| | |
|---|---|
| Name of Entity | Auswide Bank Ltd |
| ABN | 40 087 652 060 |
| Year Ended | 31 December 2023 |
| Previous Corresponding Reporting Period | 6 months to 31 December 2022 |

# APPENDIX 4D
# INTERIM FINANCIAL REPORT

PERIOD ENDING 31 DECEMBER 2023

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

### INCOME FROM OPERATIONS

↓ **15.88%**

Income from operations down 15.88% to $43.825m

### PROFIT FROM ORDINARY ACTIVITIES

↓ **45.70%**

Profit from ordinary activities after tax attributable to shareholders down 45.70% to $7.663m

### NET PROFIT

↓ **45.70%**

Net profit for the period attributable to shareholders down 45.70% to $7.663m

| Dividends (distributions) – Ordinary shares | Amount per security | Franked amount per security |
|---|---|---|
| Final dividend (30 June 2023) - paid 30 September 2023 | 21.0c | 21.0c |
| Interim dividend (31 December 2023) - to be paid 22 March 2024 | 11.0c | 11.0c |
| **The record date for determining entitlements to the dividends** | **8 March 2024** | |

| Amount per security | Amount per security | Franked amount per security | Amount per security of foreign source dividend |
|---|---|---|---|
| INTERIM DIVIDEND | | | |
| Current year | 11.0c | 11.0c | Nil |
| Previous year | 22.0c | 22.0c | Nil |

| Interim dividends on all securities | Current period A$'000 | Previous corresponding period A$'000 |
|---|---|---|
| Interim dividend payable **22 March 2024** - previous period paid 24 March 2023 | 5,104 | 10,005 |
| **Total** | **5,104** | **10,005** |

## DIVIDEND REINVESTMENT PLAN

The Auswide Bank dividend reinvestment plan is operational for this interim dividend for the half year ended 31 December 2023.

The choices are for Full Participation where the dividend on all fully paid shares or contributing shares held is reinvested in new shares, or Partial Participation where the dividend on a specified number of shares is reinvested in new shares.

To participate in the plan, shareholders must complete the Application Form and lodge the form with the Company's Share Registry. Full terms and conditions of the dividend reinvestment plan and the application form will be forwarded to shareholders by the Company's Share Registry.

**Ranking for dividend**
Shares issued under the plan will rank equally in every respect with existing fully paid permanent ordinary shares and will participate in all cash dividends declared after the date of issue.

**Issue price of the new shares**
The shares issued under the Plan in respect of the final dividend for the current year will be issued at a discount of 2.5% on the weighted average sale price of the Company's shares sold through normal trade on the ASX during the five trading days immediately following the Record Date.

The final date for the receipt of the application form for participation in the dividend reinvestment plan is 11 March 2024.

| Net Tangible Assets Per Security | Current period | Previous corresponding period |
|---|---|---|
| Net tangible asset backing per ordinary share | $5.19 | $4.73 |

## DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

During the financial period the holding company Auswide Bank Limited gained control of the following entity: Nil

## SUBSEQUENT EVENTS

The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached copy of the Financial Statements and comments on performance of the Company included in the Media and ASX release dated 26 February 2024.

Further information regading Auswide Bank Limited and its business activities can be obtained by visiting the Company's website at www.auswidebank.com.au.

Yours faithfully,

Bill Schafer

**Bill Schafer**
Company Secretary

## Contents



This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Auswide Bank Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## Directors' statutory report

Auswide Bank's Directors present their report on the consolidated entity of Auswide Bank Ltd and the entities it controlled for the half-year ended 31 December 2023.

The Directors present this report on the company's consolidated accounts for the six-month period ended 31 December 2023, in accordance with the provisions of the Corporations Act 2001.

### DIRECTORS

The names and credentials of the Directors of the company during or since the end of the period are:

> **Ms Sandra C Birkensleigh BCom, CA, GAICD, ICCP (Fellow)** Independent non-executive Director since February 2015 / Chair since January 2021

> **Mr Gregory N Kenny GAICD, GradDipFin** Independent non-executive Director since November 2013 / Interim Managing Director and CEO since December 2023

> **Mr Grant B Murdoch MCom(Hons) FAICD, FCAANZ** Independent non-executive Director since January 2021

> **Ms Jacqueline Korhonen BSc, BEng (Hon), GAICD** Independent non-executive Director since April 2021

> **Mr Cameron Mitchell BBus, MAppFin** Independent non-executive Director since February 2023

> **Ms Lyn T McGrath BA, MBA, SFFinsia, GAICD** Independent non-executive Director since March 2023

> **Mr Martin J Barrett BA(ECON), MBA** Managing Director since September 2013 (retired December 2023)

The independent non-executive Directors of Auswide Bank have a broad and diverse set of skills which have been accumulated over a number of years working across a wide range of industries. Auswide Bank's Directors remain well positioned to continue to make an integral contribution to the ongoing development of the company.

### REVIEW OF OPERATIONS AND FINANCIAL RESULTS

#### *Principal activities*

Auswide Bank Ltd is an approved deposit-taking institution and licensed credit and financial services provider. Auswide Bank provides deposit, credit, insurance and banking services to personal and business customers across Australia, principally in Queensland, Sydney and Melbourne. The majority of the company's loan book is comprised of residential mortgage loans. Auswide Bank also offers personal loans and credit cards although these portfolios are not a material part of the loan book.

There were no significant changes during the period in the nature of the activities of the consolidated entity.

#### *Profitability*

Market conditions during the first half of FY24 were challenging with intense competition for home loans and deposits, in addition to the historically high refinancing activity across the banking industry. The bank took a conservative approach to growth across the half-year, resulting in a relatively steady loan book, however the competitive pressures of home loan retention and change in customer deposit behaviour resulted in a contraction in the net interest margin.

The first half decline in the loan book has now been recovered with significant growth expected across Q3.

The bank's statutory Net Profit After Tax (NPAT) for the half-year ending 31 December 2023 of $7.663m was down 45.70% on the prior corresponding period of $14.113m. The underlying NPAT of $6.618m was down 53.11% compared to the prior corresponding period of $14.113m. The underlying NPAT excludes the gain on sale for the equity accounted investment in FAMG of $1.108m and $0.063m of costs for professional fees relating to potential M&A activities.

Net interest revenue for the half-year reduced from $46.512m in the prior corresponding period to $37.311m at 31 December 2023, down 19.78%.

#### *Market conditions*

The intense competition that was experienced during the 2023 "mortgage wars" resulted in most lenders offering cashbacks or other incentives. Auswide did not offer cashbacks and is now growing the loan book with competitive pricing and quality loan products, resulting in a solid start to the second half of the financial year.

Auswide has continued to focus on home lending retention activity at a time of historically high refinancing across the industry. The high volume of customers graduating from low fixed rate terms has created retention competition as customers and brokers seek out the best available rates in the market.

The pricing competition also extended to the deposit market as banks looked to replace their maturing RBA Term Funding Facility (TFF). Auswide has repaid $80m of low-cost funding from the TFF in the first half of this financial year. This occurred as customers switched from lower cost transaction and savings accounts to higher cost term deposits. In the environment of rising living costs, deposit customers have chosen to invest in higher yielding products.

## *Financial position*

### i) Loan Book

Due to the unprecedented competition at the beginning of the financial year, and Auswide's conservative approach to growth in Q1, the bank's loan book (including Investments in Managed Investment Schemes) declined $93m or 2.11% from $4.403 billion at 30 June 2023 to $4.310 billion at 31 December 2023.

### ii) Arrears

The historically low level of arrears evident in the bank's loan book continues although there has been a marginal lift in the loans in arrears. Total arrears past due 30 days have increased from $4.232m at 30 June 2023 to $6.168m at 31 December 2023.

Arrears past due 30 days represented 0.14% of total loans and advances at 31 December 2023 compared to 0.10% at 30 June 2023, which is favourable in comparison to the bank's peers.

The status of the hardship assistance offered to customers has remained static with no evidence of borrowers being significantly impacted by rising interest rates and the cost of living.

### iii) Funding

Retail deposits continue to be Auswide Bank's largest source of funding, recording growth of $180m compared to the prior corresponding period, increasing from $3.248 billion at 31 December 2022 to $3.428 billion at 31 December 2023.

A large number of customers sought to maximise returns on deposits by switching funds from the lower cost transaction accounts to more expensive term deposits. The term deposit interest rates have been elevated due to competition as banks source funds for repayment of the RBA TFF and loan settlements. In the year to 31 December 2023, Auswide experienced a $49.722m increase in term deposits, while transactions accounts reduced by $35.061m.

### iv) Net Interest Margin (NIM)

The NIM for the half-year ended 31 December 2023 was 150bps compared to 177bps for the six months to 30 June 2023. The NIM contraction was driven by a highly competitive home loan lending market and unprecedented retention activities as customers fixed term loans matured and borrowers took advantage of the competitive rates to minimise the interest paid on their borrowings.

The increase in the return on the bank's loan book was materially exceeded by the average increase in the cost of funding, particularly the wholesale finding lines. The NIM for FY23 was 188bps compared to 150bps for 1H of FY24.

## *Capital management*

The consolidated capital position of Auswide Bank remains strong at 31 December 2023 with a capital adequacy ratio of 15.34% and a tier 1 capital ratio of 12.82%. The capital ratio was up from 13.70% at 30 June 2023.

A $400m off-balance sheet securitisation trust settled in December of 2023, resulting in a reduction in credit risk-weighted assets and capital well in excess of the Board target. This capital provides capacity for the bank to grow the loan book across the second half of the financial year and to reassess the investment opportunities for technology, security and productivity.

## *Outlook and strategy*

In 1H of FY24 the loan book has seen a marginal decline as the bank took a more conservative approach to home loan lending. However, the bank signalled new growth aspirations for the second half of the financial year and has effectively recovered the losses in the loan book balance. It is predicted that loan book growth will exceed $250m with projected growth of 5.80% across the second half.

The bank has also targeted growth in retail deposits, which provide a more cost-effective funding channel than wholesale funding such as securitisation. The repayment of the final $21m of the RBA TFF will be completed in March of 2024, reducing the pressure to replace this low-cost funding source with the more expensive funding lines.

Cost management remains a firm focus of the Board and management. The program of work is aimed at ensuring capital and operating outlays are based on essential regulatory compliance, critical roles for productivity, risk, customer experience, and key investment programs. The expenses (excluding expected credit losses) remained static in comparison to the prior corresponding period with a marginal increase of 0.2%.

During the half-year there has been a focus on technology and cybersecurity. The bank is currently assessing the next stage of investment in loan origination and customer engagement. In addition to the commitment to cyber resilience and data protection, Auswide remains committed to continual improvement in the way we engage with our customers, providing an efficient and timely loan origination process.

The Board constantly reviews opportunities to drive scale through acquisition and partnerships. The Board will continue to investigate and pursue opportunities to achieve further growth in the loan book through M&A activities. The strength of the capital base will assist the planned loan book growth and provide opportunity for M&A and partnerships.

### *Dividend*

A final dividend in respect of the year ended 30 June 2023 of 21.0 cents per ordinary share (fully franked) was paid on 22 September 2023.

On 26 February 2024 the Directors of Auswide Bank Ltd declared an interim dividend of 11.0 cents per share (fully franked) in respect of the December 2023 half-year, payable on 22 March 2024. The interim dividend is down 11.0 cents per share on the prior corresponding period. The amount estimated to be paid in relation to this dividend is $5.104m. The dividend has declined in line with the net interest revenue and NPAT for the half-year. This follows dividend increases over previous years as the performance strengthened.

The dividend has not been provided for in the 31 December 2023 half-year financial statements.

The Board has resolved to maintain the Dividend Reinvestment Plan for the interim dividend payable on 22 March 2024.

### *Going concern*

The Board of Directors of Auswide Bank have assessed that the going concern basis of accounting remains appropriate.

The financial results across the first half of FY24 reflect challenged operations. The first half statutory NPAT was $7.663m, down 45.70% on the $14.113m reported for the first half of FY23.

There are a significant number of indicators to support confidence in operations for the remainder of FY24, including improving home loan growth with a projected increase of 5.80% for the six months to June 2024 with continued low loan arrears.

Liquidity also remains strong, with diverse funding facilities available to the bank and strong support from the customer deposit base.

Despite challenging economic conditions, there are expectations that Auswide Bank's financial results will be supported by a period of growth, cost control and an abatement of rising deposit costs that should lead to a steadily increasing NIM. The Board of Directors assessed that Auswide Bank remains a going concern.

### *Subsequent events*

There has been no other matter since the end of the half-year that will significantly affect the results of the operations in future years or the state of affairs of the company.

The Auditor's Independence Declaration for the half-year ended 31 December 2023 has been received and been included in this financial report.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

**Sandra Birkensleigh**
Director

Brisbane | 23 February 2024

Deloitte Touche Tohmatsu
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23 February 2024

The Board of Directors
Auswide Bank Ltd
PO Box 1063
BUNDABERG QLD 4670

Dear Board Members

**Auditor's Independence Declaration to Auswide Bank Ltd**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Auswide Bank Ltd.

As lead audit partner for the review of the half-year financial report of Auswide Bank Ltd for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Mark Stretton
Partner
Chartered Accountants

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| | Notes | **Consolidated**<br>**6 months to 31 Dec 2023 $'000** | 6 months to 31 Dec 2022 $'000 |
|---|---|---|---|
| Interest revenue | 2.1 | **121,516** | 82,255 |
| Interest expense | 2.1 | **(84,205)** | (35,743) |
| **Net interest revenue** | | **37,311** | 46,512 |
| | | | |
| Other non-interest income | | **6,514** | 5,587 |
| **Total operating income** | | **43,825** | 52,099 |
| | | | |
| Other expenses | | **(32,767)** | (32,708) |
| Expected credit loss on financial assets at amortised cost | 4.2.6 | **(27)** | 822 |
| **Profit before income tax expense** | | **11,031** | 20,213 |
| | | | |
| Income tax expense | | **(3,368)** | (6,100) |
| **Profit for the period** | | **7,663** | 14,113 |
| | | | |
| Profit for the period attributable to: | | | |
| Owners of the Company | | **7,663** | 14,113 |
| | | | |
| **Earnings per share** | | | |
| Basic (cents per share) | | **16.61** | 31.75 |
| Diluted (cents per share) | | **16.61** | 31.75 |

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

| | Notes | Consolidated 6 months to 31 Dec 2023 $'000 | 6 months to 31 Dec 2022 $'000 |
|---|---|---|---|
| **Profit for the period** | | **7,663** | 14,113 |
| **Other comprehensive income, net of income tax** | | | |
| *Items that may subsequently be reclassified to profit or loss:* | | | |
| **Cash flow hedges:** | | | |
| Fair value gain/(loss) arising on hedging instruments during the period | | **(1,740)** | 417 |
| Less: cumulative (gain)/loss arising on hedging instruments reclassified to profit or loss | | **(4,600)** | (3,900) |
| Income tax relating to items that may be reclassified subsequently to profit or loss | | **1,902** | 1,045 |
| **Total cash flow hedge** | | **(4,438)** | (2,438) |
| **Total comprehensive income for the period** | | **3,225** | 11,675 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | **3,225** | 11,675 |

The above condensed consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

| | Notes | Consolidated as at 31 Dec 2023 $'000 | as at 30 Jun 2023 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | | **211,848** | 203,247 |
| Due from other financial institutions | | **16,000** | 3,000 |
| Other financial assets | | **401,702** | 402,432 |
| Current income tax assets | | **1,882** | - |
| Loans and advances | | **4,286,804** | 4,377,803 |
| Other investments | | **918** | 1,488 |
| Property and equipment | 3.1 | **19,833** | 18,914 |
| Other intangible assets | | **2,760** | 2,975 |
| Other assets | | **4,931** | 3,315 |
| Goodwill | | **46,363** | 46,363 |
| **Total assets** | | **4,993,041** | 5,059,537 |
| **LIABILITIES** | | | |
| Deposits and short term borrowings | | **4,047,555** | 4,042,906 |
| Other borrowings | | **20,987** | 101,013 |
| Payables and other liabilities | | **46,947** | 43,283 |
| Loans under management | | **541,411** | 530,755 |
| Current tax liabilities | | **-** | 46 |
| Deferred tax liabilities - net | 5.1 | **329** | 1,627 |
| Provisions | | **3,986** | 4,029 |
| Subordinated capital notes | | **41,860** | 42,000 |
| **Total liabilities** | | **4,703,075** | 4,765,659 |
| **Net assets** | | **289,966** | 293,878 |
| **EQUITY** | | | |
| Contributed equity | 3.2 | **214,612** | 211,818 |
| Reserves | | **17,542** | 22,271 |
| Retained profits | | **57,812** | 59,789 |
| **Total equity** | | **289,966** | 293,878 |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| | Attributable to owners of Auswide Bank Ltd | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Consolidated entity | Share capital ordinary $'000 | Retained profits $'000 | Asset revaluation reserve $'000 | General reserve $'000 | Statutory reserve $'000 | Doubtful debts reserve $'000 | Cash flow hedging reserve $'000 | Share-based payments $'000 | Total equity $'000 |
| **Balance at 1 July 2023** | 211,818 | 59,789 | 5,944 | 5,834 | 2,676 | 2,388 | 4,894 | 535 | 293,878 |
| **Total comprehensive income for the year:** | | | | | | | | | |
| Profit attributable to owners of parent company | - | 7,663 | - | - | - | - | - | - | 7,663 |
| Share-based payments expensed during the year | - | - | - | - | - | - | - | 16 | 16 |
| Share-based payments vested during the year | - | - | - | - | - | - | - | (307) | (307) |
| Increase (decrease) due to revaluation of cash flow hedge to fair value | - | - | - | - | - | - | (6,340) | - | (6,340) |
| Deferred tax liability adjustment on revaluation of cash flow hedge | - | - | - | - | - | - | 1,902 | - | 1,902 |
| **Subtotal** | - | 7,663 | - | - | - | - | (4,438) | (291) | 2,934 |
| Issue of share capital for staff share plan | 267 | - | - | - | - | - | - | - | 267 |
| Issue of share capital for dividend reinvestment plan | 2,237 | - | - | - | - | - | - | - | 2,237 |
| Dividends provided for or paid | - | (9,640) | - | - | - | - | - | - | (9,640) |
| Share issue costs | (18) | - | - | - | - | - | - | - | (18) |
| Movement in treasury shares | 308 | - | - | - | - | - | - | - | 308 |
| **Subtotal** | 2,794 | (9,640) | - | - | - | - | - | - | (6,846) |
| **Balance at 31 December 2023** | 214,612 | 57,812 | 5,944 | 5,834 | 2,676 | 2,388 | 456 | 244 | 289,966 |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

| Consolidated entity | Attributable to owners of Auswide Bank Ltd | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital ordinary $'000 | Retained profits $'000 | Asset revaluation reserve $'000 | General reserve $'000 | Statutory reserve $'000 | Doubtful debts reserve $'000 | Cash flow hedging reserve $'000 | Share-based payments $'000 | Total equity $'000 |
| **Balance at 1 July 2022** | 199,784 | 53,843 | 5,944 | 5,834 | 2,676 | 2,388 | 10,908 | 685 | 282,062 |
| **Total comprehensive income for the year:** | | | | | | | | | |
| Profit attributable to owners of parent company | - | 14,113 | - | - | - | - | - | - | 14,113 |
| Share-based payments expensed during the year | - | - | - | - | - | - | - | 166 | 166 |
| Share-based payments vested during the year | - | - | - | - | - | - | - | (390) | (390) |
| Increase (decrease) due to revaluation of cash flow hedge to fair value | - | - | - | - | - | - | (3,483) | - | (3,483) |
| Deferred tax liability adjustment on revaluation of cash flow hedge | - | - | - | - | - | - | 1,045 | - | 1,045 |
| **Subtotal** | - | 14,113 | - | - | - | - | (2,438) | (224) | 11,451 |
| Issue of share capital for dividend reinvestment plan | 9,157 | - | - | - | - | - | - | - | 9,157 |
| Dividends provided for or paid | - | (9,159) | - | - | - | - | - | - | (9,159) |
| Share issue costs | (193) | - | - | - | - | - | - | - | (193) |
| Gain/(loss) in share capital due to employee incentive scheme | (37) | - | - | - | - | - | - | - | (37) |
| Movement in treasury shares | 426 | - | - | - | - | - | - | - | 426 |
| **Subtotal** | 9,353 | (9,159) | - | - | - | - | - | - | 194 |
| **Balance at 31 December 2022** | 209,137 | 58,797 | 5,944 | 5,834 | 2,676 | 2,388 | 8,470 | 461 | 293,707 |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| | Consolidated | |
|---|---|---|
| | **6 months to 31 Dec 2023 $'000** | 6 months to 31 Dec 2022 $'000 |
| **Cash flows from operating activities** | | |
| Interest received | **119,491** | 78,608 |
| Dividends received | **15** | 20 |
| Other non-interest income received | **7,748** | 9,155 |
| Interest paid | **(79,859)** | (27,095) |
| Net movement in loans and advances | **91,224** | (245,209) |
| Net movement in deposits and short term borrowings | **(75,376)** | 225,551 |
| Income tax paid | **(4,693)** | (5,846) |
| Cash paid to suppliers and employees (inclusive of goods and services tax) | **(32,461)** | (56,921) |
| **Net cash used in operating activities** | **26,089** | (21,737) |
| **Cash flows from investing activities** | | |
| Net movement in investment securities | **(5,223)** | (21,108) |
| Net movement in amounts due from other financial institutions | **(13,000)** | 7,273 |
| Net movement in other investments | **570** | (10) |
| Payments for purchase of property, equipment and intangible assets | **(2,344)** | (981) |
| **Net cash used in investing activities** | **(19,997)** | (14,826) |
| **Cash flows from financing activities** | | |
| Net movement in amounts due to other financial institutions and other liabilities | **10,578** | 124,406 |
| Principal payment of lease liabilities | **(931)** | (989) |
| Proceeds from share issue | **249** | (193) |
| Dividends paid | **(7,403)** | (2) |
| Treasury shares | **16** | 166 |
| **Net cash used in financing activities** | **2,509** | 123,388 |
| **Net movement in cash and cash equivalents** | **8,601** | 86,825 |
| Cash and cash equivalents at the beginning of the financial year | **203,247** | 178,537 |
| **Cash and cash equivalents at the end of the period** | **211,848** | 265,362 |

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## 1 General information

### 1.1 Reporting entity

Auswide Bank Ltd (the Company) is a for-profit listed public company, incorporated and domiciled in Australia. The consolidated financial statements of Auswide Bank Ltd for the year ended 31 December 2023 comprises Auswide Bank Ltd and its subsidiaries (the Group or the Consolidated Entity).

The Company's registered office and principle place of business is Level 3, 16-20 Barolin St, Bundaberg, QLD, 4670.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in Note 2.5 Business and geographical segment information of the annual report for the year ended 30 June 2023.

### 1.2 Statement of compliance

The half-year financial report for the period ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Auswide Bank Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### 1.3 Basis of preparation

These financial statements have been prepared on an accrual basis and are based on historical cost, except for land and buildings, hedging instruments, financial instruments held at fair value through profit or loss or other comprehensive income that have been measured at fair value.

Auswide Bank Ltd fulfils the requirements referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

These financial statements have been prepared in Australian Dollars (AUD) which is the functional and presentation currency of the Company.

The accounting policies and methods of computation in the preparation of these financial statements are consistent with those adopted and disclosed in the previous financial year and corresponding interim reporting period, unless otherwise stated.

### 1.4 Application of new and revised Australian Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2023.

## 1 General information (continued)

### 1.4 Application of new and revised Australian Accounting Standards (continued)

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### 1.5 Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### 1.6 Going concern

The financial statements are prepared on a going concern basis. The group has net assets of $289.966m and despite a challenging half, various factors that have been identified that provide confidence in operations leading into the next half of the financial year, with forecasting reflecting this.

Access to liquidity and capital have been considered with no indications of stress existing and facilities being available to provide for contingencies.

While the challenging interest rate environment has impacted the financial sector, and broader economy, the Directors are of the view that the group is well placed to manage its business risks successfully despite the current economic climate. Accordingly, the going concern basis is appropriate.

## 2 Financial performance

### 2.1 Interest revenue and interest expense

The following tables show the average balance for each of the major categories of interest bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate from continuing operations. Month end averages are used as they are representative of the entity's operations during the period.

| Consolidated entity | Average balance $'000 | Interest $'000 | Average interest rate % |
|---|---|---|---|
| **Interest revenue December 2023** | | | |
| Deposits with other financial institutions | **222,821** | **3,838** | **3.42** |
| Investment securities | **356,508** | **8,721** | **4.85** |
| Loans and advances | **4,338,618** | **108,082** | **4.94** |
| Other | **32,830** | **875** | **5.28** |
| | **4,950,777** | **121,516** | **4.87** |
| **Interest expense December 2023** | | | |
| Deposits from other financial institutions | **521,657** | **14,612** | **5.56** |
| Customer deposits | **3,408,204** | **52,349** | **3.05** |
| Negotiable certificates of deposit (NCDs) | **373,565** | **8,757** | **4.65** |
| Floating rate notes (FRNs) | **260,000** | **6,784** | **5.18** |
| Subordinated capital notes | **41,980** | **1,579** | **7.46** |
| RBA term funding facility | **66,738** | **42** | **0.12** |
| Lease liabilities | **3,451** | **82** | **4.69** |
| | **4,675,595** | **84,205** | **3.57** |
| **Net interest revenue December 2023** | | **37,311** | |

| Consolidated entity | | | |
|---|---|---|---|
| **Interest revenue December 2022** | | | |
| Deposits with other financial institutions | 158,552 | 1,741 | 2.18 |
| Investment securities | 328,871 | 4,554 | 2.75 |
| Loans and advances | 4,032,902 | 75,016 | 3.69 |
| Other | 50,364 | 944 | 3.72 |
| | 4,570,689 | 82,255 | 3.57 |
| **Interest expense December 2022** | | | |
| Deposits from other financial institutions | 442,004 | 8,183 | 3.67 |
| Customer deposits | 3,088,800 | 17,914 | 1.10 |
| Negotiable certificates of deposit (NCDs) | 381,258 | 4,954 | 2.58 |
| Floating rate notes (FRNs) | 204,286 | 3,260 | 3.17 |
| Subordinated capital notes | 42,000 | 1,172 | 5.54 |
| RBA term funding facility | 150,806 | 144 | 0.19 |
| Lease liabilities | 4,935 | 116 | 4.67 |
| | 4,314,089 | 35,743 | 1.64 |
| **Net interest revenue December 2022** | | 46,512 | |

## 2 Financial performance (continued)

### 2.1 Interest revenue and interest expense (continued)

The following tables show the net interest margin, and are derived by dividing the difference between interest revenue and interest expenditure by the average balance of interest earning assets.

**Consolidated entity**

| Interest margin and interest spread December 2023 | | | |
|---|---|---|---|
| Interest revenue | **4,950,777** | **121,516** | **4.87** |
| Interest expense | **4,675,595** | **84,205** | **3.57** |
| Net interest spread | | | **1.30** |
| Benefit of net interest-free assets, liabilities and equity | | | **0.20** |
| Net interest margin - on average interest earning assets | **4,950,777** | **37,311** | **1.50** |

**Consolidated entity**

| Interest margin and interest spread December 2022 | | | |
|---|---|---|---|
| Interest revenue | 4,570,689 | 82,255 | 3.57 |
| Interest expense | 4,314,089 | 35,743 | 1.64 |
| Net interest spread | | | 1.93 |
| Benefit of net interest-free assets, liabilities and equity | | | 0.09 |
| Net interest margin - on average interest earning assets | 4,570,689 | 46,512 | 2.02 |

### 2.2 Business and geographical segment information

The Group only has one major business and operating segment being 'Retail Banking'. The principal activities of the Group are confined to the raising of funds and the provision of finance for housing, consumer lending and business banking. For the purpose of performance evaluation, risk management and resource allocation, the decisions are based predominantly on the key performance indicators at the Group level.

The Group operates in one geographical segment which is the Commonwealth of Australia.

## 3 Investments and financing

### 3.1 Property and equipment

| Consolidated entity | Notes | 31 Dec 2023 $'000 | 30 Jun 2023 $'000 |
|---|---|---|---|
| Property and equipment owned | | **17,276** | 15,862 |
| Right-of-use assets | 3.1.1 | **2,557** | 3,052 |
| | | **19,833** | 18,914 |

*3.1.1 Right-of-use assets*

| Consolidated entity | Property $'000 | Vehicles $'000 | Total $'000 |
|---|---|---|---|
| **Right-of-use assets at cost** | | | |
| Balance as at 1 July 2023 | **2,904** | **148** | **3,052** |
| Modification to lease terms | **276** | **48** | **324** |
| | **3,180** | **196** | **3,376** |
| **Accumulated depreciation** | | | |
| Depreciation charge for the year | **(754)** | **(65)** | **(819)** |
| **Balance as at 31 December 2023** | **2,426** | **131** | **2,557** |

| Consolidated entity | Property $'000 | Vehicles $'000 | Total $'000 |
|---|---|---|---|
| **Right-of-use assets at cost** | | | |
| Balance as at 1 July 2022 | 4,404 | 104 | 4,508 |
| Additions during the year | - | 84 | 84 |
| Modification to lease terms | 59 | 83 | 142 |
| Variable lease payment adjustments | (11) | 1 | (10) |
| | 4,452 | 272 | 4,724 |
| **Accumulated depreciation** | | | |
| Depreciation charge for the year | (1,548) | (124) | (1,672) |
| **Right-of-use assets as 30 June 2023** | 2,904 | 148 | 3,052 |

## 3 Investments and financing (continued)

### 3.1 Property and equipment (continued)

*3.1.2 Lease liabilities*

Details of associated lease liabilities recognised in respect of the right-of-use assets are presented below:

| Consolidated entity | **31 Dec 2023 $'000** | 30 Jun 2023 $'000 |
|---|---|---|
| **Maturity analysis - contractual undiscounted cash flows** | | |
| Less than one year | **1,755** | 1,846 |
| One to five years | **1,540** | 2,172 |
| **Total undiscounted lease liabilities** | **3,295** | 4,018 |
| **Lease liabilities included in statement of financial position** | | |
| Current | **1,719** | 1,807 |
| Non-current | **1,405** | 1,975 |
| | **3,124** | 3,782 |
| **Amounts recognised in statement of comprehensive income** | | |
| Interest on lease liabilities | **82** | 212 |
| | **82** | 212 |
| **Amounts recognised in statement of cash flows** | | |
| Total cash outflow for leases | **1,013** | 1,991 |
| | **1,013** | 1,991 |

## 3 Investments and financing (continued)

### 3.2 Contributed equity

| Consolidated entity | 31 Dec 2023 Shares No. | 31 Dec 2023 $'000 | 30 Jun 2023 Shares No. | 30 Jun 2023 $'000 |
|---|---|---|---|---|
| **Fully paid ordinary shares** | | | | |
| Balance at beginning of year | **45,853,229** | **211,818** | 43,524,064 | 199,784 |
| **Issued during the year** | | | | |
| Staff share plan | **56,797** | **267** | 94,978 | 492 |
| Dividend reinvestment plan | **438,490** | **2,237** | 2,197,994 | 11,448 |
| Share issue costs | **-** | **(18)** | - | (193) |
| Gain/(loss) in share capital on disposal of treasury shares | **-** | **-** | - | 21 |
| **Treasury shares** | | | | |
| Movement in treasury shares | **51,541** | **308** | 36,193 | 266 |
| **Balance at end of period** | **46,400,057** | **214,612** | 45,853,229 | 211,818 |

As at the reporting date Auswide Performance Rights Pty Ltd holds 1,756 shares, $9,472 (Jun 23: 53,297 shares, $316,873) for the purpose of facilitating the Executive LTI scheme.

### 3.3 Dividends

A final fully franked dividend in respect of the year ended 30 June 2023 of 21.0 cents per ordinary share ($9.640m) was paid on 22 September 2023.

The Board declared a fully franked dividend of 11.0 cents per ordinary share $5.104m, for the six months to 31 December 2023, payable on 22 March 2024. In accordance with Accounting Standards, dividends are only provided for as declared or paid, therefore this dividend has not been provided for in the interim financial statements.

The Board of Directors resolved to maintain the Dividend Reinvestment Plan (DRP) for the interim dividend for the 2023/24 financial year.

## 3 Investments and financing (continued)

### 3.4 Goodwill

| | Consolidated as at 31 Dec 2023 $'000 | as at 30 Jun 2023 $'000 |
|---|---|---|
| Goodwill | **46,363** | 46,363 |
| | **46,363** | 46,363 |
| *Representing goodwill arising on the acquisition of:* | | |
| Queensland Professional Credit Union Ltd (YCU) | **4,306** | 4,306 |
| Mackay Permanent Building Society Ltd (MPBS) | **42,057** | 42,057 |
| | **46,363** | 46,363 |

*Accounting policies*

*Goodwill*

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition.

Goodwill is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the business combination.

A cash-generating unit or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss on goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment testing for goodwill is performed annually, or earlier if there is an impairment indicator.

*Key estimates and judgements*

Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit ("CGU") is less than the carrying amount, an impairment loss is recognised. For the purpose of impairment test, goodwill is allocated to Auswide Bank Ltd parent entity as an independent CGU.

**3 Investments and financing (continued)**

**3.4 Goodwill (continued)**

An assessment for impairment indicators, including internal and external factors, has been performed. The Group's market capitalisation being below the net asset position of the Group at the end of the reporting period, together with actual performance result for the 1st half of the year, are identified as indicators of possible impairment.

Given these indicators, an updated value in use model was produced to reflect revised FY24 and FY25 forecasts. The recoverable amount was determined based on a value in use calculation using cash flow projections on financial forecasts covering a five-year period.

In respect of the key assumptions used by management in setting the financial forecasts for the initial five-year period:

- Loan assets and the related net profit growth rates are reduced for FY24 and FY25 from the year-end assumptions, reflecting the half year results and current expected performance, with a return to normal growth rates for the remainder of the forecasted period.
- Cash flow projections beyond the five-year period have been extrapolated using 2.5% (2023: 2.5%), consistent with the FY23 year-end assumptions; and
- A pre-tax discount rate of 11.25% (2023: 11.25%), consistent with the FY23 year-end assumptions.

*Sensitivity to changes in assumptions*

The recoverable amount of the Group's CGU is in excess of the carrying amount. Sensitivity analysis on all of the key assumptions employed in the value in use calculation has been performed. The recoverable amount is sensitive to the growth rates within the five-year financial forecast. A sustained reduction could result the carrying value exceeding the recoverable amount. Sensitivity analysis shows a reduction in the net profit growth rate in across the five-year forecasted period by 30% per year without adjusting other key assumptions, could lead to an impairment.

## 4 Financial assets, liabilities and related financial risk management

### 4.1 Capital risk management

Consistent with Basel III, the approach to capital assessment provides for a quantitative measure of the capital adequacy and focuses on:

- credit risk arising from on-balance sheet and off-balance sheet exposures;
- market risk arising from trading activities;
- operational risk associated with banking activities;
- securitisation risks; and
- the amount, form and quality of capital held to act as a buffer against these and other exposures.

Details of the capital adequacy ratio are set out in the following table.

| Consolidated entity | **31 Dec 2023 $'000** | 30 Jun 2023 $'000 |
|---|---|---|
| Total risk weighted assets | **1,754,544** | 1,950,328 |
| Capital base | **269,169** | 267,214 |
| Risk-based capital ratio | **15.34%** | 13.70% |

### 4.2 Credit risk management

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers, debt investments, contract assets, loan commitments and financial guarantees. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

Under the direction of the Board of Directors, management has developed risk management policies and procedures to establish and monitor the credit risk of the Group. The risk management procedures define the credit principles, lending policies and decision making processes which control the credit risk of the Group.

Credit risk exists predominantly on the Group's loan portfolio. Other assets that are subject to credit risk include cash and cash equivalents, amounts due from other institutions, receivables, certificates of deposit, securitisation notes and deposits, loan commitments and bank guarantees.

The loan portfolio consists of mortgage lending, personal lending and commercial lending. Loan commitments and bank guarantees are off-balance sheet exposures of the loan portfolio, which are also subject to credit risk. These groupings, by product type, have been assessed as reflecting similar performance behaviours, based on the Group's analysis of its loan portfolio.

Credit risk on mortgage lending is minimised by the availability and application of insurances including lenders' mortgage insurance, property insurance and mortgage protection insurance. Credit risk in the mortgage loan portfolio is managed by generally protecting loans in excess of 80% LVR with one of the recognised mortgage insurers and securing the loans by first mortgages on residential property.

**4 Financial assets, liabilities and related financial risk management (continued)**

**4.2 Credit risk management (continued)**

The Group has a diversified branch network consisting of 16 branches and agencies across Queensland, and a business centre in Brisbane city. The Group also employs Business Development Managers in Sydney and Melbourne to conduct interstate business. All regional loan staff and panel valuers are locally based ensuring an in-depth knowledge of the local economy and developments in the real estate market.

The past due loans in the portfolio, as well as economic forecasts, and adherence to the credit procedures on a timely and accurate basis is monitored and supervised by management through monthly reports and the Board of Directors through bi-monthly reports.

The Group's maximum exposure to credit risk at balance date in relation to loans and advances are the scheduled balances and for the rest of the financial asset is the carrying amount of those assets as recognised on the balance sheet. In relation to off-balance sheet loan commitments, the maximum exposure to credit risk is the maximum committed amount as per terms of the agreement. The maximum credit risk exposure does not take into account the value of any security held or the value of any mortgage or other insurance to mitigate the risk exposure.

The Group minimises concentrations of credit risk in relation to loans receivable by undertaking transactions with a large number of customers principally within the states of Queensland, New South Wales and Victoria. Diversification of the mortgage portfolio assists in minimising credit risk by reducing security concentrations in particular geographic locations.

Credit risk on personal lending is minimised by the availability of consumer credit insurance, as well as the lending policies and processes in place.

Commercial lending credit risk is minimised by requiring collateral as security, which is mostly residential property, in addition to the use of bank guarantees in some circumstances. The risk management policies and decision making procedures also aid in minimising credit risk on commercial exposures.

Off-balance sheet loan commitments and bank guarantees are also subject to credit risk, which is minimised by following credit guidelines for issuing credit, as well as monitoring and following review processes for exposures in relation to bank guarantees and undrawn credit.

Credit risk on cash, cash equivalents and amounts due from other institutions have been assessed as low risk with a negligible probability of default, due to amounts being invested with investment grade credit institutions with a no loss history.

Credit risk on certificates of deposit is assessed as low and probability of default negligible. Risk is minimised by using clearly defined policies for investment grade rated credit institutions, combined with the current economic outlook and on the basis of no prior losses in the Group's history on these investments.

External securitised notes are subject to low credit risk and negligible probability of default due to securitisation trusts having a structure that utilises an excess income reserve to absorb any losses, reducing the risk of note balances being affected. The securitisation deposits are made with investment grade rated credit institutions.

**4 Financial assets, liabilities and related financial risk management (continued)**

**4.2 Credit risk management (continued)**

*4.2.1 Sources of credit risk*

Key sources of credit risk for the Group predominantly emanate from its business activities including loans and advances to customers, debt investments, loan commitments, etc. The Group monitors and manages credit risk by class of financial instrument. The table below outlines such classes of financial instruments identified, their relevant financial statement line item, maximum exposure to credit risk at the reporting date and expected credit loss recognised.

| Consolidated entity<br>Class of financial instrument | Financial statement line | Maximum exposure to credit risk 31 Dec 2023 $'000 | Expected credit loss 31 Dec 2023 $'000 | Maximum exposure to credit risk 30 Jun 2023 $'000 | Expected credit loss 30 Jun 2023 $'000 |
|---|---|---|---|---|---|
| Cash and cash equivalents | Cash and cash equivalents | **211,848** | **-** | 203,247 | - |
| Due from other financial institutions | Due from other financial institutions | **16,000** | **-** | 3,000 | - |
| Certificates of deposit | Other financial assets | **350,580** | **-** | 345,528 | - |
| Notes – securitisation program and other | Other financial assets | **23,469** | **-** | 21,819 | - |
| Interest receivable | Other financial assets | **2,440** | **-** | 2,010 | - |
| Loans and advances | Loans and advances | **4,342,867** | **3,980** | 4,679,436 | 3,998 |
| **Total** | | **4,947,204** | **3,980** | 5,255,040 | 3,998 |
| | | | | | |
| **Off-balance sheet exposures** | | | | | |
| Loans approved not advanced (LANA) | | **123,951** | **57** | 84,135 | 32 |
| Bank guarantees | | **1,190** | **-** | 1,260 | - |
| **Total** | | **125,141** | **57** | 85,395 | 32 |

*4.2.2 Measurement of expected credit loss (ECL)*

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information, using methodology and inputs similar to those disclosed in the Annual Report for the year ended 30 June 2023.

## 4 Financial assets, liabilities and related financial risk management (continued)

### 4.2 Credit risk management (continued)

*4.2.3 Sensitivity analysis and forward looking information*

The following table shows the reported ECL based on the probability weighting of scenarios, with the sensitivity range reflecting the ECL impacts assuming a 100% weighting is applied to the base case scenario, the downside scenario or the severe downside scenario (with all other assumptions held constant). As at 31 December 2023, the probability weighted ECL is a blended outcome taking into consideration the respective scenarios.

The base case scenario incorporates a reasonable level of portfolio stress driven by forecast macro-economic factors.

| Scenario | ECL | Macroeconomic forecast |
|---|---|---|
| | Dec 23 $'000 | |
| **Reported ECL** | **4,037** | |
| **100% base case** | **3,584** | Includes a reasonable level of portfolio stress. |
| **100% downside** | **4,334** | Assumes a moderate but reasonable level of portfolio stress. |
| **100% severe downside** | **5,374** | Assumes a more severe level of portfolio stress where unexpected economic factors may adversely impact anticipated recovery. |

*Assumptions*

The judgements and associated assumptions reflect both historical experience and future forecasts as well as other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. Accordingly, the Group's ECL estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

*Significant increase in credit risk*

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the expected loss allowance based on lifetime rather than 12-month ECL.

The Group has used the assumption that 30 days past due represents significant increase in credit risk. The Bank considers 90 days past due as representative of a default having occurred and a loan being credit impaired.

The Group has identified the following three stages in which financial instruments have been classified in regards to credit risk;

- stage 1 - performing exposure on which loss allowance is recognised as 12 month expected credit loss;
- stage 2 - where credit risk has increased significantly and impairment loss is recognised as lifetime expected credit loss; and
- stage 3 - assets are credit impaired and impairment loss is recognised as lifetime expected credit loss. Interest is accrued on a net basis, on the amortised cost of the loans after the ECL is deducted.

## 4 Financial assets, liabilities and related financial risk management (continued)

### 4.2 Credit risk management (continued)

The table below shows an analysis of each class of financial asset subject to impairment requirements by stage at the reporting date.

| | Maximum exposure to credit risk | | | | Expected credit loss | | | |
|---|---|---|---|---|---|---|---|---|
| **Consolidated entity<br>Balance at 31 December 2023** | **Stage 1<br>$'000** | **Stage 2<br>$'000** | **Stage 3<br>$'000** | **Total<br>$'000** | **Stage 1<br>$'000** | **Stage 2<br>$'000** | **Stage 3<br>$'000** | **Total<br>$'000** |
| **Class of financial instrument** | | | | | | | | |
| Cash and cash equivalents | 211,848 | - | - | 211,848 | - | - | - | - |
| Due from other financial institutions | 16,000 | - | - | 16,000 | - | - | - | - |
| Certificate of deposit | 350,580 | - | - | 350,580 | - | - | - | - |
| Notes – securitisation program and other | 23,469 | - | - | 23,469 | - | - | - | - |
| **Total** | 601,897 | - | - | 601,897 | - | - | - | - |
| ***Loans and advances**** | | | | | | | | |
| - Mortgage lending | 4,260,762 | 8,941 | 5,699 | 4,275,402 | 2,752 | 452 | 674 | 3,878 |
| - Personal lending | 33,274 | 78 | 1 | 33,353 | 48 | 12 | 1 | 61 |
| - Commercial lending | 33,809 | 273 | 30 | 34,112 | 40 | 1 | - | 41 |
| **Total** | 4,327,845 | 9,292 | 5,730 | 4,342,867 | 2,840 | 465 | 675 | 3,980 |
| **Off-balance sheet exposures** | | | | | | | | |
| Loans approved not advanced (LANA) | 123,951 | - | - | 123,951 | 57 | - | - | 57 |
| Bank guarantees | 1,190 | - | - | 1,190 | - | - | - | - |
| **Total** | 125,141 | - | - | 125,141 | 57 | - | - | 57 |

** Maximum exposure to credit risk includes undrawn credit limits and uses scheduled balances. Carrying amount as at 31 December 2023 is $4.287b.*

## 4 Financial assets, liabilities and related financial risk management (continued)

### 4.2 Credit risk management (continued)

| Consolidated entity<br>Balance at 30 June 2023 | Maximum exposure to credit risk<br>Stage 1<br>$'000 | Stage 2<br>$'000 | Stage 3<br>$'000 | Total<br>$'000 | Expected credit loss<br>Stage 1<br>$'000 | Stage 2<br>$'000 | Stage 3<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|---|---|---|---|
| **Class of financial instrument** | | | | | | | | |
| Cash and cash equivalents | 203,247 | - | - | 203,247 | - | - | - | - |
| Due from other financial institutions | 3,000 | - | - | 3,000 | - | - | - | - |
| Certificate of deposit | 345,528 | - | - | 345,528 | - | - | - | - |
| Notes – securitisation program and other | 21,819 | - | - | 21,819 | - | - | - | - |
| **Total** | 573,594 | - | - | 573,594 | - | - | - | - |
| ***Loans and advances**** | | | | | | | | |
| - Mortgage lending | 4,583,706 | 5,089 | 4,949 | 4,593,744 | 3,110 | 218 | 592 | 3,920 |
| - Personal lending | 36,688 | - | 1 | 36,689 | 62 | - | 1 | 63 |
| - Commercial lending | 48,973 | 30 | - | 49,003 | 14 | 1 | - | 15 |
| **Total** | 4,669,367 | 5,119 | 4,950 | 4,679,436 | 3,186 | 219 | 593 | 3,998 |
| **Off-balance sheet exposures** | | | | | | | | |
| Loans approved not advanced (LANA) | 84,135 | - | - | 84,135 | 32 | - | - | 32 |
| Bank guarantees | 1,260 | - | - | 1,260 | - | - | - | - |
| **Total** | 85,395 | - | - | 85,395 | 32 | - | - | 32 |

** Maximum exposure to credit risk includes undrawn credit limits and uses scheduled balances. Carrying amount as at 30 June 2023 is $4.378b.*

## 4 Financial assets, liabilities and related financial risk management (continued)

### 4.2 Credit risk management (continued)

*4.2.4 Movement in gross carrying amounts*

The following tables show movements in gross carrying amounts of financial assets subject to impairment requirements.

| **Consolidated entity 31 December 2023** | **Stage 1 12-month ECL $'000** | **Stage 2 Lifetime ECL $'000** | **Stage 3 Lifetime ECL $'000** | **Total $'000** |
|---|---|---|---|---|
| **Loans and advances at amortised cost*** | | | | |
| Gross carrying amount at beginning of year | **4,352,454** | **5,116** | **4,949** | **4,362,519** |
| Transfer to stage 1 | **2,968** | **(1,831)** | **(1,137)** | **-** |
| Transfer to stage 2 | **(7,325)** | **8,107** | **(782)** | **-** |
| Transfer to stage 3 | **(1,816)** | **(1,894)** | **3,710** | **-** |
| Financial assets that have been derecognised during the period including write-offs | **(317,743)** | **(200)** | **(1,106)** | **(319,049)** |
| New financial assets originated | **305,109** | **-** | **-** | **305,109** |
| Adjustments for repayments and interest | **(77,562)** | **(6)** | **98** | **(77,470)** |
| **Net carrying amount as at 31 December 2023** | **4,256,085** | **9,292** | **5,732** | **4,271,109** |

| **Consolidated entity 30 June 2023** | **Stage 1 12-month ECL $'000** | **Stage 2 Lifetime ECL $'000** | **Stage 3 Lifetime ECL $'000** | **Total $'000** |
|---|---|---|---|---|
| **Loans and advances at amortised cost*** | | | | |
| Gross carrying amount at beginning of year | 3,804,623 | 8,773 | 5,928 | 3,819,324 |
| Transfer to stage 1 | 6,124 | (4,598) | (1,526) | - |
| Transfer to stage 2 | (3,597) | 3,812 | (215) | - |
| Transfer to stage 3 | (3,221) | (811) | 4,032 | - |
| Financial assets that have been derecognised during the period including write-offs | (587,307) | (2,488) | (3,646) | (593,441) |
| New financial assets originated | 1,234,590 | 877 | - | 1,235,467 |
| Adjustments for repayments and interest | (98,758) | (449) | 376 | (98,831) |
| **Net carrying amount as at 30 June 2023** | 4,352,454 | 5,116 | 4,949 | 4,362,519 |

** Excludes interest receivable and deferred mortgage brokers commissions.*

There has been no significant movement in carrying amount of other financial assets or the general business operations of the Group and therefore the movement has not been disclosed.

## 4 Financial assets, liabilities and related financial risk management (continued)

### 4.2 Credit risk management (continued)

*4.2.5 Movement in expected credit losses*

The following tables show movements in expected credit loss for financial assets subject to impairment requirements.

| Consolidated entity<br>31 December 2023 | Stage 1<br>12-month ECL<br>$'000 | Stage 2<br>Lifetime ECL<br>$'000 | Stage 3<br>Lifetime ECL<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Loans and advances at amortised cost*** | | | | |
| Loss allowance at beginning of year | **3,229** | **219** | **582** | **4,030** |
| Transfer to stage 1 | **130** | **(114)** | **(16)** | **-** |
| Transfer to stage 2 | **(4)** | **94** | **(90)** | **-** |
| Transfer to stage 3 | **(3)** | **(41)** | **44** | **-** |
| Financial assets derecognised during the period including write-offs | **(238)** | **(1)** | **(53)** | **(292)** |
| New financial assets originated | **136** | **-** | **-** | **136** |
| Changes in model risk assessment | **(352)** | **309** | **206** | **163** |
| **Loss allowance as at 31 December 2023** | **2,898** | **466** | **673** | **4,037** |

| Consolidated entity<br>30 June 2023 | Stage 1<br>12-month ECL<br>$'000 | Stage 2<br>Lifetime ECL<br>$'000 | Stage 3<br>Lifetime ECL<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Loans and advances at amortised cost*** | | | | |
| Loss allowance at beginning of year | 3,536 | 388 | 894 | 4,818 |
| Transfer to stage 1 | 270 | (197) | (73) | - |
| Transfer to stage 2 | (53) | 66 | (13) | - |
| Transfer to stage 3 | (18) | (77) | 95 | - |
| Financial assets derecognised during the period including write-offs | (671) | (81) | (746) | (1,498) |
| New financial assets originated | 664 | 19 | - | 683 |
| Changes in model risk assessment | (499) | 101 | 425 | 27 |
| **Loss allowance as at 30 June 2023** | 3,229 | 219 | 582 | 4,030 |

** Excludes interest receivable and deferred mortgage brokers commissions.*

No ECL is recognised on any other financial asset, as this has been assessed as immaterial in both the current and comparative periods.

**4 Financial assets, liabilities and related financial risk management (continued)**

**4.2 Credit risk management (continued)**

*4.2.6 Summary of movements in expected credit loss by financial instrument*

The following table summarises the movement in expected credit loss by financial instruments for the reporting period.

| **Consolidated entity**<br>**31 December 2023** | **Loans and advances**<br>**$'000** | **LANA**<br>**$'000** | **Total**<br>**$'000** |
|---|---|---|---|
| **Expected credit loss** | | | |
| Loss allowance at beginning of year | **3,998** | **32** | **4,030** |
| Loss allowance recognised/(reversed) during the year | **2** | **25** | **27** |
| Bad debts written off | **(20)** | **-** | **(20)** |
| **Loss allowance as at 31 December 2023** | **3,980** | **57** | **4,037** |

| **Consolidated entity**<br>**30 June 2023** | Loans and advances<br>$'000 | LANA<br>$'000 | Total<br>$'000 |
|---|---|---|---|
| **Expected credit loss** | | | |
| Loss allowance at beginning of year | 4,705 | 113 | 4,818 |
| Loss allowance recognised/(reversed) during the year | (648) | (81) | (729) |
| Bad debts written off | (59) | - | (59) |
| **Loss allowance as at 30 June 2023** | 3,998 | 32 | 4,030 |

*4.2.7 Credit risk concentrations*

An analysis of the Group's credit risk concentrations on loans and advances is provided in the following table. The amounts in the table represent gross carrying amounts, with the exception of loan commitments, which are recorded as the amount committed.

**Consolidated entity**

| **Loans and advances at amortised cost*** | **31 Dec 2023**<br>**$'000** | 30 Jun 2023<br>$'000 |
|---|---|---|
| **Concentration by sector** | | |
| Mortgage lending | **4,218,229** | 4,291,698 |
| Personal lending | **28,115** | 33,829 |
| Commercial lending | **24,765** | 36,992 |
| **Total** | **4,271,109** | 4,362,519 |

** Excludes interest receivable and deferred mortgage brokers commissions.*

## 4 Financial assets, liabilities and related financial risk management (continued)

### 4.2 Credit risk management (continued)

| Consolidated entity | 31 Dec 2023 $'000 | 30 Jun 2023 $'000 |
|---|---|---|
| **Loans and advances at amortised cost*** | | |
| **Concentration by region** | | |
| Queensland | **2,719,540** | 2,803,366 |
| New South Wales | **631,385** | 641,593 |
| Australian Capital Territory | **79,151** | 88,371 |
| Victoria | **522,781** | 522,650 |
| South Australia | **67,419** | 67,687 |
| Western Australia | **218,179** | 205,548 |
| Tasmania | **14,373** | 14,599 |
| Northern Territory | **18,281** | 18,705 |
| **Total** | **4,271,109** | 4,362,519 |

** Excludes interest receivable and deferred mortgage brokers commissions.*

LANA of $123.951m (Jun 23: $84.135m) is an additional exposure under AASB 9 not recognised on the balance sheet, but is immaterial to the concentrations in the above table.

*4.2.8 Specific provision*

The Group has complied with the provisioning requirements under the APRA prudential standard APS220 Credit Quality and includes a specific provision amounting to $1.416m (Jun 23: $1.474m) determined in accordance with the aforementioned prudential standard.

*4.2.9 Financial instruments classified at FVTPL*

The maximum exposure to credit risk of the notes held in MISs designated at FVTPL is their carrying invested amount, which was $23.249m at31 December 2023 (Jun 23: $25.159m). The change in fair value due to credit risk for the MISs designated at FVTPL is a decrease of $0.126m for the period (Jun 23: $0.410m). The Group uses the performance of the portfolio to determine the change in fair value attributable to changes in credit risk of its MISs designated at FVTPL.

*4.2.10 Analysis of financial instruments by past due status*

Under the Group's monitoring procedures a significant increase in credit risk is identified before the exposure has defaulted and at the latest when the exposure becomes 30 days past due. The table below provides an analysis of the gross carrying amount of loans and advances (excluding effects of hardship accounts) by past due status, that are over 30 days past due.

**4 Financial assets, liabilities and related financial risk management (continued)**

**4.2 Credit risk management (continued)**

| Consolidated entity | **31 Dec 2023 $'000** | 30 Jun 2023 $'000 |
|---|---|---|
| 30 days and less than 60 days | **3,646** | 2,407 |
| 60 days and less than 90 days | **412** | 283 |
| 90 days and less than 182 days | **874** | 590 |
| 182 days and less than 273 days | **253** | - |
| 273 days and less than 365 days | **629** | 139 |
| 365 days and over | **354** | 813 |
| | **6,168** | 4,232 |

*4.2.11 Collateral held as security and other credit enhancements*

*Mortgage lending*

The Group holds residential properties as collateral for the mortgage loans it grants to its customers. The Group monitors its exposure to retail mortgage lending using the LVR (loan to value ratio), which is calculated as the ratio of the gross amount of the loan to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is typically based on the collateral value at origination. For credit-impaired loans the value of collateral is based on the most recent appraisals. Subsequent appraisals are performed on securities held for credit-impaired loans, to more closely monitor the Group's exposure. The Group will take possession of security property in line with its MIP (mortgagee in possession) policy and any loss resulting from subsequent sale will be recorded as an expense, resulting in a reduction in any provision that was held for that exposure. There are also procedures in place for the recovery of bad debts written off; debt recovery processes are performed internally as well as through the use of third parties.

The table below shows the exposures from mortgage loans by ranges of LVR and those generated through the FHLDS (First Home Loan Deposit Scheme). Under the FHLDS, a government guarantee for loan monies above 80% of the value of the property purchased is provided, effectively reducing credit risk exposure.

| | **Gross carrying amount** | | **Expected credit loss** | |
|---|---|---|---|---|
| **Consolidated entity** | **31 Dec 2023 $'000** | 30 Jun 2023 $'000 | **31 Dec 2023 $'000** | 30 Jun 2023 $'000 |
| **Mortgage lending LVR ratio** | | | | |
| Less than 50% | **835,604** | 757,446 | **492** | 564 |
| 51-70% | **1,557,880** | 1,499,370 | **1,288** | 1,229 |
| 71-90% | **1,144,762** | 1,286,954 | **1,266** | 1,378 |
| 91-100% | **33,789** | 49,182 | **172** | 8 |
| More than 100% | **6,158** | 8,128 | **255** | 321 |
| FHLDS | **640,036** | 690,618 | **405** | 420 |
| **Total** | **4,218,229** | 4,291,698 | **3,878** | 3,920 |

**4 Financial assets, liabilities and related financial risk management (continued)**

**4.2 Credit risk management (continued)**

*Personal lending*

The Group's personal lending portfolio consists of secured and unsecured term loans and unsecured credit cards. For loans with the purpose of purchasing vehicles and the like, the vehicle can be used as security for a secured personal loan, if acceptable under the applicable lending policy. The personal lending portfolio exhibits similar traits and behaviours regardless of whether the loan is secured or unsecured.

*Commercial lending*

The Group requests collateral, which is usually in the form of residential property, as security for corporate lending. Bank guarantees are also used at times, which utilise cash, residential or commercial mortgages as security. The table below shows the exposures from commercial loans by ranges of LVR.

| | Gross carrying amount | | Expected credit loss | |
|---|---|---|---|---|
| | **31 Dec 2023** | 30 Jun 2023 | **31 Dec 2023** | 30 Jun 2023 |
| **Consolidated entity** | **$'000** | $'000 | **$'000** | $'000 |
| **Commercial lending LVR ratio** | | | | |
| Less than 50% | **12,810** | 21,203 | **18** | 9 |
| 51-70% | **9,692** | 11,958 | **14** | 4 |
| 71-90% | **2,263** | 3,831 | **9** | 2 |
| **Total** | **24,765** | 36,992 | **41** | 15 |

*Other financial assets*

The Group holds other financial assets at amortised cost with a carrying amount of $604.337m (Jun 23: $575.032m) and at FVTOCI with a carrying amount of $0.918m (Jun 23: $0.918m). These are high quality investments and as per policy the Group only invests in certain types of financial assets which are investment grade and of lower credit risk.

**4.3 Fair value measurements**

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

*4.3.1 Financial instruments measured at fair value on a recurring basis*

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped by fair value hierarchy level.

## 4 Financial assets, liabilities and related financial risk management (continued)

### 4.3 Fair value measurements (continued)

| **Consolidated entity**<br>**31 December 2023** | **Level 1**<br>**$'000** | **Level 2**<br>**$'000** | **Level 3**<br>**$'000** | **Total**<br>**$'000** |
|---|---|---|---|---|
| *Financial assets mandatorily measured at FVTPL* | | | | |
| Investments in managed investment schemes | **-** | **-** | **23,249** | **23,249** |
| Derivative assets | **-** | **1,963** | **-** | **1,963** |
| *Equity instruments designated at FVTOCI* | | | | |
| Unlisted shares | **-** | **-** | **918** | **918** |
| **Total assets** | **-** | **1,963** | **24,167** | **26,130** |
| *Financial liabilities mandatorily measured at FVTPL* | | | | |
| Derivative liabilities | **-** | **1,311** | **-** | **1,311** |
| **Total liabilities** | **-** | **1,311** | **-** | **1,311** |

| **Consolidated entity**<br>**30 June 2023** | Level 1<br>$'000 | Level 2<br>$'000 | Level 3<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| *Financial assets mandatorily measured at FVTPL* | | | | |
| Investments in managed investment schemes | - | - | 25,159 | 25,159 |
| Derivative assets | - | 7,916 | - | 7,916 |
| *Equity instruments designated at FVTOCI* | | | | |
| Unlisted shares | - | - | 918 | 918 |
| **Total assets** | - | 7,916 | 26,077 | 33,993 |
| *Financial liabilities mandatorily measured at FVTPL* | | | | |
| Derivative liabilities | - | 925 | - | 925 |
| **Total liabilities** | - | 925 | - | 925 |

There have been no transfers between the level 1 and level 2 categories of financial instruments.

## 4 Financial assets, liabilities and related financial risk management (continued)

### 4.3 Fair value measurements (continued)

*4.3.2 Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities*

| Consolidated entity | FVTOCI Unlisted shares | | FVTPL Managed investment schemes | |
|---|---|---|---|---|
| | **30 Dec 23 $'000** | 30 Jun 23 $'000 | **31 Dec 23 $'000** | 30 Jun 23 $'000 |
| **Balance at beginning of year** | **918** | 918 | **25,159** | 26,857 |
| Total gains or losses: | | | | |
| - in profit or loss | **-** | - | **624** | 1,295 |
| - in other comprehensive income | **-** | - | - | - |
| Purchases | | - | **-** | 7,000 |
| Disposals | **-** | - | **(2,534)** | (9,993) |
| **Balance at end of period** | **918** | 918 | **23,249** | 25,159 |

*4.3.3 Financial instruments not measured at fair value*

The following table provides an analysis of financial assets and liabilities that are not measured at fair value.

| **Consolidated entity 31 December 2023** | **Level 1 $'000** | **Level 2 $'000** | **Level 3 $'000** | **Total fair value $'000** | **Total carrying amount $'000** |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | **211,848** | **-** | **-** | **211,848** | **211,848** |
| Due from other financial institutions | **16,000** | **-** | **-** | **16,000** | **16,000** |
| Other financial assets | **380,801** | **-** | **-** | **380,801** | **376,489** |
| Loans and advances | **-** | **-** | **4,285,035** | **4,285,035** | **4,286,804** |
| **Total financial assets** | **608,649** | **-** | **4,285,035** | **4,893,684** | **4,891,141** |
| **Financial liabilities** | | | | | |
| Deposits and short term borrowings | **-** | **4,037,702** | **-** | **4,037,702** | **4,047,555** |
| Other borrowings | **-** | **20,908** | **-** | **20,908** | **20,987** |
| Payables and other liabilities | **-** | **-** | **45,636** | **45,636** | **45,636** |
| Loans under management | **-** | **543,170** | **-** | **543,170** | **541,411** |
| Subordinated capital notes | **-** | **41,860** | **-** | **41,860** | **41,860** |
| **Total financial liabilities** | **-** | **4,643,640** | **45,636** | **4,689,276** | **4,697,449** |

**4 Financial assets, liabilities and related financial risk management (continued)**

**4.3 Fair value measurements (continued)**

| **Consolidated entity 30 June 2023** | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total fair value $'000 | Total carrying amount $'000 |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | 203,247 | - | - | 203,247 | 203,247 |
| Due from other financial institutions | 3,000 | - | - | 3,000 | 3,000 |
| Other financial assets | 363,235 | - | - | 363,235 | 369,357 |
| Loans and advances | - | - | 4,385,384 | 4,385,384 | 4,377,803 |
| **Total financial assets** | 569,482 | - | 4,385,384 | 4,954,866 | 4,953,407 |
| **Financial liabilities** | | | | | |
| Deposits and short term borrowings | - | 4,032,917 | - | 4,032,917 | 4,042,906 |
| Other borrowings | - | 99,119 | - | 99,119 | 101,013 |
| Payables and other liabilities | - | - | 42,296 | 42,296 | 42,358 |
| Loans under management | - | 533,527 | - | 533,527 | 530,755 |
| Subordinated capital notes | - | 42,000 | - | 42,000 | 42,000 |
| **Total financial liabilities** | - | 4,707,563 | 42,296 | 4,749,859 | 4,759,032 |

## 5 Other financial information

### 5.1 Deferred tax assets and liabilities

| | Consolidated as at 31 Dec 2023 $'000 | as at 30 Jun 2023 $'000 |
|---|---|---|
| **Deferred tax assets** | | |
| Employee leave provisions | **1,177** | 1,136 |
| Expected credit losses | **1,219** | 1,221 |
| Capital losses available | **276** | 754 |
| Premium on loans purchased | **91** | 95 |
| Subordinated capital notes prepaid expenses | **49** | 48 |
| Lease liabilities net of right of use assets | **170** | 219 |
| Project acquisition costs | **50** | - |
| Performance Rights cash contributions in excess of accounting expense | **24** | - |
| Other items | **90** | 311 |
| | **3,146** | 3,784 |
| **Deferred tax liabilities** | | |
| Property and equipment | **732** | 737 |
| Asset revaluation reserve | **2,547** | 2,547 |
| Cash flow hedging reserve | **196** | 2,098 |
| Performance Rights cash contributions in excess of accounting expense | **-** | 29 |
| | **3,475** | 5,411 |
| Deferred tax assets | **3,146** | 3,784 |
| Deferred tax liabilities | **(3,475)** | (5,411) |
| **Net deferred tax assets / (deferred tax liabilities)** | **(329)** | (1,627) |

### 5.2 Details of material associates

In December 2023, the Group disposed of its interest in FAMG in full to a third party. The consideration is payable in two tranches: $1.81m received by the Group in December 2023 and the remaining $0.45m is expected to be received in December 2024 subject to the fulfilment of the conditions of the sales agreement. As the result of the disposal a post-tax gain of $1.10m (net of transaction cost) was recognised during the first half year ended 31 December 2023.

### 5.3 Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

### 5.4 Events subsequent to balance date

There have been no other events subsequent to balance date of a nature which require reporting.

In accordance with a resolution of the Directors of Auswide Bank Ltd, we declare that:
In the opinion of the Directors:

(a) the interim financial statements comprising of the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001*, and:

- (i) give a true and fair view of the financial position of the Group as at 31 December 2023 and of the performance for the half-year on that date; and
- (ii) comply with Australian Accounting Standards (including the Australia Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) the financial report complies with International Financial Reporting Standards (IFRS) as disclosed in Section 1; and

(c) there are reasonable grounds to believe that Auswide Bank Ltd will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*, and is signed for and on behalf of the Directors by:

**Sandra Birkensleigh**
Director

Brisbane
23 February 2024

Deloitte.

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# Independent Auditor's Review Report to the members of Auswide Bank Ltd

## Report on the Half-Year Financial Report

### *Conclusion*

We have reviewed the half-year financial report of Auswide Bank Ltd (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 5 to 7.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

(a) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

(b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards) ("the Code")* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

### *Directors' Responsibilities for the Half-year Financial Report*

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Deloitte.

*Auditor's Responsibilities for the Review of the Half-year Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M Stretton

Mark Stretton
Partner
Chartered Accountants

Melbourne, 23 February 2024

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