

26 August 2024

## Auswide Bank Ltd FY24 Result

- NPAT of \$11.231m, down 55.2% on prior year statutory results
- Loan book growth 0.6% to \$4.429b
- Deposits up 8.0%; now 75.3% of funding
- Strong balance sheet, capital adequacy ratio of 14.78%
- Final dividend of 11.0c reflects results and payout ratio of 96%

\*All figures compare FY24 to FY23 unless indicated otherwise

Financial overview	FY24	FY23	Change
Statutory NPAT (\$m)	11.231	25.067	(55.2%)
Underlying NPAT <sup>1</sup> (\$m)	10.238	25.067	(59.0%)
Net interest revenue (\$m)	71.291	89.182	(20.1%)
Loan book <sup>2</sup> (\$b)	4.429	4.403	\$26m
Customer deposits (\$b)	3.686	3.414	2.72m
ROE statutory (%)	3.9%	8.7%	(4.8%)
EPS statutory (cents)	24.2c	55.6c	(31.4c)
Final dividend per share, fully franked (cents)	11.0c	21.0c	(10.0c)
Total dividend per share, fully franked (cents)	22.0c	43.0c	(21.0c)

**Auswide Bank Ltd** (ASX: ABA) today released its results for the full year ended 30 June 2023 (FY23). Established in 1966, Auswide offers Australians an extensive range of personal and business banking products and services via an omni-channel distribution strategy which includes branches, strategic relationships and online and digital channels. Auswide has a strong legacy in regional Queensland, and a growing customer base in Southeast Queensland, New South Wales and Victoria.

<sup>1</sup> Difference between Statutory and Underlying NPAT and ROE in FY24 arose as a result of a gain on the sale of the investment in FAMG of (\$1.108m) and \$0.160m for professional fees relating to potential M&A activities

<sup>2</sup> Grossed up to include Managed Investment Schemes (MISs) reported in Financial Assets on the Balance Sheet

*Small things. Big difference.*

## Review and results of operations

The economic environment has been challenging. Deposit and lending competition throughout the year has been significant as low-cost deposits migrated to higher priced term deposits. Historically high rates of refinancing activity across the industry led to competitive pressures of home loan retention and change in customer deposit behaviours.

The statutory consolidated NPAT for the year ended 30 June 2024 was \$11.231m, a decrease of 55.20% when compared to the result of \$25.067m achieved in the prior year.

The underlying consolidated NPAT for the year ended 30 June 2024 was \$10.283m, a decrease on the prior year's underlying NPAT of 58.98%.

The underlying NPAT was derived by adjusting for the following items net of tax impacts;

- Sale of FAMG (\$1.108m)
- Expenses relating to M&A due diligence \$0.160m

Auswide Bank took a conservative approach to growth over the course of the year, experiencing annualised loan book growth of 5.5% across the 2H FY24 after marginal decline in 1H FY24. During a period where market conditions remained challenged, Auswide pursued stability, risk management and sustainable growth over rapid expansion, resulting in a stable loan book across the year. The loan book grew from \$4.403b at 30 June 2023 to \$4.429b at 30 June 2024, an increase of \$26m or 0.59%.

Despite the volatile macroeconomic environment and intense market competition, the loan book is well-positioned to leverage strong macroeconomic tailwinds in Queensland. 84% of all fixed rate loans mature by 30 June 2025, which will roll to current market rates, delivering a material uplift in interest revenue.

The elevated competition for lending and deposits combined with the substantial rise in wholesale funding costs triggered a decline in the NIM down from 1.88% in the prior financial year to 1.42% at 30 June 2024, a decline of 46bps.

Retail Deposits increased 8.0% across the year from \$3.414b at 30 June 2023 to \$3.686b at June 2024 and continue to be the largest source of funding.

Operating expenses over the year were tightly controlled with a 1.0% increase on pcp (excluding expected credit losses) despite increases in personnel, technology, cyber, fraud management and detection and compliance costs.

Strong capital adequacy ratio of 14.78% (tier 1 capital ratio of 12.13%) up from 13.70% at 30 June 2023 providing capacity for loan book growth and investment opportunities into the future.

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## Matters subsequent to the end of the financial year

- **Proposed Merger with MyState**

Auswide announced on 19 August 2024 that it has entered into a binding SIA (Scheme Implementation Arrangement) to merge with MyState Bank Limited in a transaction that, if implemented, will combine two high-quality banks and materially increase scale with the potential for shareholder value creation.

MyState Limited was formed in September 2009 following the merger of MyState Financial, an authorised deposit-taking institution, and TPT Wealth, a trustee and wealth management company. MyState is the non-operating holding company of a diversified financial services group listed on the ASX providing banking, trustee and wealth management services to customers across the country through its retail brands (MyState Bank and TPT Wealth).

MyState Bank delivers home lending, savings and transactional banking solutions through digital and branch channels, an Australia-based contact centre, mobile lenders and mortgage brokers. TPT Wealth delivers asset management and trustee services through relationship managers, digital channels and an Australian-based estate planning, trust administration and support team.

Under the terms of the SIA, MyState has agreed to acquire 100% of the issued shares in Auswide via a Scheme. A copy of the SIA is available on the ASX.

If implemented, Auswide shareholders will receive 1.112 MyState shares per Auswide share, implying ~34% pro forma ownership of MergeCo for Auswide shareholders upon completion of the proposed merger (including shares to be issued in relation to the acquisition of Selfco).

The proposed merger is expected to bring a significant increase in scale with combined lending assets of \$12.5 billion and customer deposits of \$9.6 billion.

Subject to regulatory and other customary approvals, and the satisfaction (or waiver) of the other conditions under the SIA, the proposed merger is targeted to complete in December 2024.

- **Acquisition of Specialist Equipment Leasing Finance Company Pty Ltd (Selfco)**

Auswide Bank announced to the market on 19 August 2024 that a binding agreement had been entered to acquire 100% of Selfco, an established non-bank SME asset finance lender. Selfco is an established vehicle and equipment finance company operating nationally via a network of accredited finance brokers.

The strategic acquisition facilitates Auswide's entry into asset finance and drives scale by expanding Auswide's service offering into the large addressable SME funding market. The transaction provides the opportunity for portfolio diversification by reducing concentration in home loans and key geographies. There is the potential for revenue growth opportunities through capitalising on synergies with Auswide's materially lower wholesale funding costs.

*Small things. Big difference.*

The total consideration for the transaction will be up to \$6.5m, comprising of an initial consideration of \$5.0m and potential earn-out payments of up to \$1.5m based on the achievement of profit-related performance hurdles.

Proforma unaudited FY24 revenue and NPAT for the consolidated Auswide business is \$86m and \$10m respectively if the acquisition of Selfco had have occurred on 1 July 2023.

The acquisition is subject to various conditions including Auswide securing sufficient debt or equity commitments and is expected to be completed in September 2024.

- **Equity Raising**

Auswide Bank announced to the market on 19 August 2024 the intention to undertake a fully underwritten \$12m institutional placement to eligible institutional, sophisticated and professional investors. Ord Minnett Limited is lead manager and underwriter of the placement.

Auswide also proposes to undertake a follow-on share purchase plan which is intended to be conducted in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument (2019/547). The share purchase plan will not be underwritten and is subject to an aggregate cap of \$3.0 million.

New shares issued under the SPP will rank equally with existing Auswide shares from their date of issue and it is intended that new shares issued under the Placement and the SPP will be issued prior to the record date for the FY24 final dividend.

Full details of the SPP will be set out in the SPP Offer Booklet, which is expected to be released to the ASX and sent to eligible shareholders on Monday, 26 August 2024.

The funds raised under the Offer are proposed to be used by the Company to fund the initial and ongoing capital requirements in connection with the proposed acquisition of Specialist Equipment Leasing Finance Company Pty Ltd (Selfco).

**Further details of the proposed merger with MyState, acquisition of Selfco and equity raise and are set out in the Investor Presentation released to the ASX on Monday, 19 August 2024.**

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## Investor Conference Call

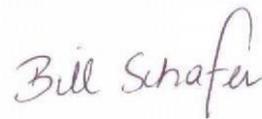
Following the release of the FY24 result, Auswide Bank's Managing Director, Doug Snell and Chief Financial Officer, Bill Schafer will brief the market via a conference call at 09:00am AEST on Monday 26 August.

To register for the conference call and access dial in details, please follow the link below.  
<https://s1.c-conf.com/diamondpass/10039754-tqs1f2.html>

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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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