

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

MyState Limited 2023 Annual General Meeting Addresses

The attached addresses will be delivered by the Chairman, Mr Vaughn Richtor and the Managing Director and Chief Executive Officer, Mr Brett Morgan at MyState Limited's 2023 Annual General Meeting to be held today at 10:30 am.

Yours faithfully,

Scott Lukianenko
Company Secretary

Authorised

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About MyState Limited

Registered Office:

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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.

MyStateLimited 



Annual General Meeting

Chairman's Address to Shareholders

19 October 2023

Ladies and gentlemen, my name is Vaughn Richtor and I am pleased and proud to present the FY23 annual report as chairman of MyState Limited.

The 2023 financial year has been remarkable for the industry and for MyState. The re-emergence of inflation and the fastest increase in interest rates in more than 30 years, tested customers and the business.

The RBA's war on inflation coupled with supply chain issues created a cost of living crisis for households and challenging conditions in equity markets.

There was pressure on both mortgage and retail deposit pricing, wholesale funding and asset values.

These conditions have stress tested the MyState growth strategy that started 2 years ago and demonstrated it is the right strategy.

I am proud to say the business ended the financial year in good shape.

MyState delivered strong growth in mortgages, deposits and new to bank customers.

The growth came while maintaining our very high advocacy rating as measured by the net promoter score – a key measure of our customer focus.

Our transformation into a modern financial services company with a strong digital focus continues while ensuring our products and services are easy to use and provide good value.

The digital transformation is improving our efficiency, reflected in a lower cost to income ratio, making growth in customers and the balance sheet sustainable.

I congratulate the team at MyState for continuing to serve the Tasmanian community and maintaining customer focus.

Tasmania is our traditional and historical heartland, and we continue to leverage our strong brands in the state while increasing our east coast footprint.

Operating performance

In FY23, the total loan book grew by 13.5% to \$7.9 billion, while home lending grew 2.9 times system growth.

Customer deposits grew at twice system growth to \$6.2 billion.

NIM eased 4bps to 1.63% due to intense competition for both mortgages and retail deposits, with wholesale funding costs also increasing significantly.

Earnings per share increased by 16.8% to 35.5 cents per share.

TPT Wealth's result was more subdued in FY23 as we refocused our energies on Tasmania and cut costs interstate.

Dividend and capital

In the 2023 fiscal year, the Board determined to pay a final dividend of 11.5 cents per share, fully franked, equivalent to a payout ratio of 64.9% of after-tax earnings.

This decision is in line with the current dividend guidance range, and we believe strikes a balance between pursuing our growth strategy to deliver operating leverage and rewarding shareholders.

During the year MyState issued, for the first time, \$65 million of Additional Tier 1 capital which provided ongoing diversification to the capital base. A \$400 million Term RMBS transaction was completed in December 2022 and a new committed warehouse facility was established.

These transactions ensured MyState remains well capitalized, support the growth strategy and provide flexibility to MyState's capital management.

Growth strategy

At the heart of the growth strategy is prudent, sustainable and profitable growth.

The current Australian banking market is highly competitive and credit growth is slowing. MyState's robust growth in mortgages over the past two years is expected to ease to nearer to two times system growth for FY24.

MyState has a proud Tasmanian heritage that gives us a competitive advantage in our home market, as well as targeting growth on the east coast of Australia as a challenger brand.

Our future

I would like to briefly comment on MyState's share price performance.

Over the past 12 months, the share prices of the small listed ASX banks has declined by more than 17% on average, due in part to broader negative sentiment surrounding small cap financial stocks in a volatile and challenging macroeconomic environment.

The Board and management team remain focused on executing the MyState growth strategy with the objective of delivering sustainable returns for shareholders.

To that end, as I noted earlier, FY23 has been a strong operating year with above system growth delivered.

Our focus remains on sustainable growth while maintaining customer focus.

I would like to thank shareholders for not only supporting the business but also being loyal customers.

I will hand over to Managing Director and CEO Brett Morgan for a closer look at the numbers and the operating environment and outlook.

Managing Director's address

Brett Morgan
Managing Director & CEO



MyState 2023 Annual General Meeting

Managing Director's Address

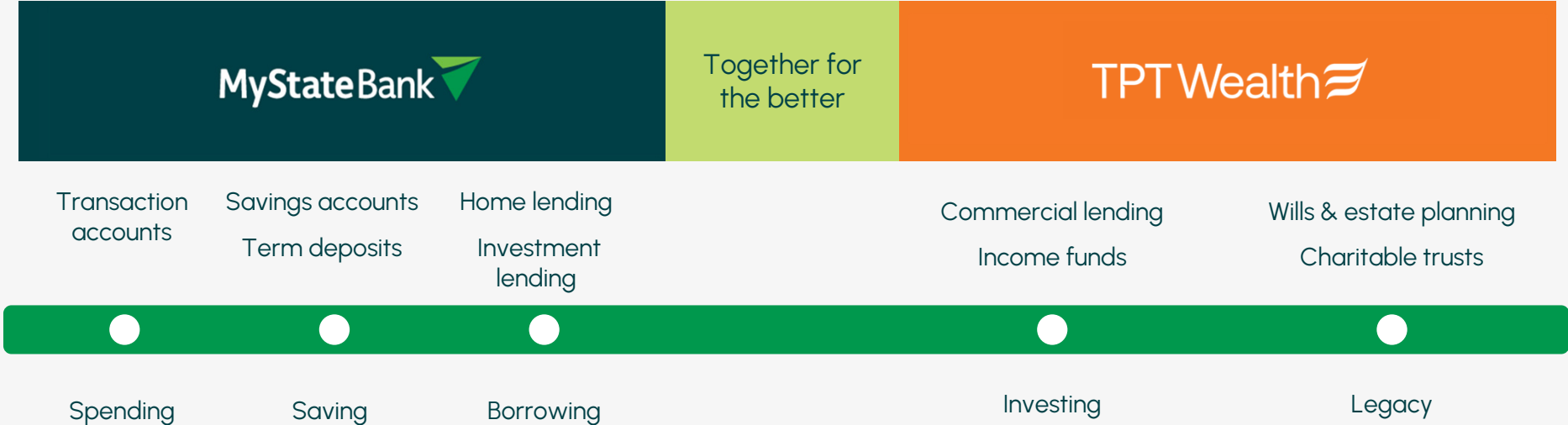
Welcome everyone. My name is Brett Morgan and I am Managing Director and CEO of MyState Ltd.

As Vaughn mentioned it's been a remarkable year and the challenging macro conditions has tested our growth strategy.

For personal use only

Our growth strategy

Our ambition is to grow our share in deposits, lending and funds under management.



Our people and values underpin our strategy

Create customer 'wow' | Chase the better | Collaborate to win

Our award winning products assist our customers and clients at all stages of life.



We embarked on the strategy in 2021. The goal is to provide better and more sustainable returns for our shareholders by scaling our business.

Since the commencement of the growth strategy, the home loan book has increased by 43% and customer deposits by 40%.

We have the people, systems and processes to scale the business. We are well placed to grow our Bank and Wealth businesses and deliver further operating leverage.

FY23 highlights

\$7.8b

Home loan book
+14.1% growth
2.9x system¹

\$6.2b

Customer deposits
+12.3% growth
2.0x system²

25,690

New to bank customers acquired
+33% on pcp

\$57.7m

Core earnings
+30.3% on pcp
Highest on record

60.8%

Bank cost to income ratio
-641 bps on pcp

35.5 cps

Earnings per share
+16.8% on pcp

+35 Net Promoter Score | Strong customer advocacy

Note: All figures compare FY23 to FY22 as the previous corresponding period (pcp) unless otherwise indicated. All amounts shown represent statutory results unless otherwise stated

1. RBA lending and credit aggregates - D2
2. APRA monthly ADI statistics – household deposits

The benefits of scaling our business are evident in our FY23 results.

Our key portfolios of mortgages and household customer deposits had strong above industry growth, up 14.1% and 12.3% respectively. At the same time, the bank's cost to income ratio reduced 641 basis points to 60.8%.

Our strong growth and operating leverage saw core earnings increase by 30% to \$57.7m and we delivered a net profit after tax of \$38.5m, up 20.2%.

Earnings per share increased by 16.8% to 35.5 cents per share and return on equity grew to 8.7%.



Together for
the better.

Our purpose

We're a Tasmanian based financial services company with big ambitions. We make managing your money easy, to help you achieve what matters most. We invest in our people and communities, so together we can thrive.

What does this mean for:

- ✔ **Our shareholders**
We deliver sustainable, profitable growth
- ✔ **Our community**
We invest into and support our local communities

What does this mean for:

- ✔ **Our customers and clients**
We care about what matters
- ✔ **Our people**
We grow and achieve great things

Providing a great place to work

The great people and teams at MyState delivered the results.

We know that people want to work at places where they can connect with the organization's purpose.

The launch of our new purpose in December 2022 sharpened our focus on making it easier to service customers, helping our people be their best and investing in our communities.

Our purpose was created by our people and has been a source of pride for our team.

To help our people develop and perform to their potential, we continue to invest in learning and leadership programs, focusing on training and development to support our growth ambitions. We also created a wellbeing program to enhance resilience and provide more opportunities to engage with our Foundation grant recipients.

Pleasingly, we have seen a rise in successful internal promotions.

We also improved our staff engagement score year on year to 73% which places MyState well within the high-performance band.

Customers

Given the challenging external environment MyState mortgage customers have shown resilience, having built up savings when rates were low.

Approximately one in three of our mortgage customers are more than six months ahead in repayments and the level of those in arrears tracks below the industry average.

We proactively attempt to contact every customer coming off low fixed interest home loans to offer assistance as they transition to higher repayments.

Over the year, we also helped customers save by substantially increasing our award winning bonus saver and term deposit rates. We also attracted many new customers growing household customer deposits at double the industry level.

TPT Trustee Services distributed cash and transferred assets valued at more than \$83m to more than 3000 beneficiaries.

We were able to achieve this whilst maintaining our high level of customer advocacy with a Net Promotor Score of +35.

Digital banking

Our customers continue to shift towards digital banking with more than 77% of customers registered for internet and mobile banking and more than 96% of transactions completed digitally.

We continue to invest in next generation digital technology, with the development of an improved banking experience, including online application forms to make it easier for new and existing customers to engage with us.

Our digital products are helpful and intuitive, with timely reminders about upcoming bills and personal notifications about money moving into and out of accounts.

Staff in branches are increasingly helping customers use digital services and tools.

Protecting customers

2023 has seen a significant increase in concern about cyber security and scams.

Australians lost more than \$3 billion through the year to scammers. Everyone has become a target and the types of scams are constantly evolving.

Protecting our customers from scams is a top priority and we do this by preventing, detecting, and responding to scam threats and working with industry, government and other sectors of the economy. It takes a team approach, including the active involvement of our customers to shut down the scammers.

To support scam prevention we educate customers on scam threats through the website, customer updates and social media. Customer education includes information on protecting passwords, double checking new billers and being wary of unsolicited calls and clicking on links.

Two factor authentication and Pay-ID are effective barriers to scammers when passwords and codes are kept secure and not shared.

We have invested in artificial intelligence capability to better detect and prevent scams.

We are also part of an industry drive to strengthen intelligence sharing on scams.

Looking ahead

Economic and industry dynamics



Australian economy including employment and house prices remain resilient although risks elevated into FY24



Near term competition for deposits and new lending remains intense



Slower credit growth combined with impact of sustained inflation and higher interest rates increases importance of scale.

MyState's focus

Grow the bank: focus on home lending, customer deposits and extracting operating efficiencies

Grow TPT in Tasmania: where we have competitive advantage

Improve customers' digital and human experience: while remaining simple and driving efficiencies

Focus on organic growth: open to opportunities that accelerate scale

We have the people, systems and processes to scale the business.

Looking at the macroeconomic environment, whilst inflation, the cost of living and higher loan repayments bite, employment and house prices remain resilient.

It is also well documented that higher interest rates, slowing credit growth and the repayment of the RBA's Term Funding Facility is maintaining near term pressure on revenue and margins across the retail banking industry.

At MyState we have the people, processes and systems to scale the business and extract operating leverage. We will continue to grow MyState Bank in Tasmania and across the eastern seaboard in our core product segments of mortgages and customer deposits.

TPT Wealth will focus on growing in Tasmania, where we have competitive advantage.

Whilst these are uncertain and challenging times for many, we remain focused on improving customers' digital and human experience across both MyState Bank and TPT and will continue to simplify our products, processes, and systems to reduce risk and drive efficiency.

In addition, whilst we will continue to focus on organic growth, we are open to opportunities to accelerate scaling the business, where it makes sense.

Thank you.

On a personal note, I would like to thank customers and clients for choosing MyState and TPT and shareholders for their support.

This report marks my first full year as CEO of MyState, and I would like to thank everyone for the way my family and I have been welcomed into the Tasmanian community.

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