# Merger with MyState, Acquisition of Selfco and Equity Raising

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19 August 2024

Small things. Big difference.

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Ord Minnett Limited (Ord Minnett) (the Lead Manager) is acting as lead manager and underwriter of the Placement. The SPP is not underwritten.

**SUMMARY INFORMATION**

This Presentation contains general information in summary form which is current as at 19 August 2024 in connection with:

- the proposed merger of Auswide with MyState Limited (MyState) to be structured such that all of the shares on issue in Auswide (including the New Shares) will be acquired by MyState in exchange for shares in MyState (Proposed Merger);
- the proposed acquisition of Specialist Equipment Leasing Finance Company Pty Ltd (Selfco) and the purchase of a portfolio of loan receivables (Portfolio) from Selfco and Eticore SD Pty Ltd as trustee for the Selfco Warehouse Trust 2020-1 (Eticore) (together, the Selfco Acquisition); and
- the Placement and the Share Purchase Plan.

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Auswide has undertaken a due diligence process in respect of the Proposed Merger, which relied in part on the review of financial and other information provided by MyState. Despite making reasonable efforts, Auswide has not been able to verify the fairness, currency, accuracy, adequacy, reliability or completeness of all the information which was provided to it as part of the due diligence process. If any such information provided to, and relied upon by, Auswide in its due diligence and in its preparation of this Presentation proves to be incorrect, incomplete or misleading, there is a risk that the actual financial position and performance of MyState may be different to the expectations reflected in this Presentation.

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In connection with the Placement, one or more investors may elect to acquire an economic interest in the New Shares (Economic Interest), instead of subscribing for or acquiring the legal or beneficial interest in those securities. The Lead Manager or its affiliates and related bodies corporate may, for their own respective accounts, write derivative transactions with those investors relating to the New Shares to provide the Economic Interest, or otherwise acquire securities in Auswide in connection with the writing of those derivative transactions in the Placement and/or the secondary market.

As a result of those transactions, the Lead Manager or its affiliates or related bodies corporate may be allocated, subscribe for or acquire New Shares or securities of Auswide in the Placement and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those securities. These transactions may, together with other securities in Auswide acquired by the Lead Manager or its affiliates or related bodies corporate in connection with its ordinary course sales and trading, principal investing and other activities, result in the Lead Manager or its affiliates or related bodies corporate disclosing a substantial holding and earning fees.

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- the Lead Manager and Auswide may rely on information provided by or on behalf of institutional investors in connection with managing, conducting or underwriting the Placement without having independently verified that information and no Limited Party assumes responsibility for the accuracy or completeness of that information;
- the Lead Manager and Auswide reserve the right to change the timetable in their absolute discretion including by closing the Placement bookbuild early or extending the Placement bookbuild closing time (generally or for particular investor(s)) in their absolute discretion (but have no obligation to do so), without recourse to them or notice to you; and
- communications that a transaction is 'covered' (ie aggregate demand indications exceed the amount of the security offered) in connection with the Placement bookbuild are not an assurance that the transaction will be fully distributed.

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In this Presentation, unless otherwise stated or the context requires otherwise, references to 'dollar amounts', '$', 'AUD' or 'A$' are to Australian dollars. A number of figures, amounts, percentages, estimates, calculations of value and other fractions used in this Presentation are subject to the impact of rounding. Accordingly, the actual calculation of these figures may differ from the figure set out in this Presentation.

Local currencies have been used where possible. Prevailing current exchange rates have been used to convert local currency amounts into Australian dollars, where appropriate. All references starting with 'FY' refer to the financial year ended 30 June. All references starting with '1H' refers to the financial half year ended 31 December. '2H' refers to the financial half year ended 30 June. All references to 'F' refers to Forecasts.

The financial information included in this Presentation in relation to FY24 is unaudited. Auswide currently expects to release its audited Preliminary Final Report for FY24 on 26 August 2024. Accordingly, the financial information included in this Presentation, the audit process in relation to which remains ongoing and incomplete, is given for illustrative purposes only and should not be relied upon as (and is not) an indication of Auswide's views on its future financial performance or condition. Investors should note that past performance of Auswide, including the historical trading price of the shares, cannot be relied upon as an indicator of (and provides no guidance as to) future Auswide performance, including the future trading price of shares.

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This Presentation also includes financial information in relation to Selfco, MyState and pro forma financial information in relation to MergeCo. The Selfco financial information has been derived from Selfco, which financial statements are unaudited, and other financial information made available by Selfco in connection with the Selfco Acquisition. The MyState financial information has been derived from MyState, which financial statements are audited, and other financial information made available by MyState in connection with the Proposed Merger.

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# Executive Summary

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# Executive Summary

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|---|---|
| **Unaudited FY24 Results**(1) | > Auswide Bank Limited (ASX: ABA) (**Auswide**) announces its unaudited FY24 results<br>> Net interest margin of 142bps, down 46bps on FY23<br>> NPAT impacted by margin pressure in loan and funding markets with FY24 statutory NPAT down 55.2% on FY23 to $11.231 million<br>> Conservative loan book growth of $26 million, or 0.6%, to $4.429 billion<br>> Credit quality and low arrears maintained with arrears % of loan book at 0.20%<br>> Customer deposits up 8.0% to $3.686 billion, comprising 75.3% of total funding (FY23: 72.4%)<br>> Balance sheet remains strong with capital adequacy ratio of 14.78%, in excess of Board target<br>> Statutory ROE of 3.9%, down from 8.7% in FY23<br>> Final dividend expected to be 11.0c(2), reflecting a payout ratio of 96.3%(3) (subject to the completion of the Acquisition and the Offer) |
| **Proposed Merger with MyState**(4) | > Auswide and MyState Limited (**MyState**) are pleased to announce the execution of a binding Scheme Implementation Agreement (**SIA**) for Auswide to merge with MyState (the **Proposed Merger**)<br>> Under the Proposed Merger, if implemented, each Auswide shareholder as at the Scheme record date will receive 1.112 MyState shares per Auswide share, implying a ~34% pro forma ownership of the merged group (**MergeCo**) for Auswide shareholders upon completion of the Proposed Merger (including the shares to be issued in relation to the acquisition of Selfco)<br>> The Proposed Merger combines two complementary businesses in a merger of equals, with potential estimated pre-tax cost synergies of $20 million to $25 million(5) per annum, representing approximately 13.0% to 16.0% of the combined cost base(6), expected to be realised across governance and people, technology and other<br>> The Proposed Merger is expected to deliver significant value accretion and be greater than 20% EPS accretive in FY25(7), assuming full run-rate synergies and including equity raised in relation to the acquisition of Selfco |
| **Acquisition of Selfco**(8) | > Auswide has concurrently entered a binding agreement to acquire 100% of Specialist Equipment Leasing Finance Company Pty Limited (**Selfco**), an established non-bank small-to-medium enterprise (**SME**) asset finance lender (the **Acquisition**)<br>> The strategically compelling acquisition facilitates Auswide's entry into asset finance, providing further portfolio diversification for MergeCo and driving scale by expanding MergeCo's service offering into the large addressable SME funding market<br>> Total consideration of up to $6.5 million, comprising an initial consideration of $5.0 million in Auswide scrip and potential earn-out payments of up to $1.5 million based on the achievement of profit-related performance hurdles |

Note: (1) The financial information included in this Presentation in relation to FY24 is unaudited. Auswide currently expects to release its audited Preliminary Final Report for FY24 on 26-Aug-24; (2) The amount of any dividend paid will be at the discretion of the Auswide Board and will depend on several factors, including: (a) the recognition of profits and availability of cash for distributions; (b) the anticipated future earnings of Auswide; and (c) when the forecast timeframe for capital demands of the business allows for a prudent distribution to shareholders; (3) should the Acquisition and the Offer not complete, the dividend payout ratio is expected to be 91.1%; (4) The Proposed Merger remains subject to a number of conditions precedent, some of which are beyond the control of Auswide. See "Proposed Merger" in the Key Risks section of this Presentation on page 61 and Auswide's announcement 'Unaudited FY24 results, Merger with MyState, Acquisition of Selfco and Equity Raising' on 19-Aug-24 for further information; (5) Refer to page 33 for assumptions; (6) Based on FY24 combined cost base under MyState's reporting methodology which excludes broker commissions and issuance costs from operating expenses. Under Auswide's reporting methodology, estimated cost synergies represent approximately 10% to 13% of the FY24 combined cost base; (7) Excludes transaction and integration costs; (8) There are certain risks associated with the Acquisition. See "Selfco Acquisition Risks" in the Key Risks section of this Presentation on page 59

# Executive Summary (cont.)

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|---|---|
| **Strategic Rationale** | **Proposed Merger with MyState**<br>✓ Opportunity from combining two high-quality banks<br>✓ Significantly enhanced scale<br>✓ Increased portfolio diversification of lending book and deposit base<br>✓ Strong operational alignment between Auswide and MyState<br>✓ Potential for shareholder value creation through synergy realisation for both sets of shareholders[(1)(2)]<br><br>**Acquisition of Selfco**<br>✓ Facilitates entry into asset finance, driving scale by expanding Auswide's service offering into the large addressable SME funding market<br>✓ Diversifies Auswide's loan portfolio, reducing concentration in home loans and key geographies<br>✓ Provides Auswide exposure to a loan portfolio with a proven history of low arrears and negligible losses since warehouse implementation<br>✓ Revenue growth opportunities through synergies with Auswide's materially lower wholesale funding costs[(1)] |
| **Equity Raising** | > Fully underwritten $12 million institutional placement to eligible institutional, sophisticated and professional investors (**Placement**) and non-underwritten Share Purchase Plan to raise up to $3 million (**SPP** and, together with the Placement, **the Offer**)<br>> Proceeds from the Offer will be used to fund Auswide's immediate regulatory Common Equity Tier 1 (**CET1**) capital requirements, Selfco's expected asset growth for ~12 months and transaction costs relating to the acquisition of Selfco and the Offer<br>> New shares issued under the Placement and SPP will be issued prior to the Record Date of the FY24 final dividend |
| **Dividend** | > Auswide expects to announce a fully franked final dividend of 11.0c[(3)] reflecting a payout ratio of 96.3%[(4)] (subject to the completion of the Acquisition and the Offer)<br>> Auswide expects to maintain the Dividend Reinvestment Plan (DRP) in respect of the final dividend declared for the 2024 financial year<br>– It is intended that shares issued under the DRP will be issued at a discount of 2.5% |

Note: (1) Refer to page 33 for assumptions; (2) There are risks inherent in the implementation of a merger such as the Proposed Merger, including in the integration phase. See "Merger, acquisition and divestment risk" in the Key Risks section of this Presentation on page 57; (3) The amount of any dividend paid will be at the discretion of the Auswide Board and will depend on several factors, including: (a) the recognition of profits and availability of cash for distributions; (b) the anticipated future earnings of Auswide; and (c) when the forecast timeframe for capital demands of the business allows for a prudent distribution to shareholders; (4) Should the Acquisition and the Offer not complete, the dividend payout ratio is expected to be 91.1%

# A stronger, diversified business

Transformational merger with MyState and acquisition of Selfco provides potential for growth and portfolio diversification

## Merger with MyStateLimited

- ✓ Opportunity from combining two high-quality banks
- ✓ Significantly enhanced scale
- ✓ Increased portfolio diversification of lending and deposit base
- ✓ Strong operational alignment between both banks
- ✓ Potential for shareholder value creation

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## Acquisition of SELFCO LEASING

- ✓ Expansion of service offerings into asset finance
- ✓ Portfolio diversification and reduced concentration
- ✓ Access to quality loan book with low arrears
- ✓ Potential for revenue growth opportunities

# Unaudited FY24 Results

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# FY24 Key Financial Metrics

| FINANCIAL RESULTS | FY24 unaudited | vs FY23 |
|---|---|---|
| Statutory NPAT | $11.231m | down 55.2% |
| Underlying NPAT[1] | $10.283m | down 59.0% |
| ROE Statutory | 3.9% | down 4.8% |
| ROE Underlying[1] | 3.6% | down 5.1% |
| EPS Statutory | 24.2c | down 31.4c |
| Cost to Income | 79.9% | up 14.9% |

| FINANCIAL RESULTS | FY24 unaudited | vs FY23 |
|---|---|---|
| Net Interest Margin (NIM) | 142bps | down 46bps |
| Loan Book Arrears | 0.20% | up 0.10% |
| Total Provisions | $6.7m | up $0.2m |
| Capital Adequacy Ratio | 14.8% | up 1.1% |
| Loan Book[2] | $4.429b | up $26m |
| Deposits | $3.686b | up $272m |

*Source: Financial information for the 12 months ended 30-Jun-23 and 12 months ended 30-Jun-24 (unaudited) for Auswide*

Note: (1) Difference between Statutory and Underlying NPAT (unaudited) and ROE (unaudited) in FY24 arose as a result of a gain in the sale of the investment in FAMG of $1.108m and $0.160m for professional fees relating to potential M&A activities; (2) Including investments in Managed Investment Schemes (MISs) reported in Financial Assets on the Balance Sheet

# FY24 Review

## CHALLENGES AND HEADWINDS

- Unprecedented competition for mortgages and deposits coupled with high refinancing activity in the market is placing pressure on margins
- Retention activities as a significant volume of fixed rates loans expire
- Escalating costs including wage inflation, risk and regulatory costs, information technology costs particularly in relation to cyber security and fraud prevention

## RESULTS

- Conservative and risk-based approach to growth resulted in a steady loan book across the year increasing marginally from $4.403b at 30 June 2023 to $4.429b at 30 June 2024
- Customer deposits increased 8.0% across the year from $3.414b at 30 June 2023 to $3.686b at June 2024 and continue to be the largest source of funding
- Elevated competition and substantial increases to wholesale funding triggered a decline in the NIM, down from 188bps at 30 June 2023 to 142bps at 30 June 2024
- High quality loan book reflects levels of arrears increasing from 0.10% at 30 June 2023 to 0.20% at 30 June 2024
- Strong capital adequacy ratio of 14.78% (tier 1 capital ratio of 12.12%) up from 13.70% at 30 June 2023 providing capacity to grow and invest for the future

*Source: Financial information for 12 months ended 30-Jun-24 for Auswide (unaudited)*

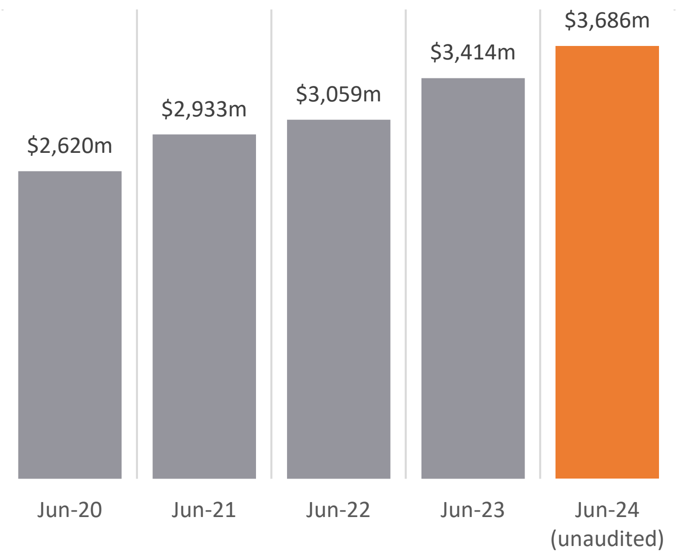
# FY25 Outlook

**FY25 OUTLOOK AND PRIORITIES**

- Home loan growth anticipated to exceed $300m in FY25
- Material uplift expected in interest revenue following the maturity of the fixed loan portfolio resulting in low fixed rates converting to higher market rates
- Identify growth opportunities and drive new banking connections by targeting Partnerships to build deposit base
- Reinvigorate customer processes by evaluating construct of products to pursue simplification
- Effectively managing costs while balancing operational requirements
- Quality lending underpinned by prudent loan underwriting standards, strong governance, and robust internal controls
- Investment to enhance fraud management, cyber resilience, data risk and cloud governance
- Aligning future investments with growth opportunities and strategic initiatives

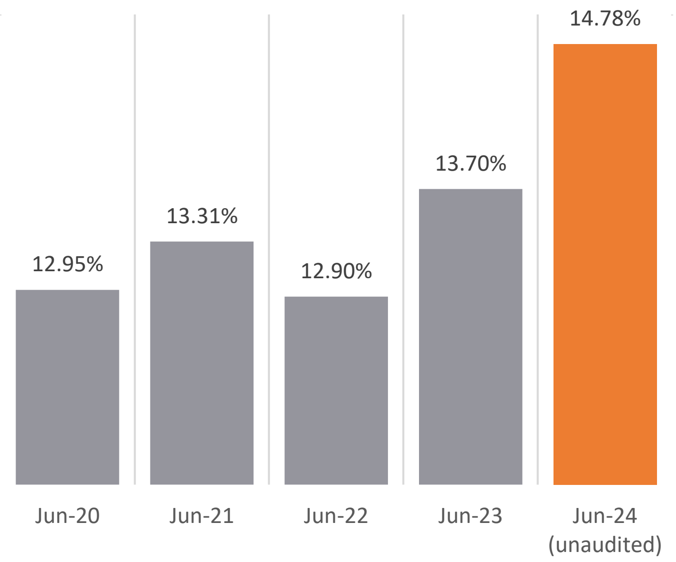
# Balance Sheet Metrics

## Customer Deposits



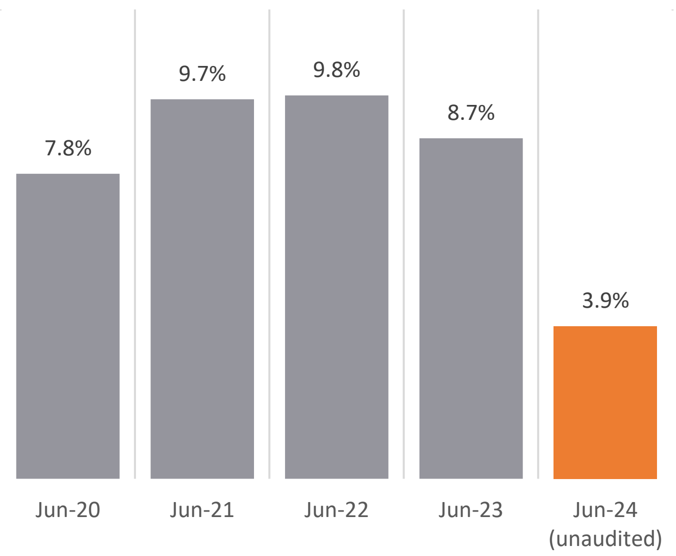

- 7.97% growth in deposits reflects strategic focus on cost effective funding lines
- 75.3% of funding from customer deposits (FY23: 72.4%)

## Capital Adequacy Ratio




- Capital remains strong at 14.78%
- CET1 of 12.12%
- Capital in excess of Board target of 13.25%

## Statutory ROE




- ROE of 3.9%, down from 7.8% in June 2020

*Source: Financial information for the 12 months ended 30-Jun-24 for Auswide (unaudited)*

# Financial Overview

| | FY24 (unaudited) | FY23 | CHANGE |
|---|---|---|---|
| NPAT Statutory (Consolidated) | $11.231m | $25.067m | (55.2%) |
| NPAT Underlying (Consolidated)[(1)] | $10.283m | $25.067m | (59.0%) |
| Loan Book (billion)[(2)] | $4.429b | $4.403b | $26m |
| Net Interest Revenue | $71.291m | $89.182m | (20.1%) |
| Net Interest Margin (NIM) (Basis points) | 142bps | 188bps | (46bps) |
| Final Dividend per share | 11.0c[(3)] | 21.0c | (10.0c) |
| Total Dividend per share | 22.0c[(3)] | 43.0c | (21.0c) |
| EPS Statutory (cents) | 24.2c | 55.6c | (31.4c) |
| EPS Underlying (cents) [(1)] | 22.2c | 55.6c | (33.4c) |
| ROE Statutory | 3.9% | 8.7% | (4.8%) |
| ROE Underlying[(1)] | 3.6% | 8.7% | (5.1%) |
| Cost to Income Ratio | 79.9% | 65.0% | 14.9% |
| Capital Adequacy Ratio | 14.78% | 13.70% | 1.08% |
| Deposits | $3.686b | $3.414b | $272m |

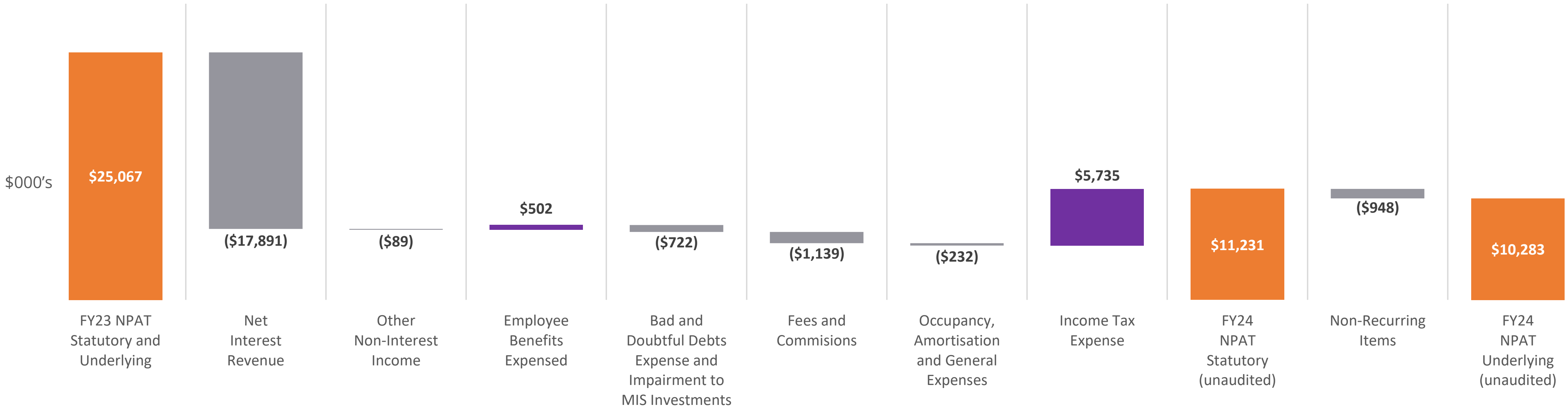
- NPAT of $11.231m, down 55.2% on prior year statutory results
- Net interest revenue of $71.291m, down 20.1%
- Loan book growth of $26m or 0.6% from $4.403b at 30 June 2023 to $4.429b at 30 June 2024
- Net interest margin of 142bps, down 46bps on FY23
- Deposits up 8.0%; now 75.3% of funding (FY23: 72.4%)
- Strong balance sheet, capital adequacy ratio of 14.78%
- Statutory ROE of 3.9% down 4.8% from FY23 (8.7%)
- Final dividend expected to be 11.0c[(3)] reflects a payout ratio of 96.3%[(4)] (subject to the completion of the Acquisition and the Offer)

*Source: Financial information for the 12 months ended 30-Jun-23 and 12 months ended 30-Jun-24 (unaudited) for Auswide*

Note: (1) Difference between Statutory and Underlying NPAT (unaudited) and ROE (unaudited) in FY24 arose as a result of a gain in the sale of the investment in FAMG of $1.108m and $0.160m for professional fees relating to potential M&A activities; (2) Including investments in Managed Investment Schemes (MISs) reported in Financial Assets on the Balance Sheet; (3) The amount of any dividend paid will be at the discretion of the Auswide Board and will depend on several factors, including: (a) the recognition of profits and availability of cash for distributions; (b) the anticipated future earnings of Auswide; and (c) when the forecast timeframe for capital demands of the business allows for a prudent distribution to shareholders; (4) Should the Acquisition and the Offer not complete, the dividend payout ratio is expected to be 91.1%

# NPAT Reconciliation

## NPAT impacted by margin pressure in loan and funding markets




- Statutory NPAT (unaudited) of $11.231m, down 55.2% on FY23
- Net interest revenue decline of 20.1% on the back of increased competition and rising cost of funds
- Operating expenses were tightly controlled with a 1.0% increase on the pcp (excluding expected credit losses)
- Continuing investment in technology, data and cyber security and skills in IT & risk-based functions
- In 1H FY24 a gain on the sale of the investment in FAMG of $1.108m was recognised. There was also $0.160m for professional fees relating to M&A activities

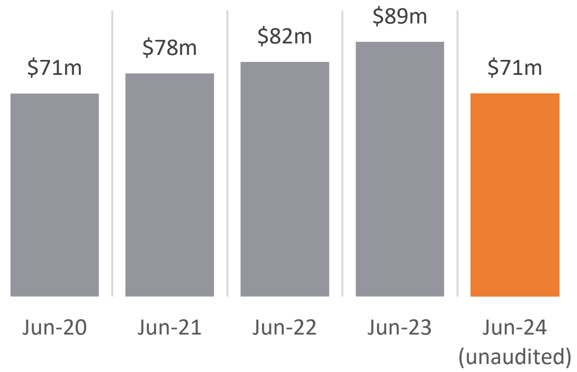
*Source: Financial information for the 12 months ended 30-Jun-24 for Auswide (unaudited)*

# Loan Book Growth

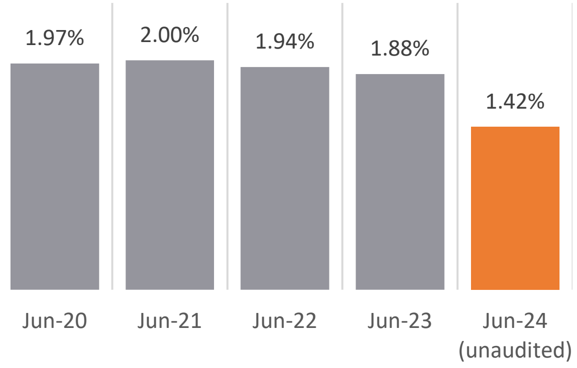
Conservative loan book growth during a period of intense competition

## Loans and Advances Balances


## Net Interest Income




## Net Interest Margin




> Net interest revenue of $71m, down 20.1% on FY23

> Net interest margin of 1.42% (FY23: 1.88%)

> Loan book grew 5.5% (annualised) across 2H FY24 after marginal decline in 1H

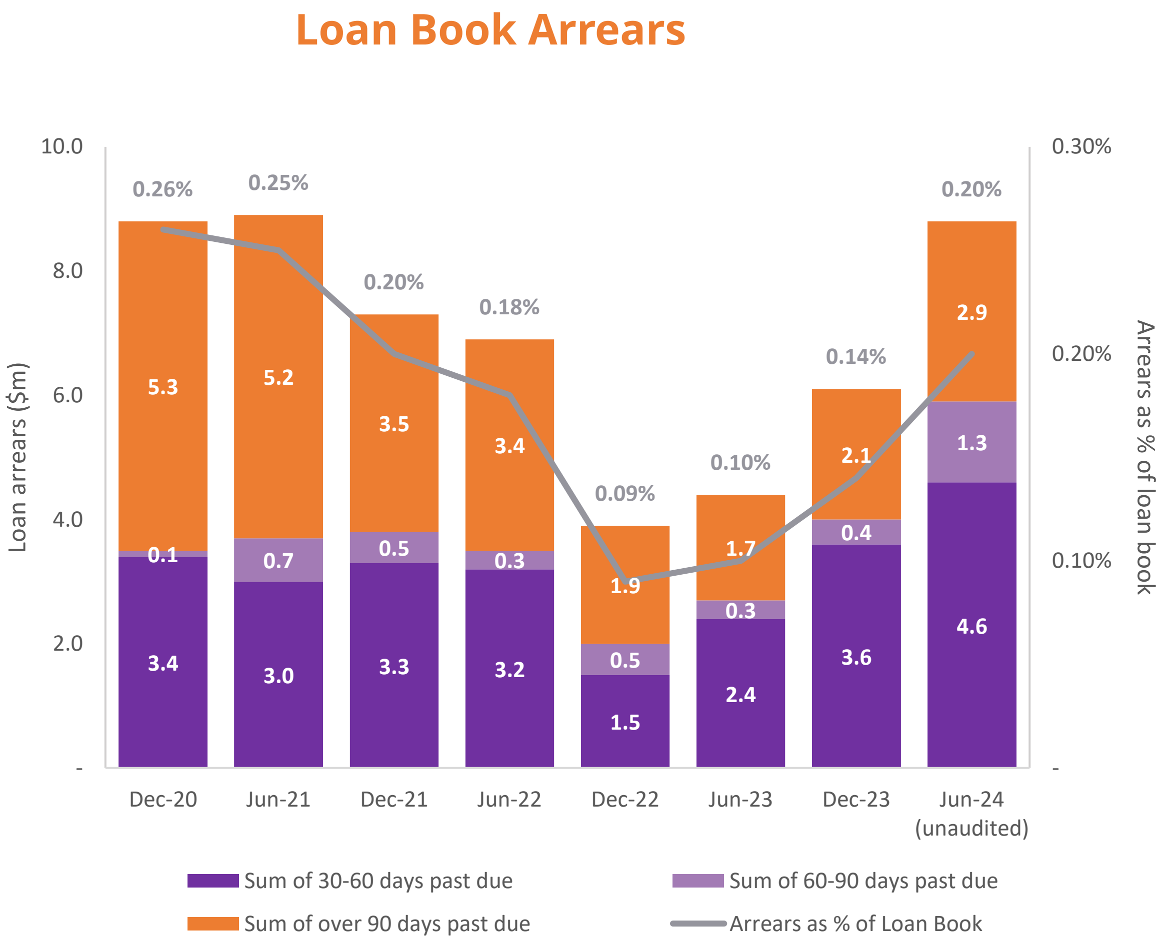
> Housing loans of $4,335m, up 1.3% on FY23; 97.88% of loan book

> Business lending of $44m with a pause in new lending after a change in strategy in FY21 (0.99% of loan book)

*Source: Financial information inclusive of the 12 months ended 30-Jun-20 to the 12 months ended 30-Jun-24 (unaudited) for Auswide*

# Loan Book Arrears

Credit quality and low arrears maintained




**LOANS PAST DUE V. SPIN (PERCENTAGE OF TOTAL LOANS)(1)**

| | 30 days past due (includes >90 days past due) | 90 days past due |
|---|---|---|
| Auswide | 0.20 | 0.07 |
| SPIN (Other) | 0.81 | 0.40 |
| SPIN (Regional) | 1.22 | 0.60 |

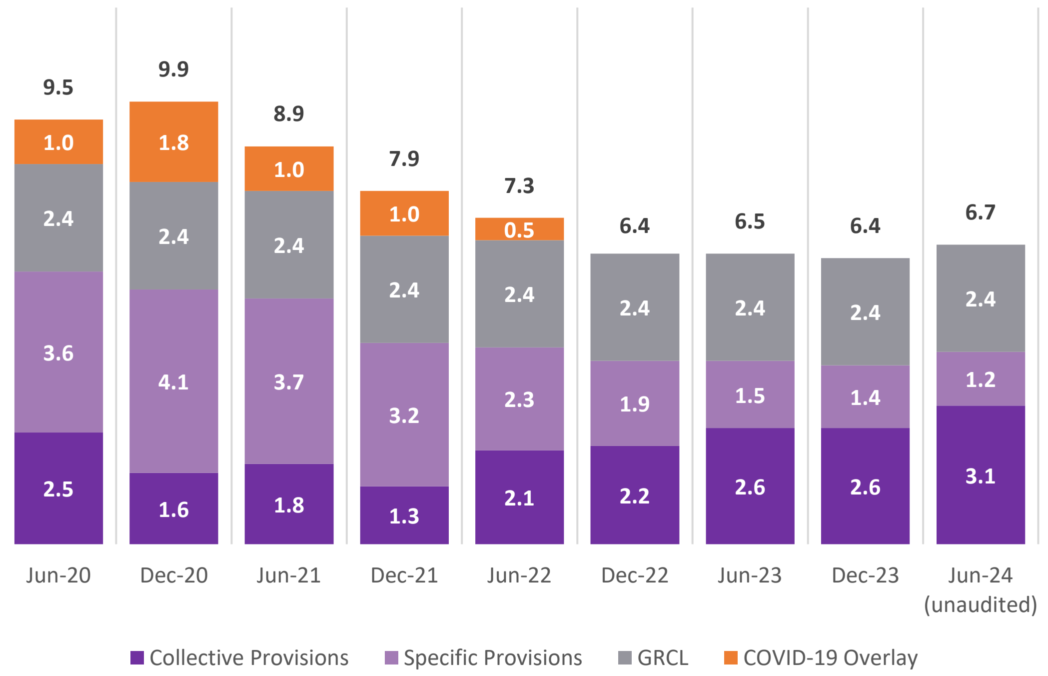
- Continued rigorous credit assessment reflected in low level of arrears
- Early and proactive approach to collections supporting industry leading loss rates
- Advance payments of $256m (5.8% of total loan book) enhances credit quality
- $452m in Offset accounts (10.2% of total loan book)
- >30 days past due arrears remain low at 0.20% of loan book
- >90 days past due arrears at 0.07% of loan book

*Source: Financial information inclusive of the 12 months ended 30-Jun-21 to the 12 months ended 30-Jun-24 (unaudited) for Auswide*
Note: (1) Auswide figures as at 30-Jun-24 (unaudited), SPINs as at 31-May-24 (latest available at time of publication)

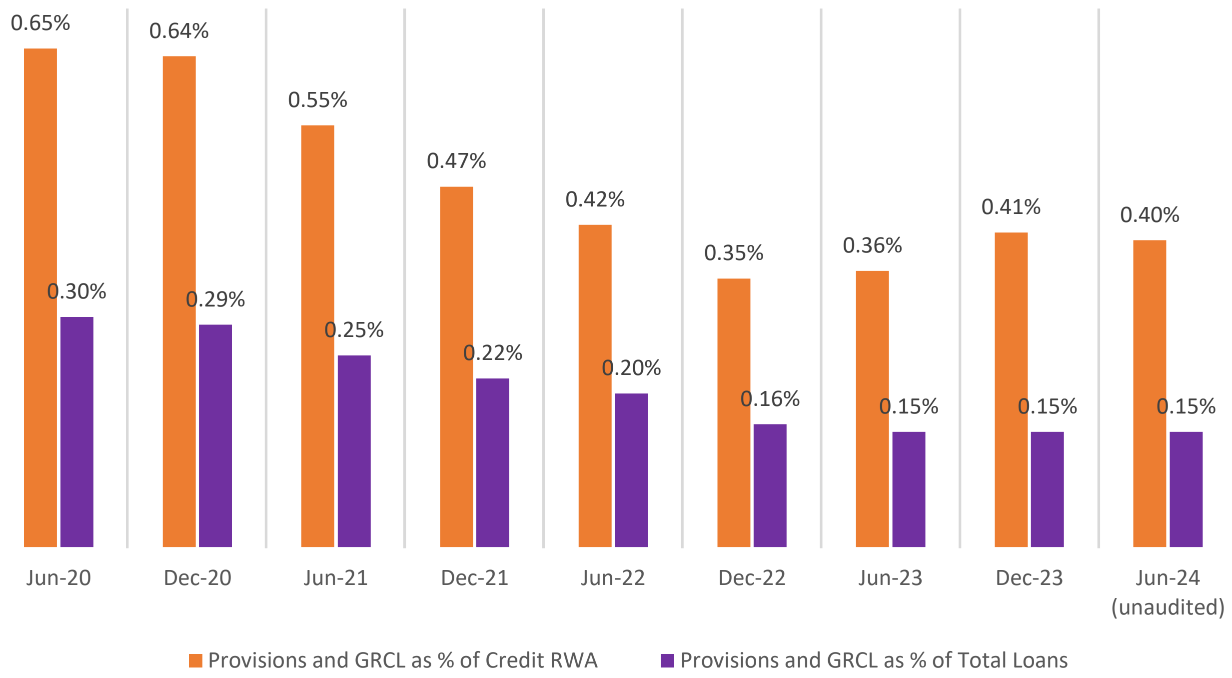
# Provisions and Coverage Ratio

Provisions and GRCL at 0.40% of Credit RWAs

## Total Provisions and GRCL ($m)




## Total Provision Coverage Ratio




- Arrears remain industry leading at historic lows
- Auswide applies a maximum debt to income ratio of 6 times
- The bank has no current MIPs and hardship numbers are static

*Source: Financial information for the 12 months ended 30-Jun-20 to the 12 months ended 30-Jun-24 (unaudited) for Auswide*

# Loan Book Diversification

Further diversification of loan book supported by broker

- Strong broker flows drive growth in NSW and Victoria
- 38.1% of loan book outside Queensland (FY23: 35.7%)
- Growth is being seen in the non-core areas
- Loan book well-positioned to leverage strong macroeconomic tailwinds in Queensland

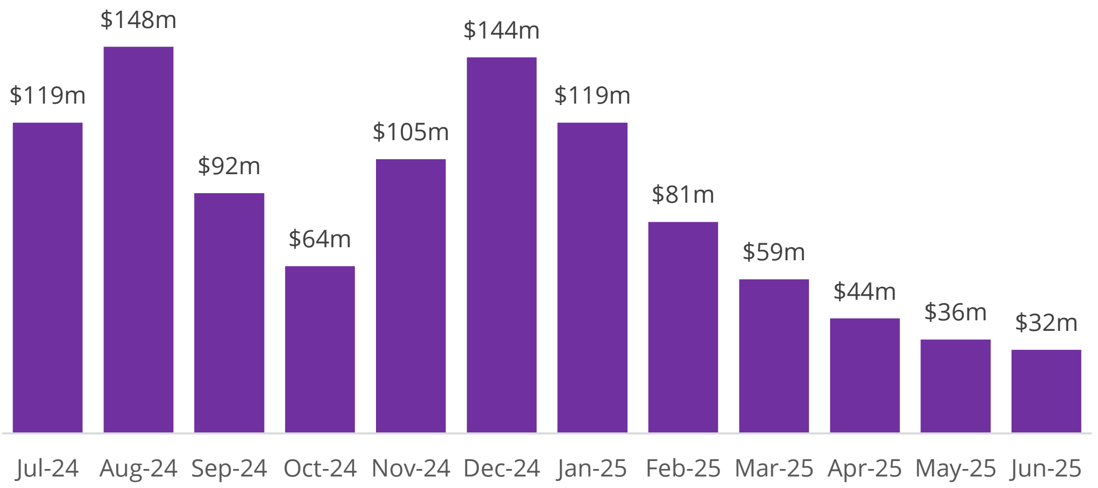
| | Loan Book | | | Breakdown | |
|---|---|---|---|---|---|
| | JUN 23 | JUN 24 (unaudited) | GROWTH % | JUN 23 | JUN 24 (unaudited) |
| SOUTH EAST QUEENSLAND | $1,813.0m | $1,802.4m | (0.6%) | 41.6% | 41.0% |
| QUEENSLAND OTHER | $990.4m | $917.6m | (7.4%) | 22.7% | 20.9% |
| NEW SOUTH WALES | $641.6m | $658.0m | 2.6% | 14.7% | 15.0% |
| VICTORIA | $522.7m | $570.6m | 9.2% | 12.0% | 13.0% |
| AUSTRALIA OTHER | $394.8m | $442.6m | 12.1% | 9.0% | 10.1% |
| TOTAL | $4,362.5m | $4,391.2m | | 100% | 100% |

*Source: Financial information for the 12 months ended 30-Jun-23 and 30-Jun-24 (unaudited) for Auswide*

# Net Interest Margin

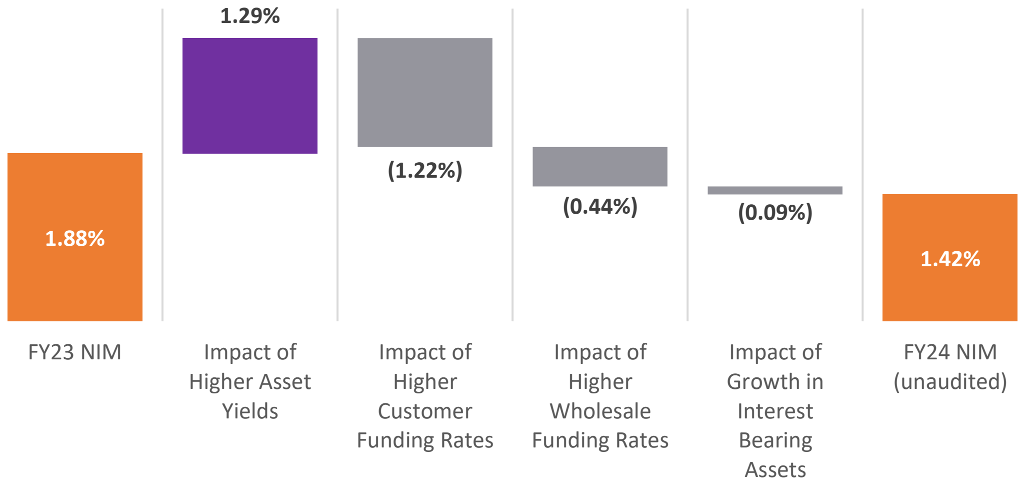
> $1 billion of fixed rate loans maturing in FY25

## Fixed Rate Loan Maturities (FY25)




- Maturity of fixed rate loans will continue to contribute to NIM improvement
- $672m of fixed rate loans maturing in 1H FY25 and $371m maturing in 2H FY25
- The average rate of fixed loans maturing in 1H FY25 is 3.73% and in 2H FY25 4.19%. These loans will roll to current market rates, delivering a material uplift in interest revenue
- Strong retention rates for fixed to variable rate loans will support the potential uplift to margins
- 84% of all fixed rate loans will mature by 30 June 2025

## Net Interest Margin Reconciliation

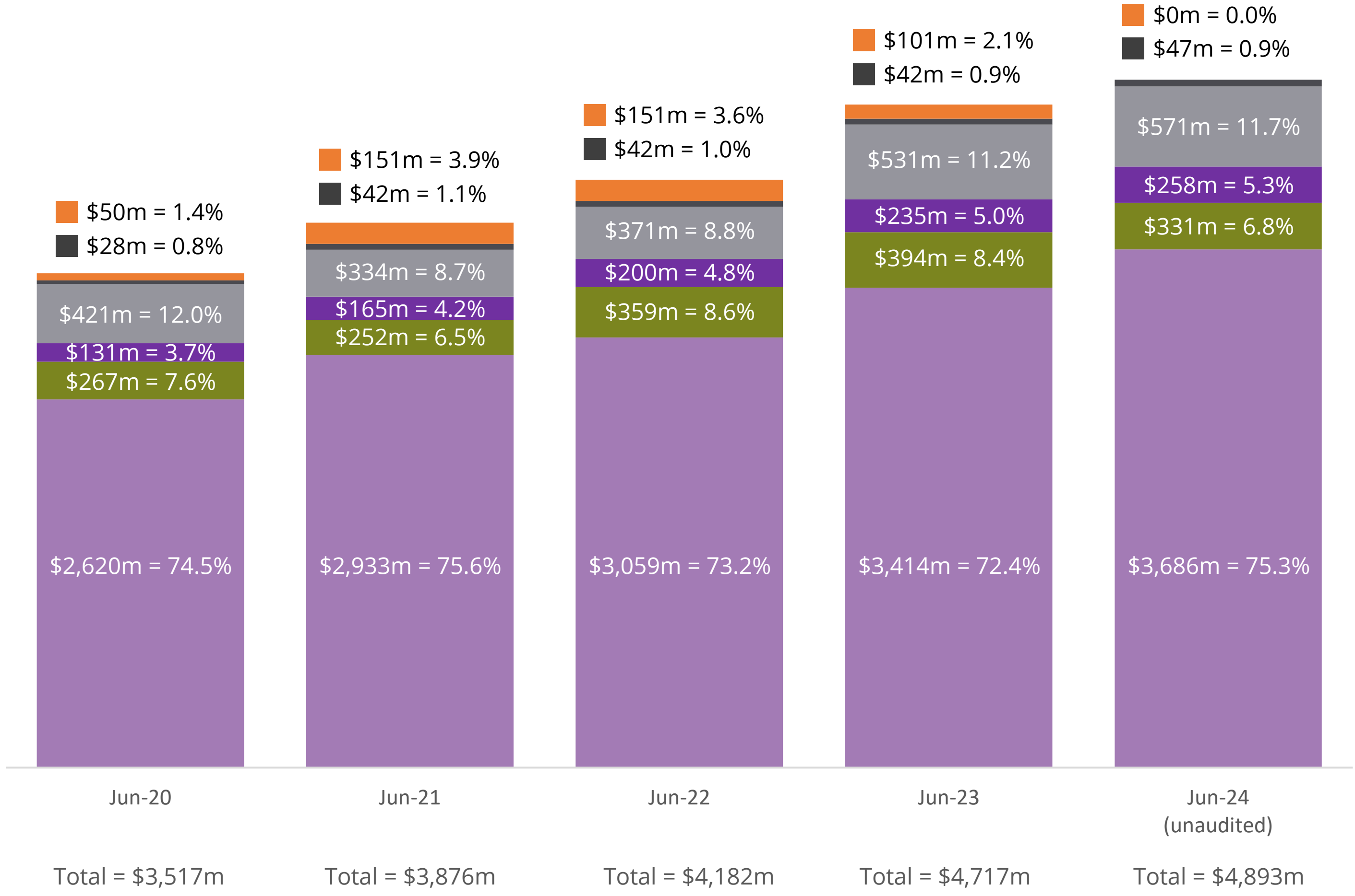



- NIM of 1.42% in a competitive rapidly rising interest rate environment
- Rising funding costs are nearly at the same level as highly competitive home loan pricing

*Source: Financial information for the 12 months ended 30-Jun-24 (unaudited) for Auswide*

# Funding Mix

## Strategic focus on customer deposits




> Ongoing focus on utilising lower-cost retail funding to manage rising funding costs

> 8.0% growth in customer deposits to reach 75.3% of total funding (FY20: 74.5%)

> Securitisation remains an important source of funding and capital relief

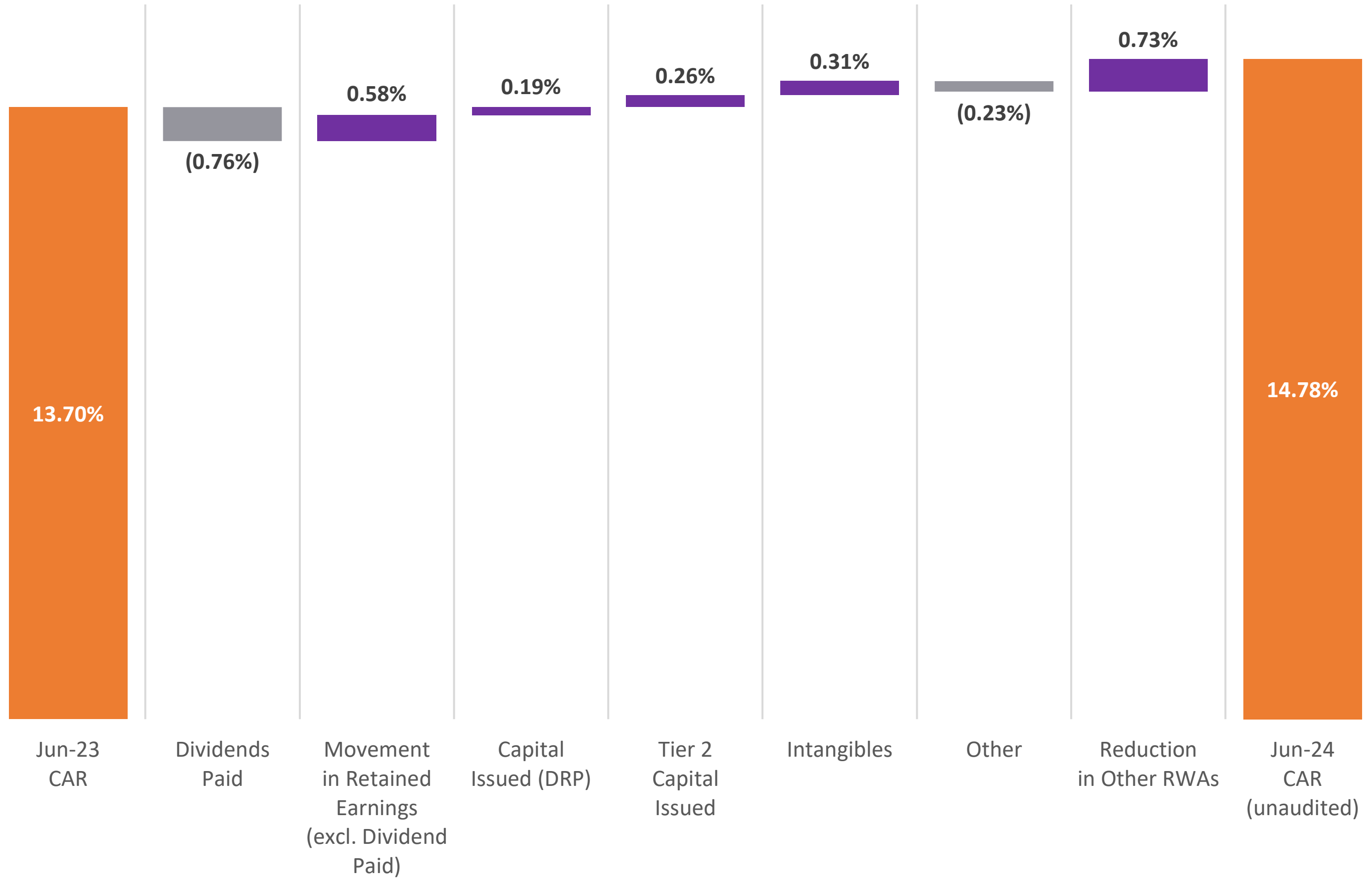
> Maintained dual investment grade ratings from Fitch and Moody's of BBB+ Baa2 respectively

Customer Deposits | NCDs | Senior Unsecured FRNs | Securitisation | Subordinated Debt | RBA Term Funding Facility

*Source: Financial information inclusive of the 12 months ended 30-Jun-20 to the 12 months ended 30-Jun-24 (unaudited) for Auswide*

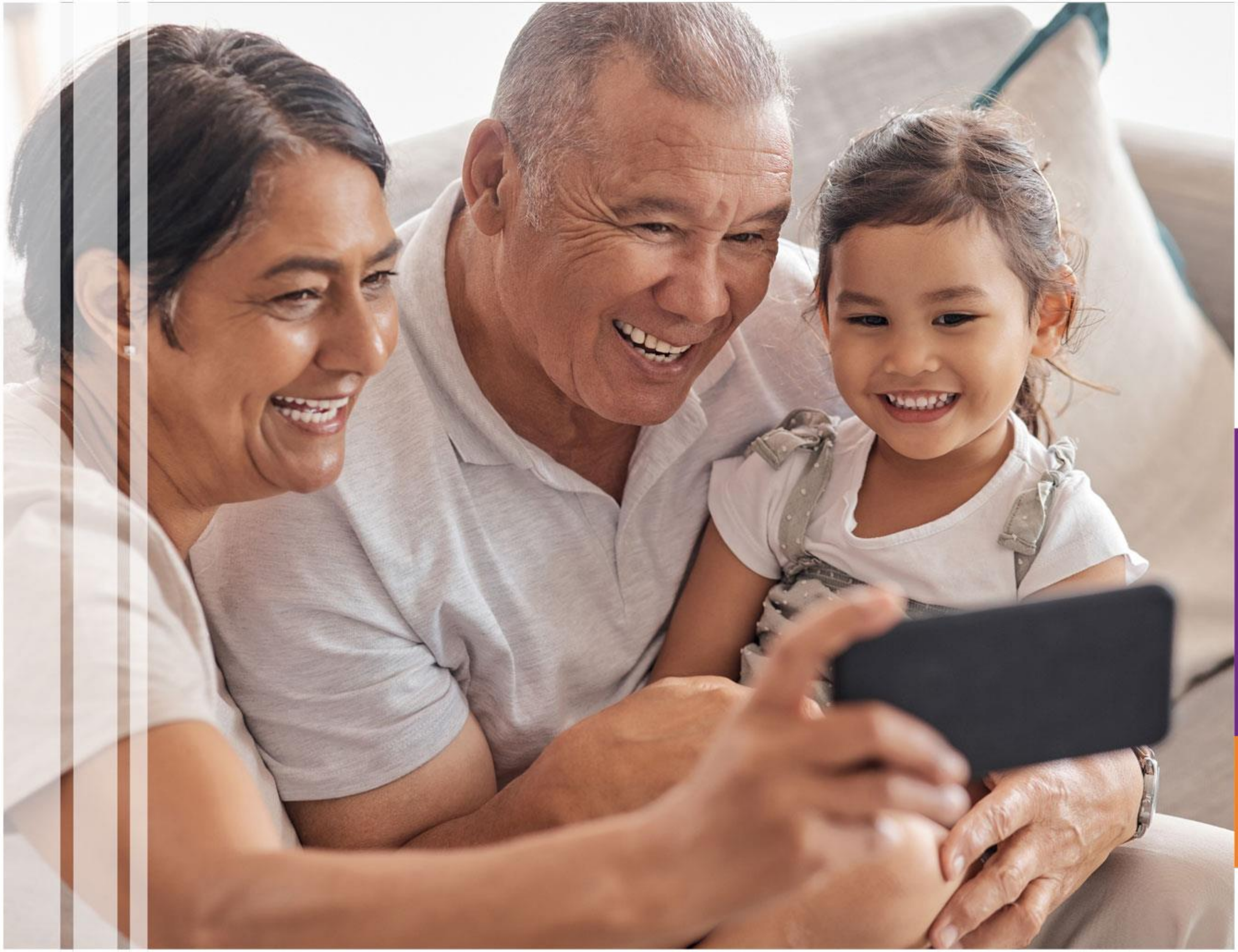
# Capital Waterfall

## Capital strength to support growth in the loan book




- Capital at 14.78%, in excess of the Board target
- CET1 of 12.12%
- Maintained dual investment grade ratings from Fitch and Moody's of BBB+ Baa2 respectively
- Securitisation trust ABA Trust 2023-1 settled in December 2023, providing capital relief

*Source: Financial information for the 12 months ended 30-Jun-24 (unaudited) for Auswide*



# Proposed Merger with MyState

## 03

# Proposed Merger Overview

| | |
|---|---|
| **Proposed Merger Overview(1)** | > Auswide and MyState have entered into a binding Scheme Implementation Agreement, under which Auswide and MyState will merge on a merger of equals basis<br>> The Proposed Merger, if implemented, will be effected by way of a scheme of arrangement, whereby Auswide shareholders will receive 1.112 MyState shares per Auswide share, implying ~34% pro forma ownership of MergeCo for Auswide shareholders (including the shares to be issued in relation to the acquisition of Selfco)<br>> The agreed exchange ratio of 1.112 represents a:<br>– 0.8% premium to the exchange ratio as of 16 August 2024<br>– 1.5% premium to the exchange ratio implied by the 1-month VWAPs as of 16 August 2024<br>– 6.3% premium to the exchange ratio implied by the 3-month VWAPs as of 16 August 2024<br>> The Proposed Merger represents a transformative opportunity for Auswide:<br>– Merger of two high-quality banks is expected to materially enhance scale, geographic diversification and portfolio mix<br>– Potential for value accretion to both sets of shareholders from significant synergies |
| **Financial Impacts** | > Potential estimated pre-tax cost synergies estimated to be \$20 million to \$25 million(2) per annum (representing 13.0% to 16.0% of the combined cost base(3)) expected to be realised across governance and people, technology and other<br>> Expected to be greater than 20% EPS accretive in FY25(4), assuming full run-rate synergies and including shares to be issued in relation to the acquisition of Selfco<br>> Modest impact on regulatory capital which is expected to remain in excess of target prudential capital ratios for MergeCo<br>> MergeCo to be ~34% owned by Auswide shareholders and ~66% by MyState shareholders |

Note: (1) The Proposed Merger remains subject to a number of conditions precedent, some of which are beyond the control of Auswide. See "Proposed Merger" in the Key Risks section of this Presentation on page 61 and Auswide's announcement 'Unaudited FY24 results, Merger with MyState, Acquisition of Selfco and Equity Raising' on 19-Aug-24 for further information; (2) Refer to page 33 for assumptions; (3) Based on FY24 combined cost base under MyState's reporting methodology which excludes broker commissions and issuance costs from operating expenses. Under Auswide's reporting methodology, estimated cost synergies represent approximately 10% to 13% of the FY24 combined cost base; (4) Excludes transaction and integration costs

# Proposed Merger Overview (Cont.)

| | |
|---|---|
| **Management and Board** | > The MergeCo Board will compromise three non-executive directors (including Chair) from the Auswide Board and four non-executive directors from the MyState Board<br>> Sandra Birkensleigh will be the Chair of the MyState Board and Chair of MyState Bank Limited, and continue as the Chair of the Auswide Board<br>> Brett Morgan will be the Managing Director and Chief Executive Officer of MergeCo<br>> Warren Lee will be the Chair of TPT Wealth Limited |
| **Timing and Key Conditions** | > Implementation expected in December 2024<br>> Proposed Merger remains subject to several conditions set out in the SIA which has been released to the ASX today, including:<br>– Auswide shareholder approval and court approval of the Scheme<br>– Regulatory approvals (including APRA and Federal Treasurer approvals)<br>– An Independent Expert concluding that the Scheme is in the best interests of Auswide shareholders<br>– No material adverse effects (including no unauthorised waiver of a Selfco material adverse effect), prescribed events, breach of representations and warranties, litigation or enforcement action occurring in relation to either Auswide or MyState<br>– Confirmation from the ATO regarding the availability of scrip for scrip roll-over relief for qualifying Australian resident Auswide Shareholders<br>– Other conditions customary for a transaction of this nature as set out in the SIA<br>> See page 37 for a summary of the key terms of the Proposed Merger as set out in the SIA |

# Transformational Merger with MyState

## The Proposed Merger represents a transformative opportunity for Auswide

**1 Opportunity from combining two high-quality banks**

- Strategic consolidation of two complementary banks to create a trusted organisation of choice with a national footprint
- Rich histories with high-quality loan books evidenced by low arrears and high customer retention

**2 Significantly enhanced scale and value proposition**

- Materially increase scale with combined lending assets of $12.5 billion(1) and customer deposits of $9.6 billion(1)
- Increased scale and resultant efficiencies are expected to position the organisation for growth
- Potential to unlock substantial benefits to customers through increased capacity to invest in core capabilities and improve the customer experience
- Auswide shareholders will receive scrip in an enlarged ASX300 company

**3 Increased portfolio diversification of lending and deposit book**

- Combination of two banks with complementary and distinct regional areas to create an expanded national presence in every state and territory in Australia
- Additional diversification in the risk profile of lending assets as well as funding sources, liquid assets and capital base, is expected to result in a more financially resilient and prudentially-stable organisation

**4 Strong operational alignment between both banks**

- Similar operating models, technology roadmap and growth strategy opens opportunities to deliver simplification, harmonisation and scale efficiencies
- Community-focused organisations with strong cultural alignment and a shared customer-centric business model and focus on delivering exceptional customer experiences

**5 Potential for shareholder value creation**

- Potential estimated pre-tax cost synergies of $20 million to $25 million per annum(2) (representing approximately 13.0% to 16.0% of the combined cost base(3)) expected to be realised across governance and people, technology and other
- Expected to be greater than 20% EPS accretive in FY25(4), assuming full run-rate synergies and including shares to be issued in relation to the acquisition of Selfco

*Source: Financial information for the 12 months ended 30-Jun-24 for Auswide (unaudited) and MyState*
Note: (1) As at 30-Jun-24 (unaudited for Auswide; audited for MyState); (2) Refer to page 33 for assumptions; (3) Based on FY24 combined cost base under MyState's reporting methodology which excludes broker commissions and issuance costs from operating expenses. Under Auswide's reporting methodology, estimated cost synergies represent approximately 10% to 13% of the FY24 combined cost base; (4) Excludes transaction and integration costs

# 1.0 Opportunity from combining two high-quality banks

Combination unites two banks with complementary brands, customers, capabilities and technology

| | AUSWIDE BANK | MyStateLimited | MergeCo |
|---|---|---|---|
| **Brand** | • Iconic Bundaberg brand with a proud and rich history of serving customers for over 58 years | • Trusted Tasmanian banking brand and one of the oldest providers of wealth solutions in Australia (TPT Wealth) | • High-quality customer-focused bank with a national footprint<br>• Ongoing commitment to delivering exceptional customer experiences, whilst maintaining operations in Bundaberg and Hobart |
| **Customers** | • Over 92,000 customers across Australia<br>• Strong Private Bank offering catering to high-net-worth customers<br>• NPS of 40 | • Over 180,000 customers across Australia<br>• Increased digital focus catering to a younger cohort of customers<br>• NPS of 58 | • Over 272,000 customers across Australia<br>• Customer-centric, relationship-based organisations with expanded capabilities and ability to invest to drive customer satisfaction |
| **Product** | • Predominantly retail banking products and services, supplemented by a Private Bank offering and equipment financing (including through Selfco) | • Predominantly retail banking products and services with strong digital capability<br>• Funds management and trustee services through TPT Wealth | • Expanded product suite<br>• Diversified revenue streams and end markets |
| **Distribution** | • 16 branches located in major provincial centres across Queensland, supported by a broker network, partnerships and Private Bank offering | • Omni-channel distribution strategy through 7 branches, an Australian-based contact centre, mobile lenders and broker network | • Commitment to maintaining physical points of presence in regional centres across Australia |
| **Technology** | • Ultradata core banking solution<br>• Recent digital investments in retail website and loan experience | • TCS BaNCS core banking solution<br>• Strong digital capability including recent launch of contemporary mobile app and internet banking | • Enhanced scale to maintain ongoing investment requirements into cyber security, regulatory changes and enhanced customer digital experience |

# 2.0 Significantly enhanced scale

## Significant increase in scale through an enlarged balance sheet

*As at 30-Jun-24 (in respect of Auswide – unaudited), unless otherwise stated*

| | | Auswide[1] | Selfco | MyStateLimited | MergeCo[5] |
|---|---|---|---|---|---|
| **Balance Sheet** *(30-Jun-24)* | Gross Loans and Advances ($m) | **4,429** | **81** | **8,022** | **12,532** |
| | Total Assets ($m) | **5,260** | **89** | **9,168** | **14,517** |
| | Customer Deposits ($m) | **3,686** | **–** | **5,928** | **9,614** |
| | Net Assets ($m) | **290** | **2** | **465** | **757** |
| **Income Statement[2]** *(FY24)* | Revenue ($m) | **83** | **3** | **179** | **265** |
| | Operating Expenses ($m) | **66** | **4** | **128** | **198** |
| | Net Profit after Tax (NPAT) ($m) | **11** | **(1)** | **35** | **45** |
| **KPIs** *(FY24)* | Net Interest Margin (NIM) (%)[2] | **1.42%** | **3.00%** | **1.76%** | **1.64%** |
| | Cost to Income (%)[3] | **79.9%** | **130.2%** | **71.3%** | **74.7%** *(~66.2% pro forma run-rate cost synergies[6])* |
| | Return on Equity (%)[4] | **3.9%** | ***n.m.*** | **7.7%** | **6.0%** *(~8.0% pro forma run-rate cost synergies[7])* |
| | CET1 Capital Ratio (%) (30-Jun-24) | **12.1%** | ***n.a.*** | **12.0%** | **12.1%** |

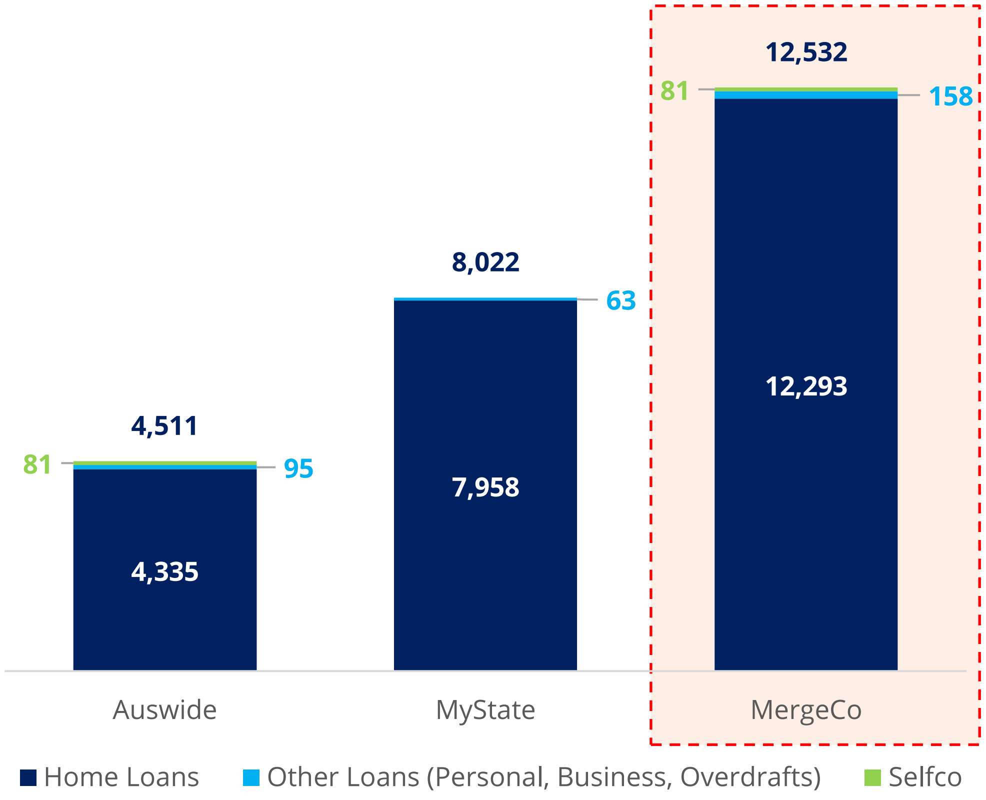
*Source: Financial information for the 12 months ended 30-Jun-24 (unaudited for Auswide), 6 months ended 31-Dec-23 and 12 months ended 30-Jun-23 for Auswide, MyState and Selfco (unaudited)*

Note: (1) The financial information included in this Presentation in relation to FY24 is unaudited. Auswide currently expects to release its audited Preliminary Final Report for FY24 on 26-Aug-24; (2) Unaudited Income Statement presented under Auswide's reporting methodology (i.e. includes broker commissions and issuance costs in operating expenses); (3) MyState NIM and CTI adjusted to align with Auswide's reporting methodology which includes broker commissions and issuance costs in operating expenses (MyState FY24 NIM as reported of 1.45% and FY24 CTI as reported of 66.3%). (4) Return on Equity calculated based on FY24 statutory NPAT and average of the net assets as at 30-Jun-24 (in respect of Auswide and Selfco – unaudited), 31-Dec-23 and 30-Jun-23; (5) Excludes pro forma adjustments in relation to the Placement, payout of Selfco's warehouse facilities and the impact of the purchase price allocation exercise which will be undertaken upon completion. See page 44 for Auswide's pro forma balance sheet (post-Acquisition); (6) Based on run-rate pre-tax cost synergies of ~$22.5m (mid-point of estimated synergy range); (7) Based on run-rate post-tax cost synergies of ~$15.8m (assuming 30% tax rate)

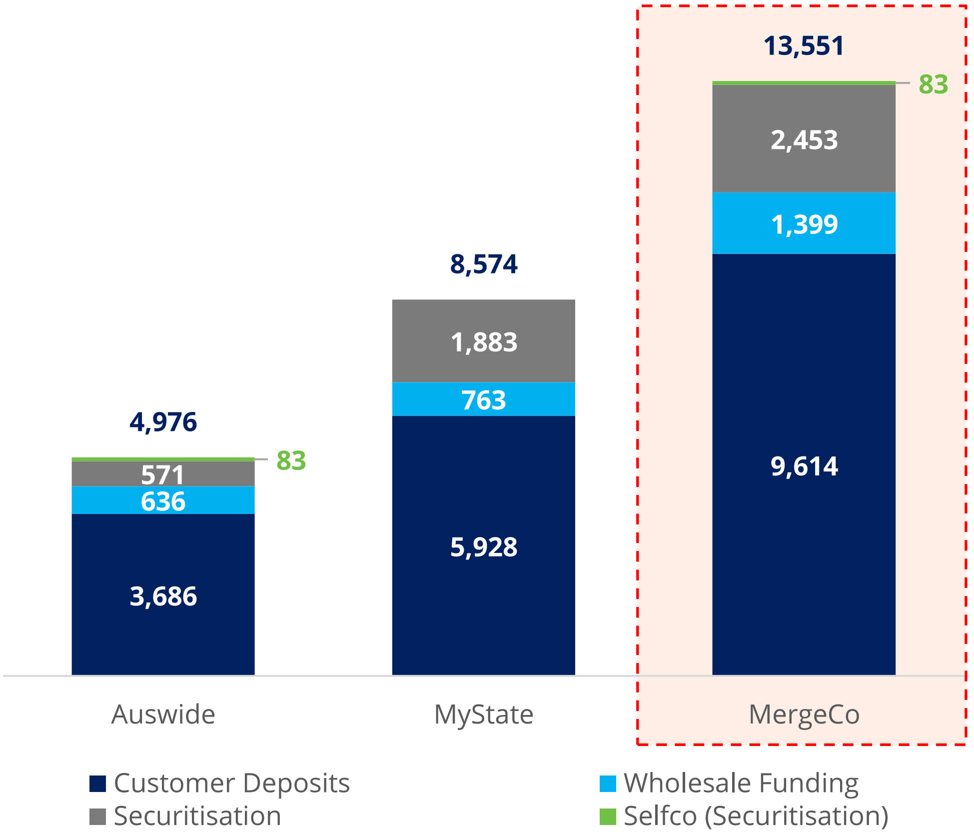
# 2.0 Significantly enhanced scale

Combined lending and funding assets both well in excess of $10 billion

## FY24 Loan Mix ($ million)




## FY24 Funding Mix ($ million)

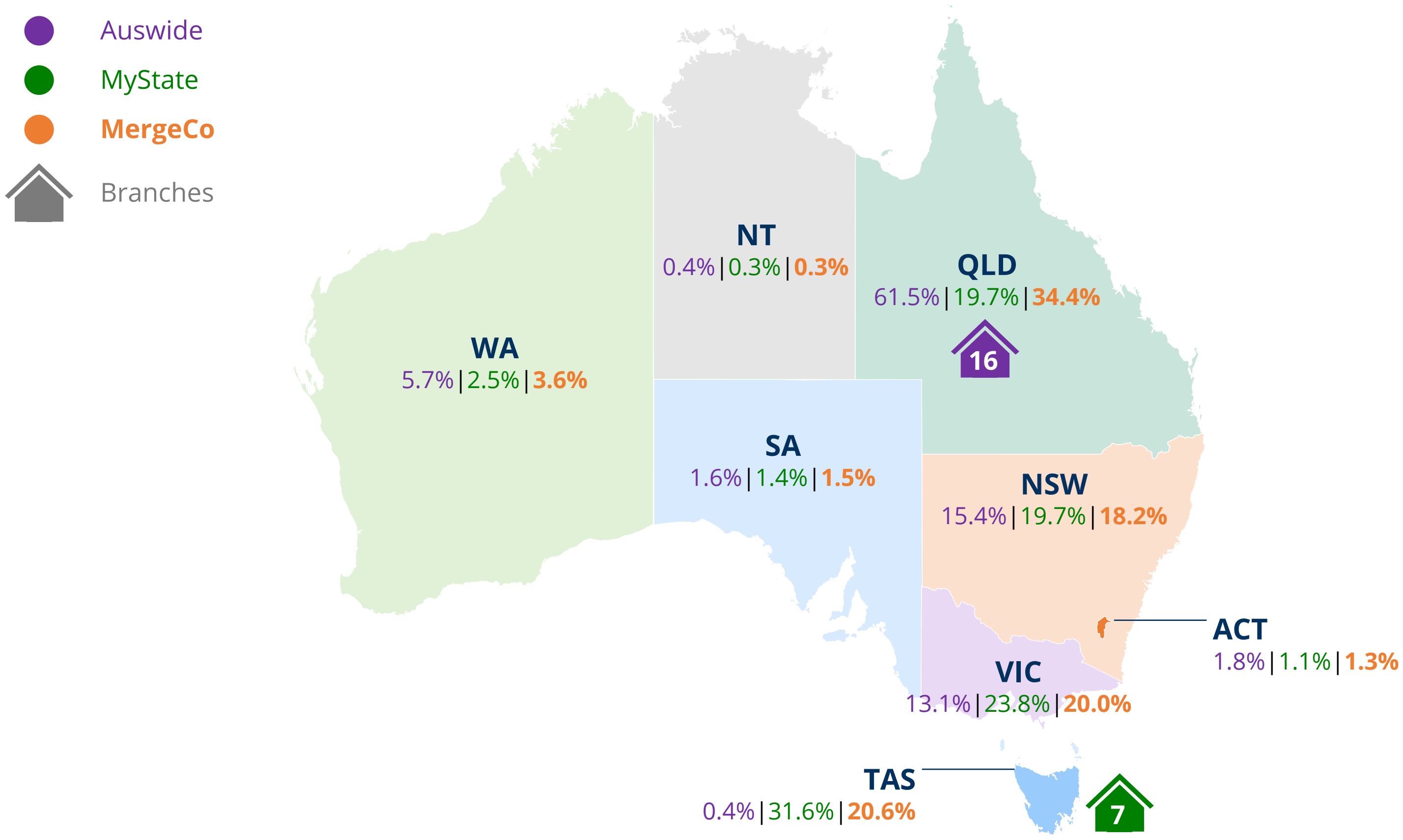



*Source: Financial information as at 30-Jun-24 for Auswide (unaudited), MyState and Selfco (unaudited)*

# 3.0 Increased portfolio diversification of lending and deposit books

Geographically balanced portfolio positioned for growth, whilst maintaining support for regional communities

## Home Loan Book and Branch Diversification (Jun-24)




- Combination of two banks with complementary and distinct regional areas to create an expanded national presence in every state and territory in Australia
- Retains strong presence in Queensland, a growth state of economic importance and Australia's fastest-growing economy over the past two decades
- Committed to maintaining physical points of presence in regional centres across Australia
- Broader reach of MergeCo allows for improved service accessibility for customers across Australia, whilst continuing to support the communities of Queensland and Tasmania

*Source: Financial information as at 30-Jun-24 for Auswide (unaudited), MyState and Selfco (unaudited); Internal company data*

# 4.0 Strong operational alignment between both banks

Similar business models with a shared purpose and common priorities underpin the Proposed Merger

**Operating model**

*Predominantly retail banking businesses with diversified end markets allows for the harmonisation of operating models with complementary offerings*

**Customers**

*Shared customer-first culture with a demonstrated success in attracting and retaining customers through delivery of exceptional customer experiences*

**Products and services**

*Innovative and award-winning products and services complements a strong focus to continually expand the product range*

**Technology**

*Aligned digital roadmaps accelerates transformation and creates opportunity to deliver material scale benefits*

**Community**

*Aligned focus on preserving and continuing investment in local communities through enhanced relationships and partnerships*

**Distribution network**

*Combining complementary broker and digital networks to expand market access and achieve customer growth*

# 5.0 Significant Operating Efficiencies

Potential estimated pre-tax cost synergies of $20 million to $25 million per annum, expected to be fully realised at the end of the third year post implementation of the Proposed Merger[(1)]

| | | |
|---|---|---|
| 1 | **Governance & People**<br>Addressing functional overlap and leveraging the expertise of staff across the combined business | **$12-15m** |
| 2 | **Technology**<br>Consolidation of core banking systems, security operating controls, treasury systems and payment systems | **$6-7m** |
| 3 | **Other**<br>Integration of shared services and rationalisation of duplicative functions (e.g., marketing, consulting, insurance) | **$2-3m** |
| 4 | **Estimated annualised cost synergies** | **$20-25m** |
| | Additional revenue and funding synergies (not quantified) expected to be realised from cross-selling products and a reduction to wholesale funding costs | **n.q.** |
| 5 | **Estimated one-off costs to achieve cost synergies**<br>~1.3x annualised synergies comprises migration of technology platforms, redundancies and other one-off costs | **~$29m** |

Note: Synergy and integration estimates are based on a bottom-up analysis of the combined FY24 cost base of Auswide (unaudited) and MyState. This page contains forward-looking statements or opinions. Please refer to the Important Notice and Disclaimers with respect to such statements starting from page 1. (1) There are risks inherent in the implementation of a merger such as the Proposed Merger, including in the integration phase. See "Merger, acquisition and divestment risk" in the Key Risks section of this Presentation on page 57

# 5.0 Pathway to Realisation

Potential estimated pre-tax cost synergies of $20 million to $25 million per annum, expected to be fully realised at the end of the third year post implementation of the Proposed Merger(1)

### 1 PRE IMPLEMENTATION

- Joint integration and synergy planning finalised
- Cultural planning underway
- Finalisation of transitional services, operating model and integration workstreams
- Obtain requisite approvals (Federal Treasurer, ACCC, APRA)

### 2 SIMPLIFICATION

- Execute immediate cost synergies
- Rationalisation of corporate functions
- Leadership team, responsibilities and accountabilities determined

### 3 TRANSFORMATION

- Operational systems integration
- Compliance and regulatory consolidation
- Process efficiencies from scale
- Single origination and payments platform
- Core banking platform and CRM consolidation

Announcement

Year 0

Year 1

Years 2 & 3

Full integration

***More than 50% of full run-rate synergies expected in the first 18 months***

***Majority of integration costs anticipated in first 2 years***

***Expecting full realisation of synergies in 3 years***

Note: Synergy and integration estimates are based on a bottom-up analysis of the combined FY24 cost base of Auswide (unaudited) and MyState. This page contains forward-looking statements or opinions. Please refer to the Important Notice and Disclaimers with respect to such statements starting from page 1. (1) There are risks inherent in the implementation of a merger such as the Proposed Merger, including in the integration phase. See "Merger, acquisition and divestment risk" in the Key Risks section of this Presentation on page 57

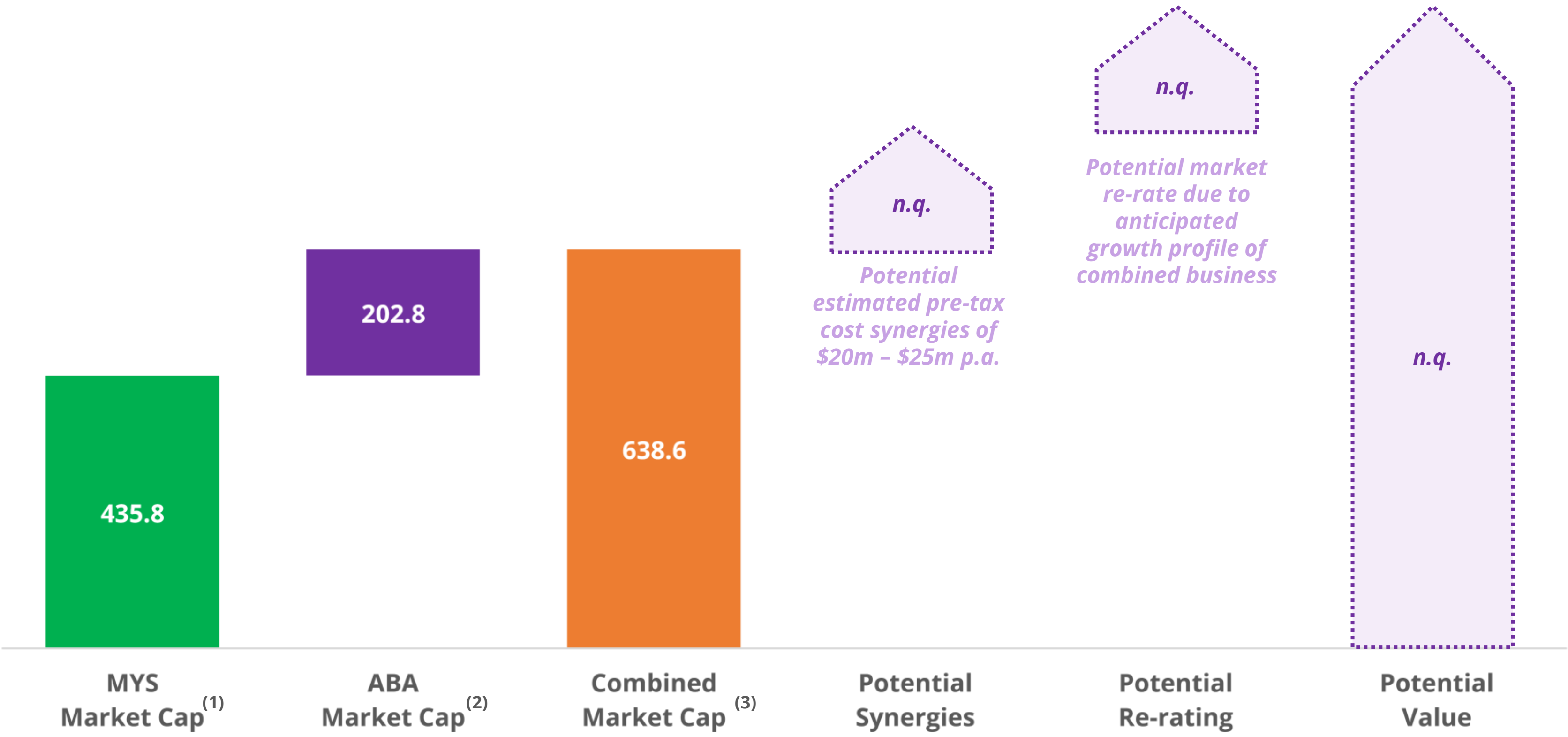
# 5.0 Integration Pathway

## Strong cultural alignment of organisations to pave the way for successful integration

- Strong cultural alignment between both banks with the merger undertaken on a merger of equals basis
- Integration pathway underpinned by an assessment of the respective capabilities of both banks across key areas and functions to determine a combined operating environment
- Best in class management team currently being assembled to lead the integration effort, leveraging the team's collective experience in prior integration and transformation projects
- Assessment of technology systems is well-progressed to determine IT architecture of MergeCo
- Continuing to support communities in Queensland and Tasmania
- MergeCo Board and management to decide post implementation the branding of MergeCo products and locations of operations, branches and headquarters
- The Proposed Merger is not expected to have an impact on MyState's wealth management brand, TPT Wealth

# 5.0 Potential for Significant Shareholder Value Creation

## Potential Value Creation ($ million)




- Potential estimated pre-tax cost synergies of $20 million to $25 million per annum and additional revenue synergies expected to be realised from cross-selling and funding synergies expected to be realised from reduced funding costs[4]
- Expected to deliver significant value accretion and be greater than 20% EPS accretive in FY25 [5] (assuming full run-rate synergies and including equity raised in relation to the acquisition of Selfco)

Note: (1) Based on MyState share price of $3.94 and shares outstanding of 110.6m as at 16-Aug-24; (2) Based on Auswide's share price of $4.35 and shares outstanding of 46.6m as at 16-Aug-24; (3) On the basis of footnote 1 and footnote 2 (4) Refer to page 33 for assumptions; (5) Excludes transaction and integration costs;

# Key SIA Terms

| | |
|---|---|
| **Transaction Structure** | > 'Merger of equals' between Auswide & MyState to be effected via Auswide scheme of arrangement (**Scheme**), whereby MyState acquires 100% of Auswide's fully paid ordinary shares<br>> Auswide's Board unanimously recommends that Auswide shareholders vote in favour of the Scheme and each Auswide director who holds or controls Auswide shares intends to vote in favour of the Scheme, in the absence of a superior proposal and subject to the independent expert concluding, and continuing to conclude, that the Scheme is in the best interests of Auswide shareholders<br>> Auswide and MyState may each announce, declare and pay a permitted FY24 dividend and in certain circumstances, a permitted HY25 dividend<br>> The DRP may be activated (on a non-underwritten basis) by either party for the permitted FY24 dividend but not any permitted HY25 dividend |
| **Consideration and relative shareholding** | > If implemented, each Auswide shareholder as at the Scheme record date will receive 1.112 new MyState shares for each Auswide share held(1)<br>> Upon implementation of the Scheme, MyState shareholders will own ~66% of MergeCo and Auswide shareholders will own the remaining ~34% |
| **Board & Senior Management** | > The MergeCo board will comprise of three non-executive directors from Auswide (including Sandra Birkensleigh as Chair of MergeCo) and four non-executive directors from MyState<br>> Brett Morgan will remain as chief executive officer and managing director of MergeCo |
| **Key Conditions** | > Proposed Merger remains subject to several conditions set out in the SIA which has been released to the ASX today, including:<br>– Auswide shareholder approval and court approval of the Scheme<br>– Regulatory approvals (including APRA and Federal Treasurer approvals)<br>– An Independent Expert concluding that the Scheme is in the best interests of Auswide shareholders<br>– No material adverse effects (including no unauthorised waiver of a Selfco material adverse effect), prescribed events, breach of representations and warranties, litigation or enforcement action occurring in relation to either Auswide or MyState<br>– Confirmation from the ATO regarding the availability of scrip for scrip roll-over relief for qualifying Australian resident Auswide Shareholders<br>– Other conditions customary for a transaction of this nature as set out in the SIA |
| **Exclusivity & Break Fees** | > Reciprocal exclusivity arrangements and deal protection mechanisms including 'no shop', 'no talk' and 'no due diligence' restrictions, notification and matching rights and a 'fiduciary out' in the event of competing proposal(s)<br>> Break Fee of $2.0 million and Reverse Break Fee of $2.0 million payable in certain circumstances |
| **Other Terms and Conditions** | > Usual terms and conditions including reciprocal conduct of business protections, reciprocal representations and warranties and customary termination rights<br>> Full details of the terms and conditions of the Proposed Merger are set out in the SIA |
| **Termination** | > Scheme has not become effective on or before 31 March 2025<br>> Auswide or MyState lack of support<br>> Auswide or MyState material breach<br>> The emergence of a superior proposal for either Auswide or MyState<br>> If agreed in writing by Auswide or MyState |

Note: (1) If (a) the equity raising for the acquisition of Selfco does not complete, and consequently the acquisition of Selfco does not complete, the exchange ratio will be adjusted such that each Auswide shareholder will receive 1.120 new MyState shares for each Auswide share held; or (b) the shares to be issued under the equity raising for the acquisition of Selfco are allotted and completion of the Selfco transaction does not occur on or before 30 September 2024, the exchange ratio will be adjusted such that each Auswide shareholder will receive 1.112 new MyState shares for each Auswide share held

# Indicative Timetable

| Event | Date |
|---|---|
| Lodge regulatory applications | August 2024 |
| Lodge Scheme Booklet with ASIC | September 2024 |
| First Court Date application served on ASIC | October 2024 |
| First Court Date | October 2024 |
| Despatch Scheme Booklet | October 2024 |
| Scheme Meeting held (Auswide shareholder vote) | November / December 2024 |
| Second Court Date | December 2024 |
| Record date | December 2024 |
| Implementation date | December 2024 |

Note: The above timetable is indicative only and subject to change without notice

# Acquisition of Selfco

04

# Summary of Acquisition Terms

| | |
|---|---|
| **Transaction**[1] | > Auswide has entered into a binding agreement to acquire 100% of Selfco, an established non-bank SME asset finance lender and will launch a fully underwritten $12 million Placement and non-underwritten $3 million SPP with proceeds from the Offer used to fund Auswide's immediate regulatory CET1 capital requirements, Selfco's expected asset growth for ~12 months and transaction costs relating to the acquisition of Selfco and the Offer<br>> The strategically compelling acquisition facilitates Auswide's entry into asset finance, providing portfolio diversification and driving scale by expanding Auswide's service offering into the large addressable SME funding market<br>> Total consideration of up to $6.5 million, comprising an initial consideration of $5.0 million and potential earn-out payments of up to $1.5 million based on the achievement of profit-related performance hurdles<br>> $5.0 million of initial consideration payable in the form of Auswide scrip issued to Selfco shareholders at an issue price equal to the volume weighted average price of Auswide shares in respect of the last five trading days prior to signing<br>– All Auswide scrip issued to Selfco shareholders will be subject to voluntary escrow, with 40% to be released 12 months post-Acquisition completion and 60% to be released 36 months post-Acquisition completion (any escrow conditions will remain in place should the Proposed Merger complete prior to completion of the escrow period)<br>> Key employees, including the Managing Director, Operations Manager and Head of Programs, have entered into agreements to remain with Selfco following the Acquisition (subject to and with effect from Acquisition completion), to provide continuity and support for the ongoing success of Selfco |
| **Strategic Rationale** | > Expansion in service offerings – facilitates entry into asset finance, driving scale by expanding Auswide's service offering into the large addressable SME funding market<br>> Portfolio diversification – diversifies Auswide's loan portfolio, reducing concentration in home loans and key geographies<br>> Access to quality loan book – provides Auswide exposure to loan portfolio with demonstrable history of low arrears and negligible losses since warehouse implementation<br>> Potential for revenue growth opportunities – through synergies with Auswide's materially lower wholesale funding costs |
| **Financial Impact** | > Auswide will report the results of Selfco on a consolidated basis post the acquisition<br>> Pro forma unaudited FY24 Revenue and NPAT for consolidated Auswide business is $86 million and $10 million respectively, assuming the acquisition of Selfco occurred on 1 July 2023 |
| **Balance Sheet Impact** | > The Offer will fund the expected regulatory capital requirements of Selfco's asset growth for ~12 months and provide additional regulatory CET1 capital |
| **Acquisition Conditions**[2] | > The Acquisition is subject to various conditions, including Auswide securing sufficient debt or equity commitments, and is expected to complete in September 2024 |
| **Key Risks** | > Refer to the Appendix of this Presentation for a summary of general and specific risk factors associated with the Acquisition, the Offer and investing in Auswide |

Note: (1) There are certain risks associated with the Acquisition. See "Selfco Acquisition Risks" in the Key Risks section of this Presentation on page 59; (2) See further "Selfco Acquisition Risks" and "Completion Risks" in the Key Risks section of this Presentation on page 59

# Strategic Rationale

Selfco represents a compelling acquisition opportunity, offering Auswide an entry point into the SME funding market

| | |
|---|---|
| **1 Expansion in service offerings** | > Facilitates entry into asset finance, driving scale by expanding Auswide's service offering into the large addressable SME funding market<br>> Scalable end-to-end technology platform with potential growth strategies |
| **2 Portfolio diversification** | > Further diversifies Auswide's loan portfolio, reducing concentration in home loans and key geographies<br>> Selfco's asset portfolio is broadly diversified by geography, asset type and borrower industry |
| **3 Access to quality loan book** | > Exposure to loan portfolio with demonstrable history of low arrears and negligible losses since warehouse implementation<br>> Financing structures are robust with loan secured over assets with recourse to borrowers<br>> No / minimal residual risk for Auswide given 100% of the financing is either fully amortising or contracted fixed price residual |
| **4 Revenue growth opportunities** | > Provides substantial revenue growth opportunities through synergies with Auswide's materially lower wholesale funding costs<br>> Selfco's key markets set to be beneficiaries of structural tailwinds which will drive continued growth in demand for asset financing |

# Selfco Overview

Selfco is a specialist SME equipment finance lender targeting the Fringe Prime SME borrower market

## Business Overview

- Selfco is an established non-bank SME asset finance lender, delivering an end-to-end "whole of business" service from origination, credit approval, settlement to asset management
- Utilises robust financing structures to provide SMEs with funding for business-critical assets, with loans secured over assets with recourse to borrowers (Chattel Mortgages)
- Possesses a loan portfolio diversified by geography, asset type and industry
- Selfco operates through a national network of accredited finance brokers, which are complemented by a deeply experienced on-the-ground sales team

## Loan Portfolio Summary[1][2]

| Receivables Balance | # of Loans | Average Outstanding Receivable | Seasoning | Remaining Term |
|---|---|---|---|---|
| $81m | 1,864 | $44k | 18 months | 40 months |

## Product Overview

| | |
|---|---|
| **Chattel Mortgages** | > Selfco advances funds for the purchase of assets by SMEs who take ownership of the asset at the time of purchase<br>> Selfco takes a "mortgage" over the asset by registering their interest over it with the PPSR[3]<br>> At contract completion, security interest is removed |
| **Rental** | > Selfco purchases equipment and owns goods on behalf of the SME<br>> Selfco rents to customer over fixed period with fixed monthly rent payments<br>> At contract expiry, customer can return asset to Selfco, continue rental agreement or purchase equipment outright at market value |

## Target Borrower Profile

*Lower* ← *Credit Risk* → *Higher*

| Secondary Market | Primary Market | Secondary Market |
|---|---|---|
| **Prime Borrowers** | **Fringe Prime Borrowers** | **Near Prime Borrowers** |
| > Highly creditworthy SMEs with strong financial profiles<br>> Typically have wider access to loan products due to favourable borrower characteristics | > Exhibits similar qualities to prime borrowers with lower financial reserves or lack of established credit profiles<br>> Remain relatively low-risk for lender with higher return profile | > Intermediary between prime and sub-prime borrowers<br>> Do not meet requirements of major banks but demonstrate consistent trading history or strong asset base |

Note: (1) Seasoning and remaining term figures are displayed on a weighted average basis; (2) Portfolio data as at 30-Jun-24; (3) Personal Property Securities Register

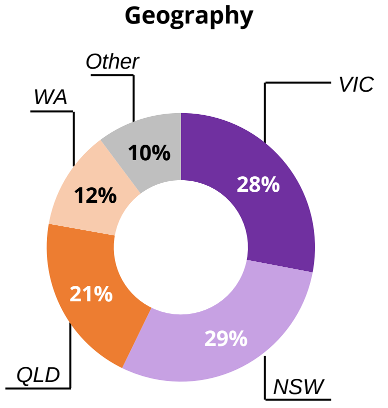
# Portfolio Diversification and Potential Growth Opportunities

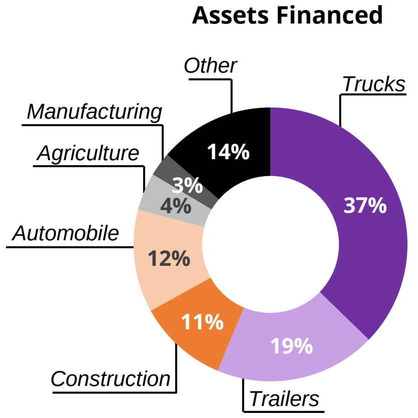
Selfco holds a diversified portfolio of outstanding receivables and is exposed to structural tailwinds

## Overview

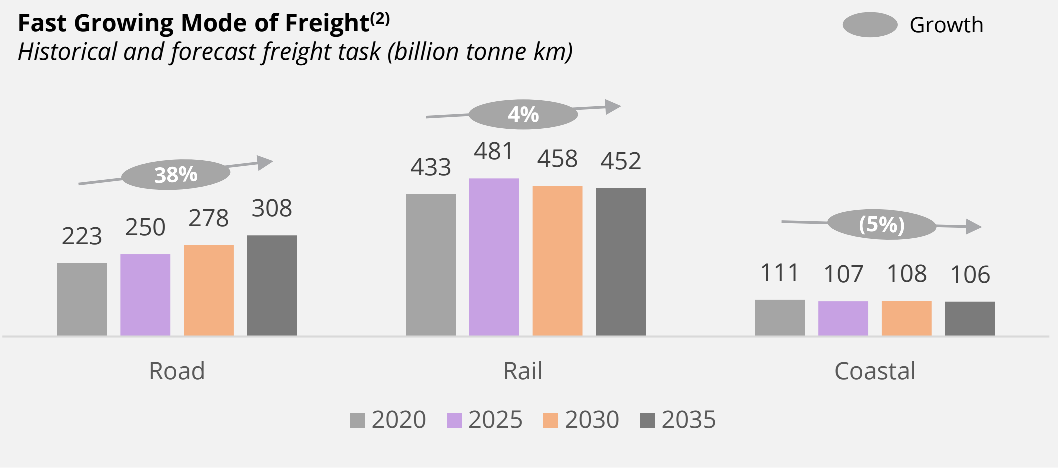
- The acquisition of Selfco marks Auswide's entry into asset and equipment finance and provides further diversification of Auswide's loan portfolio
- Selfco holds a diversified portfolio of outstanding receivables by both geographies and asset types
- The current balance[1] of the portfolio is marked by strong exposure to trucks (~37%), trailers (~19%), construction equipment (~11%) and automobiles (~12%)
- These key asset types are exposed to strong sector tailwinds, which should drive continued increases in demand for asset financing
- Material benefits and synergies from the acquisition of Selfco is expected to be delivered through Auswide's lower wholesale funding costs and scale efficiencies

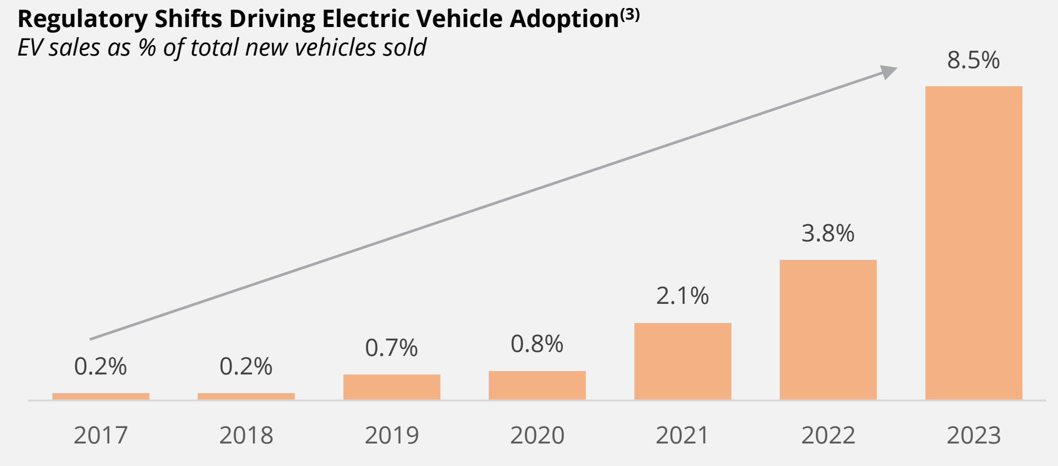
## Outstanding Receivables Breakdown[1]




## Key Structural Growth Opportunities




Note: (1) Portfolio data as at 30-Jun-24; (2) Bureau of Infrastructure and Transport Research Economics; (3) Electric Vehicle Council

# Pro Forma Balance Sheet (post-Acquisition of Selfco)

| *As at 30-Jun-24 ($m)* | **Auswide** *(unaudited)* | **Selfco** *(unaudited)* | **Pro Forma Adjustments** | **Pro Forma Balance Sheet** |
|---|---|---|---|---|
| Cash and Cash Equivalents | 224.2 | 7.6 | (73.6) | 158.3 |
| Due from Other Financial Institutions | 16.0 | - | - | 16.0 |
| Other Financial Assets | 535.5 | - | - | 535.5 |
| Loans and Advances | 4,407.5 | 81.0 | - | 4,488.5 |
| Other Assets | 76.5 | 0.0 | 2.9 | 79.4 |
| **Total Assets** | **5,259.7** | **88.7** | **(70.6)** | **5,277.8** |
| Deposits and Short Term Borrowings | 4,275.6 | - | - | 4,275.6 |
| Payables and Other Liabilities | 72.8 | 0.1 | - | 73.0 |
| Loans Under Management | 570.6 | 83.5 | (83.5)[3] | 570.6 |
| Subordinated Capital Notes | 46.8 | - | - | 46.8 |
| Other Liabilities | 4.1 | 2.7 | (1.3) | 5.5 |
| **Total Liabilities** | **4,969.9** | **86.3** | **(84.7)** | **4,971.5** |
| **Net Assets** | **289.8** | **2.4** | **14.1** | **306.3** |
| Contributed Equity | 215.6 | 2.6 | 13.9[2] | 232.1 |
| Reserves & Retained Profits | 74.2 | (0.2) | 0.2 | 74.2 |
| **Total Equity** | **289.8** | **2.4** | **14.1** | **306.3** |

- Pro forma balance sheet is presented to show the impact of the acquisition of Selfco and the equity raise on the Jun-24 balance sheet (unaudited)
- The following adjustments have been made:
  - Cash and cash equivalents adjusted by:
    - $85.1m for payments to be made at completion of the Selfco acquisition in relation to settlement of Selfco's warehouse facility ($83.5m), shareholder loans ($1.3m) and transaction costs ($0.4m); and
    - $11.5m reflecting the cash proceeds after fees of the Placement[1]
  - Other assets adjustment of $2.9m relates to goodwill and represents the difference between:
    - scrip consideration for the share capital of Selfco of $5.0m; and
    - the value of net assets acquired from Selfco of $2.4m, less transaction costs of $0.4m
  - Loans under management adjustment of $83.5m representing the settlement of Selfco's warehouse facility[3]
  - Other liabilities adjustment of $1.3m representing the payment of Selfco shareholder loans
- A full purchase price allocation exercise will be undertaken upon completion
- Excludes potential impact of Proposed Merger

*Source: Financial information for the 12 months ended 30-Jun-24 (unaudited) for Auswide and Selfco*
Note: (1) The pro forma financial information does not include the impact of the purchase price allocation exercise which will be undertaken upon completion and alignment of accounting policies; (2) Excludes any impact of the SPP; (3) The current expectation is that Selfco's warehouse facility will be settled out of cash reserves

# Equity Raising

## 05

# Equity Raising Details

$12 million fully underwritten institutional placement and non-underwritten SPP to raise up to $3 million

| | |
|---|---|
| **Offer Structure** | > Fully underwritten $12 million Placement to eligible institutional, sophisticated and professional investors and non-underwritten SPP to raise up to $3 million |
| **Offer Price** | > The Placement and SPP will be conducted at A$4.00 per New Share (**Offer Price**)<br>> The Offer Price represents a:<br>– 8.05% discount to the last close price of $4.35 per share on Friday, 16 August 2024; and<br>– 6.01% discount to the 5-day VWAP of $4.26 per share up to and including Friday, 16 August 2024 |
| **Use of Proceeds** | > Proceeds raised under the Offer will be used to:<br>– Fund Auswide's immediate regulatory CET1 capital requirements;<br>– Fund the expected asset growth in Selfco for ~12 months; and<br>– Transaction costs relating to the acquisition of Selfco and the Offer |
| **Ranking** | > New shares issued under the Placement and SPP will rank equally with existing shares from their respective issue dates<br>> New shares issued under the Placement and SPP will be issued prior to the Record Date of the FY24 final dividend |
| **Underwriting** | > The Placement is fully underwritten by Ord Minnett Limited (**Ord Minnett**) on the terms and conditions of an Underwriting Agreement dated Monday, 19 August 2024 between Ord Minnett and Auswide<br>> The SPP is not underwritten |
| **SPP** | > Following completion of the Placement, Auswide will offer all eligible shareholders in Australia and New Zealand the opportunity to apply for new Auswide shares through a non-underwritten SPP. The application for new shares under the SPP will be capped at $30,000 per eligible shareholder, subject to scale backs<br>> New shares under the SPP will be offered at the Offer Price<br>> The SPP is being undertaken to raise up to $3 million<br>> The SPP is expected to open on Monday, 26 August 2024 and is expected to close at 5.00pm (AEST), Wednesday, 11 September 2024<br>> Further details relating to the SPP will be made available to eligible shareholder on Monday, 26 August 2024 |

# Equity Raising Offer Timetable

| Event | Date |
|---|---|
| Record date for eligibility to participate in the SPP | 7:00pm, Friday, 16 August 2024 |
| Trading halt and announcement of the Proposed Merger, Acquisition, Placement and SPP | Monday, 19 August 2024 |
| Placement bookbuild | Monday, 19 August 2024 |
| Announcement of results of Placement and trading halt lifted – trading resumes on ASX | Tuesday, 20 August 2024 |
| Settlement of Placement shares | Thursday, 22 August 2024 |
| Allotment and normal trading of Placement shares and dispatch of holding statements | Friday, 23 August 2024 |
| SPP offer opens and SPP offer booklet dispatched | Monday, 26 August 2024 |
| SPP offer closes | 5:00pm, Wednesday, 11 September 2024 |
| Announcement of results of SPP | Monday, 16 September 2024 |
| Settlement and allotment of SPP shares | Wednesday, 18 September 2024 |
| Normal trading of SPP shares and dispatch of holding statements | Thursday, 19 September 2024 |
| Dividend Record Date | Friday, 20 September 2024 |

Note: Timetable is indicative only and subject to change without notice. All dates and times are Sydney time

# Appendices

06

# Reconciliation of FY24 Financials

Auswide's reporting methodology | MyState's reporting methodology

| *FY24 (in respect of Auswide – unaudited)* | Auswide Bank | MyState Limited | MergeCo[1] *(excl. Selfco)* |
|---|---|---|---|
| Net Interest Income (excl. Broker Commissions and Issuance Costs) ($m) | 71.3 | 151.2 | 222.5 |
| Broker Commissions and Issuance Costs ($m) | (11.6) | (26.7) | (38.3) |
| Net Interest Income (incl. Broker Commissions and Issuance Costs) ($m) | 59.7 | 124.5 | 184.2 |
| | | | |
| Operating Expenses (incl. Broker Commissions and Issuance Costs) ($m) | 66.0 | 127.7 | 193.7 |
| Broker Commissions and Issuance Costs ($m) | (11.6) | (26.7) | (38.3) |
| Operating Expenses (excl. Broker Commissions and Issuance Costs) ($m) | 54.3 | 101.0 | 155.4 |
| | | | |
| NIM (incl. Broker Commissions and Issuance Costs and excl. Lease Expense) (%) | 1.19% | 1.45% | 1.36% |
| NIM (excl. Broker Commissions and Issuance Costs) (%) | 1.42% | 1.76% | 1.63% |
| | | | |
| CTI (Broker Commissions and Issuance Costs in Net Interest Income) (%) | 76.6% | 66.3% | 69.6% |
| CTI (Broker Commissions and Issuance Costs in Operating Expenses) (%) | 79.9% | 71.3% | 74.0% |

*Source: Financial information for the 12 months ended 30-Jun-24 for Auswide (unaudited) and MyState*
Note: (1) MergeCo excludes Selfco and the impact of synergies, integration costs and merger accounting adjustments

# Key Risks

**KEY RISKS**

Auswide's business, financial position and performance, its dividends and the market price of Auswide's shares (before and after the Selfco Acquisition) may be adversely impacted, sometimes materially, by a number of risk factors (either individually or in combination), many of which are outside the control of Auswide and its directors. Investors should accordingly be aware that an investment in Auswide carries a number of risks. These risks mean that the price or value of Auswide's securities may rise or fall over any given period.

A non-exhaustive list of key risks, including those specific to Auswide and its business (that is, matters that relate to Auswide's existing business), the Selfco Acquisition and those of a more general nature (including market and industry risks, and risks associated with participating in the Offer), is set out below. Additional risks and uncertainties that Auswide is unaware of, or that it currently considers to be immaterial, may also become important factors that may adversely impact Auswide's operating and financial performance.

There will also be a number of risks and uncertainties relating to the Proposed Merger (as opposed to Auswide's business, financial position and performance, its dividends and the market price of Auswide's shares, or the Offer) which will be set out in the relevant disclosure document or booklet provided to Auswide's shareholders in connection with the Proposed Merger, if it proceeds.

Before investing in Auswide's securities you should consider whether such an investment is suitable for you. Potential investors should also consider publicly available information in relation to Auswide (for example, information that is available on the websites of Auswide and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional advisor to ensure they fully understand the terms of the Offer and the inherent risks before making an investment decision.

KEY BUSINESS RISKS

Auswide's business is subject to risks that could adversely impact its business, operations, reputation, prospects and its financial position and performance.

Certain key business risks and uncertainties relating to Auswide are summarised below. If any of the listed or unlisted risks occur, Auswide's business, operations, prospects, reputation, capital resources, financial position or performance could be materially and adversely impacted, with the result that the trading price of Auswide's securities could decline and as a shareholder you could lose all or part of your investment.

**1.1 Credit risk**

As a financial institution, Auswide is exposed to the risks associated with extending credit to third parties. Credit risk is the risk of financial loss arising from a debtor or counterparty failing to meet their contractual debts and obligations, or the failure to recover the recorded value of secured assets. Credit risk arises in the context of Auswide's lending activities and loan portfolio, and Auswide's other trading activities. Other assets of the Auswide Group which are subject to credit risk include cash and cash equivalents, amounts due from other financial institutions, receivables, certificates of deposit, securitisation notes and deposits, loan commitments and bank guarantees.

Auswide's loan portfolio consists of mortgage lending, personal lending and commercial lending. Less favourable economic or business conditions or a deterioration in commercial and residential property markets, whether generally or in a specific industry sector or geographic region, or external events such as natural disasters and natural hazards (including climatic, biological (such as a pandemic), meteorological or geological) could cause Auswide's customers to experience an adverse financial situation, thereby exposing Auswide to the increased risk that those customers may fail to meet their contractual obligations. An increase in the failure of Auswide's customers to meet their contractual obligations to Auswide could adversely impact Auswide's financial performance, financial position, capital resources and prospects.

Auswide's other trading activities (eg entry into interest rate swaps) and 'off-balance sheet exposures' (eg loan commitments and bank guarantees) also expose Auswide to counterparty risk, should the relevant counterparty to those arrangements be unable to honour their contractual obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Such counterparty risk is more acute in difficult market conditions where the risk of counterparty default is higher. Defaults or breaches by one or more relevant counterparties could adversely impact Auswide's financial performance, financial position, capital resources and prospects.

**1.2 Market and interest rate risk**

Market risk is the risk that Auswide may suffer financial loss as a result of adverse changes in market prices, such as interest rates. Auswide's cash and investment assets (including positions held in certain financial instruments, deposit and securitisation liabilities) are subject to the risk of rising interest rates. Such risks can be heightened during periods of high volatility, market disruption and periods of sustained low interest rates.

Accordingly, there is a risk that Auswide may suffer financial loss due to market volatility, which could adversely impact Auswide's financial performance, financial position, capital resources and prospects.

# Key Risks

**1.3 Funding and liquidity risk**

Financial institutions (including Auswide) are impacted by prevailing global credit and capital market conditions, which experienced extreme volatility, disruption and decreased liquidity following the global financial crisis and the more recent COVID-19 pandemic.

If market conditions deteriorate due to economic, financial, political, health or other reasons, Auswide's funding costs may be adversely impacted and its liquidity and funding of lending activities may be constrained. There is no assurance that Auswide will be able to obtain adequate funding at acceptable prices or at all.

Funding and liquidity risk is the risk that Auswide, although balance sheet solvent, may not be able to meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so on materially disadvantageous terms. Funding risk can occur due to an increase in competition for funding, or a change in risk premiums required by investors, which cause an increase in funding costs or increased difficulty accessing funding markets.

Auswide raises funding from a variety of sources, including customer deposits and wholesale funding to meet its funding obligations and to maintain or grow its business. If confidence in Auswide is damaged and Auswide's sources of funding prove to be insufficient or so expensive as to be uncompetitive, it may be forced to seek alternative funding arrangements or curtail its business operations and limit loan growth. Auswide may also experience challenges in managing its capital base, which could give rise to greater volatility in capital ratios (see 'Management of Auswide's capital base', below). The ability for Auswide to secure alternative funding will depend on a variety of factors, including prevailing market conditions, the availability of credit and Auswide's credit ratings.

Further, Auswide will be required to refinance the existing finance facilities used to fund the loan receivables held in Selfco's warehouse securitisation program (comprising part of the Portfolio) as part of the Selfco Acquisition. If Auswide is unable to secure adequate funding, this may adversely impact its ability to complete the Selfco Acquisition.

The financial performance of Auswide may also be impacted as a result of changes in monetary policy both in Australia and globally, broader economic conditions, and changes in the level of stimulus provided by central banks from time to time. The actions of central banks, such as interest rate settings and quantitative easing, can potentially impact Auswide's access to funding markets, liquidity levels, cost of funding, margin on products and, as a result, could adversely impact Auswide's financial performance, financial position, capital resources and prospects.

**1.4 Losses may differ materially from provisions**

Auswide provides for expected losses from loans, advances and other assets.

Estimating losses in the loan portfolio is, by its nature, uncertain. The accuracy of these estimates depends on many factors, including general economic conditions, forecasts and assumptions, and involves complex modelling and judgements.

If the assumptions upon which these assessments are made prove to be inaccurate, the provisions for credit impairment may need to be revised. This may adversely impact Auswide's financial performance, financial position, capital resources and prospects.

**1.5 Change in accounting policy and/or methods in which they are applied to Auswide (including goodwill assessments)**

The accounting policies and methods that Auswide applies are fundamental to how it records and reports its financial position and results of its operations. Australian Accounting Standards are issued by the Australian Accounting Standards Board and are not within the control of Auswide and its Directors.

Changes to the Australian Accounting Standards or the interpretation of those standards or other pronouncements under the Corporations Act could impact Auswide's reported earnings and its financial position from time to time.

Management of Auswide must also exercise judgment in selecting and applying many of these accounting policies and methods as well as estimates, sensitivities and assumptions applied so that they not only comply with generally accepted accounting principles but they also reflect the most appropriate manner in which to record and report on the financial position and results of operations.

These accounting policies may be applied inaccurately, and/or incorrect assumptions, sensitivities or judgments made, resulting in a misstatement of, or material change from one financial reporting period to the next, of Auswide's financial position and results of operations, leading to an adverse impact on Auswide's financial performance, financial position, capital resources and/or prospects.

Consistent with the Accounting Standards, Auswide is periodically required to assess the value of its assets (including goodwill). Impairment testing for goodwill is performed annually, or earlier if there is an impairment indicator and is based on a number of assumptions and sensitivity analysis. Where the recoverable amount of an asset is assessed to be less than its carrying value, Auswide may be obliged to recognise an impairment charge in its profit and loss account and/or balance sheet. An impairment loss recognised for goodwill is not reversed in subsequent periods. There is a risk that Auswide will be required to recognise impairment charges in the future based on a number of factors. Impairment charges can be significant and operate to reduce the level of Auswide's profits and, accordingly, have an impact on Auswide's financial position and performance and level of dividends that may be declared or paid.

As noted in this Presentation, the financial information in this Presentation in relation to Auswide for FY24 is unaudited. The relevant assumptions, sensitivities and judgements underpinning Auswide's FY24 audited financial statements will be set out in its audited Preliminary Final Report for FY24 (including in the notes to the financial statements), expected to be lodged on 26 August 2024.

**1.6 Management of Auswide's capital base**

Auswide's capital base is critical to the management of its businesses and access to funding. Auswide is required by the Australian Prudential Regulation Authority (APRA) to maintain adequate regulatory capital. Capital risk is the risk that Auswide does not hold sufficient capital and reserves to cover exposures and to protect against unexpected losses.

Under current regulatory requirements, risk-weighted assets and expected loan losses increase as a counterparty's risk grade worsens. These additional regulatory capital requirements compound any reduction in capital resulting from increased provisions for loan losses and lower profits in times of stress. As a result, greater volatility in capital ratios may arise and may require Auswide to raise additional capital. There can be no certainty that any additional capital required from time to time would be available or could be raised on reasonable terms.

Additionally, if the information or the assumptions upon which Auswide's capital requirements are assessed prove to be inaccurate, this may adversely impact Auswide's reputation, operations, financial performance, financial position, capital resources and prospects.

# Key Risks

**1.7 Credit ratings risk**

Credit ratings are opinions on Auswide's creditworthiness.

Auswide's credit ratings impact the cost and availability of its funding from capital markets and other funding sources and may be important to customers or counterparties when evaluating Auswide's products and services. Therefore, maintaining high quality credit ratings is important.

The credit ratings assigned to Auswide by rating agencies are based on an evaluation of a number of factors, including financial strength, support from members of Auswide and structural considerations regarding the Australian financial system. A credit rating downgrade could be driven by the occurrence of one or more of the other events identified as risks in this section of the Presentation or by other events, including changes to the methodologies used by the rating agencies to determine ratings.

If Auswide fails to maintain its current credit ratings, this could impact Auswide's cost of funds and related margins, competitive position and its access to capital and funding markets. This could, in turn, adversely impact Auswide's businesses, financial performance, financial position, liquidity, capital resources and prospects. The extent and nature of these impacts would depend on various factors, including the extent of any ratings change, whether the ratings differ among agencies (ie split ratings) and whether any ratings changes also impact Auswide's peers or the banking sector generally.

**1.8 Regulatory, legal and compliance risk**

As a financial services provider, Auswide is subject to substantial regulatory and legal oversight in Australia. The key agencies with regulatory oversight of Auswide and its subsidiaries include APRA, the Reserve Bank of Australia, the Australian Competition and Consumer Commission (ACCC), ASX, ASIC, the Australian Transaction Reports and Analysis Centre (AUSTRAC) and the Australian Taxation Office.

Global economic conditions have resulted in increased supervision and regulation of the banking and financial services industries, as well as changes in the regulation of the markets in which Auswide operates. In addition, regulation is becoming increasingly extensive and complex.

In addition, legislation has been passed that broadens the range of misconduct that can attract a civil penalty. In particular, ASIC can commence civil penalty proceedings and seek significant civil penalties against an Australian financial services licensee (such as Auswide) for failing to do all things necessary to ensure that financial services provided under its licence are provided efficiently, honestly and fairly. This trend towards increasing the scope of penalties for failing to meet compliance obligations could continue in the future and be expanded into other areas of regulation that Auswide is subject to.

Changes may also occur in the oversight approach of regulators, which could result in a regulator preferring its enforcement powers over a more consultative approach. In recent years, there have been significant increases in the nature and scale of regulatory investigations, enforcement actions and the quantum of fines issued by global regulators.

APRA has stated that it will use enforcement where appropriate to prevent and address serious prudential risks and hold entities and individuals to account. The current environment may see a shift in the nature of enforcement proceedings commenced by regulators. As well as conducting more civil penalty proceedings, Auswide's regulators may be more likely to bring criminal proceedings against institutions and/or their representatives in the future. Alternatively, regulators may elect to make criminal referrals to the Commonwealth Department of Public Prosecutions or other prosecutorial bodies.

The provision of new powers to regulators, coupled with the increasingly active supervisory and enforcement approaches adopted by them, increases the risk of adverse regulatory action being brought against Auswide. Further, the severity and consequences of that action may now be greater, given the expansion of penalties for corporate and financial sector misconduct (including due to the recent introduction of the Financial Accountability Regime (FAR), discussed below). Regulatory action brought against Auswide may expose Auswide to an increased risk of litigation brought by third parties (including through class action proceedings), which may result in Auswide being required to pay compensation to third parties and/or undertake remediation activities.

The nature and impact of future regulatory changes are not predictable and are beyond Auswide's control. There is operational and compliance risk and cost associated with the implementation of any new laws and regulations that apply to Auswide as a banking and financial services institution. In particular, changes in applicable laws, regulations, government policies or accounting standards, including changes in the interpretation or implementation of laws, regulations, government policies or accounting standards could impact one or more of Auswide's businesses and could result in Auswide incurring substantial costs.

Further impacts include required levels or the measurement of bank liquidity and capital adequacy, limiting the types of financial services and products that can be offered, and/or reducing the fees which banks can charge for their financial services. APRA may introduce new prudential regulations or modify existing regulations, including those that apply to Auswide as an Authorised Deposit-taking Institution (ADI). Any such event could adversely impact the business, reputation, operations, capital resources, financial performance, financial position and prospects of Auswide. In particular, new or amended prudential rules may result in changes to Auswide's capital adequacy ratio.

Auswide is responsible for ensuring that it complies with all applicable legal and regulatory requirements (including accounting standards and rules and regulations relating to corrupt and illegal payments and money laundering) and industry codes of practice, as well as meeting its ethical standards. A failure by Auswide to comply with applicable regulations could result in suspensions, restrictions of operating licences, fines and penalties or other limitations on Auswide's ability to do business. They could also have reputational consequences. These costs, expenses and limitations could have an adverse impact on Auswide's operations, reputation, financial performance, financial position, capital resources and prospects.

The legal and regulatory requirements described above could also impact the profitability and prospects of Auswide to the extent that they limit or restrict Auswide's operations. The nature and impact of future changes in such requirements are not predictable and are beyond Auswide's control. Depending on their nature, implementation or enforcement of any regulatory requirements, they may have an adverse impact on Auswide's operations, reputation, financial performance, financial position, capital resources and prospects.

Regulatory compliance and the management of regulatory change is an increasingly important part of Auswide's strategic planning. Regulatory change may also impact Auswide's operations by requiring it to have higher levels, and better quality, of capital as well as place restrictions on the businesses Auswide operates or require Auswide to alter its product or service offerings. If regulatory change has any such impact, it could adversely impact Auswide's business, operations, reputation, financial performance, financial position, capital resources and prospects.

# Key Risks

*Financial Accountability Regime*

FAR implements the recommendations of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry to expand the existing Banking Executive Accountability Regime (BEAR) across the Australian financial services sector. FAR was established through the Financial Accountability Regime Act 2023 (Cth) and took effect for Auswide and other ADIs on 15 March 2024.

FAR imposes a strengthened responsibility and accountability framework for these entities (including Auswide), their directors and certain senior executives. Failures by Auswide or its directors or relevant senior executive to comply with their obligations under FAR could result in significant monetary penalties for both Auswide and those individuals which could impact Auswide's business, prospects, reputation, financial performance or financial position and the ability of Auswide to attract and retain high quality executives (see 'Failure to recruit and retain key executives, Directors and key personnel', below).

*Financial Crime Obligations*

Auswide is subject to anti-money laundering and counter-terrorism financing (AML/CTF) laws, anti-bribery and corruption laws, economic and trade sanctions laws and tax transparency laws in the jurisdictions in which it operates.

These laws can be complex and, in some circumstances, impose a diverse range of obligations. For example, under the AML/CTF Act and the Anti-Money Laundering and Counter Terrorism Financing Rules Instrument 2007 (No.1) Auswide must have in place an AML/CTF program (Program) specifying how Auswide complies with the AML/CTF legislation. The purpose of the Program is to identify, mitigate and manage the risk the Auswide Group may reasonably face through the provision of any designated service offered by any member of the Auswide Group.

The Program must consist of two parts, 'Part A' which defines how the processes and procedures help identify, mitigate and manage AML/CTF risks and 'Part B' which focuses on the procedures to identify customers and verify a customer's identify before Auswide can offer any designated services. Auswide, under its Program, is also required to conduct ongoing due diligence on customers and undertake ongoing risk assessments. AML/CTF laws also require Auswide to report certain matters and transactions to relevant regulators (including in relation to International Funds Transfer Instructions, Threshold Transaction Reports and Suspicious Matter Reports) and ensure that certain information is not disclosed to third parties in a way that would contravene the 'tipping off' provisions in AML/CTF legislation. The Program is to be approved by the Board, be reviewed annually and must be regularly independently reviewed.

In recent years there has been increased focus on compliance with financial crime obligations both in the banking and financial services industries, and otherwise (including, in particular, certain cash intensive businesses and industries), with regulators around the globe commencing large-scale investigations and taking enforcement action where they have identified non-compliance (often seeking significant monetary penalties).

Due to the volume of transactions that Auswide processes, the undetected failure or the ineffective implementation, monitoring or remediation of a system, policy, process or control (including in relation to a regulatory reporting obligation) could result in breaches of its AML/CTF obligations. This in turn could lead to significant monetary penalties. If Auswide fails, or where Auswide has failed, to comply with these obligations, Auswide could face regulatory enforcement action such as litigation, significant fines, penalties and the revocation, suspension or variation of its relevant licence conditions.

Non-compliance with financial crime obligations could also lead to litigation commenced by third parties (including class action proceedings) and cause reputational damage. These actions could, either individually or in aggregate, adversely impact Auswide's business, prospects, reputation, operations, financial performance or financial position.

Other regulatory developments

Further inquiries and regulatory reviews impacting the financial services industry may be commissioned by any Australian government or regulatory body, which, depending on their scope, findings and recommendations, may adversely impact the Auswide Group. Other reviews and regulatory reforms currently relevant to the Auswide Group which present a potential regulatory risk include:

- APRA finalised their substantial changes to operational risk management (CPS 230) in 2023, with the commencement scheduled for 1 July 2025. APRA also finalised its guidance and expectations in relation to these changes with a Practice Guide issued in June 2024.
- Increased focus and assessment from APRA of cyber security and cyber resilience under CPS 234 obligations, including pursuit of breaches, identification of and action on control weaknesses and event responses, and associated remediation.
- Amendments to the Privacy Act 1988 (Cth), following the review and the Commonwealth Government's response in September 2023, likely to result in enhanced transparency and consent obligations, use of personal information needing to be fair and reasonable, new individual data subject rights, and requirements for privacy impact assessments. The full outcome of future amendments remains uncertain. Additionally, penalties have already been substantially increased for a serious or repeated breach of privacy as per the Privacy Legislation Amendment (Enforcement and Other Measures) Act 2022.
- Monitoring by APRA of the revised obligations for remuneration frameworks, practices and disclosures (CPS 511 & FAR).
- Regulation and monitoring by ASIC of RG 271 Internal Dispute Resolution, which extends the standards for complaints handling and management by financial services licensees, and is enforceable.
- APRA's review of the prudential standard on liquidity (APS 210), along with interest rate risk prudential requirements and guidance, to ensure they are fit for purpose and incorporate recent learnings.
- Changes to the Australian Banking Association Banking Code of Practice to the extent applicable to Auswide.
- APRA's review of CPS 510 Governance, entailing expectations of boards, which may result in revisions to requirements in 2024.
- Future legislation resulting from the Quality of Advice Review recommendations, into the accessibility and affordability of quality advice, and particularly how banks engage with their customers. The Commonwealth Government provided their final response to the review in December 2022. Further consultation steps may occur and final legislation is anticipated in 2024.

# Key Risks

- Progression by APRA of the modernisation of the prudential architecture. While changes to the design of the regulatory framework are intended to make it clearer, simpler and more adaptable for institutions, some duplication and complexity may be created over the next couple of years which could add uncertainty to Auswide's compliance with certain prudential requirements.
- In November 2023, the Australian Government released a consultation paper on the proposed features of a Scams Code Framework as there is currently no overarching regulatory framework that sets clear roles and responsibilities for the Government, regulators, and the private sector in addressing scams. The Government has committed to introducing new mandatory industry codes to outline the responsibilities of the private sector in relation to scam activity, with a focus on banks, telecommunications providers and digital platforms. Given the Scams Code Framework is still to be drafted and finalised, the potential impacts of the framework remain uncertain.

**1.9 Regulatory fines and sanctions**

The upward trend in compliance breaches by global banks and the related fines and settlement sums means that these risks continue to be an area of focus for Auswide.

In particular, the risk of non-compliance with AML/CTF and trade sanction laws remains high. Failure to develop and implement a robust Program to combat AML/CTF, bribery and corruption or to ensure economic, trade sanction and market conduct laws and regulations could have serious legal, financial, and reputational consequences for Auswide and its employees.

Consequences could include fines, criminal and civil penalties (including custodial sentence), civil claims, reputational harm and possible limitations or amendments to Auswide's relevant licences along with limitations on its ability to operate in certain jurisdictions.

**1.10 Customer remediation risk**

Operational risk, technology risk, conduct risk or compliance risk events could require Auswide to undertake customer remediation activity.

Auswide relies on a large number of policies, processes, procedures, systems and people to conduct its business. Breakdowns or deficiencies in one of these areas (arising from one or more operational risk, technology risk, conduct risk or compliance risk events) could result in adverse outcomes for customers which Auswide is required to remediate.

These events could require Auswide to incur significant remediation costs (which may include compensation payments to customers, costs associated with correcting the underlying issue and costs associated with obtaining assurance that the remediation has been conducted appropriately), and result in reputational damage.

There are significant challenges and risks involved in customer remediation activities. Determining how to properly and fairly compensate customers can also be a complicated exercise involving numerous stakeholders, such as the impacted customers, regulators and industry bodies.

Auswide's proposed approach to a remediation action may be impacted by a number of events, such as a group of impacted customers commencing class action proceedings on behalf of the broader population of impacted customers, or a regulator exercising its powers to require that a particular approach to remediation be taken. These factors could impact the cost of, and timeframe for, completing the remediation activity, potentially resulting in Auswide failing to execute the remediation in a timely manner. A failure of this type could lead to a regulator commencing enforcement action against Auswide or result in customer or class action litigation against Auswide. The ineffective or slow completion of a remediation action may also expose Auswide to reputational damage, with Auswide potentially being criticised by regulators, impacted customers, the media and other stakeholders.

The significant challenges and risks involved in scoping and executing remediation actions in a timely way also creates the potential for remediation costs actually incurred to be higher than those initially estimated by Auswide. If Auswide cannot effectively scope, quantify or implement a remediation activity in a timely way, there could be an adverse impact to Auswide's financial performance, financial position, capital resources and prospects.

**1.11 Strategic risk**

Strategic risk is the risk associated with the pursuit of Auswide's strategic objectives including the risk that it fails to execute its chosen strategy effectively or within a timely manner. This may be as a result of factors within or outside Auswide's control.

A failure to execute Auswide's strategic objectives (including in connection with the Selfco Acquisition or the Proposed Merger) may result in a failure to achieve anticipated benefits and ultimately adversely impact Auswide's operations, financial position, financial performance and prospects (see also 'Merger, acquisition and divestment risk').

**1.12 Dependence on the Australian and Queensland economies**

Auswide's revenues and earnings are dependent on economic activity and the level of financial services its customers require. In particular, Auswide's lending activities are dependent on customer and investor confidence, the state of the economy, the residential lending market and prevailing market interest rates in Australia and Queensland. These factors are, in turn, impacted by both domestic and international economic and political events, natural disasters and the general state of the global and Australian economies.

A downturn in the Australian or Queensland economies may give rise to an increase in customer defaults (see also 'Credit risk', above), which may, in turn, impact Auswide's financial performance, financial position, capital resources and prospects.

**1.13 Dependence on real estate markets**

The majority of Auswide's loan book is comprised of residential mortgage loans. Auswide also typically requests collateral in the form of residential property in the context of its corporate lending activities.

Accordingly, a significant decrease in residential property values or a significant slowdown in the Australian residential or commercial real estate markets could result in a decrease in the amount of new lending Auswide is able to write and/or result in losses from existing loans which, in either case, could impact Auswide's financial performance, financial position, capital resources and prospects.

Further, should Auswide's regulators impose new supervisory measures impacting Auswide's residential lending or if Australian housing price growth or property valuations decline, the demand for Auswide's home lending products may decrease, which could also impact Auswide's financial performance, financial position, capital resources and prospects.

# Key Risks

**1.14 Competition**

There is substantial competition for the provision of banking and financial services in the markets in which Auswide operates. Existing participants or potential new entrants to the market (including foreign banks and non-bank competitors with lower costs and new operating and business models), especially in Auswide's main markets and products, could heighten competition and reduce margins or increase costs of participation, which could adversely impact Auswide's financial performance, financial position and prospects.

In addition, evolving industry trends, rapid technology changes and environmental, political and socio-economic factors may impact customer needs and preferences.

If Auswide does not adequately respond to the competition which it faces, this may have an adverse impact on Auswide's reputation, market share, prospects, and its financial position and performance.

As the financial services industry is a licensed and regulated industry, the prudential framework across industry participants creates its own challenges which provides scope for relative competitive advantage. Changes in the regulatory environment could potentially influence the industry's competitive dynamic which may in turn adversely impact Auswide's financial performance, financial position, capital resources and prospects.

**1.15 Reputation risk**

Reputation risk may arise through the actions of Auswide, its directors, officers or employees or other banking or financial services market participants, and adversely impact perceptions of Auswide held by the public, holders of its securities, regulators or ratings agencies.

This risk may arise as a result of risk management failures, failures to comply with legal and regulatory requirements (including ethical issues, litigation, money laundering laws, employment laws, trade sanctions legislation, privacy laws, information security policies), inappropriately dealing with potential conflicts of interests, pricing policies, sales and trading practices, technology failures, security breaches and risk management failures.

Damage to Auswide's reputation may have an adverse impact on Auswide's financial performance, financial position, capital resources and prospects.

**1.16 Cyber security and privacy risks**

Auswide is required to collect and maintain confidential customer information and commercially sensitive data in the course of its business operations. When possessing confidential customer and commercially sensitive data, there is a risk that these, or services Auswide uses or is dependent upon, might fail, including because of unauthorised access or use. Most of Auswide's daily operations are computer-based and information systems applications and technology are essential to maintaining effective operations and communications with customers.

Auswide is conscious that threats to information systems applications and technology are continuously evolving and cyber threats and the risk of attacks are increasing. Moreover, the impact of cyber incidents on privacy has been widely publicised recently though incidents involving large corporate organisations. The exposure of personal data leads to malicious activities such as extortion, targeted phishing and identity theft. The increasing rate of technological advancement and dependency on it, as well as greater accessibility, has resulted in greater actual and potential negative impacts on organisations and individuals. These risks may be further exacerbated by evolving geopolitical risks.

The growing volume and sophistication of cyber threats, both locally and globally, is increasing the likelihood of compromised data and creates a risk for Auswide. Auswide may continue to be the target of cyberattacks, computer viruses, malicious code, phishing attacks or information security breaches that could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of Auswide, its employees and customers, or otherwise disrupt Auswide or its customers' or other third parties' business operations.

Auswide may not be able to anticipate all attacks as they may be dynamic in nature, or implement effective measures to prevent or minimise disruptions caused by cyber attacks because the techniques used can be highly sophisticated and those perpetrating the attacks may be well resourced.

There can be no assurance that Auswide will not suffer productivity and revenue losses in the future as a result of such malicious activities, and such losses may adversely impact Auswide's business, operations, reputation, financial position and/or financial performance.

Whilst Auswide has procedures in place to manage its information technology systems, there is a risk that Auswide or any of its suppliers may experience targeted cybercrime, data loss, fraud or system delay, failure or breakdown. The failure of key systems or solutions would be likely to be detrimental to Auswide, its performance and its ability to deliver services to customers and may also have an adverse impact on Auswide's reputation. This in turn could adversely impact Auswide's financial position, financial performance and prospects.

**1.17 Disruptions to technology**

Auswide is highly dependent on information systems and technology and, therefore, the reliability, resilience and security of its (and its third-party vendors') information technology systems and infrastructure are essential to the effective operation of Auswide's business and to its reputation, financial performance and financial position.

The reliability and resilience of technology may be impacted by the complex technology environment, failure to keep technology systems up-to-date or faults or defects associated with doing so (for example, the recent 'CrowdStrike' software update incident), an inability to restore or recover systems and data in acceptable timeframes, or a physical or cyber-attack.

The rapid evolution of technology in the banking and financial services industries and the increased expectation of customers for internet and mobile services on demand expose Auswide to new operational challenges. Any disruption to Auswide's technology (including disruption caused by, or to the technology systems of, Auswide's external providers) may be wholly or partially beyond Auswide's control and may result in operational disruption, regulatory enforcement actions, customer remediation requirements, litigation, financial losses, theft or loss of customer data, loss of market share, loss of property or information, reputational damage, and may adversely impact the speed and agility in the delivery of change and innovation.

In addition, any such disruption may adversely impact Auswide's reputation, including the view of regulators or ratings agencies, which may result in loss of customers, a reduction in the price of Auswide's securities, ratings downgrades and regulatory censure or penalties. Social media commentary may further exacerbate such adverse outcomes for Auswide and negatively impact Auswide's reputation.

# Key Risks

**1.18 Changes in technology**

In order to continue to deliver new products and better services to customers, comply with regulatory obligations (such as obligations to report certain data and information to regulators) and meeting the demands of customers in a highly competitive banking environment, Auswide needs to regularly renew and enhance its technology. Failure to successfully implement and integrate, and remain competitive with, changes in technology can result in considerable costs, reputational damage and/or in the loss of market share to competitors.

Auswide currently has a number of strategic technology programs underway, that form a key component of Auswide's overarching strategy to enhance its capabilities by investing in its digital framework and capabilities. Failure to successfully deliver these projects could result in substantial cost overruns, unrealised productivity, operational and system instability, failure to meet compliance obligations, reputational damage and/or result in the loss of market share to competitors. The delivery of these technology programs can have a direct adverse impact on Auswide's reputation and financial performance.

**1.19 People and safety risk**

Key members of Auswide's management team and other key employees may retire or resign from time to time. Material business interruption, loss of knowledge and loss of key customer relationships may follow the retirement or resignation of key employees, particularly if the individuals involved are sufficiently key and/or numerous.

Employees of Auswide are at risk of workplace accidents and incidents (be they physical or otherwise). In the event that an employee is injured or some other event or circumstance occurs giving rise to a claim, in each case in the course of their employment, Auswide may be subject to investigations and may be liable for penalties or damages (to the extent not covered by insurance).

Notwithstanding the preventative measures which Auswide has taken or may take in the future, there can be no assurance that it will not lose any of its key employees, or that accidents or workplace incidents will not occur and result in injuries to, or impact, Auswide's personnel or third parties. Such events may result in additional costs and fines (in the case of workplace incidences), and may have an adverse impact on Auswide's reputation and operations and, in turn, its financial position, financial performance and prospects.

**1.20 Failure to recruit and retain key executives, Directors and key personnel**

Key executives, Directors and key personnel play an integral role in the operation of Auswide's business and the pursuit of its strategic objectives. The unexpected departure of an individual in a key role, or Auswide's failure to recruit and retain appropriately skilled and qualified persons into these roles, could each have an adverse impact on Auswide's reputation, operations, financial position, financial performance and prospects.

Auswide's capacity to attract and retain key personnel is dependent on its ability to design and implement effective remuneration structures. This process may be constrained by regulatory requirements (particularly in the highly regulated financial services sector), as well as investor expectations, which may be somewhat disparate.

There is also a risk that Auswide may experience high levels of turnover in its workforce and difficulty attracting, recruiting and retaining appropriately qualified staff in the future. This may have an impact on Auswide's operations and financial performance going forward.

**1.21 Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems (including information security systems), or from external events.

Auswide is exposed to a variety of risks including those arising from human or process error, fraud, technology failure, customer services, staff level and skills, workplace safety, compliance, business continuity, crisis management, data storage, and processing errors, mis-selling of products and services and performance and product development and maintenance. Financial and identity crime, in particular, is an inherent risk within the financial services industry.

There are reputational implications inherent in Auswide's operations due to the range of Auswide's products and services, and the multiple markets and channels these products and services are delivered through.

Although Auswide takes steps to manage these risks, there is no guarantee that Auswide will not suffer loss as a result of these risks (and an inherent risk also exists due to systems and internal controls failing to identify or prevent losses relating to these operational risks). Such losses can include fines, penalties, loss or theft of funds or assets, customer remediation (including compensation), loss of shareholder value, reputational damage, loss of life or injury to people and loss of property and information. Loss from such risks could adversely impact Auswide's financial performance, financial position, capital resources and prospects.

**1.22 Conduct risk**

Conduct risk is the risk that Auswide's provision of services and products results in unsuitable or unfair outcomes for its stakeholders or undermines market integrity.

Conduct risk could occur through the provision of products and services to Auswide's customers that do not meet their needs or do not support market integrity, as well as the poor conduct of Auswide's employees, contractors, agents, authorised representatives and external service providers, which could include deliberate attempts by such individuals to circumvent Auswide's controls, processes and procedures.

This could occur through a failure to meet professional obligations to specific clients (including fiduciary and suitability requirements), poor product design and implementation, failure to adequately consider customer needs or selling products and services outside of customer target markets.

Conduct risk may also arise where there has been a failure to adequately provide a product or services that Auswide had agreed to provide a customer.

While Auswide has frameworks, policies, processes and controls that are designed to manage poor conduct outcomes, these policies and processes may not always have been or continue to be effective. The failure of these policies and processes could result in financial losses and reputational damage and this could adversely impact Auswide's reputation, relationship with its relevant regulators, financial performance, financial position and prospects.

# Key Risks

**1.23 Fraudulent or inappropriate conduct**

Although Auswide has policies and procedures in place in relation to fraudulent and inappropriate conduct, there is a risk that the business may be the subject of fraudulent or inappropriate behaviour from time to time – either from those within, or external to, the business. Depending on its scope and severity, any such behaviour may have an adverse impact of Auswide's operations, reputation, or financial position or financial performance.

**1.24 Merger, acquisition and divestment risk**

From time to time, Auswide may engage in merger, acquisition or divestment activities which facilitate Auswide's strategic objectives. These activities may involve entering new markets, exiting investments and/or expanding Auswide's current investment portfolio and may impact Auswide's risk profile and change the sources of its earnings, potentially resulting in greater variability of earnings over time.

Any acquisition or divestment may result in a material positive or negative impact on Auswide's financial and capital position, including reported profit and loss and capital ratios. There can be no assurance that any acquisition (or divestment) would have the anticipated positive results, including results relating to the total cost of integration (or separation), the time required to complete the integration (or separation), the amount of longer-term cost savings, the overall performance of the combined (or remaining) entity, or an improved price for Auswide's securities. Auswide's operating performance, risk profile and capital structure may be affected by these corporate opportunities and there is a risk that Auswide's credit ratings may be placed on credit watch or downgraded if these opportunities are pursued.

Integration (or separation) of an acquired (or divested) business can be complex and costly, sometimes including combining (or separating) relevant accounting and data processing systems, and management controls, as well as managing relevant relationships with employees, customers, regulators, counterparties, suppliers and other business partners. Integration (or separation) efforts could create inconsistencies in standards, controls, procedures and policies, as well as diverting management attention and resources.

This could adversely affect Auswide's ability to conduct its business successfully and adversely impact Auswide's financial performance, financial position, capital resources and prospects. Additionally, there can be no assurance that employees, customers, counterparties, suppliers and other business partners of newly acquired (or retained) businesses will remain post-acquisition (or post-divestment), and the loss of employees, customers, counterparties, suppliers and other business partners could adversely impact Auswide's financial performance, financial position and prospects.

Further, there may be significant risks associated with both the execution and implementation of merger, acquisition or divestment activities. For example, the integration of new businesses may be costly and occupy management's time, and the financial performance of investments and the economic conditions they operate within may result in investment impairment should the recoverable amount of the investment fall below its carrying value. Changes in ownership and management may result in impairment of relationships with employees and customers of the acquired or merged businesses. Depending on the type of transaction, it could take a substantial period of time for Auswide to realise the financial benefits of the transaction, if any.

For further information in relation to the risks associated with the Selfco Acquisition, see 'Selfco Acquisition Risks' on page 59.

**1.25 Financial risk**

There is a risk that Auswide may fail to achieve its financial objectives, or manage its financial risks, from time to time which may, in turn, have an adverse impact on its financial position, financial performance, capital resources and prospects. This may be as a result of factors within or outside Auswide's control.

**1.26 Failure of risk management strategies**

Auswide has implemented risk management strategies and internal controls involving processes and procedures intended to identify, assess, measure, monitor, report and mitigate the known risks to which it is subject.

However, there are inherent limitations with any risk management framework as there may exist, or develop in the future, risks that Auswide has not anticipated or identified or controls that may not operate effectively.

If any of Auswide's risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, Auswide could suffer unexpected losses and reputational damage which could adversely impact Auswide's financial performance, financial position, capital resources and prospects.

**1.27 Change management**

There is a risk that the implementation of changes to Auswide's business, operations and processes, supplier engagements, governance, personnel and culture from time to time (including in connection with the Selfco Acquisition or the Proposed Merger) may be disruptive, protracted, complex and costly, and may result in unexpected challenges and issues, and the diverting of management time, effort and attention.

There is also a risk that the anticipated benefits of certain changes (including the estimated contribution of those changes to Auswide's operating performance) may be less than anticipated, estimated or required.

**1.28 Changes to Auswide's banking licence**

Auswide is licensed to operate in the various states and territories in which it conducts business. Unexpected changes in the conditions of its banking and financial services licences may prohibit or restrict Auswide from operating in a manner that was previously permitted and may adversely impact Auswide's reputation, capital resources, financial performance, financial position and prospects.

The failure of Auswide to adhere to its business strategy, as a result of a change in any of its licence conditions, could adversely impact Auswide's financial performance, financial position, capital resources and prospects.

# Key Risks

**1.29 Insurance risk**

Auswide maintains insurance coverage that it believes is appropriate and prudent to protect against major operating, business and other risks, having regard to the scope and scale of its activities.

However, not all risks are insured or insurable. If Auswide's third-party providers fail to perform their obligations and/or its third-party insurance cover (including directors and officers insurance and public liability insurance) is insufficient for a particular matter or group of related matters, the net loss to Auswide could adversely impact its financial position, financial performance and financial prospects.

If Auswide needs to make significant claims against its existing insurance policies, this may have an adverse impact on its insurance premiums and expenses going forward, which in turn may have an adverse impact on its financial position, financial performance, capital resources and prospects.

**1.30 Litigation and regulatory proceedings**

Auswide (like all entities in the banking, insurance or finance sectors) is exposed to the risk of litigation and/or regulatory reviews, investigations or proceedings brought by or on behalf of deposit holders, government agencies (including regulators) or other potential claimants.

If Auswide fails to meet its legal or regulatory requirements, or the requirements of applicable industry codes of practice, or its ethical standards, it may be exposed to fines, public censure, litigation, settlements, restitution to customers, regulators or other stakeholders, or be subjected to enforced suspension of its operations or lose its licence to operate all or part of its business.

Auswide may be exposed to risks relating to the provision of advice, recommendations or guidance about financial products and services, or behaviours which do not appropriately consider the interests of consumers, the integrity of the financial markets and the expectations of the community, in the course of its business activities.

In recent years there have been significant increases in the nature and scale of regulatory investigations and reviews, enforcement actions (whether by court action or otherwise) and the quantum of fines issued by regulators, particularly against financial institutions both in Australia and globally. The nature of those investigations, reviews and enforcement actions can be wide ranging and, for example, have included and currently include a range of matters including responsible lending practices, product suitability, wealth advice and conduct in financial markets and capital (debt and equity) markets transactions.

There can be no assurance that significant litigation will not arise in the future and that the outcome of legal proceedings from time to time will not have an adverse impact on Auswide's businesses, operations, capital resources, financial performance, financial position or prospects.

If Auswide is involved in any such claims, litigation, disputes or other legal proceedings, this may disrupt Auswide's business operations, cause Auswide to incur significant legal costs and reputational damage, and/or may divert management's attention away from the day-to-day operation of the business.

**1.31 Environmental risk**

Auswide and its customers operate businesses and hold assets in a diverse range of sectors, asset types and geographical locations which are exposed to environmental risks as well as risks related to climate change, which is a growing risk to both Auswide and the Australian and global economies (see 'Climate change risk', below).

Environmental risks may arise from lending to customers in certain industries or taking possession of collateral with environmental damage. A failure to manage these risks and respond appropriately could adversely impact Auswide's reputation, financial performance and financial position.

**1.32 Climate change risk**

Auswide, its customers and suppliers, may be adversely impacted by the physical risks (including possibility of destruction or disruption to human life, physical and natural capital) and socio-economic impacts (including impacts to liveability, food systems and infrastructure assets) of climate change. This may directly impact Auswide and its customers through damage to property, reduced asset values, insurance risk and business disruption and may have an adverse impact on Auswide's financial performance, financial position and prospects.

In particular, credit risk may arise as a result of climate change, including from:

- extreme weather and climate change-related events affecting property and asset values or causing customer losses due to damage and/or interruptions to business operations and supply chains;
- the effect of new laws, regulations and government policies designed to mitigate climate change; and
- the impact on certain customer segments as the economy transitions to renewable and low-emissions technology.

This may lead to increased levels of customer default in impacted business sectors. The impact of this on Auswide may be exacerbated by a decline in the value and liquidity of assets held by Auswide as collateral in these sectors, which may impact Auswide's ability to recover its funds when loans default. See further 'Credit risk', above.

Failure of Auswide to effectively assess and respond to these risks or to be perceived as failing to do so, could adversely impact Auswide's reputation which could, in turn, adversely impact Auswide's financial performance, financial position and prospects.

In addition, natural disasters as a result of climate change including (but not limited to) cyclones, floods and earthquakes, and the economic and financial market implications of those disasters on domestic and global market conditions could adversely impact Auswide's financial position, financial performance and prospects.

# Key Risks

**2 Selfco Acquisition Risks**

Certain key risks and uncertainties relating to the Selfco Acquisition are summarised below. If any of the listed or unlisted risks occur, Auswide's business, operations, prospects, reputation, financial position or financial performance could be adversely impacted, with the result that the trading price of Auswide securities could decline and as a shareholder you could lose part of your investment.

**2.1 Analysis of Selfco Acquisition**

Auswide has undertaken an analysis of Selfco and the Portfolio in order to determine its attractiveness to Auswide and whether to pursue the Selfco Acquisition. As part of its analysis, Auswide relied, in part, on its review of financial and other information provided by Selfco or discussed at meetings held with members of management of Selfco. Auswide has not been able to verify the accuracy, reliability or completeness of all of the information which was provided to it by or on behalf of Selfco against independent data.

There is a risk that Auswide's analysis may not have been conclusive, and that all material issues and risks in respect of the Selfco Acquisition may not have been identified and avoided, mitigated or managed appropriately. Accordingly, risks may exist in relation to the Selfco Acquisition of which Auswide may be unaware, including latent, future or otherwise unknown claims or liabilities.

If any of the information provided by or on behalf of Selfco and relied upon by Auswide as part of its analysis and preparation of this Presentation (including any forward looking information) is or was incomplete, incorrect, inaccurate or misleading (including by omission), or if the actual results achieved by the Selfco Acquisition are different to those indicated by Auswide's analysis, there is a risk that the actual financial position and performance of Selfco and, in turn, Auswide may be different to what is reflected in this Presentation.

**2.2 Limitations on contractual protections**

To give effect to the Selfco Acquisition, Auswide entered into a share purchase agreement with Selfco's current owners (collectively, the Sellers) and Selfco in relation to the sale of all of the shares in Selfco (Share Purchase Agreement).

The Share Purchase Agreement contains a number of representations, warranties and indemnities provided by the Sellers, however the warranties and indemnities may not be sufficient to cover the actual liability incurred in connection with any known or unknown liabilities of SelfCo. The warranties and indemnities are also subject to certain financial claims thresholds and other limitations.

Any material unsatisfied warranty or indemnity claims could adversely impact Auswide's business, operations, financial position or financial performance.

**2.3 Completion risk**

Auswide received all approvals required from APRA to proceed with the transactions contemplated by the Share Purchase Agreement on 2 July 2024.

Completion of the Selfco Acquisition is otherwise conditional on:

- certain key employees each having entered into an employment agreement with Selfco (subject to, and with effect from, completion under the Share Purchase Agreement) on terms acceptable to Auswide and the Sellers;
- no 'Material Adverse Change' occurring in relation to Selfco between the date of the Share Purchase Agreement and completion under the Share Purchase Agreement;
- Auswide securing sufficient equity or debt commitments, on terms satisfactory to Auswide, to complete the Selfco Acquisition and refinance the finance facilities used to fund the loan receivables held in Selfco's warehouse securitisation program (comprising part of the Portfolio);
- the Seller obtaining change of control consents to certain of Selfco's key contracts, and assigning those contracts to Auswide on terms acceptable to Auswide effective from completion under the Share Purchase Agreement; and
- SelfCo and Auswide (amongst others) executing the Asset Purchase Agreement on or about the date of the Share Purchase Agreement and the asset sale and purchase agreement between Auswide and SelfCo, Eticore and Eticore SD Services Pty Ltd in relation to the sale and purchase of the Portfolio (Asset Purchase Agreement) becoming unconditional.

Auswide or any of the Sellers may terminate the Share Purchase Agreement if:

- any of the conditions to the Share Purchase Agreement are not fulfilled or waived, or in the terminating party's reasonable opinion they are incapable of being fulfilled, on or before the specified 'End Date' for the relevant condition; or
- Selfco or any of the Sellers, or Auswide (respectively) is affected by an 'Insolvency Event'.

Auswide may also terminate the Share Purchase Agreement if:

- any consent or approval required under any of the conditions to the Share Purchase Agreement is granted on terms unacceptable to Auswide (acting reasonably);
- the Sellers do not comply with provisions in the Share Purchase Agreement relating to their obligations and conduct pre-completion in a material respect;
- in the reasonable opinion of Auswide, a 'Material Adverse Change' occurs (other than as fairly disclosed to Auswide);
- an event occurs that, in the reasonable opinion of Auswide, makes, or may or is likely to make a warranty from the Sellers in the Share Purchase Agreement materially untrue, incomplete or inaccurate, or materially misleading or deceptive; or
- completion of the Share Purchase Agreement does not occur on or before 5.00pm on 30 September 2024.

# Key Risks

In addition, any party to the Asset Purchase Agreement may terminate that agreement if the condition to the Asset Purchase Agreement (being, that the Share Purchase Agreement is executed by the parties to it and becomes unconditional in accordance with its terms) is not fulfilled or waived, or in the terminating party's reasonable opinion is incapable of being fulfilled, on or before the specified 'End Date' for the relevant condition. Auswide may also terminate the Asset Purchase Agreement if completion under the Asset Purchase Agreement does not occur on or before 5.00pm on 30 September 2024.

If the conditions precedent are not satisfied, or any party to the Share Purchase Agreement or the Asset Purchase Agreement (together, the Acquisition Agreements) exercise any of their rights to terminate either of those agreements or if the Selfco Acquisition fails to complete for any other reason in circumstances where Auswide has completed, and raised funds under the Placement and/or SPP, Auswide intends to utilise the funds for the growth of the bank's mortgage book and consumer lending in addition to investment in its digital technology, data security and cyber security systems and processes.

**2.4 Acquisition funding risk**

Auswide has entered into an Underwriting Agreement with the Underwriter pursuant to which the Underwriter has agreed to underwrite the Placement, subject to the terms and conditions of the Underwriting Agreement. If certain conditions are not satisfied or certain customary termination events occur, the Underwriter may terminate the Underwriting Agreement. Those termination events are summarised on pages 62 – 64 of this Presentation.

Termination of the Underwriting Agreement could have an adverse impact on the amount of proceeds raised under the Offer, which could result in Auswide not completing the Selfco Acquisition.

**2.5 Unsuccessful integration**

The Selfco Acquisition involves the acquisition and integration of Selfco, which has previously operated independently from Auswide. As a result, there is a risk that the integration of Selfco may be more complex than currently anticipated, encounter unexpected challenges or issues and/or take longer than expected, divert management's attention or does not deliver the expected benefits or synergies estimated to be derived from the Selfco Acquisition.

Possible issues may include:

- differences in corporate culture between the businesses being integrated;
- lack of capability and talent to deliver integration;
- unanticipated or higher than expected costs, delays or failures relating to integration of businesses, support operations, accounting or other systems;
- unanticipated or higher than expected costs or extensive delays in the planned migration, integration and decommission of information technology systems and platforms;
- loss of, or reduction in, key personnel, expert capability or employee productivity, or failure to procure or retain employees; and
- disruption of ongoing operations of Auswide's business.

Any of these possibilities may impact Auswide's operating and financial position and performance. Further, the integration of Selfco's accounting functions may lead to revisions, which may impact on Auswide's reported financial results.

**2.6 Historical liabilities**

If the Selfco Acquisition completes, Auswide may become directly or indirectly exposed to liabilities that Selfco has incurred or is liable for in respect of prior acts or omissions, including legal and regulatory liabilities for which it may not be adequately or fully indemnified, or liabilities which were not identified during Auswide's analysis of the Selfco Acquisition (including in respect of matters in relation to which Selfco was not aware) or which are greater than expected, or for which Auswide was unable to negotiate sufficient protection in the Share Purchase Agreement. Such liabilities may adversely impact the financial position or performance of Auswide after completion of the Selfco Acquisition.

**2.7 Acquisition Accounting**

In accounting for the Selfco Acquisition, Auswide has performed a preliminary valuation of the business and the Portfolio. Auswide will undertake a formal fair value assessment of all of the assets, liabilities and contingent liabilities of Selfco and the Portfolio post completion of the Selfco Acquisition, which may give rise to a different fair value allocation to that used for the purposes of the financial information set out in this Presentation.

# Key Risks

**3 Proposed Merger**

**3.1 Proposed Merger**

As announced on 19 August 2024, Auswide and MyState have entered into a scheme implementation agreement (SIA) to give effect to the Proposed Merger. Completion of the Proposed Merger remains subject to a number of conditions precedent as set out in the SIA, some of which are outside of the control of Auswide or MyState, including (amongst other conditions– for further information refer to Auswide's announcement 'Unaudited FY24 results, Merger with MyState, Acquisition of Selfco and Equity Raising' dated 19 August 2024:

- receipt of relevant approvals from the Treasurer under the Financial Sector (Shareholdings Act) 1998 (Cth) and the Banking Act 1959 (Cth);
- the ACCC advising that it does not intend to oppose the Proposed Merger, or that it does not intend to oppose the Proposed Merger, subject to undertakings which are acceptable to the parties;
- a court making orders approving the Proposed Merger in accordance with the Corporations Act; and
- Auswide shareholders approving the Proposed Merger by the requisite majorities in accordance with the Corporations Act at a meeting of Auswide shareholders.

The SIA may also be terminated by either party in certain circumstances.

Accordingly, no assurance can be given as to whether or not the Proposed Merger will proceed in accordance with the terms of, and timetable set out in, the SIA, or at all.

However, should the Proposed Merger proceed in accordance with the terms of the SIA, any New Shares acquired by investors in connection with the Offer will be acquired by MyState as part of the implementation of the Proposed Merger in consideration for the issue of shares in the capital of MyState. In this case, investors in connection with the Offer would become shareholders in MyState and would be exposed to:

- the risks associated with holding an investment in the MyState Group; and
- possible tax consequences (in particular, subject to the availability of rollover relief, potential capital gains tax consequences), as a result of the transfer of their Auswide shares to MyState.

In addition to the general risks that may apply in the context of a merger (see 'Merger, acquisition and divestment risk'), there will be a number of risks and uncertainties relating to the Proposed Merger and the MyState Group which will be set out in the relevant disclosure document or booklet provided to Auswide's shareholders in connection with the Proposed Merger, if it proceeds. These risks are not set out in this section of this Presentation.

For further information in relation to the Proposed Merger, refer to Auswide's announcement 'Unaudited FY24 results, Merger with MyState, Acquisition of Selfco and Equity Raising' dated 19 August 2024.

# Key Risks

**4 Offer and General Risks**

**4.1 Underwriting risk**

Ord Minnett Limited (Ord Minnett) (Underwriter) will be acting as lead manager and underwriter to the Placement. Auswide entered into an underwriting agreement with the Underwriter in respect of the Placement on 19 August 2024 (Underwriting Agreement). Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite the Placement.

*Key terms of the Underwriting Agreement*

The Underwriter's obligations under the Underwriting Agreement, including to underwrite and manage the Placement, are conditional on certain matters, including (but not limited to) certain offer documents being released by the required timeframes and certain other diligence-related deliverables being provided within the required timeframes.

If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the Underwriting Agreement. Termination of the Underwriting Agreement by the Underwriter would have a material adverse impact on the total amount of proceeds that could be raised under the Placement, which in turn would have a material adverse impact on Auswide's ability to complete the Selfco Acquisition.

The events which may trigger termination of the Underwriting Agreement include (but are not limited to) the following:

- the ASX/S&P 300 Index closes on any business day at a level which is 12% or more below the level of that index at the close of trading on the business day immediately before the date of the Underwriting Agreement;
- ASX refuses to grant unconditional approval to the official quotation on ASX of all New Shares under the Placement by the time required to conduct the Placement in accordance with the timetable for the Offer, or if granted, the approval is subsequently withdrawn, qualified or withheld;
- the ASX announcement released in connection with the launch of the Offer does not disclose all information known to Auswide on that date that a reasonable person would expect to have a material effect on the price or value of Auswide's shares and which had not previously been disclosed to ASX (including information not disclosed in reliance on ASX Listing Rule 3.1A);
- there are certain delays in the timetable for the Offer for more than 2 business days without the prior written approval of the Underwriter;
- Auswide withdraws the Placement;
- Auswide does not provide a certificate when required to under the Underwriting Agreement or a statement in any such certificate is untrue, incorrect or misleading or deceptive in any material respect (including by omission);
- ASIC or the Australian Takeovers Panel holds, or gives notice of an intention to hold, a hearing or investigation in relation to the Placement or Auswide, or prosecutes or gives notice of an intention to prosecute, or commences proceedings against, or gives notice of an intention to commence proceedings against, Auswide or any of its directors, officers, employees or agents in relation to the Placement or Auswide, and such hearing, notice, investigation, prosecution or proceeding is not discontinued before the earlier of three business days after it arises or the settlement date for the Placement;
- ASX announces that Auswide's shares will be delisted, removed from quotation, withdrawn from admission to trading status or suspended from quotation (excluding a trading halt requested to facilitate the Placement);
- Auswide commits a breach of the Corporations Act, ASX Listing Rules, Auswide's constitution, or other applicable laws, or has failed to comply with its continuous disclosure obligations or Auswide's constitution;
- there is an alteration of Auswide's capital structure without the prior consent of the Underwriter (except as specifically contemplated);
- in respect of the Selfco Acquisition and the Acquisition Agreements:
  - Auswide makes a public statement or notifies the Underwriter to the effect that it does not intend to proceed with the transactions contemplated by the Acquisition Agreements;
  - an Acquisition Agreement is terminated, rescinded, avoided, withdrawn or repudiated or rendered void, voidable, invalid, illegal or otherwise unenforceable, or is otherwise unable to be completed in accordance with its terms;
  - an Acquisition Agreement is breached in circumstances where the breach has, or would be likely to have (in the opinion of the Underwriter, acting reasonably) a material adverse effect on Auswide or Selfco;
  - an Acquisition Agreement is amended in a material respect without the consent of the Underwriter (such consent not to be unreasonably withheld or delayed); or
  - a condition to completion of the Acquisition Agreements becomes, in the reasonable opinion of the Underwriter, incapable of satisfaction by the time required for its satisfaction;

# Key Risks

- in respect of the SIA:
  - Auswide makes a public statement or notifies the Underwriter to the effect that it does not intend to proceed with the transactions contemplated by the SIA;
  - the SIA is terminated, rescinded, avoided, withdrawn or repudiated or rendered void, voidable, invalid, illegal or otherwise unenforceable, or is otherwise unable to be completed in accordance with its terms;
  - the SIA is breached in circumstances where the breach has, or would be likely to have (in the opinion of the Underwriter, acting reasonably) a material adverse effect on Auswide;
  - the SIA is amended in a material respect without the consent of the Underwriter (such consent not to be unreasonably withheld or delayed); or
  - a condition to completion of the SIA becomes, in the reasonable opinion of the Underwriter, incapable of satisfaction by the time required for its satisfaction;
- any circumstance arises that results in Auswide either repaying the money received under the Placement or offering applicants an opportunity to withdraw their application for New Shares;
- Auswide is unable to issue or is prevented from issuing New Shares under the Placement by virtue of the ASX Listing Rules, applicable laws, a governmental agency or an order of a court;
- the cleansing notice issued by Auswide in connection with the Placement is or becomes defective or any amendment, update or correcting notice to the cleansing notice is required under the Corporations Act to be issued;
- ASIC makes a determination under the Corporations Act which would prevent Auswide from issuing the New Shares under the Placement without a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act;
- there is an event or occurrence which occurs after the date of the Underwriting Agreement that makes it illegal for the Underwriter to satisfy an obligation under the Underwriting Agreement, or to market or promote the Placement or subscribe for the New Shares issued under the Placement;
- any material licence, lease, permit, authorisation or concession of the Group is, or is likely to be, invalid, revoked or unenforceable, or is breached or not complied with in a material respect;
- any director or officer of Auswide is investigated for, or charged with, a criminal offence relating to any financial or corporate matter, or any director of Auswide is disqualified from managing a corporation under the Corporations Act or investigated for any act which could give rise to a disqualification;
- Auswide or any of its directors or officers engage in any fraudulent conduct or activity whether or not in connection with the Placement;
- a director or the chief executive officer or chief financial officer of Auswide resigns or indicates that they do not intend to be a director or executive (as applicable) of Auswide, for any reason other than incapacity or as contemplated in connection with the SIA or the Proposed Merger;
- other than as part of a restructure or as contemplated by the SIA, Auswide or any of its material subsidiaries becomes insolvent, or there is an act or omission which is likely to result in Auswide or any of its material subsidiaries becoming insolvent;
- proceedings are commenced or there is a public announcement of an intention to commence proceedings before a court or tribunal of competent jurisdiction in Australia seeking an injunction or other order in relation to the Placement;
- Auswide is or becomes in default of any of the terms and conditions of the Underwriting Agreement or a representation or warranty by Auswide is or becomes false or incorrect;
- any offer document includes a statement or fact that is misleading or deceptive or omits to state a fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading or deceptive;
- any expression of belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statements, information or data) in an offer document is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- legal proceedings against Auswide or any other member of the Auswide Group is commenced or any regulatory body commences any enquiry or public action against a member of the Auswide Group;
- any of the documents required to be provided in relation to the due diligence process in relation to the Offer are withdrawn or varied without the prior consent of the Underwriter (not to be unreasonably withheld or delayed);
- the due diligence report or the information provided by or on behalf of Auswide to the Underwriter in relation to the offer documents or the due diligence process undertaken in connection with the Offer is false, misleading or deceptive or likely to mislead or deceive (including by omission);
- a new circumstance arises before the date for issuing the New Shares under the Placement which is a matter adverse to investors in those New Shares and which would have been required by the Corporations Act to be included in the Auswide's announcement to the ASX in connection with the Placement had the new circumstance arisen before that announcement was given to ASX;
- any adverse change or effect occurs, or an event occurs which is likely to give rise to an adverse change or effect, in the condition (financial or otherwise), assets, earnings, business, affairs, liabilities, financial position or performance, results of operations, profits, losses or prospects of Auswide from that existing at the date of the Underwriting Agreement; or

# Key Risks

- any of the following occurs:
  - an adverse change or disruption to the existing financial markets, political or economic conditions of Australia, New Zealand, the United States, the United Kingdom, France, Germany, Japan, Singapore or the People's Republic of China (including Hong Kong (the Specified Jurisdictions) from those existing at the date of the Underwriting Agreement;
  - major hostilities not existing at the date of the Underwriting Agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) in or involving any one or more of the Specified Jurisdictions, Ukraine, Russia, Israel or Iran or a national emergency is declared by any of those countries;
  - a general moratorium on commercial banking activities in any Specified Jurisdiction is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - trading of securities quoted on ASX, the London Stock Exchange, the New York Stock Exchange, the Hong Kong Stock Exchange or NASDAQ is suspended, or there is a material limitation in trading, for more than one business day on which the exchange is open for trading.

The ability of the Underwriter to terminate the Underwriting Agreement in respect of some events will depend on whether the Underwriter has reasonable grounds to believe, and does believe, that:

(a) the event has had, or is likely to have, a material adverse effect on:

(i) the outcome or success of the Placement;

(ii) the likely price at which the New Shares will trade on ASX;

(iii) the willingness of investors to subscribe for New Shares under the Placement; or

(iv) the ability of the Underwriter to settle the Placement; or

(b) the event has given rise to, or is reasonably likely to give rise to, a contravention by the Underwriter of, or liability for the Underwriter under, the Corporations Act or any applicable laws.

For details of the fees payable to the Underwriters, see the Appendix 3B released to ASX on 19 August 2024.

Auswide also gives certain representations, warranties and undertakings to the Underwriter and an indemnity to the Underwriter and certain affiliated parties subject to certain carve-outs. As part of the undertakings, Auswide has agreed to not, for a period of 90 days from the settlement date for the Placement, without the prior written consent of the Underwriter, conduct any equity buy-back or allot or agree to allot or indicate in any way that it will or might allot or agree to allot any shares of Auswide or other securities of Auswide, subject to certain exceptions (including in relation to the SPP, the Selfco Acquisition and the Proposed Merger).

**4.2 Dilution**

Existing shareholders who do not participate to the full extent in the Placement and the SPP will have their percentage holding in Auswide diluted and will not be exposed to future increases or decreases in Auswide's share price in respect of the New Shares which would have been issued to them had they participated to the full extent permissible under the terms of the Placement and/or SPP.

Depending on the size of a shareholder's existing holding, a participating shareholder may still be diluted even though they participate in the Placement or the SPP depending on the number of New Shares ultimately allocated to them. In addition, existing shareholders will be further diluted by the issuance of Auswide shares to the current owners of Selfco as consideration for the Selfco Acquisition.

**4.3 Investment in Equity Capital**

Investments in equity capital carry general risks. The trading price of Auswide's securities on ASX may fluctuate in line with broader market movements or in response to specific circumstances, which may result in the market price being higher or lower than the Placement Price or SPP Price (as applicable). Some factors which may influence the market price of Auswide's securities include:

- the impact of global conflict and geopolitical unrest, including with respect to consumer sentiment, and international trade;
- Australian and international general economic conditions (including inflation rates, the level of economic activity, interest rates and currency exchange rates), changes in government policy, changes in regulatory policy, the expressed views of regulators, investor sentiment and general market movements, which may or may not have an impact on Auswide's actual operating performance;
- operating results that vary from expectations of securities analysts and investors;
- changes in expectations as to Auswide's future financial performance, including financial estimates by securities analysts and investors;
- changes in market valuations of other financial services institutions;
- changes in dividends paid to shareholders, Auswide's dividend payout policy or Auswide's ability to frank dividends;
- the announcement of acquisitions, strategic partnerships, joint ventures or capital commitments by Auswide or its competitors;
- changes in the market price of ordinary shares and/or other securities or other equity securities issued by Auswide or by other issuers, or changes in the supply of equity securities issued by Auswide or by other issuers;

# Key Risks

- changes in laws, regulations and regulatory policy;
- Auswide's failure to comply with law, regulations or regulatory policy, which may result in regulatory investigations, inquiries, litigation, fines, penalties, infringement notices, revocation, suspension or variation of conditions of relevant regulatory licences or other enforcement or administrative action or agreements (such as enforceable undertakings);
- other major Australian and international events such as hostilities and tensions, and acts of terrorism;
- the impact of COVID-19, or other pandemics or epidemics, and the measures taken to control their spread; and
- other events set out above in the key risks associated with Auswide's business.

Equity capital markets have historically and may in the future be subject to significant volatility. No assurance can be given that the New Shares will trade at or above the Placement Price or SPP Price (as applicable), and none of Auswide, its board, the Lead Manager or any other person guarantees the market performance of the New Shares.

It is possible that the price of Auswide's securities may trade at a market price below the Placement Price or the SPP Price as a result of these and other factors in the future.

**4.4 Future issues of debt or other securities by Auswide**

Auswide may, in its absolute discretion, issue additional securities in the future that may rank ahead of, equally with, or behind ordinary shares, whether or not secured.

Additionally, certain convertible securities which have been or may be issued by Auswide in the future may be converted from debt to equity securities. Any issue or conversion of other securities may dilute the relative value of existing ordinary shares and impact your ability to recover any value in a winding up.

An investment in Auswide's ordinary shares confers no right to restrict Auswide from raising more debt or issuing other securities (subject to restrictions imposed under the ASX Listing Rules), to require Auswide to refrain from certain business changes, or to require Auswide to operate within certain potential ratio limits.

An investment in ordinary shares carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by Auswide, other than future pro rata issues if the shareholder is eligible to participate in the pro rata issue under relevant laws.

No prediction can be made as to the impact, if any, any such future issue of debt or other securities by Auswide may have on the market price or liquidity of Auswide's ordinary shares.

**4.5 Taxation**

Any change to the current rate of company income tax or any other changes to tax law, compliance requirements or practice in jurisdictions where Auswide or its customers operate and that impact Auswide, or the banking and financial services industry generally, could have an adverse impact on shareholder returns.

Any changes to the current rates of income tax applying to shareholders (including the taxation of dividends), whether they are individuals, trusts or companies may similarly impact on shareholder returns.

**4.6 Liquidity risk**

Shareholders who wish to sell their ordinary shares may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for ordinary shares.

Auswide does not guarantee the market price or liquidity of its securities and there is a risk that you may lose some of the money you invested.

**4.7 Dividends may fluctuate or may not be paid**

The payment of dividends on Auswide's shares is dependent on a range of factors including Auswide's profitability, the availability of cash and capital requirements.

Any future dividend levels will be determined by the Auswide board having regard to its operating results and financial position at the relevant time. Dividends are discretionary and do not accrue. There is no guarantee that any dividend will be paid by Auswide or, if paid, that they will be paid at previous levels.

The level to which Auswide is able to frank dividends declared is subject to a number of factors in addition to those outlined above. There is no guarantee that any dividend will be franked, or franked at previous levels. For this reason, there is a risk that dividends may become less attractive compared to returns on comparable securities or investments.

None of Auswide, its directors or any other person guarantees any particular rate of return on Auswide's securities (including ordinary shares).

# Key Risks

**4.8 Shareholders are subordinated and unsecured investors**

In a winding up of Auswide, shareholders' claims will rank after the claims of creditors preferred by law, secured creditors and general creditors. Shareholders' claims will rank equally with claims of holders of all other ordinary shares.

If Auswide were to be wound up and, after the claims of creditors preferred by law, secured creditors, general creditors and holders of subordinated instruments (including holders of hybrid securities (if any)) are satisfied, there are insufficient assets remaining, you may lose some or all of the money you invested in Auswide's ordinary shares.

**4.9 Investments in ordinary shares are not deposit liabilities or protected accounts under the Banking Act**

Investments in ordinary shares are an investment in Auswide and will be affected by the ongoing performance, financial position and solvency of Auswide. They are not deposit liabilities or protected accounts under the Banking Act 1959 (Cth) (Banking Act). Therefore, ordinary shares are not guaranteed or insured by any Australian government, government agency or compensation scheme of Australia or any other jurisdiction.

**4.10 Powers of a Banking Act statutory manager**

In certain circumstances APRA may appoint a statutory manager to take control of the business of an ADI, such as Auswide. Those circumstances are defined in the Banking Act to include:

- where the ADI informs APRA that it considers it is likely to become unable to meet its obligations, or is about to suspend payment;
- where APRA considers that, in the absence of external support:
  - the ADI may become unable to meet its obligations;
  - the ADI may suspend payment;
  - it is likely that the ADI will be unable to carry on banking business in Australia consistently with the interests of its depositors; or
  - the ADI becomes unable to meet its obligations or suspends payment; or
- where, in certain circumstances, the ADI, its holding company (if any) or any of its subsidiaries, is in default of compliance with a direction by APRA to comply with the Banking Act or regulations made under it and the Federal Court of Australia authorises APRA to assume control of the ADI's business.

The powers of a Banking Act statutory manager include the power to alter the constitution of an ADI, its holding company (if any) or any of its subsidiaries, to issue, cancel or sell shares (or rights to acquire shares) in the ADI, its holding company (if any) or any of its subsidiaries, and to vary or cancel rights or restrictions attached to shares in a class of shares in the ADI, its holding company (if any) or any of its subsidiaries.

The Banking Act statutory manager is authorised to do so despite the Corporations Act, the ADI's constitution, any contract or arrangement to which the ADI, its holding company (if any) or any of its subsidiaries is party or the ASX Listing Rules. In the event that a Banking Act statutory manager is appointed to Auswide in the future, these broad powers of a Banking Act statutory manager may be exercised in a way which adversely affects the rights attaching to the ordinary shares and the position of shareholders.

**4.11 Impact of international conflict and general economic conditions**

The operating and financial performance of Auswide is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates, property and commodity prices, supply and demand, industrial disruption, access to capital markets and government fiscal, monetary and regulatory policies.

Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war (such as the Russian-Ukrainian War and Israel-Palestine conflict) or natural disasters, as well as the ongoing impacts of the COVID-19 pandemic. A prolonged deterioration in general economic conditions, including inflation, an increase in and persistently high interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on Auswide's operating and financial position and performance.

In light of recent global macroeconomic events, including the ongoing conflict in Ukraine and the Middle East, Australia (along with other countries relevant to Auswide's operations) is currently experiencing economic variability and uncertainty. Additionally, the events relating to the ongoing international conflicts and rising geopolitical tensions are expected to have significant ramifications on the geopolitical and economic landscape, with commodity prices, in particular energy, food and metals, already impacted and the future impacts of the conflicts remain uncertain. As a result of the conflict in Ukraine, the United States, the United Kingdom and European Union announced broadly coordinated actions that collectively impose significant and wide-reaching economic sanctions and export controls on Russia – including the freezing of some of the Central Bank of Russia's foreign exchange reserves. Other jurisdictions, including Australia, New Zealand and Japan, have announced sanctions, export controls and similar restrictions focusing on some of the same targets and sectors in Russia. These sanctions are materially impacting the Russian and other economies and the international financial system. The extent and duration of the Russian-Ukrainian War and Israel-Palestine conflict (and in the case of the Russian-Ukrainian War, any corresponding economic sanctions, export controls and similar restrictions) and resulting market disruptions are difficult to predict. The current impacts are evolving and outcomes are uncertain and dependent upon many factors beyond Auswide's control.

Many of the risks identified in this section of this Presentation are likely to be heightened due to the impacts of ongoing conflicts and rising geopolitical tensions.

# Key Risks

The potential impacts of these events or occurrences on, and their possible outcomes for, Auswide include:

- a slowdown of the global and Australian economy, leading to a decrease in demand for Auswide's products and services;
- counterparty non-performance or claims under existing contractual arrangements; and
- insolvency of counterparties.

The nature and consequences of any such factors are difficult to predict and there can be no guarantee that Auswide could respond effectively. Any such event and/or the effectiveness of Auswide's response could adversely impact Auswide's financial position, financial performance and prospects, as well as its share price.

**4.12 Allocations under the Placement**

Nothing in this Presentation gives a shareholder a right or entitlement to participate in the Placement, and Auswide has no obligation to reconcile a shareholder's assumed pro rata holding when determining a shareholder's allocation of New Shares under the Placement.

An eligible institutional shareholder may not receive an allocation under the Placement which is truly reflective of their pro rata shareholding or may receive no allocation at all. Institutional investors who do not reside in an eligible jurisdiction will not be able to participate in the Placement, and Auswide and the Lead Manager disclaim any liability (including for negligence) in respect of any determination of a shareholder's allocation of New Shares.

Subject to compliance with all relevant laws and regulations and Auswide's constitution, it is intended that eligible institutional shareholders who bid for an amount less than or equal to their pro rata share of Placement Shares will be allocated their full bid on a best endeavours basis. For this purpose, an eligible institutional shareholder's 'pro rata' share of Placement Shares will be estimated by reference to Auswide's beneficial register on 16 August 2024 but without undertaking any reconciliation processes and ignoring any shares that may be issued under the SPP. Unlike in a rights issue, this may not truly reflect the participating shareholder's actual pro rata share of the New Shares to be issued as part of the Placement.

**4.13 Allocations under the SPP**

If Auswide receives applications that exceed the amount it proposes to raise under the SPP, it may decide to scale-back applications or raise a higher amount, in its absolute discretion. If a scale-back is applied, this means that an eligible shareholder may be allocated fewer New Shares than they applied for under the SPP. Auswide intends to conduct any scale back having regard to Eligible Shareholders' pro rata shareholding as at the record date for the SPP (being, 16 August 2024). However, Auswide is not required to conduct a scale back in this way and it may choose to scale back allocations to any extent and in any manner, in its absolute discretion.

**4.14 Sell-down by existing shareholders**

There is a risk that existing substantial shareholders may seek to sell-down their shareholding in Auswide. A significant sale of shares, or a perception that a selldown may occur, could adversely impact the price of Auswide's securities.

**4.15 Other external events**

Acts of terrorism, an outbreak of international or foreign or domestic hostilities, labour strikes, civil wars, or fires, floods, earthquakes, cyclones, outbreaks of disease, and other natural disasters (including where the frequency and severity of such events increase as a result of the impacts of climate change), and outbreaks of disease and biosecurity threats (for example, the COVID-19 pandemic) may cause an adverse change in investor sentiment with respect to Auswide specifically or the share market more generally, which could have a negative impact on the value of an investment in Auswide's securities.

# International Offer Restrictions

This document does not constitute an offer of new ordinary shares (New Shares) of Auswide in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

**HONG KONG**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

**NEW ZEALAND**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the FMC Act).

The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

**SINGAPORE**

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the SFA) or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.