

24 August 2018

Auswide Bank Delivers Strong Growth

Auswide Bank Limited (ASX: ABA) has reported strong growth in all key financial metrics for the 2017/18 financial year based on a disciplined approach to net interest margin, loan book growth and expense management.

Auswide maintains the strongest capital position in the listed banking sector, providing significant capital headroom for continued growth.

Highlights

- Statutory NPAT up by 18.1% to \$17.9m
- NIM up by 3bps to 1.93%
- Loan Book growth of 5.0% to \$2.911b
- Capital Adequacy Ratio increased to 14.89%
- Statutory EPS up by 5.5 cents per share to 42.8 cents per share
- Final dividend up 1c to 18c per share.

Auswide Bank announced net profit after tax of \$17.9m, up 18.1% compared to the previous corresponding period. Underlying net profit after tax, after deducting the profit of the sale of MoneyPlace Holdings, was up 9.0% to \$17.1m.

Statutory earnings per share was 42.8 cents, an increase of 5.5 cents per share over the prior corresponding period.

The board declared a final dividend of 18 cents per share, fully franked, representing an increase of 1c on the final dividend for the previous year. Total dividends of 34 cents per share have been declared for the 2018 financial year, up 3 cents per share over the previous financial year.

A strong focus on the fundamentals

Managing Director, Martin Barrett, said “This is a very strong result which continues the improvement in profitability and shareholder returns we have achieved over the past few years. Our underlying cost to income ratio of 63.3% and earnings per share growth are the best in the listed small bank sector.

Small things. Big difference.

“We continued to invest in our business with loan processing improvements significantly increasing our growth capability while we have kept costs flat. This along with our ongoing work in improving our digital banking capability and end to end process improvements is delivering positive customer experiences,” Mr Barrett said.

“Our loan book grew at system as we carefully managed our net interest margin during a time of significant competition and volatility in the Bank Bill Swap Rates (BBSWs). Disciplined growth in home lending, consumer and business banking will continue to provide support to our net interest margin over the year ahead.”

Capital Strength

Auswide Bank’s capital position provides substantial headroom for loan growth and is significantly above “unquestionably strong” requirements. Capital grew further in 2018 with a capital ratio of 14.89% at 30 June 2018 (up 0.47% on the corresponding period). The Tier 1 capital ratio at 30 June 2018 was 12.68%, an increase of 0.62% on the corresponding period.

Outlook

Mr Barrett said that Auswide Bank will continue to invest in digital capability over the 2018/19 financial year that will assist in growth and net interest margin management. The environment remains uncertain with elevated BBSWs, significant housing loan competition and ongoing regulatory changes. The Banking Royal Commission will contribute to further regulatory action which is uncertain at this time.

Auswide Bank will continue its strategy of loan growth and diversification along with simplifying the business to deliver further value to our customers.



Martin Barrett BA (ECON) MBA
Managing Director

For further information, please contact:

Katie Davis
PA to the Managing Director
+61 7 4150 4004
kdavis@auswidebank.com.au

Bill Schafer
Chief Financial Officer and Company Secretary
+61 7 4150 4075
bschafer@auswidebank.com.au

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Auswide Bank Ltd
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Australian Credit Licence 239686

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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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1300 138 831
auswidebank.com.au