

For personal use only

# FY24 Results & Proposed merger with Auswide Bank

19 August 2024

MyStateLimited 



# Agenda

1

## Overview of FY24

Brett Morgan  
Managing Director & CEO

2

## FY24 financial results

Gary Dickson  
Chief Financial Officer

3

## Proposed merger with Auswide Bank Limited

Brett Morgan & Gary Dickson

4

## Additional FY24 results information

5

## Additional merger information



# Overview of FY24

1

Brett Morgan  
Managing Director & CEO



# FY24 summary

Balancing growth and return in a challenging environment. Capital up. Dividend stable

\$8.0b

Home loan book  
+2.0% on pcp

\$5.9b

Customer deposits  
-4.9% on pcp

\$35.3m

Net profit after tax  
-8.3% on pcp

16.4%

Total capital  
+100 bps on pcp

32.0 cps

Earnings per share  
-9.7% on pcp

23.0 cps

Stable dividend

+58 Net Promoter Score | Record level of customer advocacy

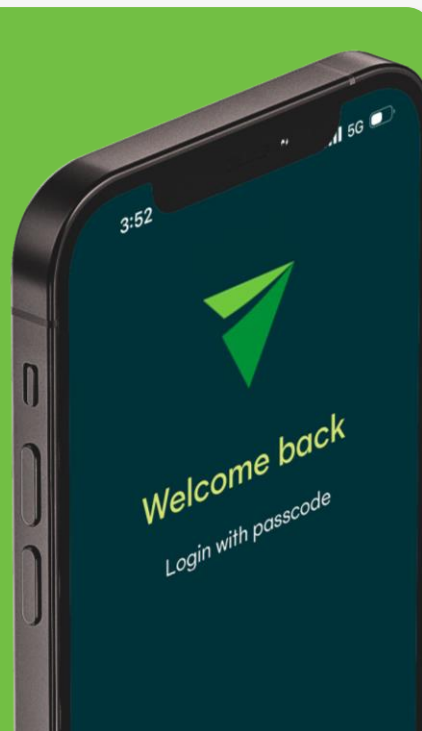


Note: All figures compare FY24 to FY23 as the previous corresponding period (pcp) unless otherwise indicated. All amounts shown represent statutory results unless otherwise stated

# Delivered on key FY24 strategic initiatives

## Bank

### New digital capability



- Successfully launched our new internet and mobile banking platform
- Enhanced online origination and increased customer security

## Wealth

### Trustee Services offer expanded



- Delivering on Trustee Services optimisation program
- Positive business momentum

## Group

### Operating costs well managed



- Operating costs down year on year in an inflationary environment
- Continual focus on operating efficiencies





# FY24 financial results

# 2

Gary Dickson  
Chief Financial Officer



# FY24 financial performance

Metric	FY24	FY23	Change v FY23	
Total operating income (\$m)	152.4	160.4	-5.0%	▼
Total operating expenses (\$m)	101.0	102.7	-1.6%	▼
Core earnings (\$m) <sup>1</sup>	51.4	57.7	-10.9%	▼
Statutory net profit after tax (\$m)	35.3	38.5	-8.3%	▼
Statutory earnings per share (cps)	32.0	35.5	-9.7%	▼
Net interest margin (%) (annualised)	1.45%	1.63%	-18 bps	▼
Bank cost-to-income ratio (%)	65.3%	60.8%	+450 bps	▲
Group cost-to-income ratio (%)	66.3%	64.0%	+228 bps	▲
Total capital ratio (%)	16.4%	15.4%	+100 bps	▲
Return on average equity (%)	7.7%	8.7%	-100 bps	▼
Dividend—fully franked (cps) <sup>2</sup>	23.00	23.00	Steady	■

- Optimised growth and return in a challenging environment
- Costs well managed in the context of high inflation
- NIM down year-on-year; stable half-on-half
- Stronger capital position
- Final dividend in line with the Interim dividend of 11.5 cents per share

Note: Financial performance figures compare FY24 to FY23 as the previous corresponding period (pcp).

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation and totals may vary slightly due to rounding.

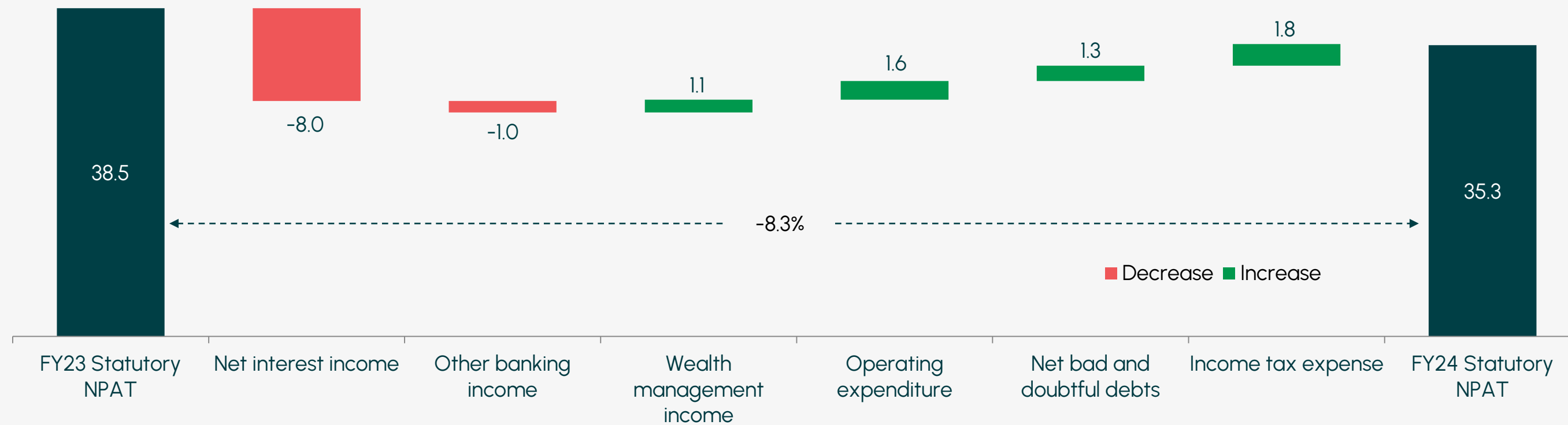
1. Operating profit before bad and doubtful debts expense and income tax expense
2. Final dividend of 11.5 cps payable to shareholders on the register at the record date of 23 August 2024. Payment date is 16 September 2024



# Full year NPAT

Revenue challenges partially offset by well-managed expenses

Net profit after tax (\$m)



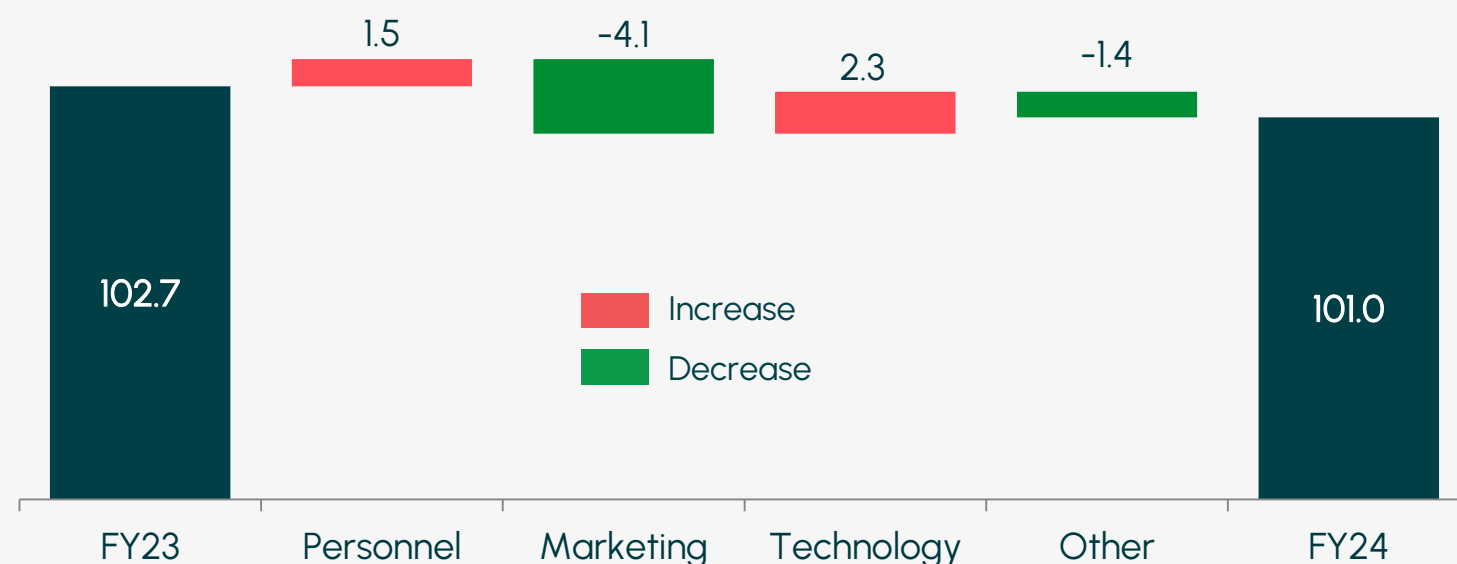
- NPAT decrease of only 8.3% in a very challenging market; 2H NPAT up on 1H
- Net interest income down 6.1% over the year; NIM stable half-on-half
- Other banking income down 7.3% over the year; 2H up on 1H
- Wealth management income up 7.7% over the year; 2H significantly up on 1H
- Total operating costs well managed; down 1.6% on pcip



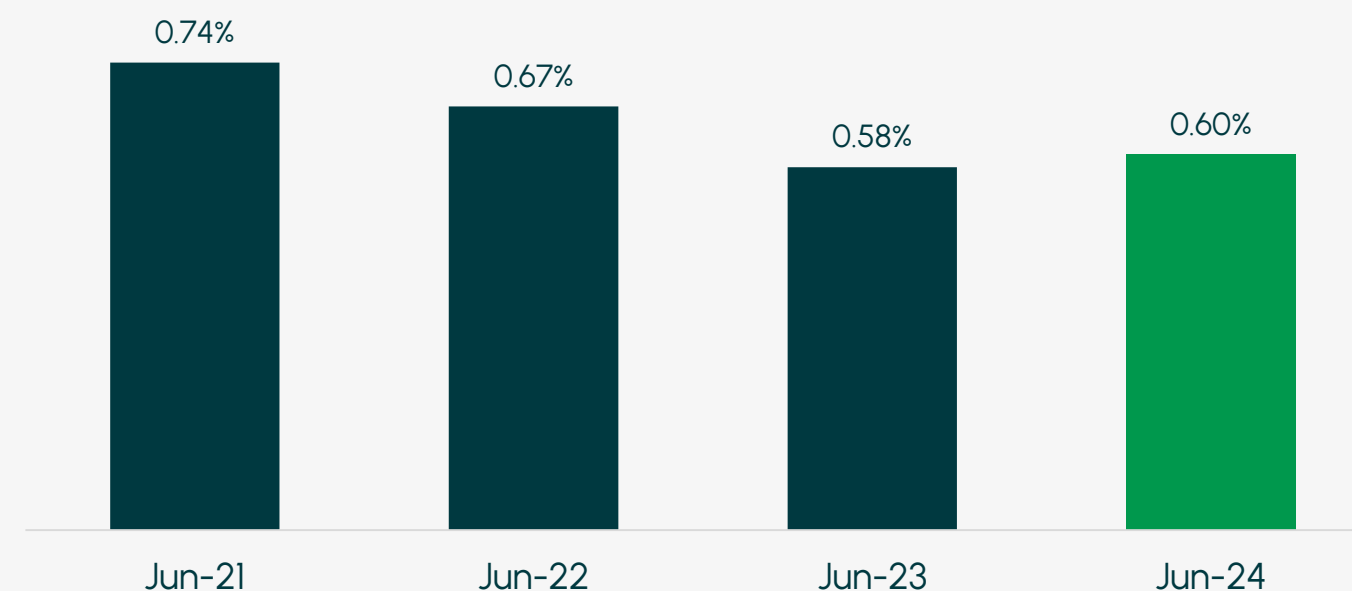


# Operating costs well-managed

Operating costs (\$m)



MyState Bank operating efficiency ratio<sup>1</sup>

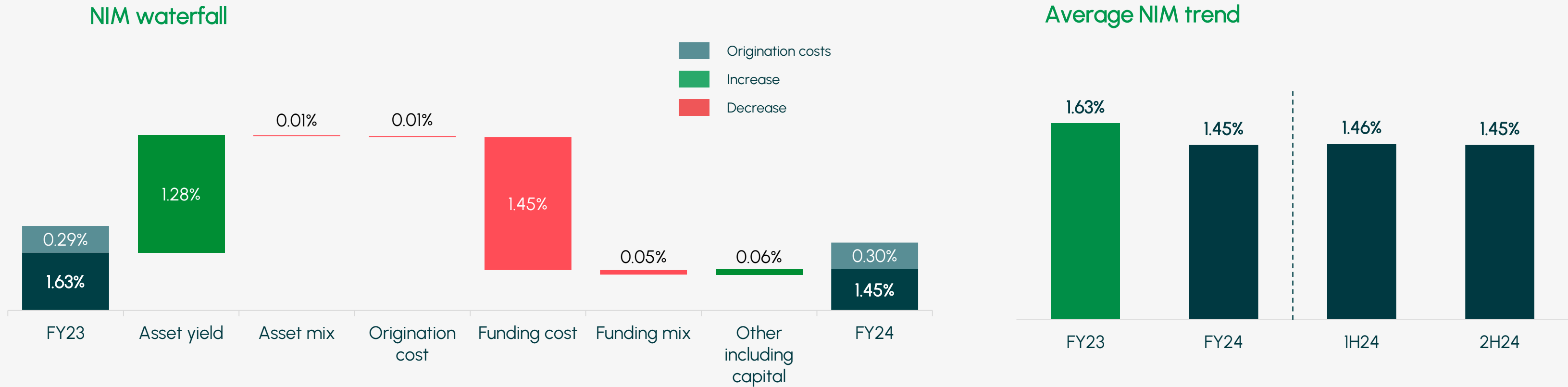


- Operating costs closely managed in a high-inflationary environment, down 1.6% (\$1.7m)
- Increase in Personnel costs largely due to salary inflation
- Reduction in marketing costs reflects the need for lower retail deposit growth
- Technology costs increase reflects continued investment in key customer, risk and regulatory initiatives
- Other expenses lower due to non-recurring expenses in pcip
- Since 2021 MyState Bank's operating efficiency has improved by 19%<sup>1</sup>



1. As internally measured by: Annualised operating expenses less marketing costs / Average lending assets + Average customer deposits.

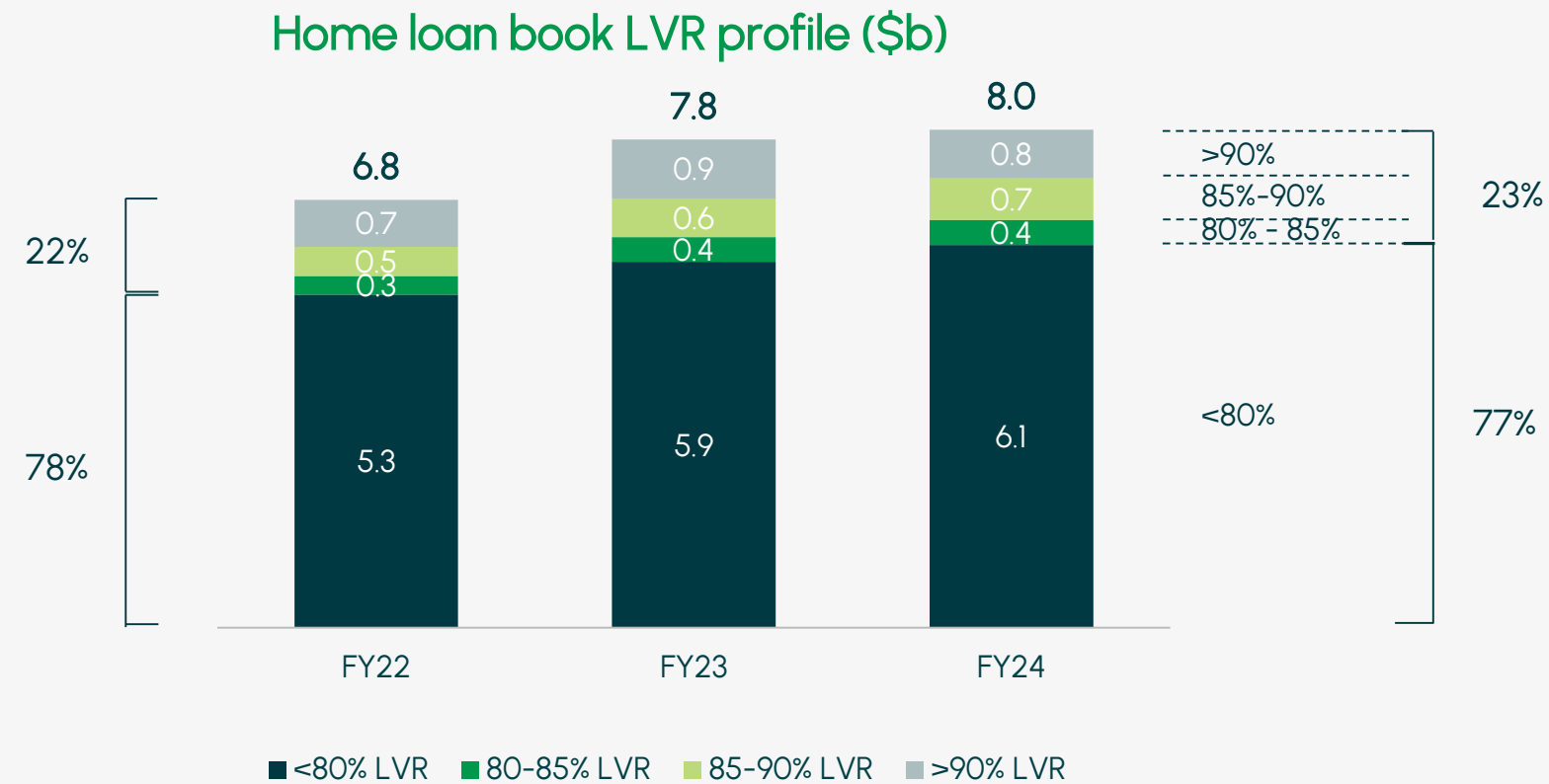
# Challenging margin environment; NIM stable half-on-half



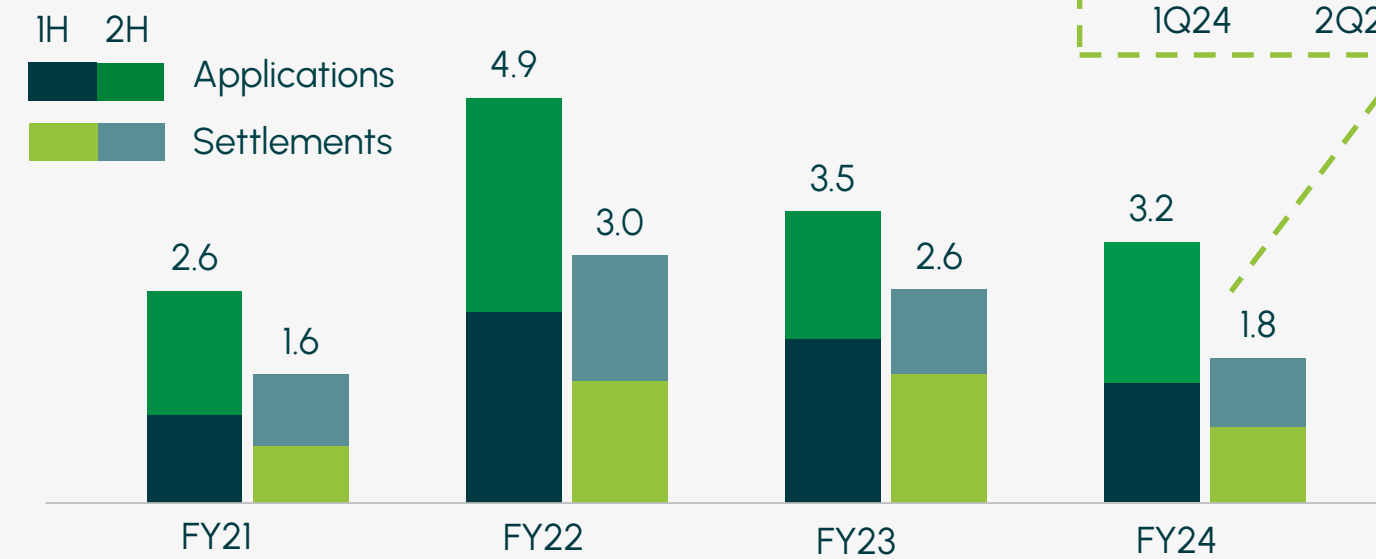
- Constantly optimising the balance between growth and margin
- Year-on-year margins impacted by home loan and deposit price competition; deposit switching; increase in securitisation funding and higher liquids holdings
- NIM stable half-on-half



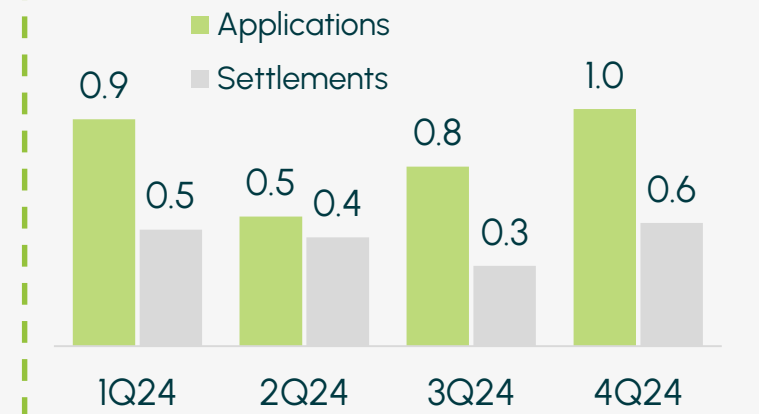
# Quality home loan book



## Home loan book – applications and settlements (\$b)

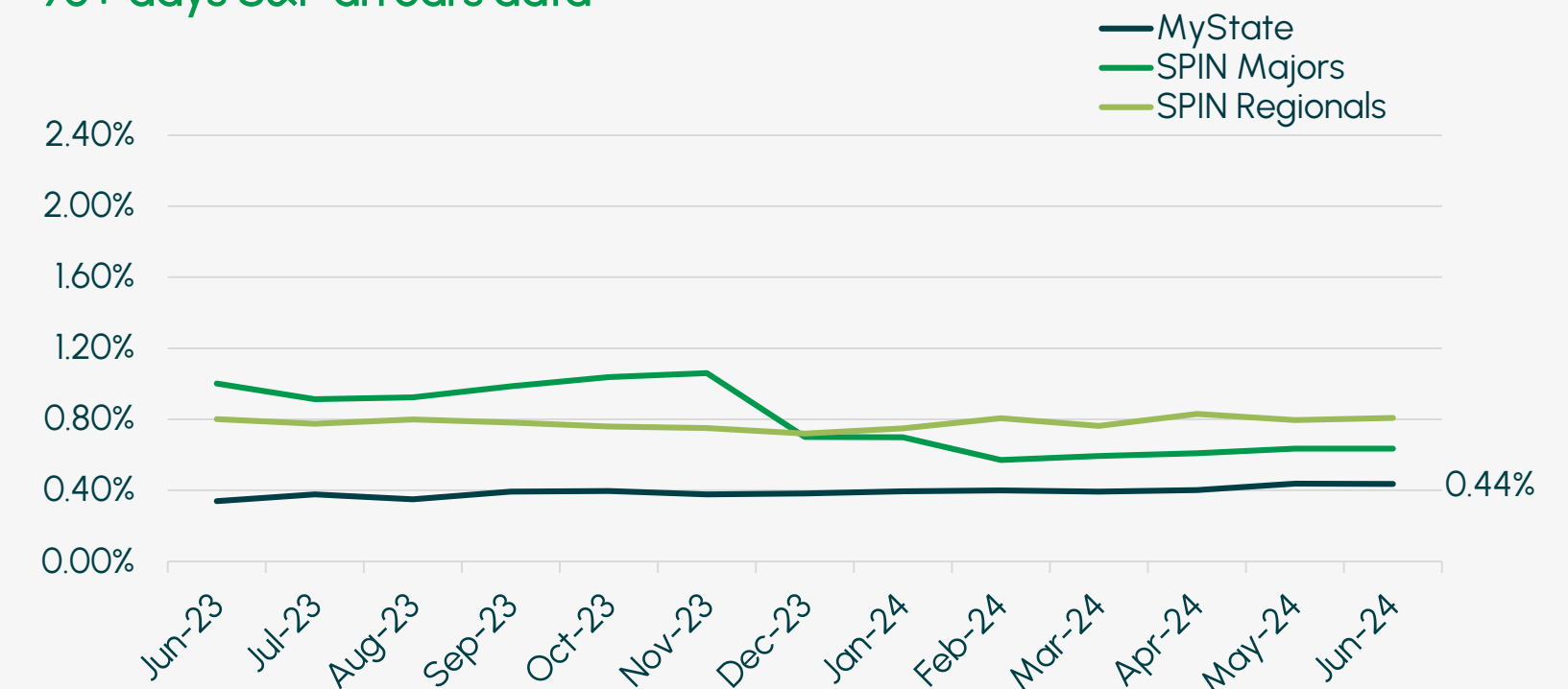


## Home loan book – FY24 Quarterly applications and settlements (\$b)



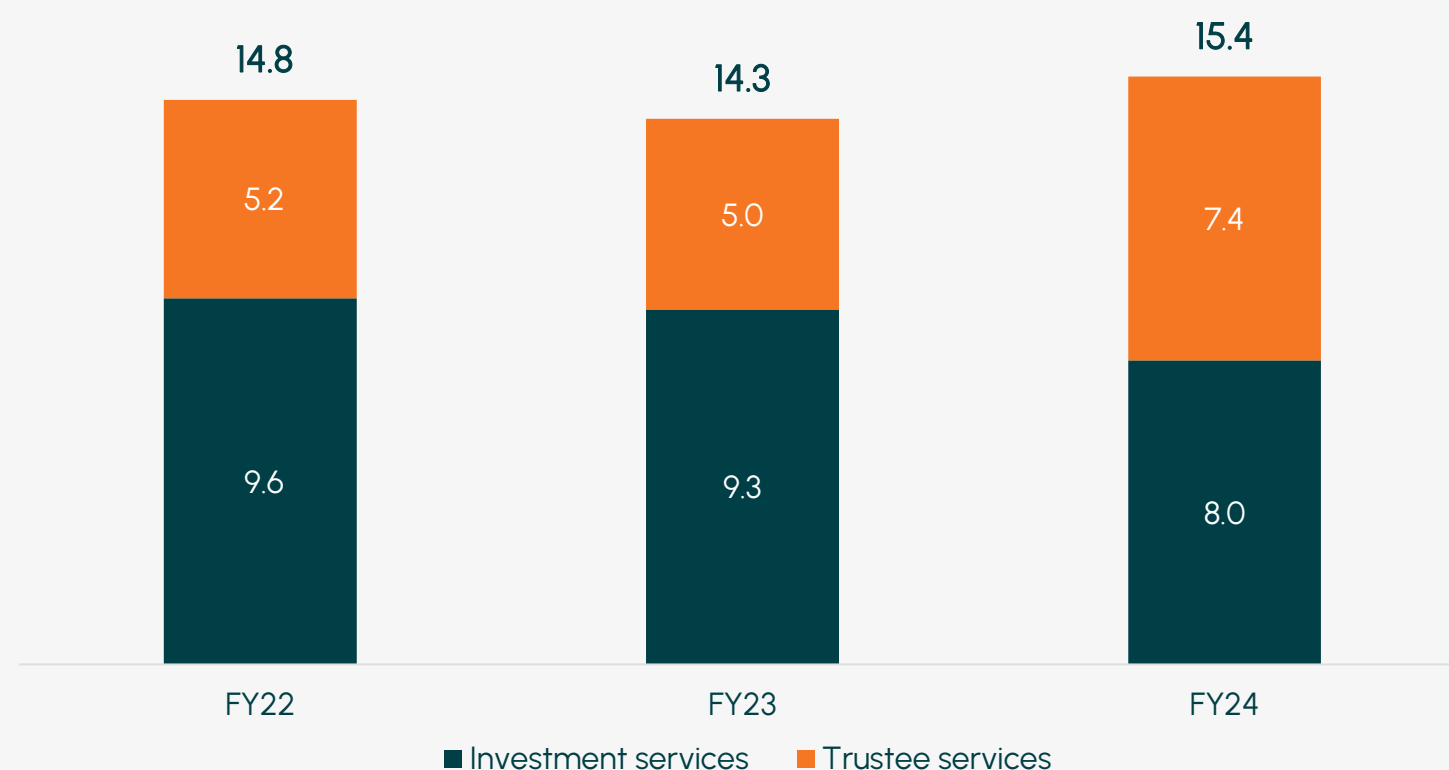
- Home loan portfolio up \$160m to \$8.0b
- Growth in low risk <80% LVR lending: +\$270m
- Q2 and Q3 applications a function of margin management
- 2H applications 29% higher than 1H; Q4 settlements strongest for the year.
- Portfolio LVR 55.7% at 30 June 2024
- Arrears remain below industry average with 90+ days at 0.44%

## 90+ days S&P arrears data

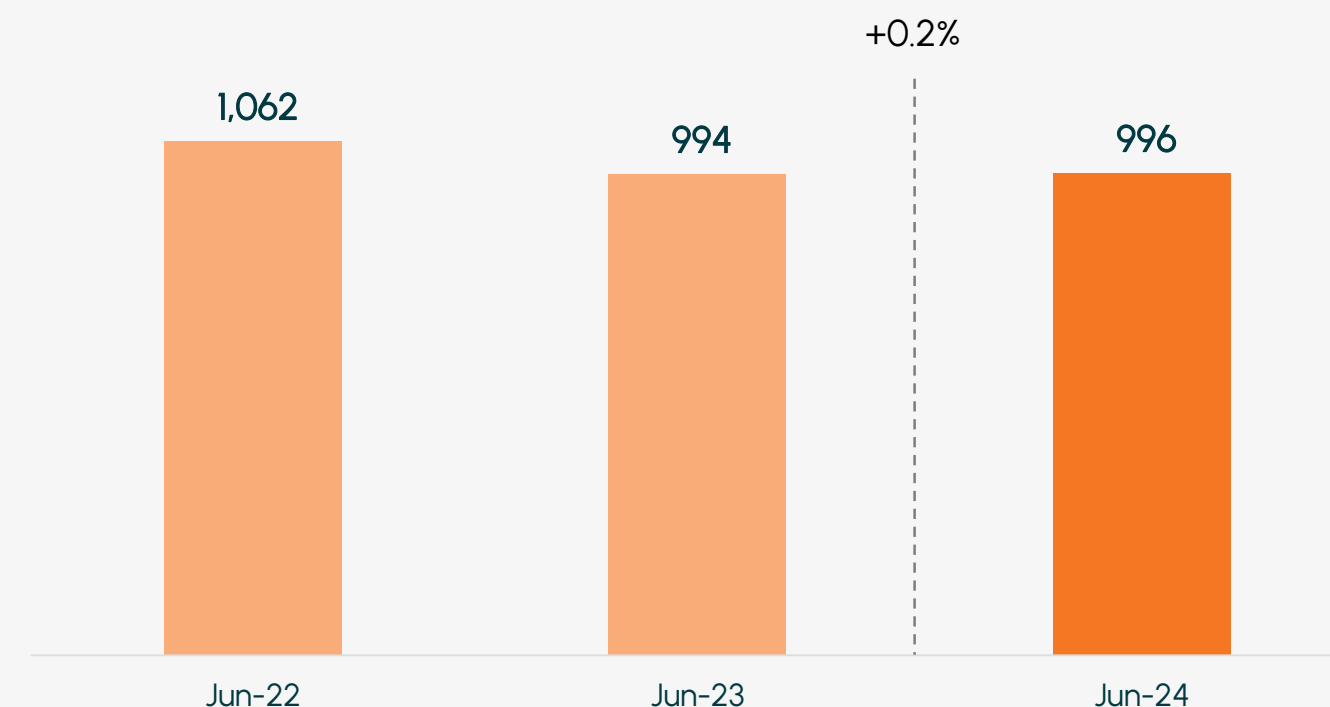


# TPT Wealth providing income diversification

Operating income (\$m)



Funds under management (\$m)



- TPT delivered \$15.4m in fee revenue, driven by strong performance in Trustee services
- Funds under management steady year on year; fall in Investment services revenue driven by a reduction in Growth funds management fee
- Improved operating efficiency with underlying expenses 16% lower than pcg
- Solid uplift in NPAT
- TPT's competitive focus is centred on growing the Cash and Income funds and Trustee Services



# Proposed merger with Auswide Bank Limited

3

Brett Morgan  
Managing Director & CEO



# Merger overview

Merger overview	<ul style="list-style-type: none"> <li>MyState Limited (MyState) has signed a scheme implementation agreement (SIA) to merge with Auswide (the Proposed Merger)</li> <li>Under the Proposed Merger, Auswide shareholders would receive 1.112 MyState shares per Auswide share. This implies 65.9% pro forma ownership of the combined Group for MyState shareholders<sup>1</sup></li> <li>Auswide shares will be acquired by MyState subsidiary, MyState Bank Limited, with the consideration shares to be issued by MyState Limited, which will continue as the parent company of the merged Group (MergeCo)</li> <li>Targeting implementation in December 2024, subject to conditions in the SIA being satisfied</li> </ul>
Compelling strategic rationale	<ul style="list-style-type: none"> <li>Combination of two quality, complementary, customer centric businesses</li> <li>Significantly enhanced scale and diversification</li> <li>Increased capacity to invest in profitable growth opportunities</li> <li>Significant shareholder value creation</li> </ul>
Attractive financial outcomes	<ul style="list-style-type: none"> <li>Estimated cost synergies of \$20m–\$25m per annum equal to 13% to 16% of the FY24 pro forma combined cost base with full run rate expected to be achieved by FY27</li> <li>Potential revenue from new growth and cross-sell opportunities</li> <li>Expected to be earnings dilutive in FY25 due to front-loaded transaction and integration costs</li> <li>Expected to be double digit earnings accretive in FY26 on a post synergies run rate basis<sup>2</sup></li> </ul>
Board and senior management	<ul style="list-style-type: none"> <li>The MergeCo Board will comprise four non-executive directors from MyState and three non-executive directors from Auswide</li> <li>Brett Morgan, current Managing Director and Chief Executive Officer of MyState, will be MD &amp; CEO of MergeCo</li> <li>Sandra Birkenleigh, current Chair of Auswide, to be the Chair of MergeCo and Warren Lee to be the Chair of TPT Wealth</li> </ul>
Conditions	<ul style="list-style-type: none"> <li>Implementation of the Merger is conditional on regulatory approvals, Auswide shareholder approval, court approval, third party consents, independent expert conclusions and other customary conditions</li> <li>No prescribed events and no material adverse changes</li> <li>MyState and Auswide have agreed a mutual break fee of \$2m, payable in certain circumstances</li> </ul>





Note: 1. Exchange ratio assumes that Auswide raises \$15m in equity through its placement and SPP as announced on 19-Aug-24, lower investor participation may impact final exchange ratio and ownership outcomes. Auswide has concurrently entered a binding agreement to acquire 100% of Specialist Equipment Leasing Finance Company Pty Limited (Selfco), an established non-bank small to medium enterprise asset finance lender. If the Selfco transaction does not close on or before 30 September 2024, Auswide shareholders are expected to receive a consideration that results in 33.6% pro forma ownership in the combined Group which is equivalent to an exchange ratio of 1.112x new MyState shares per Auswide share.

2. Excluding integration and transaction costs.



# Strong strategic rationale for merger with Auswide





Opportunity to significantly accelerate the earnings and growth profile of the Group

Opportunity	MergeCo
 Combination of two quality, complementary, customer centric businesses	<ul style="list-style-type: none"><li>• Alignment of strategy and values with a shared customer centric culture</li><li>• Strong operating histories with quality loan books evidenced by low arrears and loyal customer bases</li><li>• Employees of MergeCo will benefit from greater opportunities as part of a larger business</li></ul>
 Significantly enhanced scale and risk diversification	<ul style="list-style-type: none"><li>• Lending assets of \$12.5 billion, funded with \$9.6 billion of customer deposits<sup>1</sup></li><li>• Improved scale and operating efficiency with a stronger and larger balance sheet and increased funding flexibility</li><li>• Number of customers to increase from c. 180,000 to c. 272,000</li><li>• Further diversification of lending portfolio</li><li>• Increased exposure to the Queensland market with its strong fundamental growth drivers</li></ul>
 Increased capacity to invest in profitable growth opportunities	<ul style="list-style-type: none"><li>• Additional capacity to invest in profitable growth opportunities</li><li>• Increased ability to invest in enhancing digital customer experience</li><li>• Optimised investment in data, digital, regulatory, risk management and cyber security</li><li>• Increased ability to invest in capability across people, processes and systems</li><li>• Continued support for the communities in which we operate</li></ul>
 Significant shareholder value creation	<ul style="list-style-type: none"><li>• Significant pre-tax cost synergies of \$20 - \$25m p.a. to be realised</li><li>• Main sources of synergies include:<ul style="list-style-type: none"><li>• Governance &amp; people,</li><li>• Technology, and</li><li>• Other, including consolidation of third party providers</li></ul></li><li>• Merged entity will reaffirm the Group's inclusion in the ASX300</li></ul>

Note: 1. Based on unaudited FY24 financials for Auswide.

# Merged entity combination a compelling offering

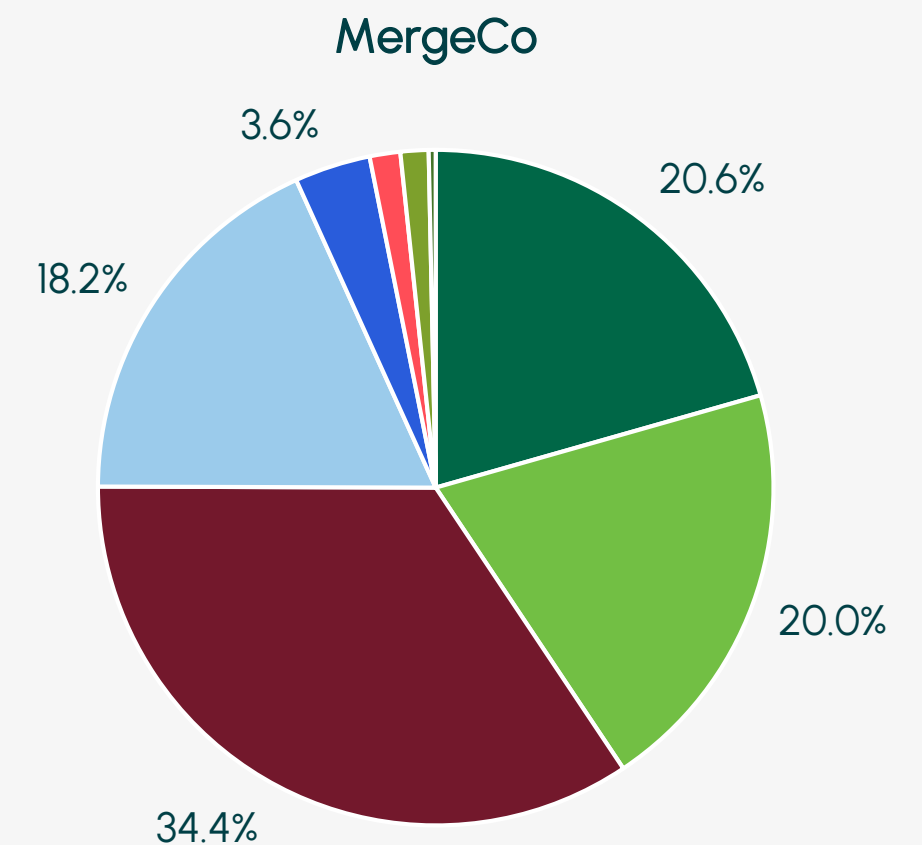
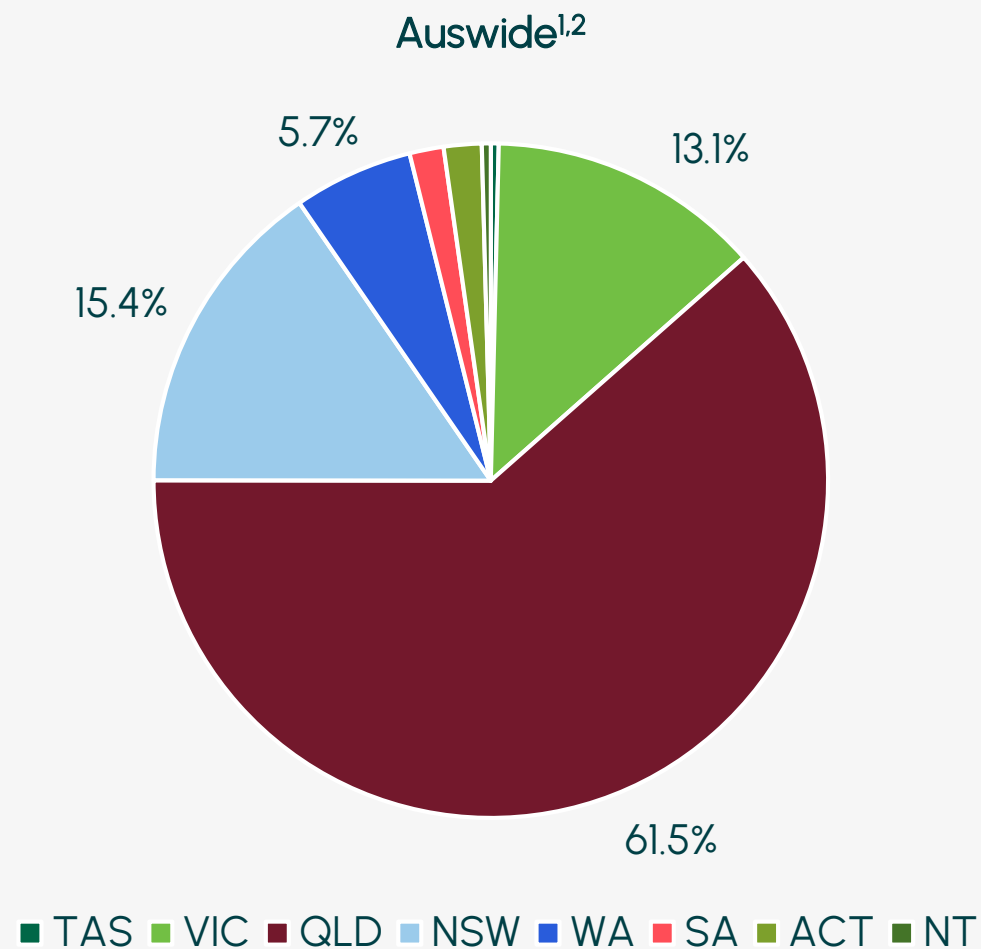
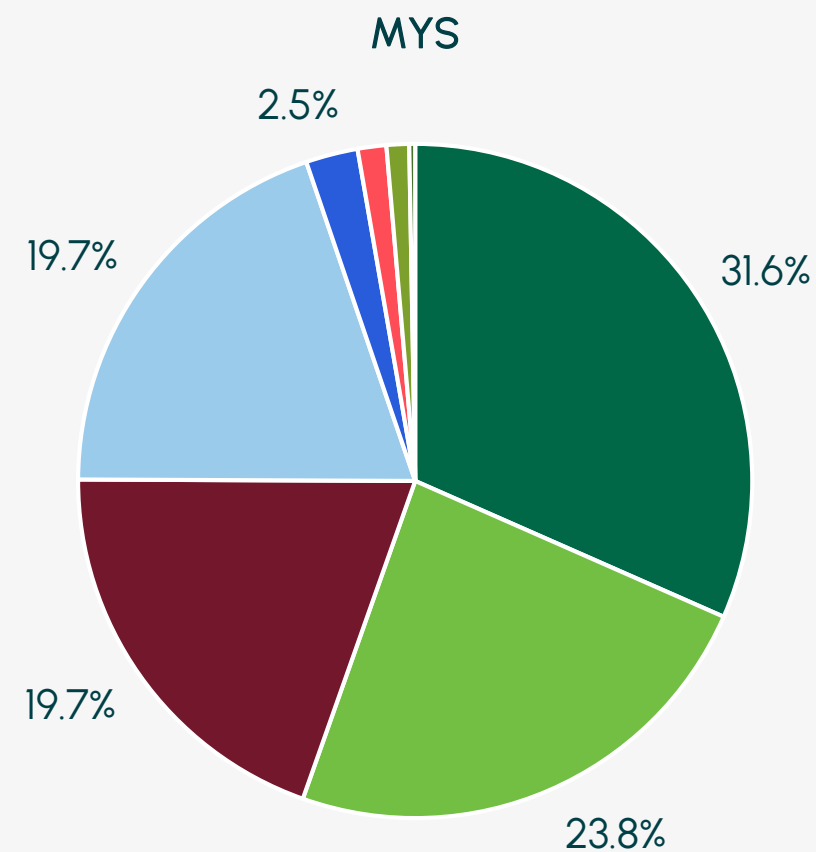
Opportunity to significantly accelerate the earnings and growth profile of the Group

	MyState	Auswide	MergeCo
 <b>Brand</b>	Tasmania based retail bank together with one of Australia's oldest Trustee and funds management businesses	Queensland based retail bank helping Australians achieve home ownership	Combination of two quality customer-centric businesses with reach across the eastern Seaboard
 <b>Customers</b>	c. 180,000 customers	c. 92,000 customers	c. 272,000 customers
 <b>Distribution</b>	7 branches across Tasmania; digital channels; mortgage brokers and mobile lenders; an Australian-based contact centre, estate planning and administration team	16 branches across Queensland; digital channels; mortgage brokers; mobile lenders; private bankers and an Australian-based contact centre	23 branches in Tasmania and Queensland with reach across the country through digital touchpoints, contact centres and brokers
 <b>Product</b>	Home lending, savings and everyday banking solutions, asset management and trustee services	Home lending, savings and everyday banking solutions, credit cards and personal loans	Opportunity to optimise product and service offering

# Improved geographical diversification

The proposed merger with Auswide will increase the loan footprint across Tasmania, Victoria and New South Wales and strengthen the presence in the fast-growing Queensland market

Home loan geographic distribution (%)



Note:

1. Based on unaudited FY24 financials.
2. Auswide does not include Selfco.



# Key pro forma financial metrics

The combined entity will have significantly increased scale, a larger capital base, and a more diversified home loan and deposit portfolio, improving its financial resilience

As at 30 June 2024	MyState	Auswide <sup>1,2,3</sup>	MergeCo <sup>4</sup>
Gross loans and advances (\$bn)	8.0	4.4	12.5
Deposits (\$bn)	5.9	3.7	9.6
Total assets (\$bn)	9.2	5.3	14.4
Net assets (\$m)	464.9	289.8	754.7
Total operating income (\$m)	152.4	70.9	223.3
Core earnings (\$m)	51.4	16.6	68.0
NPAT (\$m)	35.3	11.2	46.5
Net interest margin (%)	1.45%	1.19%	1.36%
Cost to income (%)	66.3%	76.6%	69.6%
Return on average equity (%)	7.7%	3.9%	6.2%
CET1 ratio (%)	12.0%	12.1%	12.1%

Note:

1. Based on unaudited FY24 financials.
2. Auswide does not include Selfco
3. Adjusted for MyState's differential accounting treatment of broker commissions and issuance costs. Please refer to page 34 for a reconciliation between MyState and Auswide's accounting bases.
4. Excluding impacts of synergies, integration costs and expected accounting adjustments, unless stated otherwise.





# Significant shareholder value creation

The transaction is expected to yield annual pre-tax cost synergies of \$20m - \$25m achieved over a three-year period

## Indicative synergy breakdown



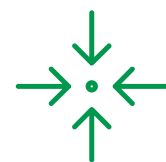
Governance & people

c. \$12-15m



Technology

c. \$6-7m



Other

c. \$2-3m

## Pre-tax synergy run-rate benefits of \$20m to \$25m

- Committed to a cohesive integration strategy, leveraging the strengths of both organisations
- Governance & people synergies to be largely achieved through removal of duplicated Board and Executive roles, natural staff turnover and redundancies
- More than 50% of full run-rate synergies expected in the first 18 months post completion
- Pre-tax integration costs of c. \$29m, with the majority of these expenses anticipated in the initial two years
- No anticipated change to branch footprint

## Potential additional upside from:

- Executing on profitable growth opportunities
- Capturing value from greater purchasing power



# Indicative transaction timetable

Lodge regulatory applications	August 2024
Lodge Scheme Booklet with ASIC and ASX	September 2024
First Court date application served on ASIC	October 2024
First Court date	October 2024
Dispatch Scheme Booklet	October 2024
Scheme meeting held (Auswide shareholder vote)	November / December 2024
Second Court date	December 2024
Lodge Court order with ASIC (Effective Date)	December 2024
Record date	December 2024
Implementation date	December 2024








# Additional FY24 results information

# 4



# Recapping FY24

Key financial results for FY24 were in line with the outlook provided at the half. Lending and deposit composition results reflect the decision to actively optimise the balance between growth and returns.

	FY24 guidance	FY24 result
 MyState Bank lending	Lending growth 1.0x system	0.4x system
 MyState Bank deposit composition	Customer deposits >70% of funding	69.1%
 Earnings per share	31.1 to 32.8 cents per share	32.0 cps
 MyState Bank underlying cost to income ratio	64% to 66%	65.3%
 Return on equity	Between 7.5% and 8.0%	7.7%

# FY24 financial performance

## First half v second half FY24

- Revenue slightly up on 1H24
- Expenses remained well managed
- Sound capital position
- Final dividend consistent with Interim dividend of 11.5 cents per share

Metric	1H24	2H24	1H24 v 2H24		FY24
Total operating income (\$m)	75.8	76.6	+1.1%	▲	152.4
Total operating expenses (\$m)	49.8	51.2	+2.7%	▲	101.0
Core earnings (\$m) <sup>1</sup>	26.0	25.4	-2.1%	▼	51.4
Statutory net profit after tax (\$m)	17.5	17.8	+2.0%	▲	35.3
Statutory earnings per share (cps)	15.9	16.1	+1.5%	▲	32.0
Net interest margin (%) (annualised)	1.46%	1.45%	-1 bps	▼	1.45%
Bank cost-to-income ratio (%)	64.4%	66.3%	+190 bps	▲	65.3%
Group cost-to-income ratio (%)	65.7%	66.8%	+110 bps	▲	66.3%
Total capital ratio (%)	15.6%	16.4%	+80 bps	▲	16.4%
Return on average equity (%)	7.7%	7.6%	-10 bps	▼	7.7%
Dividend—fully franked (cps) <sup>2</sup>	11.5	11.5	Steady	■	23.0

Note: Financial performance figures compare 2H24 to 1H24 as the prior period (pp).

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation and totals may vary slightly due to rounding.

1. Operating profit before bad and doubtful debts expense and income tax expense

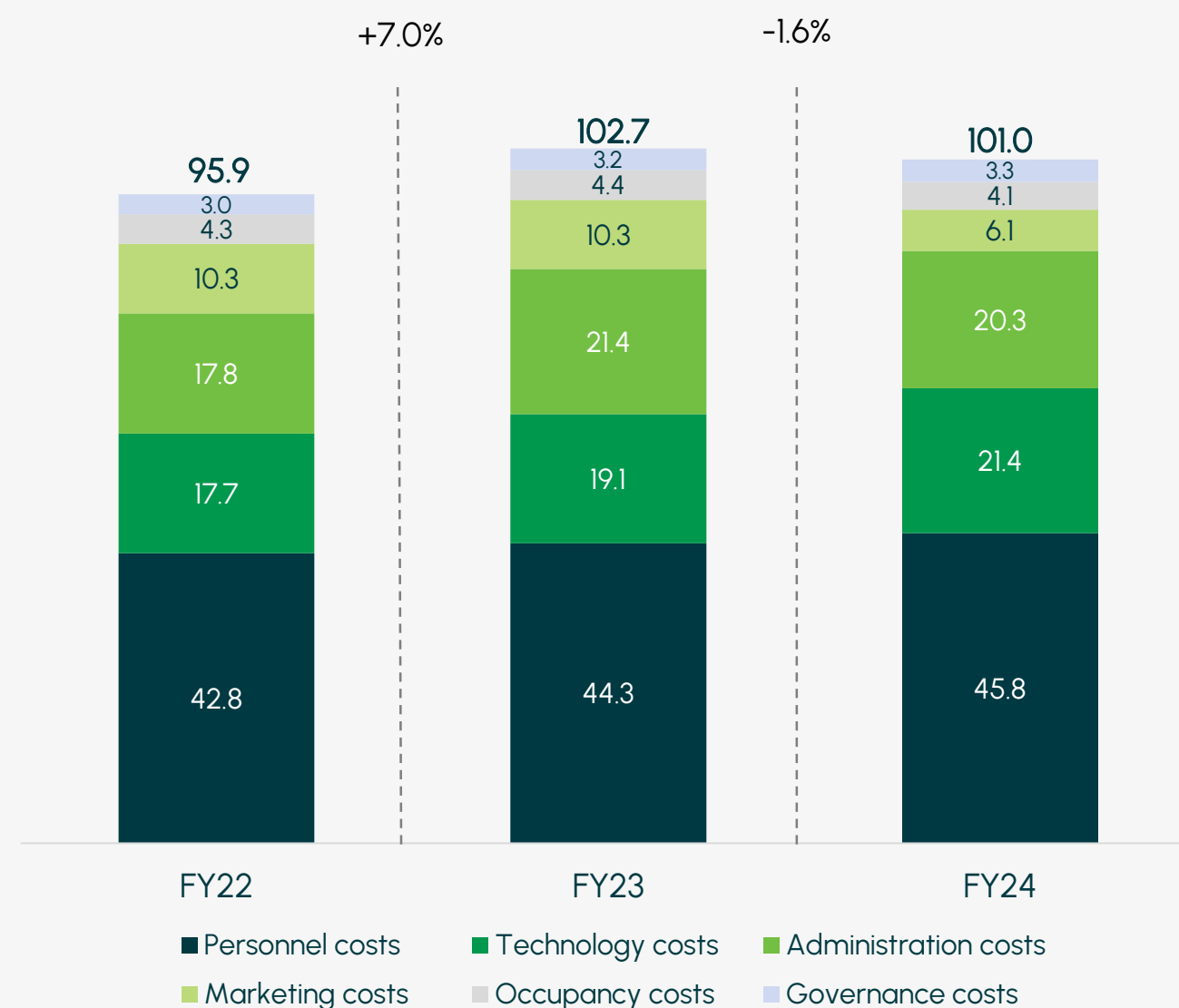
2. Final dividend of 11.5 cps payable to shareholders on the register at the record date of 23 August 2024. Payment date is 16 September 2024





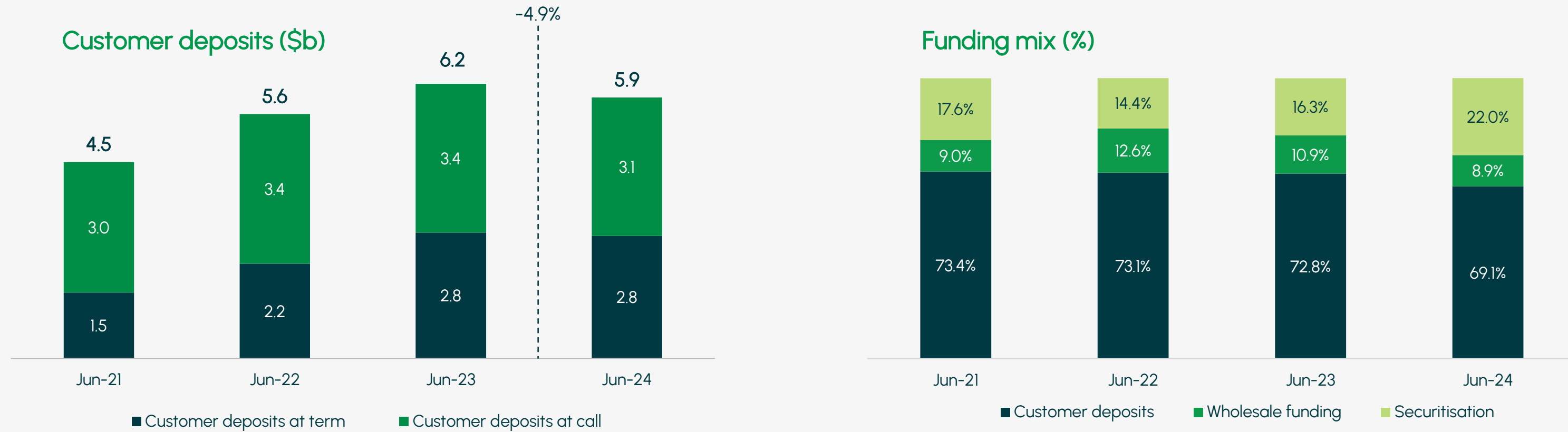
# Operating costs

Operating costs breakdown (\$m)



- Operating costs closely managed in a high-inflationary environment, down 1.6% (\$1.7m)
- Personnel costs increase reflects underlying salary inflation partly offset by lower FTE (30 June 2024: 345 vs. 2023: 352)
- Technology expense increase reflects continued investment in key customer, risk and regulatory initiatives.
- Administration costs in FY23 includes non-recurring operational related expenses, Uplift since FY22 reflects volume related increases across payment systems, printing, postage, etc.
- Marketing spend reduced with lower retail deposit growth reflecting lower loan book growth and higher securitisation; deferral of spend ahead of the launch of the internet and mobile banking app in early July 2024.
- Governance and Occupancy costs relatively stable

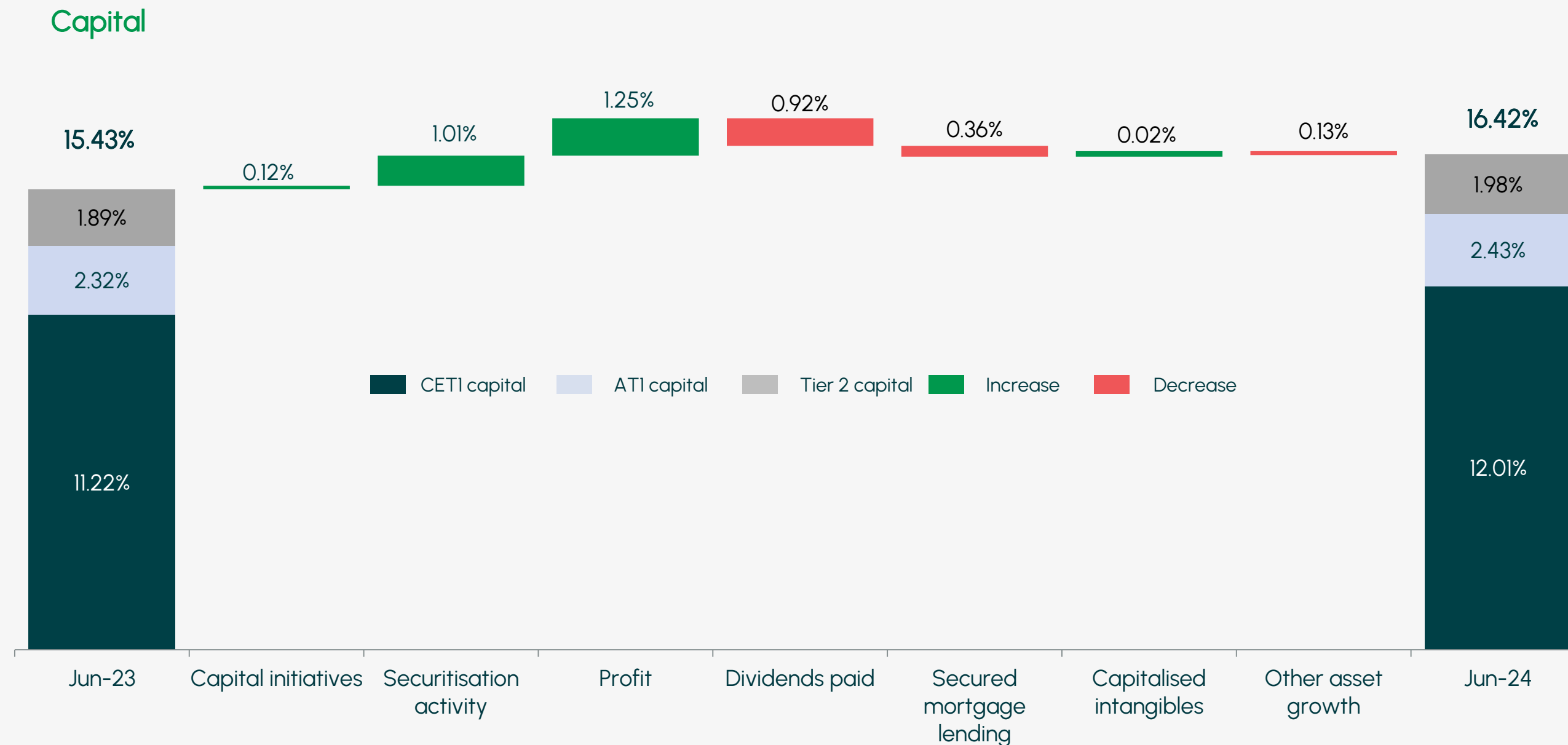
# Diversified funding mix



- Securitisation remains an important source of funding and provides additional capital flexibility (largest MyState deal issued in Sept-23: \$500m)
- RMBS deal provided flexibility to run-off price sensitive at-call deposits
- Award winning Bonus Saver Account steady (+0.6% on 30 June 2023)
- Term Funding Facility fully repaid by 30 June 2024
- Focus returns to growing customer deposits following launch of new internet banking platform and mobile app in early July 2024



# Increased total capital



- MyState remains well capitalised with total capital ratio up 99 bps to 16.42%
- During the year, capital relief term RMBS and warehouse drawdowns were completed
- Dividends supported by the organic generation of capital



# Capital, stock and flow metrics

	30-Jun-24	31-Dec-23	30-Jun-23	Movement (Jun-Jun '23)	%
	\$m	\$m	\$m	\$ m	
Qualifying capital					
Common equity tier 1 capital (CET1)					
Ordinary share capital	230.42	229.33	227.31	3.12	1%
Retained earnings	241.65	239.62	237.61	4.09	2%
Accumulated other comprehensive income (and other reserves)	-0.70	- 0.96	-1.13	0.44	(39%)
Total common equity Tier 1 capital	471.38	467.99	463.78	7.64	2%
Less: Regulatory capital adjustments					
Goodwill (Net of related tax liability)	49.77	49.76	49.76	0.01	0%
Deferred tax assets	4.71	2.64	1.91	2.80	147%
Cash flow hedge reserve	0.51	2.17	4.61	(4.10)	(89%)
Capitalised expenses	50.77	53.44	53.9	(3.13)	(6%)
Investments in controlled entities	40.68	40.68	40.68	-	0%
Other adjustments	7.42	10.51	3.77	3.65	97%
Total regulatory adjustments	153.86	159.19	154.63	(0.77)	(0%)
Net common equity tier 1 capital	317.52	308.80	309.15	8.41	3%
Additional tier 1 capital	64.11	63.97	63.84	0.27	100%
Total Tier 1 capital	381.62	372.77	372.99	8.69	2%
Tier 2 capital					
Subordinated notes (ii)	49.95	49.92	49.9	0.05	0%
Equity reserve for credit losses	2.37	2.37	2.37	-	0%
Total Tier2 capital	52.32	52.29	52.27	0.05	0%
Total capital	433.94	425.06	425.26	8.73	2%
Credit risk weighted assets	2403.00	2,479.23	2,504.96	(101.95)	(4%)
Operating risk	240.30	247.92	250.50	(10.20)	(4%)
Total risk weighted assets	2643.30	2,727.15	2,755.46	(112.14)	(4%)

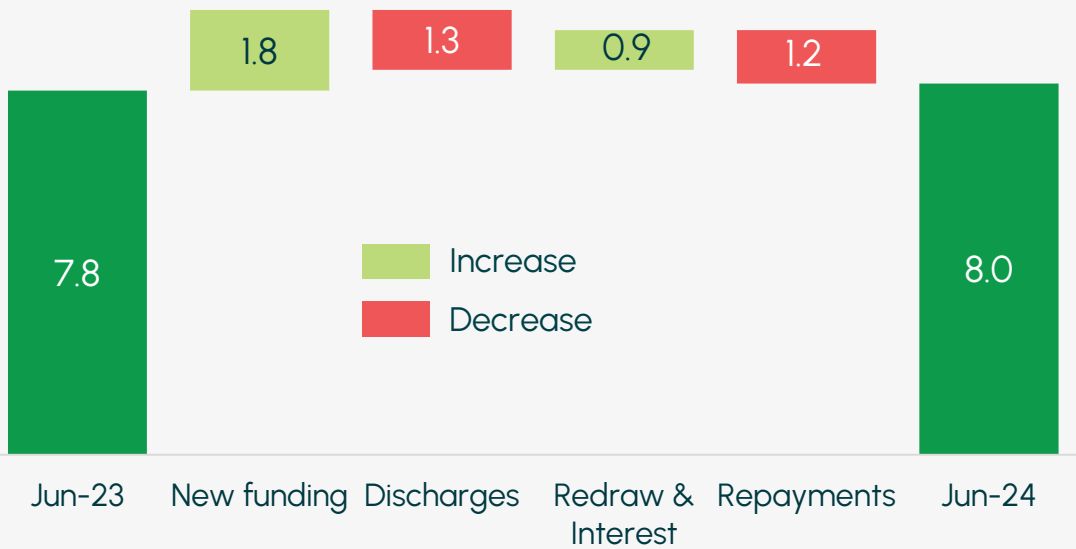
	30-Jun-24	31-Dec-23	30-Jun-23	Movement %
CET1 capital ratio	12.01%	11.32%	11.22%	0.97%
Tier 1 capital ratio	14.44%	13.67%	13.54%	1.08%
Total capital ratio	16.42%	15.59%	15.43%	1.16%

Stock metrics	Jun-24	Dec-23	Jun-23
Broker	83%	82%	82%
Proprietary	17%	18%	18%
Owner occupied	79%	79%	80%
Investor	20%	20%	19%
Non housing	1%	1%	1%
Principal & Interest	93%	93%	93%
Interest only	7%	7%	7%
Variable	90%	84%	79%
Fixed	10%	16%	21%
LMI	18%	17%	16%

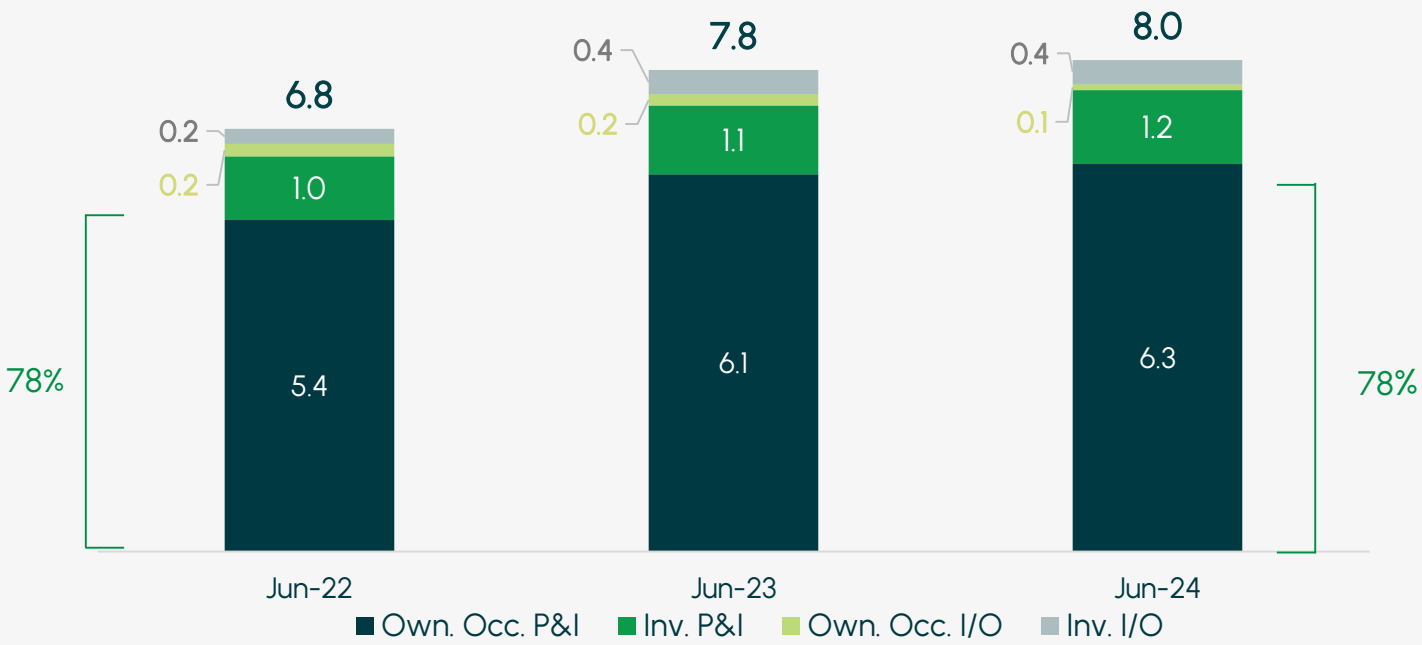
Flow metrics	Jun-24	Dec-23	Jun-23
Broker	92%	87%	87%
Proprietary	8%	13%	13%
Owner occupied	79%	70%	77%
Investor	20%	29%	22%
Non housing	1%	1%	1%
Principal & Interest	91%	84%	83%
Interest only	9%	16%	17%
Variable	98%	97%	98%
Fixed	2%	3%	2%
LMI	10%	11%	10%
By state (% of flow):			
NSW	20%	22%	23%
QLD	20%	18%	18%
TAS	32%	28%	23%
VIC	24%	27%	30%
Other states	4%	6%	6%

# Home loan book

Loan balance and lending flows (\$b)

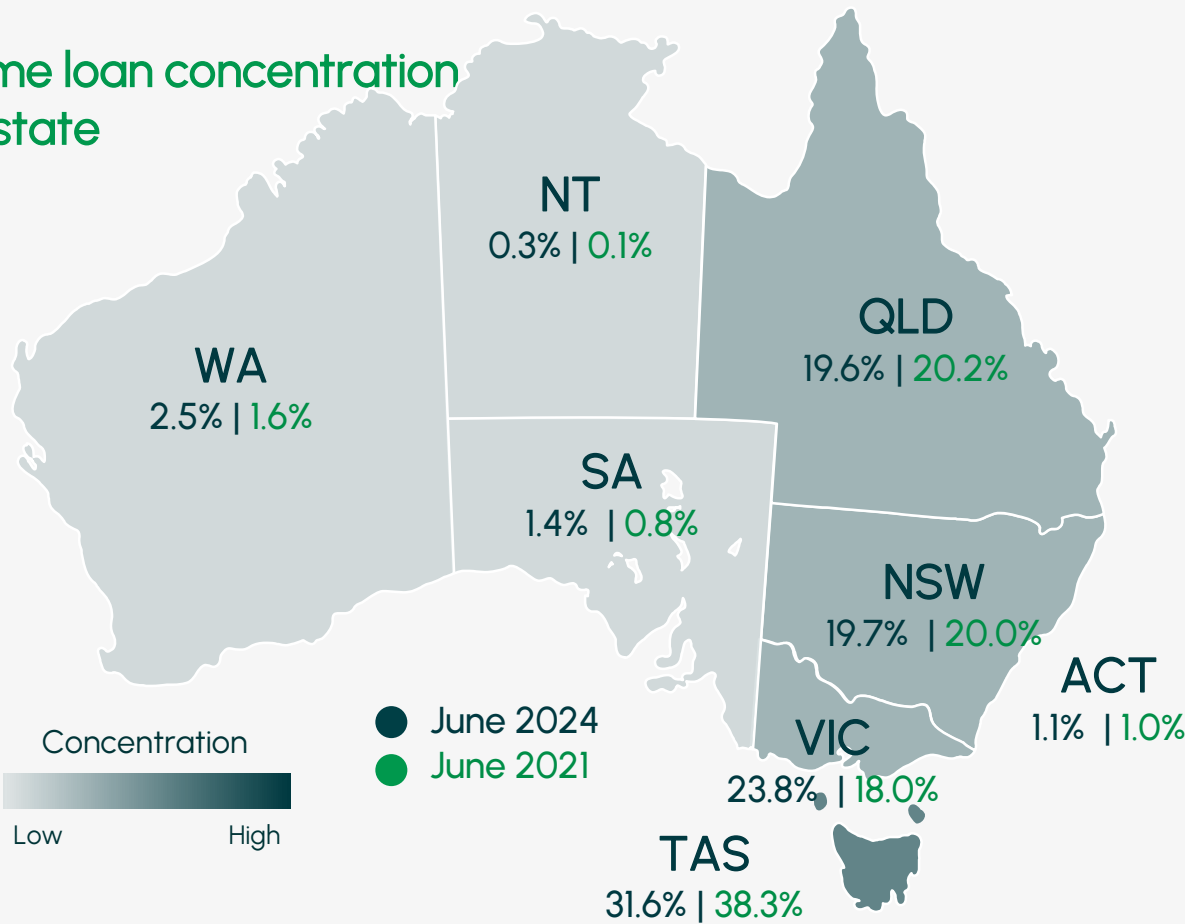


Home loan book composition (\$b)



- Growth driven by lower risk owner occupied P&I lending with LVR <80%
- Variable rate lending as a proportion of total flow decreased to 93% in 2H24 (97% in 1H24, 96% in 2H23)
- While run-off remains a sector wide challenge the run-off rate decreased 140 bps to 25.2% (26.6% in pcip)

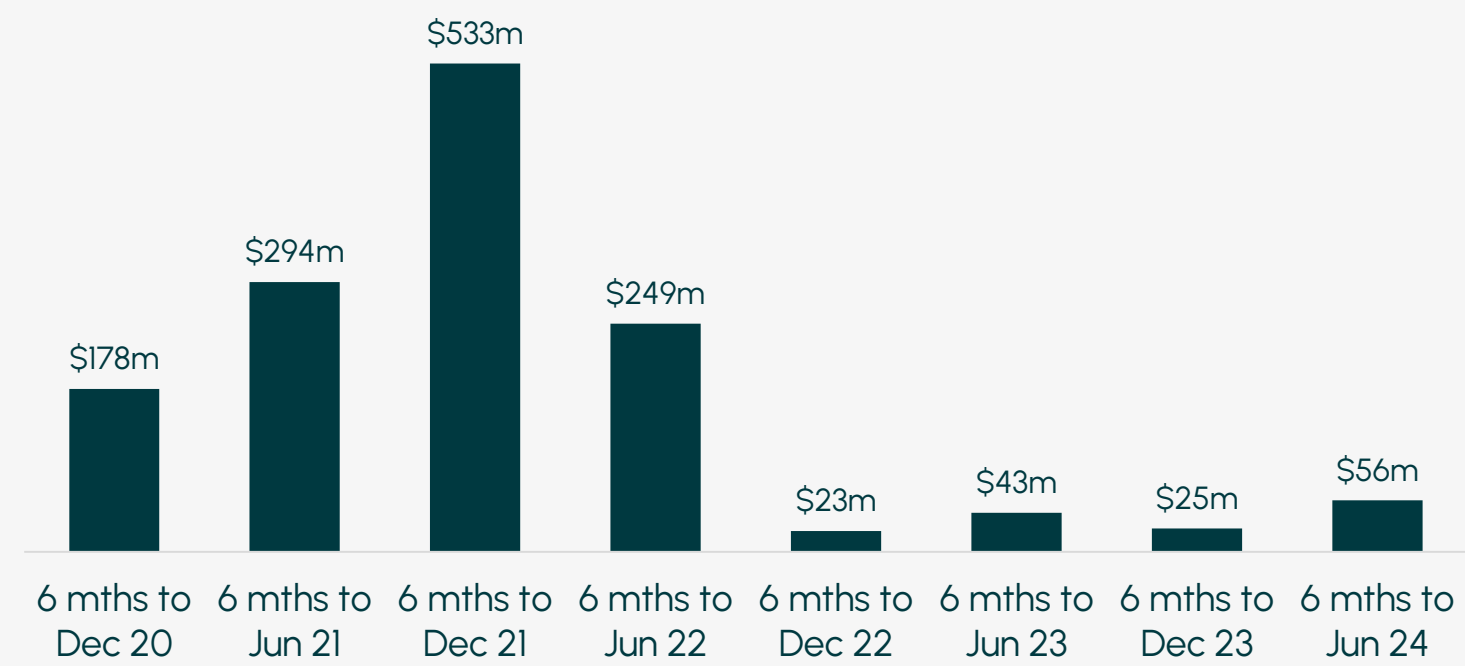
Home loan concentration by state



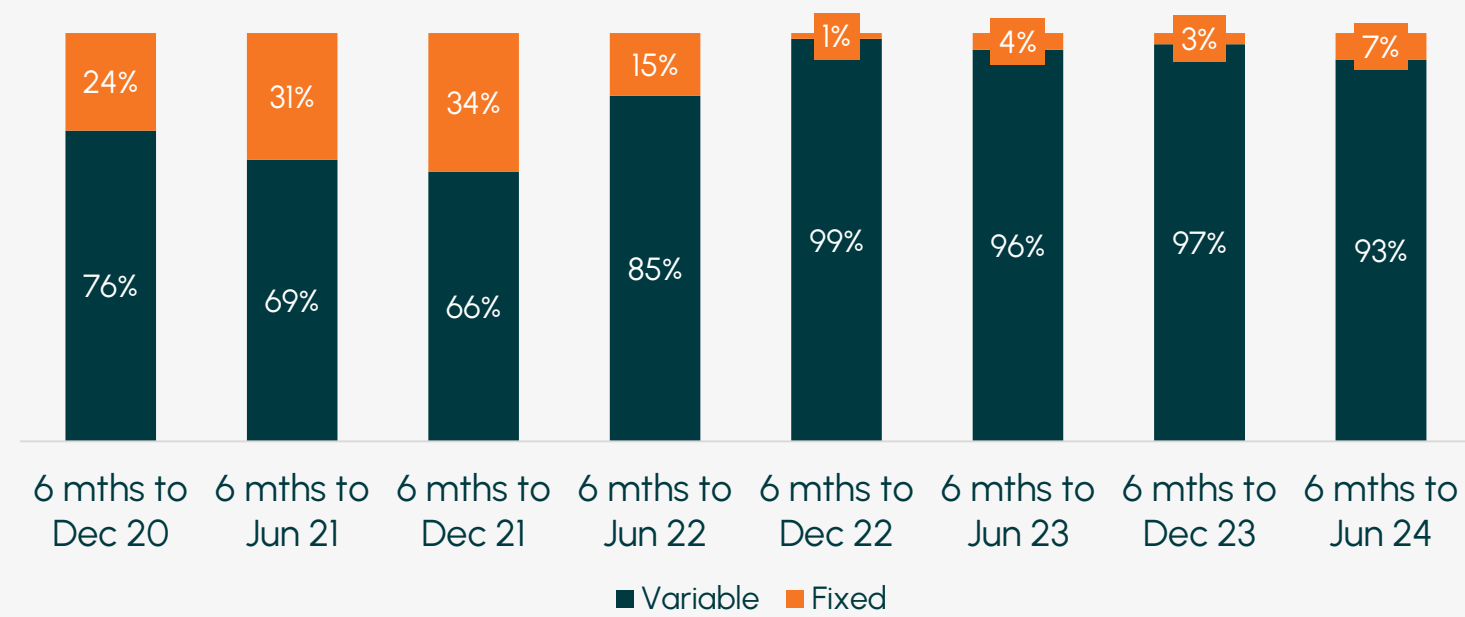


# Fixed rate home loan profile

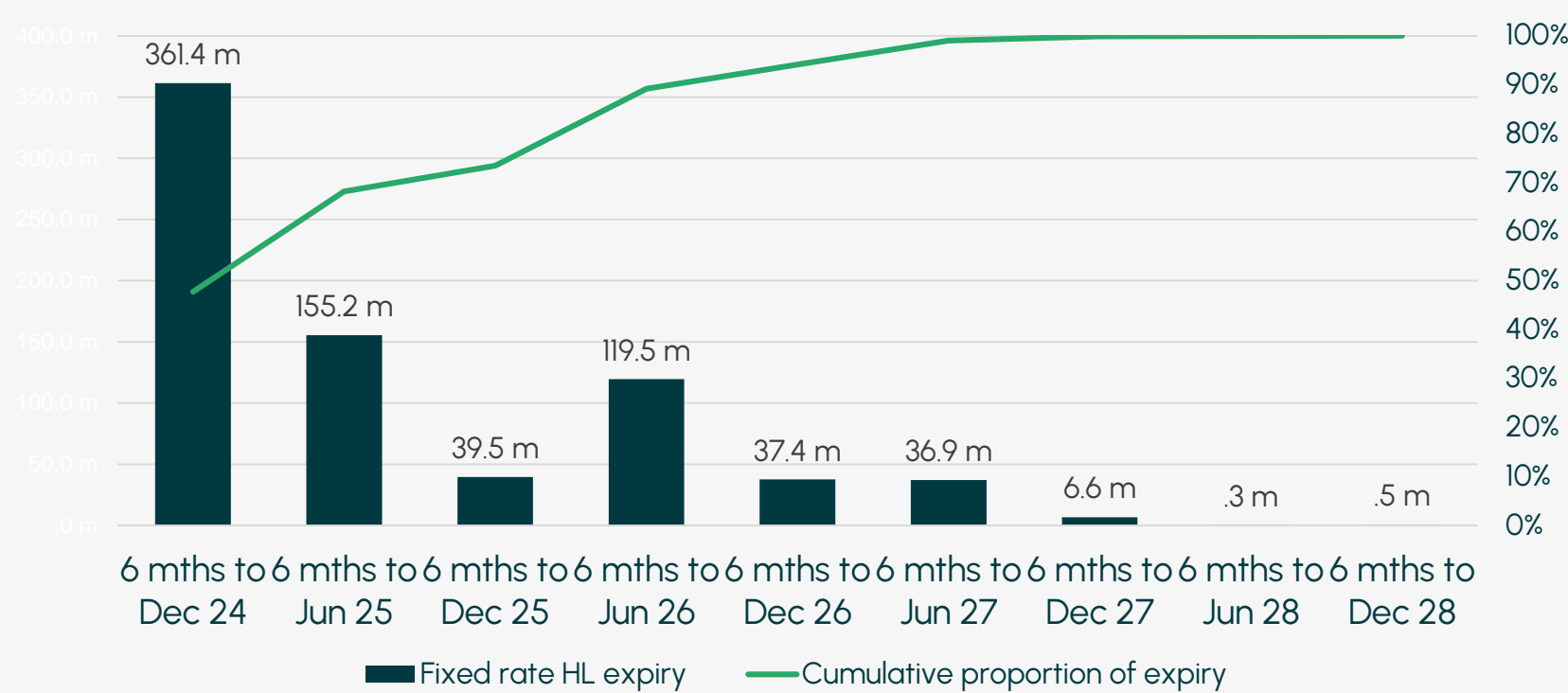
New HL flow – fixed rate issuance



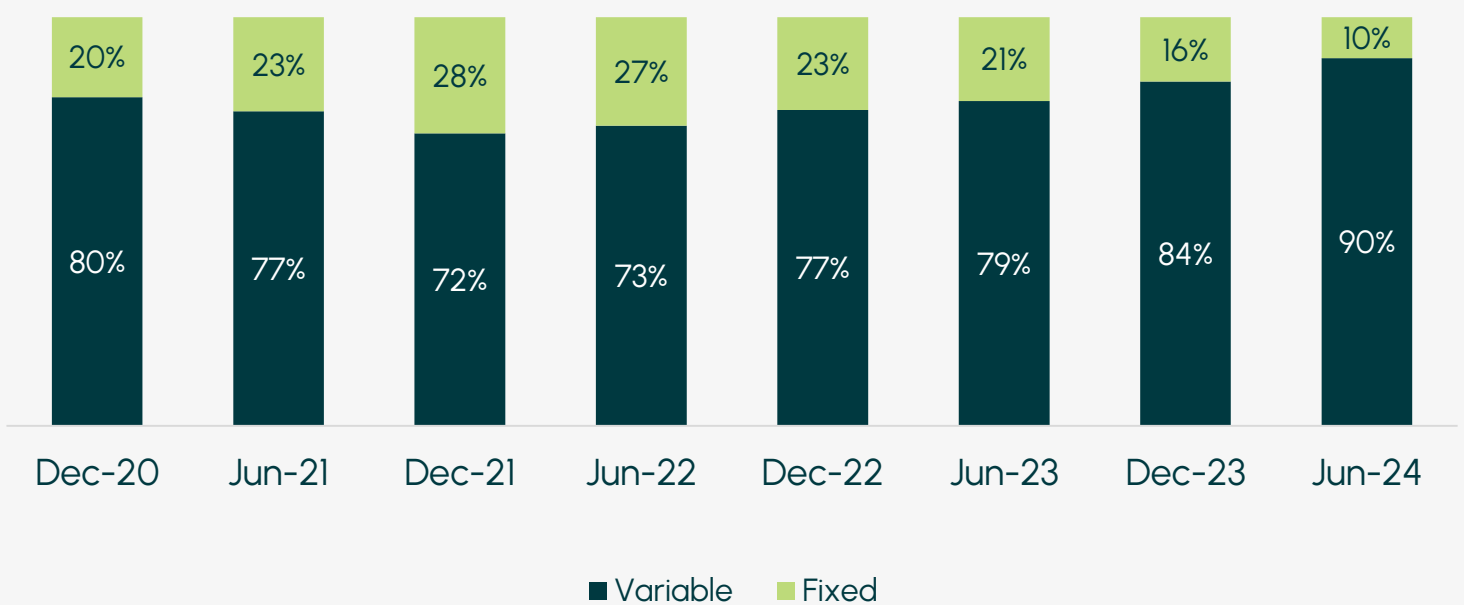
Fixed rate issuance composition



Fixed rate HL expiry schedule as at 30 Jun 24

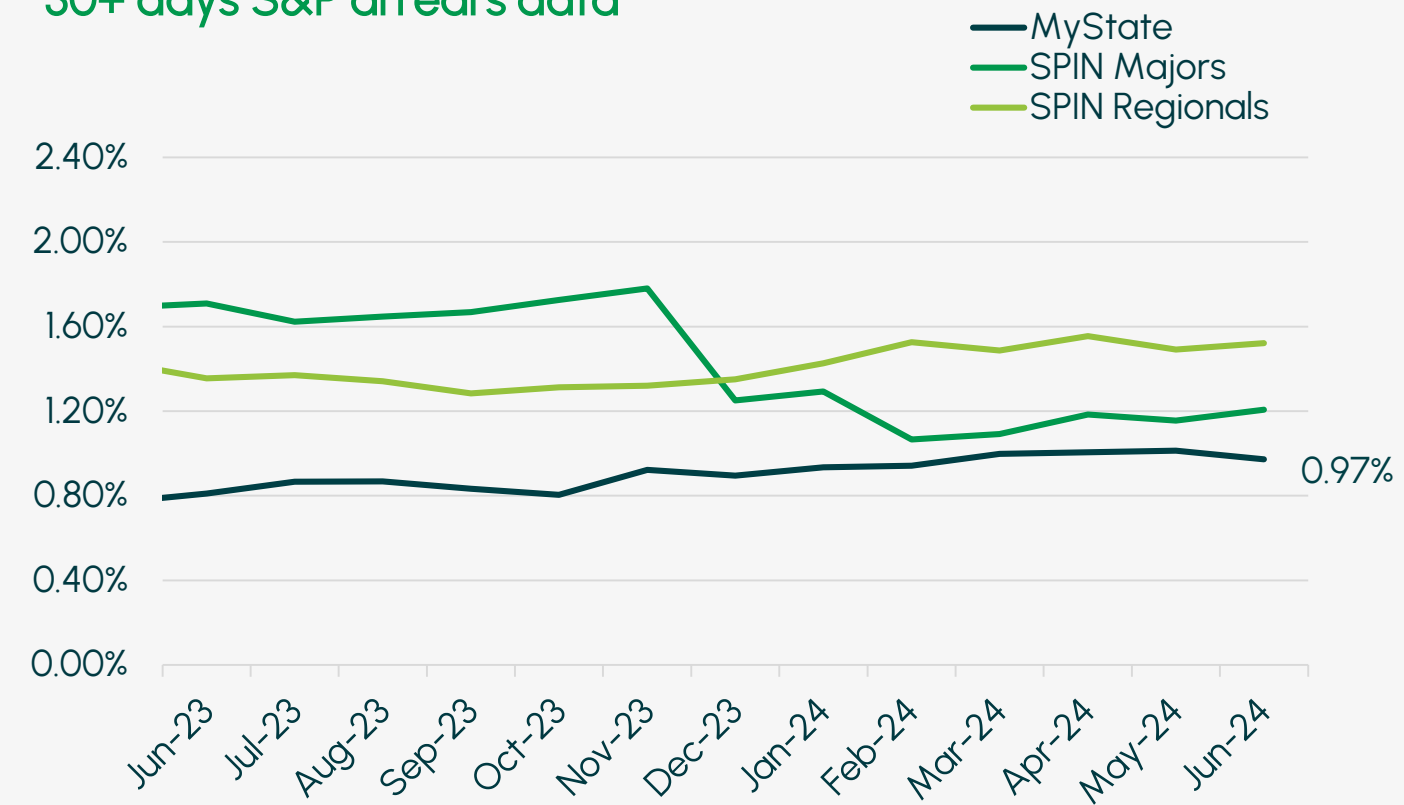


Fixed vs variable composition of book

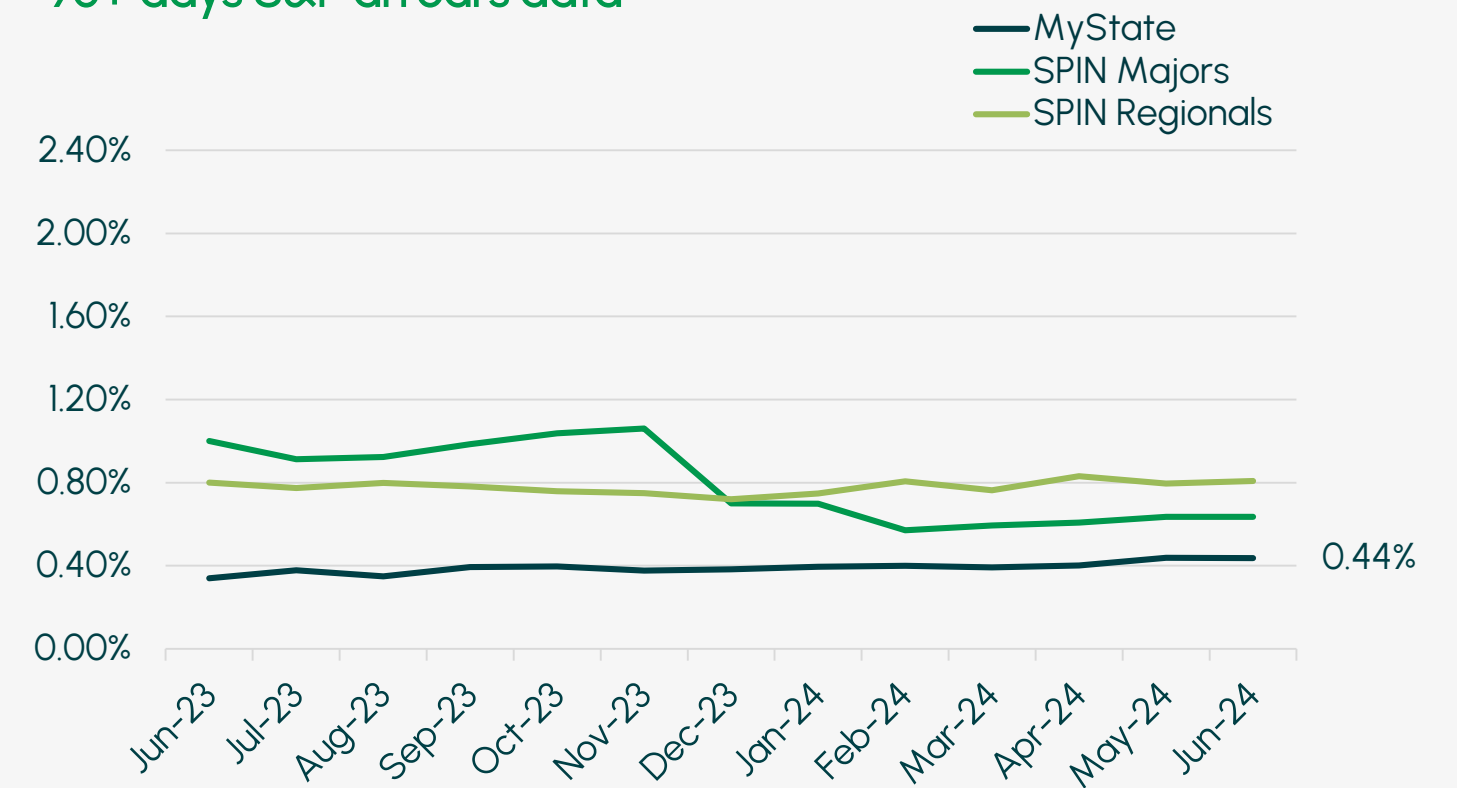


# Continued high credit quality

30+ days S&P arrears data



90+ days S&P arrears data

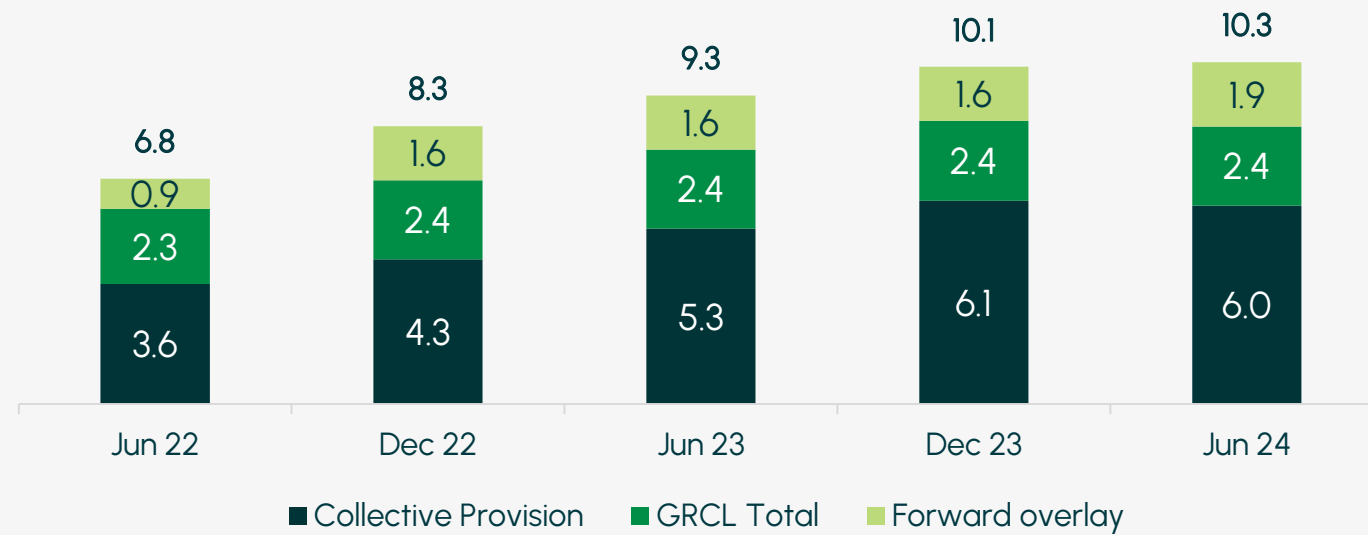


- Maintaining quality lending growth underpins our balance sheet strength
- Our focus is on low-risk, owner occupied lending with a LVR of less than 80%; portfolio LVR 55.7% at 30 June 2024
- Arrears remain below industry average

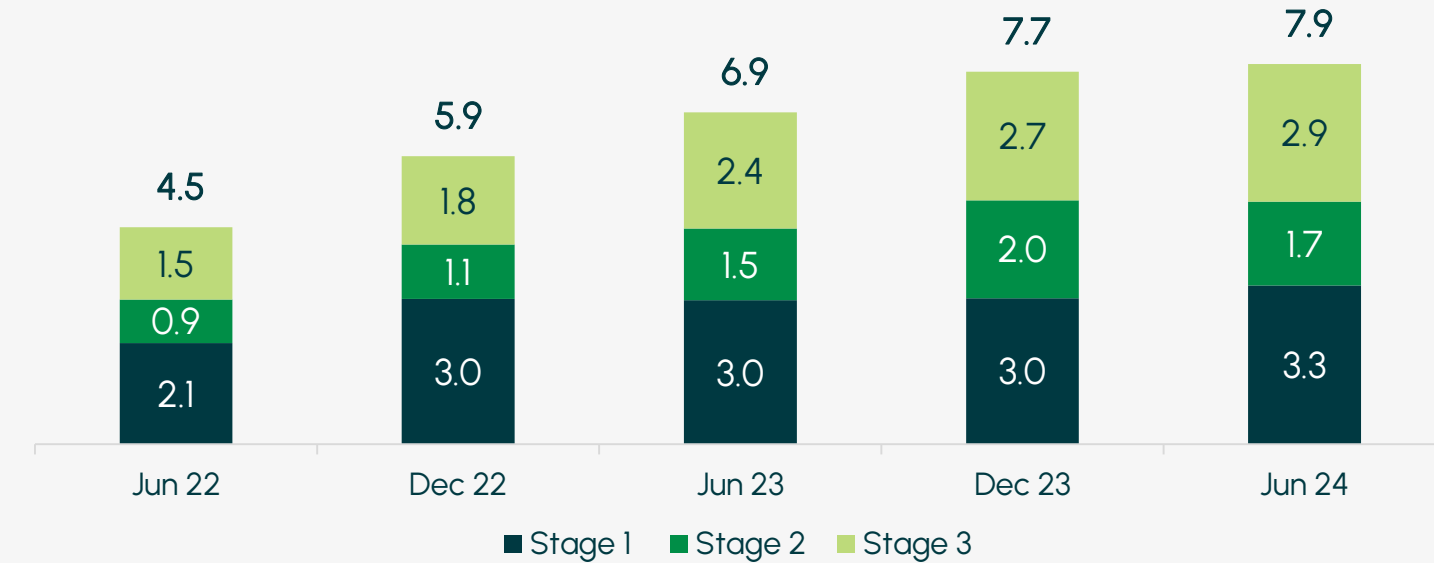


# Prudent loan provisioning

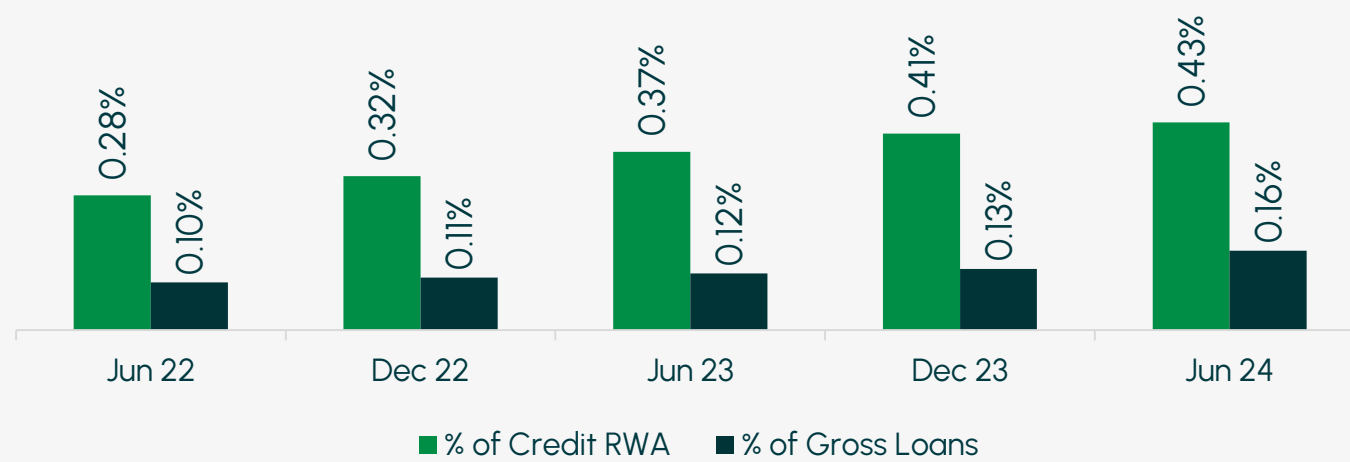
Total collective provisions and GRCL (\$m)



Collective credit provisions (\$m)



Total provision coverage ratio

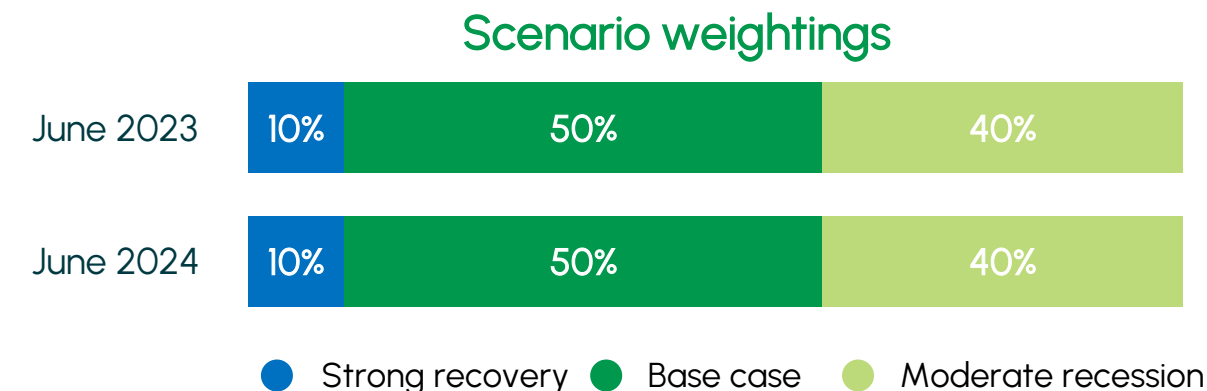


- Increase in total collective provisions consistent with higher arrears
- Forward looking overlay has increased to \$1.9m (represents 24% of total collective provision)
- Very low loss history
- 5 mortgagees in possession (\$1.9m) at 30 June 2024
- Continue to work closely with any customers experiencing financial hardship

# Forward looking economic overlay assumptions

Assumptions	June 25	June 26
Unemployment (year ended)		
Base Case	4.00%	4.50%
Strong Recovery	3.50%	4.00%
Moderate Recession	5.00%	5.50%
Cash Rate (year ended)		
Base Case	4.35%	3.85%
Strong Recovery	4.85%	4.85%
Moderate Recession	2.85%	2.60%
House Prices (yoy movement)		
Base Case	0.0%	-5.0%
Strong Recovery	5.0%	10.0%
Moderate Recession	-15.0%	-20.0%

- Forward looking overlay has increased from \$1.6m at 30 June 2023 to \$1.9m at 30 June 2024, with recent macroeconomic data reinforcing the probability of 'higher for longer' inflation and the deferral of the interest rate cutting cycle to mid-2025
- At 30 June 2024, the key assumptions used to determine the overlay incorporate the latest observed economic data including:
  - ✓ reduction in household savings ratio
  - ✓ growth below trend and increasing unemployment
  - ✓ stabilisation of housing market in the face of supply/demand imbalance, noting recovery remains uncertain in the medium term
- The assessment of the overlay used a scenario weighting of 50% base case, 40% moderate recession and 10% strong recovery.



# Additional merger information

5



# Reconciling the different treatment of broker commissions

MyState	Auswide	MergeCo <sup>1</sup>
---------	---------	----------------------

## Key financials on MyState's reporting basis

Net Interest Income (\$m) <sup>2</sup>	124.5	59.7	184.2
Operating Expenses (\$m)	101.0	54.3	155.4
NIM (%) <sup>2</sup>	1.45%	1.19%	1.36%
CTI (%)	66.3%	76.6%	69.6%

## Key financials on Auswide's reporting basis <sup>3,4</sup>

Net Interest Income (\$m)	151.2	71.3	222.5
Operating Expenses (\$m) <sup>2</sup>	127.7	66.0	193.7
NIM (%)	1.75%	1.42%	1.63%
CTI (%) <sup>2</sup>	71.3%	79.9%	74.0%

Note:

1. Excluding impacts of synergies, integration costs and merger accounting adjustments.
2. Includes broker commissions and issuance costs.
3. Based on unaudited FY24 financials.
4. Does not include Selfco.





# Key merger terms

Conditions Precedent	<ul style="list-style-type: none"> <li>Implementation of the Scheme is subject to a number of conditions including without limitation the following: <ul style="list-style-type: none"> <li>Regulatory approvals (including Treasurer, APRA, ASIC, ASX, ACCC if required) as well as shareholder and court approvals;</li> <li>Independent Expert concluding that the merger is in the best interest of Auswide shareholders;</li> <li>No prescribed events, no material adverse effects or material enforcement actions;</li> <li>Representations and warranties must be accurate;</li> <li>No claims, disputes, or litigation over \$2 million; and</li> <li>Confirmed Class Ruling from the ATO</li> </ul> </li> </ul>
Directors of Merged Group	<ul style="list-style-type: none"> <li>Post implementation of the Proposed Merger, the MergeCo Board will comprise four non-executive directors from the MyState Board and three non-executive directors from the Auswide Bank Board</li> <li>Brett Morgan to be the Managing Director and Chief Executive Officer of MergeCo, Sandra Birkenleigh to be the Chair of MergeCo and Chair of the Bank subsidiary and Warren Lee to be the Chair of TPT Wealth</li> </ul>
Conduct of Business	<ul style="list-style-type: none"> <li>From the date of this document up to and including the Implementation Date, both MyState and Auswide must conduct their businesses in the ordinary course and in substantially the same manner as previously conducted</li> <li>Without limiting the generality of clause Auswide and MyState must: <ol style="list-style-type: none"> <li>comply with all laws and regulations applicable to them;</li> <li>comply with all Regulatory Approvals necessary to conduct the business as conducted in the 12 months prior to the date of this agreement;</li> <li>use, and procure that each member uses, reasonable endeavours to: <ul style="list-style-type: none"> <li>maintain their businesses and assets in the ordinary course and consistent with past practice, and preserve the goodwill of their businesses;</li> <li>maintain and preserve their relationships with Regulatory Authorities, customers, suppliers, landlords, referrers, brokers and others having material business dealings</li> </ul> </li> </ol> </li> </ul>
Exclusivity	<ul style="list-style-type: none"> <li>No existing discussions, no shop, no-talk and no due diligence. Exceptions: does not apply to the extent that it restricts a party or its board from taking or refusing to take any action with respect to a genuine Competing Transaction (which was not solicited, invited, encouraged or initiated by that party in contravention of its exclusivity obligations) provided that the Auswide Board or MyState Board has determined, in good faith that after: (a) consultation with its financial advisers, that the Competing Proposal is, or could reasonably become, a Superior Proposal; and (b) having received written advice from its external legal advisers that failing to respond to the Competing Transaction would be reasonably likely to constitute a breach of the obligations of the relevant directors</li> </ul>
Break fee and reverse break fee	<ul style="list-style-type: none"> <li>Break Fee of \$2 million and Reverse Break Fee of \$2 million</li> </ul>
Termination	<ul style="list-style-type: none"> <li>Scheme has not become effective on or before 31 March 2025</li> <li>MyState or Auswide lack of support</li> <li>MyState or Auswide material breach</li> <li>The emergence of a superior proposal for either of MyState or Auswide</li> <li>If agreed in writing by MyState and Auswide</li> </ul>



# Glossary

**1H:** First half of financial year

**2H:** Second half of financial year

**ADI:** Authorised deposit-taking institution

**APRA:** Australian Prudential Regulation Authority

**Avg:** Average

**ASX:** Australian Securities Exchange

**BBSW:** Bank Bill Swap Rate

**BDD:** Bad & Doubtful Debt Expense

**bps:** basis points

**CAGR:** Compounded annual growth rate

**CET1:** Common Equity Tier 1

**cps:** Cents per share

**CTI:** Cost-to-income ratio

**DRP:** Dividend reinvestment plan

**EPS:** Earnings per share

**FHLDS:** First Home Loan Deposit Scheme

**FUM:** Funds under management

**FY:** Financial year

**FYTD:** Financial year to date

**GLA:** Gross Lending Assets

**GRCL:** General Reserve for Credit Losses

**HY:** Half year

**IO:** Interest only

**IRB:** Internal ratings-based

**JAWS:** relationship between income and expense growth

**LT:** Long term

**LVR:** Loan to valuation ratio

**MYS:** MyState Limited

**MSB:** MyState Bank Limited

**MLH:** Minimum liquidity holdings

**NII:** Net Interest Income

**NIM:** Net Interest Margin

**NPAT:** Net Profit after Tax

**NPBT:** Net Profit before Tax

**PCP:** Previous Corresponding Period

**RBA:** Reserve Bank of Australia

**RMBS:** Residential mortgage-backed security

**ROE:** Return on equity

**RWA:** Risk Weighted Assets

**SaaS:** Software as a Service

**S&P:** Standard and Poor's

**SPIN:** Standard and Poor's Performance Index

**Stage 1:** performing loans (31-60 days arrears)

**Stage 2:** under-performing loans (61-89 days arrears)

**Stage 3:** non-performing loans (90+ days arrears)

**ST:** Short term

**TD:** Term deposit

**TFF:** Term Funding Facility

**TPT:** TPT Wealth Limited



# Important information & disclaimer

## Use of this document

You must read the following notices before reading or making any use of this document or any information contained in this document. By continuing to read, use or otherwise act on this document, you agree to be bound by the following terms and conditions, including any modifications to them, and make or give the acknowledgements, representations or warranties (as applicable). This presentation is provided for information purposes only. The information in this presentation is in a summary form, does not purport to be complete and is not intended to be relied upon as advice to investors or other persons. The information contained in this presentation was prepared by MyState Limited (MyState) as of its date, and remains subject to change without notice. This presentation has been provided to you solely for the purpose of giving you background information about MyState. This presentation should be read in conjunction with MyState's other periodic and continuous disclosure announcements lodged with ASX.

## Not for distribution or release in the United States

This document is not to be distributed or released in the United States.

## Distribution outside Australia

The distribution of this presentation to persons or in jurisdictions outside Australia may be restricted by law and any person into whose possession this document comes should seek advice on and observe those restrictions. Any failure to comply with such restrictions may violate applicable securities law.

## Forward-looking statements

This presentation may include forward looking statements. Such statements can generally be identified by the use of words such as 'may', 'will', 'expect', 'intend', 'plan', 'estimate', 'anticipate', 'believe', 'continue', 'objectives', 'outlook', 'guidance', 'forecast' and similar expressions. Indications of plans, strategies, management objectives, revenue and financial performance are also forward-looking statements. Such statements are not guarantees of future performance, and involve known and unknown risks, uncertainties, significant items of subjective judgement, assumptions (including in relation to future events that may or may not eventuate), contingencies and other factors, many of which are outside the control of MyState. No representation is made or will be made that any forward-looking statements will be achieved or will prove to be correct. Actual results, performance, operations or achievements may vary materially from any forward-looking statements. Circumstances may change and the contents of this presentation may become outdated as a result. Readers are cautioned not to place undue reliance on forward looking statements. Except as required by law, MyState assumes no obligation to release updates or revisions to forward looking statements to reflect any changes. You should form your own views as to these matters and any assumptions on which such statements are based and not place reliance on such statements. No representation or warranty, expressed or implied, is made as to the accuracy, reliability, adequacy or completeness of the information contained in this presentation. To the maximum extent permitted by law, MyState excludes and disclaims all liability, including (without limitation) any liability for fraud or negligence, for any expenses, losses, damages or costs incurred either as a result of the information in this presentation being inaccurate or incomplete in any way for any reason, or otherwise arising in connection with this presentation..

## Past performance and risks

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

An investment in MyState is subject to known and unknown risks, some of which are beyond the control of MyState, including factors and risks specific to the industry in which it operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. MyState does not guarantee any particular rate of return on its performance nor does it guarantee any particular tax treatment. Prospective investors should make their own enquiries and investigations regarding all information in this presentation, including the assumptions, uncertainties and contingencies which may affect future operations and the impact that different future outcomes may have on MyState.

## No offer, invitation or advice

This presentation is not, and is not intended to constitute, financial advice, or an offer or an invitation, solicitation or recommendation to acquire or sell MyState shares or any other financial products in any jurisdiction and is not a prospectus, product disclosure statement, disclosure document or other offering document under Australian law or any other law. This presentation does not form the basis of any contract or commitment to sell or apply for securities in MyState or any of its subsidiaries. It is for information purposes only. MyState does not warrant or represent that the information in this presentation is free from errors, omissions or misrepresentations or is suitable for your intended use. The information contained in this presentation has been prepared without taking account of any person's investment objectives, financial situation or particular needs and nothing contained in this presentation constitutes investment, legal, tax or other advice. The information provided in this presentation may not be suitable for your specific needs and should not be relied upon by you in substitution of you obtaining independent advice. Subject to any terms implied by law and which cannot be excluded, MyState accepts no responsibility for any loss, damage, cost or expense (whether direct, or indirect, consequential, exceptional or special damages including but not limited to loss of revenue, profits, time, goodwill, data, anticipated savings, opportunity, business reputation, future reputation, production or profit, any delay costs, economic loss or damage) incurred by you as a result of any error, omission or misrepresentation in this presentation.

## Unaudited information

All forward-looking figures and proforma statements in this presentation are unaudited. Certain figures may be subject to rounding differences. All market share information in this presentation is based on management estimates having regard to internally available information unless otherwise stated.

## Presentation of information

All currency amounts in this presentation are in Australian dollars unless otherwise stated.

The release of this announcement was authorised by the Board.



