

19 February 2018

## NPAT up 10.13% to \$8.060m

- Consolidated NPAT from continuing operations up 15.38%
- Strong capital position of 14.93%
- Interim dividend 16 cents per share fully franked
- Improvement in NIM

Auswide Bank Ltd (ASX: **ABA**) today announced a statutory consolidated net profit after tax of \$8.060m for the six months to 31 December 2017, a 10.13% increase from \$7.319m in the prior corresponding period.

The profit from continuing operations for the half-year to 31 December 2017 increased to \$8.445m compared to \$7.319m in the prior corresponding period, an increase of 15.38%. The discontinued operations in the company's accounts are its equity investment in peer-to-peer lender MoneyPlace Holdings Pty Ltd (MoneyPlace). On 10 January 2018, the Group announced that it had entered an agreement to divest its equity stake in MoneyPlace. The transaction was completed on 22 January 2018.

Details	H1 2017-18	H1 2016-17	Change
Net interest revenue (\$m)	30.688	28.264	↑ 8.57%
Consolidated NPAT from continuing operations (\$m)	8.445	7.319	↑ 15.38%
Consolidated statutory NPAT (\$m)	8.060	7.319	↑ 10.13%
Earnings per share (cents)	19.44	18.10	↑ 1.34
Earnings per share from continuing operations (cents)	20.37	18.10	↑ 2.27
Interim dividend per share, fully franked (cents)	16.0	14.0	↑ 2.0

### Loan Book Growth

Despite strong competition, Auswide Bank reported loan book growth on an annualised basis of 2.19% across the half-year, increasing from \$2.773 billion at 30 June 2017 to \$2.804 billion at 31 December 2017. During the second quarter of the financial year, loan book growth was 3.68% on an annualised basis.

*Small things. Big difference.*

**Arrears**

Arrears continued to trend downwards, with total arrears past due 30 days decreasing from \$20.149m at 30 June 2017 to \$19.107m at 31 December 2017. Arrears past due 30 days represented 0.68% of total loans and advances at 31 December 2017 compared to 0.73% at 30 June 2017.

**Subsequent events- Sale of MoneyPlace**

Auswide Bank expects the sale, which has occurred in the bank's second half, will have a one-off positive impact on full financial year results with an expected net profit after tax (NPAT) contribution of approximately \$1.127m. The sale will also have a positive impact on Auswide Bank's very strong capital position providing even further strength.

**Net Interest Margin**

The company's Net Interest Margin (NIM) for the half-year ended 31 December 2017 was 1.96% compared with the previous six months to 30 June 2017 of 1.90%.

**Strong Capital Position**

The group is in a strong capital position with the consolidated capital ratio at the end of December 2017 standing at 14.93%, with Tier 1 capital accounting for 12.60%. The consolidated capital ratio has increased from 14.42% at 30 June 2017. The strength of the capital will facilitate loan book growth in the second half of the financial year.

**Dividend**

Based on the company's performance for the 6 months, the Board has declared a fully franked interim dividend of 16 cents per share payable on 26 March 2018. This represents a 2 cent increase compared to the prior period ending 31 December 2016, demonstrating confidence in the improving performance of the business.

Given the bank's strong capital position, the Board has also resolved to suspend the Dividend Reinvestment Plan for the interim dividend.

**Outlook**

Auswide Bank maintains a strategic focus on significantly growing its consumer lending book by targeting a portfolio of \$45m by 30 June 2018. Growth in consumer lending will be achieved through organic growth on the balance sheet and through partnerships developed to achieve the growth aspirations.

Auswide Bank's development of on-balance sheet credit card products is progressing with successful testing of cards and origination processes. The project has been principally developed in-house and will allow personal banking customers to apply for Auswide Bank credit cards prior to the end of the current financial year. The bank will maintain its partnership with Citibank Card Services in respect of its existing card portfolio and providing Platinum rewards credit cards to customers.

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Auswide Bank will continue to grow the business banking segment through increased capacity in South-east and Central Queensland.

Loan book growth is expected to increase in the second half of the financial year as the bank continues to develop broker relationships and the investor lending capacity which significantly increases based on the regulatory cap profile. The strength of the net interest margin will ensure that growth in the loan portfolio translates into net interest revenue and profitability across the half year.

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## About Auswide Bank Ltd

[www.auswidebank.com.au](http://www.auswidebank.com.au)

Auswide Bank Ltd (ASX: ABA) offers personal and business banking products & services across Australia directly or in partnership with leading service providers via an omni-channel distribution strategy including branches, strategic relationships and online & digital channels.

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