1H24 RESULTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Stuart Grimshaw | CEO
Adrian Fisk | CFO

20 February 2024

Authorised for release by the **humm**group Board of Directors

humm Group Limited, ACN 122 574 583
Level 1, 121 Harrington Street, The Rocks, Sydney NSW 2000

AGENDA

01

HIGHLIGHTS

1H24

1H24 HIGHLIGHTS

STRONG AND STABLE BALANCE SHEET

$159m
Unrestricted cash

$4.7bn
23% increase in loans and advances

11.3%
Statutory Equity/Tangible Assets
Capital efficiency improving and driving increased Commercial ROE

ROBUST CREDIT PERFORMANCE

1.68%
Group Net Loss/ANR[3]
Historical low for the Group down from 1.95% in 1H23

0.5%
Commercial Net Loss/ANR[3]
Maintained low net loss levels

3.3%
Consumer Net Loss/ANR[3]
Tightened credit settings to support improved 2H results

IMPROVING COST EFFICIENCY

$26.1m
Costs removed since start of 1H23 with $7.5m in savings delivered in the current period

$8.2m
Costs associated with suspended products reduced from $32.2m at the full year

$1.8m
Reduction in origination costs with further savings into 2HFY24

DRIVING SHAREHOLDER VALUE

$28.1m
Normalised Cash Profit (after tax) in 1H24

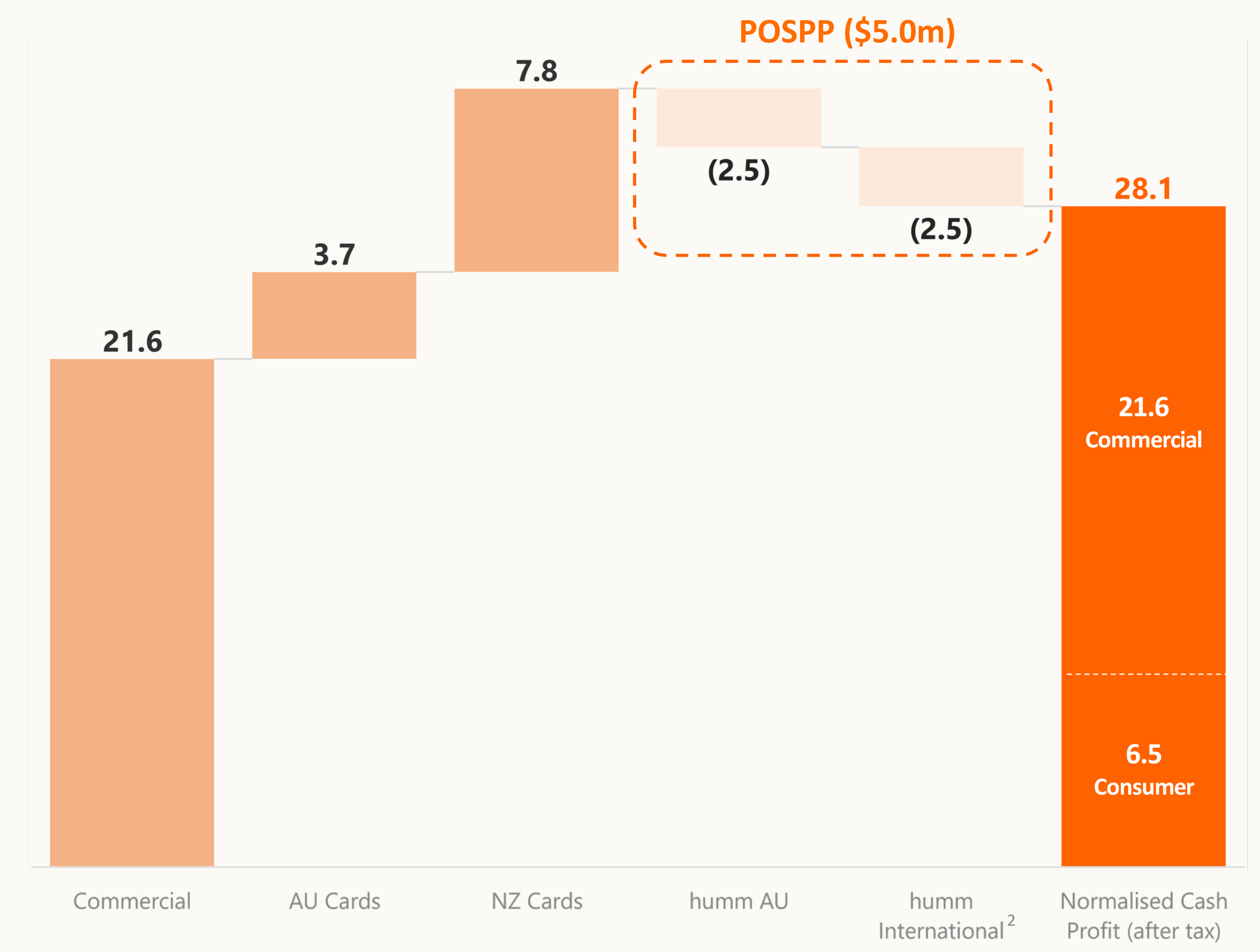
0.75c
Fully franked interim dividend

20.9m
c.4% of shares on issue purchased to date via on market buy-back[1] and share plan[2]

1. As approved by the Board to be completed during FY24, subject to market conditions. 2. As at 9 February 2024. 3. ANR is Average Net Receivables and excludes losses relating to operational risk items including transition of collections to **humm**®'s offshore collections and operations team.

GROUP NORMALISED CASH PROFT AND SEGMENT CONTRIBUTIONS

HUMMGROUP ($M)	1H24	1H23	MVMT
Gross income	298.7	240.4	58.3
Origination costs	(14.0)	(15.7)	1.7
Interest expense	(132.1)	(70.4)	(61.7)
Net operating income	**152.6**	**154.3**	**(1.7)**
Net losses[1]	(37.3)	(34.3)	(3.0)
Operating expenses	(88.8)	(85.7)	(3.1)
Tax and other	(6.6)	(9.2)	2.6
Suspended products and related costs (after tax)	8.2	13.4	(5.2)
Normalised cash profit	**28.1**	**38.5**	**(10.4)**
Dividend (fully franked)	**0.75c**	**1.00c**	**(0.25c)**
Normalised ROE	**10.0%**	**13.0%**	**(300bps)**



1. Excluding AASB9 provisions. 2. **humm** Canada and Ireland.

GROWTH DRIVERS

COMMERCIAL

- Targeting further growth in Commercial business focusing on:
  - geography;
  - new industry sectors (including medical and other sectors);
  - new assets
- Inorganic opportunities that leverage our current strength in the broker channel

CONSUMER

- Launch of personal loan product in 2H24 in **humm** AU business leveraging our current ecosystem to address existing merchant client needs
- Enhance Q brand (New Zealand) to leverage further opportunities in NZ market and enhance customer value proposition
- Optionality around profitable growth in Canada and Ireland

≫ Cloud native technology investment to stabilise core platforms and improve credit decisioning (speed to yes) and enable faster settlement (speed to cash)

≫ Differentiated funding platform with $159m of unrestricted cash and $1.14bn in warehouse headroom provides financial flexibility to fund future growth

02

COMMERCIAL UPDATE

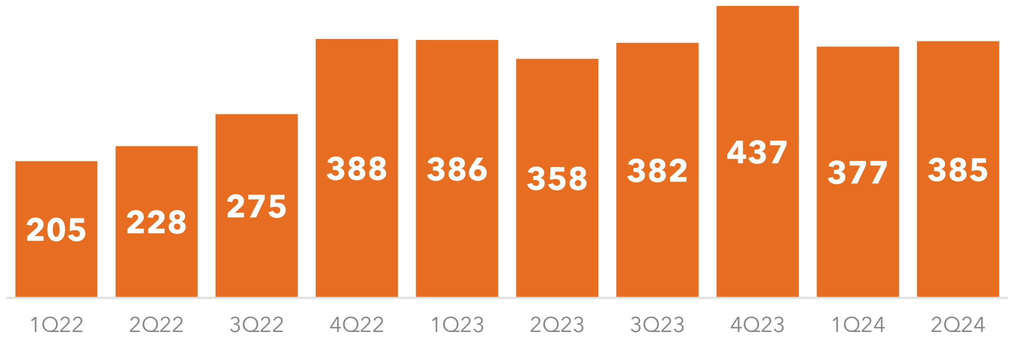
COMMERCIAL

$M	1H24	1H23	MVMT
Gross income	132.8	85.3	56%
Interest expense	(78.3)	(37.1)	111%
Net operating income	54.5	48.2	13%
Normalised Cash Profit (after tax)	**21.6**	**19.3**	**12%**
Volume	**761.5**	**744.8**	**2%**
Loans and receivables	**2,702.2**	**1,945.8**	**39%**

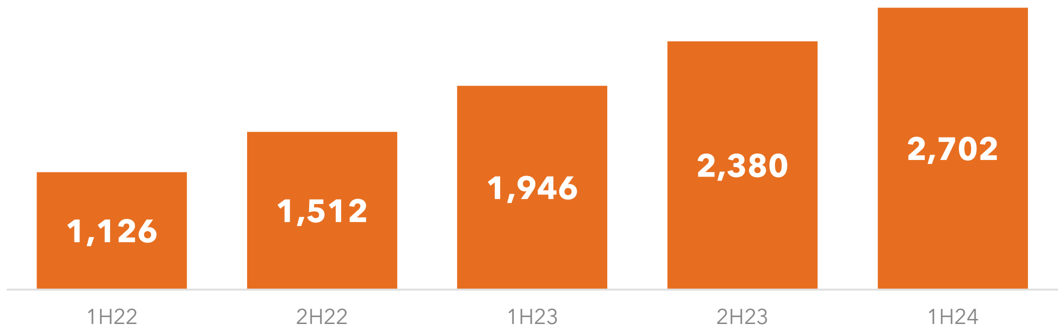
STRONG MOMENTUM IN COMMERCIAL BUSINESS

- Normalised Cash Profit (after tax) of $21.6m up 12% on pcp
- 56% increase in gross income to $132.8m, the result of from strong receivable growth with improvement in yield. Lower fee income from reductions in early contract repayment
- Interest expense increased by $41.2m with $27.7m attributed to the increase in receivables and $13.5m attributed to the increase in base rate, credit spread and leverage
- Frontbook NIM increased by 12bps over pcp to 5.1% for the period, now 100bps higher than Commercial portfolio NIM.
- A 39% increase in receivables was accompanied by only a 6% increase in expenses resulting in an improved cost to income ratio of 33.1%, a reduction of 168bps from pcp.
- Commercial ROE up from 18.9% to 25.2%

QUARTERLY VOLUMES – AU AND NZ COMMERCIAL (A$M)

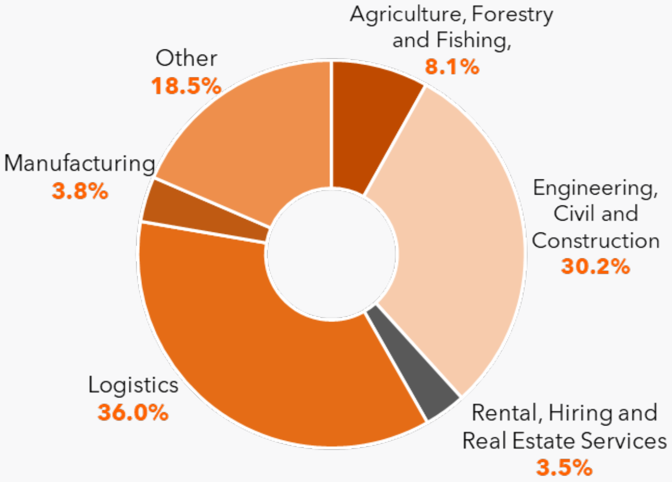


HALF-YEARLY RECEIVABLES – AU AND NZ COMMERCIAL (A$M)

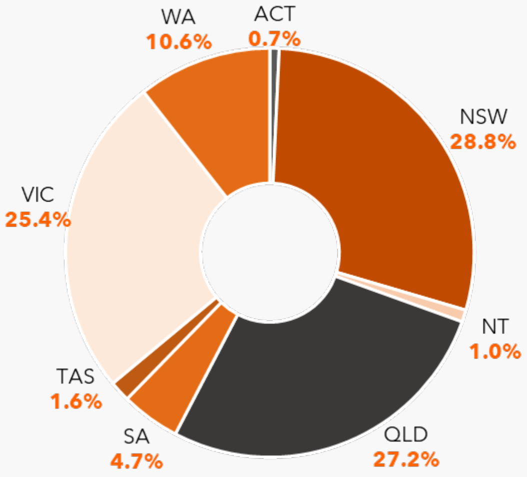


flexicommercial® | CREDIT QUALITY – STRONG DIVERSIFICATION

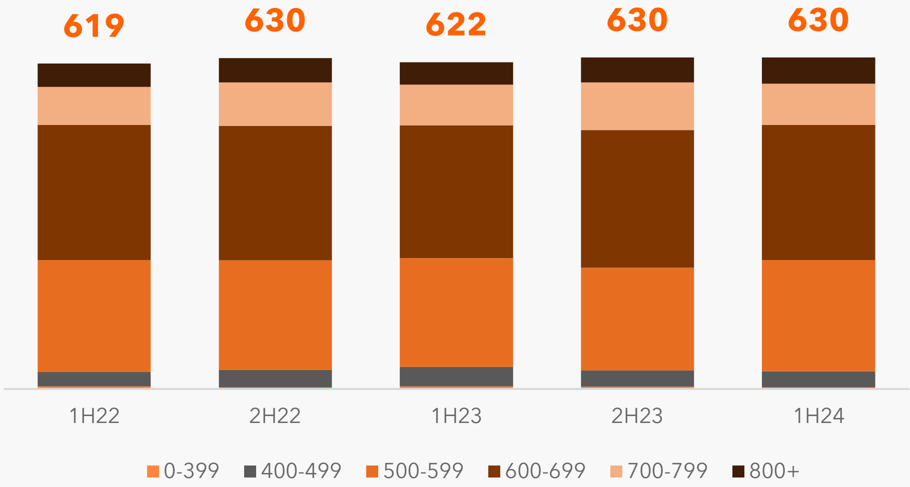
SECTOR CONCENTRATION



STATE CONCENTRATION



CREDIT SCORE



BROAD BASED EXPOSURE AND DIVERSIFICATION WITH IMPROVED CREDIT SCORES

- Low sector and state-based concentration risks and well diversified portfolio from a risk perspective
- Focus on assets with strong retained value and demand in re-sale market
- Largest broker represents <8% of 1H24 volume with top ten <30%
- Even distribution between New South Wales, Queensland and Victoria
- More than 70% exposure to heavy machinery (prime movers, trucks, trailers, and construction equipment) with high retention and resale values
- Growth will focus on geography, new industries, sectors and asset classes
- Diversifying exposure into medical and other assets
- Focus on profitable growth – unit economics and capital allocation

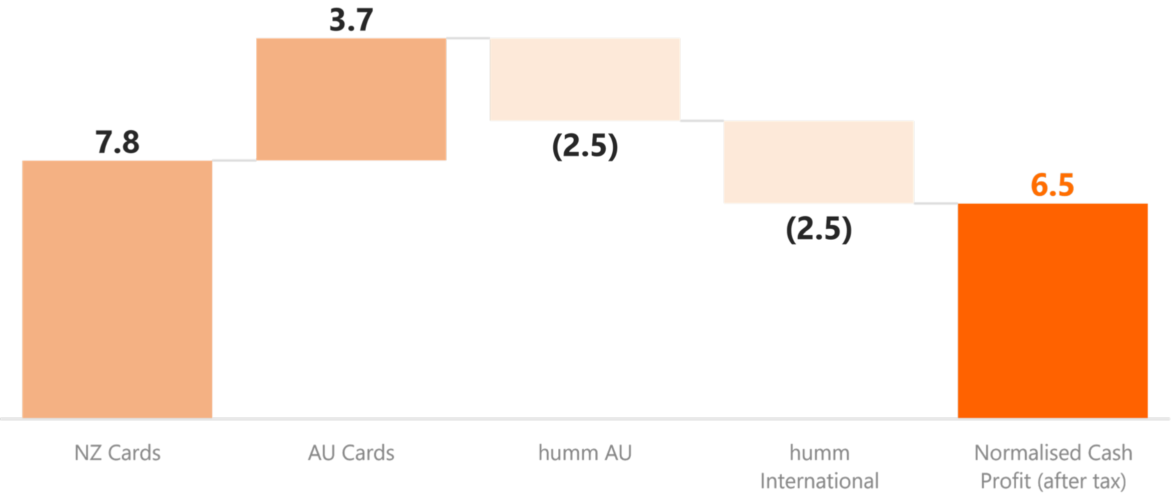
03

CONSUMER FINANCE

CONSUMER FINANCE

$M	1H24	1H23	MVMT
Gross income	165.9	155.1	7%
Interest expense	(53.8)	(33.3)	62%
Net operating income	98.1	106.1	(8%)
Normalised Cash Profit (after tax)	**6.5**	**19.2**	**(66%)**
Volume[1]	**1,147.5**	**1,016.2**	**13%**
Loans and receivables	**1,948.6**	**1,841.5**	**6%**

CONSUMER NORMALISED CASH PROFIT (AFTER TAX)



REDUCED EARNINGS AS WE REPLATFORM THE CONSUMER BUSINESS

Normalised Cash Profit (after tax) of $6.5m – down 66% on pcp a result of:

- Gross income benefiting from 6% higher receivables and continued repricing activity through the period. Still experiencing significant competition in segments of the PosPP business
- Optimising profitability by focusing on unit economics and targeted focus by product, geography and merchants
- Interest expense increased by $20.5m, with $4.0m attributed to the growth in receivables and $16.5m attributed to the increase in base rate, credit spreads and leverage
- Exiting of unprofitable businesses continues with associated receivables now substantially run-down
- Consumer Net losses of 3.3% in line with pcp
- $26.1m in cost savings delivered since cost out program commenced in 1H23 to support customer facing investment and cover inflation pressures
- Continued investment in international business to provide optionality for **humm** and deliver benefits in future periods
- New personal loan product to be launched in 2H24

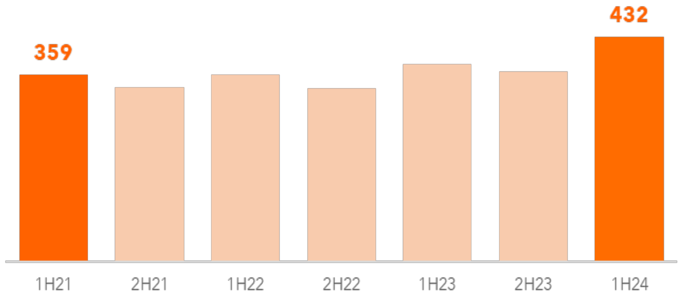
1. Continuing products

CONSUMER BUSINESS – SEGMENT PERFORMANCE

CONSUMER NZ

- $432m volume up 13% on PCP (including LTIF)
- 4.6% growth in receivables in 1H24 to $634.5m
- Net loss to ANR 10bps lower than prior year at 2.9%
- Normalised Cash Profit down 38% against 1H23 to $7.8m, mainly the result of higher funding costs and higher pay downs of interest-bearing balances

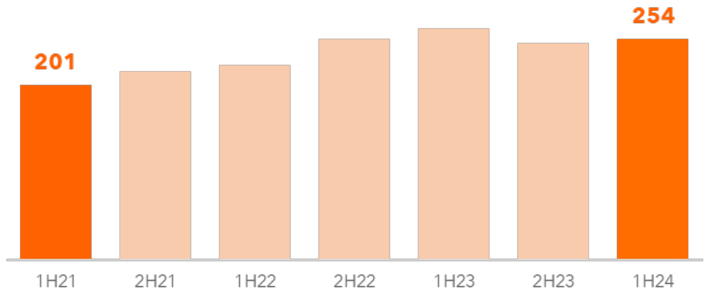
NZ CARD VOLUMES (A$M)



CARDS AU

- 1H24 volume of $254m was down 5% on PCP
- Receivables consistent with pcp at $429.1m with tightened credit settings at origination
- Net loss to ANR of 4.1% remains consistent with historical levels and effected during the period by operations and collections processes
- Normalised Cash Profit up 37% to $3.7m

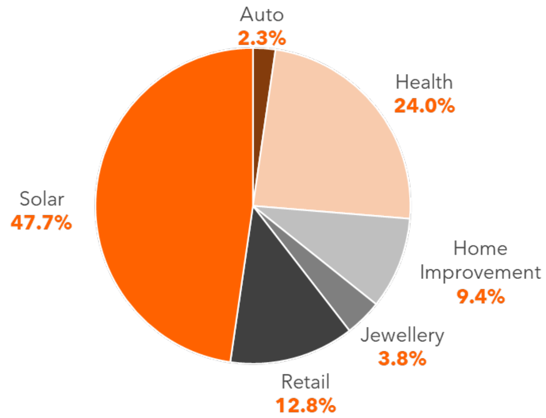
AU CARDS VOLUME (A$M)



POSPP

- 1H24 **humm** AU volume up $58m to $355m, with volumes from 'loss making' suspended products down 78%
- Receivables increased 11% to $885.0m
- NIM affected by Solar vertical that has lower MSF yield, but benefits from lower losses over time
- 80bps improvement in Net loss to ANR
- Normalised Cash Loss of $5.0m

RECEIVABLES BY VERTICAL



CONSUMER BUSINESS – PRIORITIES

CONSUMER NZ

- Enhance Q Brand to leverage further opportunities
- Roll out APR increases with benefit realisation in 2H24 and beyond
- Implementation of agreed cost out initiatives to improve portfolio efficiencies
- Strategic review of the co-branded cards portfolios to drive improved short and long-term profitability

CARDS AU

- Long term interest free volumes underpinned by 1H24 travel growth which typically matures and generates returns 12 months after origination
- 4Q23 customer repricing bolstered returns in 1H24, with further repricing activity planned for the next twelve months
- Working with travel partners to capture a higher proportion of overall spend, while demand remains strong and a focus on expanding other verticals

POSPP

- Continued focus on larger ticket purchases with the closure of 'Little things' in February 2024
- Ongoing margin management through increases in MSF and consumer fees targeting unprofitable merchants
- Targeted transition of lower returning merchants to new personal loan product will be completed in FY25

04

GROUP FINANCIALS

1H
24

HUMMGROUP FINANCIAL PERFORMANCE

HUMMGROUP ($M)	1H24	1H23	MVMT	%
Gross income	**298.7**	**240.4**	**58.3**	**24%**
Interest income	*254.8*	*193.0*	*61.8*	**32%**
Other income	*43.9*	*47.4*	*(3.5)*	**(7%)**
Interest expense	(132.1)	(70.4)	(61.7)	88%
Origination costs	(14.0)	(15.7)	1.7	(11%)
Net operating income	**152.6**	**154.3**	**(1.7)**	**(1%)**
Net losses	(37.3)	(34.3)	(3.0)	9%
Operating expenses	(88.8)	(85.7)	(3.1)	4%
Tax and other	(6.6)	(9.2)	2.6	(28%)
Suspended products and related costs (after tax)	8.2	13.4	(5.2)	(39%)
Normalised cash profit (after tax)	**28.1**	**38.5**	**(10.4)**	**(27%)**
Dividend (fully franked)	**0.75c**	**1.00c**	**(0.25c)**	**(25%)**

NORMALISED CASH PROFIT (AFTER TAX)

- Normalised cash profit of 28.1m down 27% on pcp
- Gross income of $298.7m a 24% increase on pcp aligned to receivable growth and yield repricing that will support additional second half income increases.
- Net operating income down 1% due to an 88% increase in funding costs due to receivables growth (37%), higher interest rates from base rates (59%), credit spreads (33%) and leverage from the introduction of mezzanine and growth facility, offset by hedge benefit.
- Net loss increased by $3.0m to $37.3m with net loss as a percentage of ANR reducing 27bps from 1.95% to 1.68%.
- Operating expenses (excluding depreciation) include the impacts of CPI on base salaries, inflation totaling $5.0m and one-off material items recognised in the current period which include provisions for onerous contracts of $4.0m. Management continue to execute programs to reduce cost and drive efficiency in the business.
- The impact of run-down, suspended products reduced by 39% as we continued to service the loan books and run down platforms and technology.

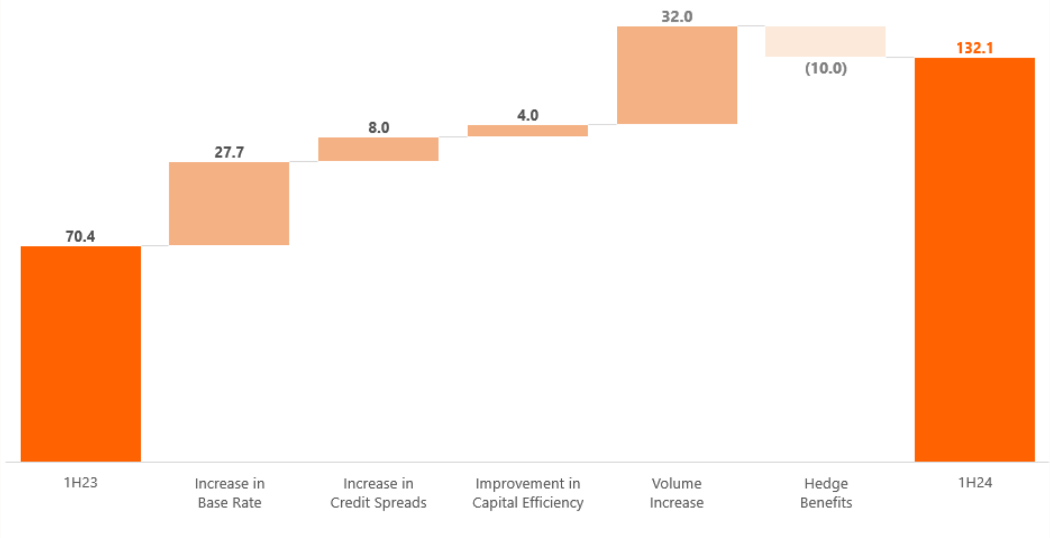
CAPITAL

- **humm**group is committed to paying dividends where there is sufficient capital and liquidity to fund growth – target payout range recalibrated to 30-40% of Free Cash Flow[1]
- Continued profitability and balance sheet strength supports fully franked interim dividend in 1H24 of 0.75 cps

1. Free Cash Flow is Normalised Cash Profit (after tax) adjusted for future CAPEX, Working Capital and other Capital Initiatives.

BASE RATES AND CREDIT SPREADS INCREASING INTEREST EXPENSE

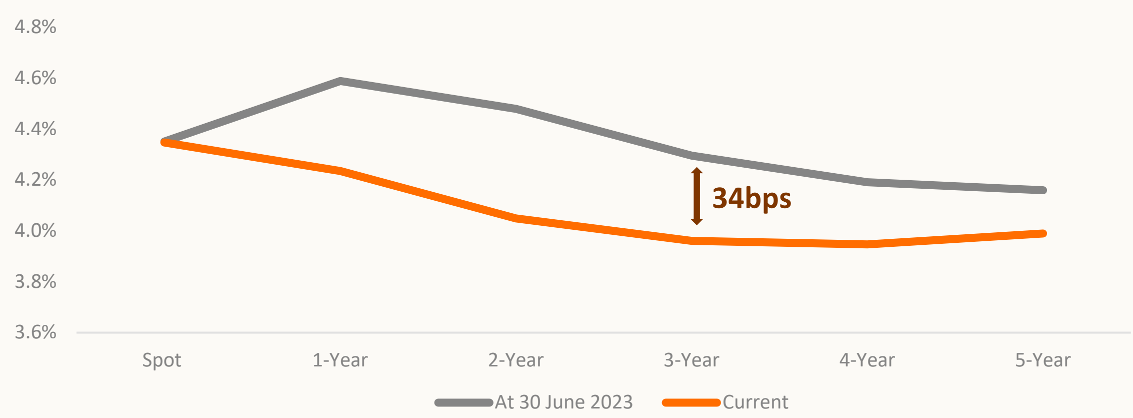
INDICATIVE INCREASES IN INTEREST EXPENSE



The increase in interest expense was mainly driven by unfavorable market environment, offset by hedging activity performed by the Group

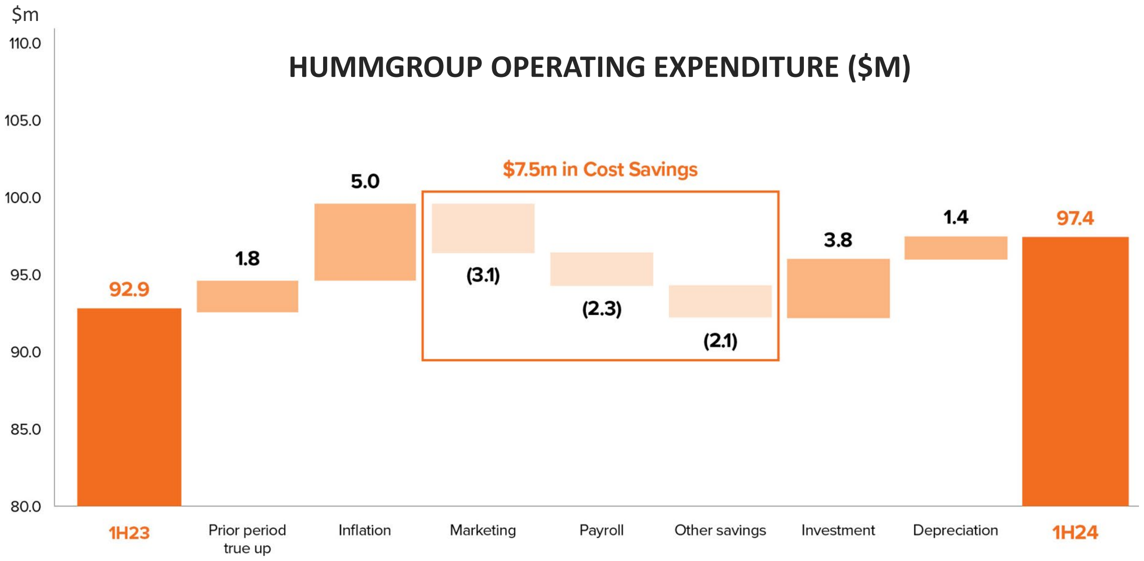
- Base rate increased from 2.66% in 1H23 to 4.41% in 1H24, driving an increase of $27.7m
- Macro-economic factors increased credit spreads which cannot be hedged
- Higher mezzanine funding and additional debt results in improved capital efficiency with increased leverage and higher interest expense of $4.0m
- The 23% growth in receivables funded by new borrowings resulting in a $32.0m increase to interest expense
- Hedging partially offset this increase by $10.0m

BBSW 3M CURVE



- The 3-year part of the rate curve (primarily used for pricing of Commercial portfolio) has improved by 34bps since 30 June 2023
- The Commercial portfolio NIM was c4.1% at 31 December 2023 with the 3-year rate reduction supporting higher front book NIM of c.5.1% for business written the 6-month period
- The benefits of improved cost of funds will be positive for the business in future periods

COMMITTED TO COST EFFICIENCY



$M	1H24	1H23	MVMT
Marketing	6.8	9.9	(3.1)
Employment	44.4	42.4	2.0
Professional and outsourced operations	13.2	9.7	3.5
Information technology and communication	16.3	16.2	0.1
Insurance and other occupancy	5.5	4.5	1.0
Other expenses	2.6	3.0	(0.4)
Operating expenses	**88.8**	**85.7**	**3.1**
Depreciation	8.6	7.2	1.4
Normalised operating expenses	**97.4**	**92.9**	**4.5**

COST REDUCTIONS DELIVERED $26.1M IN SAVINGS TO DATE

- $7.5m of cost savings delivered in the current period. $26.1m in cost savings delivered since cost out program commenced in 1H23
- Further marketing reductions of $3.1m primarily across PosPP and Cards AU businesses as product offerings refined and repositioned for growth
- Normalised staff costs increased by $2.0m from $42.4m to $44.4m. The increase relates to CPI on existing cost base of $1.7m, investment in capability and customer facing teams of $1.1m, increased equity remuneration amortisation from new share plans, offset by cost savings of $2.3m
- Higher legal, real estate and insurance costs
- $1.6m increased in costs associated with UK and Canada businesses
- Inflation represents notional payroll and non-payroll cost increases in the current market

COST INITIATIVES

- Management continue to drive cost savings initiatives across technology, process improvement and associated people costs in the Consumer and Commercial businesses

CREDIT RISK MANAGEMENT

CONTINUED REDUCTION IN NET LOSS TO ANR ACROSS THE GROUP

PRODUCT [1]	BASE	1H24	1H23	MVMT
Commercial	**ANR**	**0.5%**	**0.5%**	**0bps**
PosPP	ANR	3.1%	3.9%	(80bps)
AU Cards	ANR	4.1%	2.6%	150bps
NZ Cards	ANR	2.9%	3.0%	(10bps)
Consumer	**ANR**	**3.3%**	**3.3%**	**0bps**
Group	**ANR**	**1.68%**	**1.95%**	**(27bps)**

GROUP

- Net Loss/ANR of 1.68% down 27bps on 1H23 reflecting strength in credit decisioning and collections management practices across both the Commercial and Consumer portfolios
- Net loss rates remain at historical lows across the Group

COMMERCIAL

- Net Loss/ANR remains at record low rate of 0.5%

PosPP

- 80bps improvement to PosPP following exit of suspended products, reduction in volumes from 'Little things" following exit of BPAY and repositioning as a companion product and change in mix to lower loss verticals of solar, health and household improvements

AUSTRALIA CARDS

- Net Loss/ANR of 4.1% up 150bps on prior period. Prior period benefitted from debt sales whilst tighter credit settings and improved collections processes should see this improve into 2H24

NEW ZEALAND CARDS

- 10bps improvement to Net loss/ANR flat reflecting the maturing of the Q Mastercard product, better use of data and technology and improved recovery rates

1. Net loss includes bad debts and loss recoveries.

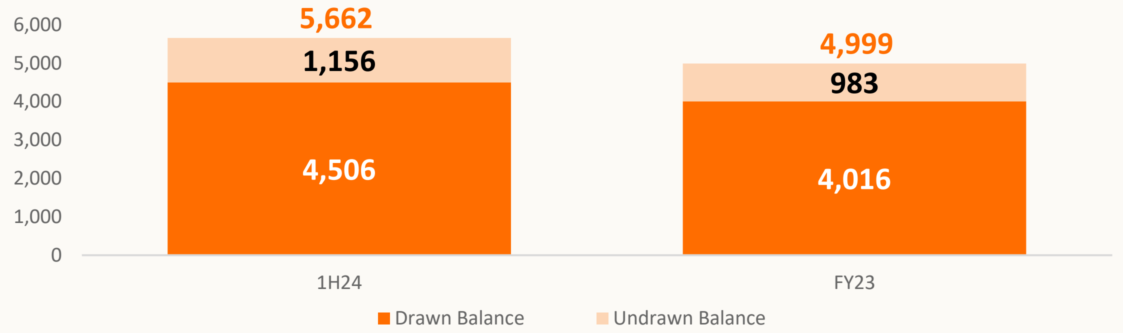
A DIFFERENTIATED FUNDING PLATFORM

$47.1M INCREASE IN UNRESTRICTED CASH BALANCE

	DEC 23	JUN 23
Unrestricted Cash	159.4	112.3

Material increase in unrestricted cash during the period which incorporated a $15.2m paydown in the corporate 'growth' facility and $5.6m used to purchase shares through buy-back and long-term incentive program.

WHOLESALE FUNDING AND CORPORATE DEBT FACILITY



PRUDENT CAPITAL MANAGEMENT

	DEC 23	JUN 23
Leverage ratio[1]	11.3%	13.5%

The leverage ratio of 11.3% demonstrates appropriate capitalisation and results from additional capital efficiency resulting from recent **flexi**commercial private placement ABS transactions that were executed at lower capital requirements. This capital efficiency has increased our cash balances which will be used to fund receivables growth. ROE in the Commercial business has increased from 18.9% in pcp to 25.2%.

MARKET LEADING ISSUER OF DIVERSIFIED ABS

Record $1.8b of asset-backed securities ("ABS") issued during 1H24, in public and private placement format, with strong support from global financial institutions and an increasingly diverse investor base.

ABS DEALS EXECUTED IN 1H24	$M
Q Card Trust – August 23 Issuance	141
flexicommercial ABS Inspire Trust	761
humm ABS Trust 2023-1	301
flexicommercial ABS Inspire Trust No. 2	600
Total	**1,803**

1. Statutory Equity/Tangible Assets

EFFICIENT AND EFFECTIVE USE OF CAPITAL TO DRIVE RETURNS

STRONG AND STABLE BALANCE SHEET

Receivables grew 23% to $4.7b on pcp

Capital structure has been optimised to include increased mezzanine funding

Warehouse capacity is in place to support future growth

PRE-TAX DIVIDEND RETURN OF 3.3%[1]

Fully franked 1H24 dividend of 0.75cps totaling $3.8m

Targeting annual dividends of between 30% – 40% of Free Cash Flow[2]

$36.7m in franking credits at 31 December 2023 to support fully franked dividends into the future

CAPITAL INITIATIVES TO DRIVE RETURNS

40% of Board approved share buy-back completed to date

Enhancing shareholder value via dividends and capital initiatives

20.9m shares (c.4% of total shares) purchased to date for LTI and on-market buyback

1. Annualised return on share price of 65 cents per share. 2. Free Cash Flow is defined as Normalised Cash Profit (after tax) adjusted for future capex and working capital requirements.

05

SUMMARY

1H
24

OUTLOOK

STRONG BALANCE SHEET POSITION

CAPITAL INITIATIVES TO IMPROVE SHAREHOLDER VALUE

POSITIVE CREDIT PERFORMANCE

INITIATIVES TO DELIVER IN-YEAR COST SAVINGS

RENEWED FOCUS ON CUSTOMER VALUE PROPOSITION

DRIVE PROFITABLE GROWTH

06

APPENDICES

TO BE THE PROVIDER OF FINANCE FOR BIGGER PURCHASES

	flexicommercial	humm CONSUMER FINANCE
POSITIONING	ANZ leading provider of specialist asset finance	#1 POS financer for transactions over $1,000
RECEIVABLES	$2.7b	$2.0b
VERTICALS/ INDUSTRIES	Logistics // Engineering // Agriculture	Health // Car Servicing // Solar // Home // Travel
CUSTOMER PROFILE	SMEs looking to borrow for tools of trade	Families aged 35+ Home owners
$ATV[1]	$130,000	$5,100
NORMALISED CASH PROFIT*	$21.6m	$6.5m
NET LOSS/ANR[2]	0.5%	3.3%

CORE EXPERTISE

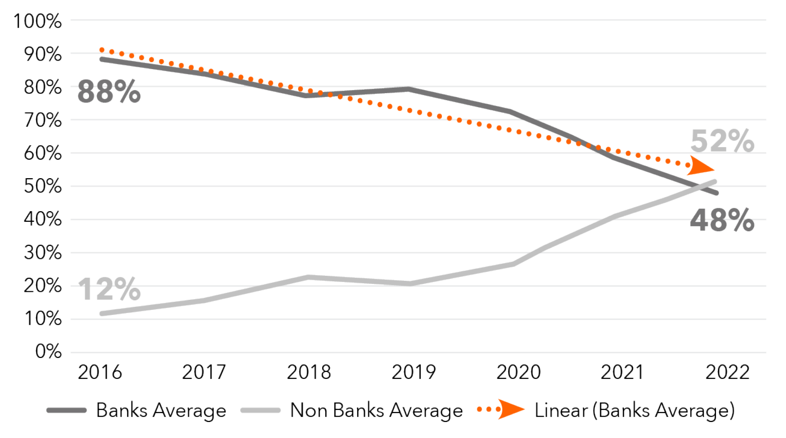
- ≫ Instant credit decisioning
- ≫ Continual credit improvements driven by data and scale
- ≫ Collections strategy and management
- ≫ Funding and securitisation to gain competitive advantage and improve capital efficiency

*Post tax. 1. ATV is Average Transaction Value and for Consumer includes humm 'Big things', NZ Cards LTIF and AU Cards LTIF.
2. Consumer finance ratio for receivables based products only – humm 'Big things' and NZ and AU Cards.

flexicommercial®

NON-BANK LENDERS OVERTAKE BANKS AS PROVIDERS OF SME LENDING

Equipment finance TAM $45b (AU) and $8b (NZ)



BROKER CHANNEL LOW COST OF SALE

- 73% of AU asset loans are sold through brokers
- Brokers used for their convenience, advocacy and customer service
- 15-20k brokers in AU, NZ a growing market

AU AND NZ'S LEADING PROVIDER OF SPECIALIST ASSET FINANCE

Delivered solely through the broker channel

~$130k average amount financed

4.7 years average term

+13% growth in brokers with 1+ deals in 1H24

~6,834 deals settled 1H24

TOP 3 ASSETS FINANCED


Transport


Civil Engineering


Light Commercial Vehicles

SPEED TO DECISION AND SETTLEMENT, with specialist offering a key differentiator

80% of deals are approved same day

32% of approved deals are automated

~16% improvement in approval turnarounds

~91% broker satisfaction score

EXCEPTIONAL SME EXPERIENCE

- 24hr approval and same day settlement leveraging NPP
- Full spectrum of lending from streamlined to full credit assessment
- Specialist offering for capital intensive businesses

RECONCILIATION OF NORMALISED CASH PROFIT TO STATUTORY PROFIT

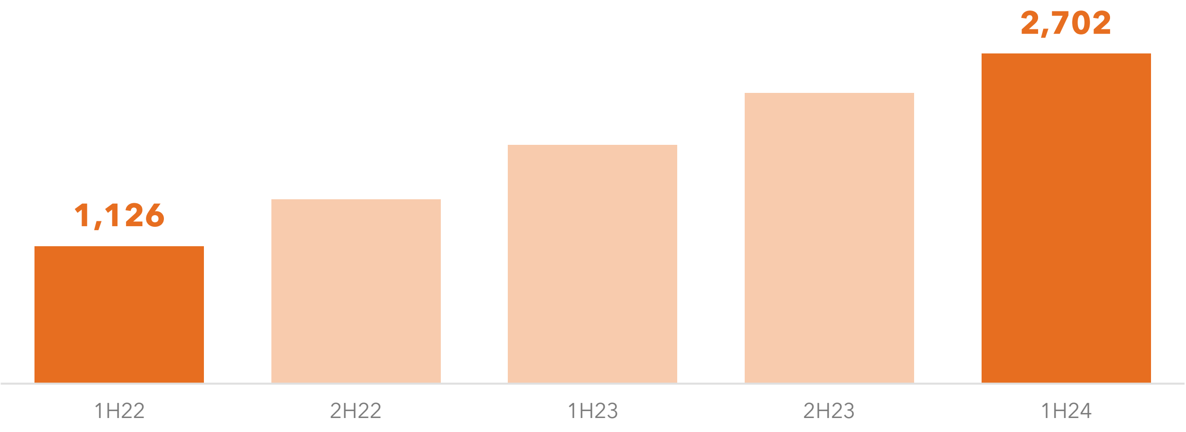
HUMMGROUP ($M)	1H24	1H23	MVMT
Normalised cash profit (after tax)	28.1	38.5	(10.4)
Amortisation of intangibles	(2.4)	(2.3)	(0.1)
Impairment of intangibles	(2.8)	(2.0)	(0.8)
Movement in AASB9 provision	(8.4)	(3.4)	(5.0)
Depreciation	(6.0)	(3.5)	(2.5)
Non-cash items	(19.6)	(11.2)	(8.4)
Redundancy and restructure	(0.8)	(1.6)	0.8
Suspended products and related costs	(8.2)	(13.4)	5.2
Other[1]	(5.5)	(4.8)	(0.7)
Other material items	(14.5)	(19.8)	5.3
Statutory Profit	(6.0)	7.5	(13.5)

1. Other includes provisions for onerous contracts, one-off legal provisions, remediation and other costs

FLEXICOMMERCIAL

FLEXICOMMERCIAL (AU/NZ)	1H24	2H23	1H23
Volume (A$m)	761.5	819.5	744.8
Number of transactions	6,835	7,886	7,478
Product yield[1] (%)	10.4	10.2	9.7
Average receivables (A$m)	2,540	2,137	1,737
Cost of funding/borrowings (%)	6.3	5.6	4.7
Net Loss/ANR (%)	0.5	0.4	0.5
Normalised Cash Profit (after tax) (A$m)	21.6	23.0	19.3

FLEXICOMMERCIAL CLOSING RECEIVABLES (A$M)



- 55% CAGR in receivables since 1H22 demonstrating our competitive service offering and strong market position with small and medium enterprise. High volume in 2H23 attached to end of instant asset write-off
- Product yield strengthening from 1H23 as cost of fund increases have been passed on to customers. Front book NIM position fully recovered from impact of rises to funding costs
- Cost of funds increases associated with increased base rate and credit margin and improved capital efficiency following the expansion of mezzanine funding which has allowed for receivables growth
- Normalised cash profit of $21.6m was impacted by $2.2m lower fee and other income as fewer customers pre-paid their fixed rate loans and terminated their contracts early in the higher interest rate environment.
- Increase in average transaction value to $130k
- Net losses continue to be strong as a result of high-quality assets being financed and recoveries remaining strong
- New Zealand business now incorporated into AU Business to reflect the alignment of the service offering and service model
- Commercial Return on Cash Equity up from 18.9% to 25.2%

1. Gross income/average net receivables.

CONSUMER AU

HUMM AUSTRALIA[2]	1H24	2H23	1H23
Volume (A$m)	405.7	428.8	434.5
Receivables (A$m)	732.2	683.8	664.7
Product yield (%)[1]	14.2	13.3	15.4
Net Loss/ANR (%)	3.7	5.6	3.7
Cost of funding/borrowings (%)	6.2	4.7	3.5
Normalised Cash (Loss)/Profit (after tax) (A$m)	(2.5)	5.1	4.2

- Volume in **humm** AU 'Big things' grew 20% compared to pcp across the key verticals of Solar, Home Improvement and Health, being offset by lower volumes from 'Little things' following the closure of BPAY in May 2023 and the repositioning of 'Little things' as a companion product to our core 'Big things' product.
- Product yield reduction from 15.4% to 14.2% the result of:
  - improved pricing initiatives executed through the period, offset by
  - change in volume mix to lower yield and lower loss Solar, Home Improvement and Health, with the benefits of lower loss rates arising in future periods
- Funding costs have increased with the base rates, credit spreads and additional mezzanine
- Normalised Cash Loss (after tax) impacted by margin compression

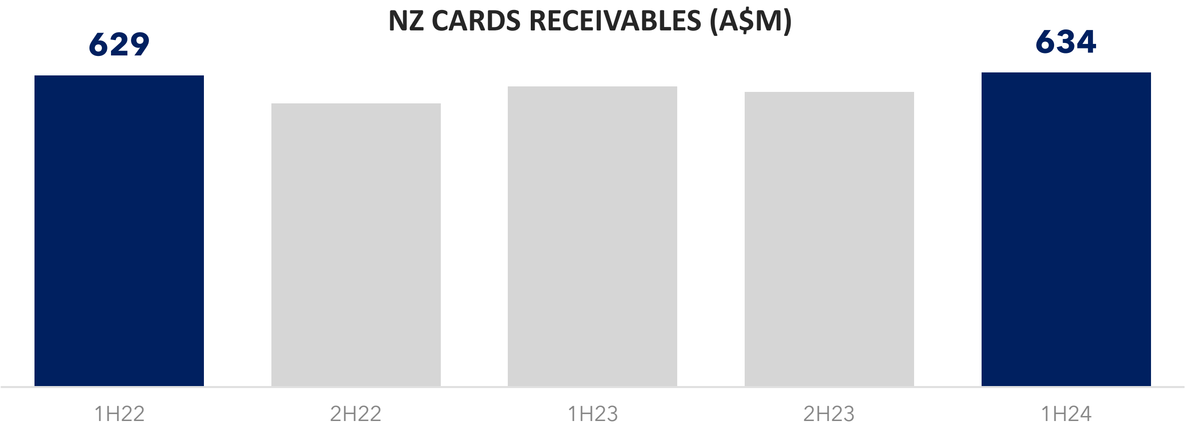
AUSTRALIA CARDS	1H24	2H23	1H23
Volume (A$m)	254.0	248.9	266.0
Receivables (A$m)	429.1	434.2	437.8
Interest bearing balances (%)	56.0	52.3	54.5
Product yield (%)	19.6	19.1	17.8
Net Loss/ANR (%)	4.1	4.5	2.6
Cost of funding/borrowings (%)	5.4	4.7	4.4
Normalised Cash Profit (after tax) (A$m)	3.7	2.7	2.7

- Volume has increased as travel continues to return and customer spending gains momentum while receivables has remained flat on pcp.
- The proportion of interest-bearing balances grew towards the back end of the financial year offsetting the impact of the run-down of legacy product receivables (high proportion interest bearing)
- Funding costs across the AU Cards portfolio have benefited from hedging positions
- Gross losses improved versus the prior period however net losses were higher due to prior period debt sales
- Normalised Cash Profit improvement from repricing and lower operating expenses, partly offset by higher cost of funds

1. Gross income/average net receivables
2. **humm** AU is operated as a combined portfolio of 'Big things' and 'Little things'

CONSUMER NZ

NEW ZEALAND CARDS	1H24	2H23	1H23
Volume (A$m)	432.0	366.5	381.1
Receivables (A$m)	634.5	595.1	606.6
Interest bearing balances (%)	61.3	59.6	60.3
Product yield (%)[1]	20.4	19.9	20.1
Net Loss/ANR (%)	2.9	3.4	3.0
Cost of funding/borrowings (%)	6.4	5.5	4.5
Normalised Cash Profit (after tax) (A$m)	7.8	8.1	12.5



- Volume has grown as a result of increased customer spend in the New Zealand market
- Receivables were impacted by lower prior period volumes and higher paydown rates, consistent with the market
- Higher long term interest free volumes are expected to deliver returns as these balances convert into interest bearing balances
- Product yield has increased as the benefits of repricing initiatives take effect
- Funding costs increased in line with increases to NZ base interest rates while the NZ Cards portfolio has benefited from being hedged
- Net loss to ANR down 10bps on pcp following improvements in the use of data and technology, noting an increase in the prior half due to seasonality
- Normalised Cash Profit (after tax) impacted by margin compression due to increases to base interest rates not fully recovered via pricing initiatives

1. Gross income/average net receivables

AASB9 PROVISION MOVEMENTS

$M	1H24	1H23	MVMT
Net loss[1]	37.2	34.4	2.8
Macro provision	0.9	1.1	(0.2)
Provision movement	9.9	4.0	5.9
Credit impairment charge	**48.0**	**39.5**	**8.5**
Net loss			
PosPP	13.4	15.3	(1.9)
AU Cards	8.7	5.6	3.1
NZ Cards	8.6	8.6	–
Commercial	6.5	4.9	1.6
Group	**37.2**	**34.4**	**2.8**
Provision movement			
PosPP	(0.7)	(1.6)	0.9
AU Cards	1.4	0.6	0.8
NZ Cards	1.8	1.2	0.6
Commercial	7.4	3.8	3.6
Group	**9.9**	**4.0**	**5.9**

NET LOSS INCREASE OF $2.8M ON PCP

- Net loss of $37.2m increased by $2.8m on pcp driven by increases in receivables. Net loss to ANR at Group level reduced by 27bps to 1.68% for the current year
- PosPP – down $1.9m following exit of suspended products and increase in receivables from solar, health and home improvement
- AU Cards up $3.1m – broadly in line with historic periods (1H23 benefitted from accelerated debt sales)
- NZ Cards consistent with prior period - 10bps improvement to Net Loss/ANR
- Commercial up $1.6m – driven by increase in receivables - Net Loss/ANR remains at 0.5%

MACRO PROVISION REDUCTION OF $0.2M ON PCP

- We consider our macro-overlays are appropriate, taking into account the provision coverage in our portfolio

PROVISION OF $9.9M RECOGNISED IN THE PERIOD

- Commercial increase in provision is consistent with increased receivables
- PosPP release reflects exit of products and lower arrears following changes to origination and credit controls and better recovery rates
- AU Cards increase in provision reflects higher experienced loss rates although improvements following changes to credit settings and processes expected
- NZ Cards reflects increases in receivables

1. Net loss includes bad debts and loss recoveries.

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