



# Debt Investor Update

## Great Southern Bank

# Agenda

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|                                       |           |
|---------------------------------------|-----------|
| <b>Strategy and Overview</b>          | <b>03</b> |
| <b>1H24 Financial Performance</b>     | <b>11</b> |
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# Strategy and Overview



Great Southern  
Bank



Our Purpose

Helping all Australians own their own home

Our Strategy

Double our share of the home loan market

Our Priorities

**Customer Growth**



Driving **profitable and targeted customer growth.**

**Operational Excellence**



Developing consistent operational excellence and **turning constraints into enablers.**

**Disciplined Execution**



Building **financial and organisational sustainability** through disciplined execution.

Our Values



Growth



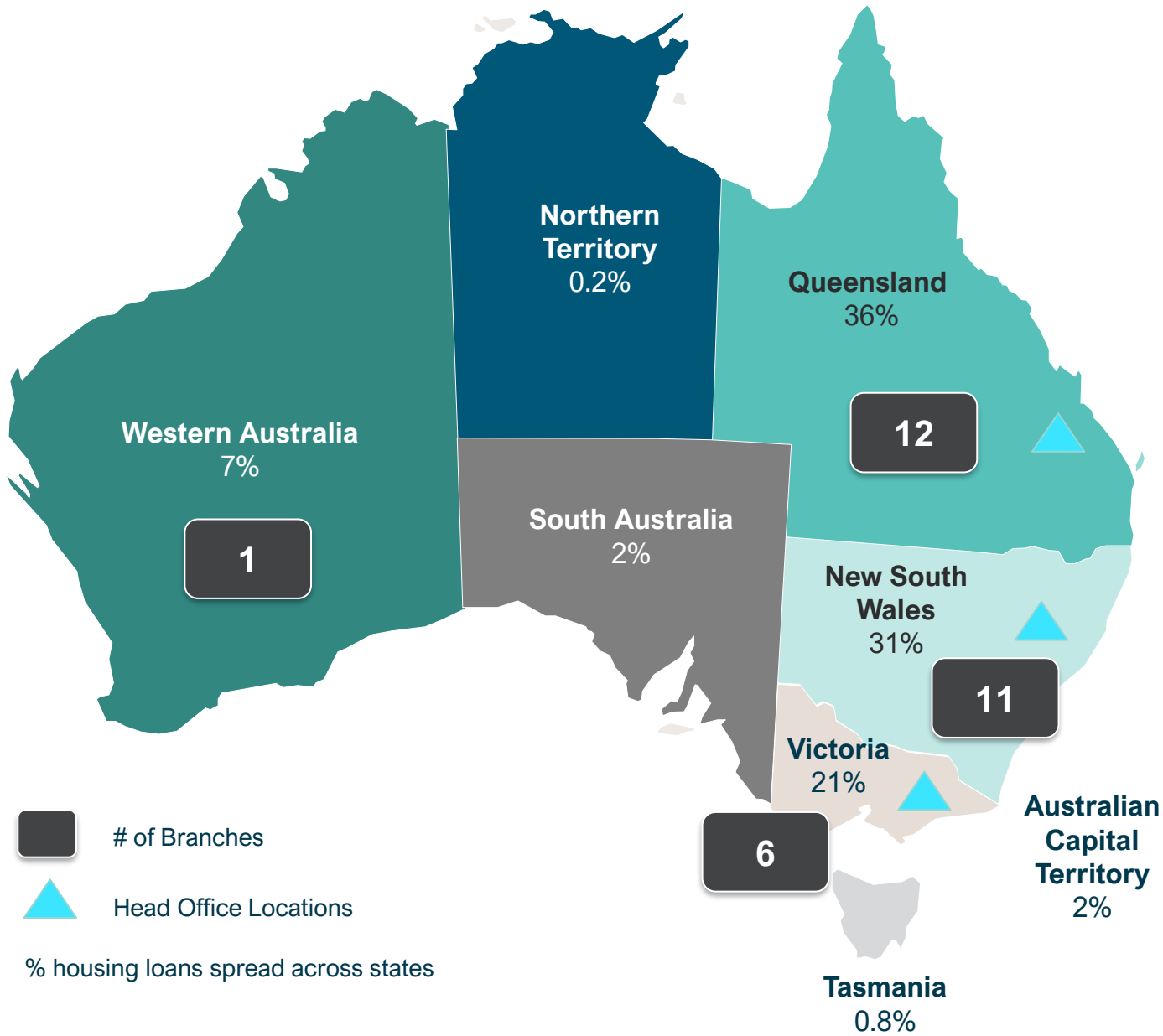
Customer obsessed



Impact



Genuine



# of Branches  
 Head Office Locations  
 % housing loans spread across states

## OVERVIEW

- APRA regulated and registered as an Authorised Deposit-taking Institution (ADI).
- **One of Australia's largest customer-owned banks**, focused on making our members our priority by improving our products and services.
- Banking presence in all states with over **410,000** active members.
- **June 2023: \$19.39bn** Total Assets and **\$13.02bn** Total Customer Deposits.
- **Dec 2023: \$19.46bn** Total Assets and **\$13.33bn** Total Customer Deposits.

## SUSTAINABILITY





- **Carbon neutral** since 2021, certified by Climate Active
- In the process of obtaining our **Bcorp Certification**
- In the process of having our **near-term Science-Based Targets** validated by the SBTi
- Launched our 'Build' Financial Inclusion Action Plan (**FIAP**)
- Completed our inaugural 'Reflect' Reconciliation Action Plan (**RAP**)
- Launched our **green** personal loan products

## CREDIT RATINGS

|            | Standard & Poor's | Moody's       |
|------------|-------------------|---------------|
| Short Term | A-2               | P-2           |
| Long Term  | BBB               | Baa1          |
| Outlook    | Positive          | Stable        |
| Reaffirmed | October 2023      | February 2024 |

| June 23   | Dec 23   |
|---|--|
| <p><b>\$19.39bn</b><br/>Total Assets</p>            | <p> <b>\$19.46bn</b><br/>Total Assets</p>            |
| <p><b>\$13.02bn</b><br/>Total customer deposits</p> | <p> <b>\$13.33bn</b><br/>Total customer deposits</p> |
| <p><b>\$16.02bn</b><br/>Total Loan Book</p>         | <p> <b>\$16.22bn</b><br/>Total Loan Book</p>       |
| <p><b>401k+</b><br/>Active Members</p>              | <p> <b>410k+</b><br/>Active Members</p>            |
| <p><b>4.47</b><br/>Employee engagement score</p>    |  |

## Strong Operational Performance

|  | Jun 23 | Dec 23 |   |
|--|--------|--------|---|
| Days for unconditional approval (Time-to-yes)                        | 4.7    | 3.8    |  |
| <b>Applications</b> receiving a time-to-yes of <b>2 days or less</b> | 46%    | 58%    |  |
| Record Lendfast <sup>1</sup> adoption                                | 92%    | 95%    |  |
| Accredited <b>brokers</b>  | 6,200  | 8,300  |  |


## Our Branch Network

|                              | June 22   | June 23   |
|------------------------------|-----------|-----------|
| Queensland                   | 14        | 12        |
| New South Wales              | 11        | 11        |
| Victoria                     | 6         | 6         |
| Western Australia            | 1         | 1         |
| Australian Capital Territory | 1         | 0         |
| <b>Total branches</b>        | <b>33</b> | <b>30</b> |

1. LendFast is the home loan origination system which was implemented through the HLT project.


# Disciplined execution of strategy

Investment spend aligned to strategy and prioritisation principles




### Contact Centre Transformation

- Refreshed telephony technology
- Consolidated iM CUA into Contact Centre Processes




### Foundational Digital

- Upgraded our mobile banking app and infrastructure
- Shifted digital's funding and operating model to drive agility




### CUA rebrand to Great Southern Bank

- An essential decision to grow our reach and relevance.




### Home Lending Transformation

- Completed **release 1 and 2 of LendFast**, a new home lending origination platform for Brokers and the Organic channel




### IT Modernisation/ Cloud Migration

- Implemented **IT modernisation strategy**




### Digital innovation with digital only SME

- **Partnered with Constantinople** to support our entry into the SME market.




### Evolving Digitally, holistically

- Developed a fit-for-purpose end to end **Digital strategy**
- Building a **CRM system** and optimising data infrastructure
- Evaluating a new Mobile Banking solution




### IT Network Refresh

- Embarked on a project to **refresh our ageing IT network** across all branches and hubs




### Cyber Uplift

- Delivered key capabilities in the **Cyber Security Strategy** reducing overall tech risk profile from high to medium



### Open Banking

- Successfully deployed three phases of **Product Reference Data** and one phase of **Customer Reference Data** driving to full ACCC compliance



### AML/CTF Uplift

- Implemented a **new market leading AML SaaS platform**

## Background

### SME an under-served market

- SME's traditionally an underserved customer base at the larger banks, with cost to serve and relatively small finance requirements needs often a barrier.
- Speed of access to SME finance often an issue with the larger institutions – not meeting the customer need.

### Larger FI's don't prioritise this segment

- **Nano and Micro** segment not well understood by the larger players
- Fintech's target this space with a frictionless and effective **digital offering**

### Strong alignment with purpose

- SME's often run their business as their only source of income, to support their lifestyle and buy a home
- ~ 50% of Lending into the SME segment secured by Residential Finance
- SME customers a strong source of deposit generation

## So what are we doing?

### Bring to market a digital experience

- Bringing to market a purpose-built, digital banking solution with the needs of a small business owner in mind.
- In the **next 24 months**, provide a full suite of banking products covering lending and cashflow needs so coveted by the SME Market

### Target Segment

- Targeting **Nano and Micro** customers. A total market of ~ **2.2 million**.
- Initial focus will be on trades and professional services, enabling us to address pain points and refine the offerings.

### And we are doing this in Partnership with Constantinople

- **Constantinople** selected as our technology and operations partner to support our entry into the SME Market.
- Constantinople successfully completed the largest seed funding round in Australian history, with SquarePeg, Airtree and Great Southern Bank the founding investors

## Why?

Digital Innovation

Diversification of Balance Sheet

Improved ROE

Future Opportunity

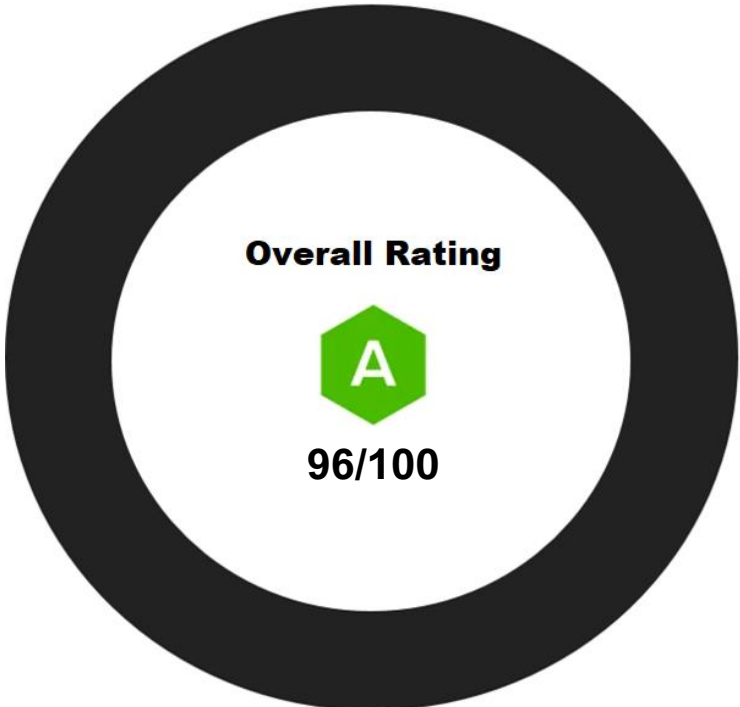


### External Trust Score




**Rating: A – Score: 789/950**


### Security Scorecard Detection Control




- **Continued investment in cyber security capabilities** including investing in our people, processes, and technology to protect our digital assets.
- A **dedicated Cyber program** designed to improve key processes and technology.
- Threat hunting and intelligence gathering capabilities have improved after **partnering with global leaders in technology and cyber security.**



**Customers:** Protected from Fraud by our Financial Crime team with detection controls in place for attacks targeting our customers



**Staff:** All staff must pass police background checks and complete regular compliance training. Systems access requires MFA




**Suppliers:** Subject to third party security reviews embedded into our procurement process.



**Secure By Design:** Security is a core component of system architecture. All systems are required to run mandated Cyber Security controls




**Threat Detection:** Continuous infrastructure scanning to detect weaknesses combined with threat intelligence sharing partnerships.



**Cyber Operations:** Hybrid model with an in-house Cyber Operations function, supported by a MSSP SOC providing 24x7 monitoring and alerting.

## Sustainability Areas

## Key Achievements and Focus Areas



**Environmental**

- Have our **near-term science-based targets** validated by the SBTi and **develop our net zero science-based targets** in accordance with SBTi criteria
- Delivered actions in our **Climate Action Plan**
- **Stress tested** financial impact of key physical risks on our mortgage portfolio
- Created a **climate risk register** (physical and transition risks) for our business.
- **Offset FY23 emissions** with India Wind and Arnhem Land Fire Abatement carbon credits.
- Underwent **pre-assurance of emissions reporting** to identify areas for improvement.
- Participated in **COBA climate-related disclosure submission** to Treasury.






**Social**

- Executed agreement for **Mission Australia partnership** (\$1million over 3 years)
- Launched our **'Build' Financial Inclusion Action Plan**
- Publicly announced our support for **Uluru Statement from the Heart**
- Completed our inaugural **'Reflect' Reconciliation Action Plan.**
- Registered our intent to develop an **'Innovate' Reconciliation Action Plan.**
- Co-funded **BCCM Reconciliation Action Plan and initiatives.**



**Governance**

- In the process of obtaining our **Bcorp Certification**
- Assessed our readiness to participate in the **United Nations Principles for Responsible Banking.**
- Showcased our **sustainability achievements** in Our Impact Report.

|                 |   |   |   |
|-----------------|---|---|---|
| <b>Vision</b>   | A home for everyone, now and in the future  |   |   |
| <b>Strategy</b> | Being a responsible and sustainable bank means doing business in ways that benefit customers, communities and the environment |   |   |
| <b>Pillars</b>  | <b>Environment</b><br>                    | <b>Social</b><br>         | <b>Responsible Banking</b><br> |
|                 | Reducing our environmental footprint and responding to the changing climate.  | Supporting our customers, team members and communities and improving access to affordable and stable housing. | Adopting best practice and holding ourselves accountable to global reporting standards                              |



# 1H24 Financial Performance\*



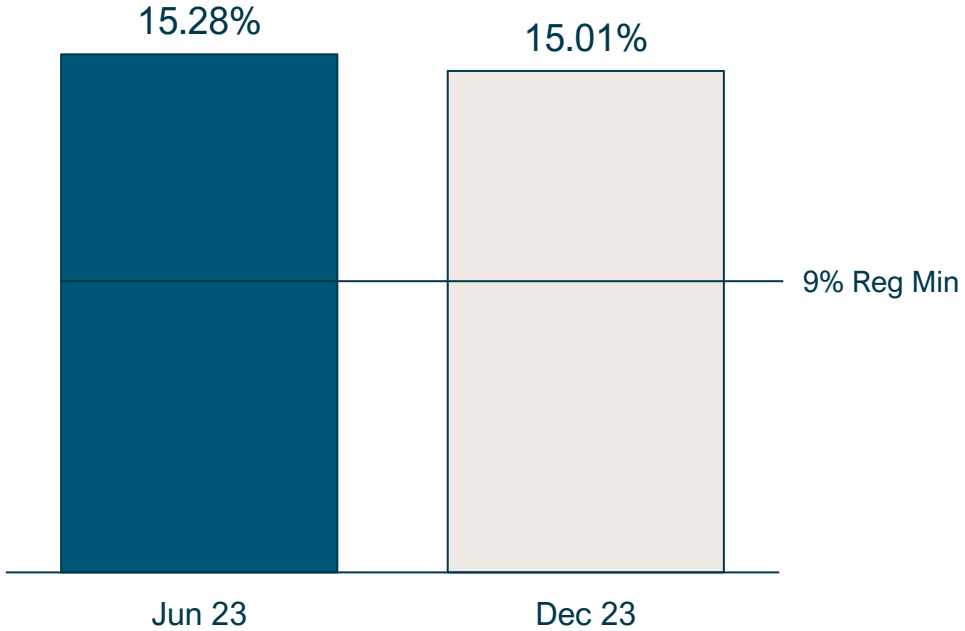
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Bank

\*NOTE: 1H24 results cover the 6-month period from July to December. These results are unaudited and are subject to change.

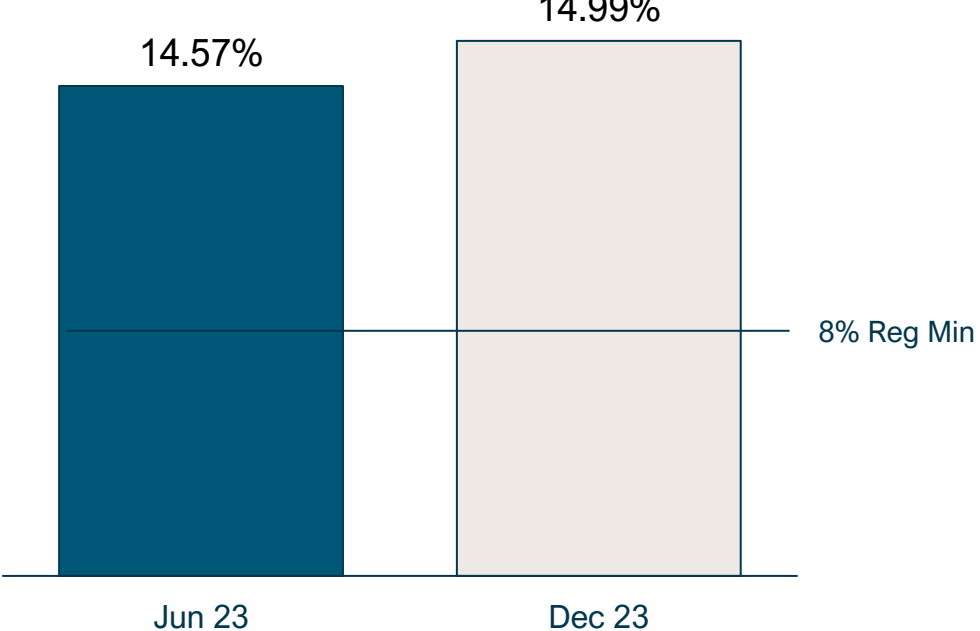
# Key Ratios\*



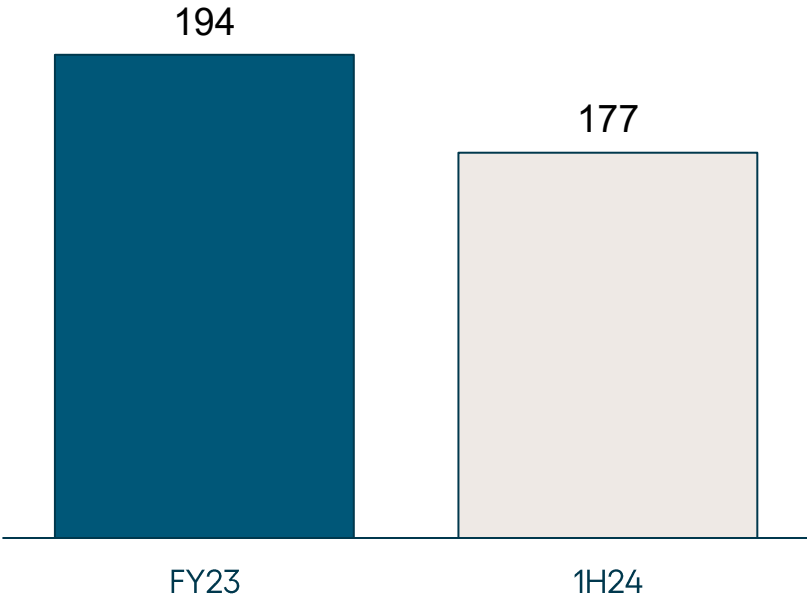
**Minimum Liquidity Holding Ratio**



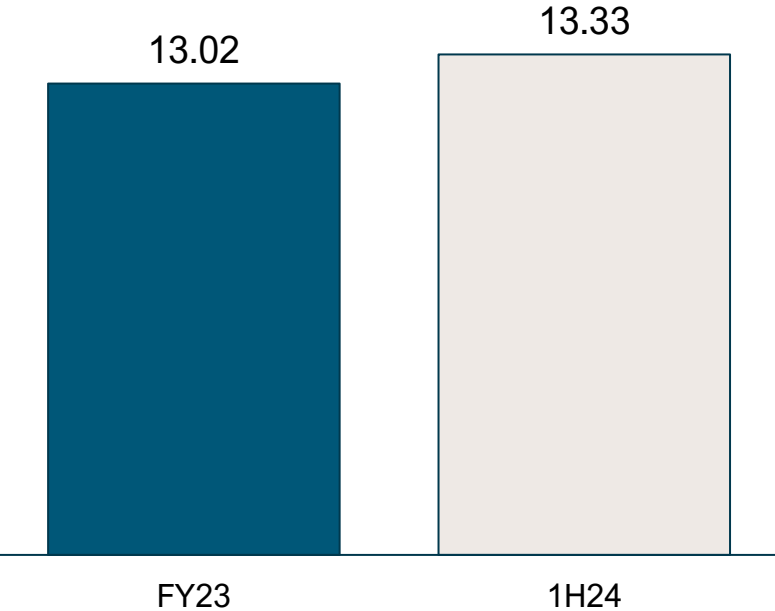
**Capital Adequacy Ratio**



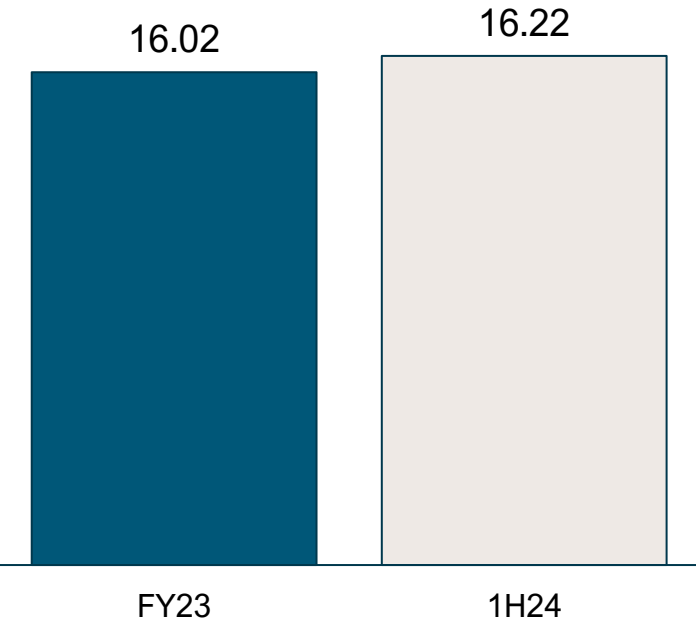
**Net Interest Margin (bps)<sup>1</sup>**



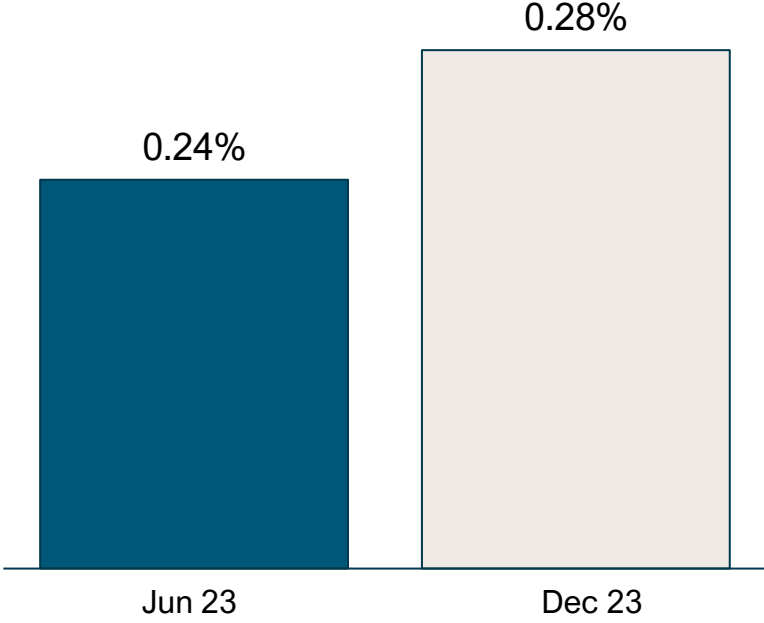
**Customer Deposits (\$bn)**



**Total Lending (\$bn)**



**HL Arrears 90+ Days**



1. FY23 NIM is a 12-month rolling average and 1H24 is a 6-month rolling average.

\*NOTE: 1H24 results cover the 6-month period from July to December. These results are unaudited and are subject to change.



# Overview – 1HFY24\*

## Key Outcomes Summary



| Financial                 | 1H24      | 2H23      | 1H23      |
|---------------------------|-----------|-----------|-----------|
| Bank Statutory NPAT       | \$17.1m   | \$12.6m   | \$32.0m   |
| Bank Cash NPAT            | \$20.7m   | \$16.5m   | \$34.5m   |
| Bank Net Interest Income  | \$170.7m  | \$166.7m  | \$181.9m  |
| Bank Other Income         | \$0.8m    | \$0.8m    | \$0.8m    |
| Bank Net Operating income | \$170.7m  | \$165.9m  | \$181.5m  |
| Bank Operating expenses   | \$142.7m  | \$142.0m  | \$135.3m  |
| Bank Cost to income       | 83.6%     | 85.6%     | 74.5%     |
| NIM                       | 1.77%     | 1.83%     | 2.07%     |
| Total customer deposits   | \$13.33bn | \$13.02bn | \$12.08bn |

| Balance sheet                                    | 1H24      | 2H23      | 1H23      |
|--|-----------|-----------|-----------|
| Capital – CET1                                   | 14.69%    | 14.28%    | 14.76%    |
| Capital – Total                                  | 14.99%    | 14.57%    | 15.05%    |
| Group Total assets <sup>2</sup>                  | \$19.46bn | \$19.39bn | \$17.94bn |
| Group Total liabilities                          | \$18.15bn | \$18.07bn | \$16.62bn |
| Deposit funding                                  | 74%       | 73%       | 73%       |
| LT wholesale funding WAT(Remaining) <sup>3</sup> | 1.7       | 1.6       | 1.6       |
| MLH Ratio <sup>4</sup>                           | 15.01%    | 15.28%    | 14.24%    |
| S&P  | BBB       | BBB       | BBB       |
| Moody's  | Baa1      | Baa1      | Baa1      |

\*NOTE: 1H24, 2H23 and 1H23 results cover the 6-month period from Jul to Dec and Jan to Jun respectively. These results are unaudited and are subject to change. 2. Total assets excludes internal securitisation. 3. Includes senior debt and TFF. 4. Minimum liquidity holding (MLH) ratio


# FY23 Financial Performance




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# Overview – Key Metrics and Performance

 **Strong Balance Sheet Growth** Above system growth in a highly competitive environment

 **Net Profit After Tax** Strong balance sheet growth whilst managing margin, costs and impairments

 **Cost to Income** Flat cost base YOY despite inflationary pressures and impacts of low unemployment

 **Net Interest Margin** Margin improvement from careful management in volatile interest rate environment

## Financial Performance<sup>1</sup>

|                                  | FY23      |   | pcp (FY22) |
|----------------------------------|-----------|---|------------|
| Bank net interest income         | \$348.6m  | ↑ | 19.9%      |
| Bank net operating income        | \$347.4m  | ↑ | 9.5%       |
| Bank Statutory NPAT <sup>2</sup> | \$44.6m   | ↓ | (68.2%)    |
| Bank Cash NPAT <sup>3</sup>      | \$51.0m   | ↑ | Large      |
| Group Statutory NPAT             | \$44.5m   | ↓ | (36.9%)    |
| Cost to income (%)               | 79.80%    | ↓ | (7.0%)     |
| NIM                              | 1.94%     | ↑ | 22bps      |
| Regulatory Capital Ratio         | 14.57%    | ↓ | (50bps)    |
| Total loan book                  | \$16.02bn | ↑ | 6.7%       |
| Total customer deposits          | \$13.02bn | ↑ | 9.0%       |

1. All movements on prior comparable period (PCP) 2. PCP Includes CUA Health Limited (“CHL”) Sale Proceeds 3. Bank Cash NPAT – Impact of CUA Health Limited (“CHL”) Sale and Dividends` - Costs of SME Bank

# Overview – Financial Results<sup>1</sup>

## Key Outcomes Summary



| Financial                            | FY23     | pcp(FY22) |
|--------------------------------------|----------|-----------|
| Bank Statutory NPAT <sup>2</sup>     | \$44.6m  | (68.2%)   |
| Bank Cash NPAT <sup>3</sup>          | \$51.0m  | Large     |
| Bank Net Interest Income             | \$348.6m | 19.9%     |
| Bank Other Income                    | \$1.6m   | Large     |
| Bank Net Operating income            | \$347.4m | 9.5%      |
| Bank Operating expenses <sup>4</sup> | \$277.3m | (0.7%)    |
| Bank Cost to income                  | 79.80%   | (7.0%)    |
| NIM                                  | 1.94%    | 22bps     |

| Balance sheet                                    | FY23      | pcp (FY22) |
|--|-----------|------------|
| Capital – CET1                                   | 14.28%    | (50bps)    |
| Capital – Total                                  | 14.57%    | (50bps)    |
| Group Total assets <sup>5</sup>                  | \$19.39bn | 8.5%       |
| Group Total liabilities                          | \$18.07bn | 9.1%       |
| Deposit funding                                  | 73%       | (1.0%)     |
| LT wholesale funding WAT(Remaining) <sup>6</sup> | 1.6       | 0          |
| MLH Ratio <sup>7</sup>                           | 15.28%    | 1.08%      |
| S&P  | BBB       |            |
| Moody's  | Baa1      |            |

1. All movements on prior comparable period unless otherwise stated. 2. PCP Includes discontinued operations. 3. Bank Cash NPAT – Impact of CUA Health Limited (“CHL”) Sale and Dividends` - Costs of SME Bank 4. FY23 Includes \$9m project investment in SME Bank 5. Total assets excludes internal securitisation. 6. Includes senior debt and TFF. 7. Minimum liquidity holding (MLH) ratio

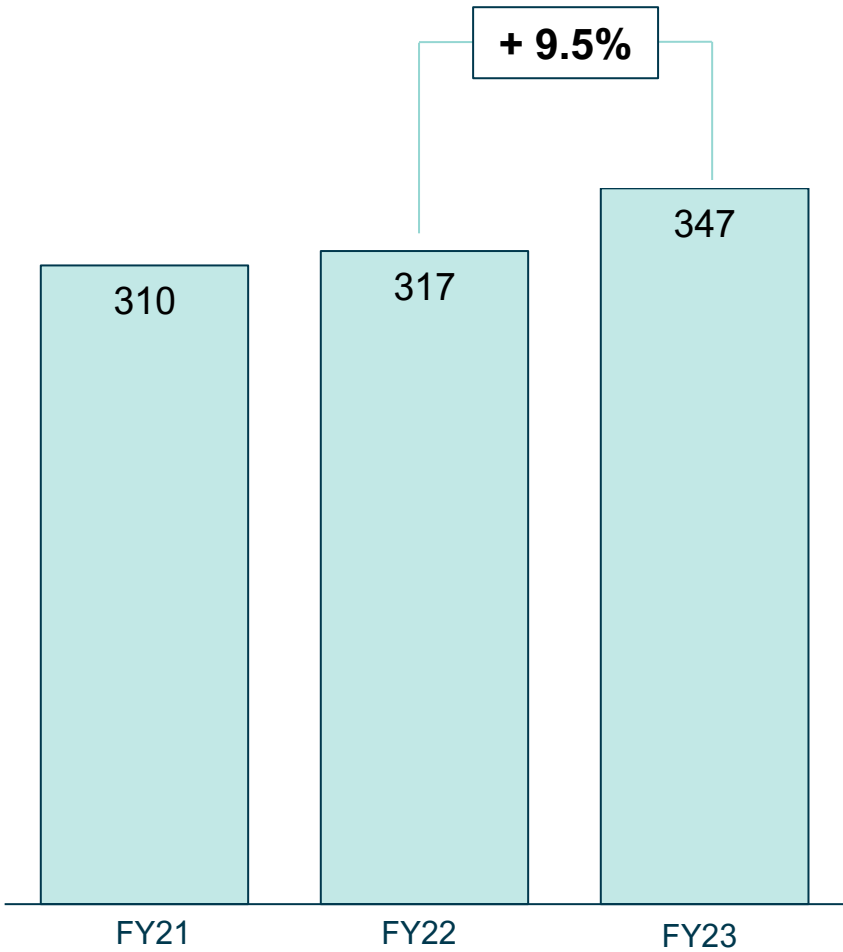


# Bank Operating Income

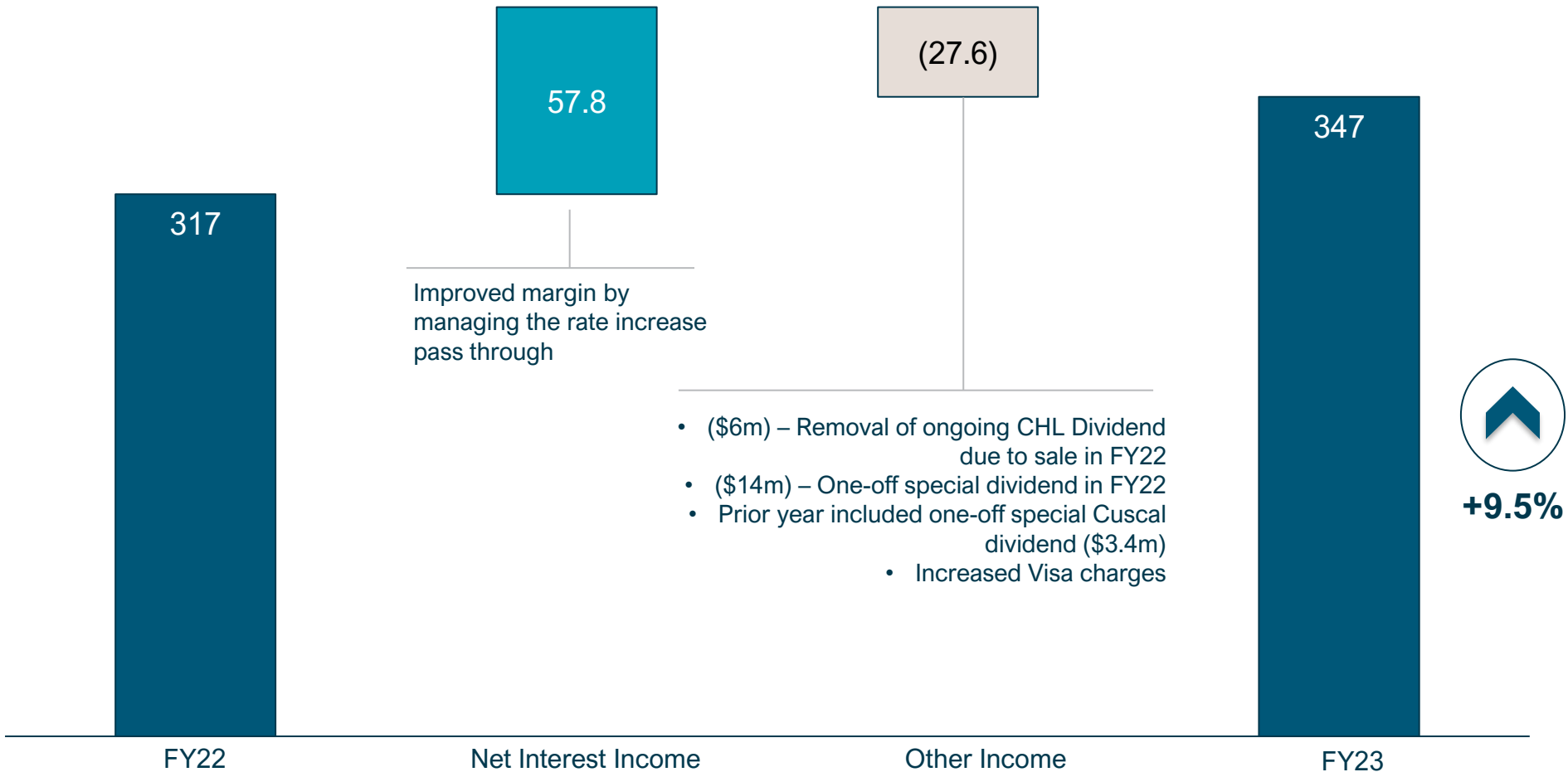
Strong above system balance sheet growth while improving margin through the increasing rate cycle



## Sequential Movement (\$m)



## Comparative Movement

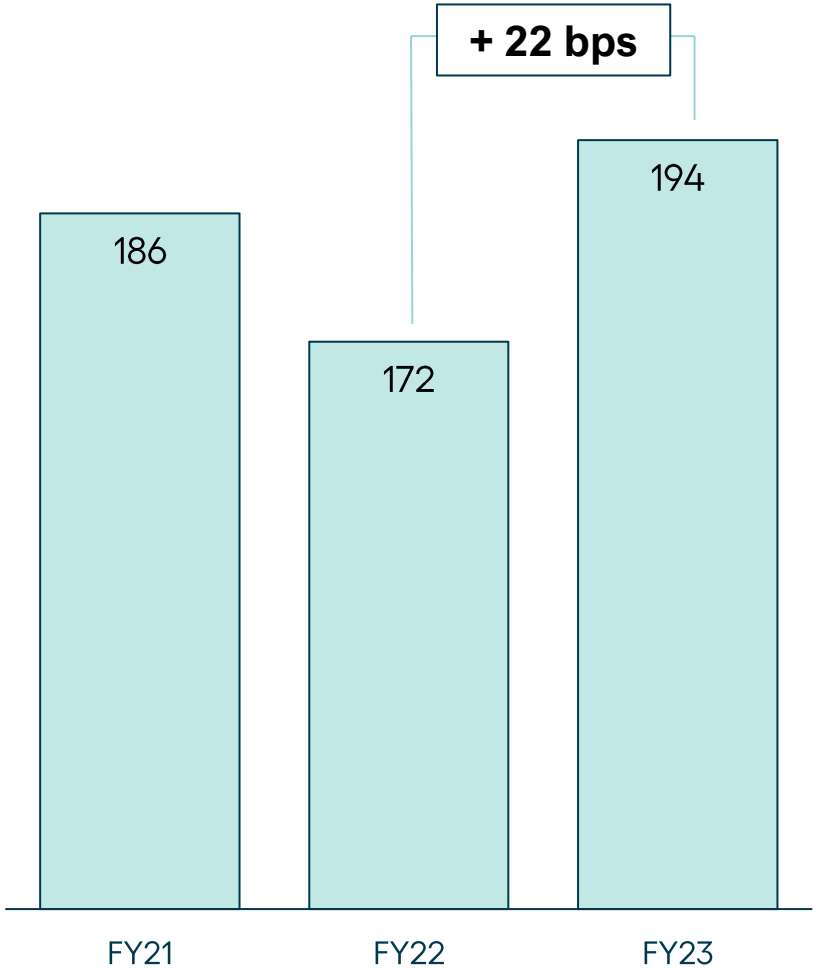


# Net Interest Margin

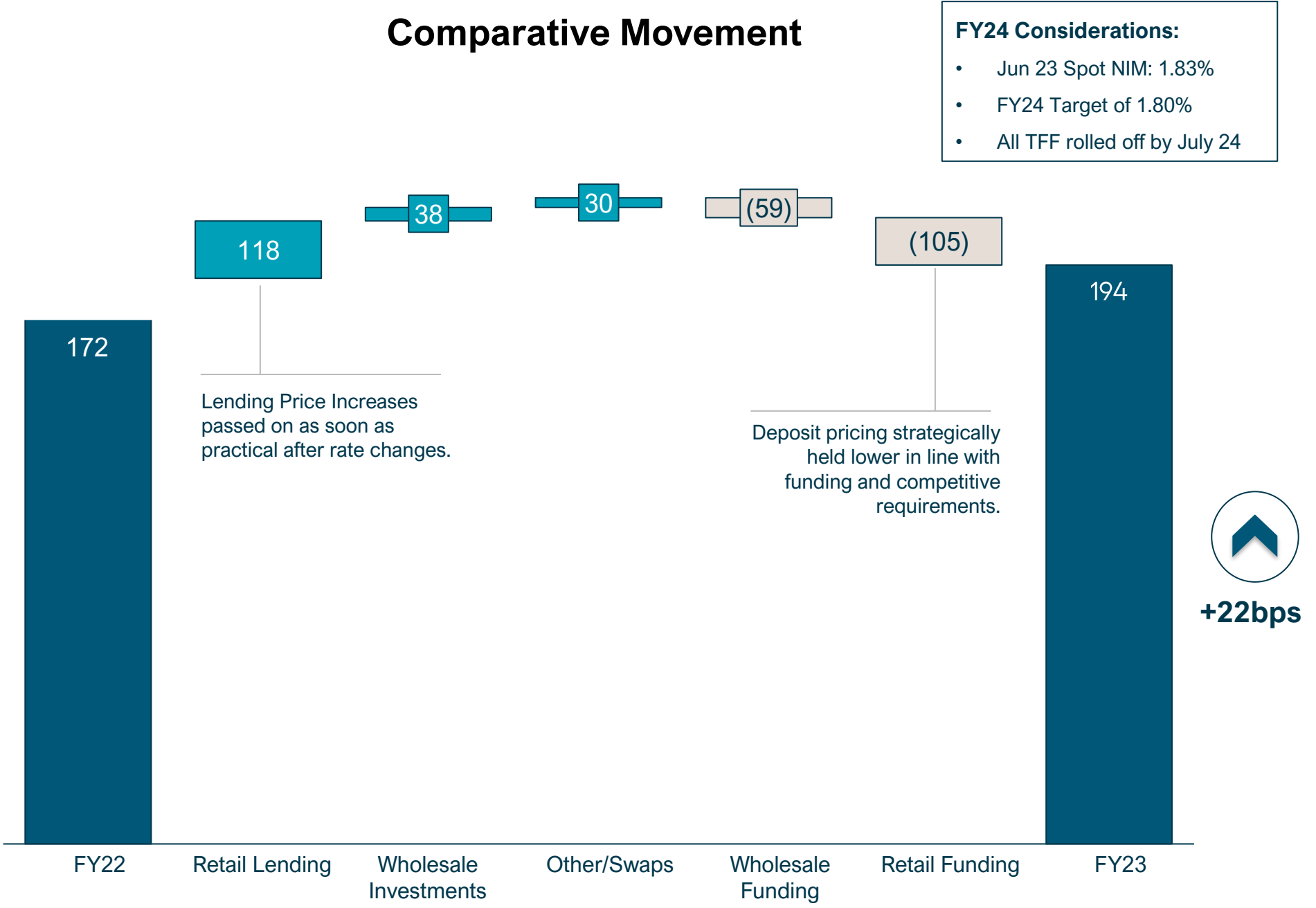
Margin improvement from careful management in volatile interest rate environment



## Sequential Movement (bps)



## Comparative Movement



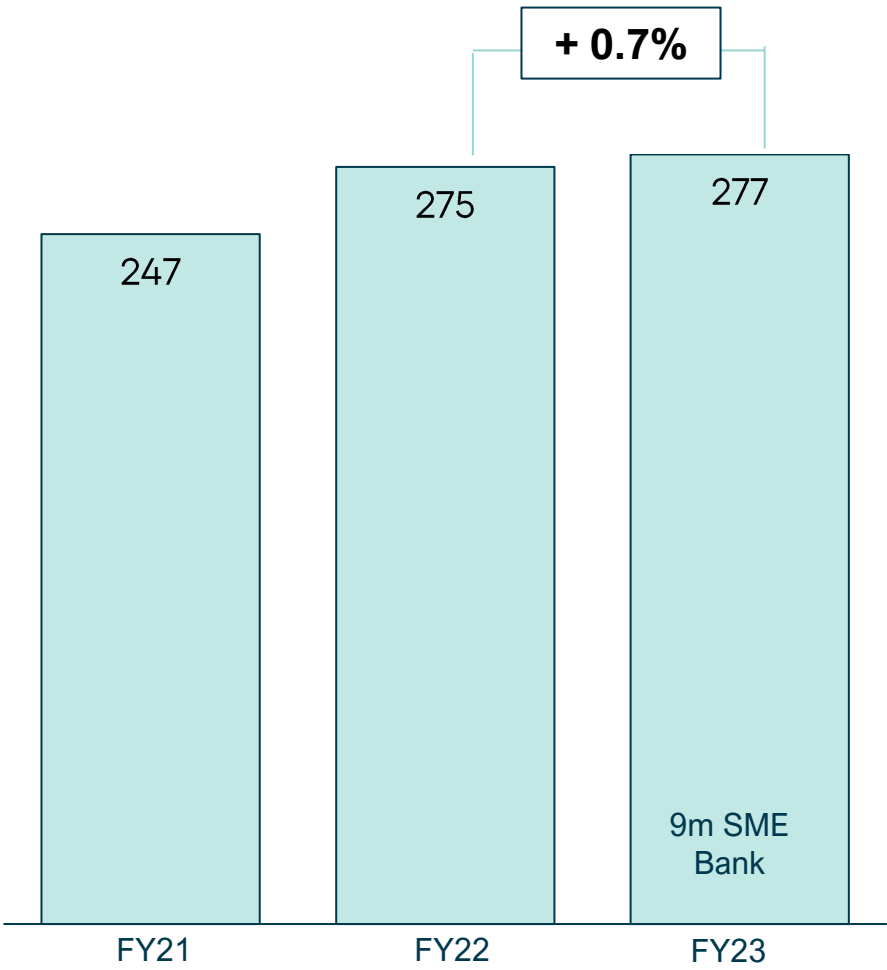
**FY24 Considerations:**

- Jun 23 Spot NIM: 1.83%
- FY24 Target of 1.80%
- All TFF rolled off by July 24

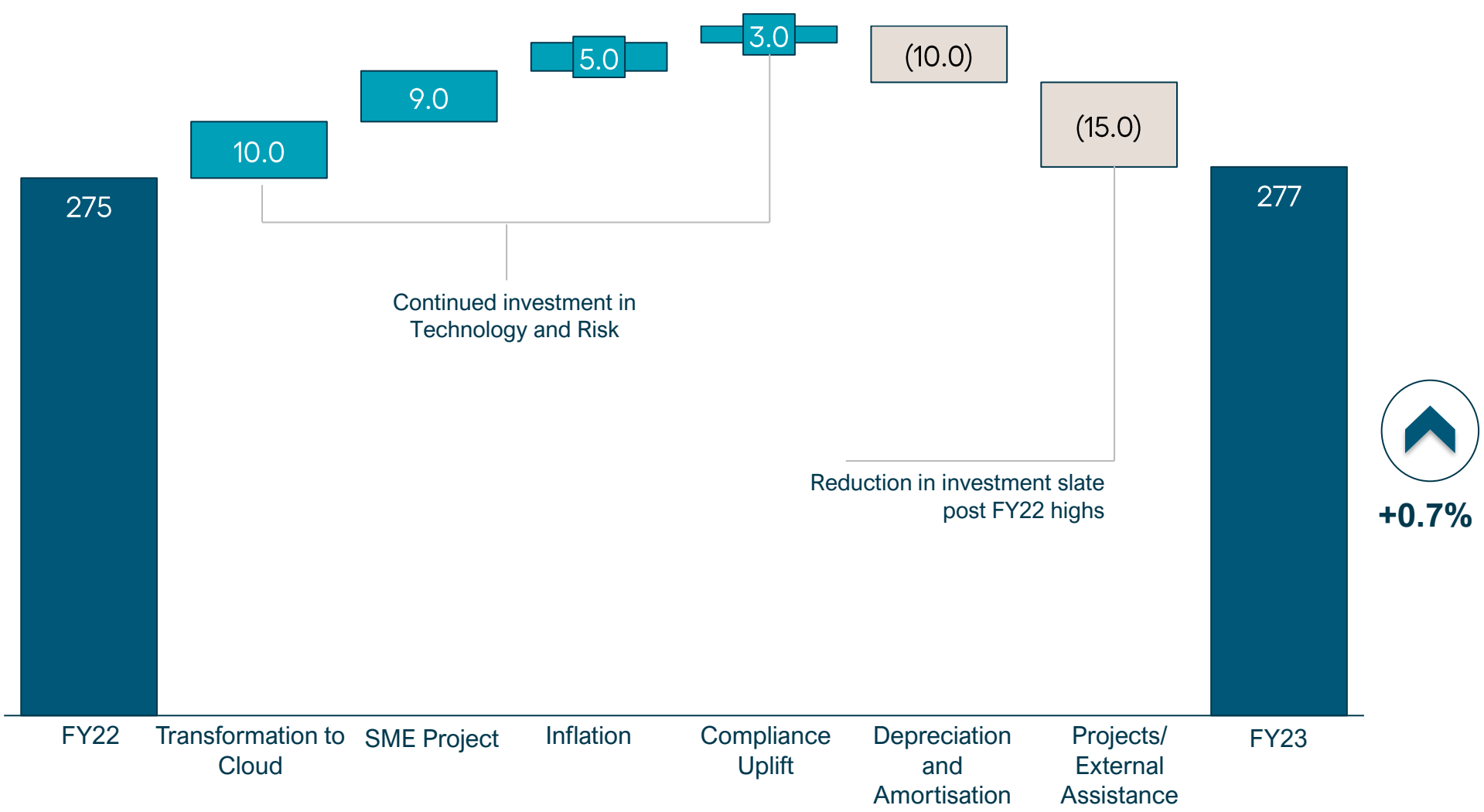
# Bank Operating Expense

Slow down in project spending in FY23 however inflationary impacts noticeable in personnel and IT contracts.

## Sequential Movement (\$m)

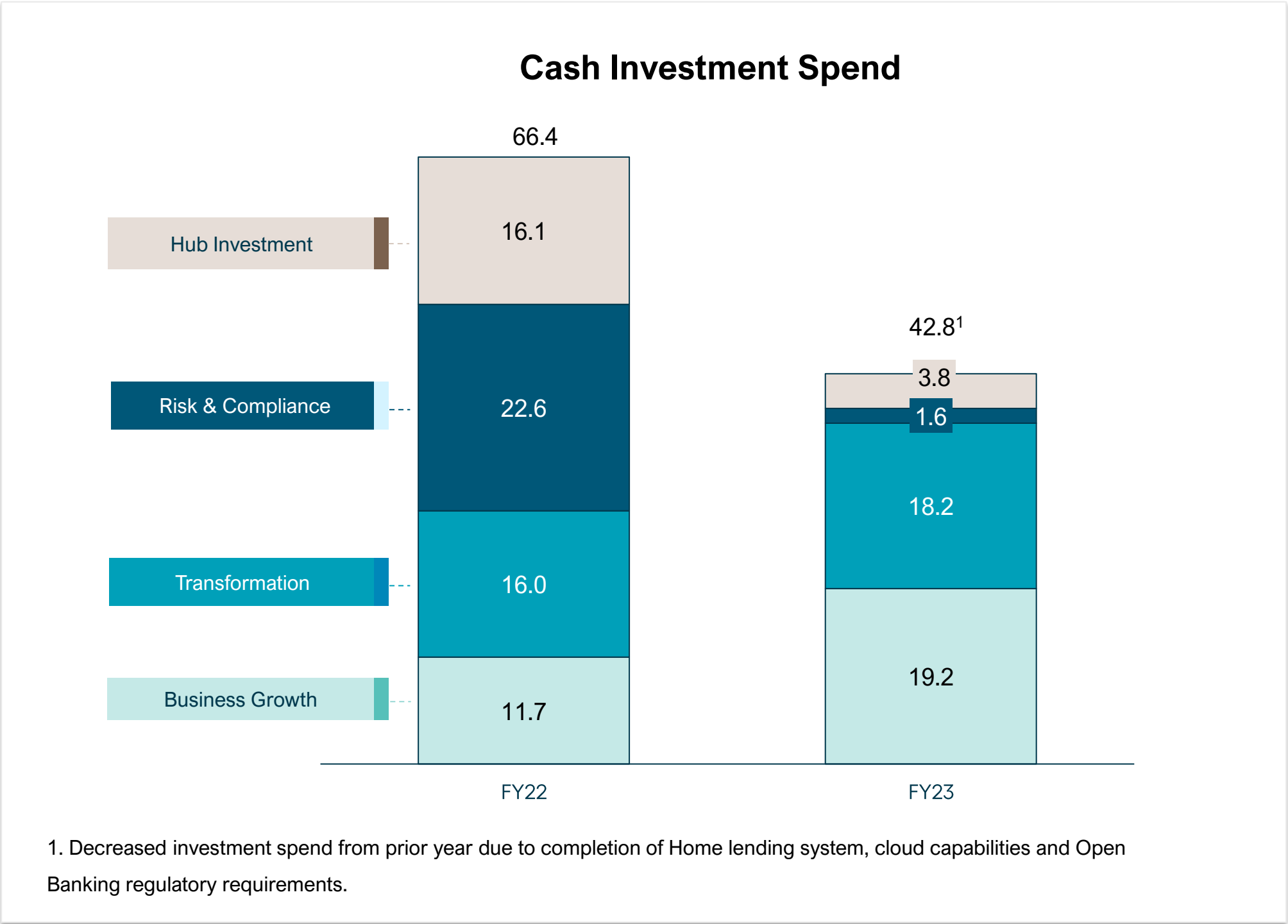
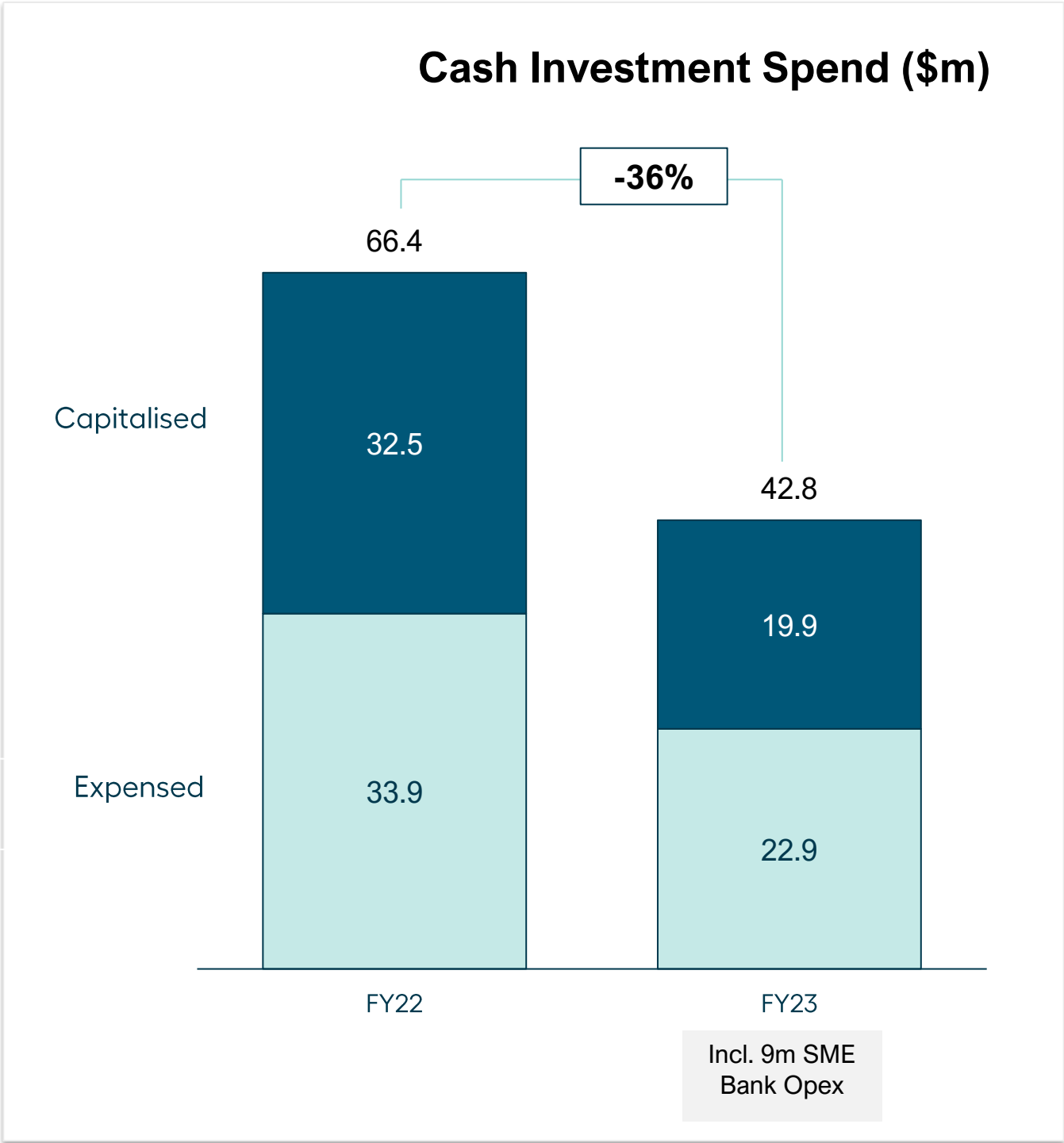


## Comparative Movement



# Investment Spend

Historically high investment spend in FY22 decreasing to a normalised run rate in FY23.

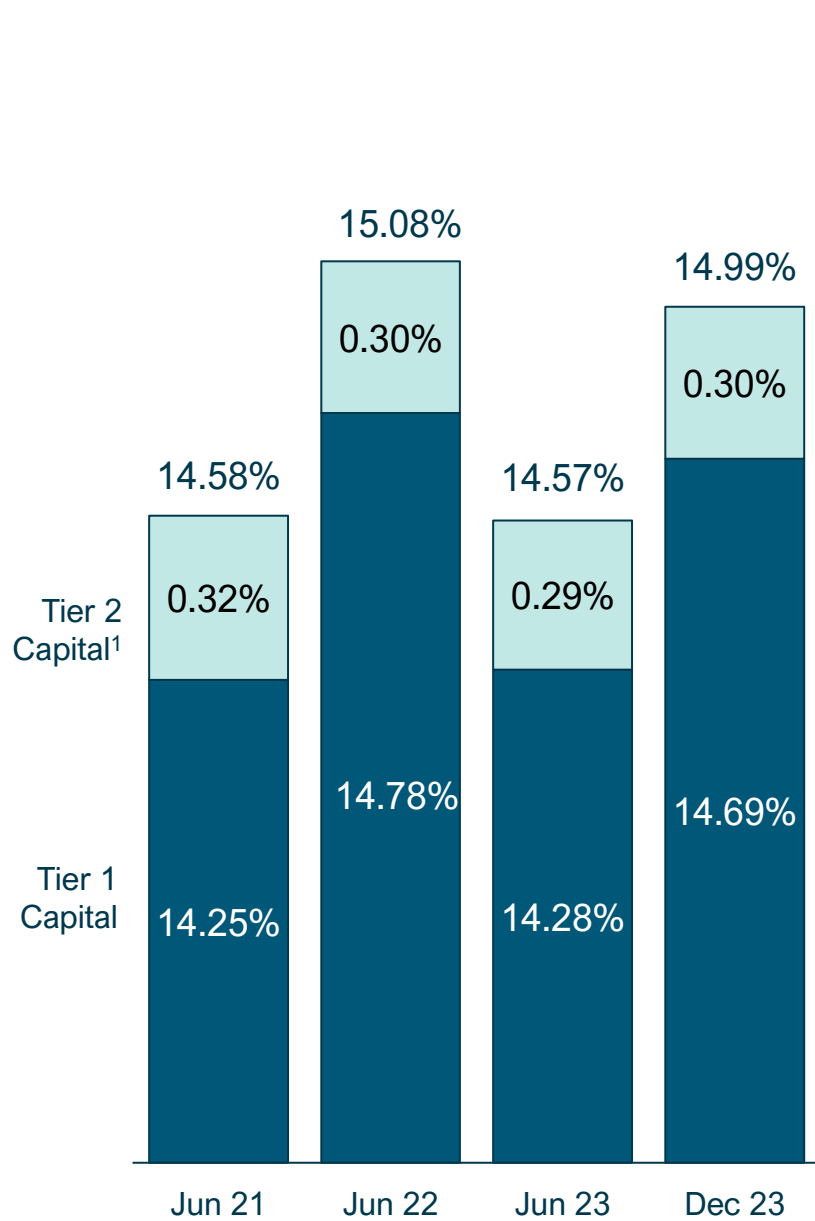




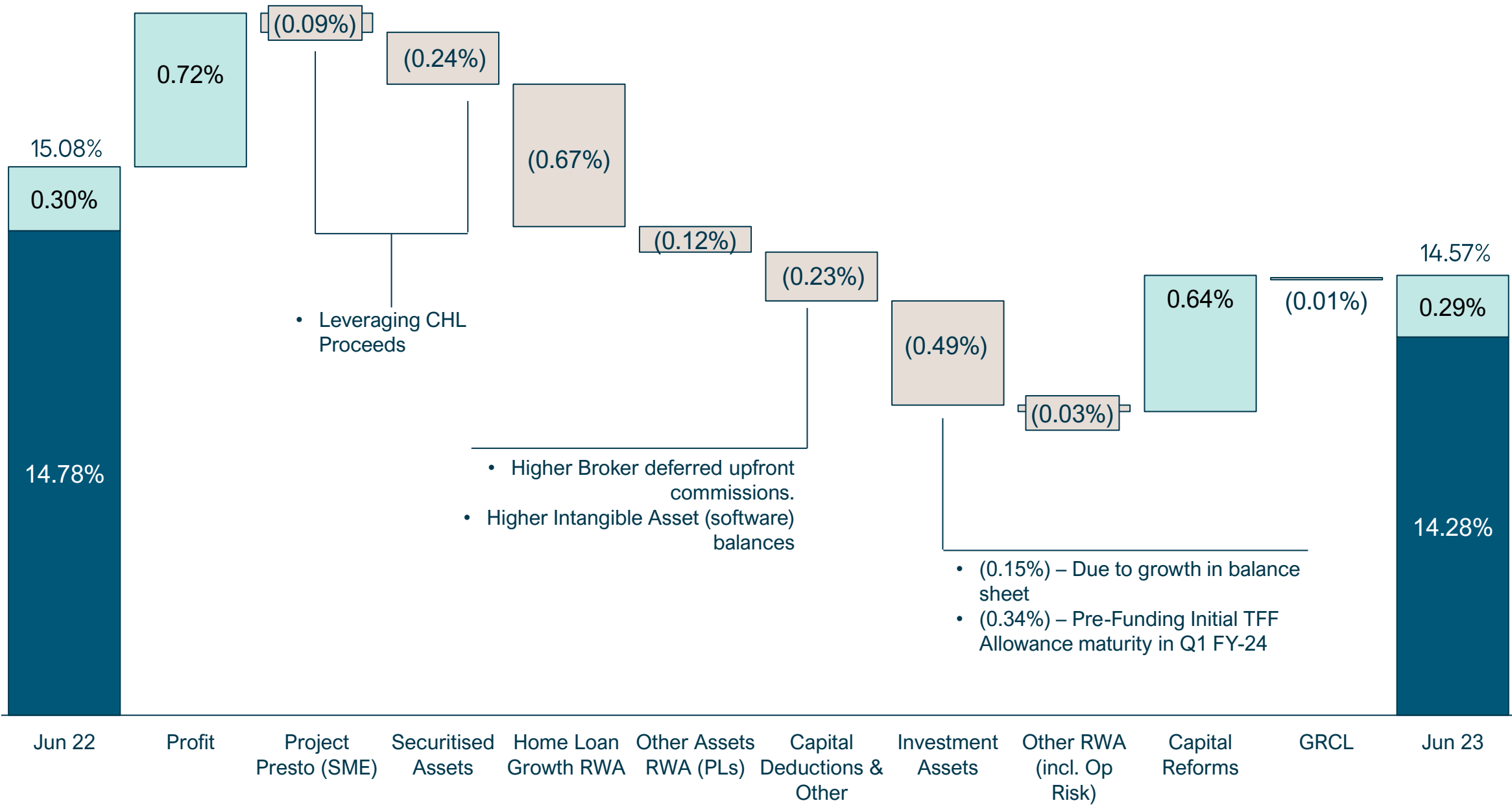
# Overview - Capital

Elevated capital retained as a result of the CHL sale in FY22

## Sequential Movement

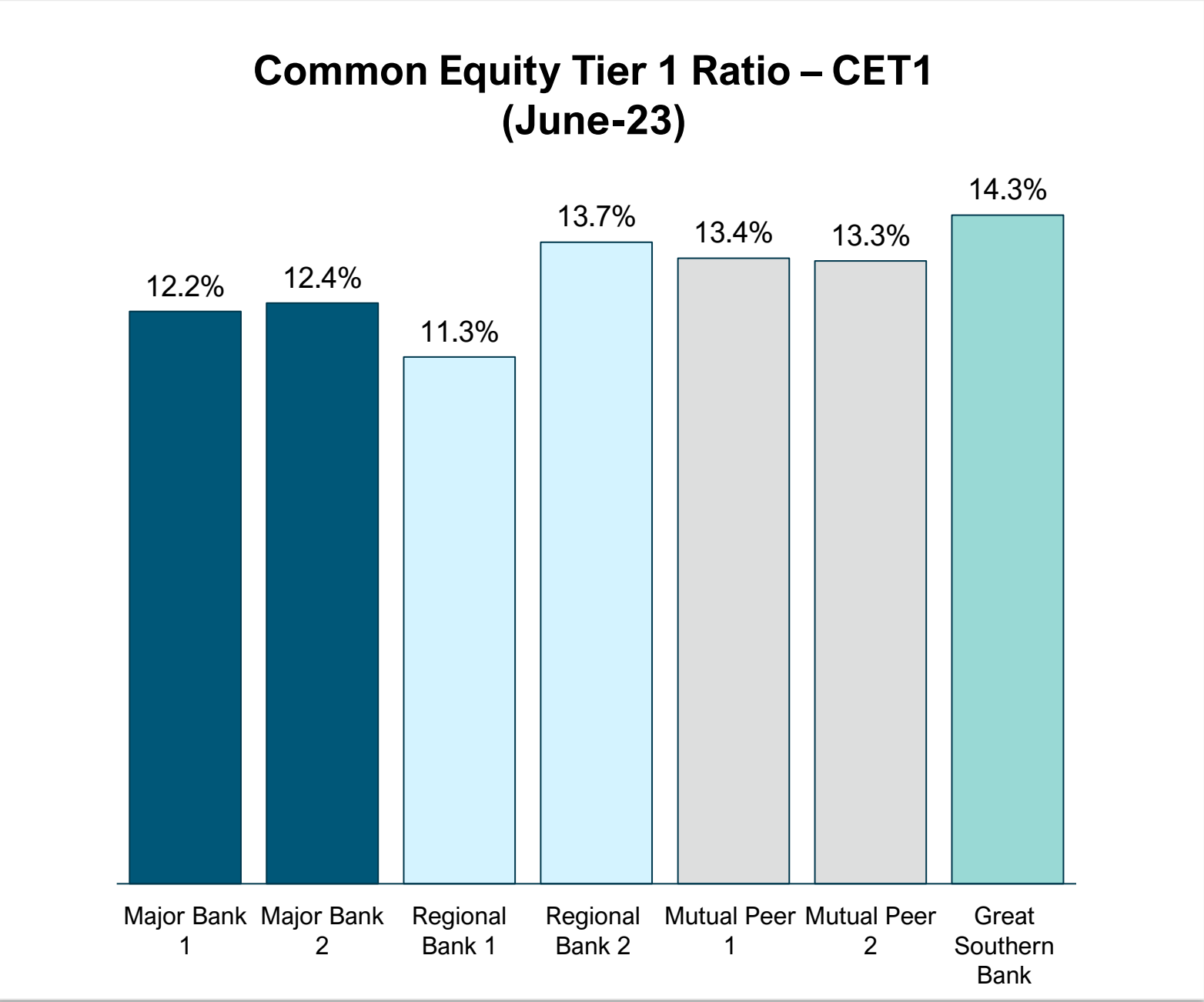


## Comparative Movement

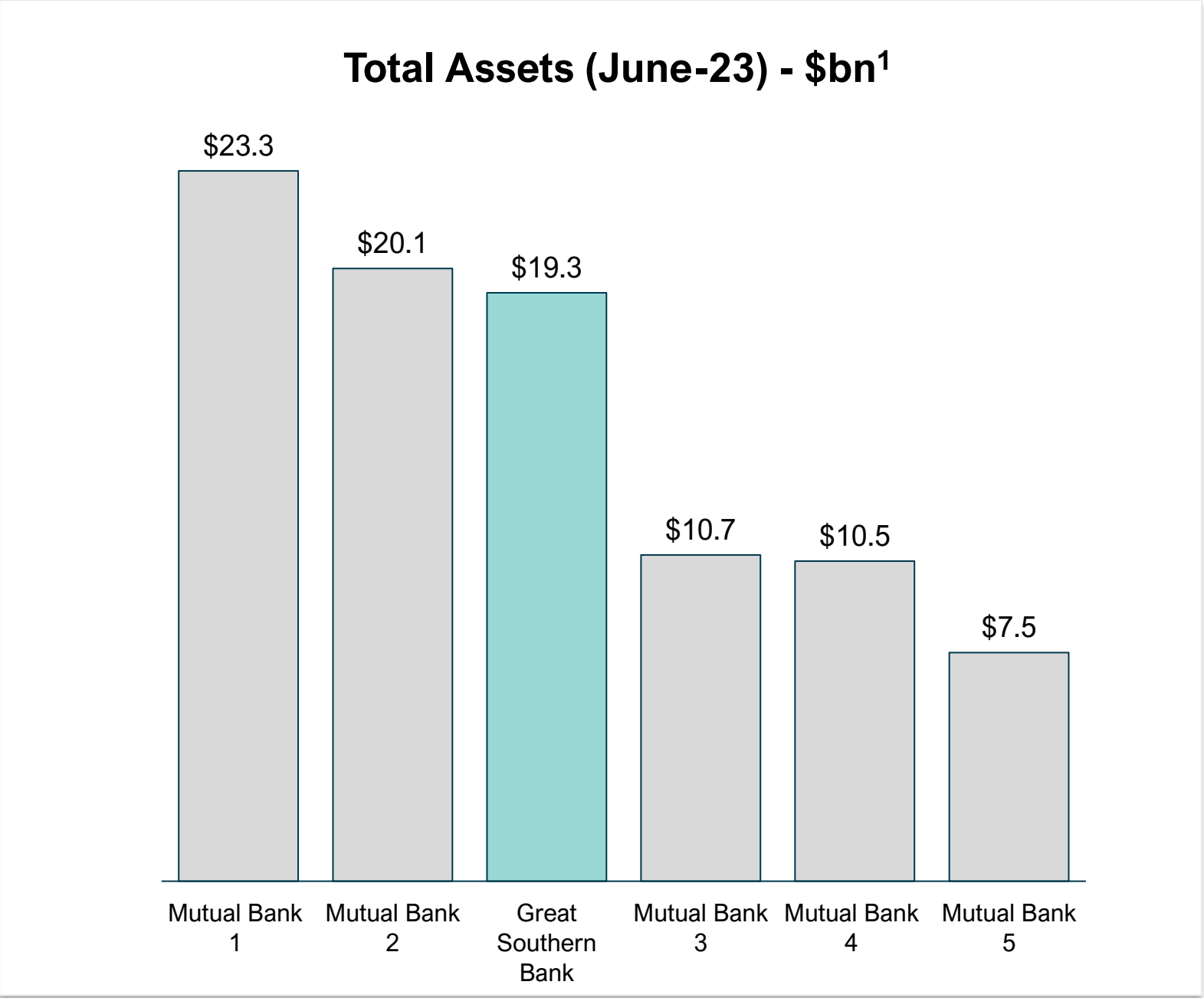


1. Tier 2 Capital is General Reserves for Credit Losses

**A leading capital position against peers, well above minimum prudential requirements**



**Australia’s 3<sup>rd</sup> Largest Mutual Bank with \$19.3bn in Total Assets**



1. Total Asset figures exclude internal securitisation

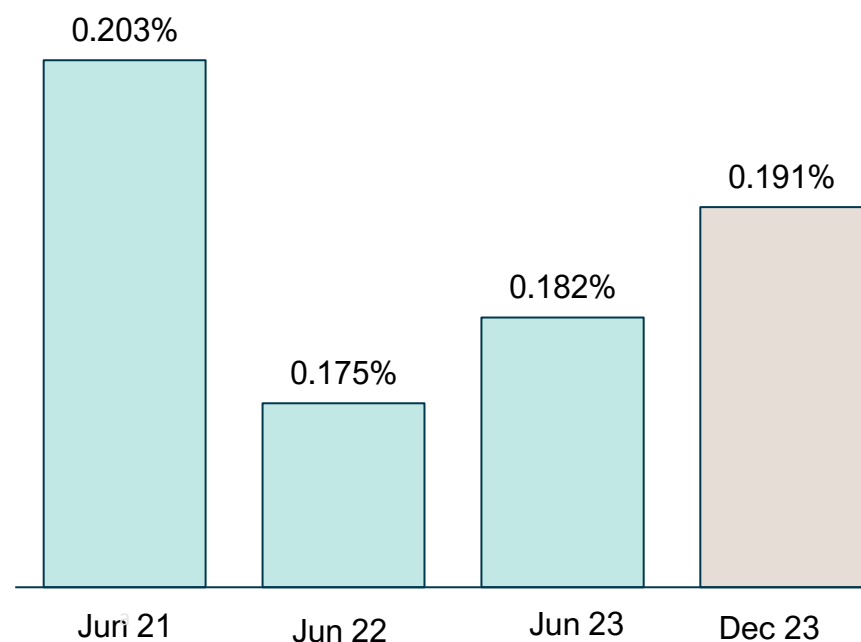
# Provisions

Provisions remain elevated due to economic uncertainty around impact of cash rate increases and customers moving off historically low fixed rate loans.

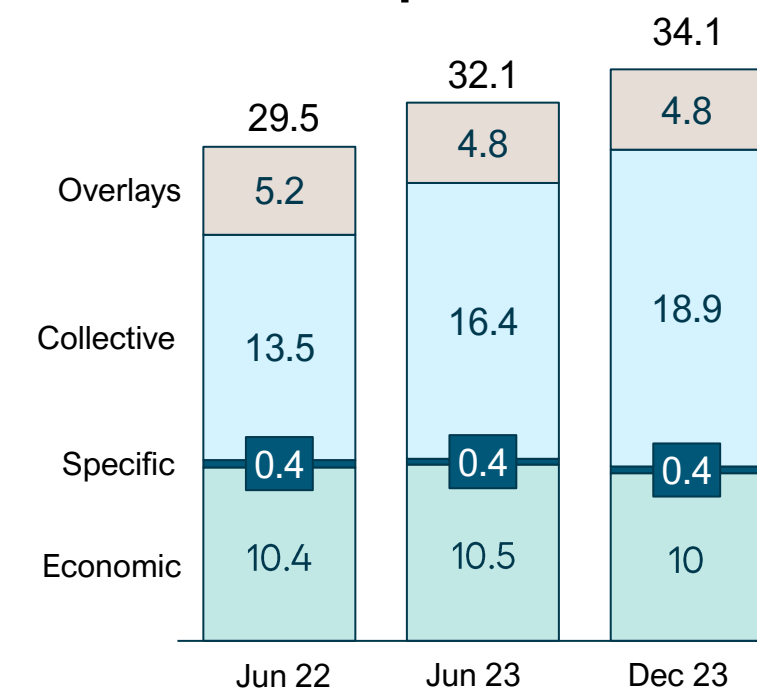


|                       |         | Credit Exposures (\$'bn) |                 |                 | Credit Provisions (\$'m) |             |             |
|-----------------------|---------|--------------------------|-----------------|-----------------|--------------------------|-------------|-------------|
|                       |         | Jun 22                   | Jun 23          | Dec 23          | Jun 22                   | Jun 23      | Dec 23      |
| Collectively assessed | Stage 1 | 14,840.0                 | 15,767.5        | 15,927.9        | 21.7                     | 22.2        | 22          |
|                       | Stage 2 | 134.6                    | 194.5           | 213.8           | 3.3                      | 4.4         | 4.8         |
|                       | Stage 3 | 30.9                     | 40.5            | 49.2            | 4.1                      | 5.1         | 6.9         |
| Individually assessed | Stage 3 | 1.6                      | 1.6             | 0.7             | 0.4                      | 0.4         | 0.4         |
| <b>Total</b>          |         | <b>15,007.1</b>          | <b>16,004.1</b> | <b>16,191.6</b> | <b>29.5</b>              | <b>32.1</b> | <b>34.1</b> |

## Total Provisions / GLA

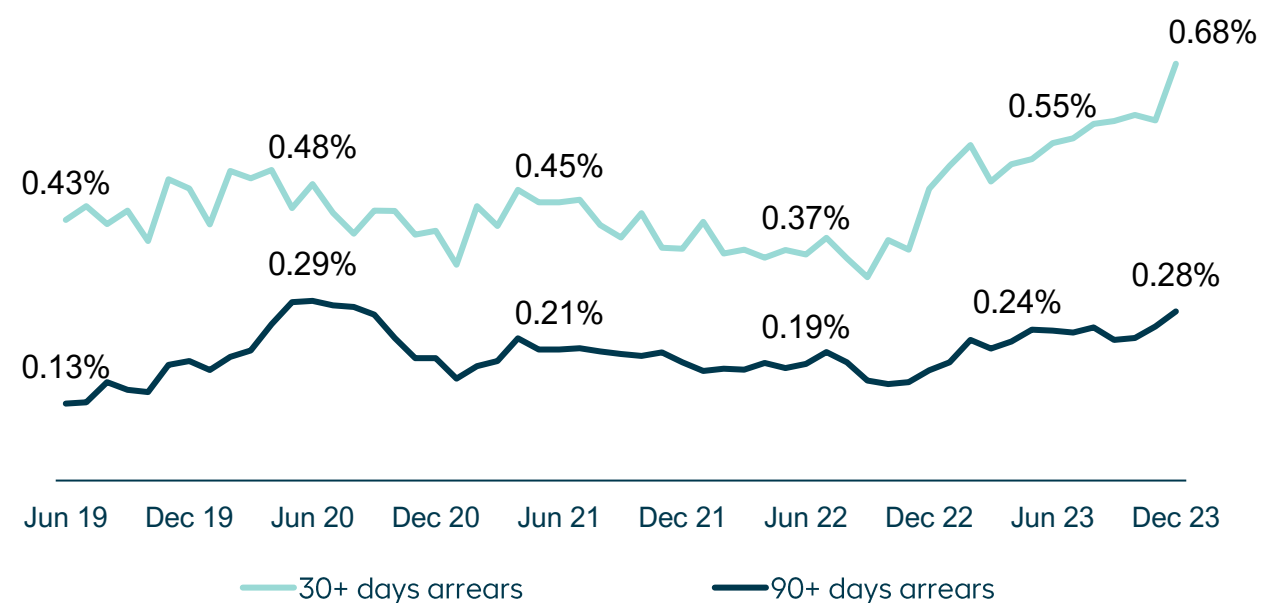


## Components

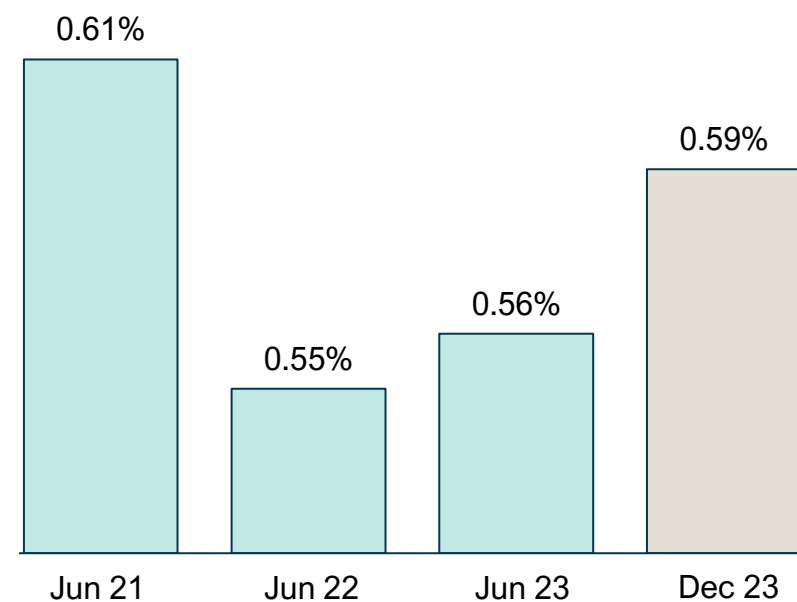


## Home loans arrears

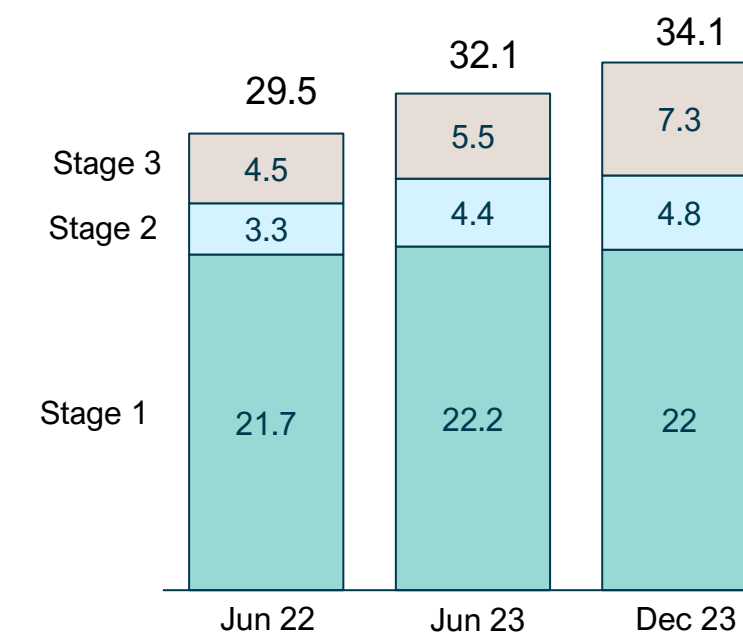
30+ days and 90+ days arrears



## Total Provisions / CRWA



## Credit Provisions

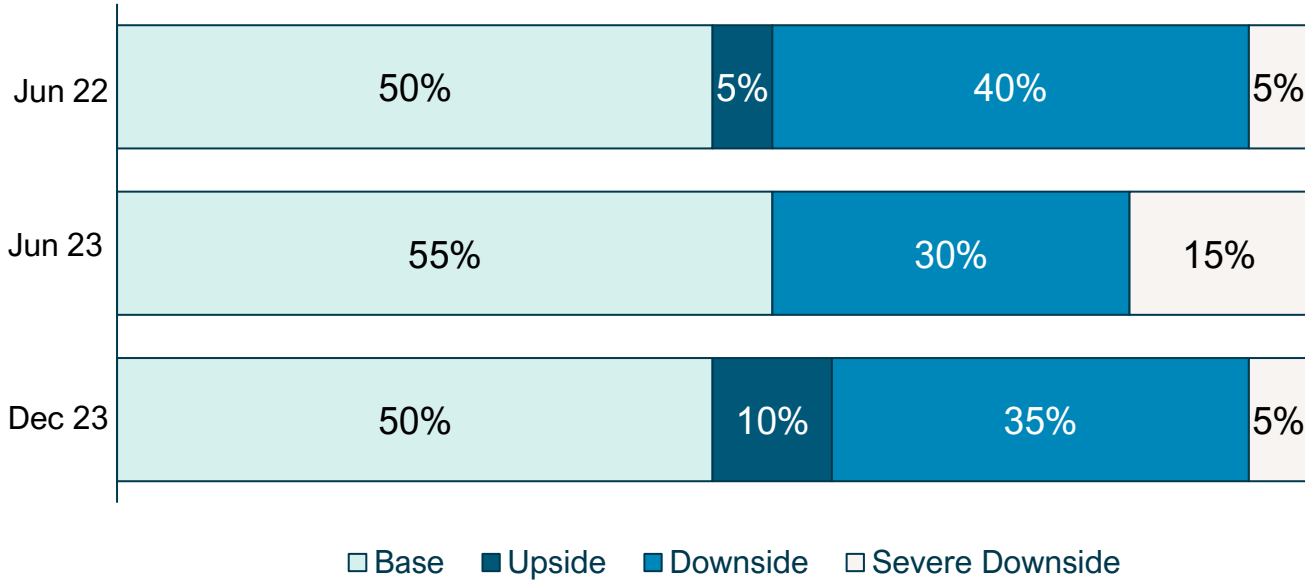


# Collective Provisions and Scenario Outcomes



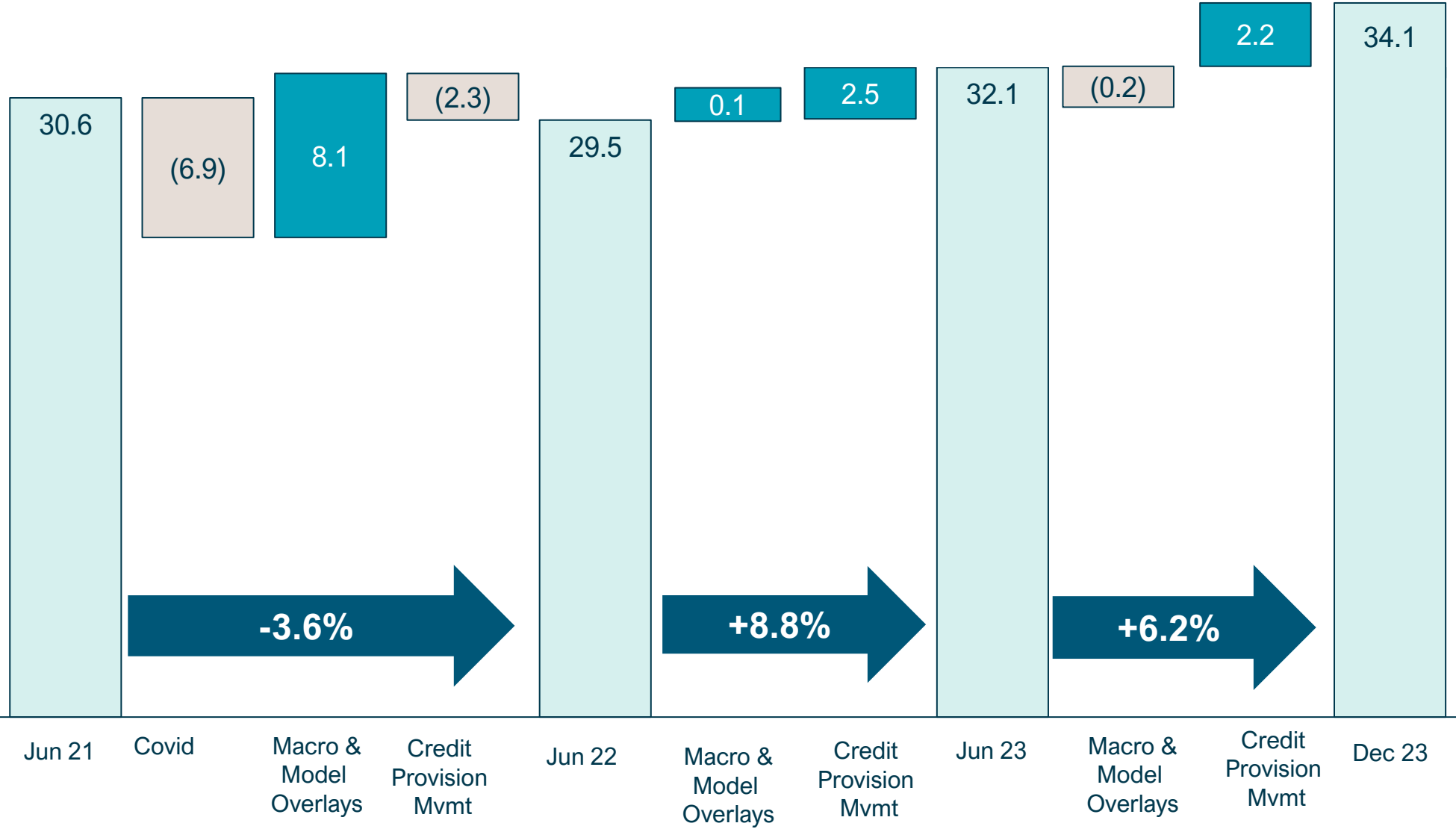
Overlays maintained for FY23 given economic uncertainty with more weighting given to the probability of severe economic downside.

## Scenario Weighting



|                  |  |
|------------------|--|
| <b>Base Case</b> | <ul style="list-style-type: none"> <li>Inflation returns to target within the RBA's projected timeframe</li> <li>Economy continues to grow over forecast period</li> <li>Unemployment increases are modest</li> <li>Growth in house prices are maintained at modest levels</li> </ul>  |
| <b>Downside</b>  | <ul style="list-style-type: none"> <li>Economy falls into 'technical recession'</li> <li>Unemployment rates increase beyond a neutral unemployment level</li> <li>House prices return to negative growth rates</li> <li>Larger reductions in customer spending which brings forward monetary policy easing, avoiding deep recession</li> </ul> |
| <b>Severe</b>    | <ul style="list-style-type: none"> <li>Remote and other more severe events</li> <li>Inflation may remain above RBA's target band which limits RBA's ability to ease monetary policy</li> </ul>   |
| <b>Upside</b>    | <ul style="list-style-type: none"> <li>Economic indicators modestly more favorable than expected in base scenario</li> </ul>   |

## Collective Provision Movement





# Asset Quality



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# Overview – Lending Portfolio

A simple, low risk balance sheet



| PORTFOLIO  | 1H24   | FY23   | FY22   | PCP (FY22) |
|--|--------|--------|--------|------------|
| Total home loan balances – Spot (\$m) <sup>1</sup> | 15,718 | 15,539 | 14,584 | ↑ 6.6%     |
| Owner occupied                                     | 82.7%  | 82.1%  | 80.3%  | ↑ 1.8%     |
| Investment   | 17.1%  | 17.7%  | 19.4%  | ↓ -1.7%    |
| Line of credit                                     | 0.2%   | 0.2%   | 0.3%   | ↓ -0.1%    |
| Proprietary <sup>2</sup>                           | 43.8%  | 45.3%  | 49.5%  | ↓ -4.2%    |
| Broker <sup>3</sup>                                | 56.3%  | 54.7%  | 50.5%  | ↑ 4.2%     |
| Variable rate                                      | 73.6%  | 64.6%  | 56.7%  | ↑ 7.9%     |
| Interest only                                      | 5.7%   | 6.5%   | 7.6%   | ↓ -1.1%    |
| Scheduled LVR <sup>4</sup>                         | 60%    | 60%    | 61%    | ↓ -0.3%    |
| Arrears 90+ days                                   | 0.28%  | 0.24%  | 0.19%  | ↑ 0.05%    |
| Home Loan deferrals (\$m)                          | 69     | 68     | 34     | ↑ 100%     |
| Offset balances – Spot (\$m)                       | 1043   | 1019   | 1038   | ↓ -1.8%    |
| Personal loan balances – Spot (\$m)                | 353    | 321    | 296    | ↑ 8.4%     |
| Credit card balances – Spot (\$m)                  | 43     | 43     | 40     | ↑ 7.5%     |

| NEW BUSINESS <sup>5</sup>      | 1H24  | FY23  |
|--------------------------------|-------|-------|
| Total home loan issuance (\$m) | 1,864 | 4,494 |
| Variable rate                  | 92%   | 94.1% |
| Owner occupied                 | 84.3% | 86.9% |
| Investment                     | 15.7% | 13.1% |
| Proprietary                    | 24.8% | 28.0% |
| Broker                         | 75.2% | 72.0% |
| Interest only                  | 6.3%  | 6.4%  |
| Scheduled LVR                  | 72.1% | 69.6  |
| Personal loan issuance(\$m)    | 113   | 185   |

1. Excludes Equity Line of Credit (ELOC). 2, 3, 4. Reported based on # of accounts. 5. All portfolio and new business metrics are based on balances and issuance respectively, unless stated otherwise. All new business metrics are based on 12 months to Jun 23, unless otherwise stated.

**NOTE:** 1H24 results cover the 6-month period from July 23 to December 23 and are not audited results.

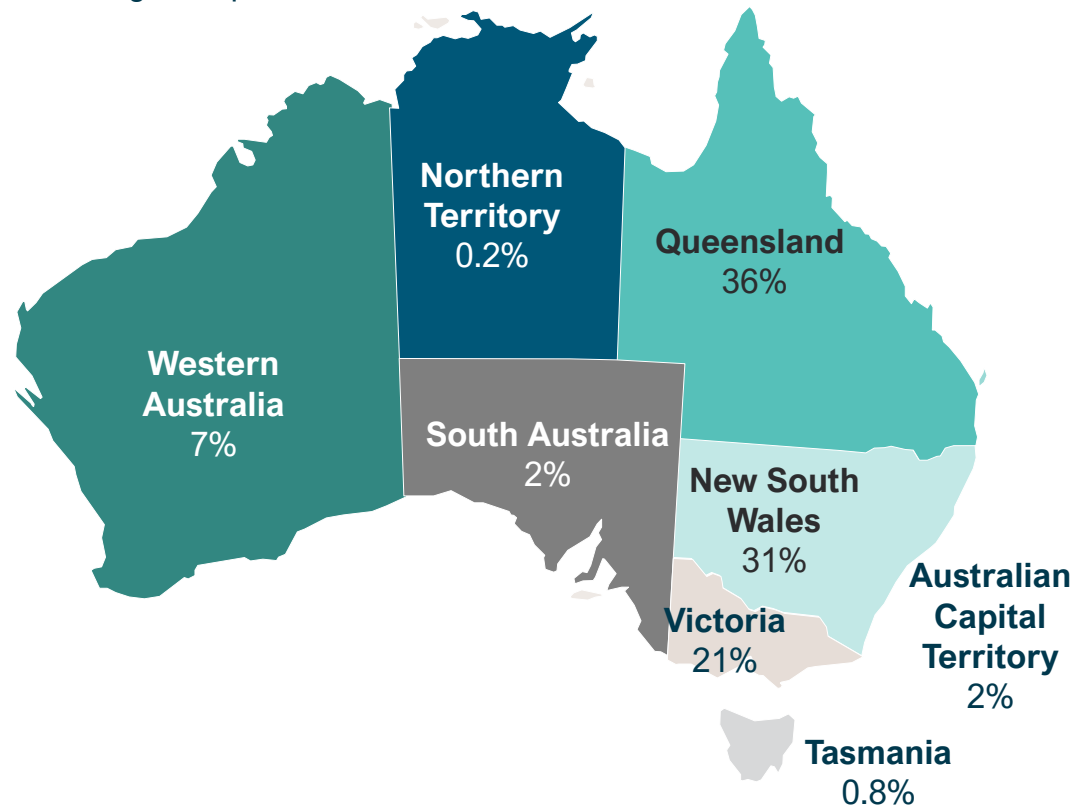


# Overview – Home Lending

Good geographical diversification maintained, modest lending growth and continued strong risk profile

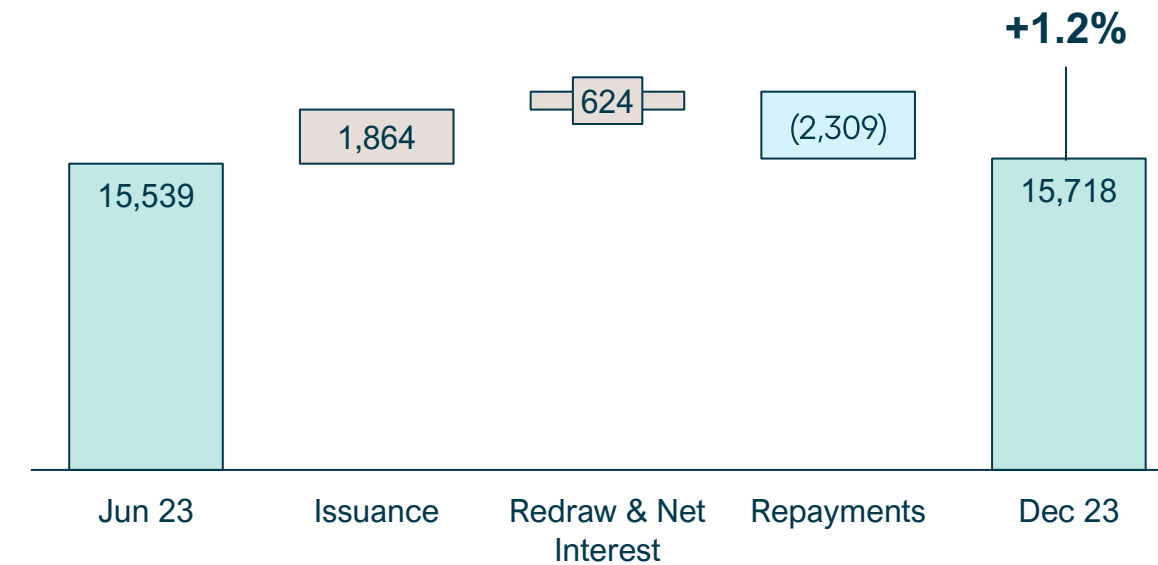
## Geographical split<sup>1</sup>

Housing loans spread across QLD, NSW, WA, ACT and VIC



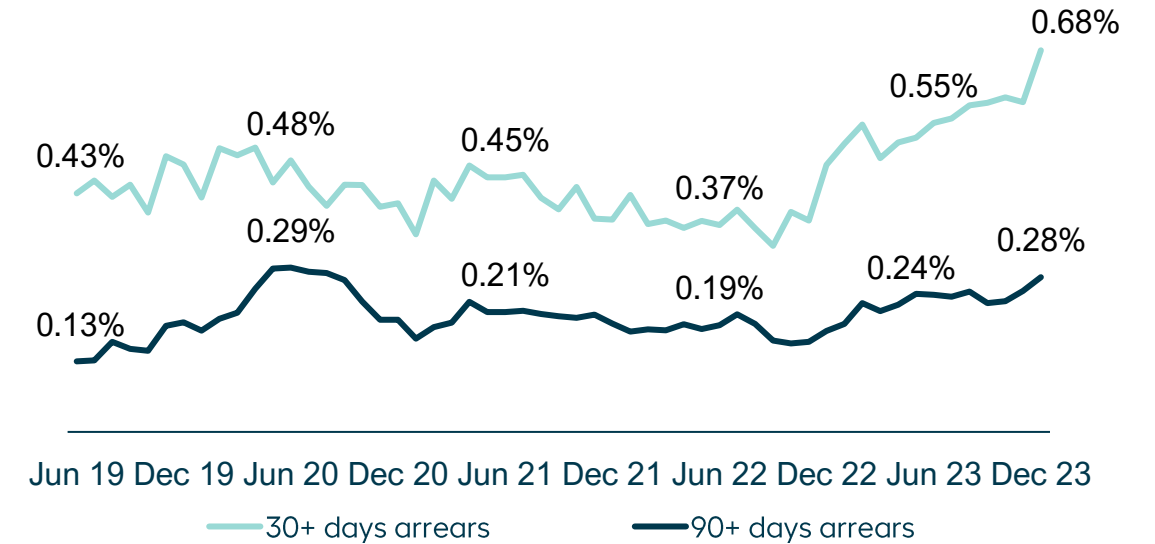
## Net growth comparative<sup>2</sup>

Modest new lending offset by higher repayments



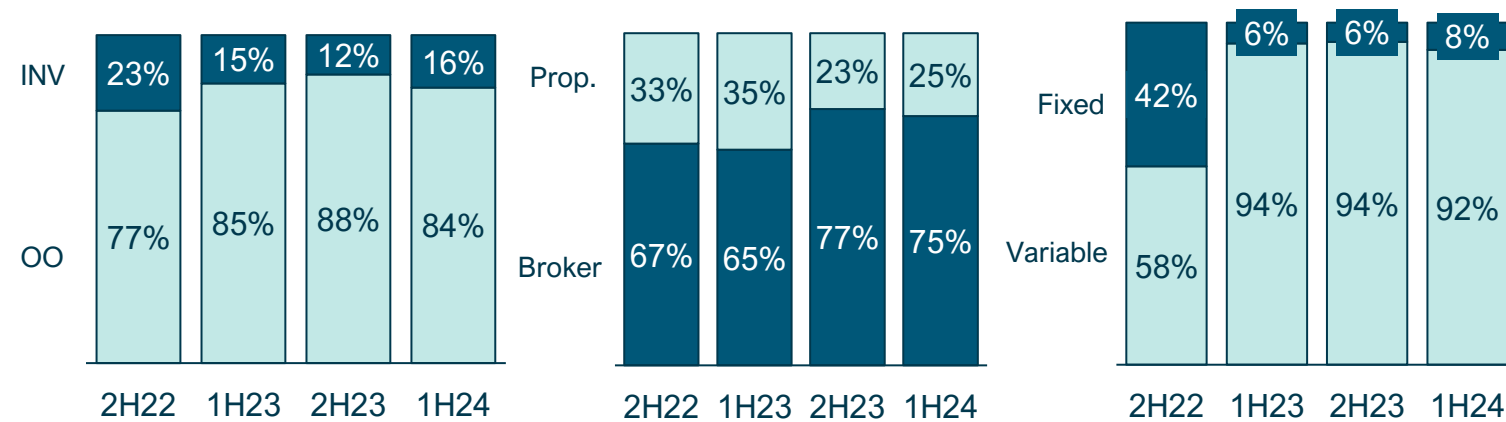
## Home loans arrears

30+ days and 90+ days arrears



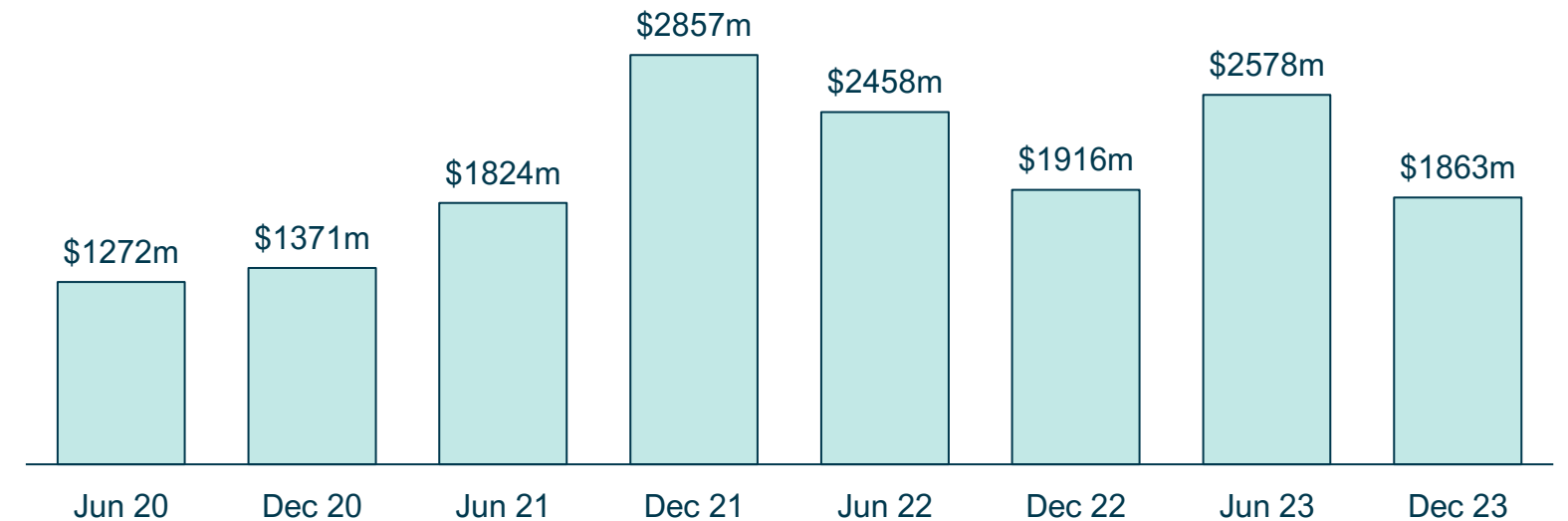
## Loan issuance mix

Weighted toward new owner-occupied lending, lower fixed rate lending consistent with a rising rate environment



## Loan issuance<sup>2</sup>

Strong issuance despite declining system growth in FY23



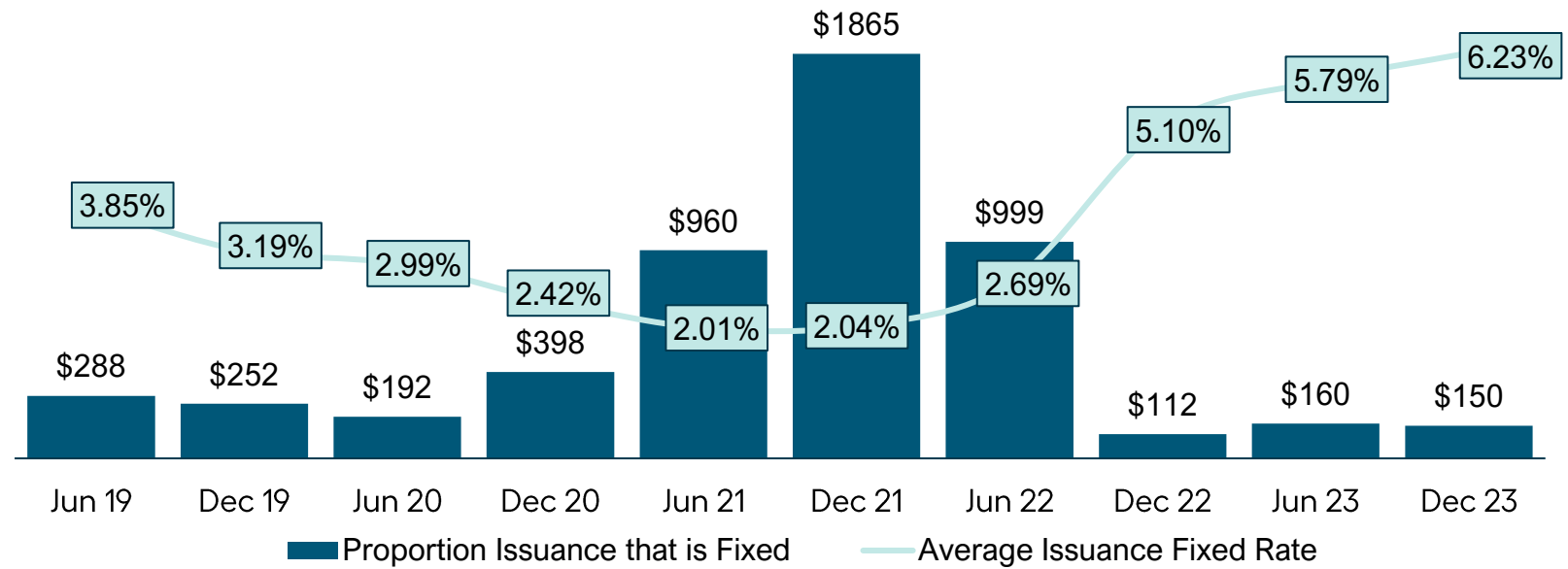
1. Exposures to SA, NT and TAS are combined. Exposures to NSW and ACT are combined. 2. Does not include Equity Line of Credit (ELOC).

# Fixed Rate Expiry and Transition

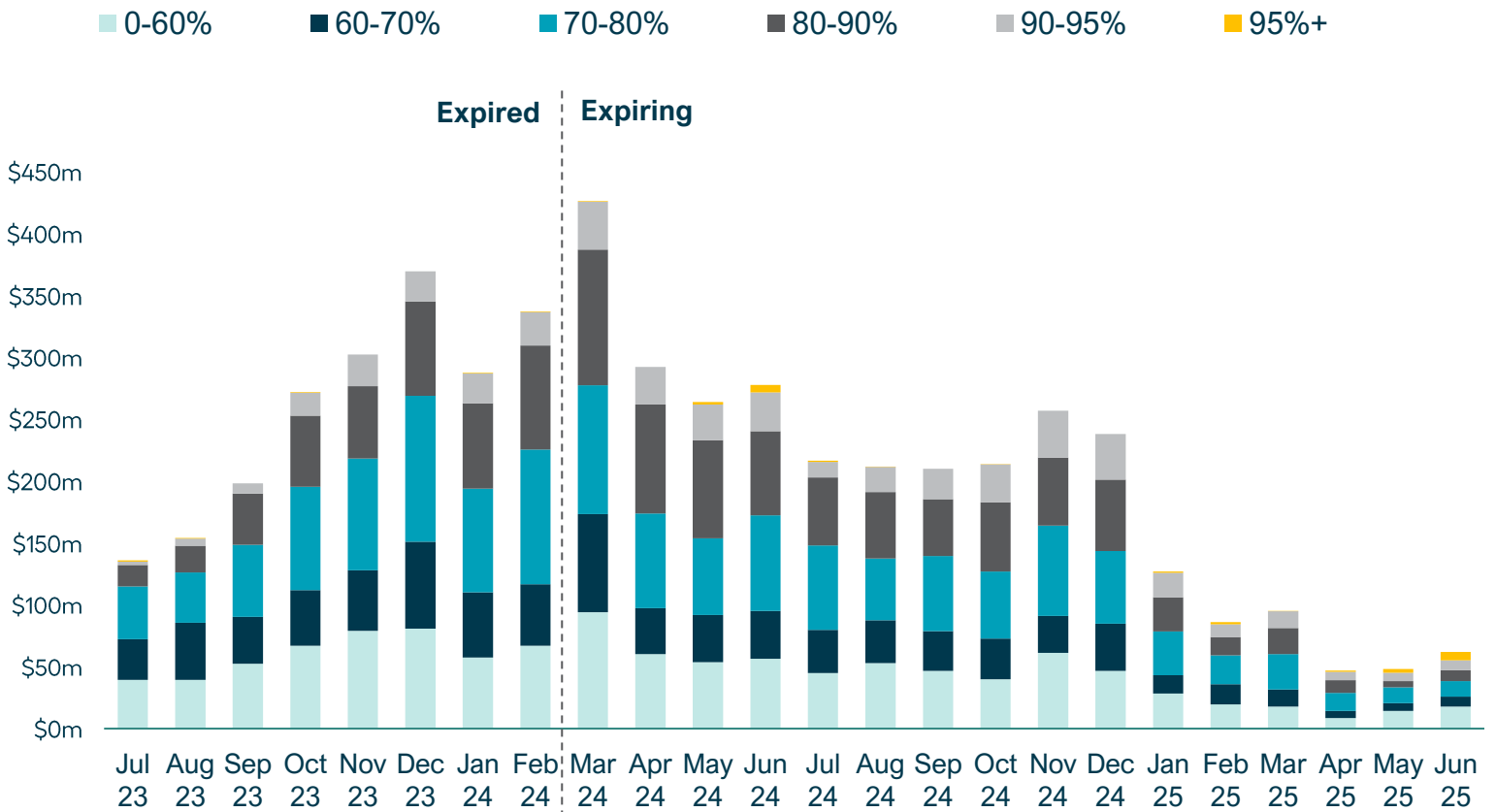
Bulk of Fixed Rate Expiries to occur by the end of 2024



## Fixed Rate Issuance Composition and Rates (\$m)



## Fixed Rate Expiry – By LVR Bracket



## Geographical Split

|             |     |           |     |
|-------------|-----|-----------|-----|
| NSW / ACT   | 38% | Metro     | 72% |
| QLD         | 34% | Non-Metro | 14% |
| VIC         | 18% | Regional  | 13% |
| WA          | 7%  | Remote    | 1%  |
| SA/ NT/ TAS | 3%  |           |     |

## Helping customers transition from historically low Fixed Interest Rate loans

|                                   |   |
|-----------------------------------|---|
| <p><b>8 weeks from expiry</b></p> | <p><b>Email Reminder</b> to customers about which variable rate product their loan will roll to and the <b>options available</b> to them.</p>   |
| <p><b>5 weeks from expiry</b></p> | <p>Contact each loan account holder by mail to advise both their <b>new interest rate</b> and <b>minimum repayment amount</b>.</p>  |
| <p><b>At expiry</b></p>           | <p>Once fixed rate has expired, the customers loan will <b>roll to the variable rate product stated in the contract</b>.</p> <p>Letter will be sent confirming the new repayment amount and date.</p> |



# Supporting our customers

There is a diverse range of services and partners available to support customers and manage collections at all stages of the lifecycle

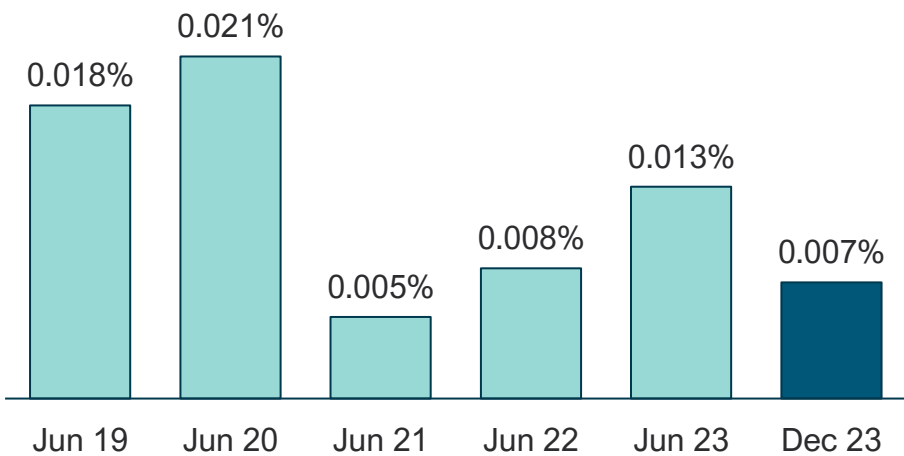


### Key Priorities

- **Actively managing the upcoming fixed rate towers** by proactively assisting customers to a solution
- **Helping families to stay in their homes** by actively managing our home loan arrears portfolio.
- Supporting our customers **with tailored financial assistance solutions.**

### Mortgagees in Possession

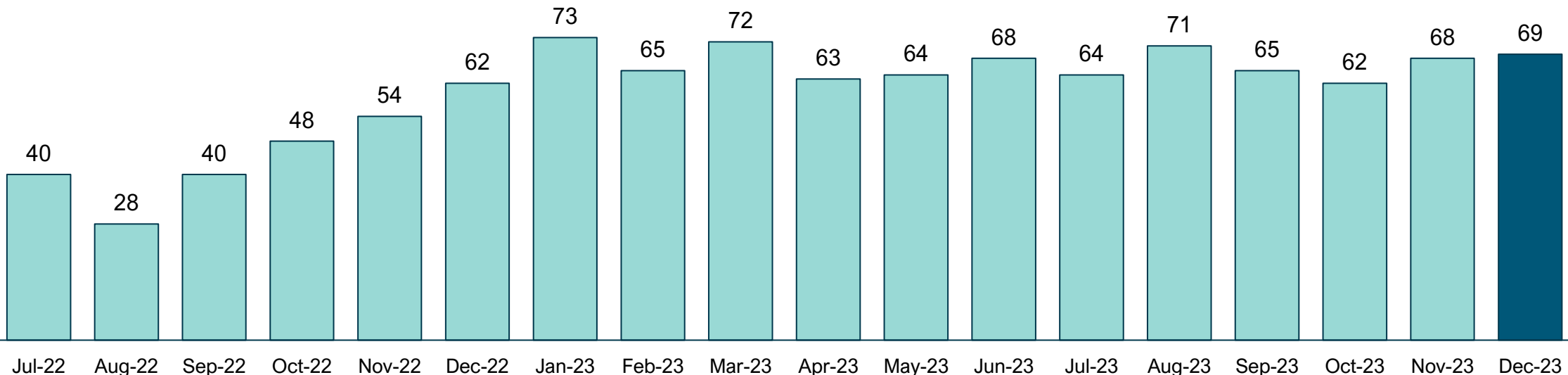
(As % of total home loan balances)



### Financial Assistance & Collections Strategies

| Short Term  |
|---|
| <ul style="list-style-type: none"> <li>• Pay Arrangements</li> <li>• Payment Deferrals</li> <li>• Partial Payments</li> </ul>                         |
| Mid Term  |
| <ul style="list-style-type: none"> <li>• Six Month Serviceability Arrangements</li> <li>• Temporary Interest Only Payments</li> </ul>                 |
| Permanent   |
| <ul style="list-style-type: none"> <li>• Term Extensions</li> <li>• Debt Consolidation</li> <li>• Loan Restructures</li> <li>• Settlements</li> </ul> |

### Home Loans Under Active Financial Assistance (\$m)

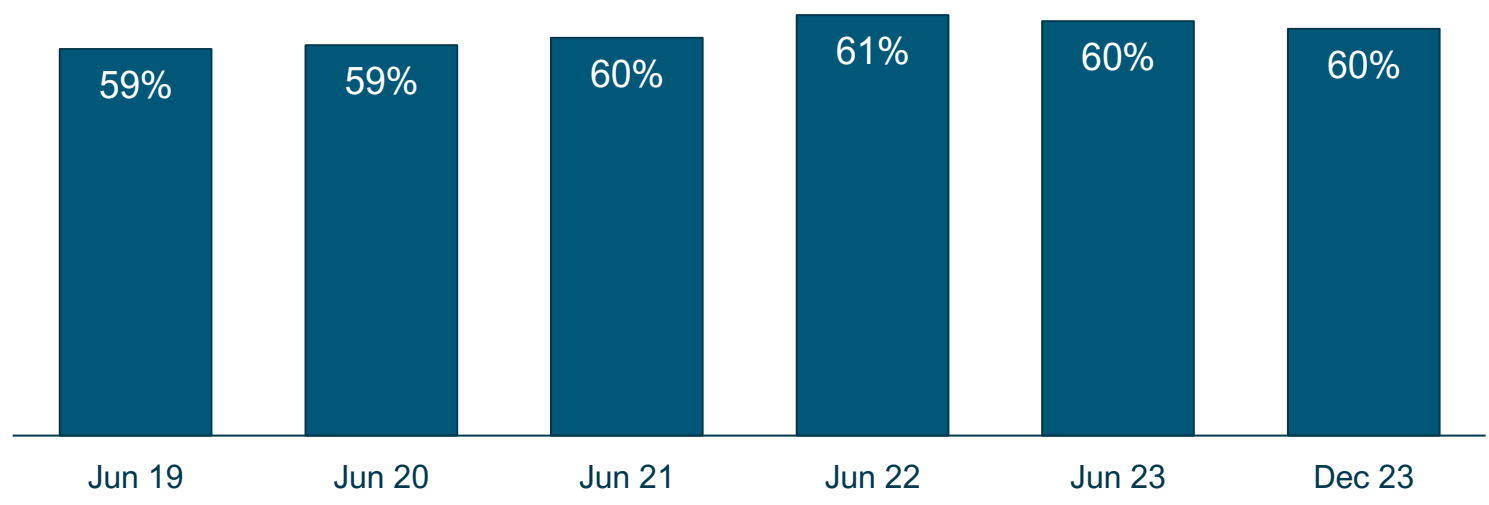


# Home Lending LVRs<sup>1</sup>

Strong Home Guarantee Scheme loan issuance impacting higher LVR segments while strong refinance loan issuance support lower LVR segments

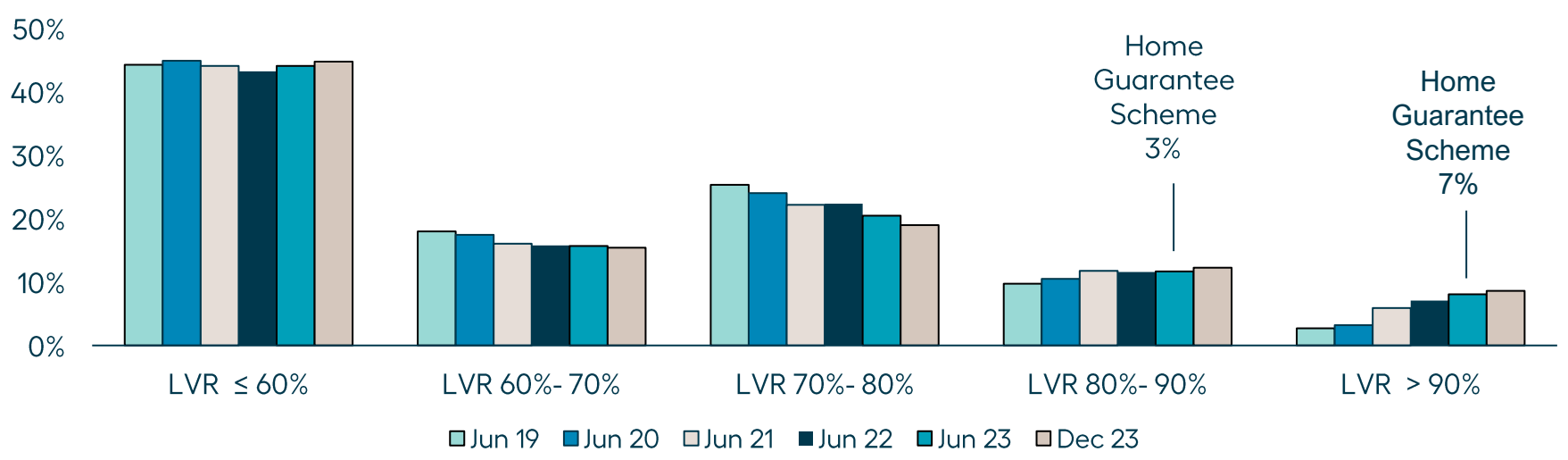


## Average home lending portfolio LVR<sup>2</sup>



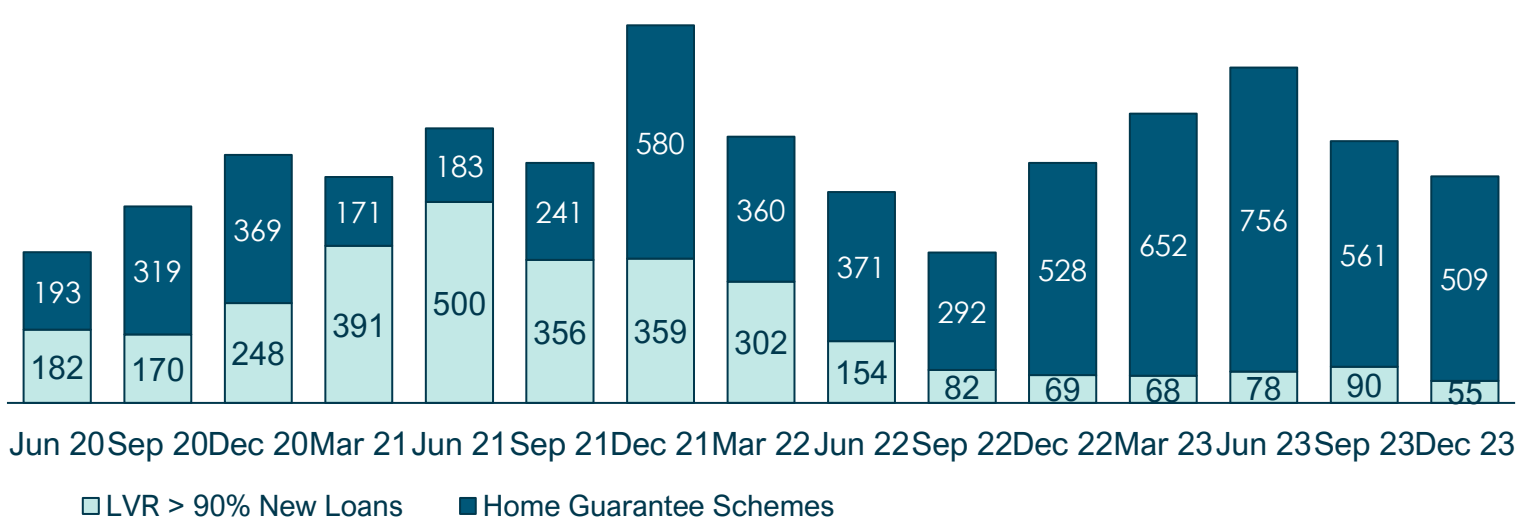
## LVR Bands

% of total home lending portfolio accounts



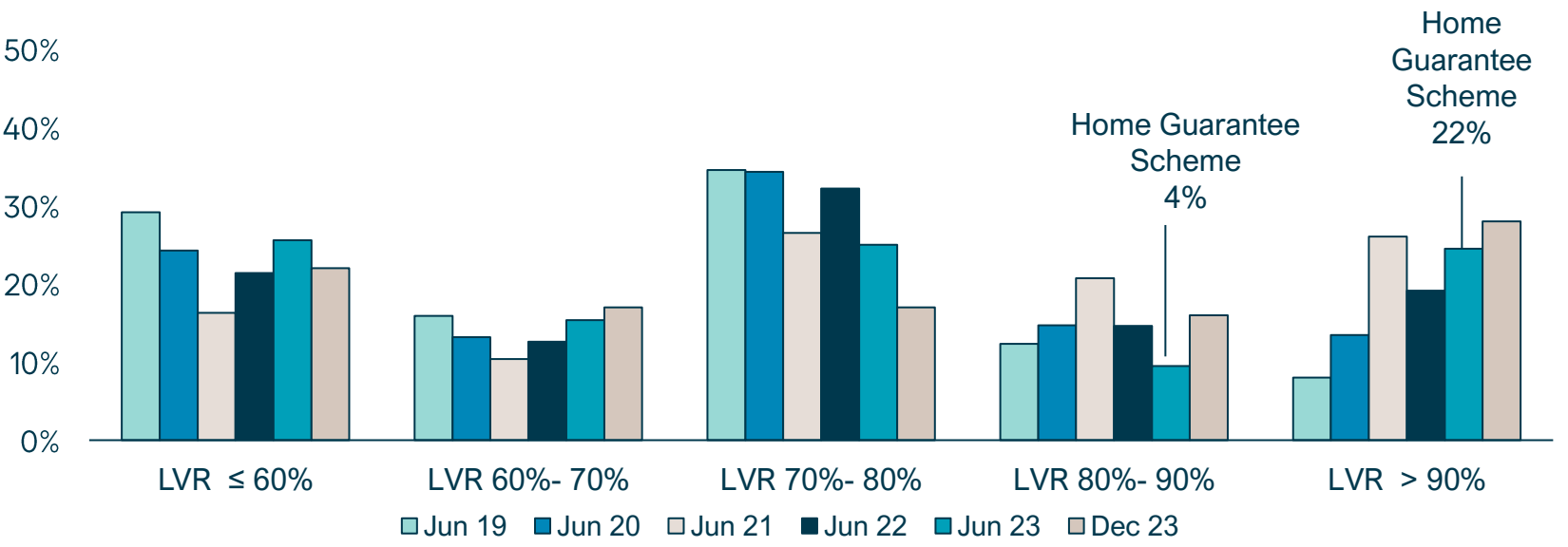
## New loan accounts 'LVR > 90% - LMI' and 'LVR > 90% - Home Guarantee Schemes'

Increase in flow to > 90% attributed to Home Guarantee Schemes incl. FHLDS



## LVR Bands

% of total home lending new loan accounts



1. LVRs calculated from Scheduled LVRs and reported based on # of accounts. 2. Average LVR on portfolio accounts.

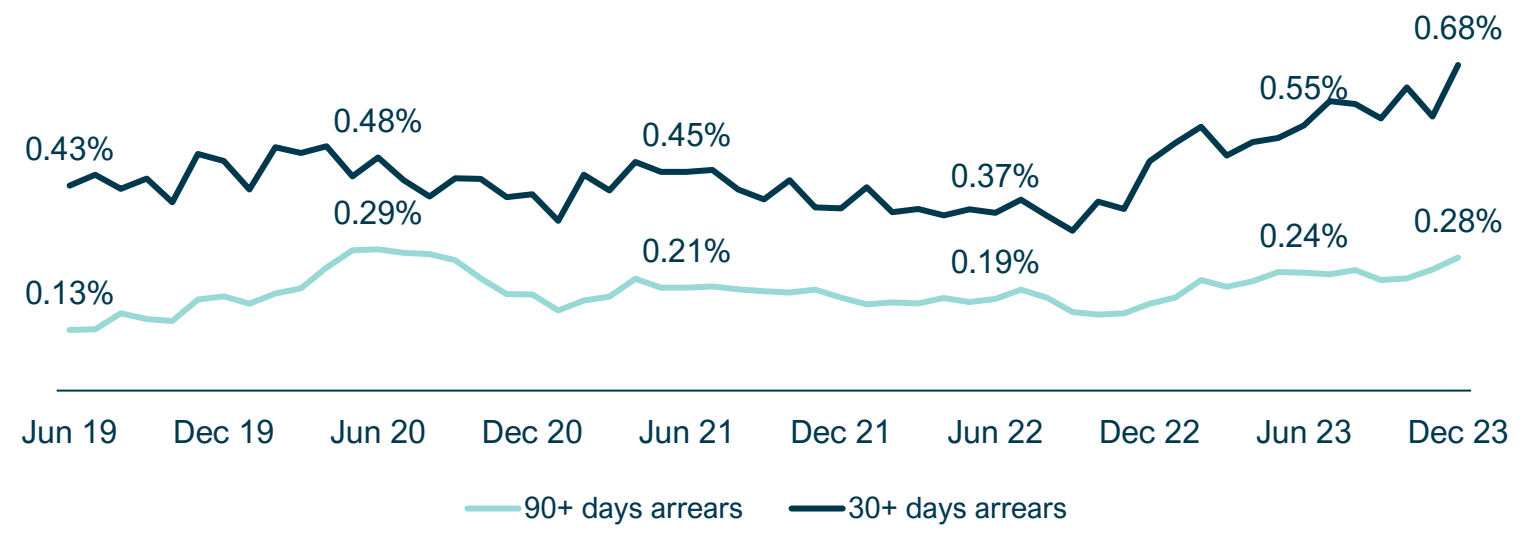
# Home Lending Arrears

Arrears increasing off recent lows and remain below industry averages



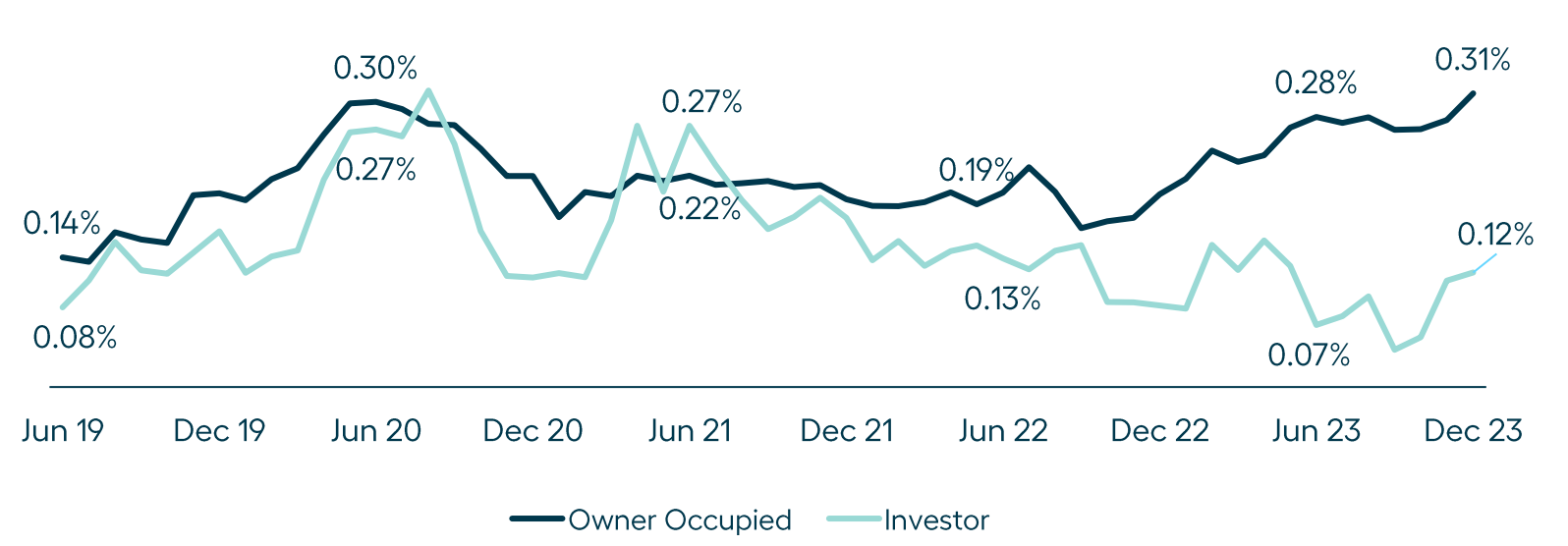
## Home loans arrears

30+ days and 90+ days arrears



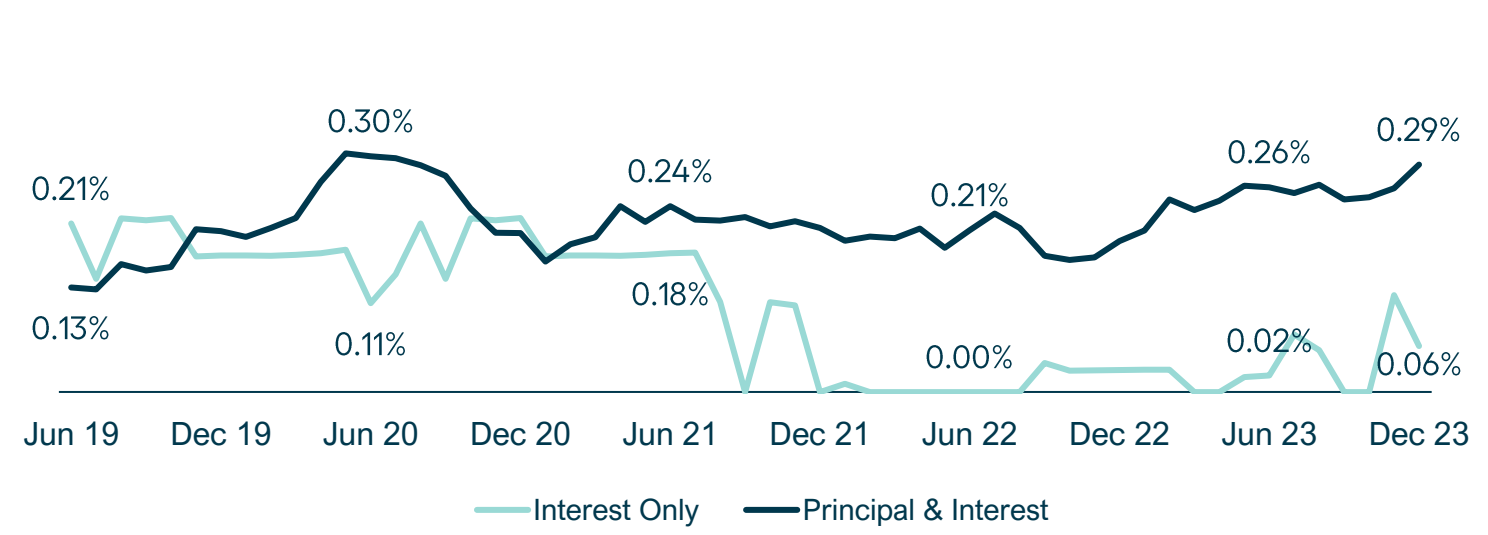
## Arrears by product

90+ days arrears



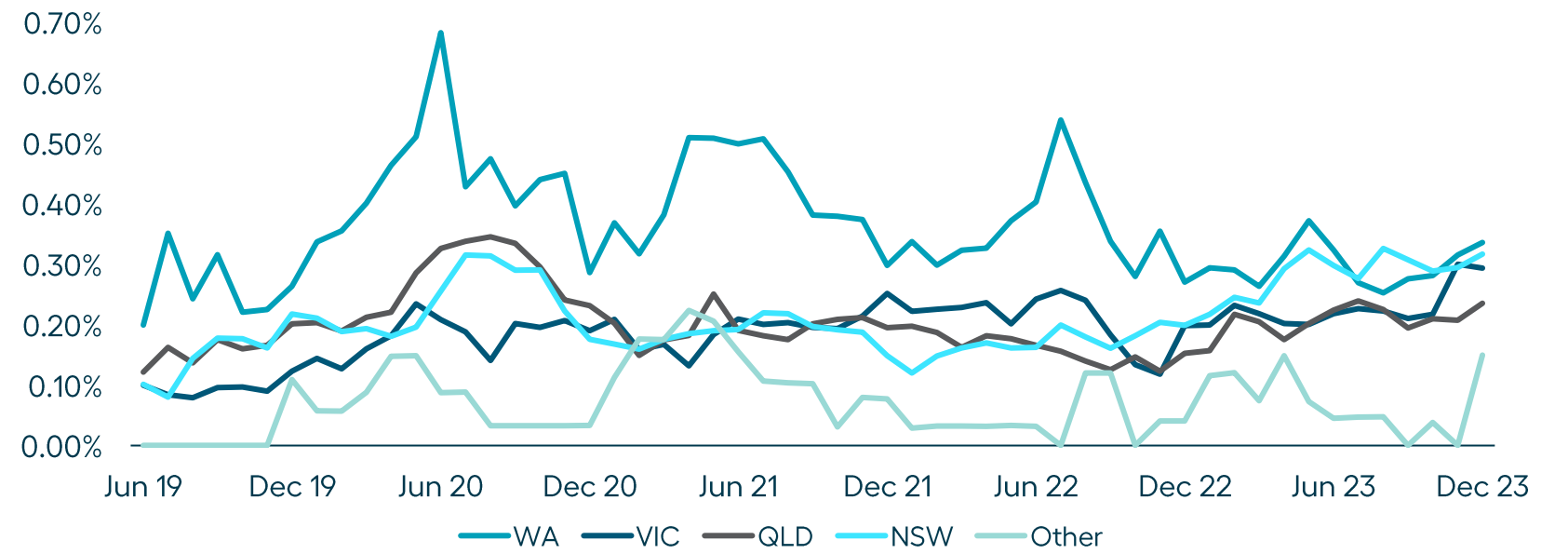
## Arrears by repayment type

90+ days arrears



## Arrears by state

90+ days arrears

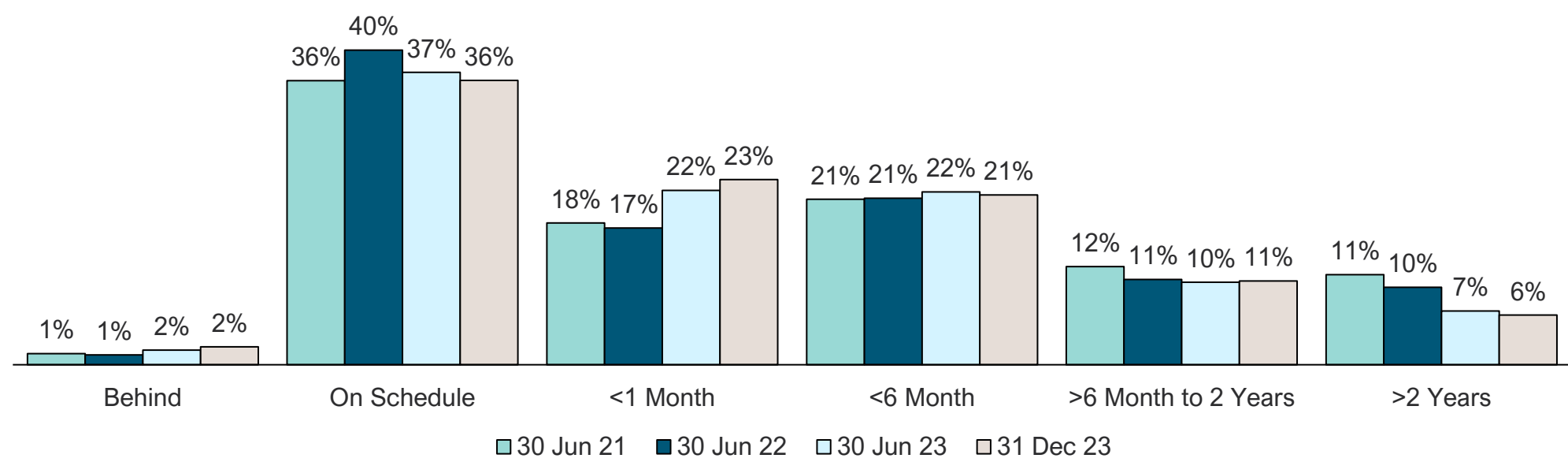


# Home Lending Repayments<sup>1</sup>

External refinance activity reducing, helped by borrower's reducing ability to refinance in rising rate environment

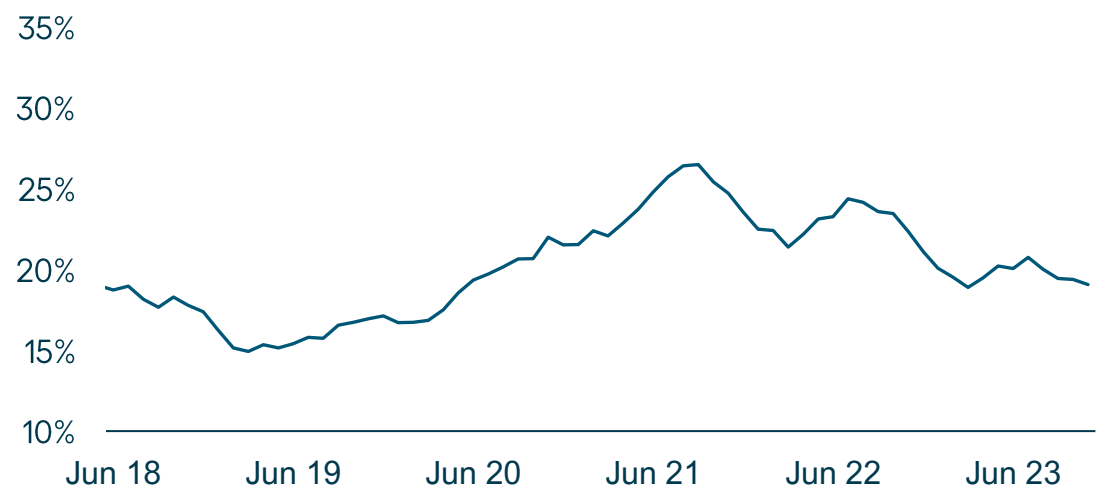


## Customers ahead on repayments (% by balances)



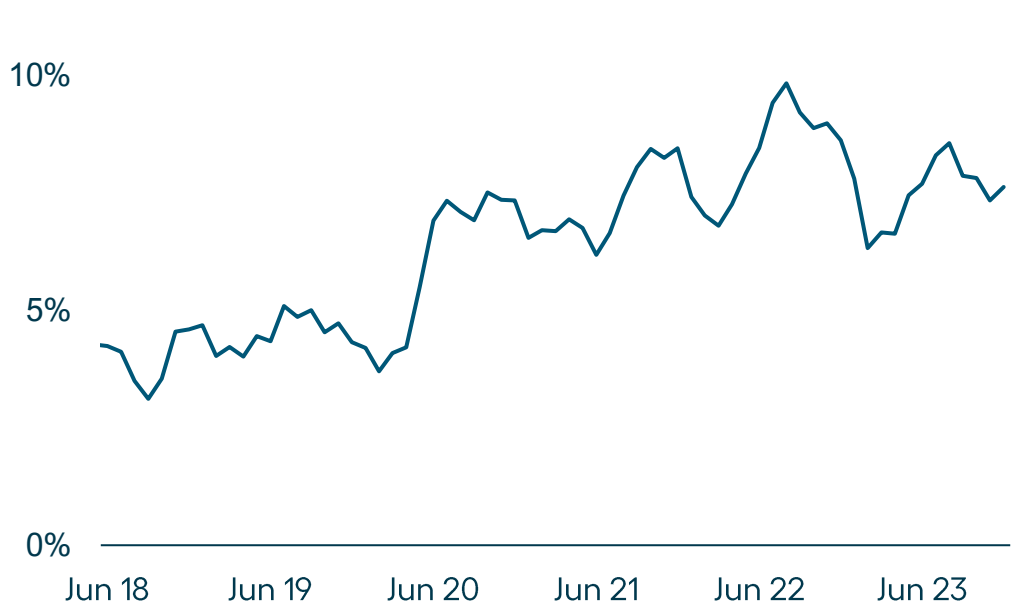
## Repayment speed as a % of portfolio

Remained elevated due to competitive refinance market



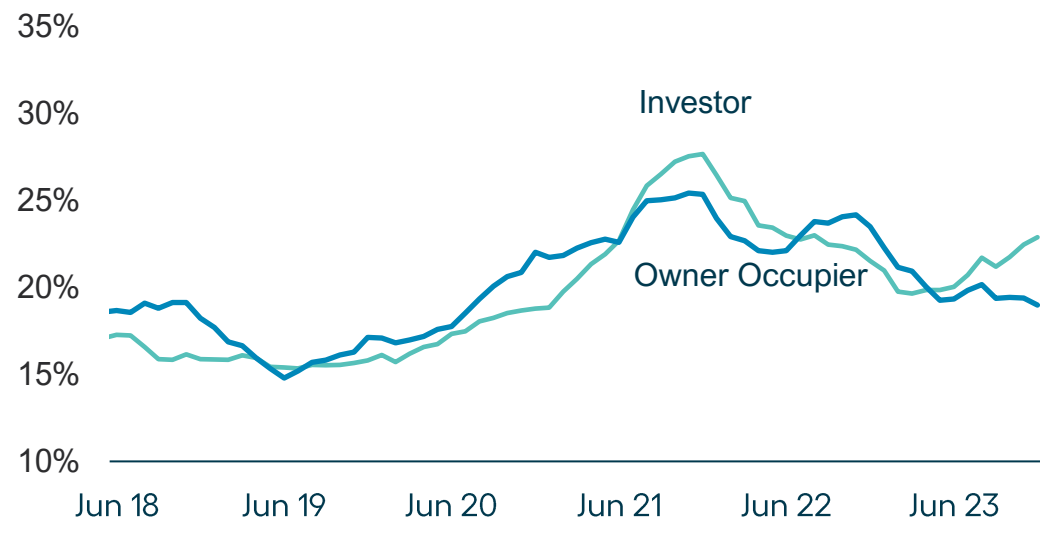
## External refinances as a % of portfolio

Continued elevated refinancing activity



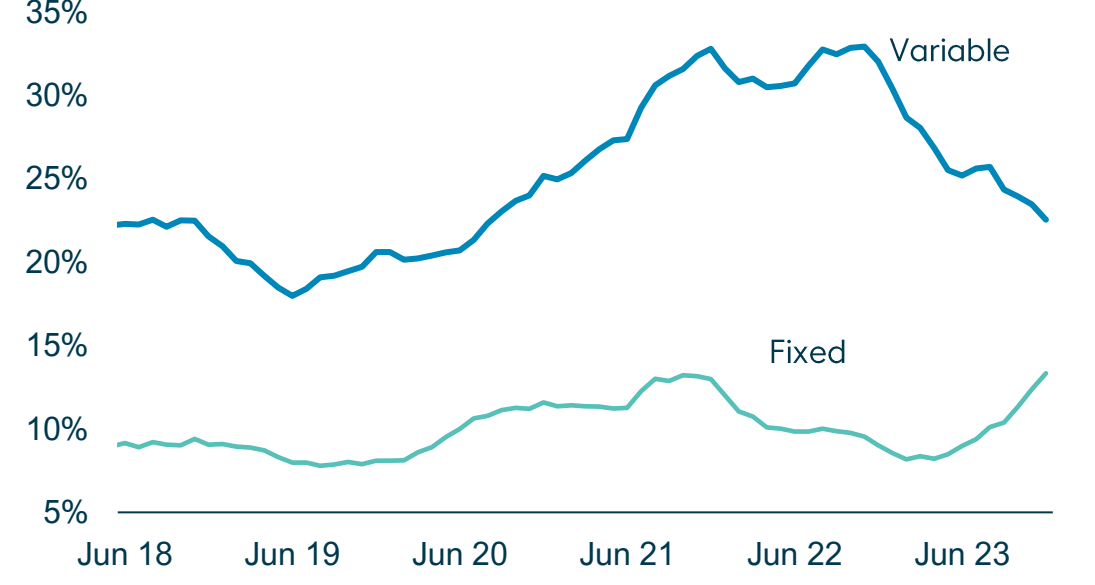
## Repayment speed as a % of portfolio by product

Repayments consistent across both investor and owner occupier segments



## Repayment speed as a % of portfolio by product

Repayments elevated in Variable Products



1. Repayments presented on an annualised 6 month moving average.



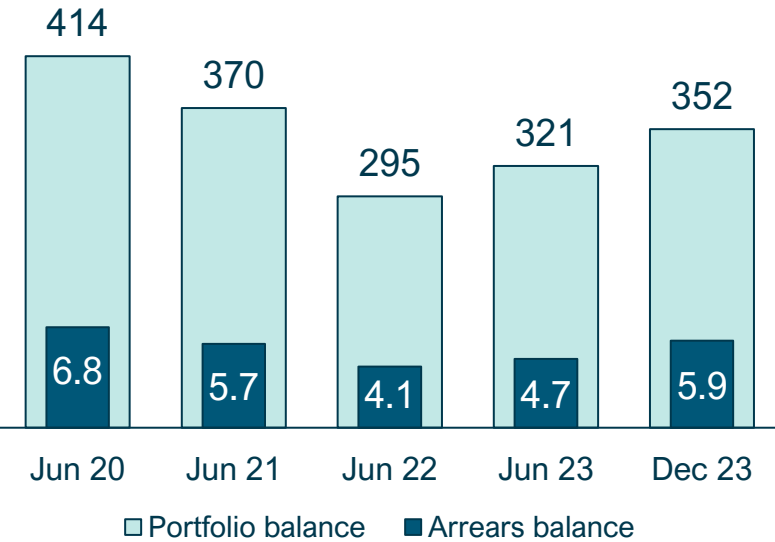
# Unsecured Lending

Pricing-for-risk strategies introduced in FY23 and arrears remain within historic levels despite cost-of-living pressures.



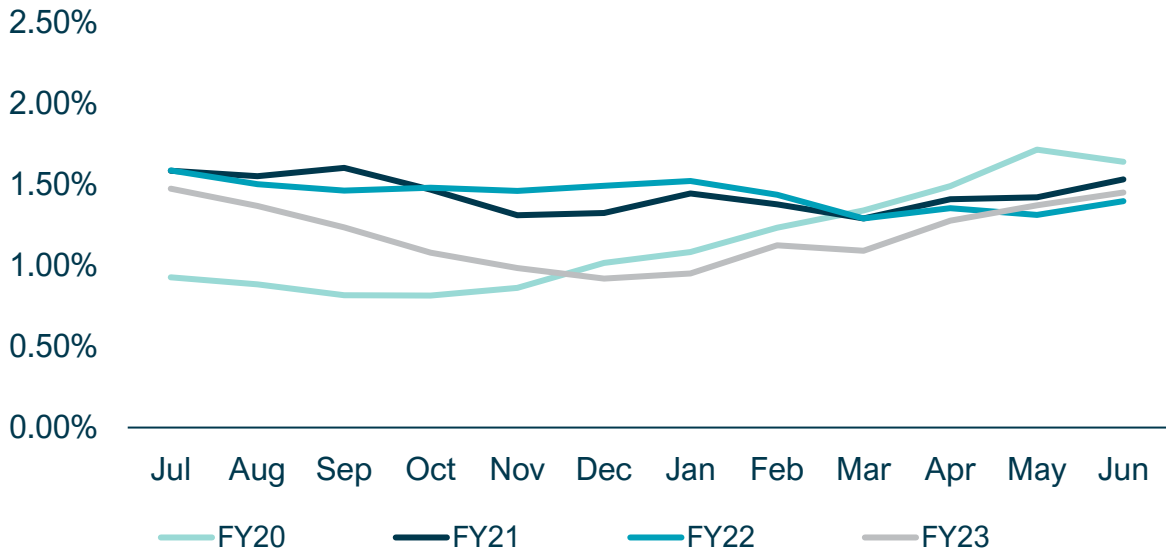
## Personal loans (\$m)

90+ day arrears



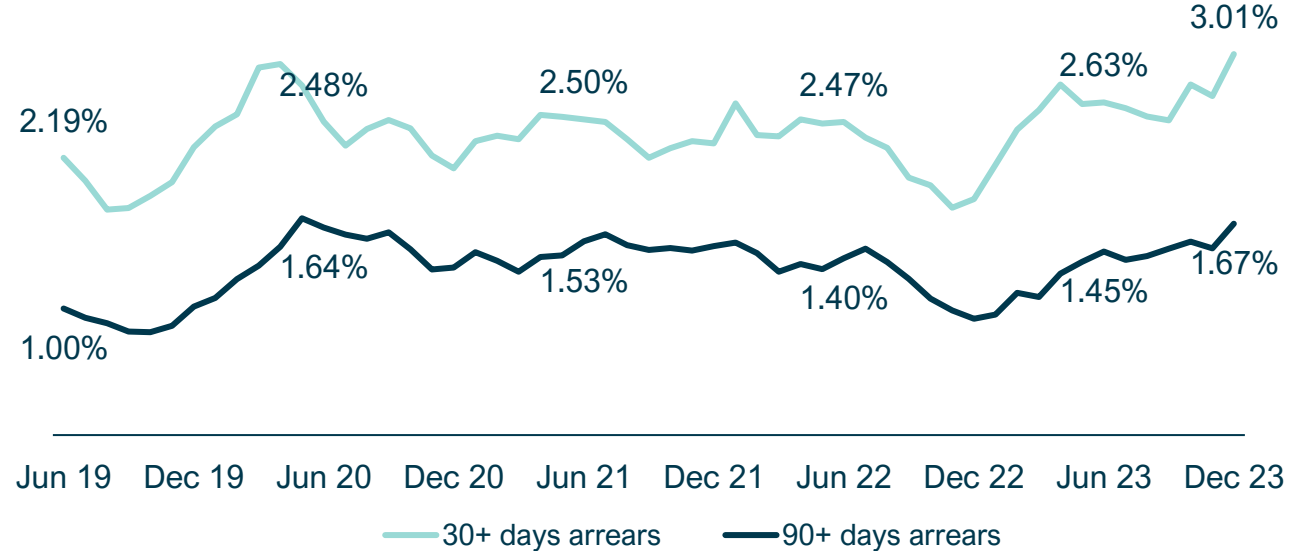
## Personal Loans

90+ day arrears



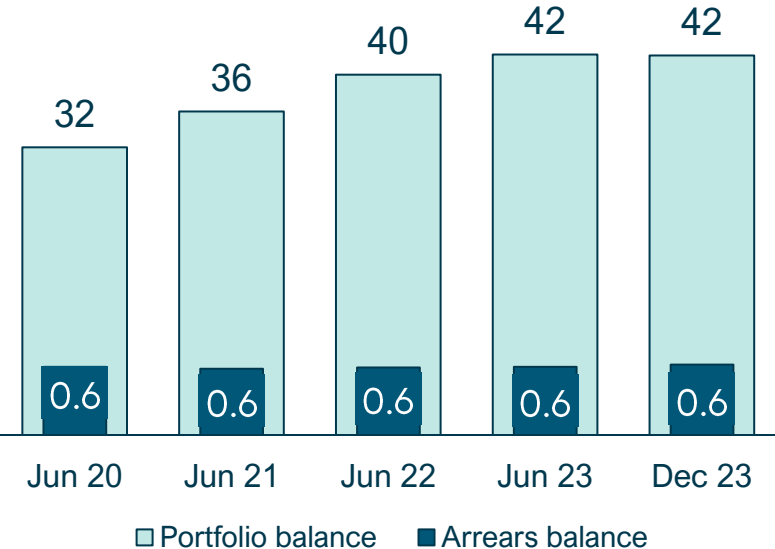
## Personal loans

30+ days and 90+ days



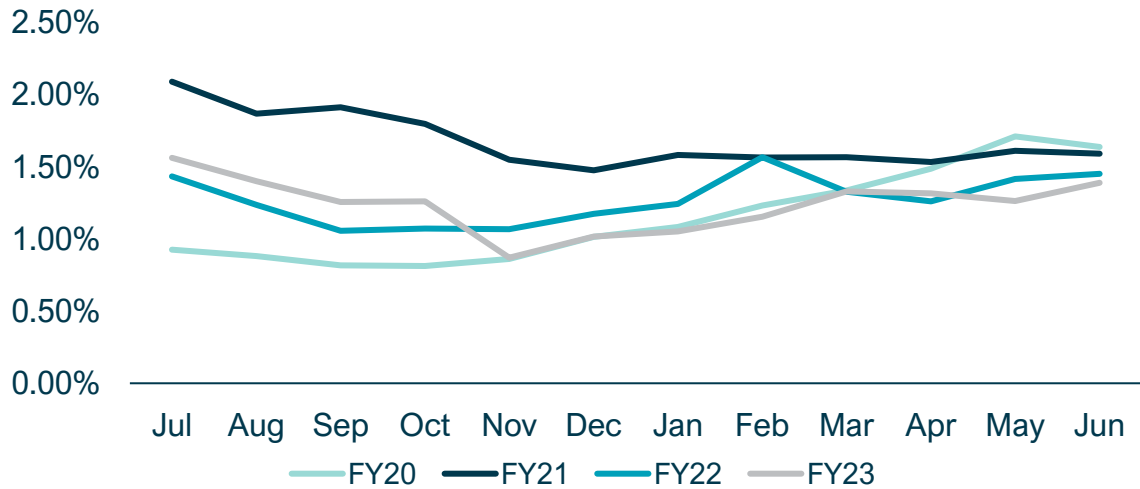
## Credit cards (\$m)

90+ day arrears



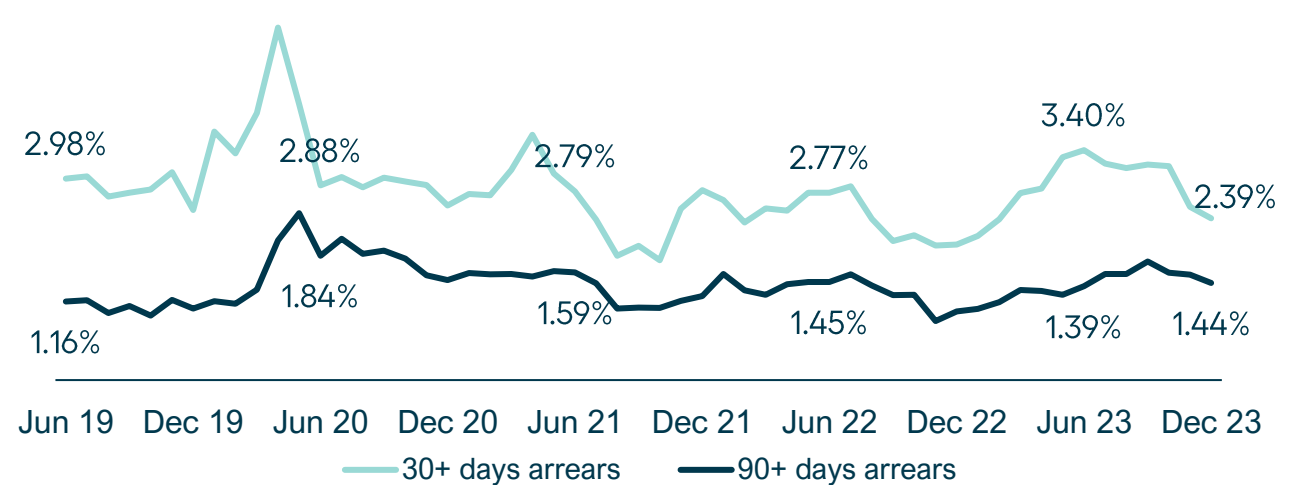
## Credit cards

90+ day arrears



## Credit cards

30+ days and 90+ days



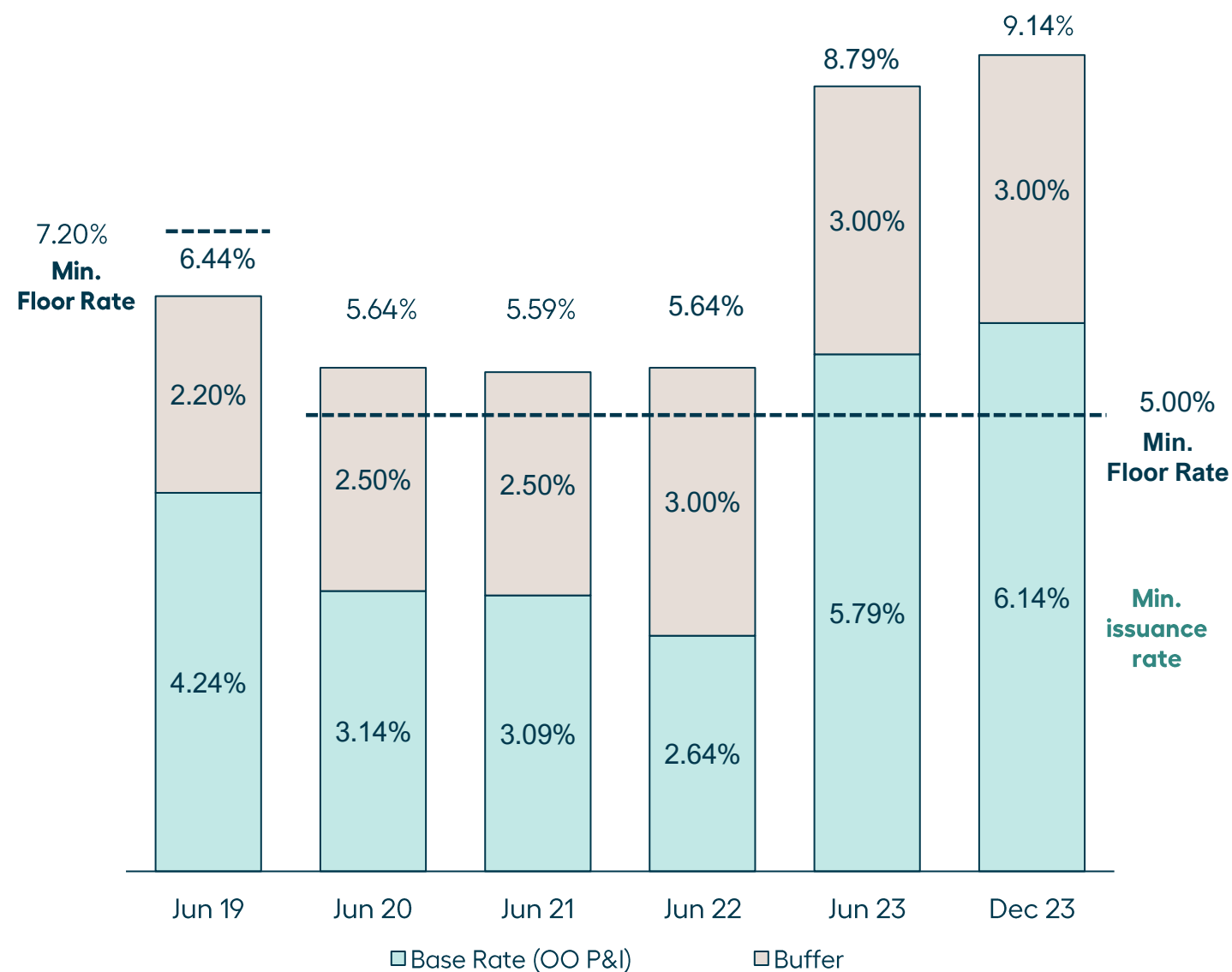
# Home Lending Serviceability

Tighter serviceability and underwriting standards underpinning performance



## Owner occupier serviceability assessment rate and floor

Interest rate buffers (%)



## Serviceability Criteria

- Servicing Criteria based on Net Disposable Income (NDI)
- Living expense data captured at application and compared to the Household Expenditure Measure (HEM) by Income Groups, with higher of declared v HEM used. HEM reviewed quarterly
- Serviceability Policy set at NDI  $\geq$  1.0
- Servicing Rate uses the home loan product interest rate and adds a buffer of 3.0%. The minimum floor interest rate is 5.0%.
- Sensitised interest rates used for both new and ongoing home loan liabilities
- All loans assessed as principal and interest (P&I) over the remaining P&I loan term. For interest-only loans the assessment uses the P&I revert rate.
- Effective August 2023, the Bank has enabled gearing within its serviceability methodology for investment property income.

|                                  |  |
|----------------------------------|--|
| <b>Income Verification</b>       | <ul style="list-style-type: none"> <li>• Verification ranges from Pay Slips, confirmed ITR (Income Tax Return) Summaries, direct Salary Credit or employer letter/contract and employer phone calls</li> <li>• Rental income shading is 90% supported by minimum rental expense floor of 15%.</li> <li>• Shift allowance servicing rate is 100%.</li> <li>• Other work allowances servicing rate is 80%.</li> <li>• Overtime and commission servicing rate is 100% for essential workers, otherwise 80%.</li> </ul>  |
| <b>Valuations</b>                | <ul style="list-style-type: none"> <li>• Effective 1 July 2023 we commenced with a new Valuation product across properties in QLD called SMARTval with the intent to deploy it as an alternative valuation method across the portfolio once we are comfortable with its abilities.</li> <li>• An independent valuation of security is undertaken for all mortgage loans.</li> <li>• The type of valuation conducted is driven by systematic rulesets within a valuation strategy engine that considers property type, exposure amounts, model risk levels and LVR amongst other factors.</li> <li>• The key valuations types used in addition to Formal valuations are Desktop Valuations, and AVM's (Automated Valuation Models).</li> <li>• All formal valuation inspections are completed by a registered valuer and are completed in accordance with Australian Property Institute requirements and guidelines.</li> </ul> |
| <b>Loan to Value Ratio (LVR)</b> | <ul style="list-style-type: none"> <li>• Maximum LVR on Standard Security in line with market at 80% without LMI, and 95% with LMI or 98% for Family Home Guarantee Loans</li> <li>• Various restrictions in place for maximum LVR for Rural Residential, High Density and Other Restricted security</li> <li>• Lenders Mortgage Insurance is underwritten by Helia</li> <li>• Genuine Savings required for LVR &gt; 90%</li> </ul>  |
| <b>Self-Employed</b>             | <ul style="list-style-type: none"> <li>• All self-employed applications manually assessed by Credit Assessment</li> <li>• Income verification requires last 2 years full financial information</li> <li>• Use lower of last year's income or average of last 2 years income as the default assessment method.</li> </ul>   |



# Funding, Capital and Liquidity



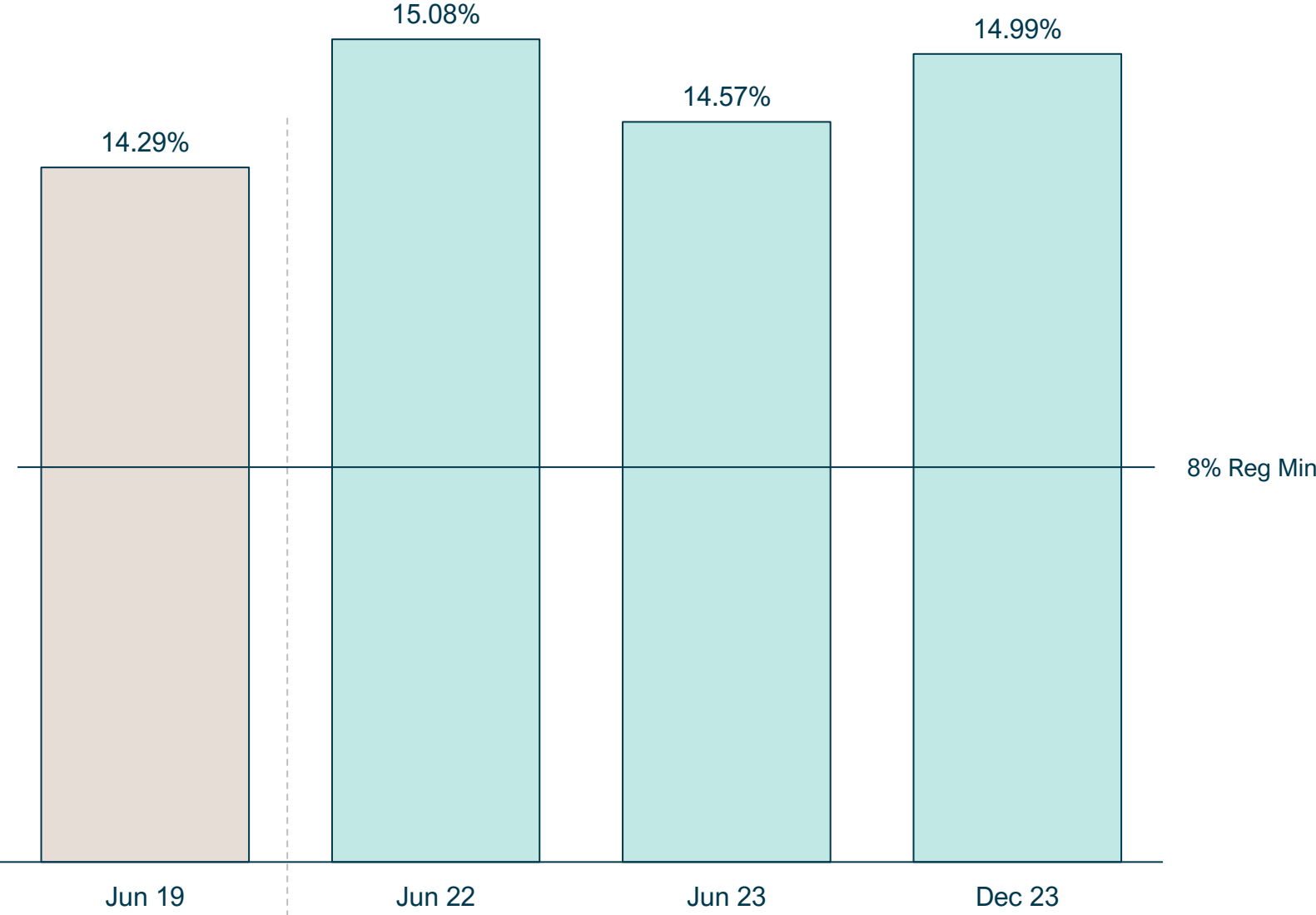
Great Southern  
Bank

# Overview – Key Metrics

Balance sheet metrics remain strong

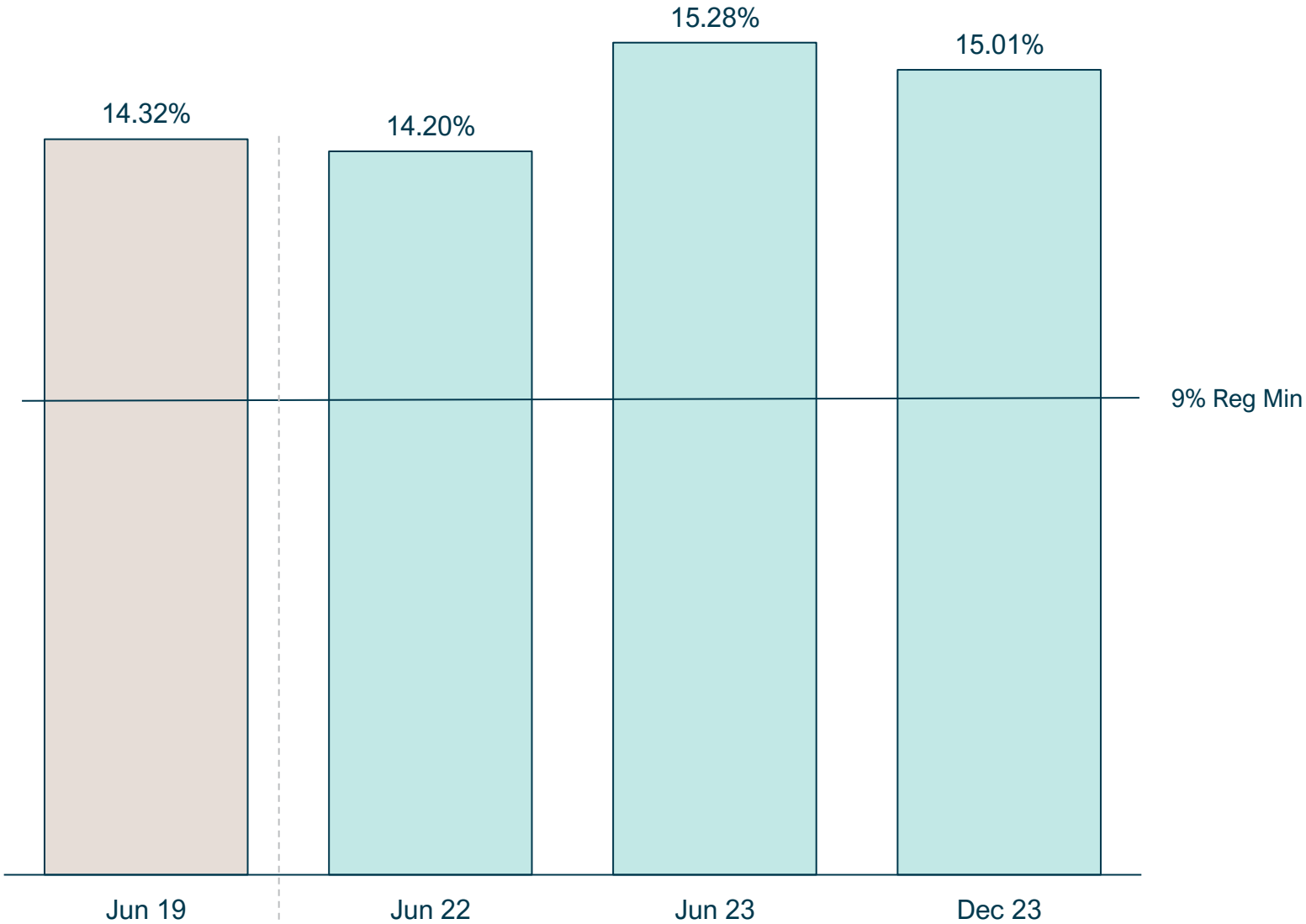


## Capital Adequacy Ratio



## Liquidity

MLH Ratio %



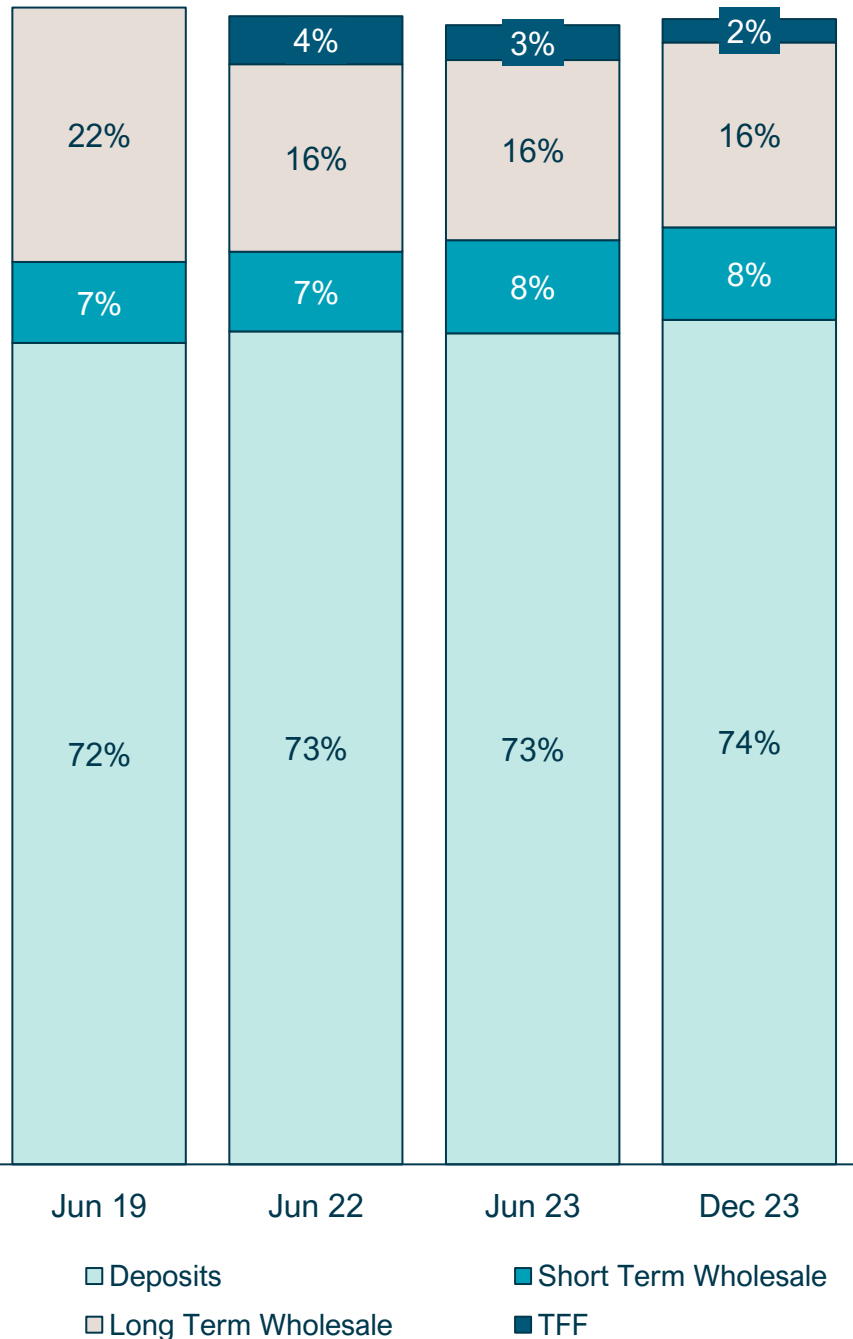


# Overview - Funding

Resilient balance sheet with capacity and agility to leverage changing conditions

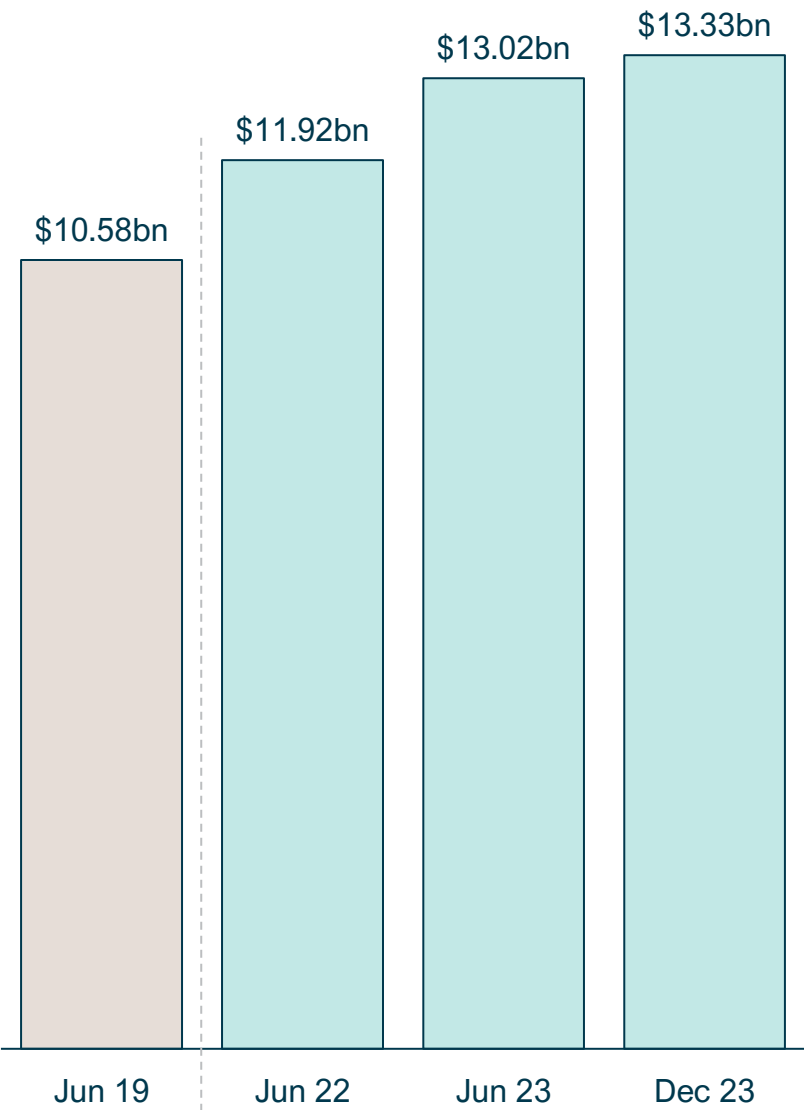


**Bank Funding Composition<sup>1</sup>**



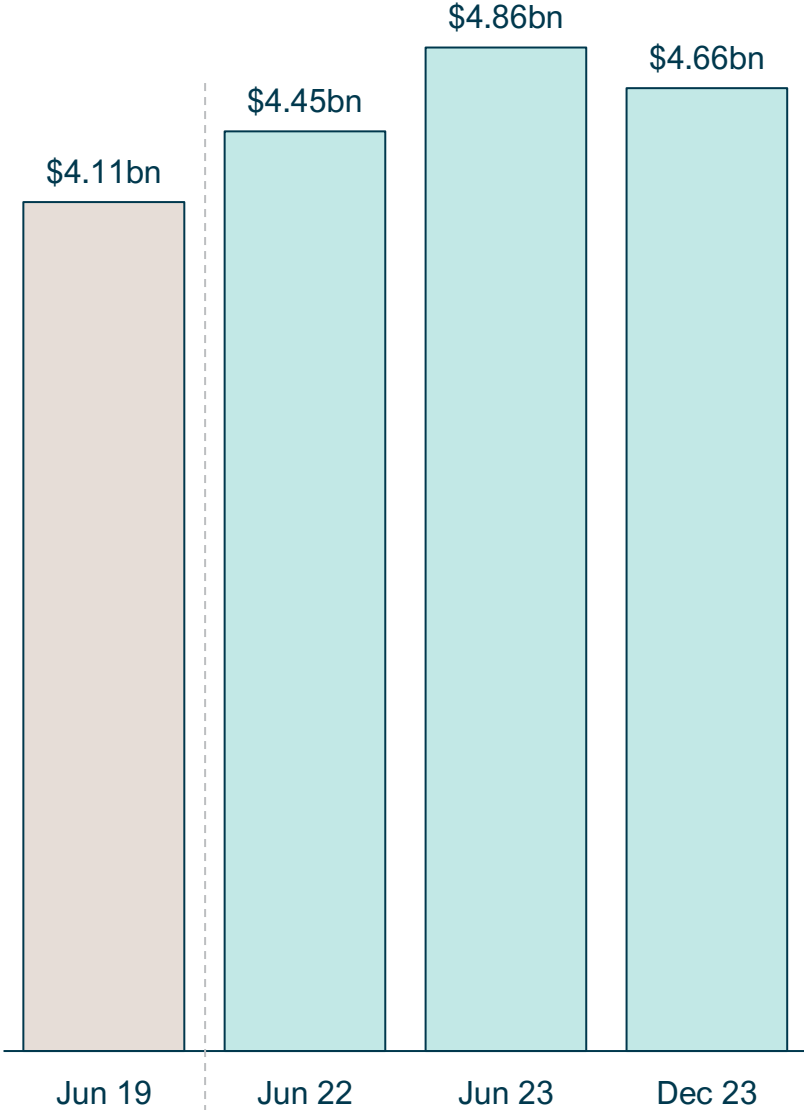
**Deposit Funding**

| % of total funding |     |     |     |
|--------------------|-----|-----|-----|
| 72%                | 73% | 73% | 74% |



**Wholesale Funding**

| % of total funding |     |     |     |
|--------------------|-----|-----|-----|
| 28%                | 27% | 27% | 26% |



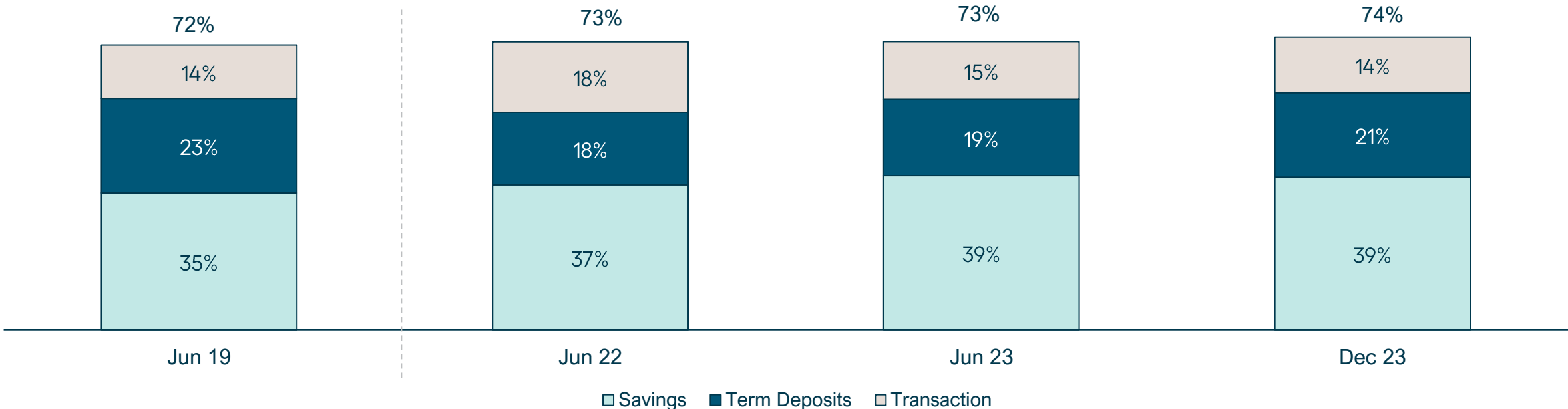
1. Long term includes Senior Debt and Securitisation and Short term includes Corporate Term Deposits and NCDs.

# Deposit Funding

Continued focus on maintaining robust deposit funding and mix

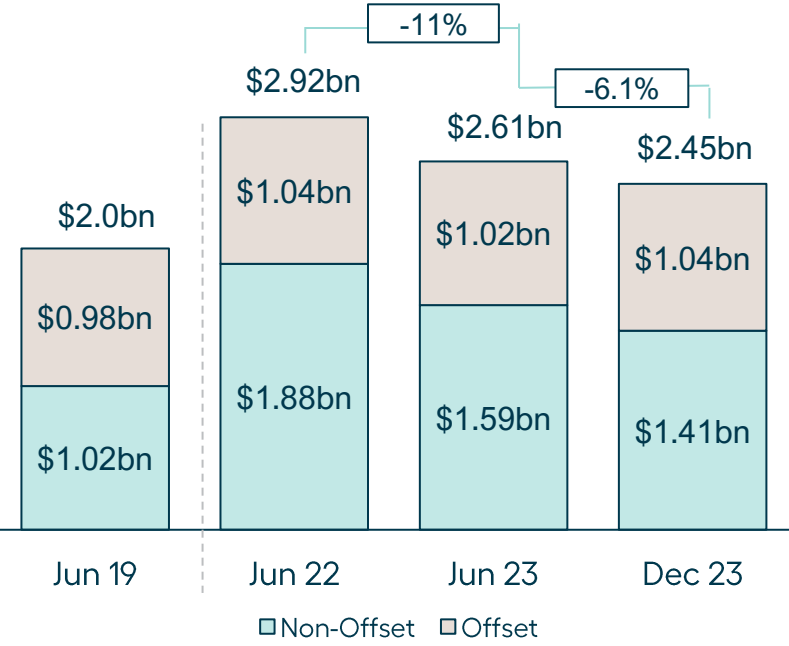


## Deposit Mix (% of Total Funding)



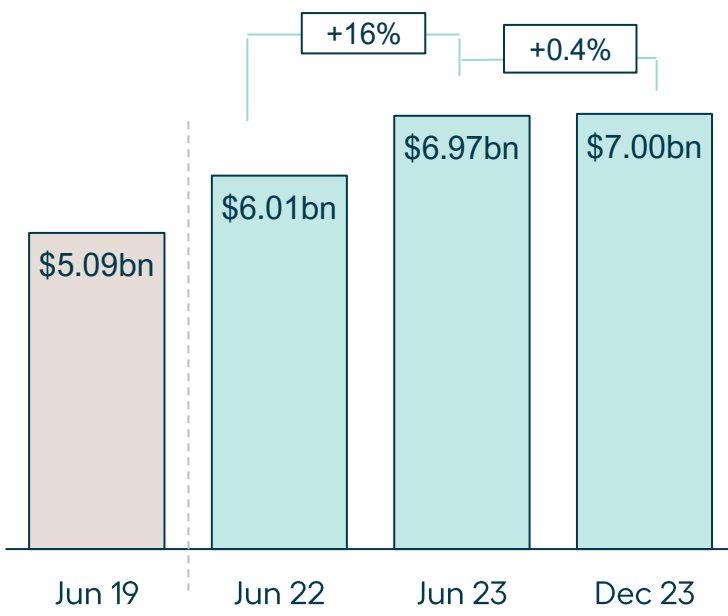
## Transactional balances

Reducing balance due to deposit rotation and cost of living pressures



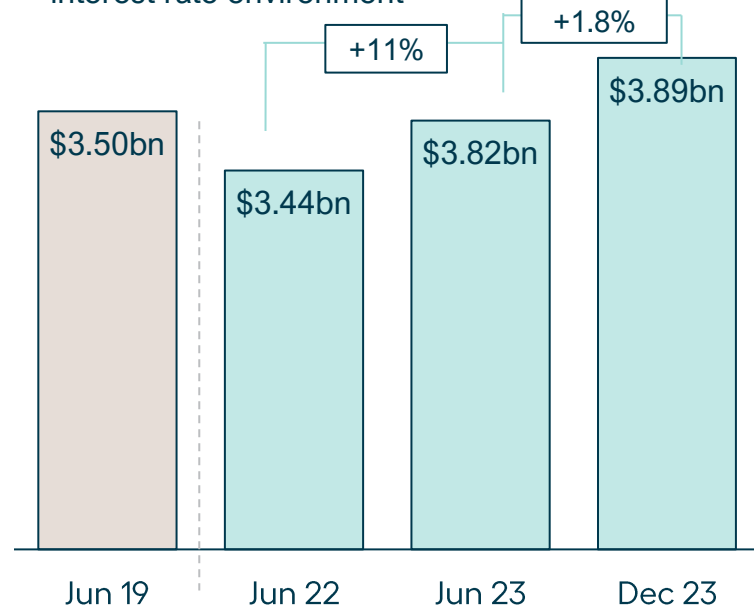
## Savings balances

Driven by deposit rotation from the higher interest rate environment



## Term Deposit balances

Driven by deposit rotation from the higher interest rate environment



# Wholesale Funding

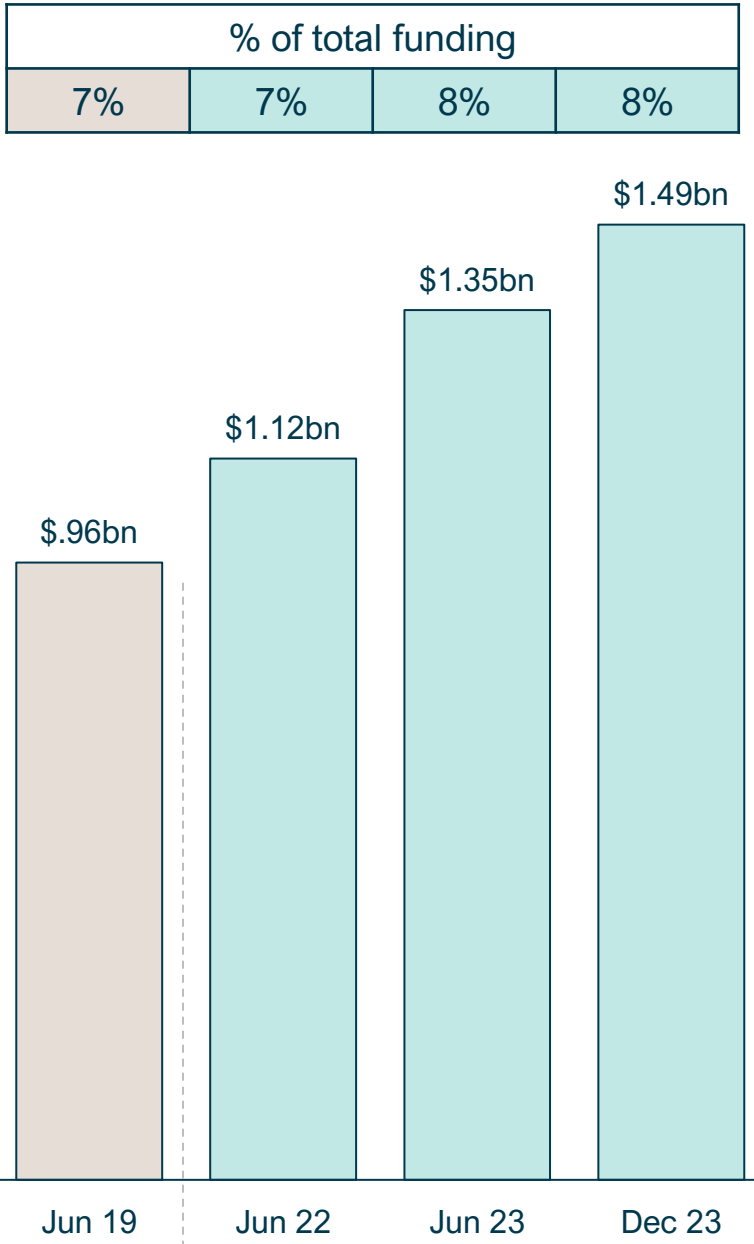
Diversified wholesale funding with manageable refinance risks



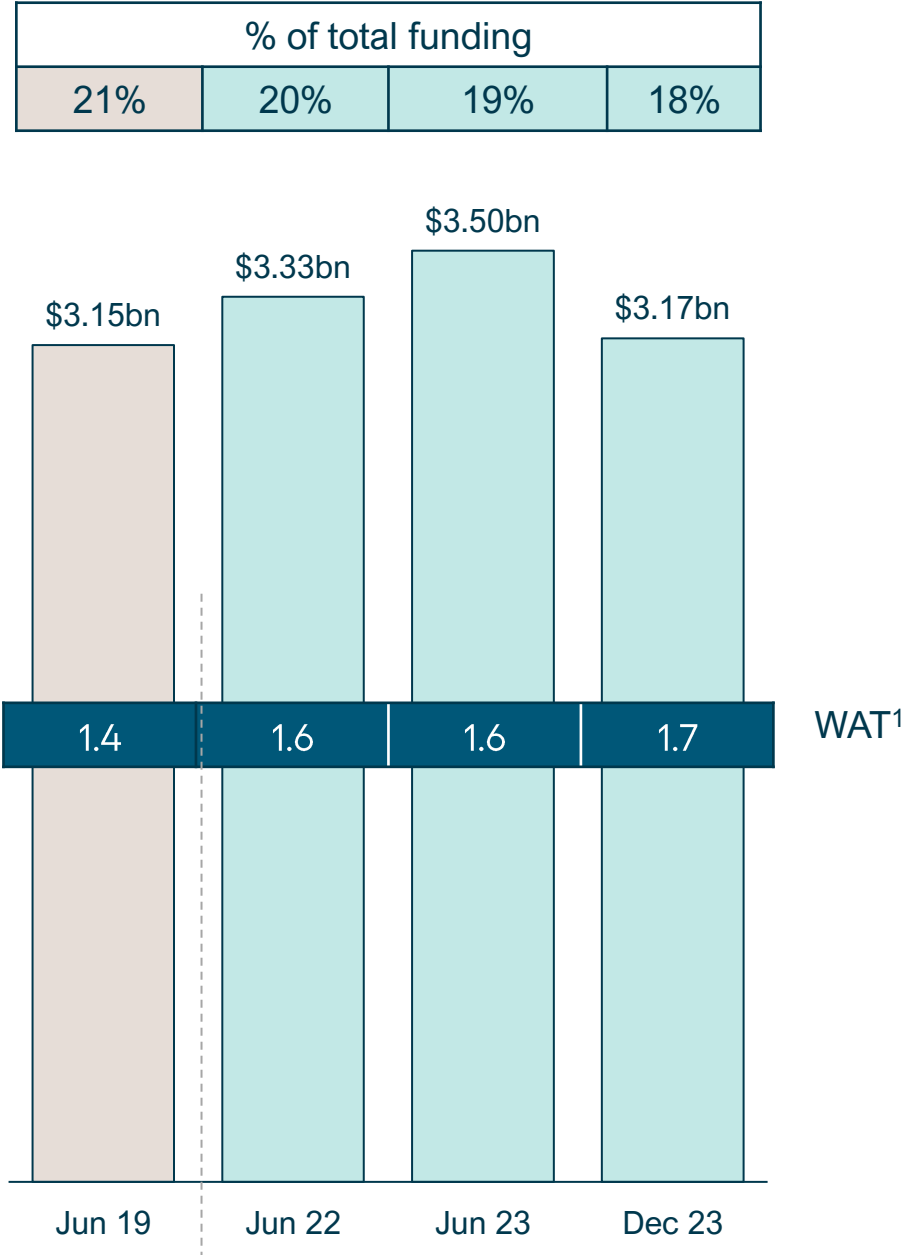
### Credit Ratings

| Rating Agency | Standard & Poor's | Moody's       |
|---------------|-------------------|---------------|
| Short Term    | A-2               | P-2           |
| Long Term     | BBB               | Baa1          |
| Outlook       | Positive          | Stable        |
| Reaffirmed    | October 2023      | February 2024 |

### Short Term Funding



### Long-Term Funding



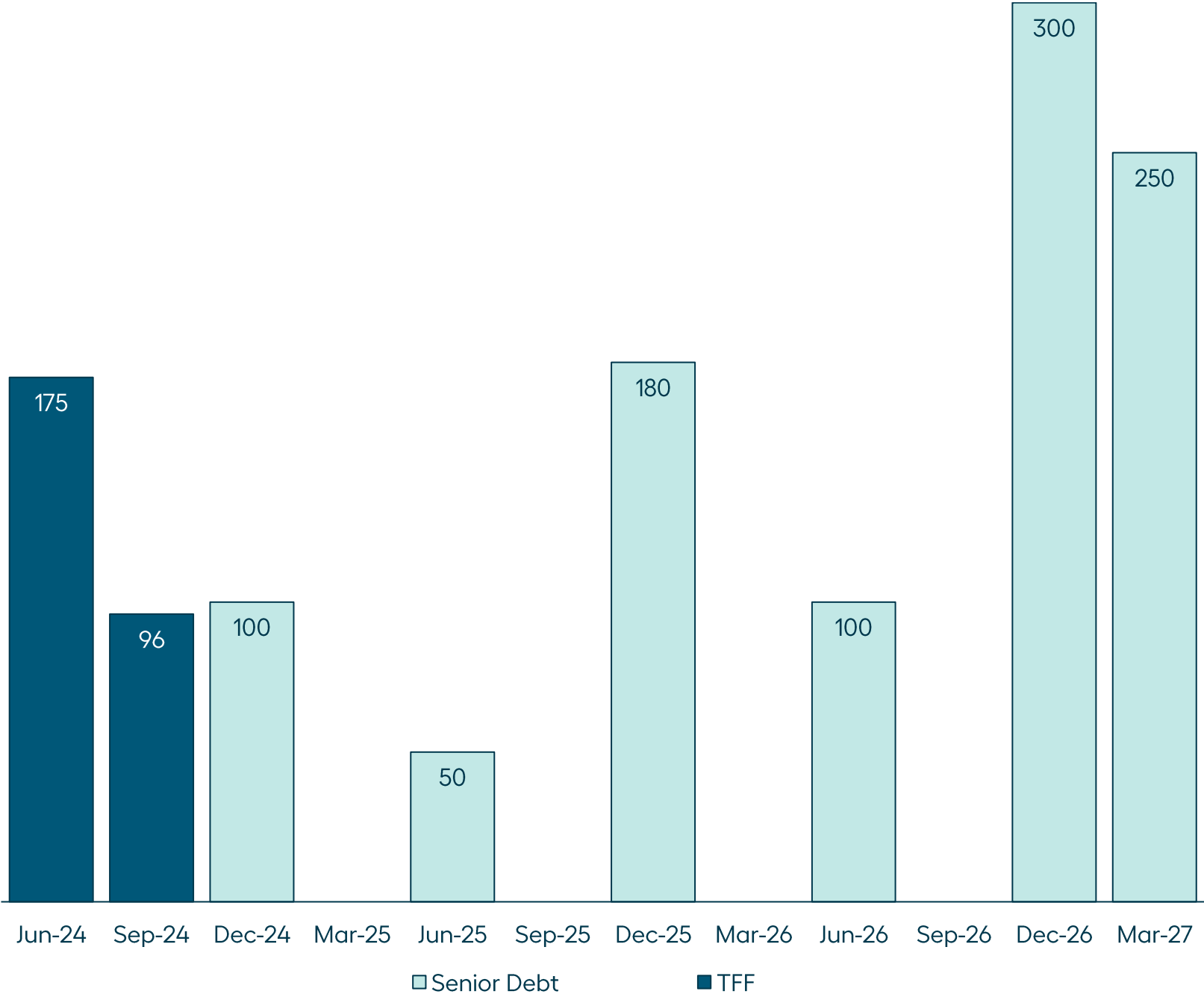
1. Represents the WAT remaining of MTN and TFF debt (excluding securitisation).

# Recent Issuance and Maturity Profile

| Type | Issue Date | Amount  | Tenor    |
|------|------------|---------|----------|
| AMTN | Jan – 24   | A\$300m | 2.75y    |
| RMBS | Jun – 23   | A\$750m | 7y (WAT) |
| AMTN | Feb– 23    | A\$250m | 4y       |
| AMTN | Dec – 22   | A\$180m | 3y       |
| AMTN | May – 22   | A\$50m  | 3y       |
| RMBS | Aug – 21   | A\$750m | 7y (WAT) |
| AMTN | Apr – 21   | A\$100m | 5y       |
| AMTN | Feb – 20   | A\$35m  | 1y       |
| AMTN | Feb – 20   | A\$250m | 3y       |
| AMTN | Oct – 19   | A\$100m | 5y       |
| AMTN | March - 19 | A\$250m | 3y       |
| AMTN | Nov – 18   | A\$100m | 1y       |
| RMBS | Oct – 18   | A\$700m | 7y (WAT) |
| AMTN | Sep-18     | A\$225m | 3y       |
| AMTN | Jul – 18   | A\$100m | 1y       |
| AMTN | Dec– 17    | A\$100m | 1y       |
| RMBS | Jun – 17   | A\$900m | 7y (WAT) |
| AMTN | Mar – 17   | A\$300m | 3y       |

### Funding Maturity Profile (\$m)

Balanced profile reducing refinancing risk





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