AUSWIDE BANK

Investor Presentation

1H FY24 Financial Results

26 February 2024

Small things. Big difference.

Results Overview

01

Summary of Key Results

Results Overview 1H FY24 compared to 1H FY23

FINANCIAL RESULTS

Statutory NPAT	$7.663m	down	45.7%
Underlying NPAT[1]	$6.618m	down	53.1%
ROE Statutory	5.3%	down	4.6%
ROE Underlying[1]	4.6%	down	5.3%
EPS Statutory	16.6c	down	15.1c
Cost to Income	74.5%	up	12.2%

BALANCE SHEET, CAPITAL AND FUNDING RESULTS

Net Interest Margin (NIM)	150bps	down	52bps
Loan Book Arrears	0.14%	up	0.04%
Total Provisions	$6.4m	static	$0.0m
Capital	15.34%	up	2.48%
Loan Book[2]	$4.310b	up	$202m
Deposits	$3.428b	up	$180m

[1] In 1H FY24 a gain on the sale of the investment in FAMG of ($1.108m) was recognised. There was also $0.063m for professional fees relating to potential M&A activities

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

1H FY24 Review

CHALLENGES AND HEADWINDS

> Intense competition for deposits and home loans with historically high refinancing activity across the banking industry

> In the environment of rising living costs, deposit customers have chosen to invest in higher yielding products

> High volume of customers graduating from low fixed rate terms has created retention competition

RESULTS

> Conservative approach to growth across the half-year resulting in a relatively steady loan book, declining $93m or 2.1% from $4.403b at 30 June 2023 to $4.310b at 31 December 2023

> Historically low level of arrears evident in the bank's loan book continues although there has been a marginal lift in arrears

> NIM contraction was driven by a highly competitive home loan lending market and unprecedented retention activities (150bps 1H FY24 down 27bps from 2H FY23)

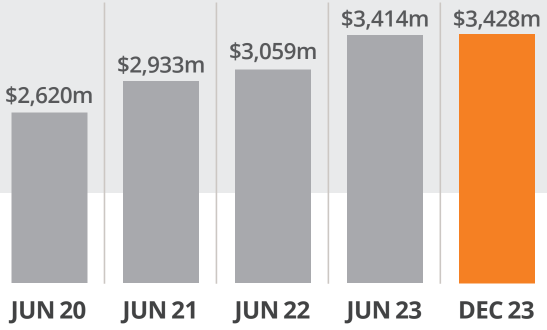
> Retail deposits continue to be Auswide Bank's largest source of funding, recording growth of $180m from $3.248b at 31 December 2022 to $3.428b at 31 December 2023

> Strong capital adequacy ratio of 15.34% (and a tier 1 capital ratio of 12.82%) at 31 December 2023 up from 13.70% at 30 June 2023

Balance Sheet Strength

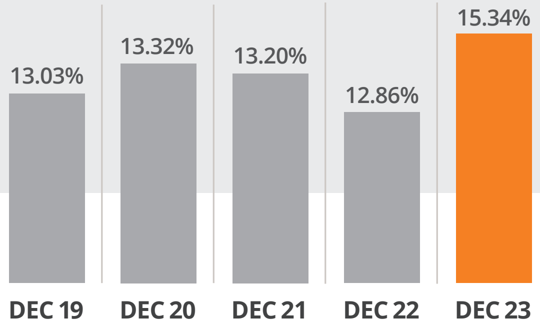
Capital Adequacy Ratio strong at 15.34%

Customer Deposits



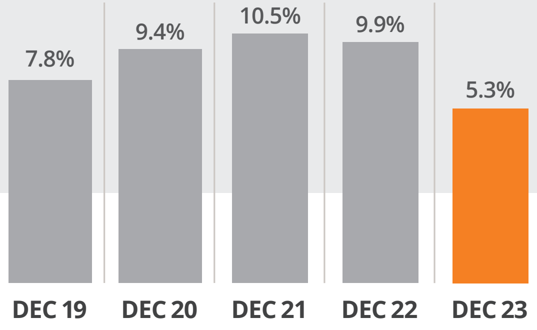
- Growth in deposits reflects strategic focus on cost effective funding lines
- 73.7% of funding from customer deposits (1H FY23 71.7%)

Capital Adequacy Ratio



- Capital remains strong at 15.34%
- CET1 of 12.82%
- Capital in excess of Board target

Statutory ROE



- ROE result reflects decline in NIM and net interest revenue
- Competition in loan and deposit markets created pressure for returns

Financial Overview

02

Financial Overview

	1H FY24	1H FY23	CHANGE
NPAT Underlying (Consolidated)[1]	$6.618m	$14.113m	↓ 53.1%
NPAT Statutory (Consolidated)	$7.663m	$14.113m	↓ 45.7%
Loan Book (billion)[2]	$4.310b	$4.108b	↑ $202m
Net Interest Revenue	$37.311m	$46.512m	↓ 19.8%
Net Interest Margin (NIM) (basis points)	150bps	202bps	↓ 52bps
Interim Dividend per share	11.0c	22.0c	↓ 11.0c
EPS Underlying (cents)[1]	14.3c	31.7c	↓ 17.4c
EPS Statutory (cents)	16.6c	31.7c	↓ 15.1c
ROE Underlying[1]	4.6%	9.9%	↓ 5.3%
ROE Statutory	5.3%	9.9%	↓ 4.6%
Cost to Income Ratio	74.5%	62.3%	↑ 12.2%
Capital Adequacy Ratio	15.34%	12.86%	↑ 2.48%
Deposits	$3.428b	$3.248b	↑ $180m

[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

> Underlying NPAT of $6.618m, down 53.1% reflects 1H decline in net interest revenue and continued investment in business activities (CIR of 74.5% vs 62.3% 1H FY23)

> Net interest revenue of $37.311m, down 19.8% due to deposit competition and migration to higher priced term deposits

> Loan book decline of $93m or 2.1% from $4.403b at 30 June 2023 to $4.310b at 31 December 2023

> Net Interest Margin of 150bps, down 27bps on 2H FY23 and down 52bps on 1H FY23

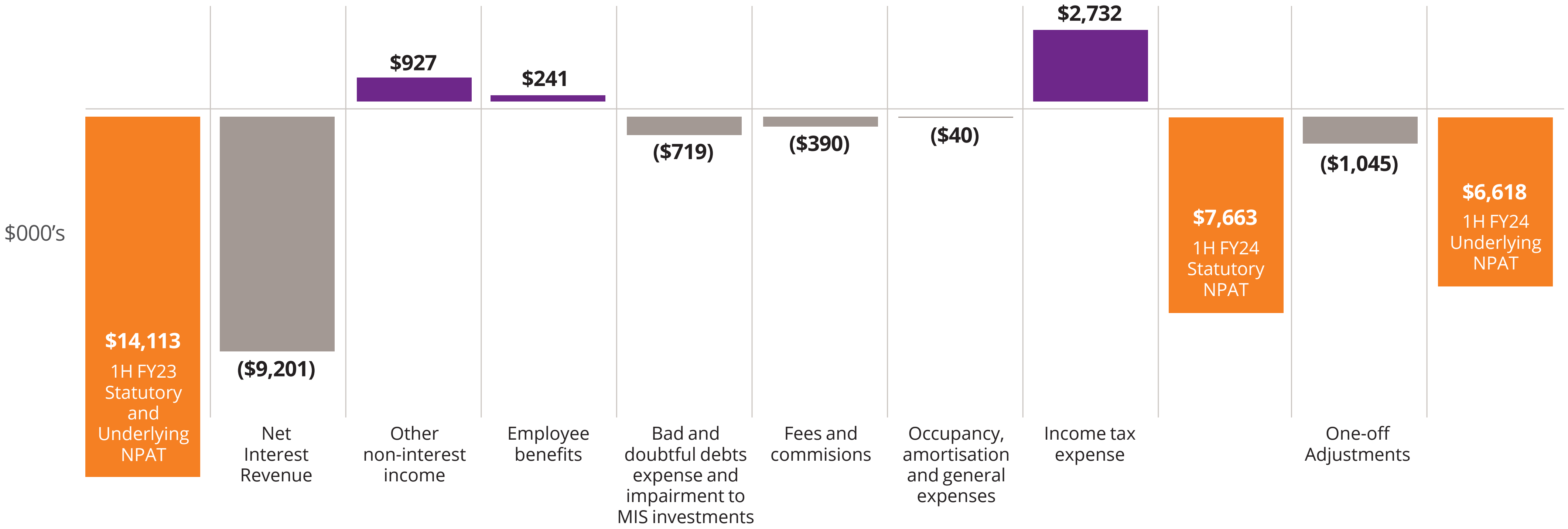
> Customer deposits now at 73.7% of funding (1H FY23 71.7%)

> Strong balance sheet, capital adequacy ratio of 15.34%

> Interim dividend of 11.0c reflects lower financial results and conservative payout ratio

Consolidated NPAT Reconciliation

Margin pressure significantly impacts NPAT despite prudent approach to cost management

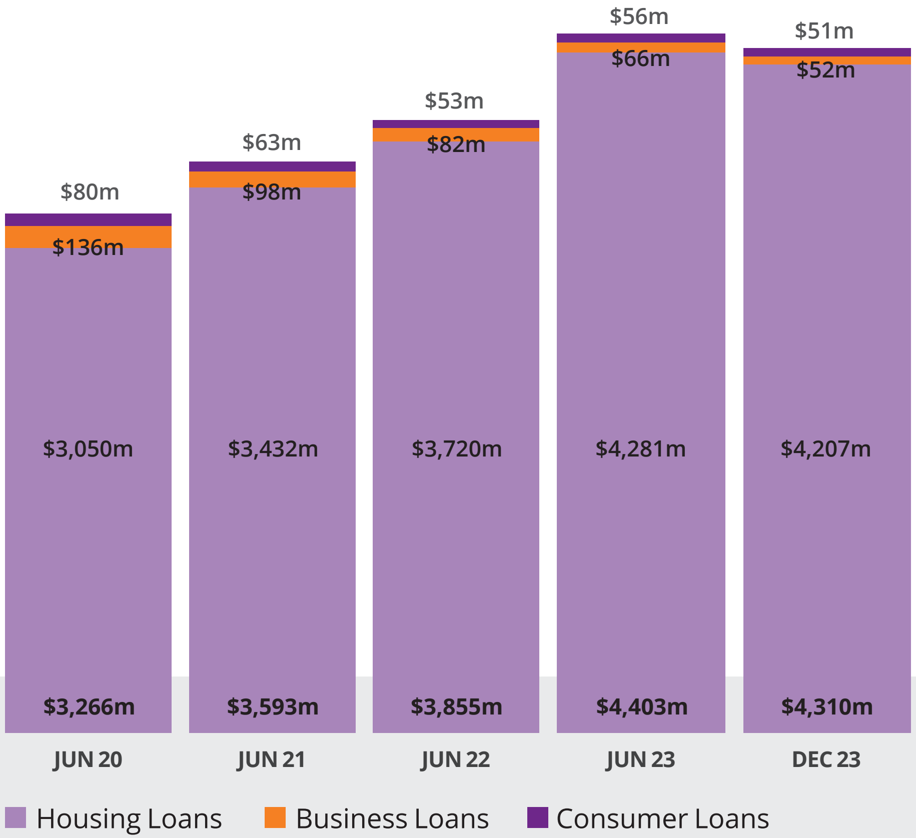


- Statutory NPAT of $7.663m, down 45.7% on PCP during a highly competitive lending and funding environment
- Net interest revenue of $37.311m, down 19.8% due to highly competitive home loan pricing and increasing funding costs
- Prudent approach to costs while investing in business activities with cost to income ratio of 74.5% (1H FY23 62.3%)
- In 1H FY24 a gain on the sale of the investment in FAMG of ($1.108m) was recognised. There was also $0.063m for professional fees relating to potential M&A activities. After adjusting for these items Auswide's underlying NPAT in 1H FY24 was $6.618m

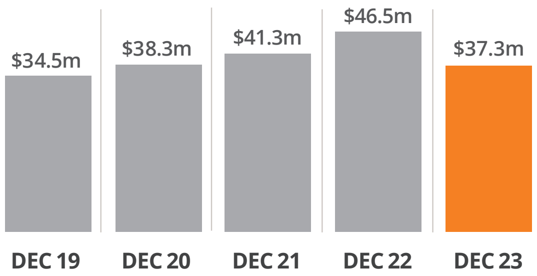
Loan Book

Conservative approach to home loan lending results in marginal contraction of the loan book

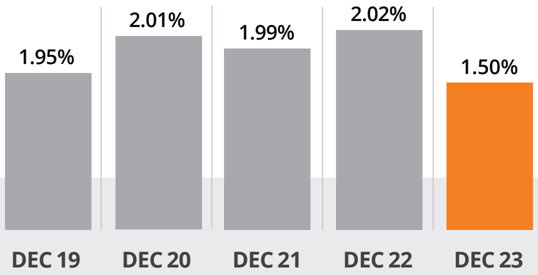
Loans and Advances Balances



Net Interest Revenue



Net Interest Margin



> Conservative approach to home loan lending in 1Q FY24 during a period of intense competition

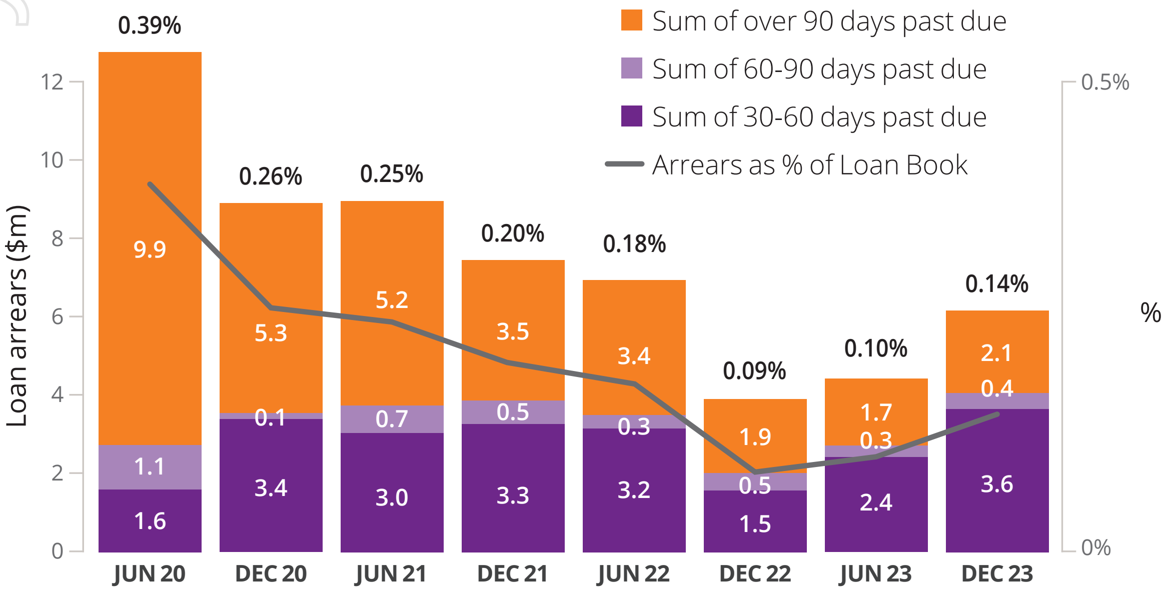
> Loan book decline of 2.1% in 1H FY24

> Auswide re-entered the lending market in 2Q FY24 as competitive pressures eased

> 1H FY24 loan book decline has been recovered as home loan growth is restored in 3Q FY24

Loan Book Arrears

Low arrears levels reflect credit quality



Advance Payments

> Credit quality reinforced by advance payments
> Total advance payments of $250m (5.8% of total loan book)
> $465m in offset accounts (10.8% of total loan book)

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

	30 days past due (includes >90 days past due)	90 days past due
AUSWIDE	0.14	0.05
SPIN (Other)	0.71	0.33
SPIN (Regional)	1.08	0.60

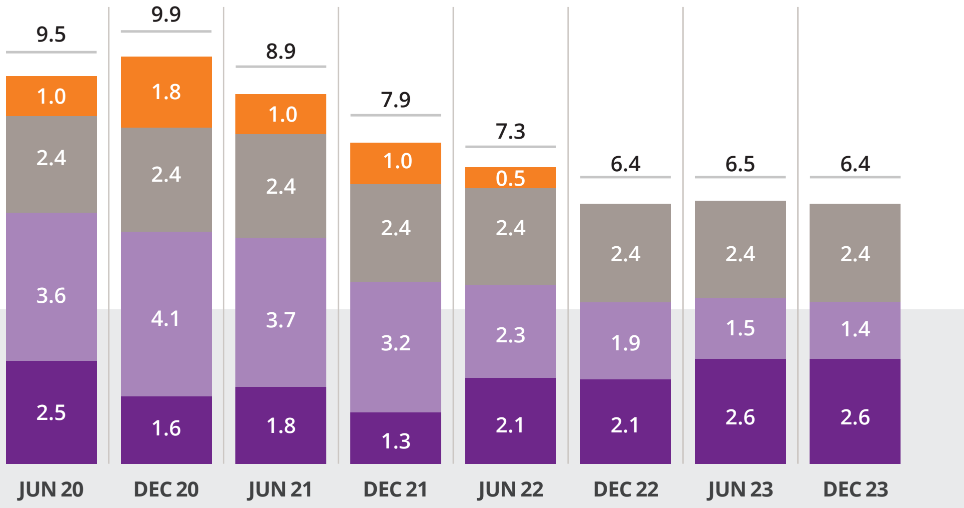
(Auswide figures: at 31 December 2023) SPINs: at 31 October 2023 (latest available at time of publication)

- Credit quality of loan portfolio is exceptional with an extremely low level of arrears evident
- Auswide applies a maximum Debt to Income ratio of 6 times
- Hardships offered to customers has remained static and the bank has no MIPs
- >30 days past due arrears at historic low of 0.14% of loan book
- >90 days past due arrears at 0.05% of loan book

Total Provisions and Coverage Ratio

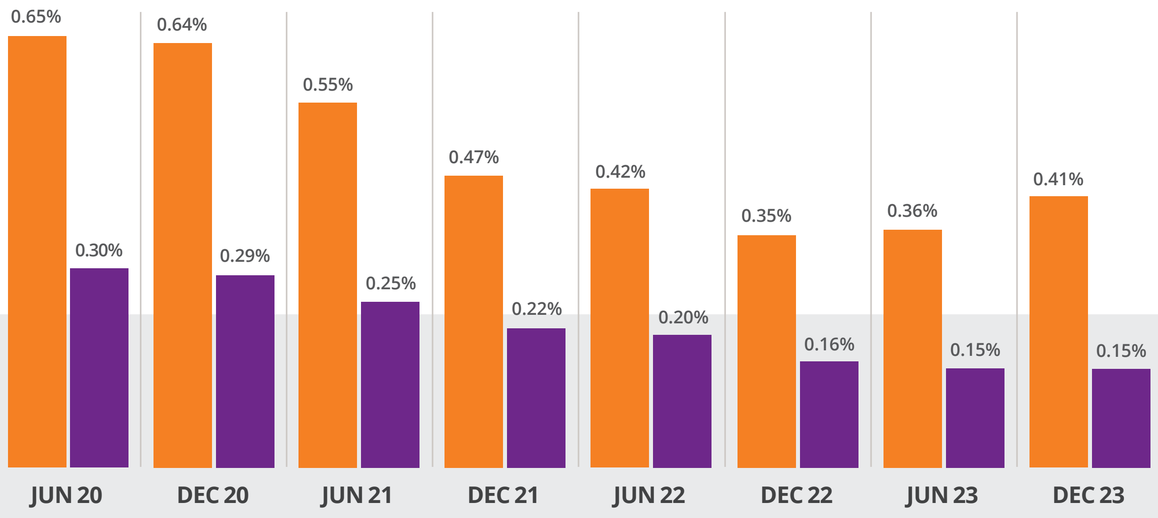
Provisions remain in line with historically low arrears

Total Provisions and GRCL $m by HY



Collective Provisions, Specific Provisions, GRCL, COVID-19 Overlay

Total Provision Coverage ratio by HY



Provisions and GRCL as % of Credit RWA, Provisions and GRCL as % of Total Loans

- Arrears remain at historically low levels and are favourable compared to peers
- Provisions and GRCL at 0.15% of total loans compared to arrears of 0.14% of loan book
- Modelling has provided appropriate provisions for future credit risk

Loan Book Diversification

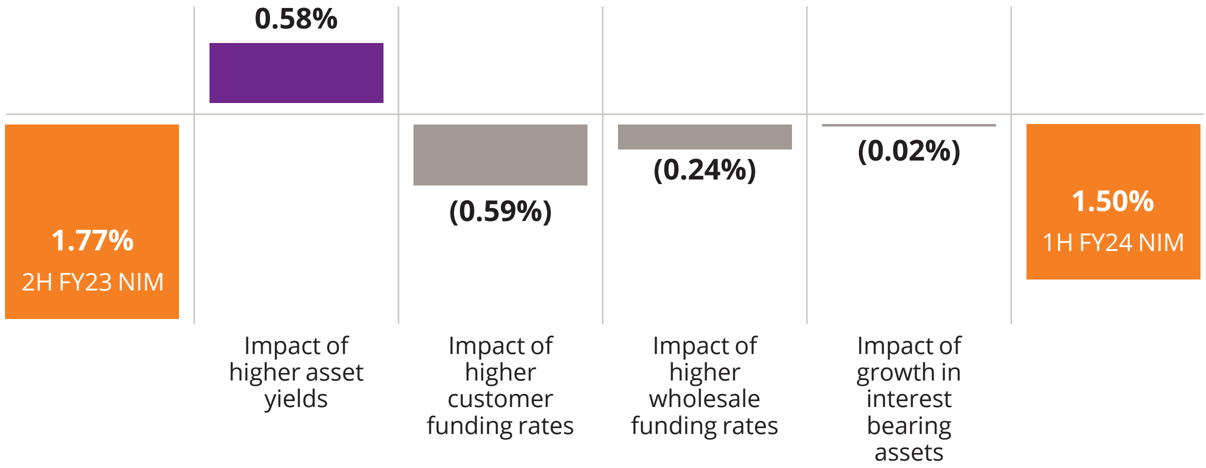
Diversification driven by broker flows

- 36.7% of loan book outside Queensland (FY23 36.2%)
- Movement in loan book reflects conservative approach to growth in 1Q FY24
- Auswide re-entered the market strongly in 2Q FY24
- 5.8% growth projected for 2H FY24

	Loan Book			Breakdown	
	JUN 23	DEC 23	CHANGE	JUN 23	DEC 23
SOUTH EAST QUEENSLAND	$1,697.2m	$1,661.3m	2.1% ↓	38.9%	38.9%
QUEENSLAND OTHER	$1,084.0m	$1,039.5m	4.1% ↓	24.9%	24.4%
NEW SOUTH WALES	$660.3m	$639.2m	3.2% ↓	15.2%	15.0%
VICTORIA	$527.8m	$527.0m	0.2% ↓	12.1%	12.3%
AUSTRALIA OTHER	$389.2m	$400.3m	2.9% ↑	8.9%	9.4%
TOTAL	$4,358.5m	$4,267.3m		100%	100%

Net Interest Margin Reconciliation

NIM pressure from competition for loans and deposits

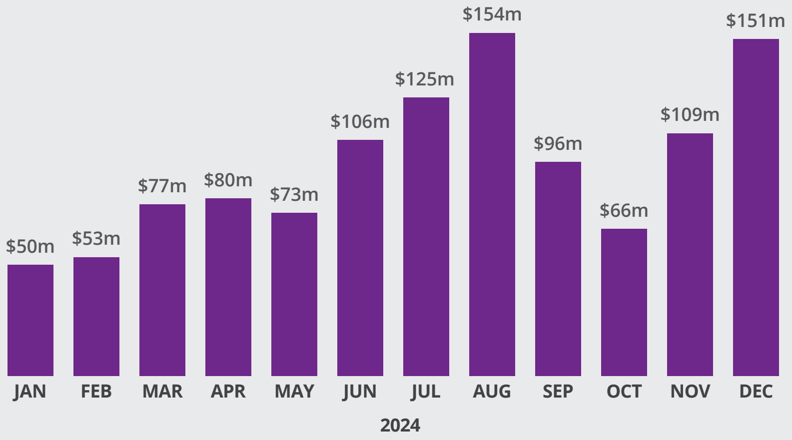


- NIM declined in the rapidly rising interest rate environment from 177bps in 2H FY23 to 150bps in 1H FY24
- Decline in NIM reflective of market competition
- Margin was adversely affected by deposit competition as RBA TFF funding was replaced
- Migration from transaction and savings accounts to term deposit accounts materially impacted NIM
- Competition resulted in discounting of back book pricing for retention

Fixed Rate Loan Maturities

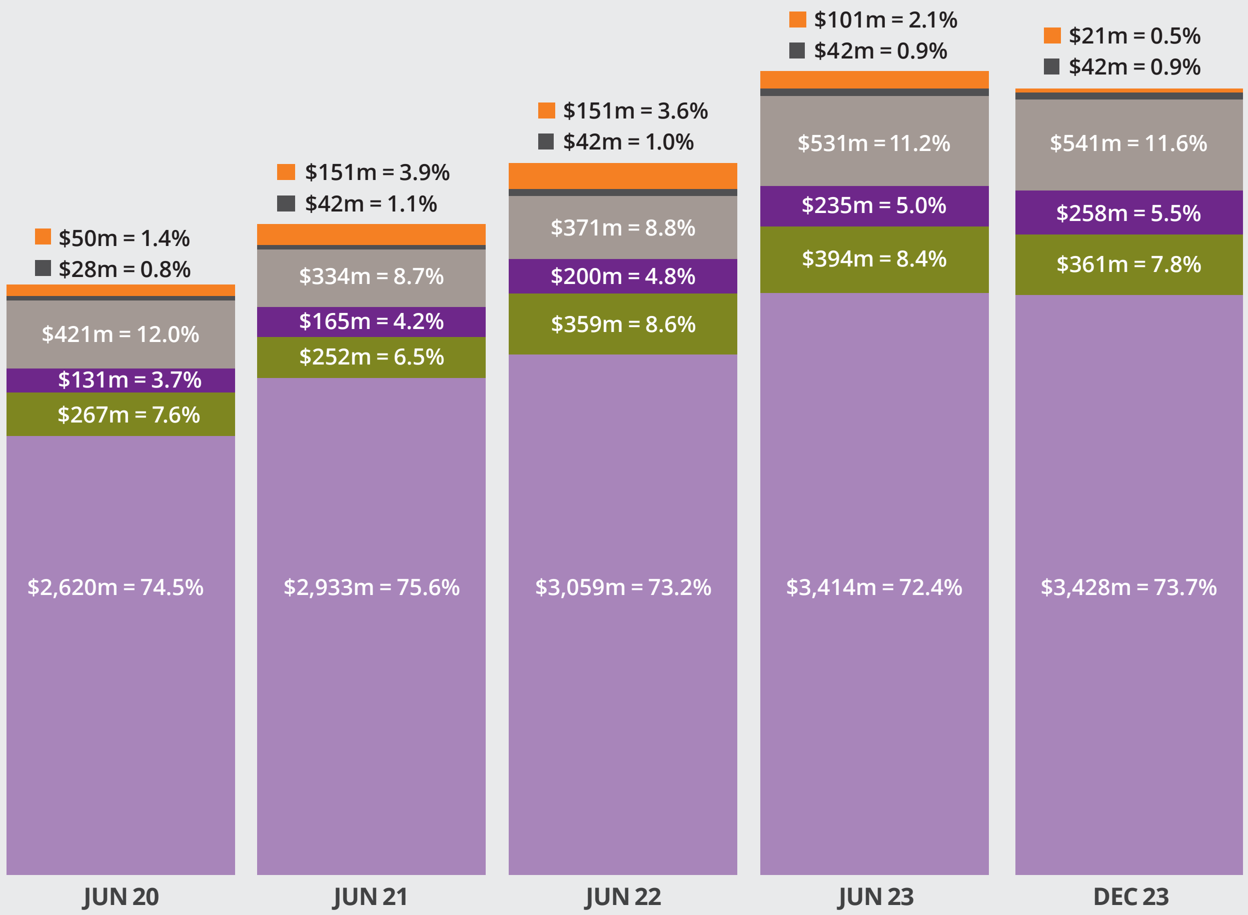
- Maturity of fixed rate loans will contribute to NIM improvement
- $439m of fixed rate loans maturing in 2H FY24 providing a potential uplift to margins
- 69% of all fixed rate loans will mature by 31 December 2024

Fixed Rate Loan Maturities (JAN 24 to DEC 24)



Funding Mix

Focus on expanding customer deposits

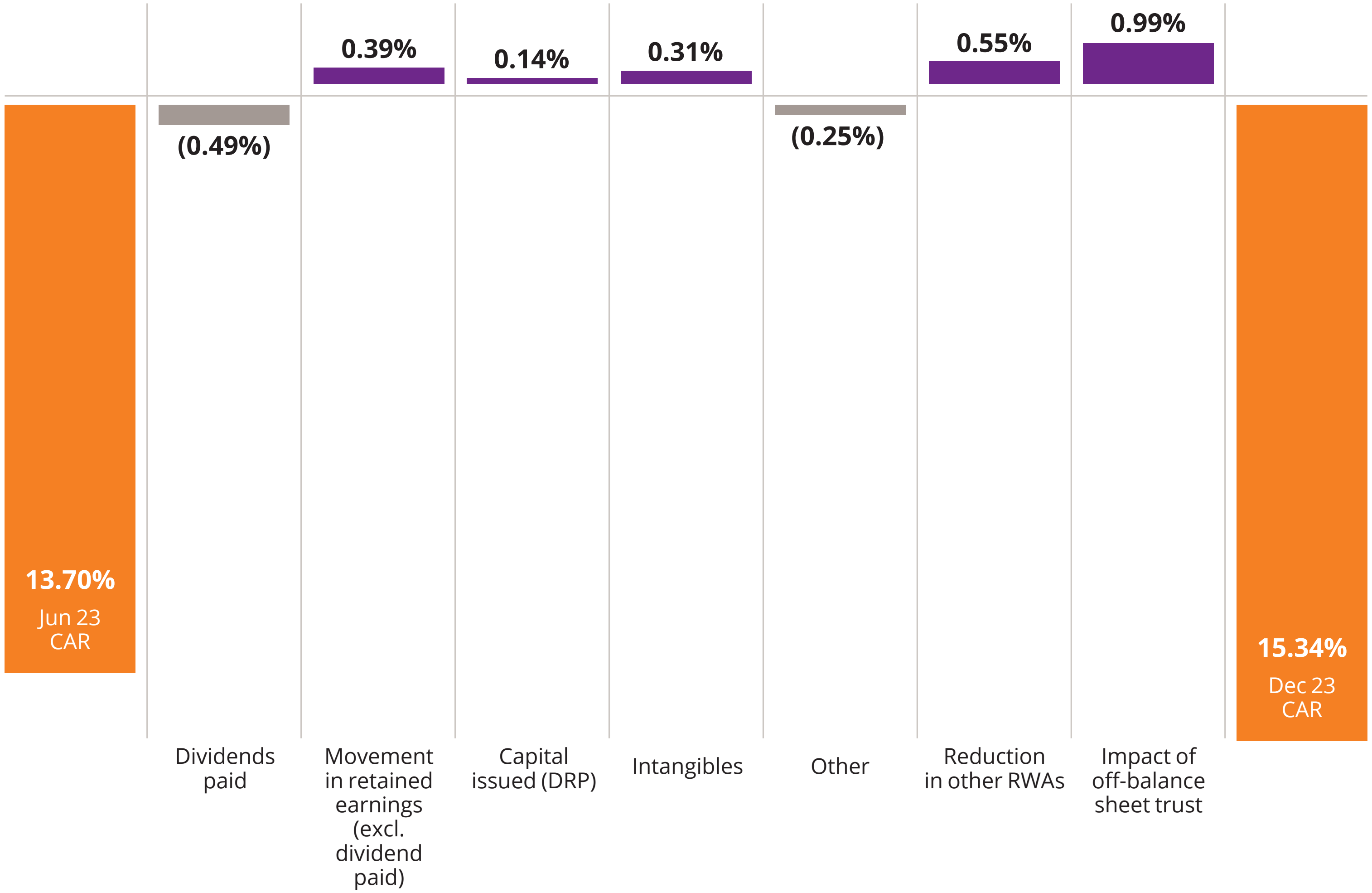


- Ongoing strategic focus on expanding customer deposits and tight management of funding costs
- Growth in customer deposits to reach 73.7% of total funding (FY23 72.4%)
- Securitisation remains an important source of funding and capital relief
- $80m of RBA Term Funding Facility repaid in 1H FY24; the remaining $21m to be repaid in 2H FY24

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

Capital Adequacy Ratio

Capital strength providing capacity for loan book growth and investment opportunities



- Capital strong at 15.34%, comfortably meeting prudential requirements
- CET1 of 12.82%
- Capital ratio up from 13.70% at 30 June 2023 with securitisation trust ABA Trust 2023-1 settled in December 2023, strengthening the capital ratio
- Capital supply drivers will include the operation of the Dividend Reinvestment Plan for the interim dividend

FY24 Outlook

LOOKING FORWARD

- Loan book growth exceeding $250m for 2H FY24 with a projected growth rate of 5.8% across the second half
- Growth in retail deposits targeted reducing reliance on higher cost funding channels
- Cost management in focus ensuring capital and operating outlays are based on essential regulatory compliance, critical roles for productivity, risk and customer experience
- Continued investment in technology and cybersecurity with commitment to cyber resilience and data protection
- Commitment to continual improvement in the way we engage with customers and brokers through enhanced website accessibility and timely and efficient loan origination processing
- Investigate and pursue opportunities to achieve further growth and diversification through M&A activities
- Commitment to quality lending ensuring historically low arrears are retained

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 February 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.

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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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