

Analyst

TS Lim 612 8224 2810

Authorisation

Chris Savage 612 8224 2835

Auswide Bank (ABA)

A perfect circle will fit within a perfect square

Recommendation
Buy (unchanged)
Price
\$6.37
Target (12 months)
\$6.90 (previously \$6.70)

GICS Sector

Banks

Expected Return

Capital growth	8.3%
Dividend yield	5.9%
Total expected return	14.2%

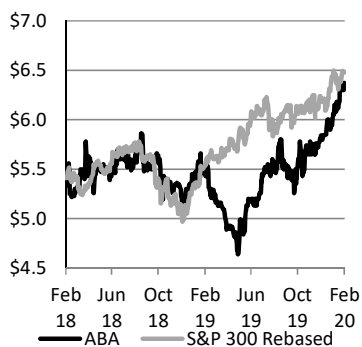
Company Data & Ratios

Enterprise value	n/m
Market cap	\$269m
Issued capital	42m
Free float	100%
Avg. daily val. (52wk)	\$152,667
12 month price range	\$4.55 - \$6.50

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	6.00	5.68	5.46
Absolute (%)	6.17	12.15	16.67
Rel market (%)	5.22	6.55	-0.98

Absolute Price



SOURCE: IRESS

1H20: Underlying NPAT \$9.3m, interim dividend 17¢

ABA's 2019 result components are as follows: (1) statutory NPAT \$9.3m (BP \$9.6m), +9% pcp; (2) statutory EPS 22¢ (BP 23¢), +9% pcp; (3) underlying NPAT \$9.3m (BP \$9.6m), +9% pcp; (4) underlying EPS 22¢ (BP 23¢), +9% pcp; (5) fully franked interim dividend 17¢ (BP 17¢), +1¢ pcp (underlying payout 77%); (6) underlying RONTA 9.7% (BP 10.2%), +0.7% pcp; (7) NIM 1.95% (BP 1.91%); (8) underlying CIR 63% (BP 61%); (9) impairment expenses \$0.8m/5bp GLA (BP \$0.8m/5bp GLA); and (10) CET1 ratio 11.1% (BP 11.6%).

ABA has made further progress in its three-year strategic direction with another good and clean result. Statutory (and underlying) NPAT was up 9% on a pcp basis to \$9.3m, driven by NIM and NIE expansion, volume growth ahead of system growth, strong underlying cost discipline and stable credit quality. One of the highlights was the strong 1H20 NIM momentum, being the highest in the last four half periods. On a pcp basis, this mainly reflected lower funding costs courtesy of lower TD and other deposit rates that more than offset some price competition and a lower free fund benefit. The (average) exit NIM is believed to be higher than 1.95% (again thanks to the benefit of lower cost customer deposit relative to wholesale funding) and also appears to have remained relatively stable to date, thus providing management with confidence in targeting an upward trend across 2H20. ABA's strong underlying performance was further underpinned by CET1 capital that was in excess of both the "unquestionably strong" regulatory and internal target requirements. Its FY20 outlook remains positive, targeting higher NIM (BP forecast 1.96%) as discussed earlier, and CIR of 60% and RONTA of 10% by FY22 (BP forecasts 61% and 11.0% respectively).

Price target increased to \$6.90, Buy rating maintained

Given stronger volume growth and NIM prospects, we have increased statutory (and underlying) NPAT by 3% across the forecast horizon. The valuation and price target is likewise increased to \$6.90 (previously \$6.70) and the Buy rating is maintained for this rare and quality regional bank growth story.

Earnings Forecast

Year end 30 June	2019	2020e	2021e	2022e
NPAT (statutory) (A\$m)	17.2	19.4	20.7	22.1
NPAT (underlying) (A\$m)	17.2	19.4	20.7	22.1
EPS (underlying) (A¢)	41	46	49	52
EPS (underlying) growth (%)	0%	13%	6%	7%
PER (x)	15.6	13.8	13.0	12.2
P/Book (x)	1.1	1.1	1.1	1.1
P/NTA (x)	1.4	1.4	1.3	1.3
Dividend (A¢)	34	36	38	40
Yield (%)	5.4%	5.7%	6.0%	6.4%
RONTA (%)	9.2%	10.1%	10.5%	11.0%
NIM (%)	1.87%	1.96%	1.96%	1.96%
Franking (%)	100.0%	100.0%	100.0%	100.0%

SOURCE: BELL POTTER SECURITIES ESTIMATES

A perfect circle will fit within a perfect square

1H20: Underlying NPAT \$9.3m, interim dividend 17¢

ABA's 2019 result components are as follows:

1. Statutory NPAT \$9.3m (BP \$9.6m), +9% pcp;
2. Statutory EPS 22¢ (BP 23¢), +9% pcp;
3. Underlying NPAT \$9.3m (BP \$9.6m), +9% pcp;
4. Underlying EPS 22¢ (BP 23¢), +9% pcp;
5. Fully franked interim dividend 17¢ (BP 17¢), +1¢ pcp (underlying payout 77%);
6. Underlying RONTA 9.7% (BP 10.2%), +0.7% pcp;
7. NIM 1.95% (BP 1.91%);
8. Underlying CIR 63% (BP 61%);
9. Impairment expenses \$0.8m/5bp GLA (BP \$0.8m/5bp GLA); and
10. CET1 ratio 11.1% (BP 11.6%).

ABA has made further progress in its three-year strategic direction with another good and clean result. Statutory (and underlying) NPAT was up 9% on a pcp basis to \$9.3m, driven by NIM and NIE expansion (respectively +7bp and +11% pcp), volume growth ahead of system growth (lending growth +5.4% pcp or 2.3 times system growth; annualised customer deposit growth +12.6% pcp and we estimate 3.0 times system growth), strong underlying cost discipline (adjusted CIR down from ~65% to ~63%, "Jaws" positive) and stable credit quality (arrears reduced from 42bp to 39b GLA).

Figure 1 – Ticked all the right boxes

FINANCIAL OVERVIEW			
LOAN BOOK GROWTH 2.25 TIMES SYSTEM GROWTH AND NIM EXPANSION			
STATUTORY & UNDERLYING FINANCIAL RESULTS			
	H1 FY20	H1 FY19	Change
NPAT (Consolidated)	\$9.256m	\$8.467m	↑ 9.3%
Loan Book ¹	\$3.216b	\$3.019b	↑ \$197m
Net Interest Revenue	\$34.516m	\$31.109m	↑ 10.9%
Net Interest Margin (bps)	195bps	188bps	↑ 7bps
Interim dividend per share (fully franked) (cents per share)	17.0c	16.0c	↑ 1.0c
EPS (cents per share)	21.9c	20.1c	↑ 1.8c
RONTA ²	9.7%	9.0%	↑ 0.7%
Cost to Income Ratio	62.9%	64.8% ³	↑ 1.9%
Capital Adequacy Ratio	13.03%	14.43%	↓ 1.4%
Deposits	\$2.523b	\$2.190b	↑ \$333m

1. Grossed up for investments in Managed Investment Schemes reported in Financial Assets.
2. Return on Net Tangible Assets (equivalent to Return on Tangible Equity (ROTE)).
3. Calculation method for Cost to Income Ratio changed to exclude MS bad and doubtful debts.

AUSWIDE BANK INVESTOR PRESENTATION 2020 5

SOURCE: COMPANY DATA

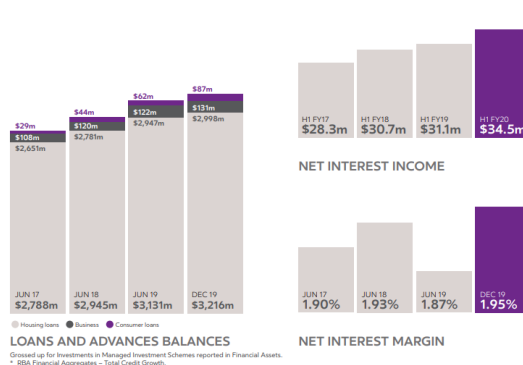
One of the highlights was the strong 1H20 NIM momentum, being the highest in the last four half periods. On a pcp basis, this mainly reflected lower funding costs (1H19 2.35%, 1H20 1.85%) courtesy of lower TD and other deposit rates that more than offset some price competition and a lower free fund benefit (1H19 0.15%, 1H20 0.09%) that is to be expected in a low rate environment. The (average) exit NIM is believed to be higher than

1.95% (again thanks to the benefit of lower cost customer deposit relative to wholesale funding) and also appears to have remained relatively stable in January and February, thus providing management with confidence in targeting an upward trend across 2H20.

Figure 2 – Further NIM and NIE expansion to come

LOAN BOOK

NET INTEREST REVENUE UP 10.9%



- 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%*

AUSWIDE BANK INVESTOR PRESENTATION 2020 7

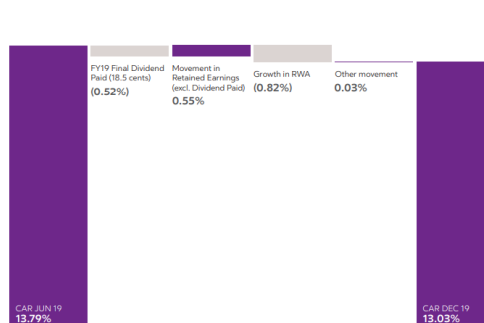
SOURCE: COMPANY DATA

ABA's strong underlying performance was further underpinned by CET1 capital that was in excess of both the "unquestionably strong" regulatory and internal target requirements (8.5% and ~11.0% respectively) and healthy funding lines (lower cost customer deposit funding now ~73%, higher than 60-70% for its peers). While the 11.1% CET1 ratio was lower than 11.8% at the end of 2H19, the reduction was mainly due to business expansion and the quest for higher RONTA. Given healthy organic capital generation, ABA has increased the interim dividend by 1¢ to 17¢ per share (full DRP available at 2.5% discount, ex-date Thursday 27 February and payment date Monday 16 March).

Figure 3 – Strong capital position to support earnings growth and further IT investment

CAPITAL

STRONG CAPITAL POSITION ENABLES LOAN BOOK GROWTH



- Capital remains strong at 13.03% and comfortably in excess of board target
- CET 1 of 11.12%
- Capital ratio has reduced from 13.79% at 30 June 2019 as a result of loan book growth and suspension of the DRP
- DRP will be activated for the interim dividend payable in March 2020
- Capital will support further loan book growth in H2 FY20

AUSWIDE BANK INVESTOR PRESENTATION 2020 13

SOURCE: COMPANY DATA

ABA's FY20 outlook remains positive, targeting higher NIM (BP forecast 1.96%) as discussed earlier, and CIR of 60% and RONTA of 10% by FY22 (BP forecasts 61% and 11.0% respectively).

Figure 4 – FY22 outlook

OUTLOOK

FINANCIAL	TECHNOLOGY	REGULATORY	CUSTOMER	BRAND
<p>Targeting:</p> <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Improving cyber security and fraud protection capabilities Upgrade of core banking system Self serve rollout to customers 	<ul style="list-style-type: none"> Remaining proactive and vigilant in meeting all regulatory compliance obligations 	<ul style="list-style-type: none"> Continuing to improve overall customer experience 	<ul style="list-style-type: none"> Brand refresh Improving brand awareness particularly in South East QLD

AUSWIDE BANK INVESTOR PRESENTATION 2020 22

SOURCE: COMPANY DATA

Table 1 – Variance analysis

Auswide Bank 30 June (\$m)	1H20	BP	Variance	Comments
Net interest revenue	34.5	33.2	4%	Better lending volumes (>system) and NIM
Other income	5.0	4.5	10%	Higher volume-related fees and commissions
Total operating income	39.5	37.8	5%	
Operating expenses	-25.4	-23.2	-9%	Impacted by higher amortisation expenses
Impairment expenses	-0.8	-0.8	-4%	Broadly in line with expectations
Net profit before income tax	13.3	13.8	-4%	Negative variance due to higher operating expenses
Corporate tax expense	-4.0	-4.1	3%	Function of NPBT
Other	0.0	0.0	nm	
Investment experience	0.0	0.0	nm	
NPAT (statutory basis)	9.3	9.6	-4%	Negative variance due to higher operating expenses
Adjustments	0.0	0.0	nm	
NPAT (underlying basis)	9.3	9.6	-4%	Negative variance due to higher operating expenses
DPS (cps)	17	17	0%	In line with expectations
Payout ratio	77%	74%	3%	
EPS (underlying basis) (cps)	22	23	-4%	Negative variance due to higher operating expenses
RONTA	9.7%	10.2%	-0.5%	Negative variance due to higher operating expenses

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Table 2 – 6-month KPIs

Group KPIs	1H14	2H14	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19	2H19	1H20
Total banking income (\$m)	29.4	28.1	29.8	29.6	31.5	31.5	32.9	33.7	35.1	34.8	36.1	36.0	39.5
Total operating income (\$m)	31.2	28.7	30.4	30.6	31.5	31.5	32.9	34.4	35.1	35.3	36.1	36.6	39.5
SAW (\$m)	7.0	11.9	11.9	7.4	8.5	10.5	8.5	10.4	8.5	10.9	9.2	11.1	9.6
Other operating expenses (\$m)	13.7	6.8	8.8	13.5	15.2	12.3	13.4	12.0	13.7	11.5	14.4	12.2	15.8
Loans (\$m)	2,192.9	2,226.4	2,464.0	2,331.8	2,435.5	2,671.5	2,675.9	2,777.5	2,807.1	2,910.8	2,986.3	3,131.0	3,216.0
Deposits (\$m)	1,753.1	1,743.8	1,827.9	1,852.1	1,943.2	2,183.9	2,216.5	2,304.6	2,332.6	2,446.8	2,601.0	2,802.6	2,972.8
Growth in NIE	-2%	-3%	4%	3%	3%	8%	6%	7%	9%	4%	1%	6%	11%
Growth in total income	0%	-9%	-2%	6%	3%	3%	5%	9%	7%	3%	3%	4%	9%
Growth in operating expenses	-11%	-28%	0%	12%	14%	9%	-7%	-1%	1%	0%	6%	4%	8%
Growth in PBT before BDD	32%	82%	-7%	-3%	-20%	-10%	40%	36%	17%	8%	-3%	3%	13%
Growth in loans	-	-	12%	5%	-1%	15%	10%	4%	5%	5%	6%	8%	8%
Growth in deposits	4%	2%	4%	6%	6%	18%	14%	6%	5%	6%	12%	15%	14%
NIM	1.96%	1.94%	2.01%	1.94%	1.98%	1.94%	1.90%	1.89%	1.96%	1.91%	1.88%	1.87%	1.95%
Cost ratio	66%	65%	68%	68%	75%	72%	67%	65%	63%	64%	65%	64%	64%
Cost / average assets	1.55%	1.41%	1.50%	1.49%	1.71%	1.54%	1.42%	1.41%	1.36%	1.36%	1.39%	1.32%	1.39%
Tier 1 capital ratio	11.4%	11.7%	12.3%	12.5%	12.6%	12.1%	12.2%	12.1%	12.6%	12.7%	12.3%	11.8%	11.1%
impairment expense / GLA	0.02%	0.02%	0.03%	0.00%	-0.07%	0.02%	0.03%	0.04%	0.05%	0.04%	0.03%	0.05%	0.05%
Total provisions + GRCL / GLA	0.21%	0.22%	0.20%	0.07%	0.10%	0.19%	0.25%	0.24%	0.21%	0.26%	0.21%	0.28%	0.31%
RONTA	9.8%	9.1%	8.4%	9.2%	8.6%	9.2%	8.6%	10.2%	9.1%	9.8%	9.1%	9.3%	9.7%
Jaws	11%	19%	-2%	-5%	-11%	-6%	12%	10%	5%	3%	-3%	0%	2%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Price target increased to \$6.90, Buy rating maintained

Given stronger volume growth and NIM prospects, we have increased statutory (and underlying) NPAT by 3% across the forecast horizon. The valuation and price target is likewise increased to \$6.90 (previously \$6.70) and the Buy rating is maintained for this rare and quality regional bank growth story.

Table 3 – Estimate changes

	FY20e		FY21e		FY22e		FY23e	
	New	Change	New	Change	New	Change	New	Change
NPAT (statutory) (A\$m)	19.4	1%	20.7	1%	22.1	2%	23.3	3%
NPAT (underlying) (A\$m)	19.4	1%	20.7	1%	22.1	2%	23.3	3%
EPS (underlying) (cps)	46	1%	49	1%	52	2%	55	3%
EPS growth (%)	13%	1%	6%	1%	7%	1%	6%	1%
DPS (cps)	36	0%	38	0%	40	0%	42	0%
RONTA (%)	10.1%	0.0%	10.5%	0.1%	11.0%	0.1%	11.3%	0.2%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Auswide Bank

Company description

ABA, formerly Wide Bay Australia Ltd, is Australia's 10th and QLD's 3rd listed bank. The QLD-based bank has a national omni-channel reach through its QLD branches, a national ATM and Bank@Post distribution network, and online and digital channels via strategic relationships such as mortgage brokers. The bank provides an extensive range of personal and business banking products and services issued directly or in partnership with leading national service providers.

Board/Management

(1) Professor John Humphrey (Chairman) – Former Senior Partner, Mallesons Stephen Jacques; (2) Martin Barrett (Managing Director); (3) Bill Schafer (Chief Financial Officer); (4) Craig Lonergan (Chief Risk Officer); (5) Steve Caville (Chief Information Officer).

Investment strategy

This is largely based on ABA as a challenger regional bank in Central QLD.

Valuation

ABA's price target is a blended valuation broadly based on the company's DCF value (~\$6.70 incorporating 10.5% cost of equity, 3% terminal growth rate and 10.0% target CET1 requirement as opposed to APRA's 8.5% minimum, 40% weighting), dividend yield valuation (~\$6.90 based on 5.0% required yield, 30% weighting) and PB valuation (~\$5.90 based on long term ROE of 9-10%, 30% weighting), plus value of surplus capital (~\$0.40). There is no consideration for ABA as a takeover target.

SWOT analysis

Strengths

Experienced management; strong service culture and brand; deep understanding of the customer base and the nuts and bolts of regional/community banking; irreplaceable branch network; IT capabilities; and presence in fast growing banking catchment areas.

Weaknesses

Sub-scale and heavily reliant on regional lending pickup; and lack of revenue and regional diversification.

Opportunities

SME/business banking initiatives; credit growth based on QLD rebuilding opportunities; efficiency gains through streamlining systems and processes; and M&A opportunities – e.g. tie up with other sub-scale building societies and credit unions.

Threats

Macroeconomic factors (such as slowing credit growth) and increased competition specifically from SUN Bank, BEN, BOQ and any of the majors on the domestic front (e.g. in retail and wholesale banking and wealth management).

Table 4 – Financial summary

Auswide Bank						Share Price (A\$)					6.37
As at						Market Cap (A\$M)					269
19-Feb-20											
PROFIT AND LOSS						VALUATION DATA					
Y/e June 30 (\$m)	2018	2019	2020e	2021e	2022e	Y/e June 30	2018	2019	2020e	2021e	2022e
Net interest revenue	61.0	63.2	69.6	72.8	76.0	NPAT (underlying basis) (\$m)	17.1	17.2	19.4	20.7	22.1
Fees and commissions	8.9	9.0	10.1	10.5	10.8	EPS (statutory basis) (c)	43	41	46	49	52
Total banking income	69.9	72.1	79.8	83.2	86.9	- Growth	15%	-5%	13%	6%	7%
Premium revenue (MRM)	0.0	0.0	0.0	0.0	0.0	EPS (underlying basis) (c)	41	41	46	49	52
Share of profit of FTSP	0.0	0.0	0.0	0.0	0.0	- Growth	6%	0%	13%	6%	7%
Other revenue	0.5	0.5	0.0	0.0	0.0	P / E ratio (times)	15.6	15.6	13.8	13.0	12.2
Sign up payment	0.0	0.0	0.0	0.0	0.0	P / Book ratio (times)	1.1	1.1	1.1	1.1	1.1
Total operating income	70.4	72.6	79.8	83.2	86.9	P / NTA ratio (times)	1.4	1.4	1.4	1.3	1.3
Fees and commissions	-8.8	-9.9	-10.2	-10.6	-10.9	Net DPS (c)	34	34	36	38	40
SAW	-19.4	-20.3	-21.1	-21.7	-22.4	Yield	5.3%	5.4%	5.7%	6.0%	6.4%
Depreciation expense	-2.0	-1.9	-3.3	-3.3	-3.3	Franking	100%	100%	100%	100%	100%
Amortisation expense (assume acquisition costs of \$2,038,922)	-0.7	-0.7	0.0	0.0	0.0	Payout (underlying basis; target 70-80%)	83%	84%	79%	78%	77%
G&A expenses	-13.7	-14.1	-15.4	-15.9	-16.4	CAPITAL ADEQUACY					
Underwriting expenses	0.0	0.0	-0.1	-0.1	-0.1	Y/e June 30	2018	2019	2020e	2021e	2022e
Other	0.0	0.0	0.0	0.0	0.0	Risk weighted assets (\$m)	1,375.4	1,498.4	1,625.1	1,700.3	1,773.3
Impairment expenses	-1.3	-1.1	-1.8	-2.1	-2.2	Average risk weight	43%	43%	45%	45%	45%
Net profit before income tax	24.4	24.6	27.8	29.6	31.6	Tier 1 ratio	12.7%	11.8%	11.0%	10.8%	10.6%
Corporate tax expense	-7.4	-7.4	-8.4	-8.9	-9.5	CET1 capital ratio	12.7%	11.8%	11.0%	10.8%	10.6%
Other	0.8	0.0	0.0	0.0	0.0	Total capital ratio	14.9%	13.8%	12.9%	12.6%	12.3%
NPAT (statutory basis)	17.9	17.2	19.4	20.7	22.1	Equity ratio	7.1%	6.6%	6.4%	6.2%	6.1%
Adjustments						PROFITABILITY RATIOS					
- Sign up payment	0.0	0.0	0.0	0.0	0.0	Y/e June 30	2018	2019	2020e	2021e	2022e
- Impairment expenses/one-offs	0.0	0.0	0.0	0.0	0.0	Return on assets (underlying)	0.5%	0.5%	0.5%	0.5%	0.5%
- One-offs	-0.8	0.0	0.0	0.0	0.0	Return on NTA (underlying)	9.5%	9.2%	10.1%	10.5%	11.0%
NPAT (underlying basis)	17.1	17.2	19.4	20.7	22.1	Leverage ratio	5.3%	5.0%	4.8%	4.7%	4.6%
CASHFLOW						Net interest margin	1.93%	1.87%	1.96%	1.96%	1.96%
Y/e June 30 (\$m)	2018	2019	2020e	2021e	2022e	Cost / income ratio	63%	65%	63%	62%	61%
NPAT (statutory basis)	17.9	17.2	19.4	20.7	22.1	Cost / average assets	1.35%	1.33%	1.33%	1.31%	1.29%
Increase in loans	-132.3	-218.9	-140.6	-135.2	-127.6	Growth in operating income	5%	3%	10%	4%	4%
Increase in other assets	30.7	-17.6	-49.4	-33.3	-36.0	Growth in operating expenses	1%	5%	7%	3%	3%
Capital expenditure	-1.0	1.2	-2.9	0.0	0.0	Jaws	4%	-2%	3%	1%	1%
Investing cashflow	-102.6	-235.3	-192.9	-168.5	-163.6	Effective tax rate	30%	30%	30%	30%	30%
Increase in deposits & borrowings	142.2	355.8	240.2	91.3	94.0	ASSET QUALITY					
Increase in other liabilities	-95.0	-104.4	-47.3	72.4	64.1	Y/e June 30	2018	2019	2020e	2021e	2022e
Ordinary equity raised	0.0	0.0	0.0	0.0	0.0	Impairment expense / GLA	0.05%	0.04%	0.06%	0.06%	0.06%
Other	3.7	-15.3	-15.5	-15.8	-16.6	Impairment expense / RWA	0.10%	0.08%	0.11%	0.12%	0.12%
Financing cashflow	51.0	236.1	177.5	147.9	141.5	Total provisions + GRCL (\$m)	7.7	8.9	10.1	10.6	11.0
Net change in cash	-33.7	18.0	4.0	0.0	0.0	Total provisions + GRCL / RWA	0.56%	0.59%	0.62%	0.62%	0.62%
Cash at end of period	86.4	104.4	108.4	108.4	108.4	Total provisions + GRCL / loans	0.26%	0.28%	0.31%	0.31%	0.31%
BALANCE SHEET						Indiv ass prov / gross imp assets	31%	31%	38%	38%	38%
Y/e June 30 (\$m)	2018	2019	2020e	2021e	2022e	IBL / IEA	97%	97%	98%	98%	98%
Cash and liquid assets	86.4	104.4	108.4	108.4	108.4	INTERIMS					
Divisional gross loans	2,910.8	3,131.0	3,272.7	3,408.3	3,536.3	1H18	2H18	1H19	2H19	1H20	
Provisions	-5.3	-6.5	-7.6	-8.0	-8.4	Net interest revenue	30.7	30.3	31.1	32.1	34.5
Other gross loans / inter div.	0.0	-38.3	-60.2	-60.2	-60.2	Fees and commissions	4.4	4.5	5.0	4.0	5.0
Other IEA	275.0	338.1	408.0	441.3	477.4	Total banking income	35.1	34.8	36.1	36.0	39.5
Intangibles	48.3	48.1	47.9	47.9	47.9	Premium revenue (MRM)	0.0	0.0	0.0	0.0	0.0
PP&E	15.6	14.4	17.3	17.3	17.3	Share of profit of FTSP	0.0	0.0	0.0	0.0	0.0
Insurance assets	0.0	0.0	0.0	0.0	0.0	Other revenue	0.0	0.5	0.0	0.5	0.0
Other assets	19.5	12.3	13.6	13.6	13.6	Sign up payment	0.0	0.0	0.0	0.0	0.0
Total assets	3,350.3	3,603.4	3,800.1	3,968.6	4,132.2	Total operating income	35.1	35.3	36.1	36.6	39.5
Divisional deposits	2,446.8	2,802.6	3,042.8	3,134.1	3,228.1	Fees and commissions	-6.7	-2.2	-4.5	-5.4	-5.0
Other borrowings	635.2	518.4	487.8	560.2	624.3	SAW	-8.5	-10.9	-9.2	-11.1	-9.6
Other liabilities	31.5	43.9	27.3	27.3	27.3	Depreciation expense	-0.9	-1.1	-1.1	-0.8	-2.5
Total liabilities	3,113.5	3,364.9	3,557.9	3,721.5	3,879.7	Amortisation expense (assume acquisition costs of \$2,038,922)	0.0	-0.7	-0.7	0.0	0.0
Ordinary share capital	191.6	191.9	192.0	192.0	192.0	G&A expenses	-6.2	-7.5	-7.5	-6.6	-8.2
Other equity instruments	0.0	0.0	0.0	0.0	0.0	Underwriting expenses	0.0	0.0	-0.6	0.6	0.0
Reserves	12.8	12.8	12.6	12.6	12.6	Other	-0.7	0.7	0.0	0.0	0.0
GRCL	2.4	2.4	2.4	2.5	2.7	Impairment expenses	-0.7	-0.6	-0.4	-0.8	-0.8
Retained profits	29.9	31.4	35.2	40.0	45.3	Net profit before income tax	11.4	13.0	12.1	12.5	13.3
Minority interests	0.0	0.0	0.0	0.0	0.0	Corporate tax expense	-3.6	-3.8	-3.7	-3.8	-4.0
Total shareholders' equity	236.7	238.5	242.2	247.1	252.5	Other	0.2	0.6	0.0	0.0	0.0
Total sh. equity & liabs.	3,350.3	3,603.4	3,800.1	3,968.6	4,132.2	NPAT (statutory basis)	8.1	9.8	8.5	8.7	9.3
WANOS - statutory (m)	41.8	42.1	42.2	42.2	42.2	Adjustments	0.0	0.0	0.0	0.0	0.0
WANOS - normalised (m)	41.8	42.1	42.2	42.2	42.2	- Sign up payment	0.0	0.0	0.0	0.0	0.0
						- Impairment expenses/one-offs	0.0	0.0	0.0	0.0	0.0
						- One-offs	0.0	-0.8	0.0	0.0	0.0
						NPAT (underlying basis)	8.1	9.0	8.5	8.7	9.3

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

Research Team

Staff Member	Title/Sector	Phone	@bellpotter.com.au
TS Lim	Head of Research	612 8224 2810	tslim
Industrials			
Steven Anastasiou	Industrials	613 9235 1952	sanastasiou
James Filius	Industrials	613 9235 1612	jfilius
Sam Haddad	Industrials	612 8224 2819	shaddad
Alex McLean	Industrials	612 8224 2886	amclean
Hamish Murray	Industrials	613 9235 1813	hmurray
Chris Savage	Industrials	612 8224 2835	csavage
Jonathan Snape	Industrials	613 9235 1601	jsnape
Damien Williamson	Industrials	613 9235 1958	dwilliamson
Healthcare/Biotech			
John Hester	Healthcare	612 8224 2871	jhester
Tanushree Jain	Healthcare/Biotech	612 8224 2849	tnjain
Financials			
TS Lim	Banks/Regionals	612 8224 2810	tslim
Lafitani Sotiriou	Diversified Financials/Fintech	613 9235 1668	lsotiriou
Resources			
Peter Arden	Resources	613 9235 1833	parden
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9235 1856	showe
Associates			
Joseph House	Associate Analyst	613 9235 1624	jhouse

Bell Potter Securities Limited
ACN 25 006 390 7721
Level 29, 101 Collins Street
Melbourne, Victoria, 3000
Telephone +61 3 9256 8700
www.bellpotter.com.au

Bell Potter Securities (HK) Limited
Room 1701, 17/F
Prosperity Tower, 39 Queens Road
Central, Hong Kong, 0000
Telephone +852 3750 8400

Bell Potter Securities (US) LLC
Floor 39
444 Madison Avenue, New York
NY 10022, U.S.A
Telephone +1 917 819 1410

Bell Potter Securities (UK) Limited
16 Berkeley Street
London, England
W1J 8DZ, United Kingdom
Telephone +44 7734 2929

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