

ASX ANNOUNCEMENT

18 August 2023

ASX: MYS

RECORD CUSTOMER GROWTH DRIVES PROFIT

18 August 2023 – MyState Limited has delivered a record full year profit for the period ended 30 June 2023, demonstrating strong business momentum.

- Core earnings up 30.3% to \$57.7 million
- Net profit after tax (NPAT) up 20.2% to \$38.5 million
- NIM down 4 bps to 1.63%
- Home lending up 14.1% to \$7.8 billion, 2.9x system
- Customer deposits up 12.3% to \$6.2 billion
- New to bank customers up 33% to a record 25,690
- Cost to income (CTI) ratio down 440 bps to 64.0%
 - Bank CTI ratio down 641 bps to 60.8%
- Return on equity up from 7.7% to 8.7%
- Earnings per share up 16.8% to 35.5cps
- Total capital ratio up 302 bps to 15.43%
- Final dividend 11.5 cps, in line with the interim dividend

Managing Director and CEO Brett Morgan said “MyState Limited continued to build momentum as we deliver on our growth strategy.

“We are delighted to present a FY23 Result that has delivered record customer growth, strong portfolio growth in home lending and deposits, and a record net profit after tax.”

“The operating environment has changed significantly as the Reserve Bank has continued its fight against inflation, increasing interest rates 400 bps since May 2022 to 4.10%. This is now impacting the broader economy which is expected to slow further in the year ahead. Nonetheless, MyState’s arrears rates are well below the industry average and one in three customers remain more than six months ahead in their repayments.”

“Pleasingly, our strategy of deepening relationships with independent mortgage brokers and providing quick turnaround times for loan decisions continues to pay dividends. We have seen robust growth in home lending, which was around three times the industry average. Our growth came while maintaining prudent risk settings and we enjoy a high customer advocacy, as measured by our net promoter score.”

Highest earnings: MyState delivered the highest Core earnings and NPAT in its history. FY23 Core earnings increased 30.3% to \$57.7 million, while FY23 NPAT increased by 20.2% to \$38.5 million.

Competitive market drives net interest margin: NIM decreased 4bps over the year to 1.63%, reflecting increased competition for deposits and mortgages.

Customer growth: MyState welcomed a record 25,690 new to bank customers over the year - a 33% increase from FY22 - with strong growth in Victoria, New South Wales, and Queensland.

Home loan book growth: MyState's home loan book grew 14.1% to a record high \$7.8 billion in the year to 30 June 2023. This represents a growth rate of 2.9 times system.

Cost-to-income: An ongoing focus on cost efficiency has resulted in a 440 bps drop in the Group cost-to-income ratio to 64.0%. Driving this decline was the operating leverage now evident in the Bank's cost-to-income ratio of 60.8%, which was down 641 bps from FY22.

Credit quality: The bank remains focussed on low risk; owner occupied lending with a loan to value ratio (LVR) of less than 80% which represents around 75% of loans. In line with the broader industry, there has been an increase in arrears, with 30+ day arrears at 0.81% and 90+ days to 0.34%, although these remain below the industry average.

Capital position: MyState continues to focus on maintaining a strong capital position and balance sheet. In August 2022, MyState executed an inaugural Tier 1 capital issue to provide additional capital flexibility. During the year MyState also issued a \$400m Term RMBS and established a new committed warehouse facility. At 30 June 2023, MyState's total capital ratio was 15.43%.

Outlook:

Based on current market conditions, MyState is focused on profitably and sustainably executing its growth strategy. MyState is targeting to achieve the following goals in FY24:

- MyState Bank lending: lending growth around 2x system
- MyState Bank deposit composition: customer deposits >70% of funding
- Earnings per share, MyState Bank underlying cost-to-income ratio and Return on equity: in line with FY23

ENDS

APPENDIX

Results summary for year to	30 Jun 23	30 Jun 22	Change
Net interest income (\$m)	132.6	110.2	20.3%
Group total operating income (\$m)	160.4	140.2	14.4%
Operating expenses	102.7	95.9	7.1%
Pre-provision operating profit (Core earnings)	57.7	44.3	30.3%
Net profit after tax (\$m)	38.5	32.0	20.2%
Net interest margin (%)	1.63	1.67	-4bps
Earnings per share (cents)	35.5	30.3	16.8%
Return on average equity (%)	8.7	7.7	+99bps
Return on tangible equity (%)	10.7	9.9	+79bps
Dividends per share – fully franked (cents)	23.0	24.0	-1.0
Dividend payout ratio (%)	65.3	79.2	-13.9%

As at the end of the reporting period:	30 Jun 23 (\$ million)	30 Jun 22 (\$ million)	Change (%)
Total assets	9,124.3	8,079.8	12.9%
Net assets	457.6	429.9	6.4%
Home loan book	7,800.0	6,838.3	14.1%
Customer deposits	6,236.4	5,551.8	12.3%
Funds under management	994	1,062	-6.4%

Note: Financial performance figures compare FY23 to FY22 as the previous corresponding period (pcp). Percentages may not reconcile due to rounding.

Authorised
MyState Limited Board

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About MyState Limited

Registered Office: 137 Harrington Street, Hobart 7000
MyState Limited (ABN 26 133 623 962) is the ASX-listed (MYS) non-operating holding company of the diversified financial services Group consisting of MyState Bank and TPT Wealth, a trustee and wealth management company. MyState Bank is regulated by the Australian Prudential Regulatory Authority. MyState Bank and TPT Wealth hold Australian Financial Services Licences issued by the Australian Securities and Investments Commission.