growth

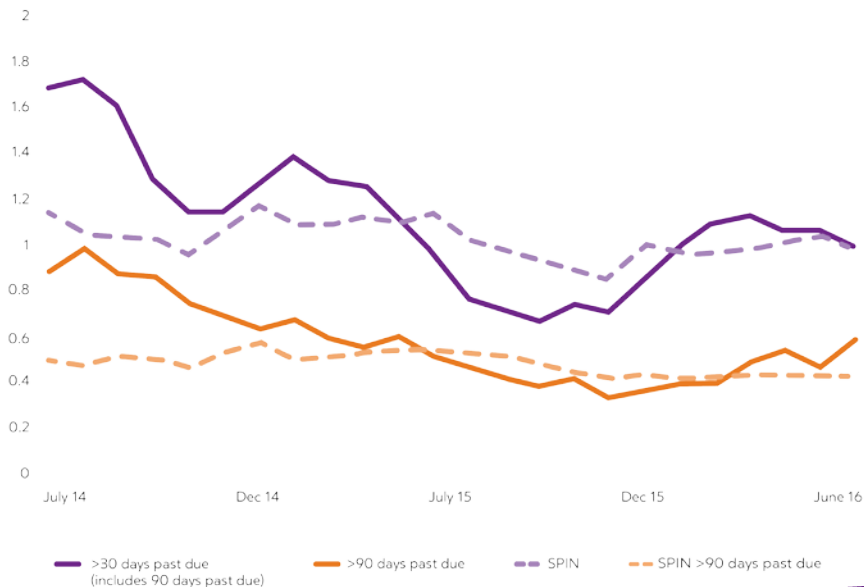
LOAN BOOK DISTRIBUTION



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LOAN BOOK – ARREARS

Loans and Advances Past Due (% of loan Portfolio)



- Arrears continue to be well managed:
 - 0.99% of total loan book (2015: 0.96%)
 - Within SPIN (Regional Banks: 2.12% and Other Banks: 1.00% at 30 June 2016) despite difficult economic conditions

STRATEGY– INVESTMENTS

- ⌘ Rebranding of branches which commenced in 2014/15 now completed, creating a more modern look and customer-friendly experience
- ⌘ Six branch upgrades completed during 2015/16 including Maryborough, Gympie, Nambour, Townsville and two branches in Bundaberg
- ⌘ Installation of core banking system finalised
- ⌘ Deployment of a new automated loan origination system resulting in significant processing efficiencies
- ⌘ Further efficiencies as cost effective procedures are implemented across the 2016/17 year
- ⌘ Outsourced loans documentation and settlement processes and Internal Audit for better capability and scale

STRATEGY– STRUCTURE

- ⌘ Restructure of sales channels, products and marketing to provide better allocation of resources
- ⌘ Strategy structured around customer with significant focus on growth through all distribution points
- ⌘ Strengthening the bank through management capabilities, risk and audit processes and capital position

STRATEGY– TRANSFORMATION

- 🏠 Ongoing redesign and improvement in end-to-end lending processes
- 🏠 Lending processes enhanced by Lendfast system to support greater output at lower cost
- 🏠 Automation of process and simplification of products including online loans and account opening

STRATEGY– GROWTH

- 🏠 Online personal loan account opening
- 🏠 Further M&A opportunities to be explored
- 🏠 Further brand investment for greater awareness and consideration
- 🏠 Continuation of consumer lending growth via:
 - 🏠 Accelerating personal loan growth
 - 🏠 P2P presence
 - 🏠 New credit card capability

OUTLOOK

- ⌘ New branding and lending campaign to challenge ongoing competitive environment
- ⌘ Regional economic challenges mitigated through lending in south-east Qld, Sydney and Melbourne
- ⌘ Diversification of lending through personal loans and business banking
- ⌘ Continuation of momentum in loan book growth
- ⌘ Arrears well managed and within SPIN
- ⌘ Funding diversification and management of NIM
- ⌘ Provisions adequate for current and future arrears

DISCLAIMER

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