AUSWIDE BANK

Investor Presentation

FY24 Financial Results

26 August 2024

Results Overview

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FY24 Key Financial Metrics

FINANCIAL RESULTS

Statutory NPAT	$11.231m	down 55.2%
Underlying NPAT[1]	$10.283m	down 59.0%
ROE Statutory	3.9%	down 4.8%
ROE Underlying[1]	3.6%	down 5.1%
EPS Statutory	24.2c	down 31.4c
Cost to income Ratio	79.9%	up 14.9%

BALANCE SHEET, CAPITAL AND FUNDING RESULTS

Net Interest Margin (NIM)	142bps	down 46bps
Loan Book Arrears	0.20%	up 0.10%
Total Provisions	$6.7m	up $0.2m
Capital Adequacy Ratio	14.8%	up 1.1%
Loan Book[2]	$4.429b	up $26m
Deposits	$3.686b	up $272m

[1] 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

[2] Including investments in Managed Investment Schemes (MISs) reported in Financial Assets on the Balance Sheet

FY24 Review

CHALLENGES AND HEADWINDS

> Unprecedented competition for mortgages and deposits coupled with high refinancing activity in the market is placing pressure on margins

> Retention activities as a significant volume of fixed rates loans expire

> Escalating costs including wage inflation, risk and regulatory costs, information technology costs particularly in relation to cyber security and fraud prevention

RESULTS

> Conservative and risk-based approach to growth resulted in a steady loan book across the year increasing marginally from $4.403b at 30 June 2023 to $4.428b at 30 June 2024

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

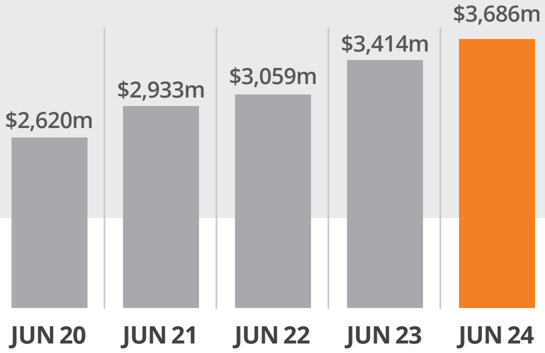
> Elevated competition and substantial increases to wholesale funding triggered a decline in the NIM, down from 188bps at 30 June 2023 to 142bps at 30 June 2024

> High quality loan book reflects industry leading levels of arrears increasing from 0.10% at 30 June 2023 to 0.20% at 30 June 2024

> Strong capital adequacy ratio of 14.78% (tier 1 capital ratio of 12.12%) up from 13.70% at 30 June 2023 providing capacity to grow and invest for the future

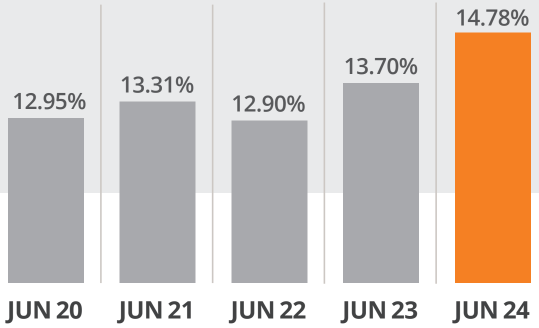
Balance Sheet Metrics

Customer Deposits



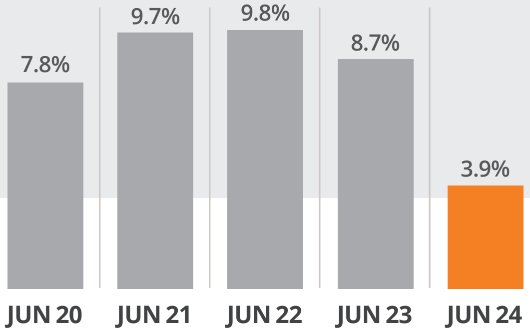
- 7.97% growth in deposits reflects strategic focus on cost effective funding lines
- 75.3% of funding from Customer deposits (FY23: 72.4%)

Capital Adequacy Ratio



- Capital remains strong at 14.78%
- CET1 of 12.12%
- Capital in excess of Board target of 13.25%

Statutory ROE



- ROE of 3.9%, down from 7.8% in June 2020

Financial Overview

02

Financial Overview

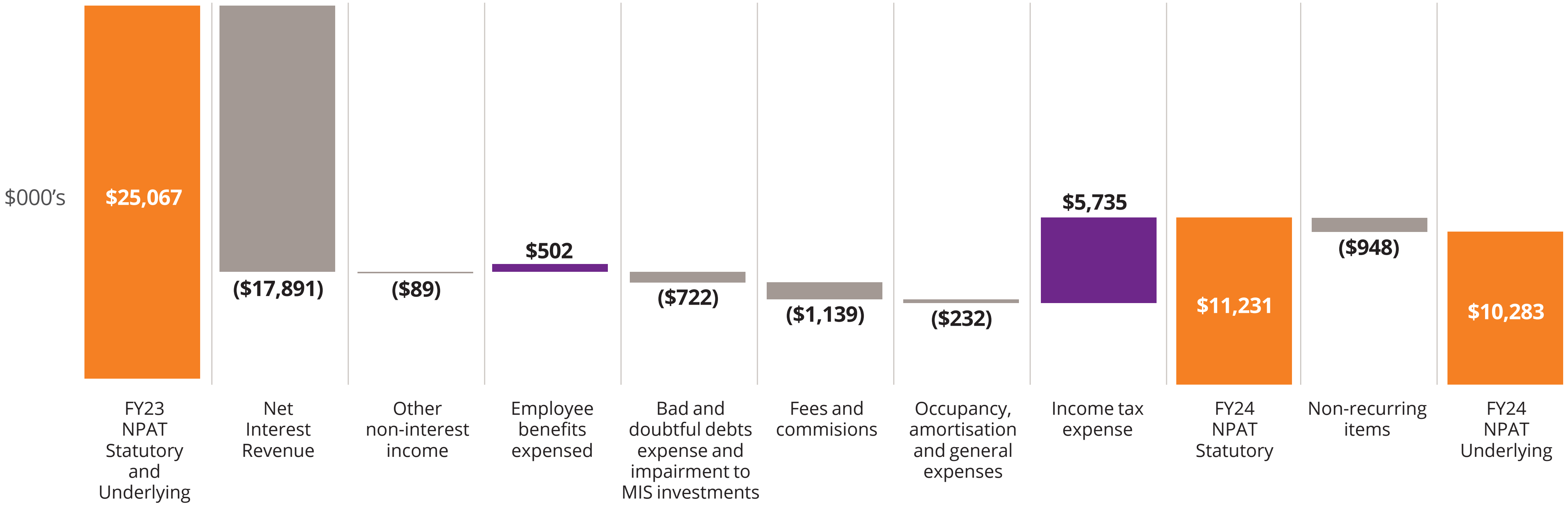
	FY24	FY23	CHANGE
NPAT Statutory (Consolidated)	$11.231m	$25.067m	↓ 55.2%
NPAT Underlying (Consolidated)[1]	$10.283m	$25.067m	↓ 59.0%
Loan Book (billion)[2]	$4.429b	$4.403b	↑ $26m
Net Interest Revenue	$71.291m	$89.182m	↓ 20.1%
Net Interest Margin (NIM) (Basis points)	142bps	188bps	↓ 46bps
Final Dividend per share	11.0c	21.0c	↓ 10.0c
Total Dividend per share	22.0c	43.0c	↓ 21.0c
EPS Statutory (cents)	24.2c	55.6c	↓ 31.4c
EPS Underlying (cents)[1]	22.2c	55.6c	↓ 33.4c
ROE Statutory	3.9%	8.7%	↓ 4.8%
ROE Underlying[1]	3.6%	8.7%	↓ 5.1%
Cost to income Ratio	79.9%	65.0%	↑ 14.9%
Capital Adequacy Ratio	14.78%	13.70%	↑ 1.08%
Deposits	$3.686b	$3.414b	↑ $272m

- NPAT of $11.231m, down 55.2% on prior year statutory results
- Net interest revenue of $71.291m, down 20.1%
- Loan book growth of $26m or 0.6% from $4.403b at 30 June 2023 to $4.429b at 30 June 2024
- Net Interest Margin of 142bps, down 46bps on FY23
- Deposits up 8.0%; now 75.3% of funding (FY23: 72.4%)
- Strong balance sheet, capital adequacy ratio of 14.78%
- Statutory ROE of 3.9% down 4.8% from FY23 (8.7%)
- Final dividend of 11.0c reflects results and payout ratio of 96.3% (subject to completion of the Acquisition and the Offer)

[1] See NPAT excluding non-recurring items reconciliation page 3
[2] Including investments in Managed Investment Schemes (MISs) reported in Financial Assets in Balance Sheet

NPAT Reconciliation

NPAT impacted by margin pressure in loan and funding markets

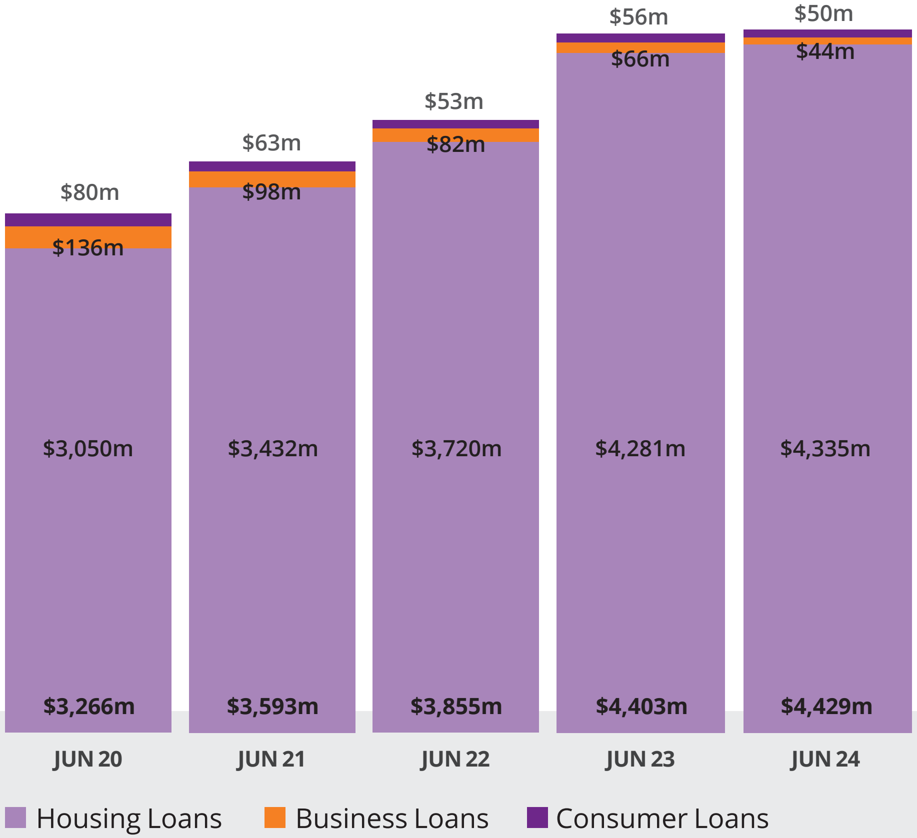


- Statutory NPAT of $11.231m, down 55.2% on FY23
- Net interest revenue decline of 20.1% on the back of increase competition and rising cost of funds
- Operating expenses were tightly controlled with a 1.0% increase on pcp (excluding expected credit losses)
- Continuing investment in technology, data and cyber security and skills in IT and risk-based functions
- In 1H FY24 a gain on the sale of the investment in FAMG of ($1.108m) was recognised. There was also $0.160m for professional fees relating to potential M&A activities

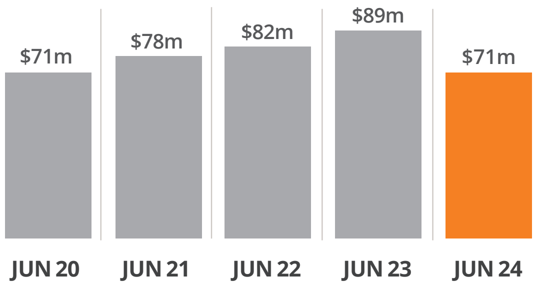
Loan Book Growth

Conservative loan book growth during a period of intense competition

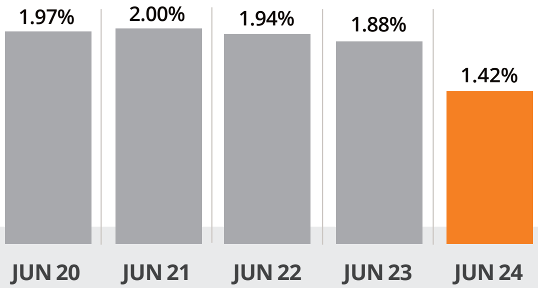
Loans and Advances Balances



Net Interest Income



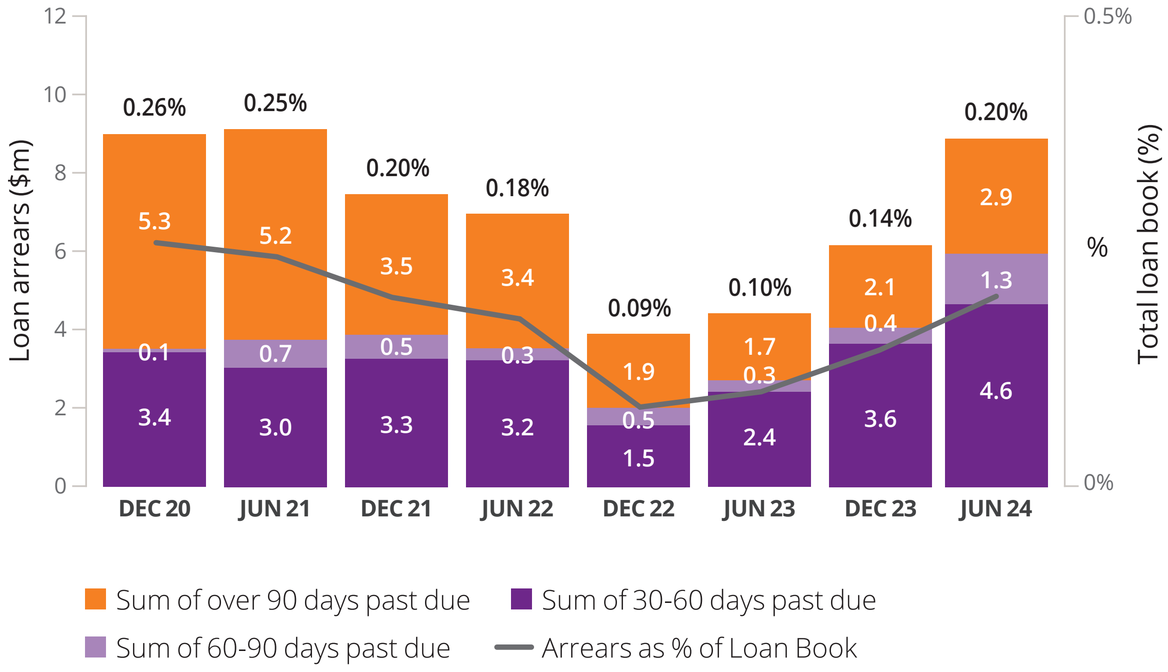
Net Interest Margin



- Net interest revenue of $71m, down 20.1% on FY23
- Net interest margin of 1.42% (FY23: 1.88%)
- Loan book grew 5.5% (annualised) across 2H FY24 after marginal decline in 1H FY24
- Housing loans of $4,335m, up 1.3% on FY23; 97.88% of loan book
- Business lending of $44m with a pause in new lending after a change in strategy in FY21 (0.99% of loan book)

Loan Book Arrears

Credit quality and low arrears maintained



LOANS PAST DUE V. SPIN (PERCENTAGE OF TOTAL LOANS)

	30 days past due (includes >90 days past due)	90 days past due
AUSWIDE	0.20	0.07
SPIN (Other)	0.81	0.40
SPIN (Regional)	1.22	0.60

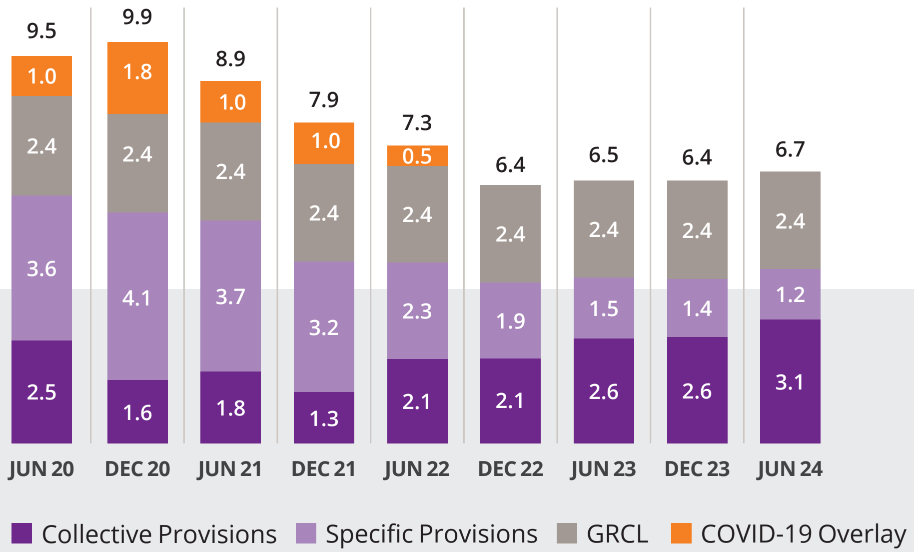
Auswide figures: at 30 June 2024 | SPINs: at 31 May 2024
(latest available at time of publication)

- Continued rigorous credit assessment reflected in low level of arrears
- Early and proactive approach to collections supporting industry leading loss rates
- Advance payments of $256m (5.8% of total loan book) enhances credit quality
- $452m in Offset accounts (10.2% of total loan book)
- >30 days past due arrears remain low at 0.20% of loan book
- >90 days past due arrears at 0.07% of loan book

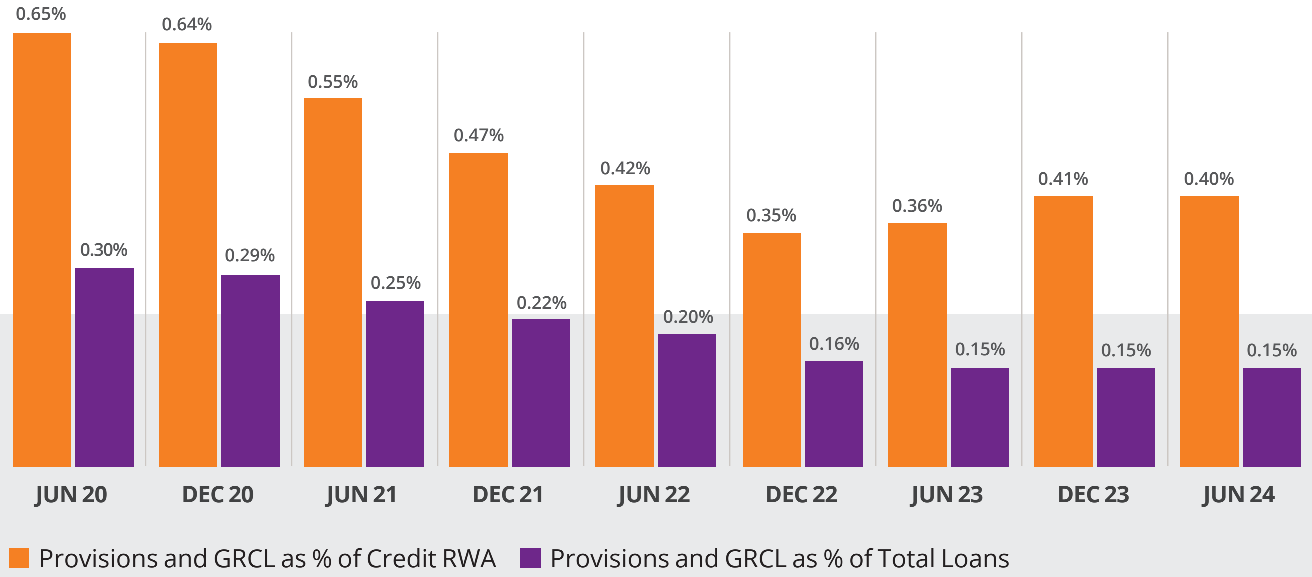
Provisions and Coverage Ratio

Provisions and GRCL at 0.40% of Credit RWAs

Total Provisions and GRCL ($m)



Total Provision Coverage Ratio



- Arrears remain industry leading at historic lows
- Auswide applies a maximum debt to income ratio of 6 times
- The bank has no current MIPs and hardship numbers remain static

Loan Book Diversification

Further diversification of loan book supported by broker

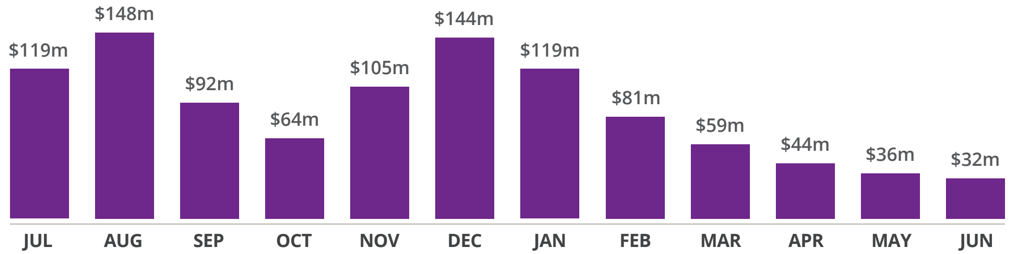
- Strong broker flows drive growth in NSW and Victoria
- 38.1% of loan book is outside Queensland (FY23: 35.7%)
- Growth is being seen in the non-core areas
- Loan book is well-positioned to leverage strong macroeconomic tailwinds in Queensland

	Loan Book			Breakdown	
	JUN 23	JUN 24	GROWTH %	JUN 23	JUN 24
SOUTH EAST QUEENSLAND	$1,813.0m	$1,802.4m	0.6% ↓	41.6%	41.0%
QUEENSLAND OTHER	$990.4m	$917.6m	7.4% ↓	22.7%	20.9%
NEW SOUTH WALES	$641.6m	$658.0m	2.6% ↑	14.7%	15.0%
VICTORIA	$522.7m	$570.6m	9.2% ↑	12.0%	13.0%
AUSTRALIA OTHER	$394.8m	$442.6m	12.1% ↑	9.0%	10.1%
TOTAL	$4,362.5m	$4,391.2m		100%	100%

Net Interest Margin

Over $1 billion of fixed rate loans maturing in FY25

Fixed Rate Loan Maturities (FY25)



Fixed Rate Loan Maturities

> Maturity of fixed rate loans will continue to contribute to NIM improvement

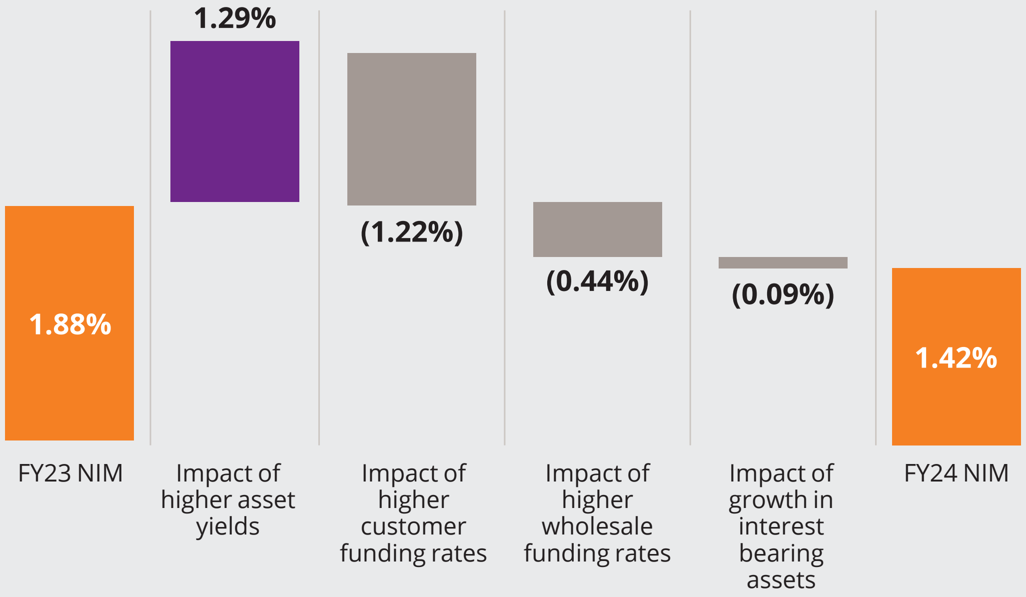
> The average rate of fixed loans maturing in 1H FY25 is 3.73% and in 2H FY25 4.19%. These loans will roll to current market rates, delivering a material uplift in interest revenue

> $672m of fixed rate loans maturing in 1H FY25 and $371m maturing in 2H FY25

> Strong retention rates for fixed to variable rate loans will support the potential uplift to margins

> 84% of all fixed rate loans will mature by 30 June 2025

Net Interest Margin Reconciliation

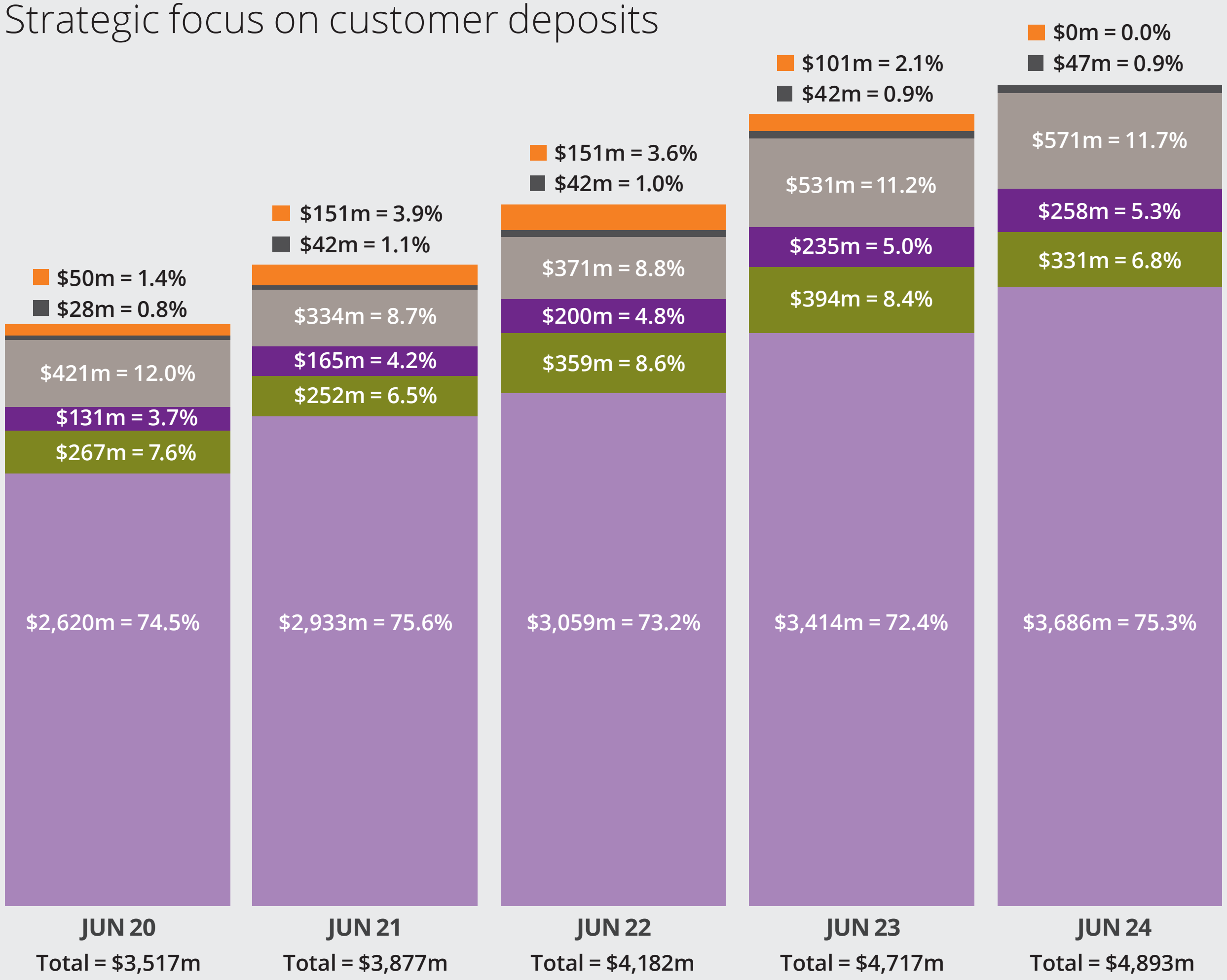


> NIM of 1.42% in a competitive rapidly rising interest rate environment

> Rising funding costs are nearly at the same level as highly competitive home loan pricing

Funding Mix

Strategic focus on customer deposits

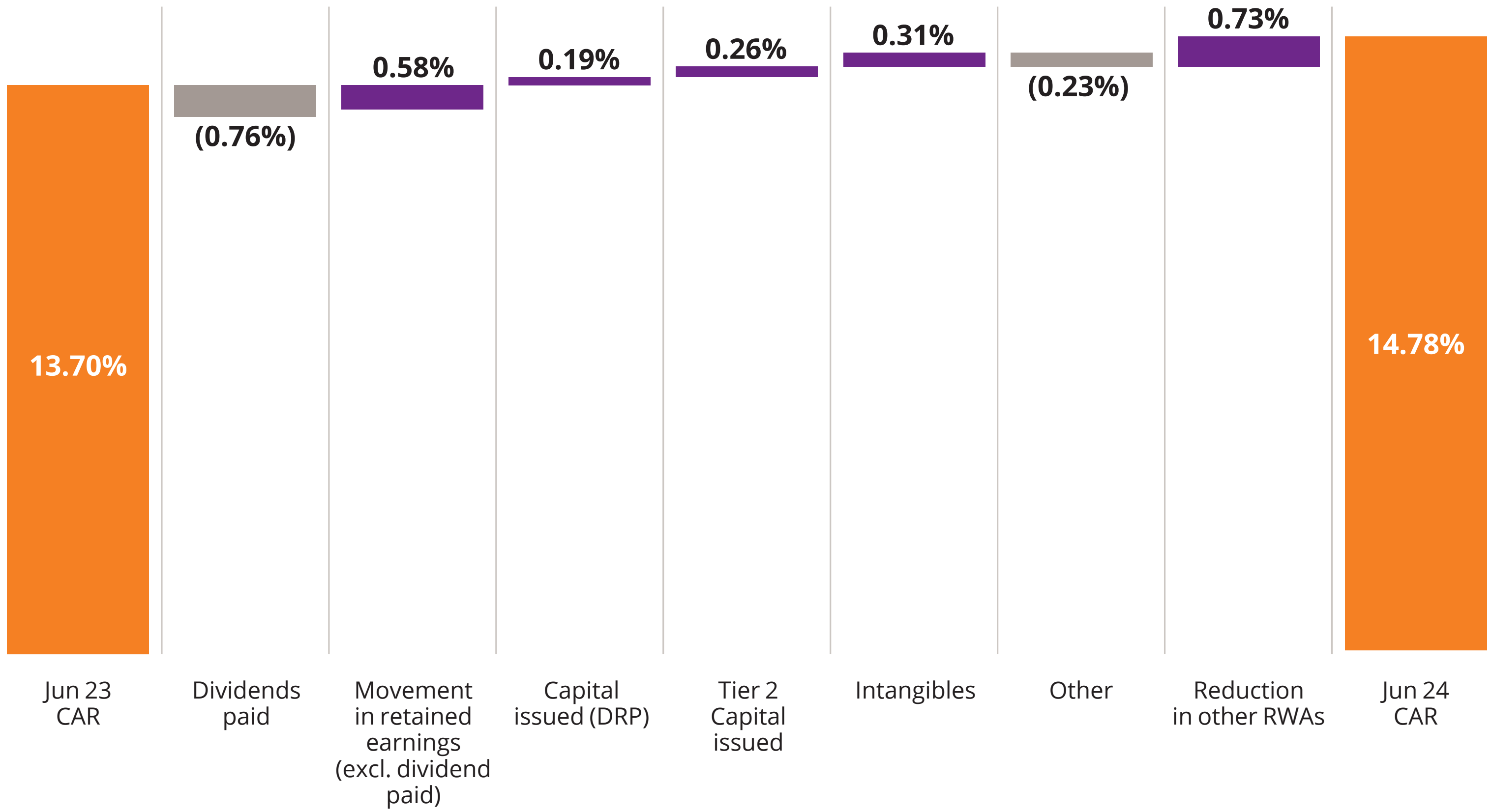


- Ongoing focus on utilising lower-cost retail funding to manage funding costs
- 8.0% growth in customer deposits to reach 75.3% of total funding (FY20: 74.5%)
- Securitisation remains an important source of funding and capital relief
- Maintained dual investment grade ratings from Fitch and Moody's of BBB+ Baa2 respectively

Customer Deposits
Securitisation
NCDs
Subordinated Debt
Senior Unsecured FRNs
RBA Term Funding Facility

Capital Waterfall

Capital strength to support growth in the loan book



- Capital at 14.78%, in excess of board target
- CET1 of 12.12%
- Maintained dual investment grade ratings from Fitch and Moody's of BBB+ Baa2 respectively
- Securitisation trust ABA Trust 2023-1 settled in December 2023 providing capital relief

FY25 Outlook

LOOKING FORWARD

- Home loan growth anticipated to exceed $300m across FY25
- Material uplift expected in interest revenue following the maturity of the fixed loan portfolio resulting in low fixed rates converting to higher market rates
- Identify growth opportunities and drive new banking connections by targeting Partnerships to build deposit base
- Reinvigorate customer processes by evaluating construct of products to pursue simplification
- Effectively managing costs while balancing operational requirements
- Quality lending underpinned by prudent loan underwriting standards, strong governance, and robust internal controls
- Investment to enhance fraud management, cyber resilience, data risk and cloud governance
- Aligning future investments with growth opportunities and strategic initiatives

Disclaimer

This Presentation has been prepared for Auswide Bank Ltd ABN 40 087 652 060, Australian Financial Services and Australian Credit License Number 239686, ASX Code ABA. The information is current as at 26 August 2024.

FINANCIAL AMOUNTS

All dollar values are in Australia dollars (A$) and financial data is presented as at the date stated. Pro-forma financial information and past information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of ABA's views on its future financial condition and/or performance. Past performance, including past trading or share price performance of ABA, cannot be relied upon as an indicator of (and provides no guidance as to) future ABA performance including future trading or share price performance.

FUTURE PERFORMANCE

This Presentation contains certain "forward-looking statements". Forward-looking statements can generally be identified by the use of forward-looking words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "will", "could", "may", "target", "plan" and other similar expressions within the meaning of securities laws of applicable jurisdictions. The forward-looking statements contained in this Presentation involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of ABA, and may involve significant elements of subjective judgment as to future events which may or may not be correct. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

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