

19 August 2025

The Manager
Company Announcements
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

**MyState Limited – Preliminary Final Report
(Appendix 4E) for the year ended 30 June 2025**

The Directors of MyState Limited (the “Company”) are pleased to announce the audited results of the Company for the year ended 30 June 2025 as follows:

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Extracted from the Financial Statements for the year ended	\$'000 30 June 2025	\$'000 30 June 2024	% Change
Income from operations	186,643	152,430	22.4%
Profit after tax attributable to members	35,558	35,289	0.8%
Net profit after tax attributable to members	35,558	35,289	0.8%

Dividends for the current year are:	Amount per security	Franked amount per security
Interim Dividend 2025 - fully franked at 30% Paid 21 March 2025	10.5 cents	10.5 cents
Final Dividend 2025 - fully franked at 30% Payable 16 September 2025 Record Date for determining entitlements for final dividend – 25 August 2025	11.0 cents	11.0 cents
Dividend for the prior corresponding period:	Amount per security	Franked amount per security
Final dividend 2024	11.5 cents	11.5 cents
Dividend Reinvestment Plan	Last Date for Receipt of DRP Election	
The MyState Limited Dividend Reinvestment Plan is operational for this 2025 Final Dividend at a 1.5% discount to the Volume Weighted Average Price over the DRP pricing period from Wednesday 27 August 2025 to Tuesday 2 September 2025 inclusive.	26 August 2025	
Net Tangible Assets per share	2025	2024
	354 cents	339 cents

Details of entities over which control has been gained or lost during the period

During the financial period the holding company MyState Limited gained control of the following entities:

- Auswide Bank Ltd
- Auswide Performance Rights Pty Limited
- Auswide Bank Ltd Employee Share Trust
- Specialist Equipment Leasing Finance Co Pty Limited
- Widcap Securities Pty Limited
- Wide Bay Trust No.5¹
- ABA Trust No.7¹
- ABA Trust 2023-1¹
- Wide Bay Trust 2008-1¹

¹ Securitisation trusts

Subsequent events

The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached copy of the Financial Statements and comments on performance of the Company included in the Media and ASX Release dated 19 August 2025.

Further information regarding MyState Limited and its business activities can be obtained by visiting the company's website at www.mystatelimited.com.au.

A handwritten signature in black ink, appearing to read 'SLK', with a stylized flourish at the end.

Scott Lukianenko
Company Secretary

Consolidated Financial Report

For the period ended 30 June 2025

Appendix 4E

Directors' report

Your Directors' present their report for MyState Limited and its controlled entities (the Group) for the full year ended 30 June 2025.

Directors

- **Sandra Birkenleigh** BCom, CA, GAICD, ICCP (Fellow)
Chair and Independent Non-Executive Director
(Appointed 19 February 2025)
- **Brett Morgan** BEc, MAppFin
Managing Director and Chief Executive Officer
- **Gregory Kenny** GAICD, GradDipFin
Independent Non-Executive Director
(Appointed 19 February 2025)
- **Jacqueline Korhonen** BSc, BEng(Hon), GAICD
Independent Non-Executive Director
(Appointed 19 February 2025)
- **Sibylle Krieger** LLB (Hons), LLM, FAICD, MBA
Independent Non-Executive Director
- **Warren Lee** BCom, CA
Independent Non-Executive Director
- **Vaughn Richtor** BA (Hons), MAICD
Independent Non-Executive Director
(Chair until 19 February 2025)
- **Andrea Waters** BCom, FCA, GAICD
Independent Non-Executive Director
- **Stephen Davy** BSc (Hons)
Independent Non-Executive Director
(Ceased 19 February 2025)
- **Robert Gordon** BSc, MIFA, MAICD, FAMI
Deputy Chair and Independent Non-Executive Director
(Retired 23 October 2024)

Company Secretary

- **Scott Lukianenko** Ad Dip BMgmt, Grad Dip BA, GIA (Cert).

Principal activities

MyState Limited (MyState) provides banking, trustee, equipment finance and managed fund products and services through its wholly-owned subsidiaries MyState Bank Limited (MyState Bank), Auswide Bank Limited (comprising Auswide Bank and SelfCo) and TPT Wealth Limited (TPT Wealth).

MyState Bank and Auswide Bank deliver home lending, savings and transactional banking solutions through digital and branch channels, an Australian-based contact centre, mobile lenders and mortgage brokers.

SelfCo is a specialist equipment finance company that provides financial solutions, such as leasing and commercial hire purchase, to Australian businesses for purchasing vehicles and equipment. It operates nationally through a network of accredited finance brokers.

TPT Wealth delivers asset management and trustee services through relationship managers, digital channels and an Australian-based estate planning, trust administration and support team.

Other than as a result of the merger with Auswide Bank Limited, there have been no significant changes in the nature of the principal activities of the Group during the year.

Dividends

Dividends paid in the full year ended 30 June 2025 were as follows:

- For the half year ended 31 December 2024, a fully franked dividend of 10.50 cents per share, amounting to \$17.701m was paid on 21 March 2025.
- For the year ended 30 June 2024, a fully franked dividend of 11.50 cents per share, amounting to \$12.725m was paid on 16 September 2024.

The Directors have declared a fully franked final dividend of 11.0 cents per share. The dividend will be payable on 16 September 2025 to shareholders on the register at the record date of 25 August 2025, taking the dividend for the full year to 21.5 cents per share. When declaring a dividend above its target range on a statutory net profit after tax (NPAT) basis, the Board considered a range of factors, including one-off merger-related transaction costs, integration costs and also recognising that Auswide Bank only contributed to Group earnings for a four-month period. The second half dividend payout ratio of 78.1% is within the target range on an Underlying NPAT basis.

Operating and financial review

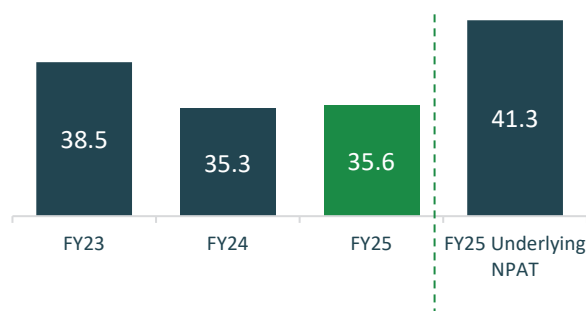
Financial performance

Underlying NPAT of \$41.3m, which excludes merger-related transaction and integration costs of \$7.5m in FY25, increased by 17.0% on the prior year (FY24: \$35.3m). Statutory NPAT of \$35.6m increased 0.8% on the prior year (FY24: \$35.3m).

Underlying earnings per share (EPS) was 30.7 cents per share, return on equity (ROE) was 7.30% and the Group cost to income ratio (CTI) was 68.0% (FY24: 66.3%). Statutory EPS was 26.4 cents per share (FY24: 32.0 cents per share) and ROE was 6.3% (FY24: 7.7%).

Following the merger on 19 February 2025, the current financial year benefited from a four-month earnings contribution from Auswide Bank and SelfCo, which was broadly offset by merger-related costs. The second half saw a return in business momentum in MyState Bank, a disciplined integration approach and a clear focus on delivering customer and shareholder value. MyState is continuing to invest in the business with particular focus on executing its integration strategy while continuing to grow its home loan book and customer deposits.

Group statutory net profit after tax (\$m)



The total loan book (excluding capitalised acquisition costs) grew \$5.1b to \$13.1b or 64% on 30 June 2024 following the merger with Auswide Bank. The home loan book grew \$4.9b or 62% during the period. MyState Bank's home lending growth accelerated in the second half to 6.2% and finished the year with strong lending application volumes. MyState will continue to focus on profitable growth and asset quality.

Directors' report continued

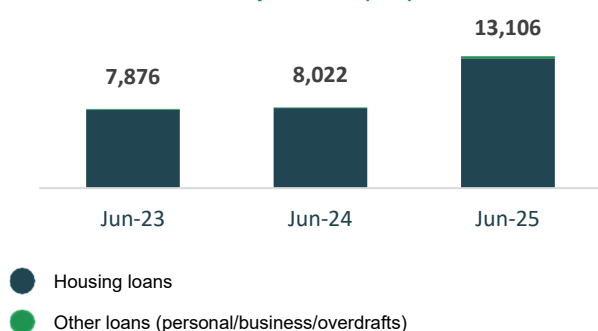
Pre-provision operating profit of \$59.7m increased 16.1% on the prior year, largely driven by the contribution of Auswide Bank and Selfco. MyState continues to invest in key strategic initiatives. During the year MyState Bank successfully migrated all retail banking customers onto a new digital banking platform. Auswide Bank successfully launched a new partnership with Elders to distribute banking products via Elders' extensive rural network. Both banks continue to invest in initiatives to mitigate sector-wide cyber and fraud-related risks.

The MyState team ensured a seamless experience for customers through the merger. Pleasingly, MyState's net promoter score has remained strong at +54, showing that customer satisfaction has not only held steady, but has remained a clear strength during a time of transition.

MyState Bank and Auswide Bank

MyState Bank's loan portfolio grew 2.9% from 30 June 2024, reaching \$8,263m at 30 June 2025. Auswide Bank's loan portfolio was \$4,843m at 30 June 2025.

Total loan book composition (\$m)



Home loan book – LVR profile (\$m)

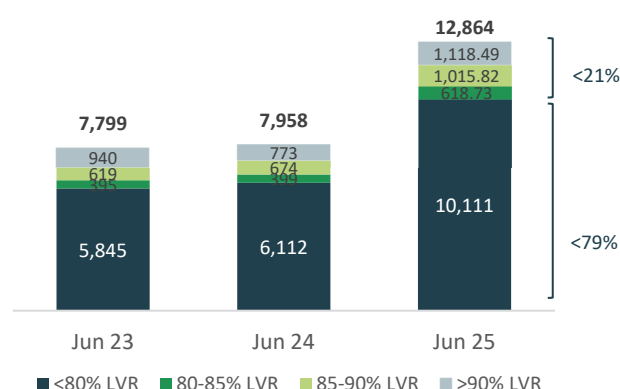
In FY25, MyState's consolidated loan book growth was primarily driven by the addition of Auswide's lending book. Credit quality remains a pillar of MyState lending, pre and post-merger, with a focus on loans with a loan to value ratio (LVR) <80%.

Since June 2021, high LVR lending has generally been to borrowers eligible to participate in the First Home Guarantee scheme reserved for owner-occupied lending. The scheme is an Australian Government initiative to support eligible customers purchase their first home sooner with as little as a 5% deposit.

The National Housing Finance and Investment Corporation (NHFIC) through its Home Guarantee Scheme provides a guarantee to lenders of up to a maximum amount of 15% of the value of a property (as assessed by MyState) purchased under the scheme. All non-First Home Owner Grant scheme loans with an LVR >80% are mortgage insured.

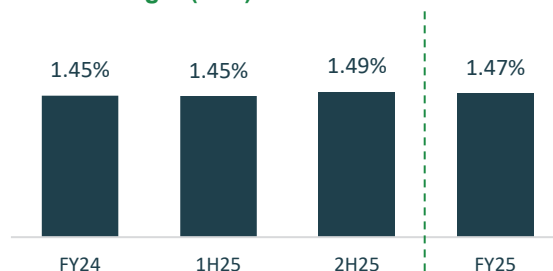
MyState Bank's 30 and 90-day arrears were broadly stable year on year and remain below industry benchmarks at 0.97% and 0.54% respectively (30 June 2024: 0.97% and 0.44%). Auswide Bank's 30 and 90-day arrears were 0.42% and 0.26% respectively.

Loan losses remained negligible in line with historical experience. Impairment expense was \$0.5m during the year, with net write-offs partly offset by a decrease in the collective provision. As at 30 June 2025, there were five Mortgagee in Possession loans.



MyState and Auswide remain focused on low-risk, owner-occupied lending with a loan to valuation ratio (LVR) of less than 80%. Exposure to investor and interest-only lending remains relatively low compared to sector averages.

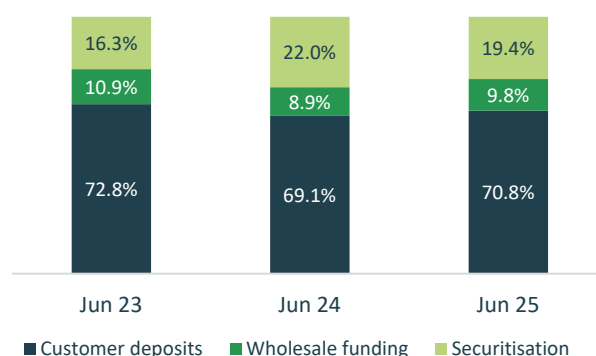
Net interest margin (NIM) trend



Net interest income was up \$32.1m or 25.7% on the prior year largely as a result of Auswide's contribution following the merger in February 2025, partially offset by a 1bp fall in net interest margin.

Group NIM was up 2bps year on year. Ongoing front book pricing pressures, competition in the market for new home loans, elevated levels of customer switching, retention discounting and the impact of lower interest rates are sector-wide trends that continue to impact NIM.

Funding mix (%)



MyState's funding mix remains well diversified. The increase in the customer deposit ratio is driven by the addition of Auswide's deposit book following the merger, in conjunction with MyState's ongoing focus on customer deposit growth. Securitisation continues to be an important source of funding for the Group.

Directors' report continued

Following the decrease in the RBA's Official Cash Rate by 25bps in both February and May 2025, some customers shifted from fixed to variable interest bearing products due to the inverted yield curve flowing through to term deposit rates.

MyState welcomed more than 16,600 new to bank customers this financial year.

Non-interest income

Non-interest income from banking activities increased by \$3.0m or 24.3% on the prior year driven by Auswide's contribution.

TPT Wealth

Funds under management (\$m)



Income from wealth management activities decreased by \$0.9m or 5.6%, with a decrease in trustee services income reflecting lower capital and income commission after a number of large estates vested in the prior year, partly offset by higher investment services income.

Funds under management (FUM) was down marginally during the year. TPT Wealth NPAT was \$2.5m for the year.

Capital position

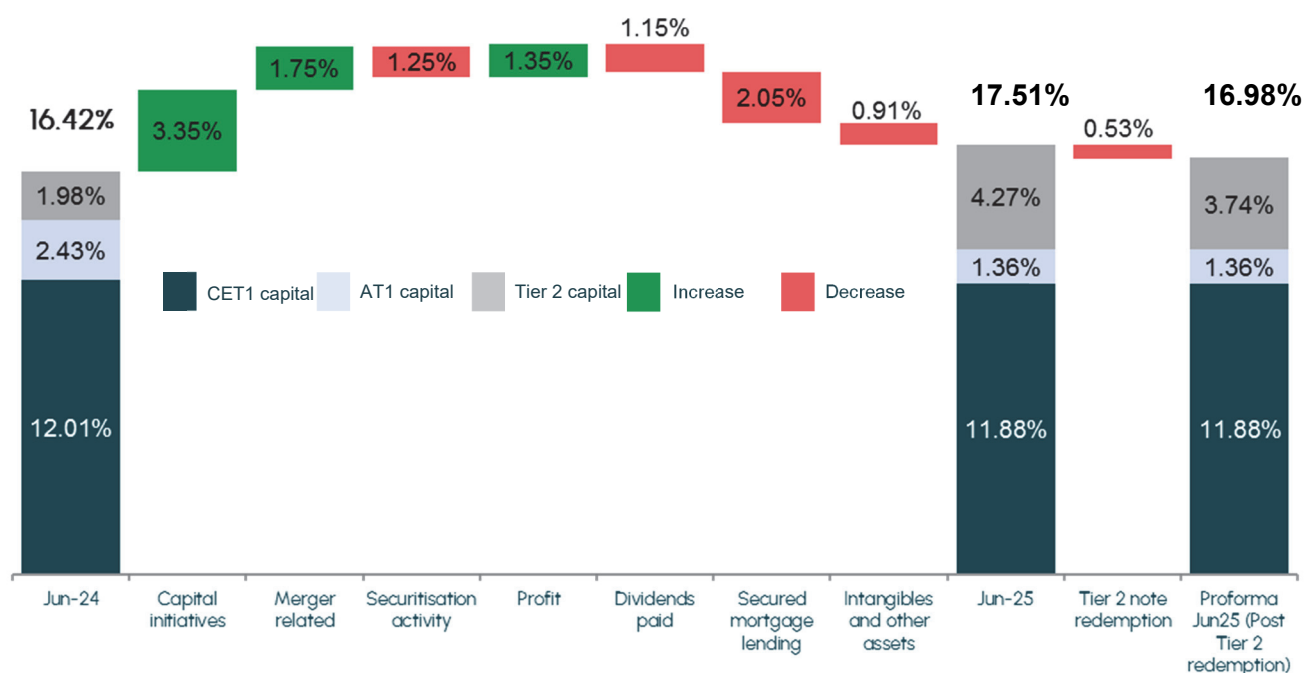
MyState remains well capitalised. The Group's total capital ratio increased by 109bps to 17.51% at 30 June 2025.

During the year, MyState issued a \$600m term RMBS transaction in October 2024 and \$100m of new Tier 2 qualifying subordinated notes in May 2025, key enablers for growth post-merger.

On 10 July 2025, MyState Limited called \$25m of existing Tier 2 qualifying subordinated notes, as highlighted on a pro forma basis in the capital chart below.

MyState's capital management strategy remains centred on the organic generation of capital via retained earnings, coupled with the flexibility provided by securitisation activity.

Capital movements (June 2024 to June 2025)



Directors' report continued

Community

MyState has a proud history of supporting the communities in which we operate.

The MyState Foundation invests in community organisations that support young Tasmanians to reach their potential.

Since 2001, the MyState Foundation has awarded more than \$2.9m in grants to not-for-profit organisations across Tasmania.

In Queensland, Auswide Bank provides support to a range of community organisations including the Salvation Army, Ronald McDonald House and the Mental Awareness Foundations' Walk for Awareness

Outlook

The merger of MyState and Auswide Bank is transformative for the business. The MyState Group is now a larger, stronger and more scalable and resilient business serving 275,000 customers across Australia's eastern seaboard.

Key activities to integrate the businesses in the first four months delivered more than \$8m of synergies on an annualised basis. Over three years' integration is expected to yield between \$20m and \$25m in annual savings.

In FY26, the focus will be on moving to one ADI, integrating key systems, removing duplication, and embedding lasting efficiencies.

These savings and a stronger capital position will increase capacity for investment in profitable growth.

Lead auditor's independence declaration under section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the year ended 30 June 2025.

Rounding of amounts

In accordance with applicable financial reporting regulations and current industry practices, amounts in this report have been rounded-off to the nearest one thousand dollars, unless otherwise stated. Any discrepancies between totals and sums of components in charts contained in this report are due to rounding.

Events subsequent to balance date

In the opinion of the Directors, other than as noted below there has not arisen in the period between the year ended 30 June 2025 and the date of this report, any material item, transaction or event that is likely to significantly affect the operations of the Group.

On 10 July 2025, MyState Limited exercised its call option to redeem \$25m of Tier 2 qualifying subordinated notes following the issue of \$100m of new notes in May 2025. At 30 June 2025, the impact of the \$25m redemption would have been to reduce the total capital ratio by 0.53% (from 17.51% to 16.98%).

Environmental regulation

The Group is not subject to any significant environmental regulation. A Task Force on Climate-related Financial Disclosures (TCFD) Report outlining MyState's baseline scope 1, 2 and 3 greenhouse gas (GHG) emissions associated with the activities and facilities that support the businesses' everyday operations, will be included in MyState's 2025 Annual Report.

Directors' meetings

The number of meetings of Directors (including meetings of the Committees of Directors) held during the year and the number of meetings attended by each Director are as indicated in the following table:

Directors' meetings

MYS Directors	MYS Board meetings		Group Audit Committee		Group Risk Committee		Group People, Remuneration & Nominations Committee	
	A	B	A	B	A	B	A	B
S Birkenleigh	3	3	1	1	3	3	n/a	n/a
S Davy	11	11	n/a	n/a	2	2	3	3
R Gordon	7	7	n/a	n/a	1	1	2	2
J Korhonen	3	3	n/a	n/a	3	3	1	1
G Kenny	3	3	n/a	n/a	3	3	n/a	n/a
S Krieger	14	14	n/a	n/a	5	5	3	4
W Lee	14	14	5	5	5	5	n/a	n/a
B Morgan	14	14	n/a	n/a	n/a	n/a	n/a	n/a
V Richter	14	14	5	5	5	5	4	4
A Waters	14	14	5	5	5	5	n/a	n/a

A = Number of meetings attended. B = Number of meetings eligible to attend.

Directors' report continued

Indemnification and insurance of Directors and officers

The Company has paid, or agreed to pay, a premium in relation to a contract insuring the Directors and officers listed in this report against those liabilities for which insurance is permitted under Section 199B of the *Corporations Act 2001*.

The Company has not otherwise, during or since the relevant period, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Non-audit services

During the year, Wise Lord & Ferguson, the Company's auditor, has performed certain other services in addition to its statutory duties. Further details are set out in note 8.2 to the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by the Group Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001*, for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Group Audit Committee, to ensure that they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as they related to technical disclosure issues.

Auditor's Independence Declaration to the Directors of MyState Limited

In relation to our audit of the financial report of MyState Limited for the financial year ended 30 June 2025, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Wise Lord & Ferguson

WISE LORD & FERGUSON

A handwritten signature in blue ink, appearing to read 'Nick Carter', with a stylized, sweeping flourish.

NICK CARTER

Partner

Date: 19 August 2025

Remuneration report

Letter from the Chair of the Group People, Remuneration and Nominations Committee

Dear Shareholder,

On behalf of the Board, I am pleased to present the Company's Remuneration report for FY25.

This year has been transformational for MyState Limited, marked by the successful merger with Auswide Bank in February 2025. The merger has changed the composition of the Board, and the membership of the Group People Remuneration and Nominations Committee (GPRNC). This overview explains how the remuneration framework has been applied to Key Management Personnel (KMP) remuneration for the current reporting period.

The merger changed the scale, complexity and geographic footprint of our organisation. As a result, MyState is now a significantly larger and more complex financial services group, with greater capabilities, broader customer reach, and increased regulatory and operational requirements.

This transformation has materially expanded the scope and strategic demands of the Group Chief Executive Officer (CEO) and the leadership team, with significantly increased market capitalisation. The role of the CEO, and the roles of the new executive team, now extend across the four businesses that make up the Group. Our businesses operate under the following brands; MyState Bank, Auswide Bank, TPT Wealth and SelfCo, encompassing retail banking, wealth management and equipment finance. In addition to the broader accountability and impact, the complexity of integrating people, systems and process in a more diversified business raises the importance of our executive team demonstrating strong leadership.

Given the increased enterprise scale and role demands, the Board initiated a review of executive remuneration arrangements to support the attraction, retention, and motivation of executive talent in our post-merger environment. The GPRNC undertook a thorough process informed by individual performance and market considerations as well as the relative size, complexity and strategic significance of each executive role in the context of the Group's future. Independent external advice was sought to benchmark executive salary packages against market competitiveness. The external advice clearly showed the remuneration arrangements for executives in the merged Group fell short of the Board's target range.

Adjustments to remuneration packages were made effective October 2025 for select executives, including the CEO. These adjustments reflect a move towards our target pay position, recognition of the absence of a remuneration review in 2024, and individual capability and contribution. The Board is committed to remuneration outcomes supported by objective data, market relevance, performance accountability, and talent attraction to increase shareholder value.

The executive team delivered strong financial and operational outcomes during the year. The announcement and completion of the merger, early realisation of synergies, implementation of a new digital platform, operational consolidation, and new strategic distribution partnerships were among the key achievements. In recognition of these results, the Board approved Short-Term Incentive (STI) awards for eligible executives based on business performance and individual contribution to the year's results. Details of STI outcomes and the assessment process for KMP are included in this report.

The Group's Executive Long-Term Incentive Plan (ELTIP) continues to play a key role in aligning executive focus with sustained shareholder value creation. The FY25 ELTIP offer is consistent in structure with prior years. The Board acknowledges that Return on Equity (ROE) may be temporarily impacted during integration; therefore, the weighting of performance measures emphasises Total Shareholder Return (TSR). The ROE hurdle has been aligned to business plan projections and will be assessed at the end of the three year performance period. At this time the aggregate threshold performance for the ROE component will be disclosed.

The Board is committed to maintaining a robust and transparent remuneration framework that reflects the increased scale and complexity of the MyState Group, that is informed by independent market data, and supports long-term shareholder value creation. We appreciate the ongoing support and engagement of our shareholders as we continue to embed the benefits of the merger and deliver on our strategic agenda.

We trust this overview helps you understand our approach to executive and non-executive remuneration, and how our remuneration framework enables our business strategy, values and culture. Our remuneration policy can be found on the MyState Limited website at <https://www.mystatelimited.com.au/home/?page=corporate-governance>.

We welcome your feedback. Please email any comments to secretariat@mystatelimited.com.au.



Jacqueline Korhonen

Chair – Group People, Remuneration and Nominations Committee

Our people and our company

Executive Key Management Personnel (KMP) and Non-Executive Directors who served our company in the year ended 30 June 2025 were:

Name	Role	Commenced	Ceased	Group, People, Remuneration & Nominations Committee
Sandra Birkenleigh	Non-Executive Director	19 February 2025		
Vaughn Richtor	Non-Executive Director	1 September 2019		✓
Jacqueline Korhonen	Non-Executive Director	19 February 2025		Chair
Stephen Davy	Non-Executive Director	1 July 2021	Resigned 19 February 2025	
Robert Gordon	Non-Executive Director	12 February 2009	Retired 23 October 2024	
Sibylle Krieger	Non-Executive Director	1 December 2016		✓
Warren Lee	Non-Executive Director	19 October 2017		
Andrea Waters	Non-Executive Director	19 October 2017		
Gregory Kenny	Non-Executive Director	19 February 2025		
Brett Morgan	Managing Director, Chief Executive Officer	17 January 2022		
Gary Dickson	Chief Financial Officer	19 October 2019		
Mandakini Khanna	Chief Risk Officer	12 December 2015		
Tim Newman	General Manager MyState Bank	12 June 2023		
Damian Hearne	General Manager Auswide Bank	19 February 2025		
Claudio Mazzarella	General Manager Everyday Banking & Marketing	29 May 2023	Redundant 19 February 2025	
Paul Moss	Chief Operating Officer	13 May 2015	Ceased as KMP 19 February 2025	
Matthew Pearson	General Manager Wealth	11 September 2023	Ceased as KMP 19 February 2025	
Janelle Whittle	General Manager People, Community & Public Affairs	22 January 2018	Ceased as KMP 19 February 2025	

MyState Limited Non-Executive Director Robert Gordon retired at the Annual General Meeting in October 2024.

A new Board and Executive team were in place for day one of the merged business of MyState and Auswide.

- Sandra Birkenleigh was appointed Non-Executive Director and Board Chair of the MyState Group.
- Vaughn Richtor was Board Chair of the MyState Group until 18 February 2025.
- Gregory Kenny and Jacqueline Korhonen were appointed as Non-Executive Directors.
- Sibylle Krieger, Warren Lee, Vaughn Richtor and Andrea Waters continued as Non-Executive Directors.
- Stephen Davy resigned as a MyState Limited Non-Executive Director at the date of the merger transaction.
- Damian Hearne, previous executive of Auswide Bank, was appointed General Manager Auswide Bank effective 19 February 2025.
- Tim Newman held an alternate KMP role from 1 July 2024 to 19 February 2025, as General Manager Lending. His new role as General Manager MyState Bank commenced on 19 February 2025.

The Board determined the role General Manager TPT Wealth did not meet the criteria for KMP of the larger Group. Paul Moss and Janelle Whittle were appointed to the new Executive team as Chief Information Officer and Chief People Officer respectively. The Board determined these new positions did not meet the criteria for KMP of the larger Group. KMP is defined as the people who have the authority and responsibility for planning, directing and controlling the activities of the Group.

Our remuneration framework

Philosophy and principles

MyState Limited's remuneration policy is founded on a company-wide commitment to transparency, ethical practices and the creation of long-term value. The framework is designed to encourage and reward actions by executives that deliver positive results for both customers and shareholders through good discipline and strong financial performance, prudent risk management, and the maintenance and enhancement of our company's earned and valued reputation for trustworthiness in the market for financial services. The remuneration policy is designed to support these objectives through:

- appropriately structured performance-based pay for executives and other eligible employees, including short-term and long-term incentive plans;
- recognition and reward for strong performance linked to both favourable customer experiences and positive sustainable returns to shareholders;
- a thoughtful balancing of the company's capacity to pay and our need to attract and retain excellent staff at all levels;
- careful structuring of remuneration for our risk and financial control managers, including performance-based payments, to preserve their independence in carrying out their important roles;
- Board discretion over variable remuneration generally, including discretion to apply malus (reduction or forfeiture) to executive incentives, when appropriate, to preserve the interests of shareholders and customers and avoid unexpected or unjust outcomes; and
- enhancement of risk management and governance by maintaining separate structures for Non-Executive Director remuneration and executive remuneration.

Directors' remuneration

MyState's Non-Executive Directors (NEDs) are paid annual fixed fees, including statutory superannuation, for their services. They are also entitled to reimbursement of reasonable expenses.

Unlike executives, NEDs do not receive short-term or long-term incentive payments. The Board determines the level of fees paid to Non-Executive Directors according to two main criteria:

- the level of skill and experience required to conduct their roles; and
- the level of fees needed to attract and retain talented NEDs.

The aggregate remuneration paid to all NEDs, including statutory superannuation, may not exceed the amount fixed by shareholders, which is currently \$1,200,000. Each NED currently receives a base fee of \$110,000 per annum, and the Chair receives \$236,500 per annum. Chairs of Board Committees (other than the Board Chair) receive an additional \$20,000 per annum, the TPT Wealth Limited Board Chair receives an additional \$30,000 per annum.

Managing Director and executive remuneration

Executive remuneration mix

MyState Limited's remuneration packages for the Managing Director and executives who report directly to the Managing Director are structured to support the company's ability to attract and retain talented and experienced leaders, and to provide incentives and rewards for high performance and achievement of the company's goals and objectives over the short, medium and long-term. Executive remuneration packages comprise three elements: Total Fixed Reward (TFR), cash-based Short-Term Incentives (STI) and equity-based long-term incentives (ELTIP). The maximum value of incentives is expressed as a percentage of TFR as determined by the Board.

1. TFR

TFR for executives, including the Managing Director, comprises a fixed base salary, superannuation contributions, optional salary sacrifice, and fixed allowances as applicable. The level of payment is set with reference to:

- the relative strategic value and importance of the role;
- the complexity and breadth of the role;
- experience and skills required; and
- external market considerations for comparable positions.

Base salary rates are set with a view to attracting and retaining talented and culturally aligned executives, while delivering value to shareholders. Executive salaries are periodically reviewed to take into account external market conditions, the business-critical nature of the role, and individual performance.

2. STI

Cash-based STIs provide appropriate rewards to executives for meeting or exceeding performance targets and achieving our core company goals – both financial and non-financial. To this end, STI performance measures and associated targets are set with reference to the drivers of annual company performance and the roles of individual executives in achieving positive business outcomes. The STI awarded to executives is calculated annually by assessing performance against the achievement of performance measures set via a STI 'scorecard'. These include financial, growth, cultural, risk and compliance, reputational, customer and stakeholder measures. Financial and non-financial gateways serve to balance reward with MyState's profitability and to avoid rewarding conduct that is inconsistent with our values and risk framework.

3. ELTIP

Long-term incentive payments to executives, in the form of company shares or performance rights, under the ELTIP exist to encourage and culturally embed long-term thinking and risk management among our company leaders. Long-term planning plays an indispensable role in preparing the company to meet future challenges in an evolving financial services marketplace, and to take advantage of new opportunities as they arise.

FY25 Executive remuneration breakdown

Managing Director– total target reward			
TFR 40%	Maximum STI 28%	Maximum ELTIP 32%	
	Paid as cash. Performance assessed against business performance for the financial year.	Paid as shares or performance rights	
		Total Shareholder Return (TSR) 75%	Return on Equity (ROE) 25%
	70% of total TFR	80% of TFR	
Chief Risk Officer – total target reward			
TFR 62%	Maximum STI 19%	Maximum ELTIP 19%	
	Paid as cash. Performance assessed against business and individual performance for the financial year.	Paid as shares or performance rights	
		Total Shareholder Return (TSR) 75%	Return on Equity (ROE) 25%
	30% of TFR	30% of TFR	
Executives - total target reward			
TFR 59%	Maximum STI 18%	Maximum ELTIP 23%	
	Paid as cash. Performance assessed against business and individual performance for the financial year.	Paid as shares or performance rights	
		Total Shareholder Return (TSR) 75%	Return on Equity (ROE) 25%
	30% of TFR	40% of TFR	

Remuneration governance

A Group People, Remuneration and Nominations Committee – appointed by the MyState Board and comprising three Non-Executive Directors – assists the Board in discharging its remuneration governance responsibilities. Among a range of functions, the Committee reviews and makes recommendations to the Board on:

- remuneration arrangements for Directors, the Managing Director and other executives;
- executive incentives, including setting gateways, performance measures and targets at the commencement of the performance period, and assessing performance outcomes against these measures and targets at the conclusion of the performance period, and making recommendations for payment or otherwise;
- incentive payments for Material Risk Takers, and the aggregate pool for short-term incentives for non-executive staff; and
- the appropriate exercise of Board discretion on variable remuneration matters.

The Committee assists the Board to meet remuneration obligations required by APRA Prudential Standards and the Financial Accountability Regime (FAR). The Committee also aims to eliminate conflicts of interest from decisions concerning executive remuneration. To this end, no executive is directly involved in deciding their own remuneration.

Company performance

MyState's financial performance informs the level of incentive-based remuneration – both short-term and long-term.

For the financial year in review, MyState delivered an underlying net profit after tax and before merger related items of \$41.3m, and has grown the lending and deposit books as well as bank customers. The year delivered transformational change for the MyState Group, with the completion of a merger with Auswide Bank. In the first four months of the new merged entity, \$8.4m in annualised cost synergies have been generated, this rate of cost reduction is ahead of expectations.

Excluding the investment in merger transaction and integration activities, underlying cost growth across MyState Bank and TPT Wealth averaged 3.7%, primarily driven by inflationary impacts on technology costs and wages, with overall headcount lower.

In addition to completing the merger, the Group continued to execute initiatives of strategic importance. MyState Bank launched its new digital banking experience with all retail banking customers successfully migrated onto the new platform. TPT Wealth has targeted and built a strong Trust pipeline whilst concurrently reducing its cost base, Auswide Bank successfully implemented a partnership with Elders and completed the acquisition of Specialist Equipment Leasing Finance Company Pty Ltd (SelfCo), diversifying the portfolio of the Group to include equipment finance. Credit quality remains sound with arrears rates below industry average and MyState's capital position has strengthened during the course of the year.

As shown below, in FY25 the company has delivered a sound full-year profit in a challenging market and economic environment. The 2025 results include the contribution of the Auswide Group from February 2025.

Indicator	2021	2022	2023	2024	2025
Statutory profit after income tax (\$'000)	36,341	32,026	38,502	35,288	35,558
Statutory earnings per share (EPS) (cents)	39.18	30.34	35.45	32.02	26.40
Underlying profit after income tax (\$'000) ¹	36,341	32,026	38,502	35,288	41,300
Underlying earnings per share (EPS) (cents) ¹	39.18	30.34	35.45	32.02	30.66
Dividends paid (\$'000)	11,508	26,874	24,720	25,285	30,426
Share price (dollar)	4.68	4.08	3.17	3.74	4.21
Statutory average return on equity (%)	10.3	7.7	8.7	7.7	7.3
Statutory cost to income ratio (%)	63.1	68.4	64.0	66.3	68.0

¹ Underlying profit after income tax excludes merger related transaction and integration costs

Key highlights for FY25 include:

- Completion of the merger between MyState and Auswide, delivering a significant increase in scale, capital base, home loan and deposit portfolios.
- Appropriate balance struck between growing the home loan book and retail deposits with margin optimisation and returns.
- Delivered in excess of \$8 million in annualised cost synergies.
- Successfully migrated all MyState Bank retail customers onto new modern Digital Banking platform.
- Launched a partnership with Elders to offer Auswide banking products through the Elders network.
- Selfco's equipment finance book grew 43% since merger completion.
- TPT Wealth has built significant momentum in the referral and conversion of trustee opportunities whilst maintaining an ongoing focus on productivity and efficiency with expenses down 3%.
- Maintained high employee engagement of 71% through a period of uncertainty and change.

Short-term incentive (STI) payments

How STI payments are calculated

Each year, the Group People, Remuneration and Nominations Committee (the Committee) recommends to the Board key performance indicators (KPIs) for the Managing Director with reference to short-term incentive payments. The Managing Director, in turn, recommends KPIs for executives to the Committee, which then makes a recommendation to the Board. KPIs for STI payments include both financial and non-financial metrics that are considered consistent with the business plans and desired culture of the Group.

At the end of each financial year, the Managing Director assesses the performance of the executives against their KPIs and any additional matters of relevance that have arisen during the performance period, and makes a recommendation for each executive to the Committee. Simultaneously, the Committee assesses the performance of the Managing Director against the relevant KPIs, and any additional matters of relevance that have arisen during the performance period. After consultation with the Group Risk Committee, the Committee recommends STI payment amounts to the Board for approval.

The Board retains complete discretion over STI payments, including the right to reduce or forfeit payments as it sees fit. The annual STI component may be reduced or forfeited if the company, or an individual executive, does not meet the 'gateway' criteria approved by the Board at the start of the financial year.

Threshold performance levels for risk and compliance, customer advocacy, executive behaviour standards and profit must be met or exceeded for payments to be made under the STI program.

Executives are assessed as a group with reference to performance on net profit, customer advocacy and on risk and compliance – including corporate reputational matters. Individual executive behaviours are assessed against the MyState values, and individual executives' risk and compliance accountabilities are measured via a scorecard comprising several indicators. The Board has the discretion to reduce the STI (including to zero) if any of these gateways are not met.

The STI scorecard includes a mix of financial and non-financial metrics, with the relative weightings varying between different executive roles.

The scorecard comprises a diverse list of both quantitative and qualitative performance measures (or criteria), which have been chosen with a view to driving positive outcomes not just for MyState shareholders, but also for customers, employees and other key stakeholders of the organisation.

Quantitative performance measures include cost to income ratio, funds under management, loan book and retail deposit growth, the increase in bank customers and employee engagement. Executives are also individually assessed with reference to their performance as leaders in their specific roles, and for their individual contributions to the future development of the organisation. The Board has the discretion to vary STI outcomes to reflect differing levels of performance.

MyState values Our 3 Cs – to make it happen

Create customer 'wow'

- We act in our customers' best interests and deliver on our promises.
- We build trust by being clear, caring and genuine.
- We simplify our customer experience to make things easy and deliver with heart.
- We take pride in understanding what matters most.

Chase the better

- We are bold in our ambition and passionate about sustainable progress.
- We empower our people to identify the 'why', own their actions and adapt to change.
- We have the courage to try new things and grow through learning, and celebrate success.
- We improve continuously – how we think, how we work together, and our customer experience.

Collaborate to win

- We care for each other, our customers, our communities and our partners.
- We combine our efforts and strengths across our business to win together.
- We take ownership and support one another to be accountable in a positive, respectful way.
- We share knowledge freely to enable confident, informed decision making.

2024-2025 'gateway' criteria for short-term incentive payments

If threshold performance is not met, the STI may be reduced or forfeited at the discretion of the Board. The Board retains a residual discretion not to award or pay STIs even if the measures have been met, if, in its reasonable view, the needs of the Group require this.

Group gateways	Assessment measures
1. Group risk	The MyState Group meets compliance and risk management obligations; reputation is not materially damaged; capital adequacy and liquidity are managed within Board limits.
2. Group profit	NPAT exceeds the threshold level as determined by the Board.
3. Customer advocacy	The customer net promoter score exceeds a monthly average target score.
Individual gateways	Assessment measures
4. Values and behaviours	The individual executive meets behaviour expectations, assessed against the MyState values.
5. Individual risk	The executive risk scorecard meets the standard required.
6. Individual accountability	An Accountable Person meets their personal accountability obligations as per the FAR.

The Board has made a positive assessment of the Group STI gateways, determining the FY25 STI program is open for assessment. In making this decision consideration was given to the following:

- underlying profit was \$41.3m.
- no material risk or reputational incidents; and
- customer advocacy remained strong with a customer net promoter score of 54.

With regard to individual risk, the GPRNC consulted with the Group Risk Committee in the assessment of the risk scorecard for the Managing Director, and each individual executive. It was determined that each executive met or exceeded the risk standards required by the Board.

In consultation with the Managing Director, each individual executive reporting to the Managing Director, was assessed as living the Group values and having met the standards required by the Board. In addition the Board determined the Managing Director consistently demonstrated behaviours aligned to the Group values.

Executives who are also Accountable Persons under FAR have met their accountability obligations. There were no FAR breaches and executives have been positively assessed on how they have operationalised their accountability obligations through the year in review.

STI assessment for 2024-2025









The following key performance measures and the level of achievement have been assessed by the Board for the 2024-2025 financial year. In making this assessment in addition to the scorecard, the Board took into account the merger between MyState and Auswide, management's focus on optimising business performance, including the early realisation of merger synergies, and the delivery of projects of strategic significance.

The FY25 executive scorecard, the basis on which eligibility for an STI is assessed, did not contemplate the merger between MyState and Auswide Bank. The Board acknowledges the transformational year for the Group, which included announcing the intention to merge, gaining all necessary approvals and completing the merger with Auswide Bank in February 2025. Further, management demonstrated discipline in delivering benefits from the merger, with annualised cost synergies of \$8.4m to 30 June 2025 which was above target. Management also delivered an underlying financial result that was ahead of market consensus. During this time there was no disruption to customer service and sentiment from staff is positive, with a Group employee engagement score of 71.

The performance of each of the individual businesses also benefited from the execution of key foundational projects aimed to improved business performance and service to customers. Auswide Bank completed the acquisition of SelfCo, and launched a distribution partnership with Elders. TPT Wealth identified and has significant momentum in the referral and conversion of new trustee opportunities. MyState Bank implemented a new digital platform and successfully migrated all retail customers, substantially improving the digital banking experience. The new consolidated home lending book grew at an annualised rate of 7.5% after completion of the merger, and expenses were well managed.

It is on this basis the Board has awarded STIs to executives for FY25 performance. Each executive's individual contribution to the merger, specific strategic priorities and FY25 performance have been considered in determining the individual award of cash bonuses.

STI scorecard assessment

Area	Measure	Driver	Performance
Financial	Cost to income ratio		
	Group and business unit efficiency	Operating efficiency	
	TPT funds under management	Growing funds under management in our wealth business	
	Balance sheet	Growing the size of our loan book	
	Customer growth	Growing our retail deposits and new to bank customers	
People	Employee engagement	Positive employee experience score	
	Leadership	Lifting the bar on capability	
		Individual contribution to delivery of strategically significant projects	
Customer	Customer sentiment	Digital experience and customer advocacy	

 Met or exceeded target
  Below target
  Target partially met

If the results on which any STI reward was based are subsequently found by the Board to have been the subject of deliberate management misstatement, error, misrepresentation or act or omission, which the Group People, Remuneration and Nominations Committee or the Board (acting reasonably) considers would have resulted in the KPIs not being satisfied, or there is otherwise a reward decision incorrectly made, the Board may require repayment of the whole or part of the relevant STI, in addition to taking any other disciplinary actions.

STI outcomes for 2024-2025

Details of STI payment offers for the 2024-2025 financial year and the 2023-2024 financial year are set out below:

Key Management Personnel	% max. (of TFR)	Max. payable	% awarded	% forfeited	\$ amount paid	% which is not yet assessed for payment
2024-2025³						
Brett Morgan	70%	\$448,000	75%	25%	\$336,000	-
Gary Dickson	30%	\$123,000	73%	27%	\$90,000	-
Mandakini Khanna	30%	\$123,000	73%	27%	\$90,000	-
Tim Newman	30%	\$112,500	76%	24%	\$85,000	-
Damian Hearne ²	30%	\$100,237	60%	40%	\$60,000	-
Matthew Pearson ¹	30%	\$71,815	40%	60%	\$28,726	-
Paul Moss ¹	30%	\$71,815	40%	60%	\$28,726	-
Janelle Whittle ¹	30%	\$62,240	72%	28%	\$44,685	-
Claudio Mazzarella ¹	30%	\$71,815	0%	100%	-	-
2023-2024						
Brett Morgan	70%	\$448,000	67%	33%	\$300,000	-
Gary Dickson	30%	\$123,000	73%	27%	\$90,000	-
Mandakini Khanna	30%	\$123,000	73%	27%	\$90,000	-
Tim Newman	30%	\$112,500	55%	45%	\$62,000	-
Matthew Pearson ²	30%	\$90,000	56%	44%	\$50,000	-
Paul Moss	30%	\$112,500	55%	45%	\$62,000	-
Janelle Whittle	30%	\$97,500	55%	45%	\$54,000	-
Claudio Mazzarella	30%	\$112,500	50%	50%	\$56,000	-

1. Pro-rata payable based on the period served as KMP, 1 July 2025 to 19 February 2025.

2. Pro-rata payable based on commencement as KMP.

3. Following the merger with Auswide Bank Ltd on 19 February 2025 and the appointment of KMP for the Group. Refer to the 'Our people and our company' section of this report for respective dates.

Executive Long-Term Incentive Plan (ELTIP)

How the ELTIP works

The Executive Long-Term Incentive Plan (ELTIP) was established by the Board to encourage and motivate the Managing Director and other eligible executives by rewarding them with company shares for helping to create long-term value for the company's shareholders. Participating executives are allocated 'performance rights' which, on vesting, deliver one share for each vested performance right.

Each year, the Board has the discretion to offer executives shares/performance rights worth up to a specified percentage of their TFR. The 2022 offer is equal to 70% of TFR for the Managing Director, and 30% of TFR for eligible executives. The 2023 to 2024 offers are equal to 80% of TFR for the Managing Director, and a range of 30%-40% for eligible executives as determined by the Board. The 2025 (financial year 2026) offer is equal to 100% of TFR for the Managing Director, and a range of 40%-50% for eligible executives as determined by the Board. The number of shares or performance rights allocated is based on the Volume Weighted Average Price (VWAP) of shares calculated over the 20 trading days to 30 June immediately prior to the commencement of the performance period for the relevant offer.

For the performance rights to vest, certain performance criteria must be satisfied within the specified performance period.

Both the performance criteria and the performance period are set by the Board alone. ELTIP performance measures for the 2022 offers are weighted equally between relative TSR and ROE. The relative TSR incorporates both dividends paid and movements in share prices, while the ROE is a measure of corporate profitability. For the 2023 to 2025 offers, the TSR performance measure will have a weighting of 75% and the ROE performance measure will have a weighting of 25%. Currently the Board has set three financial years, commencing with the year in which an offer is made, as the performance period.

The performance criteria are assessed following the completion of each performance period. Under the ELTIP rules, an assessment is made against the performance criteria to determine the number of performance rights awarded to the Managing Director and each participating executive.

Performance rights cannot be allocated for a further two year deferral period. This means a total period of five years will elapse from the commencement of the performance period to the time when shares are vested. Any ELTIP reward is subject to reassessment and possible reduction or forfeiture. This enables the Board to adjust share allocations (potentially to zero) to protect the financial soundness of the company or respond to significant unforeseen or unexpected consequences. In addition, if the Managing Director or a participating executive is an Accountable Person under the Banking Executive Accountability Regime (BEAR), or the FAR, allocating the shares will be subject to the Board being satisfied that the Accountable Person has met their accountability obligations. The number of shares allocated (and/or the value of any associated payment) may be reduced or cancelled to the extent that the Board determines that the accountability obligations have not been met.

Allocation of shares to the Managing Director and eligible executives is ultimately at the complete discretion of the Board. The participating executive cannot transfer or dispose of shares before they have been allocated to them. Any shares or performance rights to be allocated to the Managing Director under this plan require shareholder approval in accordance with ASX listing rules. Participating executives are required to not hedge their economic exposure to any allocated non-vested entitlement. Failure to comply with this directive will constitute a breach of duty and may result in forfeiture of the offer, dismissal, or both.

Commencement of employment during a financial year

Subject to Board approval, a pro-rata ELTIP offer can be made to an executive who commences employment during the financial year, but before 1 April. The terms of the offer must be consistent with all other offers for that year, irrespective of the date of employment commencement.

Cessation of employment

Executives who cease employment with the company will be eligible to receive shares only if the cessation is due to a Qualifying Reason, as defined by the ELTIP Plan Rules. Qualifying Reasons include death, total and permanent disability, retirement at normal retirement age, redundancy or other such reason as the Board may determine. Where an ELTIP participant ceases employment, their ELTIP offer will be assessed by the Board at the end of the performance period along with all other participants, subject to meeting the 12-month employment hurdle that applies to any ELTIP offer. If the separated employee is an Accountable Person under the FAR, any awarded shares will not be allocated until all FAR requirements are satisfied, including the variable remuneration deferral period.

Entitlement to dividend income

When shares allocated to an executive are held by a trustee, the executive is entitled to receive dividend payments on the allocated shares and to have the trustee exercise the voting rights on those shares in accordance with the executive's instructions. However, executives have no entitlements to dividends or voting rights for shares or performance rights during the deferral period.

ELTIP outcomes 2024-2025

Payment offers

Details of offers made under the Executive Long-Term Incentive Plan (ELTIP) are detailed in the following table:

Offer	2022	2023	2024
Performance period	1 July 2022 to 30 June 2025	1 July 2023 to 30 June 2026	1 July 2024 to 30 June 2027
The comparator group	Members of the S&P/ASX300		
Fair value of shares on offer date ¹			
• Managing Director	Managing Director \$3.66	Managing Director \$1.66	Managing Director \$1.96
• Other executives	Other executives \$3.87	Other executives \$2.16	Other executives \$1.75
Offer date			
• Managing Director	19 October 2022	19 October 2023	23 October 2024
• Other executives ³	19 August 2022	17 August 2023	2 October 2024
Value of offer ²			
• Managing Director	\$333,922	\$202,362	\$216,615
• Other executives	\$645,462	\$557,742	\$429,608

1. The fair value of offers that are assessed and awarded on market-based conditions is determined on the grant date in accordance with AASB 2. The fair value is used to recognise an expense over the performance period for the TSR component of offers. The value of the offer is the maximum value calculated as at the date of offer at that time. As such, it may include the value of offers made to individuals who are no longer executives of the company.
2. The value of the offer is the maximum value calculated as at the date of offer at that time. As such, it may include the value of offers made to individuals who are no longer executives of the company.
3. Pro-rata offer made in respect of the '2023' offer to Matthew Pearson.

Calculation of the reward TSR component

TSR component will vest on the following basis.

For the 2021 and 2022 offers the TSR component has a weighting of 50%:

MYS TSR relative to the ASX 300:	Percentage of the applicable reward that will vest:
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th percentile and the 75th percentile	Straight line basis between 50% and 100%
At or above the 75th percentile	100%

For the 2023, 2024 and 2025 offers the TSR component has a weighting of 75%:

MYS TSR relative to the ASX 300:	Percentage of the applicable reward that will vest:
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th percentile and the 75th percentile	Straight line basis between 50% and 100%
At or above the 75th percentile	100%

Calculation of the reward ROE component

The ROE component is based upon the Company's post-tax ROE and will be payable on the following basis.

For the 2021 and 2022 offers the ROE component has a weighting of 50%:

Statutory ROE with Board discretion to adjust for one-off items:	Percentage of the applicable reward that will vest:
Below 30.00%	0%
30.00%	50%
30.00% to 31.50%	Straight line basis from 50% to 100%
31.50% or above	100%

For the 2023 offer the ROE component has a weighting of 25%:

Statutory ROE with Board discretion to adjust for one-off items:	Percentage of the applicable reward that will vest:
Below 30.00%	0%
30.00%	50%
30.00% to 31.50%	Straight line basis from 50% to 100%
31.50% or above	100%

For the 2024 and 2025 offer the ROE component has a weighting of 25%:

Statutory ROE with Board discretion to adjust for one-off items:	Percentage of the applicable reward that will vest:
Below the Board approved business plan target %	0%
Equal to the Board approved business plan target %	50%
Exceeds the Board approved business plan target ¹ by 1.5% / 150 bps	100%
	Straight line basis from 50% to 100%

1. The ROE target will be assessed at the end of the three-year performance period. The aggregate threshold performance for the ROE component will be disclosed on assessment.

Actual and potential ELTIP share allocations

The following table details, for current and former KMP, the status of offers made under the ELTIP. The '2021' offer performance period was completed on 30 June 2024. The '2022' offer performance period was completed on 30 June 2025.

2022 offer	Component	Maximum offer	Forfeited lapsed	Awarded in the 2024-25 financial year	Not yet assessed for vesting
Key Management Personnel		Number of shares			
Brett Morgan	TSR	52,458	26,229	26,229	-
	ROE	52,458	52,458	-	-
Gary Dickson	TSR	14,389	7,194	7,195	-
	ROE	14,389	14,389	-	-
Mandakini Khanna	TSR	14,029	7,014	7,015	-
	ROE	14,029	14,029	-	-
Alan Logan	TSR	13,309	13,309	-	-
	ROE	13,310	13,310	-	-
Paul Moss	TSR	13,129	6,564	6,565	-
	ROE	13,129	13,129	-	-
Huw Bough	TSR	14,029	14,029	-	-
	ROE	14,029	14,029	-	-
Janelle Whittle	TSR	11,331	5,665	5,666	-
	ROE	11,331	11,331	-	-

2021 offer	Component	Maximum offer	Forfeited lapsed	Awarded in the 2023-24 financial year	Not yet assessed for vesting
Key Management Personnel		Number of shares			
Brett Morgan	TSR	20,602	20,602	-	-
	ROE	20,602	20,602	-	-
Gary Dickson	TSR	12,500	12,500	-	-
	ROE	12,500	12,500	-	-
Mandakini Khanna	TSR	12,188	12,188	-	-
	ROE	12,187	12,187	-	-
Heather McGovern	TSR	10,313	10,313	-	-
	ROE	10,312	10,312	-	-
Alan Logan	TSR	9,630	9,630	-	-
	ROE	9,630	9,630	-	-
Paul Moss	TSR	11,407	11,407	-	-
	ROE	11,406	11,406	-	-
Huw Bough	TSR	12,188	12,188	-	-
	ROE	12,187	12,187	-	-
Janelle Whittle	TSR	9,844	9,844	-	-
	ROE	9,844	9,844	-	-

The 2023, 2024 and 2025 offers have not been assessed for vesting. The following table shows the maximum number of shares available under each of these offers.

Component		2023 offer	2024 offer	2025 offer ¹
Key Management Personnel		Number of shares		
Brett Morgan	TSR	121,905	102,127	126,056
	ROE	40,635	34,043	42,019
Gary Dickson	TSR	39,048	32,713	39,613
	ROE	13,016	10,904	13,204
Mandakini Khanna	TSR	29,286	24,535	29,578
	ROE	9,762	8,178	9,859
Tim Newman	TSR	35,714	29,921	29,578
	ROE	11,905	9,973	9,859
Damian Hearne ⁽²⁾	TSR	-	26,659	26,408
	ROE	-	8,886	8,803
Paul Moss ⁽³⁾	TSR	35,714	29,921	-
	ROE	11,905	9,973	-
Janelle Whittle ⁽³⁾	TSR	30,952	25,930	-
	ROE	10,317	8,644	-
Mathew Pearson ⁽³⁾	TSR	28,571	29,921	-
	ROE	9,524	9,973	-
Claudio Mazzarella ⁽³⁾	TSR	35,714	29,921	-
	ROE	11,905	9,973	-

1. The Board has determined to make "2025" ELTIP offer to eligible participants. On acceptance of the "2025" ELTIP offer by each recipient, the company will issue the relevant number of performance rights and notify the market accordingly. The offer to the Managing Director and CEO, Brett Morgan, is subject to shareholder approval at the 2025 Annual General Meeting and subsequent notice to the market.
2. The Board has determined to offer Damian Hearne a full year offer for 2024 (FY25) in accordance with commitments made by both parties pre-merger (MyState and Auswide) to harmonise the pre-existing ELTIP programs. On acceptance of the "2024" ELTIP offer, the company will issue the relevant number of performance rights and notify the market accordingly. Auswide executives were not granted 2024 ELTIPs.
3. Following the merger with Auswide Bank Ltd on 19 February 2025 and the appointment of KMP for the Group, some executive roles did not meet the criteria for KMP. Refer to the 'Our people and our company' section of this report for respective dates.

Review of executive remuneration

The details of individual executive terms and conditions are provided below in the section titled executive employment agreements. The Board sought advice from KPMG with respect to executive remuneration, specifically benchmarking fixed remuneration and the remuneration mix in the context of the increase in scale and complexity of the business post-merger, and the increased scope of accountability for some executives. The external advice clearly showed the remuneration arrangements for executives in the merged Group fell short of the Board's target range. MyState Limited did not adjust the fixed remuneration for executives in the prior financial year. The letter by the Chair of the GPRNC at the introduction to the Remuneration Report provides a more detailed overview of the decisions made with respect to executive remuneration arrangements.

Executive employment agreements

The Managing Director and executives are employed under individual open-ended employment contracts that set out the terms of their employment, as detailed below. Any adjustments to fixed remuneration apply from the first full pay period in October for the relevant financial year in which the adjustment is made, unless otherwise stated.

Incumbent	Commenced in role	Contract term	TFR	STI (maximum)	ELTIP (maximum)	Termination provisions in the event of termination by the Company
Brett Morgan ¹	17 January 2022	Ongoing	\$716,000	100% TFR	100% TFR	Notice: The contract may be terminated by the Company with six months' notice or payment in lieu of notice. Entitlement: <ul style="list-style-type: none"> Pro-rata STI payment applied as at the date of termination. Payment of STI if the performance period is complete but not yet paid. Pro-rata ELTIP allocation, in accordance with the ELTIP rules.
Tim Newman ²	9 August 2022	Ongoing	\$420,000	40% TFR	40% TFR upon invitation to participate	Notice: Each contract can be terminated by the Company upon provision of three months' notice. Entitlement: <ul style="list-style-type: none"> Pro-rata STI payment applied as at the date of termination. Payment of STI if the performance period is complete but not yet paid. Pro-rata ELTIP allocation, in accordance with the ELTIP rules.
Damian Hearne ⁽³⁾	19 February 2025	Ongoing	\$375,000			
Claudio Mazzearella ⁴	29 May 2023	Ceased				
Matthew Pearson ⁵	11 September 2023	Ongoing				
Gary Dickson	19 October 2019	Ongoing	\$450,000	50% TFR	50% TFR upon invitation to participate	Notice: Each contract can be terminated by the Company upon provision of three months' notice. Entitlement: <ul style="list-style-type: none"> Payment of the equivalent of six months TFR (inclusive of the provision of three months' notice). Pro-rata STI payment applied as at the date of termination. Payment of STI if the performance period is complete but not yet paid. Pro-rata ELTIP allocation, in accordance with the ELTIP rules.
Mandakini Khanna	1 December 2015	Ongoing	\$420,000	40% TFR	40% TFR upon invitation to participate	<ul style="list-style-type: none"> Pro-rata STI payment applied as at the date of termination. Payment of STI if the performance period is complete but not yet paid. Pro-rata ELTIP allocation, in accordance with the ELTIP rules.
Paul Moss ⁵	13 May 2015	Ongoing				
Janelle Whittle ⁵	22 January 2018	Ongoing				

1. Required to hold shares to the value of 50% of TFR.
2. Appointed General Manager MyState Bank following the merger on 19 February 2025.
3. Appointed General Manager Auswide Bank following the merger on 19 February 2025.
4. Ceased by redundancy following the merger on 19 February 2025.
5. Ceased to be KMP following the merger on 19 February 2025.

Statutory tables

	Financial year	Salary & fees	Cash bonus ⁽²⁾	Other short-term benefits	Non-monetary benefits ⁽³⁾	Post-employment	Termination benefits	Share-based payment ⁽⁴⁾	Total
Non-Executive Directors									
Sandra Birkenleigh	2025	78,317	-	-	-	9,006	-	-	87,323
	2024	-	-	-	-	-	-	-	-
Vaughn Richtor	2025	170,923	-	-	-	19,656	-	-	190,579
	2024	213,063	-	-	-	23,437	-	-	236,500
Robert Gordon	2025	35,874	-	-	-	7,726	-	-	43,600
	2024	125,641	-	-	-	25,521	-	-	151,162
Sibylle Krieger	2025	116,593	-	-	-	13,408	-	-	130,001
	2024	112,716	-	-	-	12,399	-	-	125,115
Warren Lee	2025	125,561	-	-	-	14,439	-	-	140,000
	2024	124,047	-	-	-	13,645	-	-	137,692
Stephen Davy	2025	73,991	-	-	-	8,509	-	-	82,500
	2024	109,044	-	-	-	11,995	-	-	121,039
Andrea Waters	2025	130,000	-	-	-	-	-	-	130,000
	2024	125,115	-	-	-	-	-	-	125,115
Jacqueline Korhonen	2025	37,806	-	-	-	4,348	-	-	42,154
	2024	-	-	-	-	-	-	-	-
Gregory Kenny	2025	36,426	-	-	-	4,189	-	-	40,615
	2024	-	-	-	-	-	-	-	-
Total NED	2025	805,491	-	-	-	81,281	-	-	886,772
	2024	809,626	-	-	-	86,997	-	-	896,623

	Financial year	Salary & fees	Cash bonus ⁽²⁾	Other short-term benefits	Non-monetary benefits ⁽³⁾	Post-employment	Termination benefits	Share-based payment ⁽⁴⁾	Total
Executives¹									
Brett Morgan	2025	610,000	336,000	-	1,594	30,000	-	224,388	1,201,982
	2024	608,750	300,000	-	1,627	27,500	-	149,251	1,087,128
Gary Dickson	2025	380,000	90,000	-	-	30,000	-	69,835	569,835
	2024	377,495	90,000	-	-	24,794	-	52,928	545,217
Mandakini Khanna	2025	378,048	90,000	-	1,594	42,287	-	55,332	567,261
	2024	377,500	90,000	-	1,627	27,500	-	45,564	542,191
Tim Newman	2025	345,000	85,000	-	-	30,000	-	60,665	520,665
	2024	347,500	62,000	-	-	27,500	-	33,362	470,362
Damian Hearne	2025	110,644	60,000	-	-	12,724	-	-	183,368
	2024	-	-	-	-	-	-	-	-
Paul Moss	2025	225,577	28,726	-	1,017	19,615	-	40,756	315,691
	2024	345,000	62,000	-	1,627	27,500	-	48,354	484,481
Janelle Whittle	2025	193,269	44,685	-	1,017	19,451	-	35,294	293,716
	2024	306,848	54,000	-	1,627	27,500	-	41,821	431,796
Matthew Pearson	2025	225,577	28,726	-	-	19,615	-	17,429	291,347
	2024	282,265	50,000	-	-	22,338	-	7,674	362,277
Claudio Mazzarella	2025	225,857	-	-	-	19,356	25,576	22,672	293,461
	2024	347,983	56,000	-	-	27,385	-	8,214	439,582
Huw Bough	2025	-	-	-	-	-	-	-	-
	2024	115,301	-	-	-	6,769	-	-	122,070
Total	2025	2,693,972	763,137	-	5,222	223,048	25,576	526,371	4,237,326
Executive	2024	3,108,642	764,000	-	6,508	218,786	-	387,168	4,485,104
Total	2025	3,499,463	763,137	-	5,222	304,329	25,576	526,371	5,124,098
KMP	2024	3,918,268	764,000	-	6,508	305,783	-	387,168	5,381,727

- Following the merger with Auswide Bank Ltd on 19 February 2025 and the appointment of KMP for the Group, some executive roles did not meet the criteria for KMP. The remuneration for individuals in these roles has been disclosed on a pro-rata basis. Refer to the 'Our people and our company' section of this report for respective dates.
- The cash bonus shown in "2024" and "2025" represents the gratuity award and short-term incentives in respect to performance for select KMP.
- Non-monetary benefits consist of car parking expense, travel and accommodation and entertainment.
- Share-based payment amounts have been calculated in accordance with the relevant accounting policy and Accounting Standard. The fair value of the share grant is calculated at the date of grant and is allocated to each reporting period evenly over the period from grant date to vesting date. This fair value will generally be different to the value of shares at the time they vest. The value disclosed is the portion of the fair value of the share grant allocated to this reporting period. These amounts represent share grants that will only vest to the KMP when certain performance and service criteria are met. In some circumstances all, or a portion, of the shares may never vest to the KMP. As these figures are based on accrual accounting and are not a reflection of actual cash paid or shares vested, negative figures can result in the event of accrual reversals being recorded. Amounts stated are in respect of the period that the individual held a role of a KMP.

Shareholdings of Key Management Personnel (KMP)

Non-Executive Director minimum shareholding

In the absence of approval from the Board to the contrary, Non-Executive Directors are required to acquire and maintain, directly or indirectly, shares in MyState Limited to the equivalent of one year's pre-tax base Director's fee or base Chair fee as the case may be. The Minimum Shareholding Requirement (MSR) must be achieved within four years of their appointment as a NED or as Chair. The value of the shares held for the purpose of calculating the MSR will be determined by the price of the shares at time of purchase.

Managing Director minimum shareholding

In the absence of approval from the Board to the contrary, the Managing Director will be required to acquire and maintain shares in MyState Limited equivalent to 50% of their Total Fixed Reward (TFR) within four years of appointment. Any shares subject to deferral (including shares that may be allocated in respect of awarded performance rights) will be recognised for the purposes

of the requirement. The shares in MyState Limited may include shares obtained prior to commencement of employment and/or shares acquired through ELTIP or any other scheme. The value of the shares held for the purpose of calculating the MSR will be determined by the price of the shares at the time of purchase, or the "issue price" in the case of any shares acquired under the ELTIP.

Related parties of KMP shareholdings

Details of ordinary shares in the company held by KMP and their related parties are set out in the table below, which shows both issued shares and performance rights to be converted to shares. Related parties include close family members and entities under joint or several control, or significant influence, of the KMP and their close family members. No equity transactions with the KMP, other than those arising as payment for compensation, have been entered into with the company.

	No. of shares and / or vested performance rights at commencement of financial year ⁽¹⁾	No. of shares awarded but not yet vested ⁽²⁾	Net change other ⁽³⁾	No. of shares at end of financial year	Of which: No. of shares at end of financial year held by ELTIP trustee ⁽⁴⁾
Key Management Personnel	1	2	3	1 + 2 + 3	
Non-executive Directors					
Sandra Birkensleigh	-	-	5,230	5,230	-
Vaughn Richter	41,682	-	5,074	46,756	-
Robert Gordon (retired 23 October 2024)	38,725	-	-	38,725	-
Sibylle Krieger	32,139	-	1,928	34,067	-
Warren Lee	37,641	-	-	37,641	-
Andrea Waters	38,371	-	2,302	40,673	-
Jacqueline Korhonen	-	-	5,700	5,700	-
Gregory Kenny	-	-	21,680	21,680	-
Stephen Davy (ceased 18 February 2025)	-	-	-	-	-
Sub Total	188,558	-	41,914	230,472	-
Executive ⁽⁵⁾					
Brett Morgan	41,800	26,229	33,094	101,123	-
Gary Dickson	11,199	7,195	-	18,394	-
Tim Newman	-	5,261	-	5,261	-
Mandakini Khanna	35,169	7,015	1,005	43,189	17,756
Damian Hearne	-	-	500	500	-
Paul Moss	32,494	6,565	578	39,637	3,606
Janelle Whittle	21,782	5,666	-	27,448	2,232
Matthew Pearson	-	-	-	-	-
Claudio Mazzarella	-	-	-	-	-
Sub Total	142,444	57,931	35,177	235,552	23,594

1. Number of shares at commencement of financial year agrees to the closing position per FY24 remuneration report and includes performance rights vested under the "2020" and "2021" ELTIP offers and shares that have been issued (converted from a performance rights) under the "2019" ELTIP offer. From the "2018" offer onwards, under BEAR / FAR requirements, any performance rights vested are "held" in suspension pending the additional Board assessment (two years post) that there has been no subsequent forfeiture event.
2. KMP personal share purchase or participation in Dividend Reinvestment Plan (DRP).
3. The independent assessment of the company performance against the "2022" ELTIP targets was completed in August 2025 and resulted in shares being awarded to participants.
4. These amounts are the shares awarded under the "2017 and "2018" ELTIP offers and may also include shares subsequently received through participation in the DRP. These shares have been issued and are held by the trustee on behalf of the executives.
5. Following the merger with Auswide Bank Ltd on 19 February 2025 and the appointment of KMP for the Group, select KMP remuneration were disclosed for the full financial year or partially on a pro-rata basis. Refer to the 'Our people and our company' section of this report for respective dates.

Loans to Key Management Personnel

Loan transactions

Loans to KMP and their related parties (including close family members and entities over which the KMP and/or their close family members have control, joint control or significant influence) are provided in the ordinary course of business. Normal commercial terms and conditions are applied to all loans. Any discounts provided to KMP are the same as those available to all employees of the Group. There have been no write-downs or amounts recorded as provisions during FY25.

There were no loans held by KMP and their related parties during FY25, where the individual's aggregate loan balance exceeded \$100,000 at any time in this period.

Signed in accordance with a resolution of the Directors.



Sandra Birkenleigh
Chair



Brett Morgan
Managing Director and Chief Executive Officer

Hobart, dated this 19 August 2025

MyState Limited Consolidated Financial Statements

For the year ended 30 June 2025

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MyState Limited
Consolidated Income Statement
for the year ended 30 June 2025

	Notes	30 June 2025 \$ '000	30 June 2024 \$ '000
Interest income	2.1	608,582	478,922
Interest expense	2.1	(452,009)	(354,386)
Net interest income		156,573	124,536
Non-interest income from banking activities	2.1	15,526	12,490
Net banking operating income		172,099	137,026
Income from wealth management activities	2.2	14,544	15,404
Total operating income		186,643	152,430
Expenses			
Personnel costs		(57,958)	(45,806)
Administration costs	2.3	(24,242)	(20,255)
Technology costs	2.3	(29,931)	(21,430)
Occupancy costs	2.3	(5,446)	(4,142)
Marketing costs		(5,830)	(6,109)
Governance costs		(3,575)	(3,282)
Total operating expenses		(126,982)	(101,024)
Merger related items			
Transaction costs	1.4	(5,417)	-
Integration costs	1.4	(2,085)	-
Purchase price allocation amortisation	1.4	1,619	-
Total expenses		(132,865)	(101,024)
Profit before impairment and tax expense		53,778	51,406
Impairment recovery / (expense) on loans and advances	4.3	(480)	(1,204)
Profit before tax		53,298	50,202
Income tax expense	6.1	(17,740)	(14,913)
Profit for the year		35,558	35,289
Profit attributable to the:			
Equity holders of MyState Limited		35,558	35,289
Basic earnings per share (cents per share)	2.4	26.40	32.02
Diluted earnings per share (cents per share)	2.4	23.60	27.56

The accompanying notes form part of these financial statements.

MyState Limited
Consolidated Statement of Comprehensive Income
for the year ended 30 June 2025

	Notes	30 June 2025 \$ '000	30 Jun 2024 \$ '000
Profit for the year		35,558	35,289
Other comprehensive income / (expense)			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges - Net gains / (losses) taken to equity		1,379	(8,839)
Income tax effect		(414)	2,652
Total other comprehensive income / (expense) for the year		965	(6,187)
Total comprehensive income for the year		36,523	29,102
Total comprehensive income for the year is attributable to:			
Equity holders of MyState Limited		36,523	29,102

The accompanying notes form part of these financial statements.

MyState Limited
Consolidated Statement of Financial Position
as at 30 June 2025

	Notes	30 June 2025 \$ '000	30 Jun 2024 \$ '000
Assets			
Cash and liquid assets	4.1	321,622	114,544
Due from other financial institutions		61,740	45,394
Other assets		33,898	21,886
Financial instruments	4.2	1,532,327	807,889
Loans and advances	4.3	13,169,670	8,088,120
Property, plant and equipment and right-of-use assets	5.1	27,617	6,467
Tax assets	6.1	22,753	7,161
Intangible assets and goodwill	5.2	107,951	76,918
Total assets		15,277,578	9,168,379
Liabilities			
Due to other financial institutions		130,946	61,125
Deposits and other borrowings including subordinated notes	4.5	14,314,848	8,569,609
Employee benefits provisions	5.3	10,090	5,437
Other liabilities	4.6	70,485	59,641
Tax liabilities	6.1	15,200	7,630
Total liabilities		14,541,569	8,703,442
Net assets		736,009	464,937
Equity			
Share capital	5.4	493,238	228,603
Retained earnings		238,633	233,501
Reserves		4,138	2,833
Total equity		736,009	464,937

The accompanying notes form part of these financial statements.

MyState Limited
Consolidated Statement of Changes in Equity
for the financial year ended 30 June 2025

	Note	Share capital \$ '000	Retained earnings \$ '000	General reserve for credit losses \$ '000	Employee equity benefits reserve \$ '000	Hedging reserve \$ '000	Other reserves \$ '000	Total \$ '000
At 1 July 2023		225,274	223,497	2,368	1,314	6,110	(1,000)	457,563
Profit for the year		-	35,289	-	-	-	-	35,289
Other comprehensive income / (expense)		-	-	-	-	(6,187)	-	(6,187)
Total comprehensive income for the year		-	35,289	-	-	(6,187)	-	29,102
Equity issued under employee share scheme	5.4	35	-	-	-	-	-	35
Equity issued under dividend reinvestment plan	5.4	3,120	-	-	-	-	-	3,120
Share based payment expense recognised		-	-	-	402	-	-	402
Share issue costs	5.4	-	-	-	-	-	-	-
Transfer of vested shares under executive long term incentive plan	5.4	174	-	-	(174)	-	-	-
Dividends paid	2.5	-	(25,285)	-	-	-	-	(25,285)
At 30 June 2024		228,603	233,501	2,368	1,542	(77)	(1,000)	464,937
At 1 July 2024		228,603	233,501	2,368	1,542	(77)	(1,000)	464,937
Profit for the year		-	35,558	-	-	-	-	35,558
Other comprehensive income / (expense)		-	-	-	-	965	-	965
Total comprehensive income for the year		-	35,558	-	-	965	-	36,523
Equity issued under employee share scheme	5.4	214	-	-	-	-	-	214
Equity issued under dividend reinvestment plan	5.4	3,056	-	-	-	-	-	3,056
Share based payment expense recognised		-	-	-	340	-	-	340
Share issue costs	5.4	(185)	-	-	-	-	-	(185)
Transfer of vested shares under executive long term incentive plan	5.4	37	-	-	-	-	-	37
Share issuance to Auswide on merger	5.4	261,513	-	-	-	-	-	261,513
Dividends paid	2.5	-	(30,426)	-	-	-	-	(30,426)
At 30 June 2025		493,238	238,633	2,368	1,882	888	(1,000)	736,009

The accompanying notes form part of these financial statements.

MyState Limited
Consolidated Statement of Cash Flows
for the financial year ended 30 June 2025

	Notes	30 June 2025 \$ '000	30 June 2024 \$ '000
Cash flows from operating activities			
Interest received		633,522	506,429
Interest paid		(436,108)	(354,378)
Fees and commissions received		27,832	24,344
Other non-interest income received		1,880	2,259
Payments to suppliers and employees		(104,649)	(96,938)
Income tax paid		(18,681)	(17,670)
(Increase) / decrease in operating assets:			
Due from other financial institutions		1,660	2,834
Financial instruments		(89,854)	121,821
Loans and advances		(384,234)	(167,619)
Increase / (decrease) in operating liabilities:			
Due to other financial institutions		71,521	2,023
Deposits and other borrowings excluding subordinated notes and floating rate notes		495,828	(66)
Net cash flows from / (used in) operating activities	4.1	198,717	23,039
Cash flows from investing activities			
(Purchase) / sale of intangible assets and other assets		(5,254)	(11,772)
Merger with Auswide Bank Ltd, net of cash transferred		95,200	-
Purchase of property, plant and equipment		(1,024)	(689)
Net cash flows from / (used in) investing activities		88,922	(12,461)
Cash flows from financing activities			
Employee share issue		214	35
Payments for lease liabilities		(2,987)	(1,751)
Subordinated notes		99,922	69
Floating rate notes issued / (redeemed)		(150,000)	-
Dividends paid net of dividend reinvestment plan	2.5	(27,710)	(22,165)
Net cash flows from / (used in) financing activities		(80,561)	(23,812)
Net increase / (decrease) in cash held		207,078	(13,234)
Cash at beginning of financial year		114,544	127,778
Closing cash carried forward	4.1	321,622	114,544

The accompanying notes form part of these financial statements.

1.1 Reporting entity

MyState Limited (the Company) is incorporated and domiciled in Australia and is a company limited by shares that are publicly traded on the Australian Securities Exchange. The address of its registered office and principal place of business is 137 Harrington Street, Hobart Tasmania 7000. The consolidated financial statements of MyState Limited and its subsidiaries (the Group) were authorised for issue by the Directors on 19 August 2025.

1.2 Basis of accounting

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations, and other requirements of the law. The financial report complies with Australian equivalents to International Financial Reporting Standards ("AIFRS").

The financial statements comprise the consolidated financial statements of the Group. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

Where necessary, comparative figures have been re-classified and re-positioned for consistency with current period disclosures.

The consolidated financial statements have been prepared on the basis of historical cost, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies.

Rounding of amounts

The Company is a company of the kind referred to in Australian Securities and Investments Commission (ASIC) Class Order 2016/191, and, in accordance with that Class Order, amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated. All amounts are presented in Australian dollars.

1.3 Use of estimates and judgement

The preparation of the financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial report such as:

- Loan origination cost amortisation, refer note 2.1;
- Impairment losses on loans and advances, refer note 4.3;
- Fair value of financial instruments, refer note 4.7;
- Impairment assessment of intangibles and goodwill, refer note 5.2;
- Merger of MyState Bank Limited and Auswide Bank Ltd and purchase price allocation, refer note 1.4;
- Recoverability of deferred tax assets, refer note 6.1; and
- Assessment of lease liabilities and right-of-use assets, refer notes 4.6 and 5.1.

1.4 Merger of MyState Bank Limited and Auswide Bank Ltd

On 19 February 2025, MyState Bank Limited merged with Auswide Bank Ltd, a regional retail bank based in Queensland, Australia. The merger forms part of MyState’s strategic objective to expand its national presence and diversify its customer base. MyState acquired all the shares in Auswide in exchange for MyState shares by way of a Scheme Implementation Agreement (the Scheme). As part of the Scheme, Auswide shareholders received 1.112 MyState shares per Auswide share (Merger conversion ratio), implying a 65.9% proforma ownership of the combined group for existing MyState shareholders.

(a) Purchase price allocation (PPA)

MyState has determined the purchase price consideration of \$261.5m, based on the MyState share price and Merger conversion ratio. The total consideration paid in relation to the merger transaction is considered representative of the fair value of Auswide Bank Ltd, given it was negotiated between unrelated parties and at arms length. Additionally, the transaction was deemed in the best interest of Auswide shareholders by an Independent Expert. The purchase price consideration calculation is reported below:

Shares issued to Auswide	57,602,145
Closing MYS share price on 18 February 2025	\$4.54
Purchase price consideration	<u>\$261,513,738</u>

(b) Accounting implications - Goodwill arising from Merger

From an accounting perspective MyState has a controlling interest in Auswide and therefore, under *AASB 3 Business Combinations* (AASB 3), it is required to recognise the identifiable net assets of Auswide at fair value within the Group’s financial statements on the merger date and recognise and measure goodwill acquired in the business combination.

Under AASB 3, MyState has up to 12 months from the date of control over Auswide to complete its PPA exercise. This involves the determination of the fair value of consideration transferred, identifiable assets (including intangible assets) taken on and liabilities assumed, with a view to recognise and measure the resulting goodwill associated with the business combination.

(c) Merger related transaction and integration costs

MyState has incurred transaction costs to complete the merger and integration costs to combine the two businesses have been and will be incurred in the future. Transaction and integration costs include financial adviser fees, filing fees, legal and accounting fees, regulatory fees, technology and consultancy costs. These two categories incurred to date are disclosed separately in the consolidated income statement as follows:

Merger related costs	\$ '000
Transaction costs	5,417
Integration costs	2,085
Total Merger related items - FY25	<u>7,502</u>

From the date of the Merger, Auswide (including SelfCo) have contributed \$32.2m of revenue and \$8.7m to profit before tax from continuing operations of the Group. If the business combination had taken place at the beginning of the year, Auswide (including SelfCo) would have contributed \$99.1m to total operating income and \$18.0m to profit before tax (excluding merger related transaction and integration costs and PPA adjustments) from continuing operations of the Group.

(d) Goodwill arising from Merger

The PPA exercise has been prepared in line with the requirements of *AASB 3 Business Combinations*, *AASB 13 Fair Value Measurement* and *AASB 138 Intangible Assets*. The Balance sheet of Auswide Bank at 28 February 2025 has been adopted, being the closest period end to the date of the merger, as disclosed below:

Fair value balance sheet	Balance as at 28/02/2025	Fair Value adjustments	Fair Value Balance Sheet
Assets	\$m	\$m	\$m
Cash and liquid assets	95.20	-	95.20
Due from other financial institutions	137.50	-	137.50
Other assets	7.10	-	7.10
Financial instruments	624.40	-	624.40
Loans and advances	4,789.90	(12.10)	4,777.80
Property, plant and equipment and right-of-use assets	21.50	-	21.50
Tax assets	9.60	6.20	15.80
Intangible assets and goodwill	6.40	14.30	20.70
Total assets	5,691.60	8.40	5,700.00
Liabilities			
Deposits and other borrowings including subordinated debt	(5,336.90)	(4.60)	(5,341.50)
Other liabilities	(99.60)	0.30	(99.30)
Tax liabilities	(3.10)	(7.00)	(10.10)
Total liabilities	(5,439.60)	(11.30)	(5,450.90)
Net assets	252.00	(2.90)	249.10
Purchase price	261.50		261.50
Goodwill			(12.40)

Goodwill of \$12.4m has been recognised, representing the difference between the purchase consideration and the fair value of the identified assets and liabilities. A reconciliation of goodwill at the beginning of the reporting period is presented in Note 5.2. Goodwill has been allocated to the Auswide banking cash generating unit. The PPA process is now complete (noting future adjustments can be made for a period up to 12 months post-merger) and has resulted in the fair value adjustments to key asset and liability balances as disclosed above. Recognition of any intangible assets is subject to amortisation.

(e) Impact of cash flows attributable to the merger

Analysis of cash flows on acquisition	\$ '000
Transaction costs and integration of the merger	(7,502)
Net Cash transferred from subsidiary	95,200
Net Cash flow on merger	87,698

1.5 Provisions (other than for impairment of financial assets)

Provisions are recognised when the Group has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events and it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

MyState Limited

Notes to the consolidated financial statements for the year ended 30 June 2025

	30 June 2025 \$ '000	30 Jun 2024 \$ '000
2.1 Net banking operating income		
Interest income		
Loans and advances	548,854	433,109
Investment securities	58,116	40,777
Swap interest ¹	1,612	5,036
Total interest income	608,582	478,922
¹ Swap interest relates to hedges that the Group has entered into to protect its portfolio of loans and advances from changes in interest rates.		
Interest expense		
At call deposits	(89,794)	(89,566)
Fixed term deposits	(187,876)	(127,598)
Negotiable certificates of deposit	(26,815)	(20,242)
Subordinated notes	(6,031)	(3,987)
Repurchase agreements	(200)	(89)
Floating rate notes	(13,976)	(13,545)
Securitisation	(121,281)	(96,186)
Additional Tier 1 Hybrid capital instrument	(4,713)	(4,709)
Financing cost - leases	(679)	(680)
Swap interest ²	(644)	2,216
Total interest expense	(452,009)	(354,386)
² Swap interest relates to hedges that the Group has entered into to protect its portfolio of term deposits from changes in interest rates.		
Non-interest income from banking activities		
Transaction fees	3,473	2,924
Loan fees	6,536	4,484
Banking commissions	4,032	3,192
Other banking operations income	1,485	1,890
Total non-interest income from banking activities	15,526	12,490

Income accounting policy

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised.

Interest

Interest income is accrued using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument. Loan origination fees are recognised as components of the calculation of the effective interest rate method in relation to originated loans, and therefore effect the interest recognised in relation to this portfolio of loans. The average life of loans in the relevant loan portfolios is reviewed annually to ensure the amortisation methodology for loan origination fees is appropriate.

Interest expense is calculated on an accruals basis using the effective interest rate method. The effective interest rate method is the rate that exactly discounts future payments through the expected life of the financial instrument.

Non-interest income from banking activities

Refer to the "income accounting policy" in note 2.2.

MyState Limited

Notes to the consolidated financial statements for the year ended 30 June 2025

	30 June 2025 \$ '000	30 June 2024 \$ '000
2.2 Income from wealth management activities		
Funds management income	8,180	7,966
Other fees and commissions	6,364	7,438
Total income from wealth management activities	14,544	15,404

Funds management income and fiduciary activities

TPT Wealth Limited, a controlled entity of the Group, acts as Responsible Entity, Trustee and Funds Manager for eight managed investment schemes. The investment schemes place monies with external wholesale fund managers, direct mortgages and mortgaged backed securities, term deposits and other investments. The clients include individuals, superannuation funds and corporate investors.

The assets and liabilities of these funds are not included in the Consolidated Financial Statements. Income earned by the Group in respect of these activities is included in the Consolidated Income Statement of the Group as "Funds management income".

The following table shows the balance of the unconsolidated funds under management and funds under advice that gives rise to funds management and other fees and commissions income respectively:

	30 June 2025 \$ 'M	30 June 2024 \$ 'M
Funds under management	969	996
Funds under advice	389	387

Other fees and commissions

TPT Wealth Limited provides private client tax accounting services and acts as trustee and executor of estates. "Other fees and commissions income" is the income earned from these activities.

Income accounting policy

The Group earns three main types of fees and commissions under contracts with customers. The first income type is single performance obligation contracts, such as transaction services, where the performance obligation is performed and consideration received in quick succession. Income from these contracts is recorded as the performance obligations are satisfied. The second income type is where contracts with the customer are for the performance of multiple obligations over time and the customer only benefits from delivery of all those obligations together over time, for example the provision of trustee services and services to funds under management. For these contracts, income is recognised over the service period. The third type of income is insurance intermediary income where the performance obligations are satisfied substantially at the time of referring the customer and economic benefits flow to the Group over time. The Group has estimated that nil income will be brought forward as a contract asset under these contracts due to the insufficient probability of the timing and amount of future income that will flow from these contracts. This income is therefore recorded when received.

MyState Limited

Notes to the consolidated financial statements for the year ended 30 June 2025

	30 June 2025 \$ '000	30 June 2024 \$ '000
2.3 Expenses		
The following items are included within each item of specified expenses:		
Occupancy costs include:		
Operating lease payments	(507)	(427)
Depreciation - right-of-use lease assets	(3,411)	(2,650)
Depreciation - buildings and leasehold improvements	(282)	(204)
Technology costs include:		
Amortisation - computer software	(4,643)	(4,041)
Administration costs include:		
Depreciation - furniture, equipment and computer hardware	(1,020)	(394)

The Group's leasing activities

(i) Real estate leases

The Group leases land and buildings for its office space and branch network. The leases of office space and branches typically run for a period of between 3 and 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases vehicles, with lease terms of three to five years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

There are no other covenants or restrictions on the Group's leases other than those identified above.

	30 June 2025 \$ '000	30 June 2024 \$ '000
Amount recognised in the Consolidated Income Statement		
Expenses relating to short-term leases and low-value leases	(62)	(74)

Expense accounting policy

Depreciation and amortisation expense

The Group adopts the straight line method of depreciating plant and equipment and amortising intangible assets over the estimated useful lives, commencing from the time the asset is held ready for use. Leasehold improvements and right-of-use assets are depreciated over the shorter of either the unexpired expected term of the lease or the estimated useful life of the improvements. Estimated useful lives are:

Office furniture, fittings & equipment	4-7	years.
Land and buildings	40	years.
Building fit-out	4-15	years.
Computer hardware	3	years.
Software	3-10	years.
Leasehold improvements	4-6	years.
Right-of-use assets	2-15	years.

Each year the useful life of assets are evaluated. The remaining useful life of select core banking systems was revised and extended in the 2021 financial year due to the implementation of significant increased functionality and, in turn, longevity of these systems over their initial capacity. The revised remaining useful life is within the above stated parameters however the total life since original core system implementation is in excess of the above stated lives in some instances.

MyState Limited

Notes to the consolidated financial statements for the year ended 30 June 2025

	30 June 2025 cents	30 June 2024 cents
2.4 Earnings per share		
Basic earnings per share	26.40	32.02
Diluted earnings per share	23.60	27.56
Reconciliation of earnings used in calculation of earnings per ordinary share	\$ '000	\$ '000
Net profit after tax	35,558	35,289
Total statutory earnings	35,558	35,289
Earnings used in calculating statutory earnings per ordinary share	35,558	35,289
Add back: distributions accrued and / or paid on dilutive loan capital instrument	3,299	3,296
Total diluted earnings	38,857	38,585

Earnings per share accounting policy

Basic earnings per share is calculated by dividing the Group's profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share is calculated by dividing the Group's profit attributable to ordinary equity holders by the weighted average number of ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares.

The following table details the weighted average number of shares (WANOS) used in the calculation of basic and diluted earnings per share:

	Number	Number
WANOS used in the calculation of basic earnings per share	134,698,983	110,219,779
Effect of dilution - executive performance rights	1,262,701	1,095,134
Effect of dilution - loan capital instrument	28,697,572	28,697,572
WANOS used in the calculation of diluted earnings per share	164,659,256	140,012,485

Potentially dilutive instruments

The following instruments are potentially dilutive during the reporting period

	<i>Dilutive instruments</i>	
	30 June 2025	30 June 2024
Loan capital instrument	Yes	Yes
Executive performance rights	Yes	Yes
Subordinated note (with non viability clause)	No	No

2.5 Dividends

	Date of payment	30 June 2025 \$ '000	30 June 2024 \$ '000
Dividends paid			
2023 Final dividend paid - 11.5 cents per share	19 Sep 2023	-	12,603
2024 Interim dividend paid - 11.5 cents per share	23 Feb 2024	-	12,682
2024 Final dividend paid - 11.5 cents per share	16 Sep 2024	12,725	-
2025 Interim dividend paid - 10.5 cents per share	21 Mar 2025	17,701	-
Total dividends paid		30,426	25,285

The dividends paid during the year were fully franked at the 30% corporate tax rate.

2.5 Dividends (continued)

	30 June 2025 \$ '000	30 June 2024 \$ '000
Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the period at 30%	138,762	95,293
Franking credits that will arise from the payment of income tax payable at the end of the period	1,023	1,744

Dividends not recognised at the end of the financial year

On 19 August 2025, the Directors resolved to pay a final dividend for the 2025 financial year of 11.0 cents per share or \$18.60m total to be paid on 16 September 2025, fully franked at the 30 per cent corporate tax rate. This dividend has not been brought to account as the amount had not been determined at the reporting date. This dividend will reduce the balance of the franking account by \$7.97m.

2.6 Segment financial information

Operations of reportable segments

The Group has identified three operating divisions and a corporate division, which are its reportable segments. These divisions offer different products and services and are managed separately. The Group's management committee review internal management reports for each of these divisions at least monthly.

MyState Bank

MyState Bank's product offerings include lending; encompassing home loans, personal, overdraft, line of credit and commercial products, transactional savings accounts and fixed term deposits and insurance products. It delivers these products and services through its branch network, digital channels and third party channels.

Auswide Bank (including Selfco)

Auswide Bank's (including Selfco) product offerings include lending; encompassing home loans, personal, overdraft, line of credit and commercial products, transactional savings accounts, fixed term deposits, insurance products, leasing and commercial hire purchase. It delivers these products and services through its branch network, digital channels and third party channels.

Wealth Management division

The Wealth Management division is a provider of funds management and trustee services. It operates predominantly within Tasmania. It holds \$0.969 billion (2024: \$0.997 billion) in funds under management on behalf of personal, business and wholesale investors as the responsible entity for eight managed investment schemes. TPT Wealth is also a trustee company licensed within the meaning of Chapter 5D of the *Corporations Act 2001* and is the only private trustee company with significant operations in Tasmania.

Corporate and consolidation division

The corporate division is responsible for the governance of the Group. The corporate division charges the operating divisions on a cost recovery basis for costs it has incurred. This division is also where eliminations are allocated between the MyState Bank, Auswide Bank and the Wealth Management divisions.

Notes to the consolidated financial statements for the year ended 30 June 2025

2.6 Segment financial information (continued)

	MyState Bank	Auswide Bank (Incl SelfCo)	Wealth Management	Corporate & Consolidation	Total
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Year ended 30 June 2025					
Interest income	502,122	106,091	278	91	608,582
Interest expense	(374,838)	(77,171)	-	-	(452,009)
Other income					
Transaction fees	2,792	681	-	-	3,473
Loan fee income	4,555	1,981	-	-	6,536
Banking commissions	3,537	495	-	-	4,032
Other banking operations income	1,375	110	-	-	1,485
Funds management income	-	-	8,180	-	8,180
Other wealth management fees and commissions	-	-	6,364	-	6,364
Total operating income	139,543	32,187	14,822	91	186,643
Expenses					
Personnel costs	(35,770)	(11,166)	(5,319)	(5,703)	(57,958)
Administration costs	(18,016)	(3,393)	(2,760)	(73)	(24,242)
Technology costs	(24,208)	(2,931)	(2,397)	(395)	(29,931)
Occupancy costs	(2,993)	(596)	(313)	(1,544)	(5,446)
Marketing costs	(5,019)	(543)	(260)	(8)	(5,830)
Governance costs	(7,347)	(3,623)	(239)	7,634	(3,575)
Total operating expenses	(93,353)	(22,252)	(11,288)	(89)	(126,982)
Merger related items					
Transaction costs	-	(90)	-	(5,327)	(5,417)
Integration costs	(943)	(790)	-	(352)	(2,085)
Purchase price allocation amortisation	-	-	-	1,619	1,619
Income tax expense	283	237	-	(379)	141
Total expenses	(94,013)	(22,895)	(11,288)	(4,528)	(132,724)
Impairment recovery / (expense)	727	(1,207)	-	-	(480)
Income tax expense	(14,194)	(2,617)	(1,158)	88	(17,881)
Segment statutory profit for the year	32,063	5,468	2,376	(4,349)	35,558
Segment underlying profit for the year excluding merger related items	32,723	6,111	2,376	90	41,300
Segment balance sheet information					
Segment assets	9,486,583	5,767,418	25,587	(2,010)	15,277,578
Segment liabilities	9,076,756	5,508,608	2,134	(45,929)	14,541,569
	MyState Bank	Auswide Bank (Incl SelfCo)	Wealth Management	Corporate & Consolidation	Total
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Year ended 30 June 2024					
Interest income	478,532	-	311	79	478,922
Interest expense	(354,384)	-	-	(2)	(354,386)
Other income					
Transaction fees	2,924	-	-	-	2,924
Loan fee income	4,484	-	-	-	4,484
Banking commissions	3,192	-	-	-	3,192
Other banking operations income	1,890	-	-	-	1,890
Funds management income	-	-	7,966	-	7,966
Other wealth management fees and commi	-	-	7,438	-	7,438
Total operating income	136,638	-	15,715	77	152,430
Expenses					
Personnel costs	(33,690)	-	(6,785)	(5,331)	(45,806)
Administration costs	(26,129)	-	(2,321)	8,195	(20,255)
Technology costs	(19,628)	-	(1,779)	(23)	(21,430)
Occupancy costs	(3,026)	-	(383)	(733)	(4,142)
Marketing costs	(5,836)	-	(265)	(8)	(6,109)
Governance costs	(972)	-	(135)	(2,175)	(3,282)
Total operating expenses	(89,281)	-	(11,668)	(75)	(101,024)
Impairment expense / (recovery)	(1,167)	-	(37)	-	(1,204)
Income tax expense	(13,892)	-	(1,210)	189	(14,913)
Segment statutory profit for the year	32,298	-	2,800	191	35,289
Segment balance sheet information					
Segment assets	9,090,131	-	27,777	50,471	9,168,379
Segment liabilities	8,698,246	-	2,202	2,994	8,703,442

3.1 Capital management strategy

The Group's capital management strategy is to adhere to regulatory requirements and maximise shareholder value through optimising the level and use of capital resources, whilst also providing the flexibility to take advantage of opportunities as they may arise.

The Group's capital management objectives are to:

- Comply with internal and regulatory capital requirements;
- Ensure sufficient capital resource is available to support the Group's business, operational and investment activities;
- Maintain balance sheet resilience to safeguard the Group's ability to continue as a going concern; and
- Support MyState Limited's, MyState Bank Limited's and Auswide Bank Ltd's credit rating.

The Group's capital management policy considers each of internal, regulatory and rating agency capital requirements. Under APS 110 Capital Adequacy, the ultimate responsibility for the prudent management of capital resides with the Board of Directors. The Board must ensure that an appropriate level and quality of capital is maintained, commensurate with the type, amount and concentration of risk exposures.

The Group's regulatory capital requirements are measured on a Level 1 and Level 2 basis.

Level 1 is comprised of MyState Bank Limited (the ADI) and Conquest 2025-1R Trust.

Level 2 is comprised of the wider MyState Limited prudential group. This group includes MyState Limited (the non-operating holding company), MyState Bank Limited, Auswide Bank Ltd, Connect Asset Management Ltd (the Securitisation programme Manager), Widcap Securities Pty Ltd and ConQuest 2025-1R Trust.

All entities that are consolidated for accounting purposes are included within the Level 2 regulatory capital calculation except for TPT Wealth Limited and securitisation special purposes vehicles (Conquest 2016-2 Trust, Conquest 2017-1 Trust, Conquest 2018-1 Trust, Conquest 2019-1 PP Trust, Conquest 2019-2 Trust, Conquest 2022-1 Trust, Conquest 2023-1 Warehouse Trust, Conquest 2023-2 Trust, Conquest 2023-3 Warehouse Trust, Conquest 2024-1 Trust, ABA Trusts 7, ABA Trust 2023-1, Wide Bay Trust 5 and Wide Bay Trust 2008-1).

The Group has developed a detailed Internal Capital Adequacy Assessment Plan (ICAAP). This plan covers the capital requirements of the Group on a Level 1 and Level 2 basis (as previously described). The Group's capital position is monitored on a frequent basis and is reported to the Board monthly. The ICAAP also includes a three year forecast of capital adequacy which is prepared and submitted to the Board at least annually.

The ICAAP aims to ensure that adequate planning activities take place so that the Group is effectively capitalised. The ICAAP encompasses known financial events, dividend policy, capital raisings, securitisation and stress testing.

Notes to the consolidated financial statements for the year ended 30 June 2025

3.1 Capital management strategy (continued)

The Board has currently set a minimum total capital adequacy ratio of 15% for the Group (2024: 15%). Capital adequacy of the Group on a level 2 basis is detailed in the following table:

	30 June 2025 \$ '000	30 June 2024 \$ '000
Qualifying capital		
Common equity tier 1 capital		
Paid-up ordinary share capital	494,987	230,424
Retained earnings	267,950	242,802
Reserves excluding general reserve for credit losses	(356)	(696)
Total common equity tier 1 capital	762,581	472,530
Less: Regulatory adjustments		
Deferred expenditure including deferred tax assets	39,923	39,770
Goodwill and intangibles	85,918	65,473
Other deductions	76,032	49,770
Total regulatory adjustments	201,873	155,013
Net common equity tier 1 capital	560,708	317,517
Additional tier 1 capital		
Floating rate notes AT1 issuance (ii)	64,374	64,105
Tier 2 capital		
Subordinated notes (i)	196,815	49,949
Equity reserve for credit losses	4,756	2,368
Total capital	826,653	433,939
Risk weighted assets	4,721,642	2,643,303
Capital adequacy ratio	17.51%	16.42%

(i) On 10 July 2020, the Group issued \$25 million of floating rate subordinated notes ("notes"). The issuer was MyState Limited. The notes have a term of 10 years, maturing 10 July 2030, and pay interest quarterly at a floating rate equal to the three-month BBSW plus a margin of 4.35% per annum. These notes were redeemed on 10 July 2025 and each quarterly interest payment date thereafter, subsequent to written regulatory approval from APRA. On the same date, and with the same terms, MyState Bank Limited issued \$25 million of floating rate subordinated notes to MyState Limited with terms identical to those issued by MyState Limited.

On 3 November 2021, the Group issued \$25 million of floating rate subordinated notes ("notes"). The issuer was MyState Limited. The notes have a term of 10 years, maturing 3 November 2031, and pay interest quarterly at a floating rate equal to the three-month BBSW plus a margin of 2.75% per annum. The issuer has the option to redeem these notes on 3 November 2026 and each quarterly interest payment date thereafter, and for certain regulatory events (in each case subject to APRA's prior written approval). On the same date, and with the same terms, MyState Bank Limited issued \$25 million of floating rate subordinated notes to MyState Ltd with terms identical to those issued by MyState Limited.

If APRA notifies the issuer that a non-viability trigger event has occurred, the notes will be converted into ordinary shares of MyState Limited, or written-off. For the notes issued on 3 November 2021, the amount included in the Group's Level 2 Tier 2 regulatory capital is a percentage equal to that of the external interest in the Group's regulatory capital. The amount included in the Group's Level 1 Tier 2 regulatory capital is 100%. For the notes issued on 10 July 2020, the amount included in the Group's Level 1 and Level 2 Tier 2 regulatory capital is 100%.

(ii) On 30 August 2022, MyState Limited (MyState) issued \$65 million of Additional Tier 1 notes to wholesale investors (Capital Notes). The Capital Notes ("notes") were fully paid, mandatorily convertible subordinated perpetual debt securities of MyState. The issuer was MyState Limited. The notes have a term in perpetuity and pay interest quarterly at a floating rate equal to the three-month BBSW plus a margin of 5.50% per annum. The issuer has the option to redeem these notes on 30 August 2027, 30 November 2027 and 28 February 2028 respectively, and for certain regulatory events (in each case subject to APRA's prior written approval). If APRA notifies the issuer that a loss-absorption event has occurred, the notes will be converted into ordinary shares of MyState Limited, or written-off.

Notes to the consolidated financial statements for the year ended 30 June 2025

3.1 Capital management strategy (continued)

On 19 February 2025, APRA approved the appointment of MyState Limited as the Approved Successor of each series of the \$47m of Tier 2 subordinated notes issued by Auswide Bank Ltd that were outstanding on the merger completion date. The effect of the Approved Successor appointment was to transfer the issuer of each series of subordinated notes from Auswide Bank Ltd to MyState Limited. Details of each of the series of notes for which MyState Limited was appointed as the Approved Successor appointment are as follows:

(i) \$12m of floating rate subordinated notes ("notes") which were issued on 11 September 2020. The notes have a term of 10 years, maturing 11 September 2030, and pay interest quarterly at a floating rate equal to the three-month BBSW plus a margin of 3.95% per annum. The issuer has the option to redeem these notes on 11 September 2025 and any quarterly interest payment date occurring from (but excluding) 11 September 2027 until the maturity date, and for certain regulatory events (in each case subject to APRA's prior written approval).

(ii) \$15m of floating rate subordinated notes ("notes") which were issued on 20 May 2021. The notes have a term of 10 years, maturing 20 May 2031, and pay interest quarterly at a floating rate equal to the three-month BBSW plus a margin of 2.85% per annum. The issuer has the option to redeem these notes on 20 May 2026 and any quarterly interest payment date occurring from (but excluding) 20 May 2028 until the maturity date, and for certain regulatory events (in each case subject to APRA's prior written approval).

(iii) \$20m of floating rate subordinated notes ("notes") which were issued on 19 June 2024. The notes have a term of 10 years, maturing 19 June 2034, and pay interest quarterly at a floating rate equal to the three-month BBSW plus a margin of 3.40% per annum. The issuer has the option to redeem these notes on 19 June 2029 and each quarterly interest payment date thereafter, and for certain regulatory events (in each case subject to APRA's prior written approval).

Concurrently, on 19 February 2025, Auswide Bank Ltd issued \$47m of new Tier 2 subordinated notes to MyState Limited.

On 21 May 2025, the Group issued \$100m of floating rate subordinated notes ("notes"). The issuer was MyState Ltd. The notes have a term of 10 years, maturing 21 May 2035, and pay interest quarterly at a floating rate equal to the three-month BBSW plus a margin of 2.75% per annum. The issuer has the option to redeem these notes on 21 May 2030 and each quarterly interest payment date thereafter, and for certain regulatory events (in each case subject to APRA's prior written approval). On the same date, and on the same terms to the notes issued by MyState Limited, MyState Bank Limited issued \$25m of floating rate subordinated notes to MyState Limited and Auswide Bank Ltd issued \$75m of floating rate subordinated notes to MyState Limited.

3.2 Financial risk management

Risk management is an integral part of the Group's business processes. The Board sets policy to mitigate risks and ensure the risk management framework is appropriate, to direct the way in which the Group conducts business. Promulgated Board approved policies ensure compliance throughout the business, which are monitored by way of a dedicated compliance system. Risk management plans exist for all documented risks within the Group and these plans are reviewed regularly by the Executive Management Team, the Group Risk Committee and the Board. Business units are accountable for risks in their area and are responsible for ensuring the appropriate assessment and management of these risks.

Risk exposure profile

The Group actively monitors a range of risks, which are not limited to, but include the following:

- Credit risk,
- Market risk; and
- Liquidity risk.

3.2.1 Credit risk**Approach to credit risk management**

Credit risk arises within the Group's lending and treasury investment activities and is the risk that a counterparty may fail to complete its contractual obligations when they fall due.

The Group's approach to managing this risk is to separate prudential control from operational management by assigning responsibility for approval of credit exposures to specific individuals and management committees. The Group Risk Committee has oversight of credit risk exposures and the Enterprise Risk Committee monitors credit related activities through regular reporting processes, including monitoring large exposure to single groups and counterparties. The roles of funding and oversight of credit are separate.

Board approved lending policies guide the processes for all loan approvals by subsidiary operations. All loans over a designated amount, whether within delegated limits or not, are reported to the Group Risk Committee on a regular basis. Any loan outside of delegated limits must be approved by the Board prior to funding.

Notes to the consolidated financial statements for the year ended 30 June 2025

3.2 Financial risk management (continued)

Maximum exposure to credit risk

The amounts disclosed in the following table are the maximum exposure to credit risk, before taking account of any collateral held or other credit enhancements. For financial assets recognised in the Statement of Financial Position, the exposure to credit risk equals their carrying amount. For customer commitments, the maximum exposure to credit risk is the full amount of the committed facility as at the reporting date.

	30 June 2025 \$ '000	30 June 2024 \$ '000
Cash and liquid assets	321,622	114,544
Due from other financial institutions	61,740	45,394
Other assets	33,898	21,886
Financial instruments	1,532,327	807,889
	1,949,587	989,713
Loans and advances	13,169,670	8,088,120
Customer commitments (i)	324,102	185,691
Maximum exposure to credit risk	15,443,359	9,263,524

(i) For further information regarding these commitments, refer to note 8.1.

The credit quality of financial assets has been determined based on Standard and Poor's credit ratings for financial assets other than loans and advances at amortised cost. For loans and advances at amortised cost, the assets identified as being "closely monitored" are those assets that are greater than 30 days past due. New facilities are loans that have been funded within the financial year.

	30 June 2025 \$ '000	30 June 2024 \$ '000
Credit quality of financial assets		
Financial assets other than loans and advances at amortised cost		
Equivalent S&P rating A+ and above	1,254,096	839,257
Equivalent S&P rating A and below	695,491	150,456
Loans and advances at amortised cost		
New Facilities - not closely monitored	3,479,070	2,005,050
New Facilities - closely monitored	4,066	4,672
Continuing facilities - not closely monitored	9,929,819	6,198,165
Continuing facilities - closely monitored	80,817	65,924
Total on balance sheet exposure to credit risk	15,443,359	9,263,524
Loans and advances at amortised cost past due analysis		
Not past due	13,075,082	8,010,146
Past due days:		
31 to 60 days	28,557	28,656
61 to 89 days	11,619	10,986
Greater or equal to 90 days	54,412	38,332
Total loans and advances at amortised cost	13,169,670	8,088,120
Estimate of collateral held against past due assets	152,576	78,637

Estimate of collateral held

To mitigate credit risk, MyState Bank Limited (ADI) and Auswide Bank Ltd (ADI) hold collateral against select loans and advances in the form of a mortgage charge over property. The bank can take possession of the security held against the loans and advances as a result of customer default. The collateral shown above is an estimate of the value of collateral held, it is not practicable to determine the fair value.

Notes to the consolidated financial statements for the year ended 30 June 2025

3.2 Financial risk management (continued)

Credit quality is impacted by concentration risk created by the ensuing vulnerability of assets to similar conditions such as economic or political factors. The Group monitors the geographical diversification of its loans and advances. An analysis of this concentration of credit risk at the reporting date is shown in the following table:

	30 June 2025 \$ '000	30 June 2024 \$ '000
Tasmania	2,626,504	2,568,397
Victoria	2,791,842	1,908,598
New South Wales	2,319,617	1,585,303
Queensland	4,367,983	1,575,449
Western Australia	589,422	199,695
Australian Capital Territory	180,379	86,620
South Australia	231,805	110,155
Northern Territory	44,321	22,493
Gross loans and advances at amortised cost	13,151,873	8,056,710

There are no loans that individually represent 10% or more of shareholders' equity.

3.2.2 Market risk

Managing market risk

Market risk is the exposure to adverse changes in the value of the Group's portfolio as a result of changes in market prices or volatility. The Group is exposed primarily to interest rate risk.

Interest rate risk exposure

The operations of MyState Bank and Auswide Bank are subject to the risk of interest rate fluctuations as a result of mismatches in the timing of the repricing of interest rates on its assets and liabilities.

Value at Risk (VaR)

The following table indicates the VaR based on historical data. The Group estimates VaR as the potential change in value of the balance sheet from adverse market movements over a 20-day holding period to a 99% confidence level. Market risks attributable to trading activities are primarily measured using a historical simulation VaR model based on historical data. VaR takes account of all material market variables that may cause a change in the value of the loan portfolio. As an additional overlay to VaR, the individual market risks of interest rate, foreign exchange, credit and equity are managed using a framework that includes stress testing, scenario analysis, sensitivity analysis and stop losses. Risks are monitored and measured against limits delegated by the Asset Liability Committee (ALCO) and approved by the Group's Risk Committee. Although an important tool for the measurement of market risk, the assumptions underlying the model are limited to reliance on historical data.

	30 June 2025 \$ '000	30 June 2024 \$ '000
Value at risk (post-tax) based on historic data		
Average	5,488	2,165
Minimum	2,994	1,474
Maximum	11,152	3,062

Derivatives

The Group is exposed to changes in interest rates. The only derivative instruments currently entered into by the Group are interest rate swaps. The Group protects its portfolio of fixed rate loans, corporate and retail term deposits, NCDs and exposure to variable rate debt obligations, by paying fixed or variable rates to swap providers and receiving fixed or variable rates in return, dependent on the hedged item. The hedge instruments are benchmarked to either BBSW (Bank Bill Swap rate) or AONIA (RBA Interbank Overnight Cash Rate). The hedging strategy will assist with managing interest rate margins in a changing interest rate environment and reduce earnings volatility, all else equal. The hedge reduces net interest margin volatility on MyState's and Auswide's variable interest rate loans by matching the repricing frequency of assets and liabilities.

3.2 Financial risk management (continued)**Derivatives accounting policy**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value. Fair values are obtained from quoted market prices in active markets. Movements in the carrying amounts of derivatives are recognised in the Consolidated Income Statement, unless the derivative meets the requirements for hedge accounting.

The Group documents the relationship between the hedging instruments and hedged items at inception of the transaction, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment of whether the derivatives used in hedging transactions have been or will continue to be, highly effective in offsetting changes in the fair values or cash flows of hedged items. This assessment is carried out both at inception and on a monthly basis.

Cash flow hedges

The Group has cash flow hedges that are used to hedge the variability of interest rates in relation to certain assets and liabilities. These derivative instruments are established with terms that exactly match the terms of the asset or liability designated as the hedged item and therefore form highly effective relationships. The portion of the asset or liability designated in the hedging relationship is determined by reference to specific fixed rate assets or liabilities within the loan or deposit portfolio. The Group conducts tests for ineffectiveness and sources of ineffectiveness are limited to credit risk of parties to the relationship. The variability in fair values attributable to an item designated as a cash flow hedge is recognised in Other Comprehensive Income to the extent of the hedge's effectiveness. Any ineffective portion of the change in the fair value of a derivative is recognised immediately in the Consolidated Income Statement.

Derivatives that do not qualify for hedge accounting

If a derivative expires or is sold, terminated, or exercised, or no longer meets the criteria for hedge accounting, or the designation is revoked, then hedge accounting is discontinued and the amount recognised in Other Comprehensive Income remains in Other Comprehensive Income until the forecast transaction affects the Consolidated Income Statement. If the forecast transaction is no longer expected to occur, it is reclassified to the Consolidated Income Statement as a reclassification adjustment.

When a derivative is not designated in a qualifying relationship, all changes in its fair value are recognised immediately in the Consolidated Income Statement, as a component of net income from other financial instruments carried at fair value.

The following table indicates the Group's hedge exposures at 30 June 2025.

	Cash flow hedges	Fair value hedges
Description	\$ '000	\$ '000
Notional amount of hedging instrument (i)	2,318,388	-
Carrying amount of hedging instrument (i)	1,870	-

The following table indicates the Group's hedge exposures at 30 June 2024.

	Cash flow hedges	Fair value hedges
Description	\$ '000	\$ '000
Notional amount of hedging instrument (i)	2,217,908	-
Carrying amount of hedging instrument (i)	(111)	-

(i) Note that derivatives are reported as financial instruments in the statement of financial position.

3.2 Financial risk management (continued)

3.2.3 Liquidity risk

Managing liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due, which could arise due to mismatches in cash flows.

The Group maintains a portfolio of highly marketable assets that can be liquidated in the event of an unforeseen interruption of cash flows. The Group also has committed lines of credit that it can access to meet its liquidity needs. Liquidity scenarios are calculated under stressed and normal operating conditions, to assist in anticipating cash requirements providing adequate reserves.

The Group's objective is to manage its funds in a way that will facilitate growth in core business under a wide range of market conditions. The Group maintains, and adheres to, a Liquidity Risk Management framework (LRMF). This process includes acknowledgement of liquidity risks within the Group and justification of the amount of liquidity that is being held based on the liquidity risk profile of the organisation.

Group Treasury is responsible for implementing liquidity risk management strategies in accordance with the LRMF. The Group's Assets and Liabilities Committee (ALCO) assists the Board with oversight of asset and liability management including liquidity risk management. The Group's liquidity policies are approved by the Board after endorsement by the Group Risk Committee and the Banking Group's ALCO.

3.2 Financial risk management (continued)

3.2.3 Liquidity risk (continued)

Liquidity risk exposure

The Group is exposed to liquidity risk primarily through its banking activities. The Group's contractual cash flows associated with its financial liabilities and hedging derivatives, within relevant maturity groupings is as follows. These are presented on an undiscounted basis and, therefore, will not agree to amounts presented on the Consolidated Statement of Financial Position as they incorporate principal and associated future interest payments.

	On demand \$ '000	< 3 months \$ '000	3 months to 1 year \$ '000	1 year to 5 years \$ '000	> 5 years \$ '000	Total \$ '000
2025						
At call deposits	4,696,523	-	-	-	-	4,696,523
Due to other financial institutions	-	130,946	-	-	-	130,946
Term deposits	-	1,227,140	3,953,718	302,989	-	5,483,847
Negotiable certificates of deposit	-	518,194	360,632	-	-	878,826
Subordinated notes	-	13,692	17,803	109,848	57,683	199,026
Floating rate notes	-	4,788	82,246	351,654	-	438,688
Securitisation liabilities	-	322,627	967,882	2,020,780	-	3,311,289
Additional Tier 1 Hybrid capital instrument	-	1,120	3,361	74,712	-	79,193
Contractual amounts payable	4,696,523	2,218,507	5,385,642	2,859,983	57,683	15,218,338
Derivative liability	-	-	1,439	28	-	1,467
2024						
At call deposits	3,163,029	-	-	-	-	3,163,029
Due to other financial institutions	-	61,125	-	-	-	61,125
Term deposits	-	45,242	2,386,834	360,342	-	2,792,418
Negotiable certificates of deposit	-	306,835	64,079	-	-	370,914
Subordinated notes	-	991	2,972	15,853	58,147	77,963
Floating rate notes	-	10,010	40,041	261,860	-	311,911
Securitisation liabilities	-	131,375	394,126	1,583,376	-	2,108,877
Additional Tier 1 Hybrid capital instrument	-	1,120	3,361	75,461	-	79,942
Contractual amounts payable	3,163,029	556,698	2,891,413	2,296,892	58,147	8,966,179
Derivative liability	-	-	11,801	3,093	564	15,458

3.2 Financial risk management (continued)

3.2.3 Liquidity risk (continued)

Contractual maturity of assets and liabilities

The contractual maturities of the Group's financial assets and liabilities as at the reporting date are contained in the following table. The Group expects that certain assets and liabilities will be recovered or settled at maturities which are different to their contractual maturities.

	30 June 2025			30 June 2024		
	< 12 months \$ '000	> 12 months \$ '000	Total \$ '000	< 12 months \$ '000	> 12 months \$ '000	Total \$ '000
Financial assets						
Cash and liquid assets	321,622	-	321,622	114,544	-	114,544
Due from other financial institutions	45,740	16,000	61,740	45,394	-	45,394
Other assets	32,984	914	33,898	13,149	-	13,149
Financial instruments	480,218	1,052,109	1,532,327	141,775	666,114	807,889
Loans and advances (i)	93,850	13,075,820	13,169,670	54,930	8,033,190	8,088,120
Total financial assets	974,414	14,144,843	15,119,257	369,792	8,699,304	9,069,096
Financial liabilities						
Due to other financial institutions	(130,946)	-	(130,946)	(61,125)	-	(61,125)
Other liabilities	(70,485)	-	(70,485)	(59,641)	-	(59,641)
Deposits	(9,692,831)	(1,366,365)	(11,059,196)	(5,224,191)	(1,102,170)	(6,326,361)
Subordinated notes	-	(196,815)	(196,815)	-	(49,893)	(49,893)
Floating rate notes	(65,000)	(199,960)	(264,960)	-	(249,776)	(249,776)
Securitisation liabilities	(1,182,524)	(1,546,979)	(2,729,503)	(471,372)	(1,408,102)	(1,879,474)
Additional Tier 1 Hybrid capital instrument	-	(64,374)	(64,374)	-	(64,105)	(64,105)
Total financial liabilities	(11,141,786)	(3,374,493)	(14,516,279)	(5,816,329)	(2,874,046)	(8,690,375)
Net contractual amounts receivable / (payable)	(10,167,372)	10,770,350	602,978	(5,446,537)	5,825,258	378,721

(i) Contractual recovery is subject to evolving regulatory and industry support for counterparties requesting such support, as at the reporting date, the primary support provided to borrowers is repayment deferral periods.

3.3 Average balance sheet and sources of net interest income

The following table shows the major categories of interest-earning assets and interest-bearing liabilities, together with their respective interest earned or paid by the Group and the average interest rates. Averages are calculated based on the balance at each month end.

	30 June 2025			30 Jun 2024		
	Average balance \$ '000	Interest \$ '000	Average rate %	Average balance \$ '000	Interest \$ '000	rate %
Average assets and interest income						
Interest-earning assets						
Liquid assets and financial instruments	1,342,903	59,728	4.45%	988,119	45,813	4.64%
Loans and advances (i)	9,373,229	548,854	5.86%	7,617,324	433,109	5.69%
Total average interest-earning assets	10,716,132	608,582	5.68%	8,605,443	478,922	5.56%
Average liabilities and interest expense						
Interest-bearing liabilities						
Deposits and derivatives	7,801,226	(304,485)	(3.90%)	6,482,158	(236,285)	(3.65%)
Notes and bonds on issue	2,479,859	(147,524)	(5.95%)	1,867,409	(118,101)	(6.32%)
Total average interest-bearing liabilities	10,281,085	(452,009)	(4.40%)	8,349,567	(354,386)	(4.24%)
Interest rate spread			1.28%			1.32%
Capital	557,610	-	0.19%	440,468	-	0.13%
Net interest margin			1.47%			1.45%

(i) The offset account average balance included in Loans and advances is \$761.652 million (2024: \$283.645 million).

MyState Limited

Notes to the consolidated financial statements for the year ended 30 June 2025

	30 June 2025 \$ '000	30 June 2024 \$ '000
4.1 Cash and liquid assets		
Notes, coins and cash at bank	316,737	110,016
Other short term liquid assets	4,885	4,528
Total cash and liquid assets	321,622	114,544
Reconciliation of profit for the year to net cash provided by operating activities		
Profit for the year	35,558	35,289
Add / (less) items classified as investing / financing activities or non-cash items:		
Depreciation of property, plant and equipment	1,302	598
Depreciation of right-of-use assets	2,744	2,650
Amortisation of intangible assets	4,643	4,041
Bad and doubtful debts expense net of recoveries	480	1,204
Share based payment	192	576
Movement in hedge reserve	965	(6,187)
Changes in assets and liabilities:		
Decrease / (increase) in due from other financial institutions	3,420	2,609
Decrease / (increase) in loans and advances	(313,301)	(180,040)
Decrease / (increase) in financial instruments	(153,946)	128,991
Decrease / (increase) in other assets	(15,840)	(4,162)
Decrease / (increase) in deferred tax assets	(6,505)	(1,602)
Increase / (decrease) in due to other financial institutions	179,185	38,710
Increase / (decrease) in deposits and other borrowings	453,615	1,424
Increase / (decrease) in employee benefits provisions	678	92
Increase / (decrease) in tax liabilities	5,527	(1,154)
Net cash flows used in operating activities	198,717	23,039

Cash and liquid assets accounting policies

Cash and liquid assets

Cash and liquid assets in the Consolidated Statement of Financial Position and for the purposes of the Consolidated Statement of Cash Flows comprise cash at bank and in hand and short-term deposits with an original maturity of less than three months, net of outstanding bank overdrafts. Cash flows arising from deposits, share capital, investments, loans to subsidiaries and investments in associates are presented on a net basis in the Statement of Cash Flows.

Cash Flow statement

Cash flows arising from the following activities are presented on a net basis in the Statement of Cash Flows:

- Customer deposits and withdrawals from savings and fixed-term deposit accounts;
- Movements in investments;
- Amounts due to and from other financial institutions;
- Customer loans and advances; and
- Dividends paid.

Where operational income and expense accruals and prepayments are included in the above line items, the movements will differ between the Statement of Financial Position and the disclosure in this note.

	30 June 2025 \$ '000	30 June 2024 \$ '000
4.2 Financial instruments		
Financial instruments at amortised cost		
Negotiable certificates of deposits	439,575	72,633
Term deposits	35,700	35,700
Floating rate notes	1,038,946	699,434
Other deposits	16,236	233
Total financial instruments at amortised cost	1,530,457	808,000
Financial instruments at fair value		
Derivatives	1,870	(111)
Total financial instruments	1,532,327	807,889

Financial instruments accounting policies

Financial instruments at amortised cost

Financial instruments at amortised cost are those non-derivative financial assets that the Group has acquired with the objective of holding in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial instruments at fair value

Financial instruments other than those carried at amortised cost, are carried at their fair value at the reporting date. Note 4.7 contains information on how the Group determines fair values. Fair value gains and losses are recognised in comprehensive income until the derecognition date, at which point the net gains and losses are transferred to profit or loss for that instrument.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows from the assets have expired, or where the Group has transferred its contractual rights to receive the cash flows of the financial assets and substantially all the risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged, cancelled or expired.

	30 June 2025 \$ '000	30 June 2024 \$ '000
4.3 Loans and advances		
Classification of loans and advances at amortised cost		
Residential loans secured by mortgage	12,864,509	7,958,331
Personal loans and unsecured overdrafts	29,070	3,910
Overdrafts secured by mortgage	20,620	24,547
Commercial loans	193,029	34,863
Upfront capitalised loan origination costs	44,645	35,059
Trail Broker commission ^(a)	30,933	39,473
Total loans and advances at amortised cost	13,182,806	8,096,183
(a) In the previous financial year, the Group revised its treatment of ongoing trail commissions payable to mortgage brokers. The Group recognised a liability within Other liabilities equal to the present value of expected future trail commissions payable and a corresponding increase in capitalised brokerage costs in loans.		
Less:		
Specific provision for impairment	1,468	176
Collective provision for impairment	11,668	7,887
Total loans and advances at amortised cost net of provision for impairment	13,169,670	8,088,120

Loans and advances at amortised cost accounting policy

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and advances". Loans and advances are recognised on trade date and are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

4.3 Loans and advances (continued)

	30 June 2025 \$ '000	30 June 2024 \$ '000
Provision for impairment		
Specific provision for impairment		
Opening balance	176	171
Net specific provision funding	1,292	5
Closing balance of specific provision for impairment	1,468	176
Collective provision for impairment		
Opening balance	7,887	6,883
Net collective provision funding	5,228	1,004
Write-off of previously provisioned facilities	(1,447)	-
Closing balance of collective provision for impairment	11,668	7,887
Total balance of provision for impairment	13,136	8,063
Charge to profit for impairment on loans and advances		
Increase / (decrease) in specific provision for impairment	1,292	(5)
Increase / (decrease) in collective provision for impairment	(1,137)	(1,004)
Bad debts recovered	270	325
Bad debts written off directly	(905)	(520)
Total impairment (expense) / recovery on loans and advances	(480)	(1,204)

Movements in provisions and reserve

	Stage 1	Stage 2	Stage 3				
	12 month ECL	Lifetime ECL	Collectively assessed - lifetime ECL	Individually assessed - lifetime ECL	Subtotal (1)	General reserve for credit losses (2)	Grand Total (1) + (2)
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance as at 1 July 2024	3,295	1,743	2,849	176	8,063	2,368	10,431
<i>Transfers during the period to:</i>							
Increase / (decrease) in provisions	4,825	(481)	(563)	1,292	5,073	-	5,073
Total provision for doubtful debts as at 30 June 2025	8,120	1,262	2,286	1,468	13,136	2,368	15,504
Balance as at 1 July 2023	2,984	1,486	2,413	171	7,054	2,368	9,422
<i>Transfers during the period to:</i>							
Increase / (decrease) in provisions	311	257	436	5	1,009	-	1,009
Total provision for doubtful debts as at 30 June 2024	3,295	1,743	2,849	176	8,063	2,368	10,431

The Group has undertaken a review of the expected credit loss (ECL) of its lending portfolios against relevant specific economic conditions under varying scenarios. The review considered the macroeconomic outlook, customer credit quality, the quality of collateral held and exposure at default as at the reporting date. The modelled ECL is sensitive to the current environment of ongoing inflation and cost of living pressures, and the longevity of any monetary and fiscal intervention, as these influence both the probability of default, and the value of collateral that may be utilised. Whilst the inputs have been revised, the underlying methodology for calculating the ECL is consistently applied in the current and comparative period as described in the Impairment of financial assets accounting policy presented below.

At 30 June 2025, this review includes forward looking economic assumptions using a scenario weighting of 50% base case, 40% moderate recession and 10% strong recovery. The key assumptions used to determine the forward looking economic overlay were revised to incorporate the latest observed economic data, including relatively stable employment markets, inflation back within the RBA's target range and a stable housing market with prices supported by the prospect of further reductions in the Official Cash Rate (OCR) in the short to medium term. In the moderate recession scenario, unemployment is assumed to peak at 6.0% with house price falls of -15% and -20% respectively across FY26 and FY27.

Given the uncertain economic outlook of the Australian and global economy, global geopolitical uncertainties still lingering, ongoing cost of living pressures and their repercussions on financial hardships, future economic conditions that result in outcomes that differ from the current estimate are possible and will be accounted for in future periods.

4.3 Loans and advances (continued)

Impairment of financial assets accounting policy

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. The primary source of credit risk for the Group arises on its loan portfolio. In relation to this portfolio, the Group maintains a specific provision and a collective provision.

Specific provisions for impairment are made against individual risk rated credit facilities where a loss is expected. The provisions are measured as the difference between a financial asset's carrying amount and the expected future cash flows.

All other loans and advances that do not have an individually assessed provision are assessed collectively for impairment. The collective provisions are calculated using an Expected Credit Loss (ECL) model. This model is forward looking and does not require evidence of an actual loss event for impairment provisions to be recognised.

The Group applies a three-stage approach to measuring the ECL based on credit risk since origination. The Group estimates ECL through modelling the probability of default, loss given default and exposure at default, as follows:

Stage 1 - Performing - This category includes financial assets that have not experienced a significant increase in credit risk since their origination. For these financial assets an allowance equivalent to 12 month's ECL is recognised, which represents the credit losses expected to arise from defaults occurring over the next 12 months.

Stage 2 - Under-performing - This category includes financial assets that have experienced a significant increase in credit risk since their origination and are not credit impaired. For these financial assets an allowance equivalent to lifetime ECL is recognised. Lifetime ECL is the credit losses expected to arise from defaults occurring over the remaining life of the financial assets.

Stage 3 - Non-performing (impaired) - This category includes financial assets that are credit impaired. The provision is also equivalent to the lifetime ECL. The difference to the provision calculated on stage 2 loans is that the stage 3 loan calculation is not discounted over a future period, but rather the provision is calculated at nominal value.

Financial assets in stage 1 and stage 2 are assessed for impairment collectively, whilst those assets in stage 3 are subject to either collective or specific impairment assessment.

Significant changes in credit risk

Significant increases in credit risk for financial assets are assessed by comparing the risk of a default occurring over the expected life of a financial asset at the reporting date compared to the corresponding risk of default at origination. In determining what constitutes a significant increase in credit risk, the Group considers qualitative and quantitative information. The judgement to determine this is primarily based on changes in internal customer risk grades since origination of the facility. For all of the Group's loan portfolios, in addition to the primary indicator, a mathematical model has been developed to identify where a facility's recent behaviour has deteriorated significantly from its original behaviour.

Key judgements and estimates made by the Group include the following:

Forward looking information

The measurement of expected credit losses needs to reflect an unbiased probability-weighted range of possible future outcomes. AASB 9 provides limited guidance on how to meet this requirement and consequently, the Group has developed an approach considered appropriate for its credit portfolio, informed by emerging market practices.

In applying forward looking information in its AASB 9 credit models, the Group considered three alternate economic scenarios (base case, strong recovery and moderate recession), to ensure a sufficient unbiased representative sample is included in estimating ECL. At 30 June 2025, the forward looking component of the collective provision for doubtful debts is \$2.0m (2024: \$1.9m). At 30 June 2025 the overlay primarily reflects the uncertainty surrounding the impact geopolitical risks and macro-economic headwinds on borrowers and the economy more broadly.

4.4 Transfer of financial assets (securitisation program)

Some loans and advances to customers are sold by the Group to securitisation vehicles. The transfer takes the form of the Group assuming an obligation to pass cash flows from the underlying assets to investors in the notes. The Group utilises its securitisation program to provide regulatory capital relief and funding diversification.

The following table sets out the carrying values at the transaction date of financial assets transferred during the financial year in this manner to vehicles that provide regulatory capital relief and the value of the associated liabilities issued from the vehicles. This table does not include transfer of assets to the securitisation vehicle in which the Group is the bond holder.

	30 June 2025 \$ '000	30 June 24 \$ '000
Transferred financial assets:		
Loans and advances (ex self securitisation)	2,728,000	930,448
Associated financial liabilities:		
Securitisation liabilities to external investors	2,784,000	930,448

Transfer of financial assets accounting policy

Once assets are transferred to a securitisation vehicle, the Group does not have the ability to use the transferred assets during the term of the arrangement. The Group does not have any loans transferred to unconsolidated securitisation vehicles.

The consolidated securitisation vehicles generally transfer all the risks and rewards of ownership of the assets to the investors in the notes. However, derecognition of the transferred assets from the Group is prohibited because the cash flows that the securitisation vehicles collect from the transferred assets on behalf of the investors are not passed to them without material delay. In these cases, the consideration received from the investors in the notes in the form of cash is recognised as a financial asset and a corresponding financial liability is recognised. The investors in the notes have recourse only to the cash flows from the transferred financial assets.

	30 June 2025 \$ '000	30 June 24 \$ '000
4.5 Deposits and other borrowings including subordinated notes		
Deposits		
At call deposits	4,696,523	3,163,029
Term deposits	5,483,847	2,792,418
Negotiable certificates of deposit	878,826	370,914
Total deposits	11,059,196	6,326,361
Other borrowings		
Subordinated notes (i)	196,815	49,893
Floating rate notes	264,960	249,776
Securitisation liabilities	2,729,503	1,879,474
Additional Tier 1 Hybrid capital instrument (i)	64,374	64,105
Total deposits and other borrowings including subordinated notes	14,314,848	8,569,609
Concentration of deposits:		
Customer deposits	10,150,624	5,928,098
Wholesale deposits	908,572	398,263
Subordinated notes (i)	196,815	49,893
Floating rate notes	264,960	249,776
Securitisation liabilities	2,729,503	1,879,474
Additional Tier 1 Hybrid capital instrument (i)	64,374	64,105
Total deposits	14,314,848	8,569,609

(i) Refer to note 3.1 for details regarding the subordinated notes and additional tier 1 hybrid capital instrument issue.

There are no customers who individually have deposits which represent 10% or more of total liabilities.

Deposits and other borrowings accounting policy

Deposits and other borrowings are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The Group does not currently hold any financial liabilities at fair value.

	30 June 2025 \$ '000	30 Jun 2024 \$ '000
4.6 Other liabilities		
Trade payables and related accruals ^(a)	60,060	51,973
Lease liabilities	10,425	7,668
Total other liabilities	70,485	59,641

(a) Refer to note 4.3 Loans and advances for details of the accounting policy relating to the treatment of ongoing trail commissions payable to mortgage brokers.

Lease liabilities

Lease liabilities are initially measured at the present value of the future lease payments at the commencement date, discounted using the interest rate implicit in the lease (or if that rate cannot be readily determined, the lessee’s incremental borrowing rate).

Lease payments are allocated between principal and interest expense. Interest expense is recognised as a financing cost within interest expense (refer note 2.1) in the income statement over the lease period. Any variable lease payments not included in the measurement of the lease liability are also recognised in the income statement in the period in which the event or condition that triggers those payments occurs. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in lease term, an assessment of an option to purchase the underlying asset, an index or rate, or a change in the estimated amount payable under a residual value guarantee. When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the Right-of-use (ROU) asset, or, in the income statement, where the carrying value of the ROU asset has been fully written down. The ROU asset is recorded in plant and equipment and right-of-use assets (refer to note 5.1).

4.7 Fair value of financial instruments

Classification of financial instruments

Cash and liquid assets and amounts due from financial institutions are carried at cost. As these assets are short term assets, their cost is considered to approximate their fair value.

The following financial assets and liabilities are also carried at amortised cost:

- Financial instruments;
- Loans and advances;
- Deposits; and
- Other borrowings.

The aggregate net fair value of financial assets and financial liabilities which are carried at amortised cost is:

	30 June 2025		30 June 2024	
	Carrying value \$ '000	Net fair value \$ '000	Carrying value \$ '000	Net fair value \$ '000
Financial assets				
Financial instruments	1,530,457	1,608,795	808,000	798,687
Loans and advances	13,169,670	13,160,922	8,088,120	8,070,153
Total financial assets	14,700,127	14,769,717	8,896,120	8,868,840
Financial liabilities				
Deposits	11,059,196	11,070,132	6,326,361	6,324,892
Other borrowings including subordinated notes	3,255,652	3,256,770	2,243,248	2,242,651
Total financial liabilities	14,314,848	14,326,902	8,569,609	8,567,543

4.7 Fair value of financial instruments (continued)

The aggregate net fair values of financial assets and financial liabilities which are carried at fair value is:

	30 June 2025		30 June 2024	
	Carrying value \$ '000	Net fair value \$ '000	Carrying value \$ '000	Net fair value \$ '000
Financial assets				
Derivative assets	1,870	1,870	(111)	(111)
Due from other financial institutions	111,740	111,740	45,394	45,394
Total financial assets	113,610	113,610	45,283	45,283
Financial liabilities				
Due to other financial institutions	130,945	130,945	61,125	61,125
Total financial liabilities	130,945	130,945	61,125	61,125

Fair value hierarchy

The level in the fair value hierarchy of the inputs used in determining the fair values is shown below.

The fair value of these assets is:

- Level 1 - inputs that are prices quoted for identical instruments in active markets;
- Level 2 - inputs based on observable market data other than those in level 1; and
- Level 3 - inputs for which there is no observable market data.

Where the expected maturity is in excess of 12 months, the fair value is discounted to its present value. During the half year, there have been no material transfers between levels of the fair value hierarchy. Classifications are reviewed at reporting dates and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Fair value hierarchy for items carried at amortised cost

	Level 1 value \$ '000	Level 2 value \$ '000	Level 3 value \$ '000	Total value \$ '000
2025				
Financial assets				
Financial instruments	-	1,608,795	-	1,608,795
Loans and advances	-	-	13,160,922	13,160,922
Financial liabilities				
Deposits	-	11,070,132	-	11,070,132
Other borrowings including subordinated notes	-	3,256,770	-	3,256,770
2024				
Financial assets				
Financial instruments	-	798,687	-	798,687
Loans and advances	-	-	8,070,153	8,070,153
Financial liabilities				
Deposits	-	6,324,892	-	6,324,892
Other borrowings including subordinated notes	-	2,242,651	-	2,242,651

There has been no impact on profit and loss of fair value movements of assets that are within Level 3 of the fair value hierarchy.

Fair value hierarchy for items carried at fair value

	Level 1 value \$ '000	Level 2 value \$ '000	Level 3 value \$ '000	Total value \$ '000
2025				
Financial assets				
Derivative assets	-	1,870	-	1,870
Due from other financial institutions	-	111,740	-	111,740
Financial liabilities				
Due to other financial institutions	-	130,945	-	130,945
2024				
Financial assets				
Derivative assets	-	(111)	-	(111)
Due from other financial institutions	-	45,394	-	45,394
Financial liabilities				
Due to other financial institutions	-	61,125	-	61,125

There has been no impact on profit and loss of fair value movements of assets that are within Level 3 of the fair value hierarchy. The Group has performed a VaR analysis as detailed in note 3.2, Market risk. VaR takes account of all material market variables that may cause a change in the value of the loan portfolio, being 100% of Level 3 inputs.

Notes to the consolidated financial statements for the year ended 30 June 2025

	30 June 2025 \$ '000	30 June 2024 \$ '000
5.1 Property, plant and equipment and right-of-use assets		
Leasehold improvements		
At cost	8,276	7,555
Accumulated depreciation	(7,426)	(7,234)
	850	321
Land and buildings		
At fair value	11,875	-
Accumulated depreciation	(247)	-
	11,628	-
Plant and equipment		
At cost	17,912	6,542
Accumulated depreciation	(10,981)	(5,770)
	6,931	772
Right-of-use assets - land and buildings		
At cost	24,997	14,094
Accumulated depreciation	(16,789)	(8,720)
	8,208	5,374
Total property, plant and equipment	27,617	6,467

Plant and equipment accounting policy**Leasehold improvements**

Leasehold improvements are carried at cost less any subsequent accumulated depreciation on leasehold improvements.

Land and buildings

Freehold land and buildings are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation for buildings and subsequent accumulated impairment losses. Freehold land is not depreciated. Revalued amounts are based on periodic, but at least triennial, valuations by external independent valuers. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment and right-of-use (ROU) assets

Plant and equipment and right-of-use assets are measured at cost less accumulated depreciation and any impairment in value. The cost of ROU assets correspond to the amount recognised for the lease liability on initial recognition together with any lease payments made at or before the commencement date, net of any lease incentives received and initial direct costs.

Impairment of plant and equipment and right-of-use assets

The carrying values of plant and equipment and right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Derecognition of plant and equipment and right-of-use assets

An item of plant and equipment or right-of-use asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Consolidated Income Statement in the year the item is derecognised.

Notes to the consolidated financial statements for the year ended 30 June 2025

5.2 Intangible assets and goodwill

	Goodwill \$ '000	Software \$ '000	Core Deposit Intangible \$ '000	Total \$ '000
Year ended 30 June 2025				
At 1 July 2024, net of accumulated amortisation	65,152	11,766	-	76,918
Additions / (disposals)	12,415	5,378	18,500	36,293
Amortisation	-	(4,643)	(617)	(5,260)
At 30 June 2025, net of accumulated amortisation	77,567	12,501	17,883	107,951
At 30 June 2025				
Cost (gross carrying amount less impairment)	77,567	48,708	18,500	144,775
Accumulated amortisation	-	(36,207)	(617)	(36,824)
Net carrying amount	77,567	12,501	17,883	107,951
Year ended 30 June 2024				
At 1 July 2023, net of accumulated amortisation	65,152	12,770	-	77,922
Additions	-	3,037	-	3,037
Amortisation	-	(4,041)	-	(4,041)
At 30 June 2024, net of accumulated amortisation	65,152	11,766	-	76,918
At 30 June 2024				
Cost (gross carrying amount less impairment)	65,152	43,330	-	108,482
Accumulated amortisation	-	(31,564)	-	(31,564)
Net carrying amount	65,152	11,766	-	76,918

Intangibles accounting policy

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or infinite. Where amortisation is charged on assets with finite lives, this expense is taken to the Consolidated Income Statement. Certain costs directly incurred in acquiring and developing software are capitalised and amortised over the estimated useful life.

Any capitalised costs of configuring or customising a supplier's application software in a software as a service arrangement have been derecognised in the financials in line with the IFRS Interpretation Committee's (IFRIC) agenda decision in April 2021. The impact has been recognised in the Group's retained earnings.

A core deposit intangible asset was recognised on merger with Auswide Bank Ltd and reflects the value associated to low-cost funding through the deposit book. Following initial recognition, the core deposit intangible asset is amortised over its useful life.

Intangible assets are tested for impairment where an indicator of impairment exists and, in the case of indefinite life intangibles (limited to Goodwill), annually, either individually or at the cash-generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Goodwill is treated as an indefinite life intangible, software and other intangibles are finite life intangibles. Refer to note 2.3 Expenses for the useful life of tangible and intangible assets.

5.2 Intangible assets and goodwill (continued)

Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the Group's three cash-generating units (CGU's), being MyState Bank, Auswide Bank and the Wealth Management Business. These CGU's represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each CGU for the purpose of impairment testing is as follows:

	30 June 2025	30 June 2024
	\$ '000	\$ '000
Banking Business (MyState Bank)	40,189	40,189
Banking Business (Auswide Bank)	12,415	-
Wealth Management Business	24,963	24,963
Total goodwill	77,567	65,152

The Group's assessment of value-in-use exceeds the carrying value allocated to the CGU's and included in the financial statements.

The recoverable amounts for value-in-use were determined using cash flow projections from the latest business plan approved by the Board. Growth rates have been applied from year two through to year ten. Cash flows are projected by undertaking detailed calculations for each income and expense category over a three year period and are then extrapolated off the 3rd year, which is the lowest point of growth. An exit value is calculated at the end of 10 years, based on an implied terminal value earnings multiple of 9.6 and 13.7 for the Banking Businesses and the Wealth Management Business respectively, and a long-term growth rate not exceeding industry. A post-tax discount rate of 11.5% (16.4% pre-tax) and 8.8% (12.6% pre tax) was used for the Banking Businesses and the Wealth Management Business respectively. Certain income categories are modelled by projecting growth in relevant portfolio balances and the resulting income derived there-from. Other non-portfolio related income streams and expense categories are modelled by projecting real rates of growth (above inflation) for each category. Terminal value is determined at year ten using the assumption that the CGU achieves no real growth above inflation into perpetuity. The growth rates applied do not exceed the long-term average growth rate for the business which the CGU operates. The discount rate used of 11.5% reflects the Group's post-tax nominal weighted average cost of capital, which has been reviewed by externally engaged advisers and approved by the Board. Average inflation is projected to be 2.1%. The method for determining value-in-use is consistent with that adopted in the comparative period.

The key assumptions adopted in assessing Banking's value-in-use are the rate of growth in the balance of the housing loan portfolio and the outlook for net interest margin (NIM). Taking into account management's past experiences and external evidence, the assumptions that have been adopted for both of these components are considered to be reasonable. Management expects that any reasonably possible change to assumptions used in Management's assessment will not result in impairment.

The key assumption adopted in assessing Wealth Management's value-in-use is the rate of growth in income derived from management fee (MF) income. MF income is derived from its activities as the responsible entity for various Managed Investment Schemes (MIS). MF income derived is directly related to the portfolio balances of the MIS. Other sources of income for the Wealth Management Business are its Trustee Services divisions. Taking into account Management's past experiences and external evidence, the assumptions adopted are considered reasonable. Management's assessment of Wealth Management's value-in-use exceeds its carrying value. Any reasonably possible change to assumptions used in Management's assessment will not result in impairment.

5.2 Intangible assets and goodwill (continued)

Goodwill accounting policy

Goodwill on the acquisition of businesses is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of CGU's) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit pro rata based on the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of subsidiaries accounting policy

Investments in subsidiaries are tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount (which is the higher of fair value less costs to sell and value in use). At each balance sheet date, the investments in subsidiaries that have been impaired are reviewed for possible reversal of the impairment.

Business combinations

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the business combination transaction date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

As per note 1.4, MyState Bank merged with Auswide Bank on 19 February 2025. From an accounting perspective MyState has gained control over Auswide and therefore, under AASB 3, the Group is required to recognise and measure goodwill acquired in the business combination. The PPA exercise to determine the fair value of consideration transferred, identifiable assets (including intangible assets) acquired and liabilities assumed related to the acquisition of Auswide, and measure the resulting goodwill was completed on 30 June 2025.

Goodwill of \$12.4m has been recognised, representing the difference between the purchase consideration and the fair value of the identified assets and liabilities. A Core deposit intangible of \$18.5m has also been valued, using the multi-period excess earnings (MEEM) method.

MyState Limited

Notes to the consolidated financial statements for the year ended 30 June 2025

	30 June 2025 \$ '000	30 June 2024 \$ '000
5.3 Employee benefits provisions		
Balances		
Provision for annual leave	4,153	2,232
Provision for long service leave	5,937	3,205
Total employee benefits provisions	10,090	5,437
Due to be settled within 12 months	8,397	4,178
Due to be settled in more than 12 months	1,693	1,259
Total employee benefits provisions	10,090	5,437

Employee benefits accounting policy

Liabilities for salaries, wages and annual leave are recognised in respect of employees' service up to the reporting date. Where settlement is expected to occur within twelve months of the reporting date, the liabilities are measured at their nominal amounts based on the remuneration rates which are expected to be paid when the liability is settled. Where settlement is expected to occur later than twelve months from reporting date, the liabilities are measured at the present value of payments which are expected to be paid when the liability is settled.

A liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

MyState Limited

Notes to the consolidated financial statements for the year ended 30 June 2025

	30 June 2025 \$ '000	30 June 2024 \$ '000
5.4 Share capital		
Issued and paid up ordinary shares	493,238	228,603

Movements in ordinary share capital

	30 June 2025		30 Jun 2024	
	Number of shares	Amount \$ '000	Number of shares	Amount \$ '000
Opening balance	110,600,801	228,603	109,594,435	225,274
Shares issued pursuant to the:				
- Group employee share scheme	46,592	214	9,982	35
- Dividend reinvestment plan	830,428	3,056	960,598	3,120
- Shares issuance costs	-	(185)	-	-
- Shares issued to Auswide	57,602,145	261,513	-	-
- Executive long term incentive plan	9,508	37	35,786	174
Closing balance	169,089,474	493,238	110,600,801	228,603

Terms and conditions

Ordinary shares have the right to receive dividends as declared from time to time and, in the event of a winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares and amounts paid up on the shares held. Ordinary shares entitle their holder to one vote per share, either in person or by proxy at meetings of the Company.

The Company does not have authorised capital or par value in respect of its issued shares.

The Group offers share based remuneration, refer to the Remuneration Report for further information regarding these arrangements.

MyState Limited

Notes to the consolidated financial statements for the year ended 30 June 2025

	30 June 2025 \$ '000	30 June 2024 \$ '000
6.1 Income tax expense, current and deferred tax balances		
The major components of income tax expense / (benefit) are:		
Income tax expense		
Current income tax charge	(17,402)	(16,759)
Adjustment in respect of current income tax of previous years	(7)	181
Adjustments in respect of equity / goodwill	(1,894)	(1,923)
Relating to origination and reversal of temporary differences	1,563	3,588
Total income tax expense	(17,740)	(14,913)
A reconciliation between tax expense and accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Income tax expense attributable to:		
Accounting profit before income tax	53,298	50,202
The income tax expense comprises amounts set aside as:		
Provision attributable to the current year at the statutory rate of 30%, being:		
- Prima facie tax on accounting profit before tax	(15,989)	(15,061)
- Under / (over) provision in prior year	(7)	181
Expenditure not allowable for income tax purposes	(1,791)	(33)
Other	47	-
Income tax expense reported in the consolidated income statement	(17,740)	(14,913)
Total income tax expense	(17,740)	(14,913)
Weighted average effective tax rates	33.3%	29.7%

MyState Limited

Notes to the consolidated financial statements for the year ended 30 June 2025

	30 June 2025	30 June 2024		
	\$ '000	\$ '000		
6.1 Income tax expense, current and deferred tax balances (continued)				
Deferred income tax relates to the following:				
Deferred tax assets				
Plant & equipment	-	78		
Intangible assets	3,941	201		
Derivatives	-	730		
Employee entitlements	3,028	1,631		
Provisions	1,522	-		
Doubtful debts	3,941	2,419		
Other	7,930	2,102		
Total deferred tax assets	20,362	7,161		
Current tax receivable	2,391	-		
Total tax assets	22,753	7,161		
Deferred tax liabilities				
Derivatives	664	-		
Property, plant and equipment	4,461	1,291		
Other	10,075	2,269		
Total deferred tax liabilities	15,200	3,560		
Current tax payable	-	4,070		
Total tax liabilities	15,200	7,630		
Movements in deferred tax balances				
	Deferred tax assets		Deferred tax liabilities	
	30 June 2025	30 Jun 2024	30 June 2025	30 Jun 2024
	\$' 000	\$' 000	\$' 000	\$' 000
Opening balance	7,161	5,558	3,560	6,275
Adjustments on acquisition	12,050	-	9,597	-
Reclassification deferred tax	-	-	-	-
(Charged) / credited to income statement	1,151	1,603	1,485	(792)
Credited / (charged) to equity	-	-	558	(1,923)
Closing balance	20,362	7,161	15,200	3,560

Notes to the consolidated financial statements for the year ended 30 June 2025

6.1 Income tax expense, current and deferred tax balances (continued)

Taxation accounting policy

Income tax expense is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in the Consolidated Statement of Comprehensive Income. Income tax expense on the profit or loss of the period comprises current tax and deferred tax.

Current tax payable

Current tax payable is the expected tax payable on the taxable income for the financial year using tax rates that have been enacted, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred income tax is provided on all temporary differences at reporting date. Temporary differences are calculated at each reporting date as the difference between the carrying amount of assets and liabilities for financial reporting purposes and their tax base.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- When the taxable temporary differences associated with the investments in subsidiaries and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax assets and unused tax losses can be utilised except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither the accounting profit nor the taxable profit and loss; and
- When the deductible temporary differences are associated with investments in subsidiaries, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

As per note 1.4, MyState Bank merged with Auswide Bank on 19 February 2025. Temporary differences have arisen as a result of the PPA exercise undertaken to determine the fair value of consideration transferred, identifiable assets (including intangible assets) acquired and liabilities assumed related to the acquisition of Auswide, and the measurement of resulting goodwill.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxable authority.

The Group undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Group estimates its tax liability based on its understanding of the tax law.

Notes to the consolidated financial statements for the year ended 30 June 2025

6.1 Income tax expense, current and deferred tax balances (continued)

Taxation accounting policy (continued)**Tax consolidation**

The Group has elected to be taxed as a single entity under the tax consolidation regime. The head company is MyState Limited. The members of the Group, with the recent addition of Auswide Bank Limited, have entered into a tax sharing agreement that provides for the allocation of income tax liabilities among the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

The Company and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Company has applied the separate tax payer within group approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

7.1 Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 1 and policy notes within the financial statements for a summary of the significant accounting policies relating to the Group.

	30 June 2025	30 June 2024
Statement of Financial Position	\$ '000	\$ '000
Assets		
Cash and liquid assets	2,138	2,113
Other receivables	1,551	597
Related party receivables	257,280	116,454
Investments in subsidiaries	606,160	343,588
Current and deferred tax assets	1,180	1,111
Total assets	868,309	463,863
Liabilities		
Other liabilities	1,042	1,080
Other borrowings	261,374	114,105
Related party payables	1,674	765
Tax liabilities	1,206	4,068
Employee benefits provisions	599	444
Total liabilities	265,895	120,462
Net assets	602,414	343,401
Equity		
Share capital	598,963	334,531
Retained earnings	1,570	7,329
Reserves	1,881	1,541
Total equity	602,414	343,401
Financial performance		
Profit after income tax for the year	24,667	25,472
Other comprehensive income	-	-
Total comprehensive income	24,667	25,472

The parent entity has not entered into any guarantees and does not have any contingent liabilities as at 30 June 2025 (30 June 2024: nil).

Transactions between the Company and the consolidated entities principally arise from the provision of management and governance services. All transactions with subsidiaries are in accordance with regulatory requirements and are on commercial terms. All transactions undertaken during the financial year with the consolidated entities are eliminated in the Consolidated Financial Statements. Amounts due from and due to entities are presented separately in the Statement of Financial Position of the Company except where offsetting reflects the substance of the transaction or event.

Notes to the consolidated financial statements for the year ended 30 June 2025

7.2 Controlled entities and principles of consolidation

Details of the Group's material subsidiaries at the end of the reporting period are as follows.

Significant subsidiaries	Principal activities	Country of Incorporation	Ownership Interest
MyState Bank Limited	Banking	Australia	100%
Auswide Bank Ltd	Banking	Australia	100%
TPT Wealth Limited	Wealth Management	Australia	100%
SelfCo Pty Ltd	Non operating ¹	Australia	100%
Connect Asset Management Pty Ltd	Manager of Securitisation Vehicles	Australia	100%

¹ Selfco business is an operating division of Auswide Bank Ltd.

Basis of consolidation accounting policy

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Income Statement and Other Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the consolidated financial statements for the year ended 30 June 2025

7.3 Related party disclosures

The ultimate parent entity and controlling entity is MyState Limited. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed in the following paragraphs.

Managed Investment Schemes

Within the Group, TPT Wealth Limited (TPT) is a Responsible Entity for Managed Investment Schemes (Funds) and, accordingly, has significant influence over their activities. TPT receives management fees from these Funds. TPT also pays expenses of the Funds for which it is reimbursed. TPT and the Company have also invested in these Funds and receive distributions on these investments. These investments are made on the same terms and conditions that apply to all investors in these Funds. Details of these transactions and balances are as follows:

	Consolidated		TPT	
	30 June 2025 \$ '000	30 June 2024 \$ '000	30 June 2025 \$ '000	30 June 2024 \$ '000
Management fees received	8,180	7,966	8,180	7,966
Balance of investment held at year end	2,855	2,727	2,855	2,727
Distributions received from managed funds	128	122	128	122

The Funds have:

- Accepted money on deposit from Directors and Executives or entities associated with Directors and Executives at prevailing Fund rates and conditions;
- Loaned money to MyState Bank, in the form of term deposits and negotiable certificates of deposit, totalling \$1.96M (2024: \$1.89M); and
- Invested in the ConQuest Trusts Residential Mortgage Backed Securities Program in the form of Class A and B notes totalling \$27.3M (2024: \$36.10M).

These deposits are made on the same terms and conditions that apply to all similar transactions.

Key Management Personnel**(i) Individual Directors and Executive compensation disclosures**

Information regarding individual Directors, Executive compensation, and equity instruments disclosures, as required by the Corporations Regulation 2M.2.03, is provided in the Remuneration Report section of the Directors' report. Disclosure of the compensation and other transactions with key management personnel (KMP) is required pursuant to the requirements of Australian Accounting Standard AASB 124 *Related Party Disclosures*. The KMP of the Group is comprised of the Non Executive Directors, Managing Director and Chief Executive Officer and certain Executives.

	30 June 2025 \$ '000	30 June 2024 \$ '000
Key management personnel compensation		
The key management personnel compensation comprised:		
Short-term employee benefits	3,505	3,925
Post employment benefits	304	306
Share-Based payment (i)	504	387
Termination benefits	26	-

(a) These amounts are estimates of compensation and include a portion that will only vest to the Managing Director or Executive when certain performance criteria are met or a 'Capital Event' occurs. The fair value of shares is calculated at the date of grant and is allocated to each reporting period over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the shares allocated to this reporting period.

MyState Limited

Notes to the consolidated financial statements for the year ended 30 June 2025

8.1 Contingent liabilities and expenditure commitments

MyState Bank Limited and Auswide Bank Ltd have provided guarantees to third-parties in order to secure the obligations of customers. The maximum exposures to these guarantees are disclosed below. The range of situations in which these guarantees are given include:

- Local Government Authorities, to secure the obligations of property and sub-divisional developers to complete infrastructure developments;
- Local Government Authorities, Schools and other building owners, to secure the obligations of building contractors to complete building works;
- Landlords, to secure the obligations of tenants to pay rent; and
- CUSCAL, to secure payroll and direct debit payments processed by CUSCAL on behalf of customers.

	30 June 2025 \$ '000	30 June 2024 \$ '000
Customer commitments		
Loans approved but not advanced to borrowers	222,156	133,523
Undrawn continuing lines of credit	97,502	49,495
Performance guarantees	4,444	2,673
Total customer commitments	324,102	185,691

Guarantees are issued in accordance with approved Board policy. Those guarantees over \$10,000 are required to be secured. In the event that a payment is made under a guarantee, the customer's obligation to MyState Bank Limited is crystallised in the form of an overdraft or loan.

Any contingent liability recognised through the business combination of MyState Bank and Auswide Bank has been initially measured at fair value at the 28 February 2025, as part of the PPA exercise.

Estate Administration

TPT Wealth Limited acts as executor and trustee for a significant number of trusts and estates. In this capacity, this company has incurred liabilities for which it has a right of indemnity out of the assets of those trusts and estates. Accordingly, these liabilities are not reflected in the financial statements.

Other contracted commitments for expenditure on plant and equipment as at the reporting date are for only minimal amounts.

MyState Limited

Notes to the consolidated financial statements for the year ended 30 June 2025

	30 June 2025 \$ '000	30 June 2024 \$ '000
8.2 Remuneration of auditors		
During the financial year, the following fees which are shown exclusive of GST claimed were paid or payable for services provided by the auditor of the Group, Wise Lord & Ferguson and the component auditor Deloitte Touche Tohmatsu:		
8.2. 1 Principal auditing fees		
Audit services		
Audit of the financial statements of the consolidated entities	559	469
Total remuneration for audit services	559	469
Audit related services		
Assurance related services	68	58
Audit of loans and other services to the securitisation program	3	3
Total remuneration for audit related services	71	61
Other non-external audit related services		
Other services	33	3
Total remuneration for non-audit related services	33	3
Total remuneration for principal audit services provided	663	533
8.2.2 Component auditing fees		
Audit services		
Audit of the financial statements of the consolidated entities	495	-
Total remuneration for audit services	495	-
Audit related services		
Assurance related services	119	-
Other assurance related services	15	-
Total remuneration for audit related services	134	-
Other non-external audit related services		
Tax compliance services	45	-
Other services	-	-
Total remuneration for non-audit related services	45	-
Total remuneration for component audit services provided	674	-

8.3 Events subsequent to balance date

On 10 July 2025, MyState Limited exercised its call option to redeem \$25m of Tier 2 qualifying subordinated notes following the issue of \$100m of new notes in May 2025. At 30 June 2025, the impact of the \$25m redemption would have been to reduce the Total capital ratio by 0.53% (from 17.51% to 16.98%).

Other than the above, in the opinion of the Directors, there are no other matters or circumstances that have arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

8.4 Other material accounting policies, new accounting standards and disclosures

The principal accounting policies, which are consistent with those applied in the comparative period unless otherwise stated, that have been adopted in the preparation of the financial report are set out in this section and the preceding sections.

(i) Other assets

Other assets comprise accounts receivable, accrued income and prepayments. Accounts receivable are initially recorded at the fair value of the amounts to be received and are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment loss.

(ii) Other liabilities

Other liabilities comprise accounts payable and accrued expenses and represent liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of the recognition of the liability.

(iii) New and revised accounting standards

There are no new Australian Accounting Standards in effect from the 2025 financial year that have not already been adopted by the Group.

No accounting standards became effective in the current financial year. New or amended standards effective for annual reporting periods beginning on or after 1 July 2025 are as follows:

- *AASB 18 Presentation and Disclosure in Financial Statements* (1 January 2027)
 - IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.
- *AASB 2024-2 Amendments to AAS - Classification and Measurement of Financial Instruments* (1 January 2026)
 - The amendments address matters identified during the post-implementation review of the classification and measurement requirements of AASB 9 Financial Instruments.

Adoption of these amendments is not expected to result in any significant changes to how the Group applies accounting standards in future financial years.

MyState Limited

Consolidated Entity Disclosure Statement for the year ended 30 June 2025

Name of entity	Type of entity	Trustee, partner or participate in joint venture	% of share capital held	Country of incorporation	Australian or foreign resident (for tax purposes)
MyState Limited	Body Corporate	N/A	N/A	Australia	Australia
MyState Bank Limited	Body Corporate	N/A	100	Australia	Australia
Auswide Bank Limited	Body Corporate	N/A	100	Australia	Australia
TPT Wealth Limited	Body Corporate	N/A	100	Australia	Australia
Auswide Performance Rights Pty Limited	Body Corporate	N/A	100	Australia	Australia
Auswide Bank Limited Employee Share Trust	Trust	N/A	100	Australia	Australia
Specialist Equipment Leasing Finance Co Pty Limited	Body Corporate	N/A	100	Australia	Australia
Connect Asset Management Pty Limited	Body Corporate	N/A	100	Australia	Australia
Conquest 2010-1R Trust (i)	Trust	N/A	N/A	Australia	Australia
Conquest 2016-2 Trust (i)	Trust	N/A	N/A	Australia	Australia
Conquest 2017-1 Trust (i)	Trust	N/A	N/A	Australia	Australia
Conquest 2018-1 Trust (i)	Trust	N/A	N/A	Australia	Australia
Conquest 2019-1 PP Trust (i)	Trust	N/A	N/A	Australia	Australia
Conquest 2019-2 Trust (i)	Trust	N/A	N/A	Australia	Australia
Conquest 2022-1 Trust (i)	Trust	N/A	N/A	Australia	Australia
Conquest 2023-1 Warehouse Trust (i)	Trust	N/A	N/A	Australia	Australia
Conquest 2023-2 Trust (i)	Trust	N/A	N/A	Australia	Australia
Conquest 2023-3 Warehouse Trust (i)	Trust	N/A	N/A	Australia	Australia
Conquest 2024-1 Trust (i)	Trust	N/A	N/A	Australia	Australia
Conquest 2025-1R Trust (i)	Trust	N/A	N/A	Australia	Australia
Conquest 2025-2 Trust (i)	Trust	N/A	N/A	Australia	Australia
Widcap Securities Pty Limited	Body Corporate	N/A	100	Australia	Australia
Wide Bay Trust 5 (ii)	Trust	N/A	N/A	Australia	Australia
ABA Trusts 7 (ii)	Trust	N/A	N/A	Australia	Australia
ABA Trust 2023-1 (ii)	Trust	N/A	N/A	Australia	Australia
Wide Bay Trust 2008-1 (ii)	Trust	N/A	N/A	Australia	Australia

(i) Entities listed here are securisation special purpose vehicles. Connect Asset Management Pty Ltd is the securitisation program manager.

(ii) Entities listed here are securisation special purpose vehicles. Widcap Securities Pty Ltd is the securitisation program manager.

MyState Limited
Directors' Declaration for the year ended 30 June 2025

In accordance with a resolution of the Directors of MyState Limited, we state that:

1. In the opinion of the Directors:

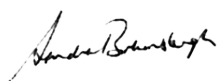
- (a) The financial statements and notes of the Group set out on pages 26 to 76 are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the year ended on that date; and
 - (ii) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) There are reasonable grounds to believe that MyState Limited will be able to pay its debts as and when they become due and payable; and
- (c) The consolidated entity disclosure statement, required by section 295(3A) of the *Corporations Act 2001*, is true and correct.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2025.

3. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1.2.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board



Sandra Birkenleigh
Chair



Brett Morgan
Managing Director and Chief Executive Officer

Hobart
Dated 19 August 2025.

Independent Auditor's Report to the Shareholders of MyState Limited

Opinion

We have audited the financial report of MyState Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2025 and of its consolidated financial performance for the year then ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements.

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Report.

1. MyState Bank merger with Auswide Bank

Key audit matter	How our audit addressed the matter
<p>As disclosed in Note 1.4 of the Group financial report, the Group completed its merger with Auswide Bank on 19 February 2025, for a total purchase consideration of \$261.5 million. This transaction is considered a key audit matter given its size and its impact to the Group's financial statements.</p> <p>The Group accounted for the transaction with AASB 3 <i>Business Combinations</i>. The fair value of net identifiable assets acquired at the merger date was determined as \$249.1 million, resulting in goodwill of \$12.4 million.</p> <p>Determining the fair value of net assets acquired involved complex valuation methodologies, including the use of the multi-period excess earnings method (MEEM) for valuing the core deposits intangible asset, and discounted cash flow models for other acquired intangible assets. These models required significant estimates and assumptions.</p> <p>The principal considerations that lead us to identify this as a key audit matter included:</p> <ul style="list-style-type: none"> • The high level of judgement exercised by the Group in determining the fair value of the net assets acquired, including reliance on external valuation experts; and • The significant auditor judgement, effort, and subjectivity involved in evaluating the Group's valuation methodologies, assumptions, and estimates. 	<p>In response to the merger of MyState Bank Limited and Auswide Bank Limited during the financial year, we identified the accounting for the business combination as a key area of audit focus.</p> <p>Our procedures to address the risk of material misstatement and to obtain sufficient appropriate audit evidence included:</p> <ul style="list-style-type: none"> • Reviewing the Group's accounting for the business combination in accordance with AASB 3 <i>Business Combinations</i>, including the recognition and measurement of identifiable assets acquired and liabilities assumed. • Assessing the purchase price allocation (PPA) prepared by management with the assistance of an external expert. This included evaluating the methodology, key assumptions, and opening balance adjustments, and holding discussions with the expert to understand their approach. • Testing the recognition of goodwill arising from the merger, including reviewing the goodwill impairment assessment. We also considered the appropriateness of the Group's impairment testing methodology and assumptions. • Evaluating the fair value of acquired financial instruments, including loans and advances, core deposits, deposits and borrowings, and comparing these to the Group's records and supporting documentation. • Assessing the adequacy of provisioning models used by the Group under AASB 9 <i>Financial Instruments</i>, including review of model assumptions, overlays, and disclosures. • Reviewing the accounting treatment of treasury-related transactions, including subordinated debt and derivative instruments, and assessing compliance with relevant accounting standards. • Considering the IT control environment of the acquired business, including IT security and compliance with APRA Prudential Standard CPS 234 <i>Information Security</i>. • Auditing the consolidation process, including the elimination of intercompany balances and the accuracy of merger accounting entries within the Group's consolidated financial statements. • Evaluating the financial report disclosures relating to the business combination for compliance with AASB 3 and AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i>. <p>These procedures were designed to ensure that the merger was appropriately reflected in the Group's financial statements and that the associated disclosures provided users with relevant and reliable information.</p>

2. Operation of IT Systems and Controls

Key audit matter	How our audit addressed the matter
<p>This is a key audit matter because a significant part of the Group's financial reporting process is heavily reliant on IT systems with automated processes and controls for the capture, processing, storage, and extraction of information.</p> <p>There has been continued change to the Group's IT landscape in the 2025 financial year and it has been essential to ensure appropriate user access and change management protocols exist and are being observed. These protocols are important because they ensure that access and changes to IT systems and related data are made and authorised in an appropriate manner.</p> <p>These key controls mitigate potential fraud or error because of change to an application or underlying data. MyState has outsourced arrangements in place for a number of key IT processes.</p>	<p>We focus our audit on those IT systems and controls that are significant to the Group's financial reporting process.</p> <p>We assessed and tested the design and operating effectiveness of the Group's IT controls, including those over user access and change management as well as data reliability and integrity.</p> <p>This involved assessing:</p> <ul style="list-style-type: none"> • Technology control environment and governance; • Change management processes for software applications; • Access controls designed to enforce segregation of duties; • System development, reviewing the appropriateness of management's testing and implementation controls; • We carried out direct tests of the operation of key programs to establish the accuracy of calculations, the correct generation of reports, and to assess the correct operation of automated controls and technology-dependent manual controls; and • Third party reports on IT systems and controls. <p>For outsourced providers, we obtain assurance from third party auditors on the design and operating effectiveness of controls.</p>

3. Recognition and Measurement – Goodwill

Refer to Note 5.2 'Intangible assets and goodwill'

Key audit matter	How our audit addressed the matter
<p>There is also a high level of judgement required in the Group's annual testing of impairment of goodwill with significant forward-looking assumptions used in the valuation models.</p> <p>Details on the methodology and assumptions used in the impairment assessment if goodwill are included in Note 5.2 – Intangible assets and goodwill.</p>	<p>To address the risk of material misstatement and obtain sufficient audit evidence, we performed the following procedures over goodwill:</p> <ul style="list-style-type: none"> Assessed whether the models used in the impairment testing of goodwill met the requirements of Australian Accounting Standards; Assessed the appropriateness of the Cash Generating Units (CGU) identified to which goodwill has been allocated; Agreed the forecast cash flows to the most recent forecasts approved by management or the Board, considered the reasonableness of these forecasts based on the current economic environment, and assessed the accuracy of the Group's previous forecasts by performing a comparison of historical forecasts to actual results; Assess the key assumptions used in the impairment assessment with reference to market rates and historical performance; Test the mathematical accuracy of the impairment models; Assessed the adequacy of the disclosures associated with the impairment assessment of goodwill within the financial report.

4. Provision for Impairment on Loans and Advances

Refer to Note 4.3 'Loans and advances'

Key audit matters	How our audit addressed the matter
<p>The provision for impairment on loans and advances is a key audit matter because of the Group's significant balance of loans and advances, the growth in loan balances during the 2024 financial year, and the significant judgement inherent in the provisioning model. The provisioning model is determined in accordance with the requirements of AASB 9 <i>Financial Instruments</i>.</p> <p>Provision for impairment of loans and advances that exceed specific thresholds are individually assessed by management with reference to future cash repayments and proceeds from the realisation of security.</p> <p>Other loans that do not have an individually assessed provision are assessed on a portfolio basis with loans with similar risk characteristics.</p> <p>Key areas of judgement included:</p> <ul style="list-style-type: none"> The design of the expected credit loss model used; Assumptions used in the expected credit loss model (for exposures assessed on an 	<p>To address the risk of material misstatement and obtain sufficient audit evidence, we performed the following procedures over the provisions for impairment on loans and advances:</p> <ul style="list-style-type: none"> Assessed the governance oversight; Reviewed and tested the calculation of the expected credit loss model, including the specific provision, collective provision for impairment and management overlays; Considered the assumptions within the management overlays; Ensured the methodology for write off of debt was consistent with prior periods; Tested the accuracy of the data used to calculate the provision; Reviewed a sample of current arrears balances and reviewed follow up procedures, including whether specific financial assets in arrears had been appropriately provided for;

Key audit matters	How our audit addressed the matter
<p>individual or collective basis) such as the financial condition of the counterparty, expected future cash flows, and forward-looking macroeconomic factors (e.g. GDP growth, unemployment rates, central bank interest rates);</p> <ul style="list-style-type: none"> • The incorporation of forward-looking information to reflect current or future external factors, specifically judgments related to current economic uncertainty, both in the multiple forward-looking scenarios and the probability weighting determined for each of these scenarios • The design of the management overlays applied in response to significant economic events; and • The stress test modelling undertaken to verify provisioning levels. 	<ul style="list-style-type: none"> • Reviewed management assessments of provision for loans that exceed specific thresholds; and • Considered the disclosures made in relation to the estimates and judgements used in the Group's provisioning against the requirements of accounting standards <p>We considered the impact of the growth in loan balances on credit risk and tested the internal control environment that supports lending.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- b) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all the relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 25 of the Directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of MyState Limited, for the year ended 30 June 2025 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Wise Lord & Ferguson

WISE LORD & FERGUSON



NICK CARTER

Partner

Date: 19 August 2025