

A close-up photograph of a person's hand holding a grey payment terminal. The terminal has 'Bendigo Bank' and 'tyro' logos on it. Another person's hand is holding a red card with a white chip and a white logo, which is being inserted into the terminal. The background is a blurred outdoor setting with greenery and a wooden table with bottles.

**tyro**

**MERCHANT ACQUIRING ALLIANCE**  
**Tyro | Bendigo Bank**

16 October 2020

**Tyro Payments Limited**  
ABN 49 103 575 042

# Tyro | Bendigo Bank Alliance - Overview

- Australia's 5<sup>th</sup> largest merchant acquiring bank<sup>1</sup> partners with Australia's 5<sup>th</sup> largest retail bank
- Joint objective of alliance to provide Tyro's best-in-class payments solution to Bendigo Bank's business customers
- Full technical + economic separation of Bendigo Bank's merchant acquiring service to Tyro
- Tyro terminals (and where applicable eCommerce facilities) rolled-out to all Bendigo Bank merchant acquiring customers
- Tyro will exclusively provide merchant acquiring services to current and referred Bendigo Bank customers for both:
  - ✓ card-present transactions
  - ✓ card not-present transactions
- Bendigo Bank to continue to provide all other banking services to its customers under the alliance
- Initial 10-year term with provision for additional 5-year terms by mutual agreement



<sup>1</sup> Based on number of terminals

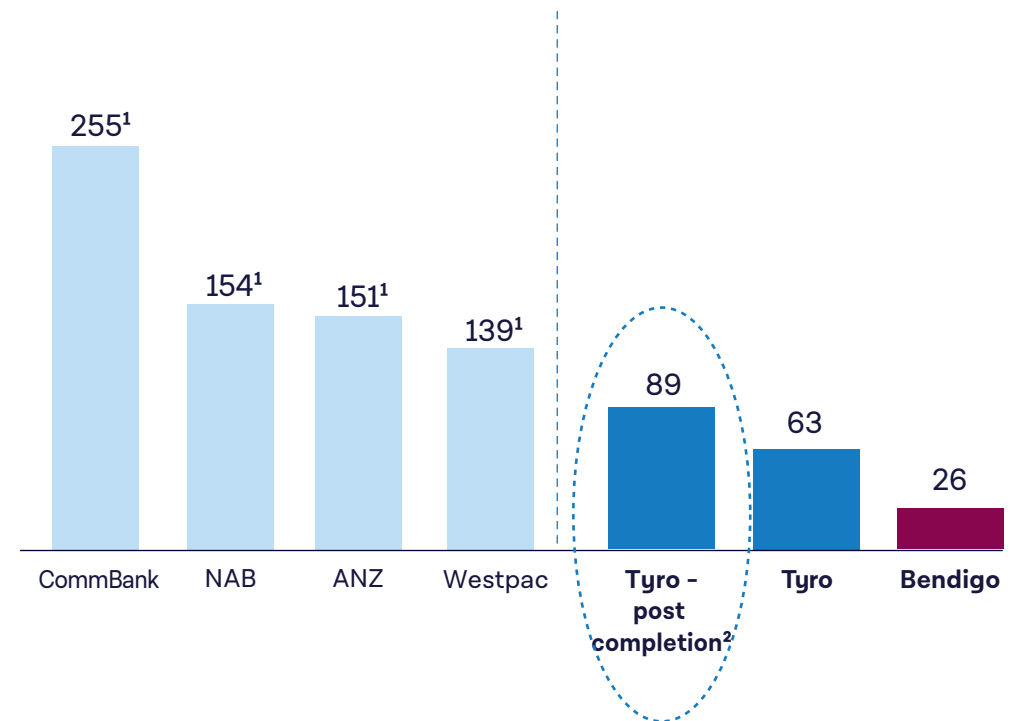
# Tyro | Bendigo Bank Alliance - Joint Objectives



- Collaborative, strategic + long-term alliance
- Customer focused, delivering Bendigo Bank merchants:
  - ✓ enhanced product + service capabilities
  - ✓ increased processing reliability
  - ✓ operational efficiencies
- Replace Bendigo Bank's current solution - leverage Tyro's leading technology + scale
- Maximise opportunity to convert more current and future Bendigo Bank business customers to the merchant acquiring alliance
- Tyro to establish a customer support presence in Bendigo

## Number of terminals by banks in Australia ('000) -

as at 30 June 2019 (updated for Tyro + Bendigo Bank terminals at 30 June 2020)



<sup>1</sup> Source: APRA, Authorised deposit-taking institutions' point of presence statistics, 30 June 2019

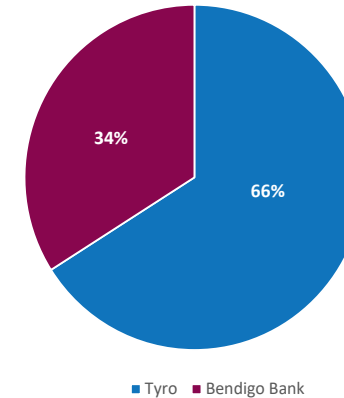
<sup>2</sup> Assumes onboarding of entire existing Bendigo Bank merchant acquiring customer cohort

# Tyro | Bendigo Bank Alliance - Side by Side Analysis

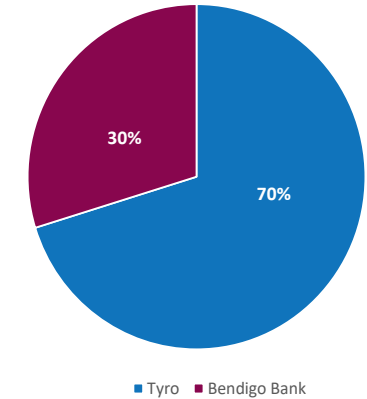


|   | BENDIGO                    | TYRO                         |
|---|----------------------------|------------------------------|
| Active Merchants (as at 30 June 2020)       | 16,629 <sup>1</sup>        | 32,176                       |
| Terminals in the field (as at 30 June 2020) | 26,616                     | 62,766                       |
| National footprint <sup>2</sup>             |                            |                              |
| - NSW                                       | 13%                        | 35%                          |
| - VIC                                       | 51%                        | 25%                          |
| - QLD                                       | 17%                        | 21%                          |
| - WA  | 8%                         | 9%                           |
| - SA  | 5%                         | 5%                           |
| - NT  | 1%                         | 1%                           |
| - ACT                                       | 1%                         | 2%                           |
| - TAS                                       | 4%                         | 2%                           |
| Transaction value (per month)               | \$405 million <sup>3</sup> | \$1,656 million <sup>4</sup> |

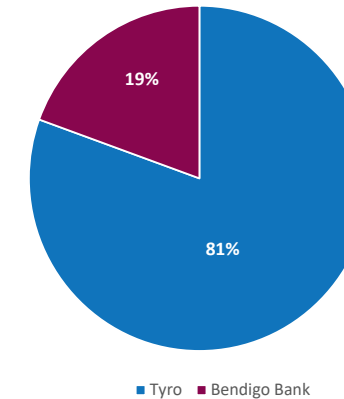
Proportion of Active Merchants<sup>5</sup>



Proportion of Terminals<sup>5</sup>



Proportion of Transaction Value<sup>6</sup>



<sup>1</sup> Total merchants 22,843 (6,214 inactive including COVID-19 impact)  
<sup>2</sup> Tyro by merchant numbers at 30 June 2020, Bendigo Bank by terminal numbers at 29 February 2020  
<sup>3</sup> For the month of February 2020  
<sup>4</sup> For the month of June 2020  
<sup>5</sup> Comparison made based on position at 30 June 2020  
<sup>6</sup> Comparison made based on transaction value for month of February 2020 for Bendigo Bank and June 2020 for Tyro

# Tyro | Bendigo Bank Alliance - Key Terms + Timing



|  |   |
|--|---|
| <b>Asset Sale Agreement</b>            | <ul style="list-style-type: none"><li>• Bendigo Bank sells to Tyro assets used in conducting the merchant acquiring business (merchant service contracts + goodwill)</li><li>• Completion to occur in the first-half CY21 (pre-integration activities undertaken in this period)</li><li>• Economic benefit of all Bendigo Bank merchant service contracts pass to Tyro on completion</li></ul> |
| <b>Transitional Services Agreement</b> | <ul style="list-style-type: none"><li>• Bendigo Bank continues to provide merchant acquiring services for an expected 90-day period post completion</li><li>• Structured to enable Tyro to undertake staged roll-out of terminals / eCommerce gateway</li><li>• Bendigo Bank entitled to charge cost recovery fee for transitional services</li></ul>   |

# Tyro | Bendigo Bank Alliance - Key Terms + Timing (continued)



|                           |   |
|---------------------------|---|
| <b>Alliance Agreement</b> | <ul style="list-style-type: none"><li>• Bendigo Bank to exclusively refer:<ul style="list-style-type: none"><li>✓ all existing merchant acquiring customers;</li><li>✓ all future customers requiring merchant acquiring services,</li></ul>to Tyro for the provision of a co-branded merchant acquiring service</li></ul>  |
|                           | <ul style="list-style-type: none"><li>• Bendigo Bank receives an upfront consideration of \$9.0 million<sup>1</sup> and an ongoing gross profit share from existing and newly referred Bendigo Bank business customers who use Tyro's merchant acquiring services</li></ul>   |
|                           | <ul style="list-style-type: none"><li>• Term:<ul style="list-style-type: none"><li>✓ 10-year initial term</li><li>✓ ability to extend for 5-year additional terms</li><li>✓ on expiry all Bendigo Bank transferred and referral customers remain with Tyro + gross profit share arrangements with Bendigo Bank continue while those customers continue to be served by Tyro</li></ul></li></ul> |

<sup>1</sup> Expected to be fully incurred in FY21 and excludes any applicable stamp duty and other taxes

# Tyro | Bendigo Bank Alliance - Expected Financial Outcomes



## One-off Project Costs (excluding GST)

- Project resourcing - \$3.8 million<sup>1</sup>
- Other project costs (including terminals) - \$16.1 million<sup>1</sup>

## Ongoing additional operating personnel

- New permanent operating resourcing - \$6.7 million per annum<sup>2</sup>

## Expected FY22 Key Operating Metrics<sup>3</sup>

- Approximately \$5 billion transaction value
- Tyro gross profit share (after gross profit share to Bendigo Bank and before operating costs) - approximately \$19 million

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<sup>1</sup> Expected to be fully incurred in FY21

<sup>2</sup> Expected to commence in Q3 FY21

<sup>3</sup> Based on existing Bendigo Bank merchant numbers, merchant acquisition and churn rates continuing as experienced historically and COVID-19 impacted merchants recovering by the end of FY21

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