

27 February 2023

Auswide Bank Ltd H1 FY23 Result

Record half-year results demonstrate profitable growth

- Underlying NPAT increased to \$14.113m up 7.95% driven by strong home loan growth and refinancing opportunities
- Annualised loan book growth of 13.1% to \$4.108b, 2x system growth¹
- Record low arrears levels at 0.09% of loan book
- Annualised growth in customer deposits of 12.4% to \$3.248b
- Fully franked interim dividend of 22.0cps, up 1.0cps
- Net Interest Margin (NIM) of 202bps, up 3bps

(All figures compare H1 FY23 to H1 FY22 unless otherwise indicated)

Financial overview	H1 FY23	H1 FY22	Change
Underlying NPAT (\$m) ²	14.113	13.074	7.95%
Statutory NPAT (\$m)	14.113	13.702	3.0%
Net interest revenue (\$m)	46.512	41.313	12.6%
Loan book (\$b)	4.108	3.748	360m
Customer deposits (\$b)	3.248	3.049	199m
Net Interest Margin (NIM) (bps)	202bps	199bps	3bps
Interim dividend per share, fully franked (cents)	22.0	21.0	1.0c

Auswide Bank Ltd (ASX: ABA, “Auswide”) today released its half-year results for the six months ending 31 December 2022 (H1 FY23). Established in 1966, Auswide provides home loans, consumer and credit card lending through its national online offering, branch, Private Bank and broker networks. Auswide has a strong legacy in regional Queensland (QLD), and a growing customer base in Southeast Queensland (SE QLD), New South Wales (NSW) and Victoria.

Auswide Bank’s Managing Director Martin Barrett said: “Auswide has once again delivered a period of profitable, high quality loan book growth in what continues to be a competitive lending environment. We are focused on carrying this momentum forward through to the second half of FY23. Underlying net profit after tax of \$14.113m is up 7.95% on the prior comparative period (pcp), reflecting above system loan growth.”

“The strength of our result allows for an improved dividend on pcp representing a very strong yield of 7.23% fully franked. Capital remains strong at 12.86% and exceeds the ‘unquestionably strong’ regulatory targets.”

¹ System growth of 6.5% per RBA Financial Aggregates – housing credit system growth

² Difference between Statutory and Underlying NPAT is due to tax credits the Bank previously underclaimed

Small things. Big difference.

H1 FY23 Operational Review

Despite the volatile macroeconomic environment with rising inflation, interest rates and cost of living increases the loan book continues to grow profitably. The loan book has been supported by significant flows through the broker channel and the success of partnerships, however, competition in the marketplace is intense. During the period, Auswide delivered annualised loan book growth of 13.1%, valuing its loan book at \$4.108 billion, up from \$3.855 billion at 30 June 2022, 2x housing credit system growth. Whilst system growth is slowing, refinancing activity is increasing. Auswide has been a net beneficiary of this trend with loan refinancing making up to 70% of new loans being written.

The bank has continued to manage risk and subscribe to prudent loan underwriting standards coupled with strong governance, a sound culture, appropriate internal controls, and clear accountabilities. To date, added economic pressures have not adversely impacted our arrears, which continue to remain at record low levels reducing from \$6.976m at 30 June 2022, to \$3.872m at 31 December 2022 representing 0.09% of the loan book.

Investment has increased as we further improve our lending capacity and customer experience to accelerate profitable growth over the medium term.

H1 FY23 Financial Review

The increasing loan book delivered net interest revenue of \$46.5m up 12.6% on pcp. The high-quality loan book growth and continued focus on improving efficiency of Auswide's funding mix resulted in a NIM of 202bps, up 3bps on pcp.

Auswide has an ongoing strategic focus on expanding customer deposits and tight management of funding costs to support margin stability and enhance further loan book growth. Customer deposits continue to be the largest source of funding currently representing 71.7% of the total funding mix. Throughout the period Auswide Bank has continued to build partnerships which have increased by \$72.5m for the six months to December 2022.

Auswide retained its strong capital position with a capital adequacy ratio of 12.86% and CET1 of 10.70%. The capital ratio has reduced slightly from 12.90% at 30 June 2022 due to an increase in risk weighted assets as a result of growth in the loan book which has been supported by tier 1 capital flowing from retained earnings and the underwriting of the final dividend for FY22.

The Board has declared a fully franked interim dividend of 22.0cps, representing a 1.0cps increase on pcp. This dividend reflects very strong operational performance and prudent capital management future investment and returns to shareholders.

Small things. Big difference.

FY23 Outlook and Strategy

Auswide has had a strong start to the year, with continued growth in lending supported by increased customer deposits. In accordance with Auswide Bank's strategic targets, loan book growth has been approximately 2x housing credit system growth for the first half of FY23 with annualised growth of 13.1%. Our strategic focus centres on accelerating our loan book growth and identifies a loan book target of \$6b by 2025.

Auswide is continuing the implementation of the next stage of digital investment as the bank works towards delivering a full digital experience including payment choices and anywhere anytime banking. Auswide is further developing its AI capabilities to improve customer retention outcomes as volatility is experienced within the marketplace. Auswide is committed to enhancing our response to cyber security with ongoing investment being made to ensure our customers benefit from robust protections to safeguard against the risk of increasingly sophisticated scams and fraud.

The Board constantly reviews opportunities to drive scale through acquisition and partnerships. Over the next three years the Board will be actively investigating and pursuing opportunities to achieve further growth in the loan book through merger and acquisition activities. The capital base remains strong which will support loan book growth and M&A opportunities.

Investor Conference Call

Auswide Bank's Managing Director Martin Barrett and Chief Financial Officer Bill Schafer will brief the market via a conference call at 9:00am AEST/10:00am AEDT on Monday 27 February.

To register for the conference call and access dial in details, please follow the link below.

<https://registrations.events/direct/OCP60671>

This announcement has been approved for release by the Company Secretary.



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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.

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