

18 February 2025

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

**MyState Limited – Half Year Report
(Appendix 4D) for the half year ended 31 December 2024**

The Directors of MyState Limited (the “Company”) are pleased to announce the results of the Company for the half year ended 31 December 2024 as follows:

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Extracted from the Financial Statements for the half year ended	\$'000 31 December 2023	\$'000 31 December 2024	% Change
Revenue from operations	75,809	76,996	1.6%
Underlying net profit after tax ¹	17,474	17,480	0.03%
Statutory profit after tax attributable to members	17,474	15,919	-8.9%
Statutory net profit after tax attributable to members	17,474	15,919	-8.9%

¹ Underlying net profit after tax for 1H25 excludes merger related transaction costs.

Dividends for the current financial year are:	Amount per security	Franked amount per security
FY2025 Interim Dividend fully franked at 30% Payable on 21 March 2025 Record date for determining entitlements for the interim dividend is 5 March 2025.	10.5 cents	10.5 cents
Dividends for the previous financial year were:	Amount per security	Franked amount per security
FY2024 Interim Dividend – paid March 2024 FY2024 Final dividend – paid September 2024	11.5 cents 11.5 cents	11.5 cents 11.5 cents
Dividend Reinvestment Plan	Last Date for Receipt of DRP Election Notice	
The MyState Limited Dividend Reinvestment Plan is operational for the FY2025 Interim Dividend.	6 March 2025	
Net Tangible Assets per share	31 December 2023	31 December 2024
	336 cents	342 cents

The remainder of the information requiring disclosure to comply with Listing Rule 4.2A.3 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 18 February 2025.

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

Yours faithfully



Scott Lukianenko
Company Secretary

Consolidated Financial Report

For the half year ended 31 December 2024

Appendix 4D

Directors' Report

Financial Statements

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Directors' Declaration

Directors' report

Your Directors' present their report for MyState Limited and its controlled entities (the Group) for the half year ended 31 December 2024.

Directors

- **Vaughn Richtor** BA (Hons), MAICD
Chairman and Independent Non-Executive Director.
- **Robert Gordon** BSc, FIFA, MAICD (Retired 23 October 2024)
Deputy Chairman and Independent Non-Executive Director.
- **Brett Morgan** BEc, MAppFin
Managing Director and Chief Executive Officer - Executive Director.
- **Stephen Davy BSc (Hons)**
Independent Non-Executive Director.
- **Sibylle Krieger** LLB (Hons), LLM, FAICD, MBA
Independent Non-Executive Director.
- **Warren Lee** BCom, CA
Independent Non-Executive Director.
- **Andrea Waters** BCom, FCA, GAICD
Independent Non-Executive Director.

Company Secretary

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

Principal Activities

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

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

There have been no significant changes in the nature of the principal activities of the Group during the period.

Dividends

The Directors have declared a fully franked interim dividend of 10.5 cents per share. The dividend will be payable on 21 March 2025 to shareholders on the register at the record date of 5 March 2025.

Operating and Financial Review

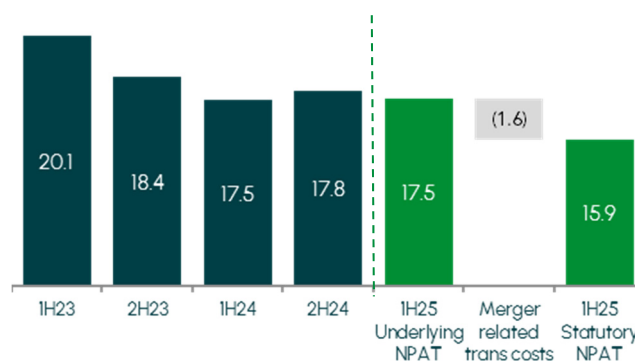
Financial performance

Underlying net profit after tax of \$17.5m excludes merger related transaction costs of \$1.6m incurred during 1HY25 and was in line with the pcg (1HY24: \$17.5m). Including merger transaction costs, the Group recorded a statutory net profit after income tax for the half year ended 31 December 2024 of \$15.9m, a decrease of 8.9% on the prior corresponding period (pcp) to 31 December 2023 of \$17.5m.

Statutory earnings per share (EPS) was 14.37 cents per share (1HY24: 15.89 cents per share) and return on equity (ROE) was 6.9% (1HY24: 7.7%). On an Underlying basis, ROE was 7.5% and the Group cost to income ratio (CTI) was 68.5% (1HY24: 65.7%).

These key metrics reflect the resilience MyState has demonstrated in a competitive home loan and retail deposit environment. MyState continues to optimise financial performance, including actively balancing the trade-off between growth and margin, with a focus on operating efficiency.

Group net profit after tax (\$m)



The total loan book (excluding capitalised acquisition costs) remained steady at \$8.0bn relative to June 2024. In the near term, MyState will continue to focus on maintaining asset quality and profitable growth.

Pre-provision operating profit of \$24.3m decreased \$1.7m or 6.6% on pcg, with income growth of \$1.2m (or 1.6%) offset by an increase in operating expenses of \$2.9m (or 5.8%). Inflationary related cost pressures continue to impact the bottom line. Operating expenses exclude \$1.6m of merger related transaction costs which are separately disclosed in the financial statements. MyState continues to invest in key strategic initiatives, with the official launch of a new MyState Bank mobile app and internet banking experience in July 2024 and ongoing spend on initiatives to mitigate the sector-wide impact of cyber and fraud related risks.

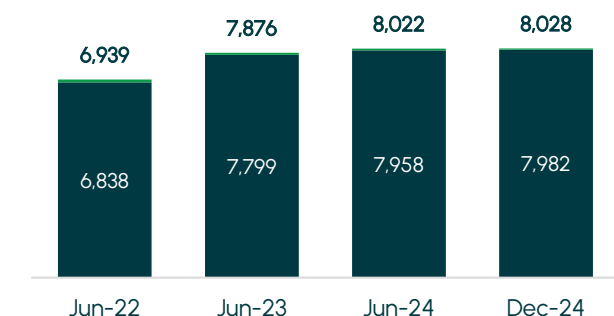
Despite a period of significant change and the challenges presented by the rising cost of living, MyState's internally measured customer net promoter score was +55 at 31 December 2024 and continues to reflect a high level of ongoing customer advocacy.

Directors' report continued

MyState Bank

MyState Bank's loan portfolio remained steady from 30 June 2024, reaching \$8,028m at 31 December 2024.

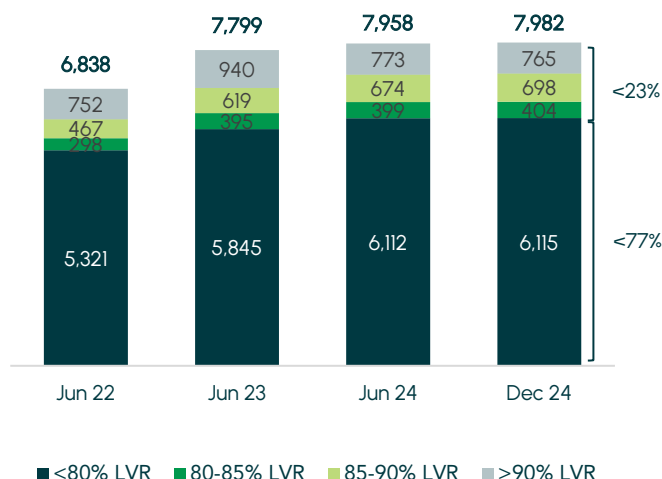
Total loan book composition (\$m)



- Housing Loans
- Other Loans (personal / business / overdrafts)

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

Home loan book – LVR profile (\$m)



In 1HY25, home loan book growth was modest at 0.3%. Since June 2021, high LVR lending has generally been to borrowers eligible to participate in the First Home Owner Grant 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) provides a guarantee of up to a maximum amount of 15% of the value of a property (as assessed by MyState) purchased under the scheme.

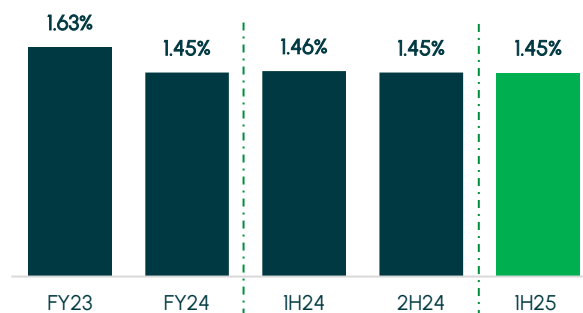
All non-First Home Owner Grant scheme loans with an LVR >80% are mortgage insured.

While MyState's 30 and 90-day arrears have increased as a consequence of the rise in interest rates since May 2022, they remain below industry benchmarks at 1.03% and 0.44% respectively (30 June 2024: 0.97% and 0.44%).

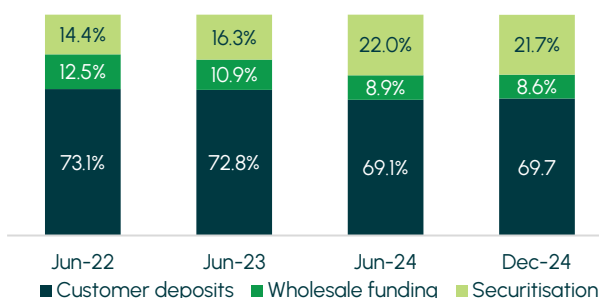
Home loan borrowers remain resilient with actual loan losses negligible in line with historical experience. During the period, a decrease of \$0.7m in the collective provision, driven by an improvement in the "loss given default" assumption, led to an impairment recovery of \$0.8m (1HY24: impairment expense of \$0.9m).

Net interest margin (NIM) trend

Net interest income was up \$0.8m or 1.3% on pcip driven by the benefits of a larger average balance sheet partly offset by a fall of 1bp in NIM on pcip. Relative to the second half of FY24, NIM remained steady at 1.45%, notwithstanding ongoing competition in the market for new home loans, elevated levels of customer switching and retention discounting and higher funding costs.



Funding mix (\$m)



MyState's funding mix remains well diversified. The increase in the customer deposit ratio since 30 June 2024 was driven by an increase in retail and third party term deposits. MyState customers continued to shift from lower cost transaction and savings accounts to higher interest bearing products. The competition for retail deposits remains strong sector wide.

MyState welcomed a further 7,820 new to bank customers this financial year to date.

In October 2024, MyState issued its largest ever term securitisation deal (\$600m).

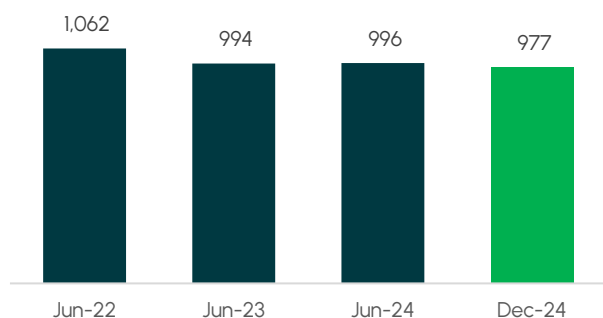
Directors' report continued

Non-interest income

Non-interest income from banking activities slightly decreased by \$0.03m or 0.5% on pcp, as a result of lower transaction and loan fees.

TPT Wealth

Funds under management (\$m)



Income from wealth management activities increased by \$0.4m or 6.1%, driven by higher trustee services income and investment services income over the period.

Funds under management (FUM) was marginally down over the period predominantly due to a decrease in the Long Term and Select Mortgage funds.

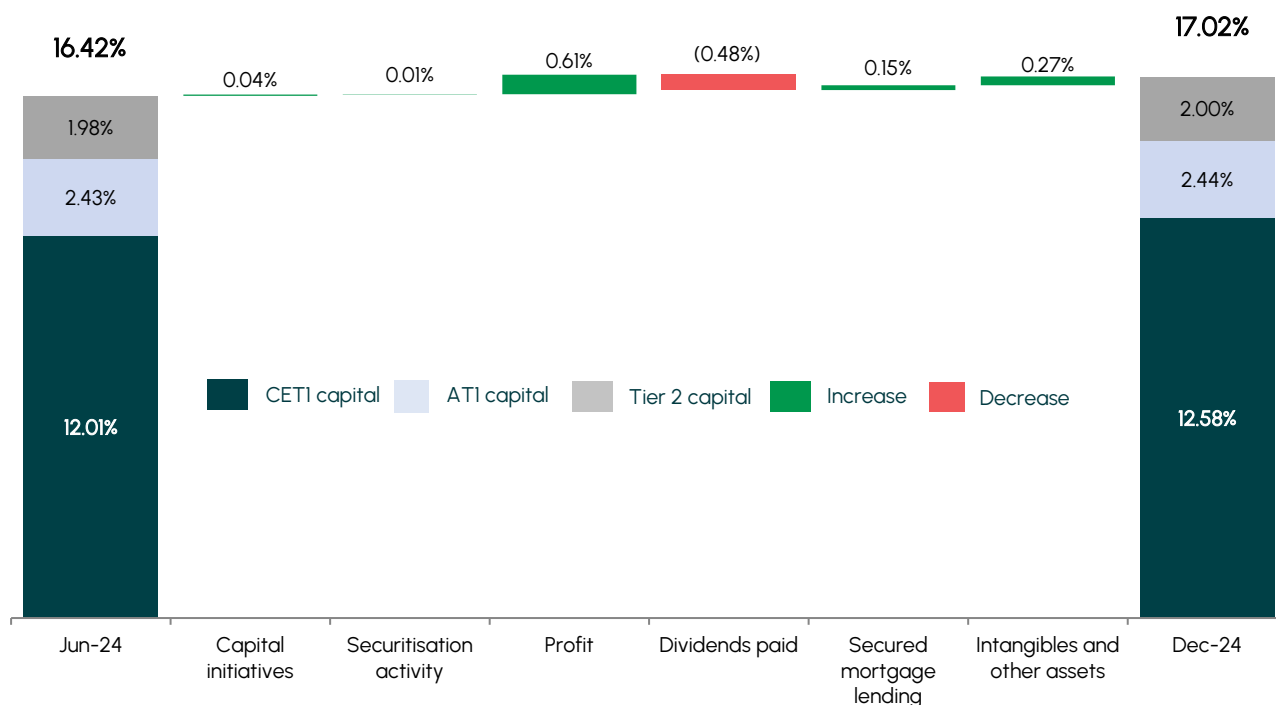
TPT Wealth NPAT for the period was \$1.2m, an increase on pcp of 13.5% (1HY24: \$1.0m), largely driven by higher trustee services revenue.

Capital position

MyState remains well capitalised with the Group's Common Equity Tier 1 (CET1) ratio increasing by 57bps to 12.58% and the total capital ratio increasing by 60bps to 17.02% at 31 December 2024.

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

Capital movement for the period



Directors' report continued

Community

MyState seeks to make a genuine difference to customers and the communities within which they operate.

Since 2001, the MyState Foundation has awarded more than \$2.8 million in grants to help more than 167 not-for-profit organisations in Tasmania with a focus on helping young Tasmanians reach their full potential.

Outlook

On 19 August 2024, MyState announced that the company and its wholly owned subsidiary, MyState Bank, had signed a Scheme Implementation Agreement pursuant to which MyState Bank will acquire all of the ordinary shares in Auswide Bank Limited (Auswide). Implementation of the Scheme will be completed on 19 February 2025. The combination of two high quality and complementary businesses is consistent with the growth strategies of both organisations and is expected to bring scale advantages to the Group. The merger is expected to be earnings per share accretive from FY26 on a post synergies run rate basis.

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

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' Report for the half year ended 31 December 2024.

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

On 19 February 2025, a Scheme Implementation Agreement between MyState and its wholly owned subsidiary, MyState Bank, will come into effect, pursuant to which MyState Bank acquires all of the ordinary shares in Auswide. The Scheme was subject to regulatory, Auswide shareholder and third party approvals, all of which were received on or before 7 February 2025. Under the Scheme, Auswide shareholders will receive new shares in MyState which will result in pro forma ownership of 65.8% of the combined group for existing MyState shareholders. New MyState shares will commence trading on the ASX on a normal settlement basis on 20 February 2025.

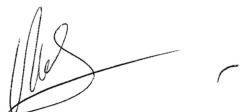
The new MyState Board will have 8 members, consisting of 3 directors designated by Auswide and 5 directors designated by MyState, with current Auswide Chair Sandra Birkenleigh to chair the Board and current MyState Managing Director and Chief Executive Officer Brett Morgan continuing to remain Managing Director and Chief Executive Officer. Stephen Davy will cease as a MyState Director on 19 February 2025. Gregory Kenny and Jacqueline Korhonen will join the Board as Auswide designated Directors on 19 February 2025.

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 period 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.

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, was included in MyState's 2024 Annual Report.

Signed in accordance with a resolution of the Directors.



Vaughn Richtor
Chairman



Brett Morgan
Managing Director and Chief Executive Officer

Hobart
18 February 2025

Auditor's Independence Declaration to the Directors of MyState Limited

In relation to our review of the financial report of MyState Limited for the half-year ended 31 December 2024, 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 AND FERGUSON



NICK CARTER

Partner

Date: 18 February 2025

MyState Limited
Consolidated Income Statement
for the half year ended 31 December 2024

	Notes	31 Dec 2024 \$ '000	31 Dec 2023 \$ '000
Interest income	2.1	255,870	234,575
Interest expense	2.1	(192,058)	(171,571)
Net interest income		63,812	63,004
Non-interest income from banking activities	2.1	5,991	6,023
Net banking operating income		69,803	69,027
Income from wealth management activities	2.2	7,193	6,782
Total operating income		76,996	75,809
Less: Expenses			
Personnel costs		23,581	22,060
Administration costs	2.3	10,255	10,231
Technology costs	2.3	12,977	10,620
Occupancy costs	2.3	2,077	2,170
Marketing costs		2,433	3,055
Governance costs		1,419	1,694
Operating expenses		52,742	49,830
Merger related transaction costs		1,561	-
Total expenses		54,303	49,830
Profit before impairment and tax expense		22,693	25,979
Impairment recovery / (expense) on loans and advances	3.1	761	(934)
Profit before tax		23,454	25,045
Income tax expense		7,535	7,571
Profit for the period		15,919	17,474
Profit attributable to the:			
Equity holders of MyState Limited		15,919	17,474
Basic earnings per share (cents per share)	2.4	14.37	15.89
Diluted earnings per share (cents per share)	2.4	13.02	14.08

The accompanying notes form part of these financial statements.

MyState Limited
Consolidated Statement of Comprehensive Income
for the half year ended 31 December 2024

	Notes	31 Dec 2024 \$ '000	31 Dec 2023 \$ '000
Profit for the period		15,919	17,474
Other comprehensive income / (expense)			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges - Net gains / (losses) taken to equity		391	(4,990)
Income tax effect		(117)	1,497
Total other comprehensive income / (expense) for the period		274	(3,493)
Total comprehensive income for the period		16,193	13,981
Total comprehensive income for the year is attributable to:			
Equity holders of MyState Limited		16,193	13,981

The accompanying notes form part of these financial statements.

MyState Limited
Consolidated Statement of Financial Position
as at 31 December 2024

	Notes	31 Dec 2024 \$ '000	30 Jun 2024 \$ '000
Assets			
Cash and liquid assets	3.3	195,512	114,544
Due from other financial institutions		27,168	45,394
Other assets		23,580	23,983
Financial instruments		875,867	807,889
Loans and advances	3.1	8,081,396	8,088,120
Property, plant and equipment and right-of-use assets		6,204	6,467
Tax assets		9,684	7,161
Intangible assets and goodwill		75,755	74,821
Total assets		9,295,166	9,168,379
Liabilities			
Due to other financial institutions		61,578	61,125
Deposits and other borrowings including subordinated notes		8,705,600	8,569,609
Employee benefits provisions		5,210	5,437
Other liabilities		45,955	59,641
Tax liabilities		7,110	7,630
Total liabilities		8,825,453	8,703,442
Net assets		469,713	464,937
Equity			
Share capital	4.1	229,944	228,603
Retained earnings		236,695	233,501
Reserves		3,074	2,833
Total equity		469,713	464,937

The accompanying notes form part of these financial statements.

MyState Limited
Consolidated Statement of Changes in Equity
for the half year ended 31 December 2024

	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 period		-	17,474	-	-	-	-	17,474
Other comprehensive income / (expense)		-	-	-	-	(3,493)	-	(3,493)
Total comprehensive income for the period		-	17,474	-	-	(3,493)	-	13,981
Equity issued under employee share scheme		35	-	-	(35)	-	-	-
Equity issued under executive long term incentive plan		174	-	-	(174)	-	-	-
Equity issued under dividend reinvestment plan		2,029	-	-	-	-	-	2,029
Share based payment expense recognised		-	-	-	174	-	-	174
Dividends paid	2.5	-	(12,603)	-	-	-	-	(12,603)
At 31 December 2023		227,512	228,368	2,368	1,279	2,617	(1,000)	461,144
At 1 July 2024		228,603	233,501	2,368	1,542	(77)	(1,000)	464,937
Profit for the period		-	15,919	-	-	-	-	15,919
Other comprehensive income / (expense)		-	-	-	-	274	-	274
Total comprehensive income for the period		-	15,919	-	-	274	-	16,193
Equity issued under employee share scheme		37	-	-	-	-	-	37
Equity issued under executive long term incentive plan		214	-	-	(214)	-	-	-
Equity issued under dividend reinvestment plan		1,090	-	-	-	-	-	1,090
Share based payment expense recognised		-	-	-	181	-	-	181
Dividends paid	2.5	-	(12,725)	-	-	-	-	(12,725)
At 31 December 2024		229,944	236,695	2,368	1,509	197	(1,000)	469,713

The accompanying notes form part of these financial statements.

MyState Limited
Consolidated Statement of Cash Flows
for the half year ended 31 December 2024

	Notes	31 Dec 2024 \$ '000	31 Dec 2023 \$ '000
Cash flows from operating activities			
Interest received		268,537	248,255
Interest paid		(184,011)	(167,028)
Fees and commissions received		12,487	10,512
Other non-interest income received		1,235	1,424
Payments to suppliers and employees		(26,697)	(50,570)
Income tax paid		(10,579)	(7,290)
(Increase) / decrease in operating assets:			
Due from other financial institutions		17,863	9,077
Financial instruments		(67,563)	(68,663)
Loans and advances		(45,309)	(79,673)
Increase / (decrease) in operating liabilities:			
Due to other financial institutions		(5,446)	(8,866)
Deposits and other borrowings excluding subordinated notes and floating rate notes		235,152	191,797
Net cash flows from / (used in) operating activities		195,669	78,975
Cash flows from investing activities			
Purchase of intangible assets		(938)	(1,818)
Purchase of property, plant and equipment		(595)	(380)
Net cash flows from / (used in) investing activities		(1,533)	(2,198)
Cash flows from financing activities			
Employee share issue		37	35
Receipts / (payments) for lease liabilities		(1,572)	(1,370)
Floating rate notes		(100,000)	-
Dividend paid net of dividend reinvestment plan		(11,633)	(10,614)
Net cash flows from / (used in) financing activities		(113,168)	(11,949)
Net increase / (decrease) in cash held		80,968	64,828
Cash at beginning of financial year		114,544	127,778
Closing cash carried forward	3.3	195,512	192,606

The accompanying notes form part of these financial statements.

MyState Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2024

1.1 Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report for the year ended 30 June 2024.

1.2 Basis of preparation

The condensed consolidated financial statements comprise of MyState Limited and the entities it controlled during the half year. They have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. The financial report has been presented in Australian dollars.

MyState Limited 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 Directors' Report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

For the purpose of these financial statements, the following abbreviations have been applied:

Group	MyState Limited and the entities it controlled during the period;
Company	MyState Limited;
Period	the half year ended 31 December 2024; and
ASIC	Australian Securities and Investments Commission.

The comparative information disclosed in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows is for the six months ended 31 December 2023. The comparative information disclosed in the Consolidated Statement of Financial Position is as at 30 June 2024. Comparative information may contain reallocation of amounts. Any adjustments are to assist in providing more meaningful information within the financial statements.

The accounting policies and methods of compilation are the same as those policies adopted in the most recent annual financial report, which is for the year ended 30 June 2024.

There have been no new accounting standards which have been determined to have a material impact on this financial report.

MyState Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2024

	31 Dec 2024 \$ '000	31 Dec 2023 \$ '000
2.1 Net banking operating income		
Interest income		
Loans and advances	232,492	211,356
Investment securities	22,553	21,187
Swap interest ¹	825	2,032
Total interest income	255,870	234,575
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	42,495	45,607
Fixed term deposits	73,252	62,675
Negotiable certificates of deposit	9,889	10,777
Subordinated notes	2,047	1,981
Term funding facility	100	62
Floating rate notes	6,232	6,505
Securitisation	54,670	43,350
Additional Tier 1 Hybrid capital instrument	2,402	2,340
Financing costs - leases	320	342
Swap interest ²	651	(2,068)
Total interest expense	192,058	171,571
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	1,403	1,454
Loan fees	2,208	2,348
Banking commissions	1,799	1,556
Other banking operations income	581	665
Total non-interest income from banking activities	5,991	6,023
2.2 Income from wealth management activities		
Funds management income	3,909	3,824
Other fees and commissions	3,284	2,958
Total income from wealth management activities	7,193	6,782
2.3 Expenses		
The following items are included within each item of specified expenses:		
Occupancy costs include:		
Operating lease payments	116	278
Depreciation - right-of-use assets	1,411	1,302
Depreciation - buildings and leasehold improvements	90	107
Technology costs include:		
Amortisation - computer software	2,101	2,214
Administration costs include:		
Depreciation - furniture, equipment and computer hardware	217	197

The accompanying notes form part of these financial statements.

MyState Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2024

	31 Dec 2024 Cents	31 Dec 2023 Cents
2.4 Earnings per share		
Basic earnings per share	14.37	15.89
Diluted earnings per share	13.02	14.08
Reconciliation of earnings used in calculation of earnings per ordinary share	\$ '000	\$ '000
Net profit after tax	15,919	17,474
Total statutory earnings	15,919	17,474
Earnings used in calculating statutory earnings per ordinary share	15,919	17,474
Add back: distributions accrued and/or paid on dilutive loan capital instrument	2,402	2,206
Total diluted earnings	18,321	19,680

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	110,807,795	109,986,210
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	140,768,068	139,778,916

Potentially dilutive instruments

The following instruments are potentially dilutive during the reporting period

	<i>Dilutive instruments</i>	
	31 Dec 2024	31 Dec 2023
Loan capital instrument	Yes	Yes
Executive performance rights	Yes	Yes
Subordinated note (with non viability clause)	No	No

2.5 Dividends

	Date of payment	31 Dec 2024 \$ '000	31 Dec 2023 \$ '000
Dividends paid			
2023 Final dividend paid - 11.5 cents per share	19 Sep 2023	-	12,603
2024 Final dividend paid - 11.5 cents per share	16 Sep 2024	12,725	-

The dividends paid during the period were fully franked at the 30 per cent corporate tax rate.

MyState Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2024

2.6 Segment financial information

Operations of reportable segments

The Group has identified two 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.

Banking division

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

Wealth Management division

The Wealth Management division is a provider of funds management and trustee services. It operates predominantly within Tasmania. It holds \$0.98 billion in funds under management on behalf of personal, business and wholesale investors as the responsible entity for 8 managed investment schemes. The Wealth Management business is conducted by TPT Wealth Limited. TPT Wealth Limited is 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 cost centre is responsible for the governance of the Group. The corporate cost centre charges the operating divisions on a cost recovery basis for costs it has incurred. This division is also where eliminations are allocated between the Banking division and the Wealth Management division.

	Banking \$' 000	Wealth Management \$' 000	Corporate and Consolidation \$' 000	Total \$' 000
Half year ended 31 December 2024				
Interest income	255,665	158	47	255,870
Interest expense	(192,058)	-	-	(192,058)
Other income	5,991	7,193	-	13,184
Other expenses	(47,016)	(5,685)	(1,602)	(54,303)
Impairment recovery / (expense) on loans and advances	761	-	-	761
Income tax expense	(7,032)	(503)	-	(7,535)
Segment profit for the period	16,311	1,163	(1,555)	15,919
Segment balance sheet information as at 31 December 2024				
Segment assets	9,223,772	25,148	46,246	9,295,166
Segment liabilities	8,825,433	1,910	(1,890)	8,825,453

	Banking \$' 000	Wealth Management \$' 000	Corporate and Consolidation \$' 000	Total \$' 000
Half year ended 31 December 2023				
Interest income	234,382	153	40	234,575
Interest expense	(171,568)	-	(3)	(171,571)
Other income	6,023	6,782	-	12,805
Other expenses	(44,343)	(5,450)	(37)	(49,830)
Impairment recovery / (expense) on loans and advances	(918)	(16)	-	(934)
Income tax expense	(7,128)	(443)	-	(7,571)
Segment profit for the period	16,448	1,026	-	17,474
Segment balance sheet information as at 30 June 2024				
Segment assets	9,090,131	27,777	50,471	9,168,379
Segment liabilities	8,698,246	2,202	2,994	8,703,442

MyState Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2024

	31 Dec 2024 \$ '000	30 Jun 2024 \$ '000
3.1 Loans and advances		
Classification of loans and advances at amortised cost		
Residential loans secured by mortgage	7,982,386	7,958,331
Personal loans and unsecured overdrafts	2,506	3,910
Overdrafts secured by mortgage	20,177	24,547
Commercial loans	22,426	34,863
Upfront capitalised loan origination costs	33,545	35,059
Trail Broker commission	27,660	39,473
Total loans and advances at amortised cost	8,088,700	8,096,183

Specific provision for impairment	80	176
Collective provision for impairment	7,224	7,887
Total loans and advances at amortised cost net of provision for impairment	8,081,396	8,088,120

There are no loans that individually represent 10% or more of shareholders' equity. The Banking division's customers are predominantly in the states of Tasmania, Queensland, New South Wales and Victoria. The Wealth Management division's customers are predominantly in the state of Tasmania.

Provision for impairment

Specific provision for impairment		
Opening balance (i)	176	171
Net specific provision funding	(96)	5
Closing balance of specific provision for impairment (i)	80	176
Collective provision for impairment		
Opening balance (i)	7,887	6,883
Net collective provision funding	(663)	1,004
Closing balance of collective provision for impairment (i)	7,224	7,887
Total provision for impairment	7,304	8,063

(i) The opening balance for the comparative period is 1 January 2024 and the closing balance is 30 June 2024.

	31 Dec 2024 \$ '000	30 Jun 2024 \$ '000
Charge to profit for impairment on loans and advances		
Increase / (decrease) in specific provision for impairment	(96)	5
Increase / (decrease) in collective provision for impairment	(663)	1,004
Bad debts recovered	(105)	(325)
Bad debts written off directly	103	520
Total impairment (recovery) / expense on loans and advances	(761)	1,204

MyState Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2024

3.1 Loans and advances (continued)

Provision for impairment (continued)

Movements in provisions and reserve

	Stage 1	Stage 2	Stage 3				
Provision for doubtful debts	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	(34)	(744)	115	(96)	(759)	-	(759)
Balance as at 31 December 2024	3,261	999	2,964	80	7,304	2,368	9,672

	Stage 1	Stage 2	Stage 3				
Provision for doubtful debts	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 Jan 2024	3,028	2,032	2,661	181	7,902	2,368	10,270
<i>Transfers during the period to:</i>							
Increase/(decrease) in provisions	267	(289)	188	(5)	161	-	161
Balance as at 30 June 2024	3,295	1,743	2,849	176	8,063	2,368	10,431

The Group applies a three-stage approach to measuring the expected credit loss (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 assets in stage 3 are subject to either collective or specific impairment assessment.

The Group has undertaken a review of the 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 high inflation and cost of living pressures, as these influence the probability of default and house prices as these impact 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 in the most recent annual financial report.

At 31 December 2024, 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 a lower Official Cash Rate (OCR) under a moderate recession scenario, increasing levels of unemployment and lower near term house price growth, with price falls under the moderate recession scenario of -15% and 20% respectively across FY25 and FY26.

Given the uncertain economic outlook of the Australian and global economy, global geopolitical uncertainties still lingering, rising 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.

3.2 Fair value of financial instruments

Classification of financial instruments

Cash and liquid assets, amounts due to financial institutions 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. Derivative assets are carried at fair value.

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

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

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

	31 Dec 2024		30 Jun 2024	
	Carrying value \$ '000	Net fair value \$ '000	Carrying value \$ '000	Net fair value \$ '000
Financial assets				
Financial instruments	875,585	871,554	808,000	798,687
Loans and advances	8,081,396	8,071,667	8,088,120	8,070,153
Total financial assets	8,956,981	8,943,221	8,896,120	8,868,840
Financial liabilities				
Deposits	6,558,315	6,562,604	6,326,361	6,324,892
Other borrowings including subordinated notes	2,147,285	2,147,190	2,243,248	2,242,651
Total financial liabilities	8,705,600	8,709,794	8,569,609	8,567,543

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

	31 Dec 2024		30 Jun 2024	
	Carrying value \$ '000	Net fair value \$ '000	Carrying value \$ '000	Net fair value \$ '000
Financial assets				
Derivative assets	282	282	(111)	(111)
Due from other financial institutions	27,168	27,168	45,394	45,394
Total financial assets	27,450	27,450	45,283	45,283
Financial liabilities				
Due to other financial institutions	61,578	61,578	61,125	61,125
Total financial liabilities	61,578	61,578	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.

MyState Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2024

3.2 Fair value of financial instruments (continued)

Fair value hierarchy for items carried at amortised cost

	Level 1 value \$ '000	Level 2 value \$ '000	Level 3 value \$ '000	Total value \$ '000
31 Dec 2024				
Financial assets				
Financial instruments	-	871,554	-	871,554
Loans and advances	-	-	8,071,667	8,071,667
Financial liabilities				
Deposits	-	6,562,604	-	6,562,604
Other borrowings including subordinated notes	-	2,147,190	-	2,147,190
30 June 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
31 Dec 2024				
Financial assets				
Derivative assets	-	282	-	282
Due from other financial institutions	-	27,168	-	27,168
Financial liabilities				
Due to other financial institutions	-	61,578	-	61,578
30 June 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.

	31 Dec 2024 \$ '000	30 Jun 2024 \$ '000
3.3 Cash and liquid assets		
Cash and liquid assets includes:		
Notes, coins and cash at bank	190,465	110,016
Other short term liquid assets	5,047	4,528
Total cash and liquid assets	195,512	114,544

The accompanying notes form part of these financial statements.

MyState Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2024

3.4 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.

	31 Dec 2024			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	1,065,587	23,378	4.35%	988,119	45,813	4.64%
Loans and advances (i)	7,728,753	232,492	5.97%	7,617,324	433,109	5.69%
Total average interest-earning assets	8,794,340	255,870	5.77%	8,605,443	478,922	5.56%
Average liabilities and interest expense						
Interest-bearing liabilities						
Deposits and derivatives	6,457,153	125,512	3.86%	6,482,158	236,285	3.65%
Notes and bonds on issue	2,002,358	66,546	6.59%	1,867,409	118,101	6.32%
Total average interest-bearing liabilities	8,459,511	192,058	4.50%	8,349,567	354,386	4.24%
Interest rate spread			1.27%			1.32%
Capital	452,323	-	0.18%	440,468	-	0.13%
Net interest margin			1.45%			1.45%

(i) The offset account average balance included in loans and advances is \$279.175m (June 2024 : \$283.645m)

The accompanying notes form part of these financial statements.

MyState Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2024

	31 Dec 2024 \$ '000	30 Jun 2024 \$ '000
4.1 Share capital		
Issued and paid up ordinary shares	229,944	228,603

Movements in ordinary share capital

	31 Dec 2024		31 Dec 2023	
	Number of shares	Amount \$ '000	Number of shares	Amount \$ '000
Opening balance 1 July	110,600,801	228,603	109,594,435	225,274
Shares issued pursuant to the				
- Group employee share scheme	9,508	37	9,982	35
- Executive long term incentive plan	46,592	214	35,786	174
- Dividend reinvestment plan	285,697	1,090	635,050	2,029
Closing balance	110,942,598	229,944	110,275,253	227,512

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.

	31 Dec 2024 \$ '000	30 Jun 2024 \$ '000
4.2 Contingent liabilities and expenditure commitments		
(a) Loans approved but not advanced to borrowers	114,550	133,523
(b) Undrawn continuing lines of credit	49,319	49,495
(c) Performance guarantees and success based fees	5,230	2,673
Total contingent liabilities and expenditure commitments	169,099	185,691

There have been no other material changes in contingent liabilities or expenditure commitments since the end of the last reporting period ended 30 June 2024.

MyState Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2024

4.3 Events subsequent to balance date

On 19 February 2025, a Scheme Implementation Agreement between MyState and its wholly owned subsidiary, MyState Bank, will come into effect, pursuant to which MyState Bank acquires all of the ordinary shares in Auswide. The Scheme was subject to regulatory, Auswide shareholder and third party approvals, all of which were received on or before 7 February 2025.

Under the Scheme, Auswide shareholders will receive new shares in MyState which will result in pro forma ownership of 65.8% of the combined group for existing MyState shareholders. New MyState shares will commence trading on the ASX on a normal settlement basis on 20 February 2025.

The new MyState Board will have 8 members, consisting of 3 directors designated by Auswide and 5 directors designated by MyState, with current Auswide Chair Sandra Birkensleigh to chair the Board and current MyState Managing Director and Chief Executive Officer Brett Morgan continuing to remain Managing Director and Chief Executive Officer. Stephen Davy will cease as a MyState Director on 19 February 2025. Gregory Kenny and Jacqueline Korhonen will join the Board as Auswide designated Directors on 19 February 2025.

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 period 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.

MyState Limited
Directors' Declaration
for the half year ended 31 December 2024

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 are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half year ended on that date; and
 - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting*, 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.

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 half year ended 31 December 2024.

3. The financial statements and notes also comply with International Financial Reporting Standard IAS 34 *Interim Financial reporting* as disclosed in note 1.1.

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

On behalf of the Board



Vaughn Richtor
Chairman



Brett Morgan
Managing Director and Chief Executive Officer

Hobart
Dated 18 February 2025.

Independent Auditor's Review Report to the Members of MyState Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of MyState Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and 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 annual 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 Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Responsibility of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Wise Lord & Ferguson

WISE LORD & FERGUSON



NICK CARTER

Partner

Date: 18 February 2025