

1H25 Results Investor presentation

For the half year ended 31 December 2024

19 February 2025

MyStateLimited 

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Managing Director & CEO

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Overview

1

Brett Morgan
Managing Director & CEO

Key messages

MyState completes merger with Auswide Bank

- MyState merger with Auswide effective 19 February 2025
- Estimated cost synergies range of \$20m-\$25m per annum unchanged; full run rate expected to be achieved by end of FY27
- Expected to be double-digit earnings accretive in FY26 on a post synergies run rate basis; significant shareholder value created
- MyState merger related transaction costs in 1H25 of \$1.6m

MyState standalone 1H25 result

- 1H25 underlying earnings in-line with prior comparative period (pcp)
- Statutory net profit after tax of \$15.9m, which includes merger related transaction costs
- Growth in new to bank customers, lending, customer deposits and wealth income
- Borrowers continue to show high levels of resilience; credit quality remains sound
- Strong customer advocacy as measured by MyState's NPS of +55
- 1H25 operating costs well managed in an inflationary environment
- Strongly capitalised; Interim dividend 10.5 cents per share

MyState 1H25 summary

Balancing growth and return in a challenging market. Capital strong

\$8.0b

Home loan book
+0.3% on pcp

\$6.1b

Customer deposits
+2.2% on pcp

7,820

New to bank customers acquired
+32% over the half

17.0%

Total capital
+60 bps on pcp

15.8 cps

Underlying earnings per share
-0.7% on pcp

10.5 cps

Dividend
77% of Underlying pro forma
earnings ¹

+55 Net Promoter Score | High, stable level of customer advocacy

Note: Financial performance figures compare 1H25 to 1H24 as the previous corresponding period (pcp). Balance sheet and capital figures compare 30 June 2024 as pcp.

1. Comprising MyState and Auswide Underlying NPAT for 1H25 on a pro forma basis. Underlying NPAT excludes merger related transaction costs

Delivered on key strategic initiatives

Group

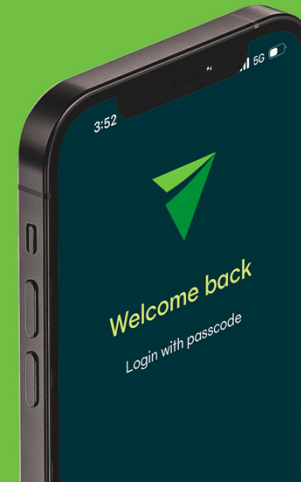
Delivered merger with Auswide



- Significant increase in scale, capital base, home loan and deposit portfolio
- Larger and more diverse customer and geographic footprint

Bank

New digital capability



- Retail customer base fully migrated onto new digital banking platform
- Digital application enhancements supported improved lending approval times

Wealth

Business optimisation program



- Operating costs down in an inflationary environment
- Continue to pursue broader business growth opportunities

Financial results

2

Gary Dickson
Chief Financial Officer

1H25 financial overview

Metric	1H25	1H24	1H25 v 1H24	
Total operating income (\$m)	77.0	75.8	1.6%	▲
Total operating expenses (\$m)	52.7	49.8	5.8%	▲
Core earnings (\$m) ¹	24.3	26.0	-6.6%	▼
Underlying net profit after tax (\$m) ²	17.5	17.5	Steady	■
Statutory net profit after tax (\$m)	15.9	17.5	-8.9%	▼
Underlying earnings per share (cps)	15.8	15.9	-0.7%	▼
Statutory earnings per share (cps)	14.4	15.9	-9.6%	▼
Net interest margin (%) (annualised)	1.45%	1.46%	-1 bp	▼
Bank cost-to-income ratio (%) ²	67.2%	64.4%	+280 bps	▲
Group cost-to-income ratio (%) ²	68.5%	65.7%	+280 bps	▲
Total capital ratio (%)	17.0%	16.4%	+60 bps	▲
Underlying return on average equity (%) ²	7.5%	7.7%	-20 bps	▼
Dividend—fully franked (cps) ³	10.5	11.5	- 1.0	▼

Relative to 1H24:

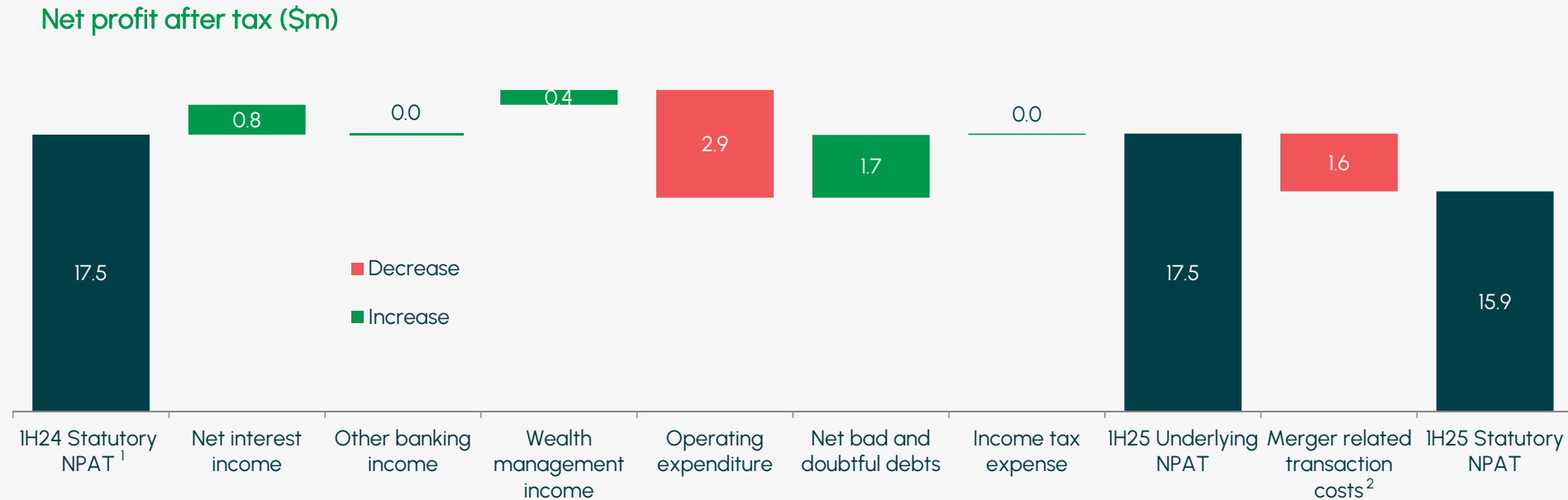
- Revenue higher, margins largely stable and expenses well managed
- Strong capital position maintained
- Interim dividend 10.5 cents per share

Note: Financial performance figures compare 1H25 to 1H24 as the previous corresponding period (pcp). Balance sheet and capital figures compare 30 June 2024 as 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 & doubtful debts expense and income tax expense
2. Excludes merger related transaction costs
3. Interim dividend of 10.5 cps payable to shareholders (including former eligible Auswide shareholders) on the register at the record date of 5 March 2025

Half year NPAT

Well-managed expenses partially offsetting revenue challenges



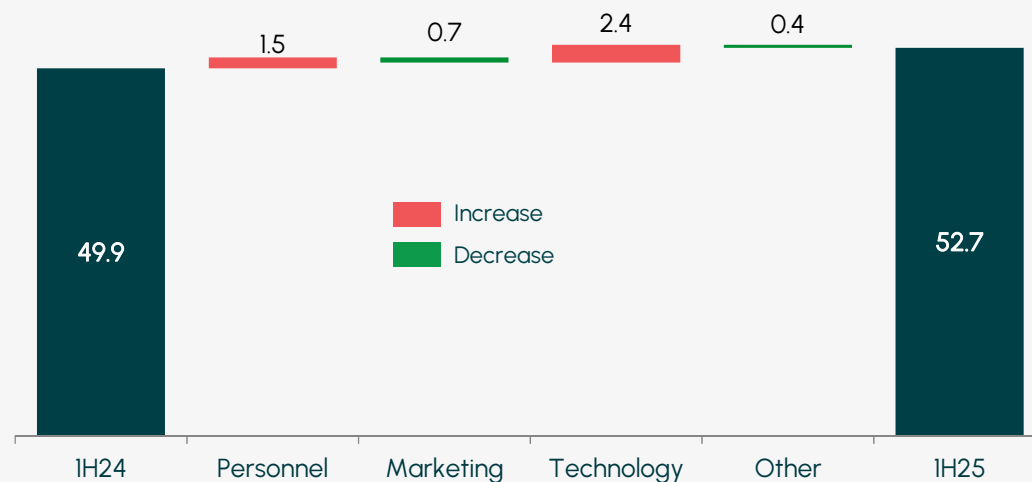
- Underlying NPAT steady on 1H24; statutory NPAT impacted by merger related transaction costs
- Net interest income up 1.3% as a result of a 1bp fall in average NIM, partially offset by a larger average balance sheet
- Other banking income flat, lending and transaction fees lower (both volume related) and commission revenue higher
- Wealth management income up 6.1% with Investment Services income and Trustee Services income both higher
- Total operating costs increased 5.8% on pcip primarily due to higher personnel and technology costs

1. In 1H24 there was no difference in Underlying and Statutory NPAT.
2. Merger related transaction costs are costs associated with MyState's merger with Auswide.

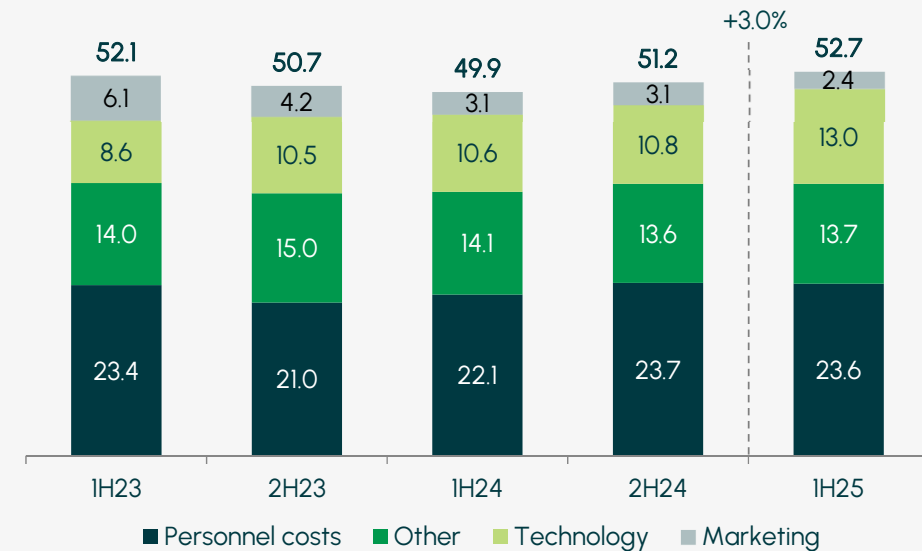
Operating costs contained in an inflationary environment

- Operating costs (excluding merger transaction costs) increased by 5.8% (\$2.9m) on 1H24, broadly in-line with 1H23
- FTE flat, personnel costs up 6.9% (\$1.5m) reflecting higher salaries and variable based remuneration
- Improved marketing efficiencies supported a 20% (\$0.6m) reduction in marketing spend
- Technology costs up \$2.4m (22%) due to investment in key priorities, including the new mobile and internet banking platform, regulatory and compliance projects and cyber risk initiatives

Operating costs (\$m)



Operating costs breakdown (\$m)

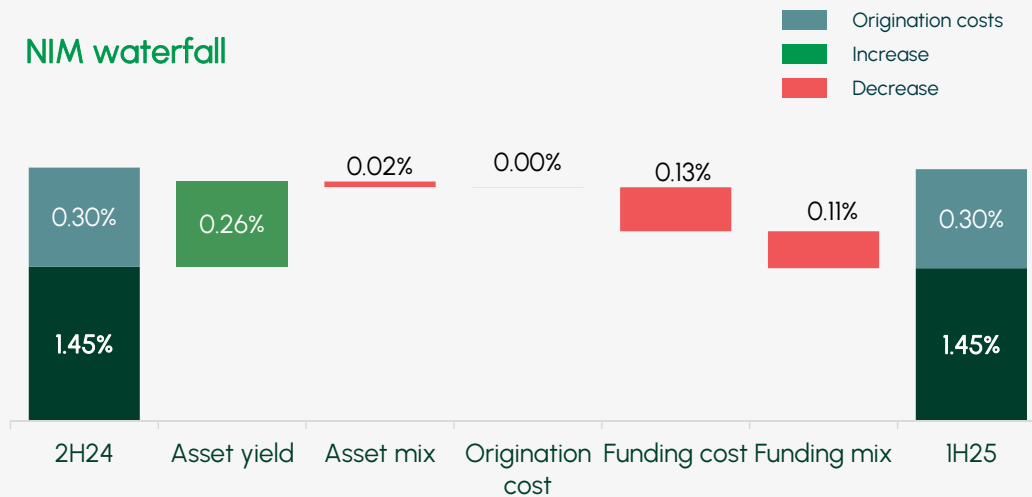


Note: Operating costs are exclusive of all merger related transaction costs

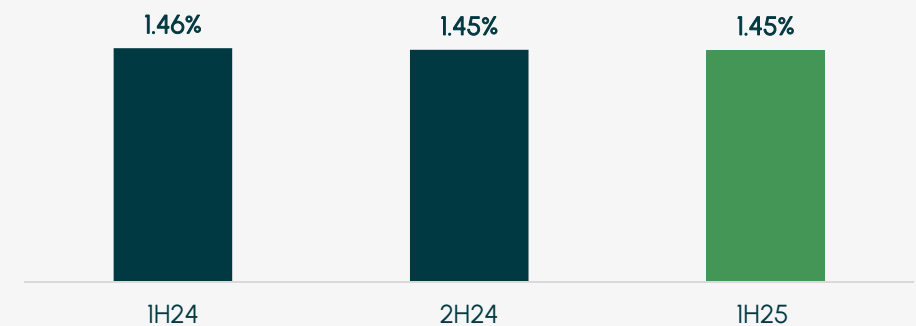
Stable net interest margin

- Net interest margin stable in a challenging environment
- Key themes
 - home loan and deposit price competition
 - deposit switching to higher rate products
 - increase in securitisation funding
 - higher liquid asset holdings
- Exit NIM higher than average NIM for the half

NIM waterfall



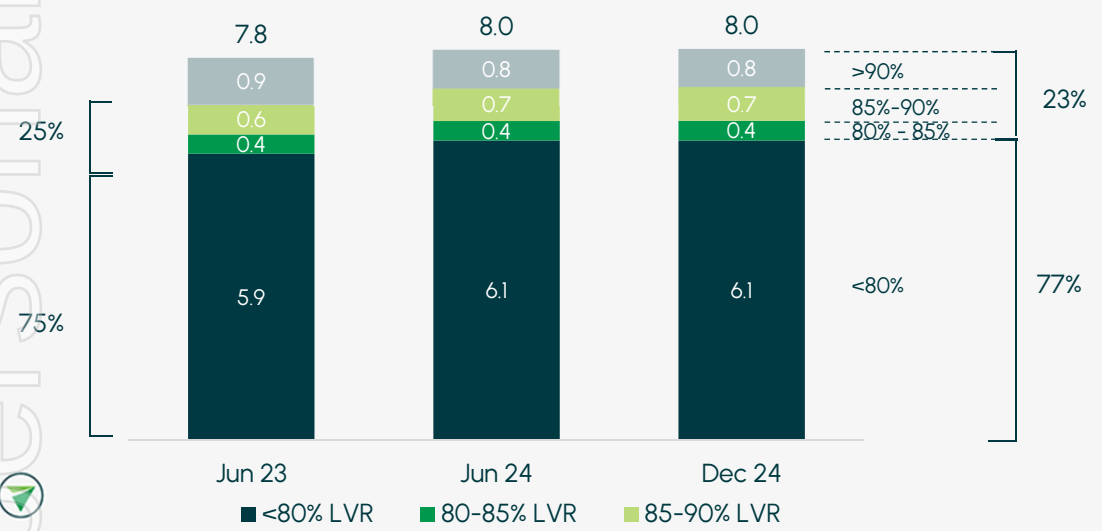
Average NIM trend



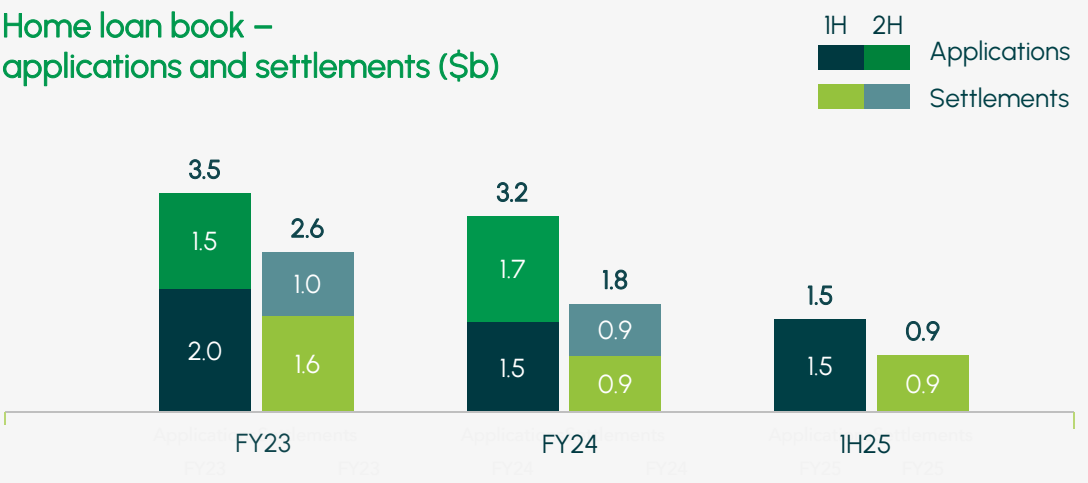
Quality home loan book

- Home loan portfolio steady at \$8.0b
- Continued focus on low-risk, owner occupied lending with a LVR <80%
- Run-off remains a sector wide challenge driven by fixed rate maturities - rate elevated at 27.8% (26.3% in pcip)
- Continued to actively manage the volume margin tradeoff
- Average days to unconditional approval improved due to automation and other efficiency initiatives
- Portfolio LVR of 55.0% at 31 December 2024
- Arrears remain below industry average with 90+ days stable at 44 bps

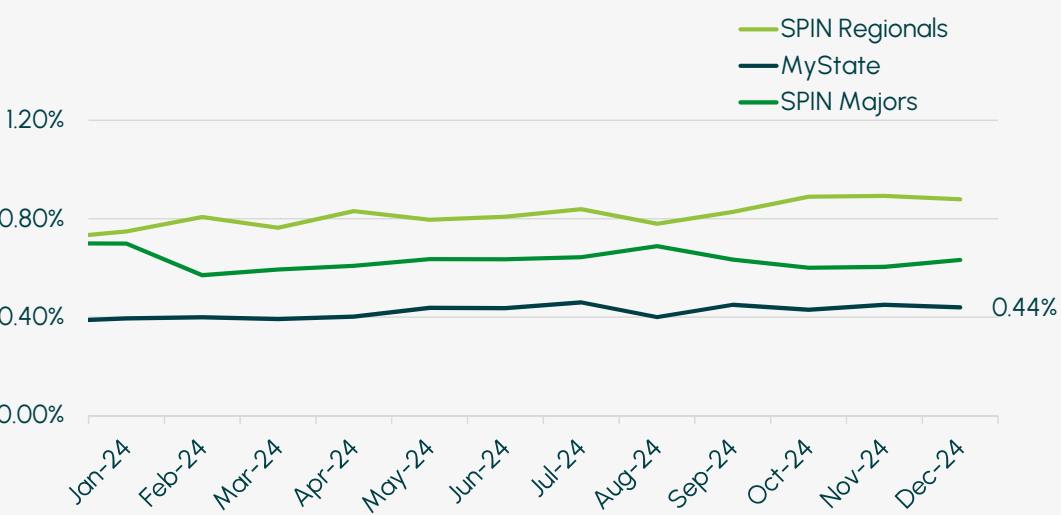
Home loan book LVR profile (\$b)



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



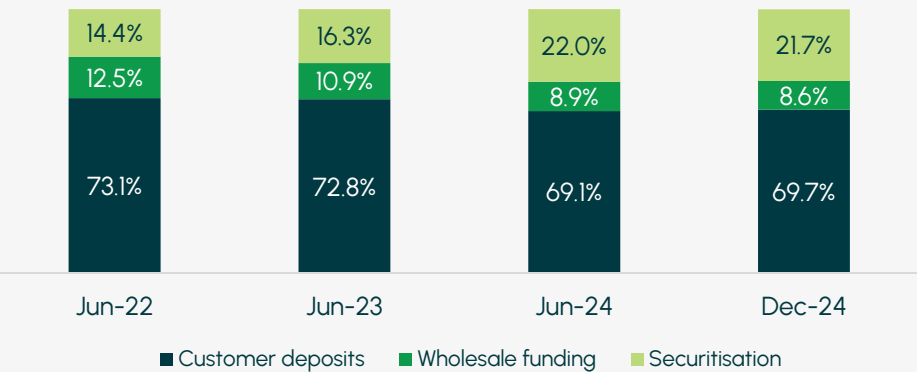
90+ days S&P arrears data



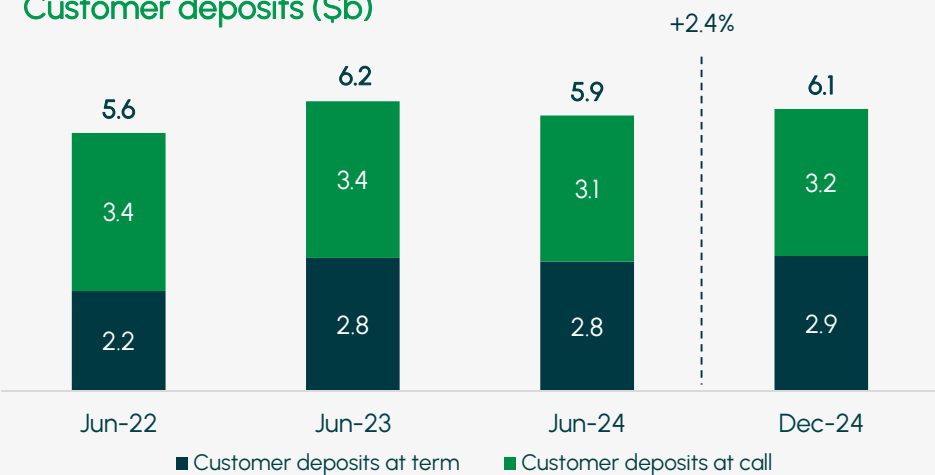
Diversified funding mix

- Customer deposit ratio improved to 69.7% since 30 June 2024
 - growth in transaction account and offset account balances
 - growth in term deposits included some product switching from variable savings
- Securitisation remains an important source of funding and provides additional capital flexibility
- Largest MyState RMBS deal in October 2024 (\$600m) provided flexibility to run-off more price sensitive deposits

Funding mix (%)



Customer deposits (\$b)



Strong capital position

- MyState remains well capitalised with the total capital ratio up 60 bps to 17.02%
- During the half, capital relief term RMBS and warehouse drawdowns were completed
- Interim dividend supported by the organic generation of capital
- Strong capital position provides flexibility to further invest in key initiatives including lending growth



Interim dividend in line with key merger principles

- MYS Dividend Policy targets a payout ratio in the range of 60 – 80% of MYS NPAT
- Key factors the Board considered in determining the 1H25 dividend of 10.5 cps were:
 - ✓ MyState's strong capital position
 - ✓ MergeCo Underlying pro forma earnings (which includes 1H25 Auswide earnings inherent in the acquisition balance sheet)
 - ✓ MyState merger related transaction costs of c. \$1.6m (earnings per share impact equating to c. 1.0 cps)
 - ✓ the spirit of a "merger of equals" and the agreed merger exchange ratio
- DRP to be activated at a discount of 1.5%

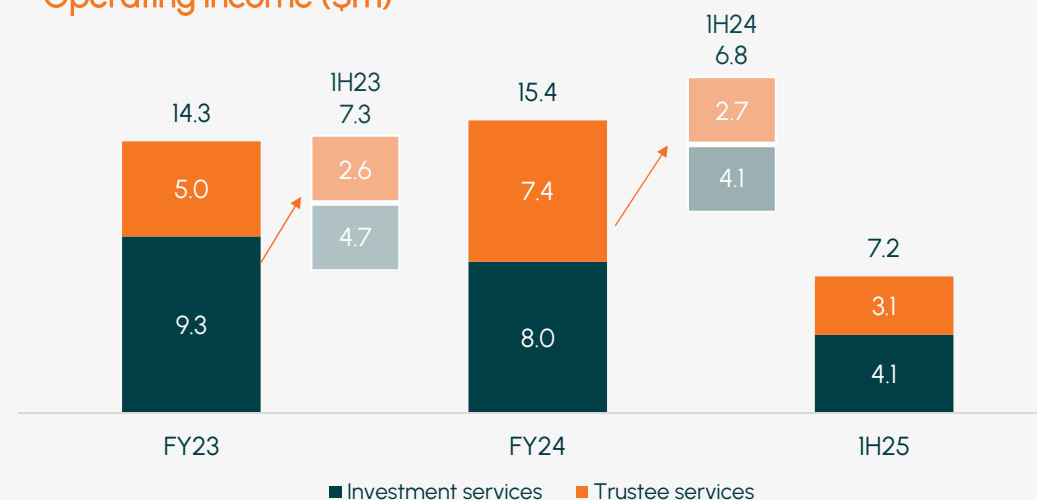
Dividend payout ratio based on profit type

Dividend	MYS Statutory	MYS Underlying	MergeCo Statutory Pro forma	MergeCo Underlying Pro forma
10.5 cps	111%	101%	97%	77%

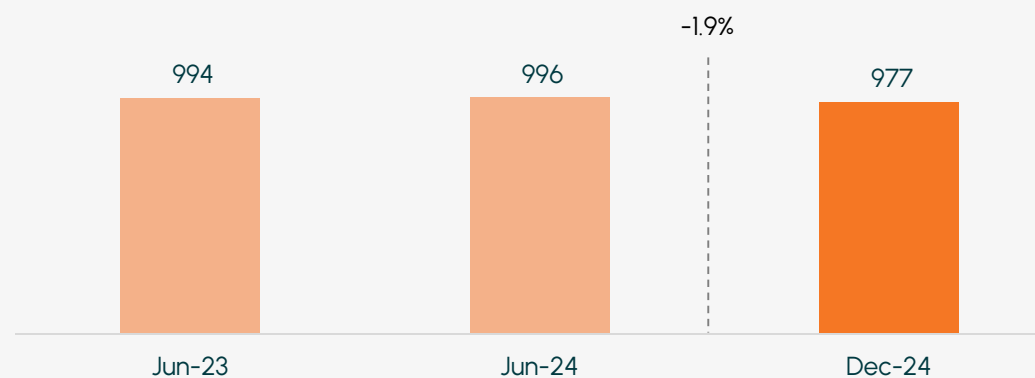
TPT Wealth providing income diversification

- TPT provided \$7.2m in fee revenue (up 5.4% on pcp) and income diversification for the Group
- Improved operating efficiency with the cost to income ratio improving by 126 bps on pcp to 77.3%. Expenses were 4.3% higher than pcp
- Despite improved investment returns across the Cash and Income funds, FUM has fallen primarily due to the finalisation of some large estates in 1H25

Operating income (\$m)



Funds under management (\$m)



Merger update

3

Brett Morgan
Managing Director & CEO



Corporate profile¹

MyState Limited is a provider of banking, trustee and wealth management services to c. 272,000 customers across Australia through its retail brands – MyState Bank, Auswide Bank, Selfco and TPT Wealth

MyState listed on the ASX in 2009 and is in the ASX 300.

Following the merger, MyState will have market capitalisation of c. \$765m² and a shareholder base of c. 65,500.

Total pro forma operating income for the half year ended 31 December 2024 was \$118.2m.

Ratings	MyState Limited	MyState Bank	Auswide Bank
Moody's	Baa3	Baa2	Baa2
Fitch	BBB+	BBB+	BBB+

MyState Bank

Banking

Lending | Deposits | Transactions

**AUSWIDE
BANK**

Banking

Lending | Deposits | Transactions

**SELF
CO**

Equipment Financing

Lending

TPT Wealth

Wealth

Funds management | Trustee services



1. Effective 19 February 2025

2. Market capitalisation as at 18 February 2025 based on closing MyState share price (\$4.54) and the agreed exchange ratio of 1.112 for Auswide shares

1H25 pro forma underlying financials

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

As at 31 Dec 2024	MyState ³	Auswide ^{1,2,3}	MergeCo ³
Gross loans and advances (\$bn)	8.1	4.6	12.7
Deposits (\$bn)	6.1	3.8	9.9
Total assets (\$bn)	9.3	5.5	14.8
Net assets (\$m)	469.7	306.8	776.5
Total operating income (\$m)	77.0	41.2	118.2
Operating expenses (\$m) ³	52.7	31.9	84.6
Core earnings (\$m) ³	24.3	9.3	33.6
Underlying NPAT (\$m) ³	17.5	5.4	22.9
Net interest margin (%)	1.45%	1.49%	1.46%
Cost to income ratio (%) ³	68.5%	77.5%	71.6%
Underlying EPS (cps)	15.8	10.6	14.1
Underlying return on average equity (%) ³	7.5%	3.6%	5.9%
Total capital ratio (%)	17.0%	14.1%	15.8%

Note:

1. Based on unaudited 1H25 financials.

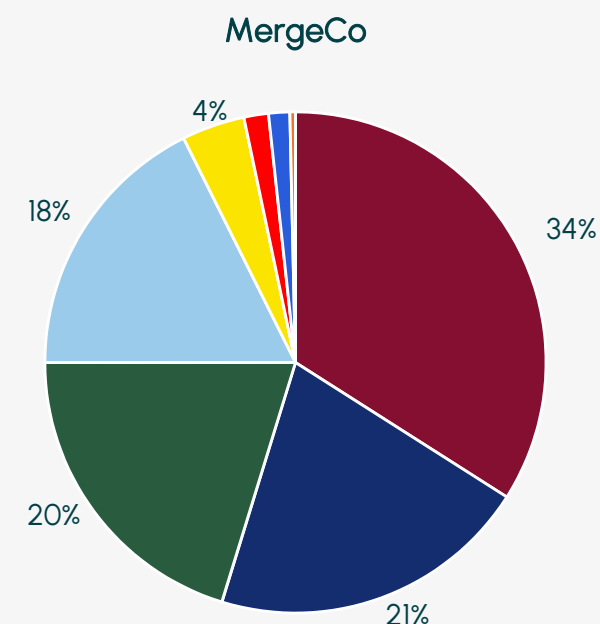
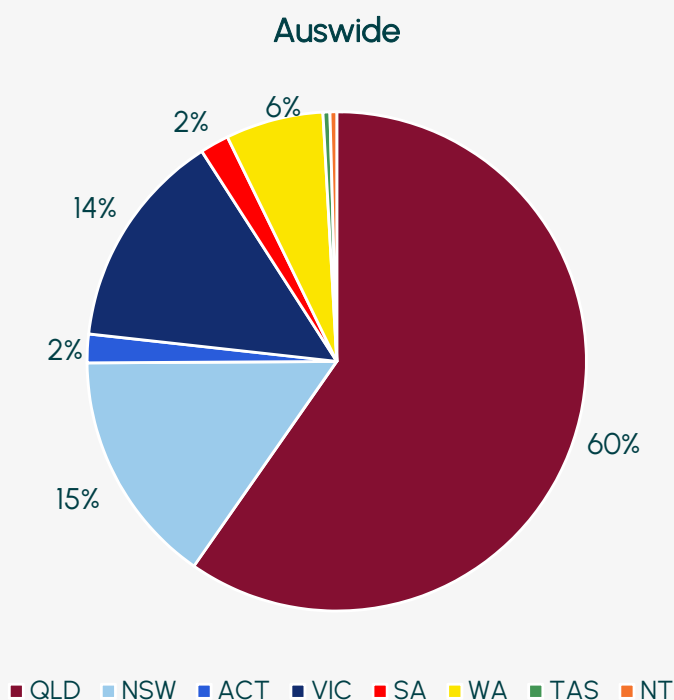
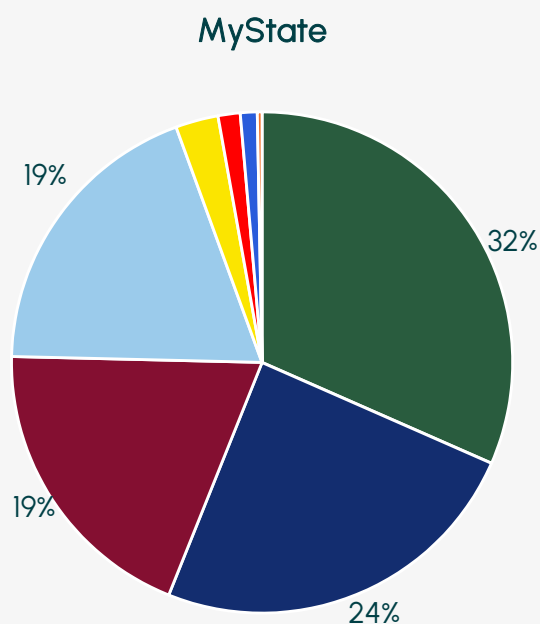
2. Adjusted for MyState's differential accounting treatment of broker commissions, issuance costs and mortgage offset account balances in determining NIM.

3. Excludes impacts of merger related transaction costs.

Improved home lending diversification

The merger with Auswide further diversifies the home loan book across the eastern seaboard

31 December 2024 home loan geographic distribution (%)



■ QLD ■ NSW ■ ACT ■ VIC ■ SA ■ WA ■ TAS ■ NT

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

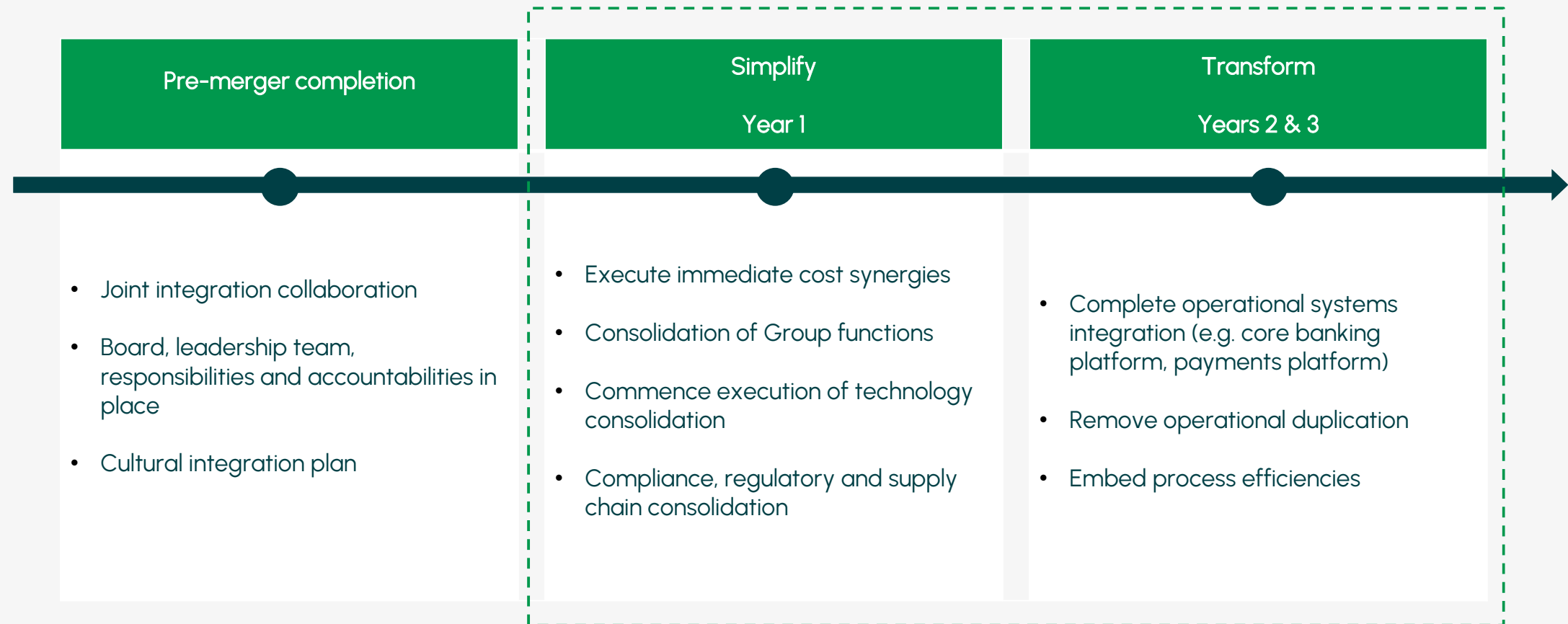
- Committed to a cohesive integration, leveraging the strengths of both organisations
- Governance & people synergies to be largely achieved through removal of duplicated Board and Executive roles, natural staff turnover, redundancies and duplicate service providers
- More than 50% of full run-rate synergies expected in the first 18 months post completion
- No change to branch footprint due to the merger

Potential additional upside from:

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

Phased integration process

A phased integration process expected to span 3 years. Pre-tax integration costs of c. \$29m, with the majority of these anticipated in the initial two years.



Experienced Board with the requisite skills and capabilities to lead the merged Group



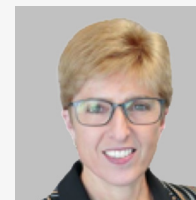
Sandra Birkenleigh (Board Chair)
Appointed February 2025



Warren Lee (Chair of TPT Wealth)
Appointed October 2017



Vaughn Richtor
Appointed September 2019



Jacqueline Korhonen
Appointed February 2025



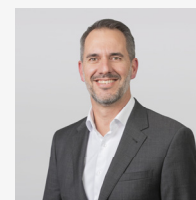
Gregory Kenny
Appointed February 2025



Andrea Waters
Appointed October 2017



Sibylle Krieger
Appointed December 2016



Brett Morgan
(Managing Director & CEO)
Appointed January 2022

Management team



Brett Morgan
Managing Director
& CEO



Gary Dickson
Chief Financial Officer



Mandy Khanna
Chief Risk Officer



Janelle Whittle
Chief People Officer



Paul Moss
Chief Information Officer



Damian Hearne
GM Auswide



Rob Burden
GM Selfco



Danielle Ryan
Chief Integration &
Transformation Officer



Tim Newman
GM MyState Bank



Matt Pearson
GM TPT Wealth

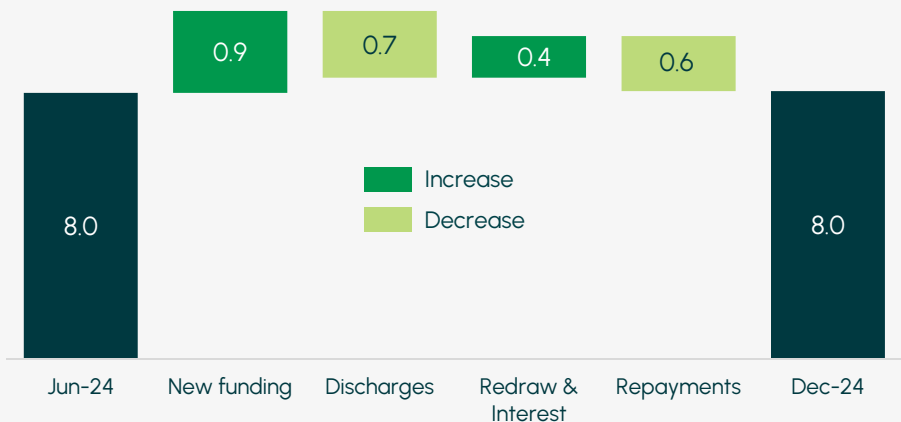
Appendix

Additional MyState 1H25
financial information

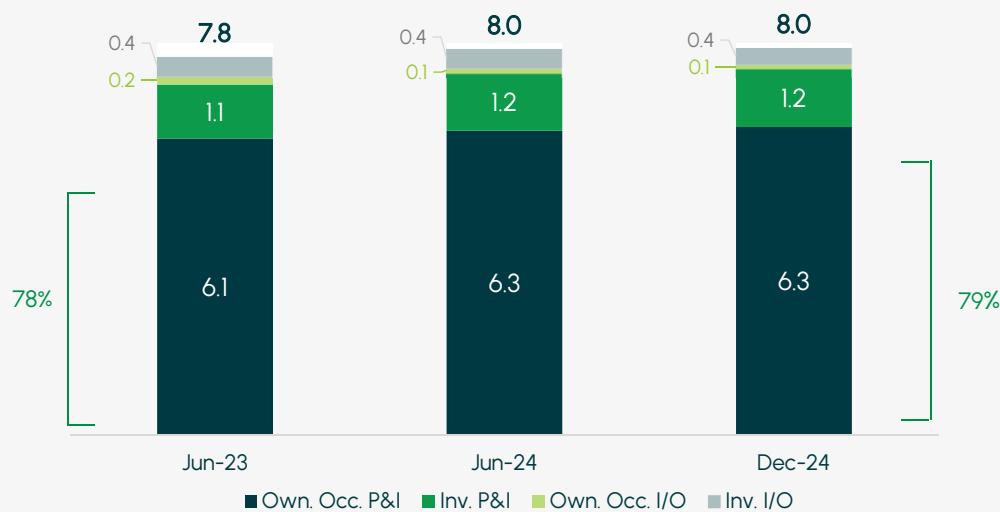
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Home loan book

Loan balance and lending flows (\$b)

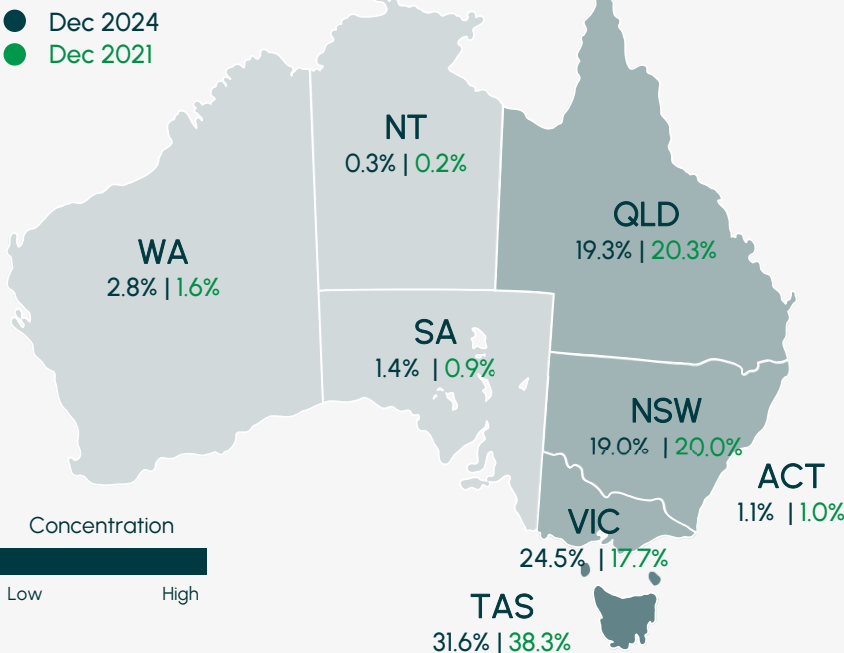


Home loan book composition (\$b)



- Growth driven by lower risk owner occupied P&I lending with LVR <80%
- Variable rate lending as a proportion of total flow remained steady at 97% in 1H25 (97% in pcp)
- Run-off remains a sector wide challenge - rate elevated at 27.8% (26.3% in pcp)

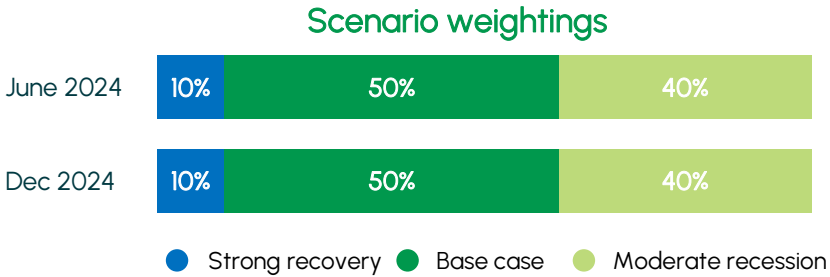
Home loan concentration by state



Forward looking economic overlay assumptions

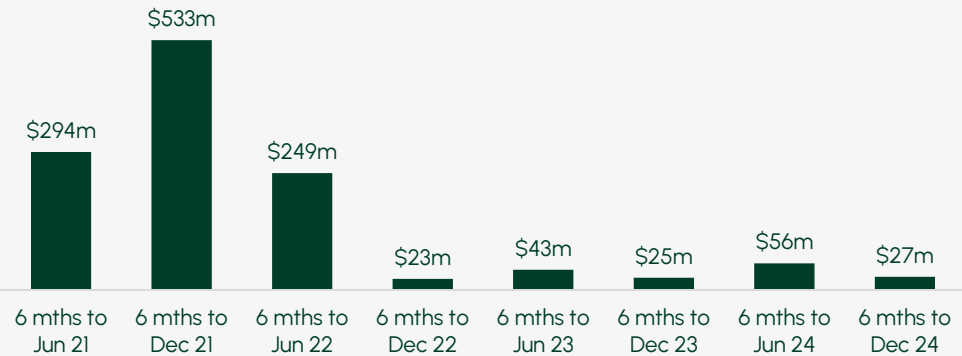
Assumptions	June 25	June 26
Unemployment (year ended)		
Base Case	4.50%	5.00%
Strong Recovery	4.00%	4.00%
Moderate Recession	5.20%	6.00%
Cash Rate (year ended)		
Base Case	4.10%	3.60%
Strong Recovery	4.85%	4.85%
Moderate Recession	2.85%	2.60%
House Prices (yoy movement)		
Base Case	0.0%	-5.0%
Strong Recovery	5.0%	10.0%
Moderate Recession	-15.0%	-20.0%

- Forward looking overlay has remained steady at \$1.9m
- At 31 December 2024, the key assumptions used to determine the overlay incorporate the latest observed economic data including:
 - ✓ improved prospects of a soft-landing
 - ✓ growth below trend and an uplift in 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.

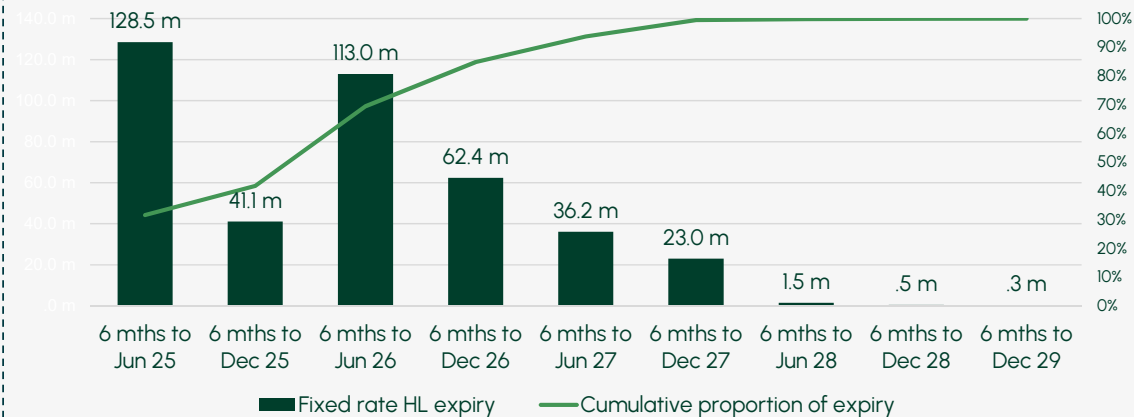


Fixed rate home loan profile

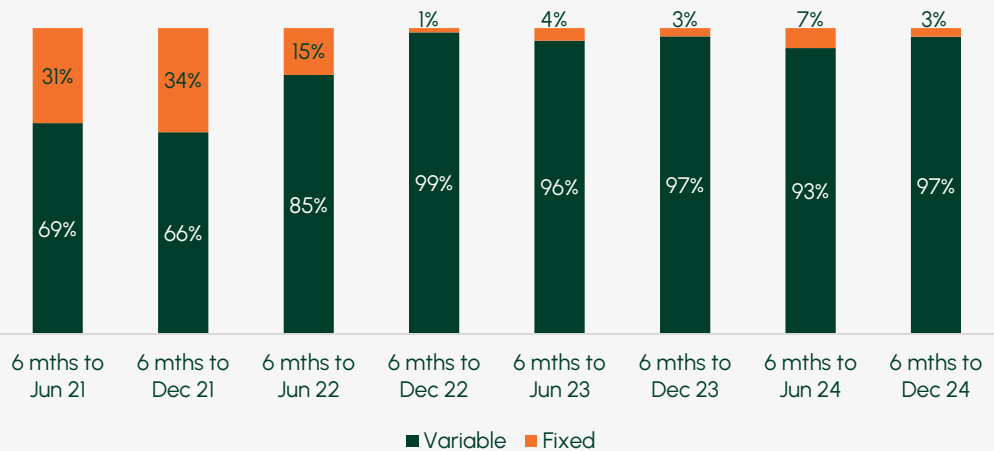
New HL flow – fixed rate issuance



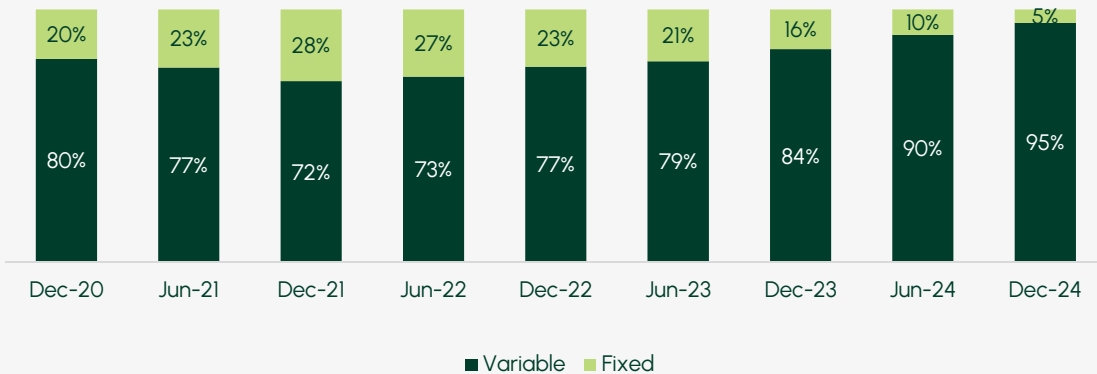
Fixed rate HL expiry schedule as at 31 Dec 2024



Fixed rate issuance composition



Fixed vs variable composition of book



Capital, stock and flow metrics

	31-Dec-24	30-Jun-24	30-Jun-23	Movement (Jun-Dec '24)	%
	\$m	\$m	\$m	\$ m	
Qualifying capital					
Common equity tier 1 capital (CET1)					
Ordinary share capital	231.51	230.42	227.31	1.09	0%
Retained earnings	247.07	241.65	237.61	5.42	2%
Accumulated other comprehensive income (and other reserves)	(0.52)	(0.70)	(1.13)	0.18	(26%)
Total common equity Tier 1 capital	478.06	471.38	463.78	6.68	1%
Less: Regulatory capital adjustments					
Goodwill (Net of related tax liability)	49.76	49.77	49.76	(0.01)	(0%)
Deferred tax assets	3.59	4.71	1.91	(1.13)	(24%)
Cash flow hedge reserve	(0.07)	0.51	4.61	(0.58)	(114%)
Capitalised expenses	49.09	50.77	53.9	(1.68)	(3%)
Investments in controlled entities	38.91	40.68	40.68	(1.77)	(4%)
Other adjustments	6.89	7.42	3.77	(0.53)	(7%)
Total regulatory adjustments	148.17	153.86	154.63	(5.69)	(4%)
Net common equity tier 1 capital	329.89	317.52	309.15	12.37	4%
Additional tier 1 capital	64.24	64.11	63.84	0.13	100%
Total Tier 1 capital	394.13	381.62	372.99	12.52	3%
Tier 2 capital					
Subordinated notes (ii)	49.97	49.95	49.9	0.02	0%
Equity reserve for credit losses	2.37	2.37	2.37	-	0%
Total Tier2 capital	52.34	52.32	52.27	0.02	0%
Total capital	446.47	433.94	425.26	12.53	3%
Credit risk weighted assets	2,384.85	2,403.00	2,504.96	(18.15)	(1%)
Operating risk	238.49	240.30	250.50	(1.82)	(1%)
Total risk weighted assets	2,623.34	2,643.30	2,755.46	(19.96)	(1%)

	31-Dec-24	30-Jun-24	Movement %
CET1 capital ratio	12.58%	12.01%	0.57%
Tier 1 capital ratio	15.02%	14.44%	0.59%
Total capital ratio	17.02%	16.42%	0.60%

Stock metrics	Dec-24	Jun-24	Dec-23
Broker	83%	83%	82%
Proprietary	17%	17%	18%
Owner occupied	80%	79%	79%
Investor	19%	20%	20%
Non housing	1%	1%	1%
Principal & Interest	95%	93%	93%
Interest only	5%	7%	7%
Variable	95%	90%	84%
Fixed	5%	10%	16%
LMI	15%	18%	16%

Flow metrics	Dec-24 6 months	Jun-24 12 months	Dec-23 6 months
Broker	89%	92%	87%
Proprietary	11%	8%	13%
Owner occupied	79%	79%	71%
Investor	20%	20%	28%
Non housing	1%	1%	1%
Principal & Interest	90%	91%	84%
Interest only	10%	9%	16%
Variable	97%	98%	97%
Fixed	3%	2%	3%
LMI	12%	10%	11%

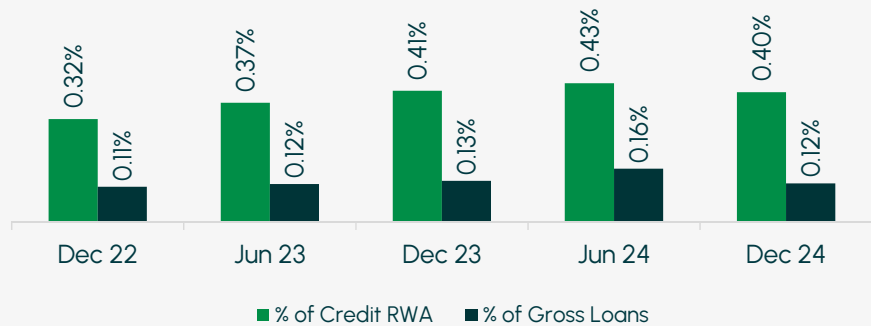
By state (% of flow):

NSW	19%	20%	22%
QLD	19%	20%	19%
TAS	26%	28%	28%
VIC	28%	26%	26%
Other states	8%	6%	6%

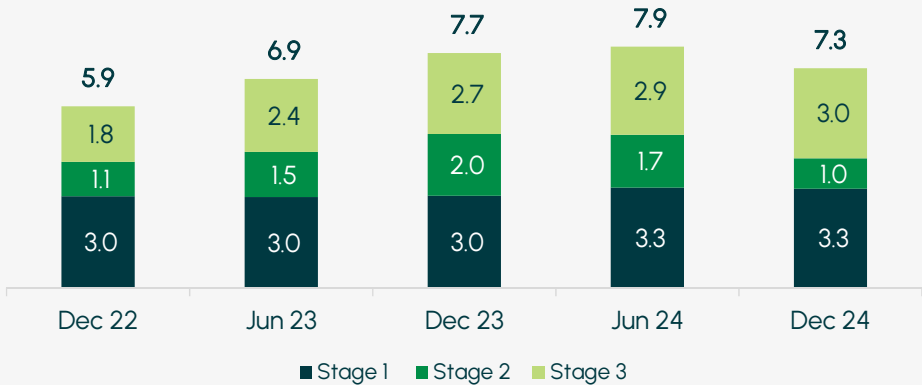
Prudent loan provisioning

- Decrease in the total collective provision, despite an uptick in arrears, reflects the positive impact of a higher 'cure rate' over the previous 36 months i.e. effectively a lower loss given default
- Forward looking overlay has remained steady at \$1.9m (represents 20% of total collective provision)
- Very low loss history
- 6 mortgagees in possession at 31 December 2024
- Continue to work closely with any customers experiencing financial hardship

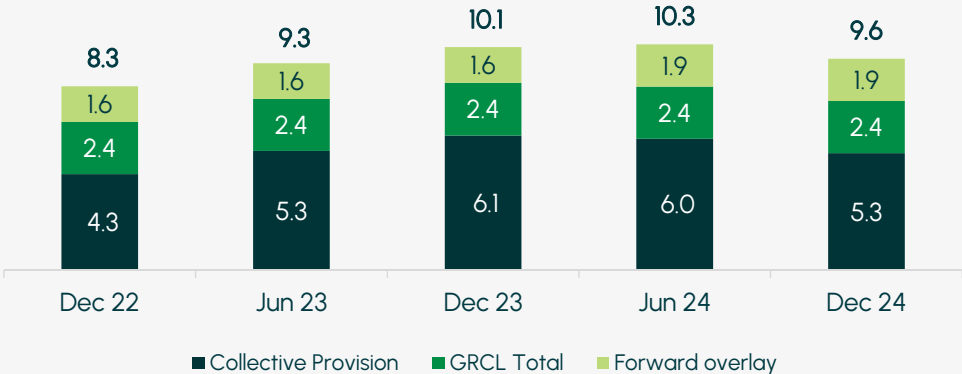
Total provision coverage ratio



Credit provisions (\$m)



Total collective provisions and GRCL (\$m)



Glossary

1H:	First half of financial year	EPS:	Earnings per share	NIM:	Net interest margin
2H:	Second half of financial year	FHLDS:	First home loan deposit scheme	NPAT:	Net profit after tax
ADI:	Authorised deposit-taking institution	FUM:	Funds under management	NPBT:	Net profit before tax
APRA:	Australian Prudential Regulation Authority	FY:	Financial year	PCP:	Previous corresponding period
Avg:	Average	FYTD:	Financial year to date	RBA:	Reserve Bank of Australia
ASX:	Australian Securities Exchange	GLA:	Gross Lending Assets	RMBS:	Residential mortgage-backed security
BBSW:	Bank Bill Swap Rate	GRCL:	General Reserve for Credit Losses	ROE:	Return on equity
BDD:	Bad & Doubtful Debt Expense	HY:	Half year	RWA:	Risk Weighted Assets
bps:	Basis points	IO:	Interest only	SaaS:	Software as a Service
CAGR:	Compounded annual growth rate	IRB:	Internal ratings-based	S&P:	Standard and Poor's
CET1:	Common Equity Tier 1	JAWS:	Relationship between income and expense growth	SPIN:	Standard and Poor's Performance Index
cps:	Cents per share	LT:	Long term	Stage 1:	Performing loans (31-60 days arrears)
CTI:	Cost-to-income ratio	LVR:	Loan to valuation ratio	Stage 2:	Under-performing loans (61-89 days arrears)
DRP:	Dividend reinvestment plan	MYS:	MyState Limited	Stage 3:	Non-performing loans (90+ days arrears)
		MSB:	MyState Bank Limited	ST:	Short term
		MLH:	Minimum liquidity holdings	TD:	Term deposit
		NII:	Net Interest Income	TFF:	Term Funding Facility
				TPT:	TPT Wealth Limited

Disclaimer

Summary information

The material in this Presentation is general background information about MyState Limited (ABN 26 133 623 962) and its activities current as at the date of this Presentation. The information is given in summary form and does not purport to be complete or comprehensive. It should be read in conjunction with MyState's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

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All information in this Presentation is in Australian dollars (\$) unless stated otherwise. 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. All references to financial years (FY) appearing in this Presentation are to the financial years ended on 30 June of the indicated year. All figures are presented on an accruals basis unless otherwise stated.

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