

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

MyState Limited 2022 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 2022 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.

MyState Limited 

ASX Announcement | 19 October 2022



2022 Annual General Meeting

Chairman's Address to Shareholders

19 October 2022

Ladies and gentlemen, I am pleased and proud to present my first AGM address as Chairman of MyState Limited.

Operating performance

During FY22, our company continued to meet, and in many areas exceed, key goals and objectives - both financially and in terms of servicing the needs of our growing customer base. We completed the 2022 financial year in a strong position, with increased market share and sound underlying profitability.

The company delivered a statutory net profit after tax of \$32.0 million for the financial year, the second highest on record, surpassed only by the previous financial year's record \$36.3 million.

The reduction was largely due to higher operating costs associated with our strategic investment in distribution capacity, marketing and brand building to support our national growth strategy.

This investment is in line with our successful transformation to become a modern financial services company with a strong home base in Tasmania, a digital online focus and an expanding national customer base. Brett will address the specific financial metrics for the financial year, but the results vindicate our approach, with changes made so far making MyState among the fastest growing banks in Australia measured by home loan book growth.

Dividend and capital

For FY22, we paid a final dividend of 11.5 cents per share fully franked, taking total dividends paid for the year to 24 cents per share, equivalent to a payout ratio of 79.2%, at the top end of the Board's target range.

We believe this struck the right balance between pursuing our growth strategy and rewarding shareholders with dividends. The Board also elected to fully underwrite any shortfall in the Dividend Reinvestment Plan to help support the next phase of balance sheet growth.

Further as part of our active management of the bank's capital, and to support growth, in August we issued \$65m of mandatorily convertible subordinated perpetual debt securities, which is eligible to be recognised as Additional Tier 1 regulatory capital.

Growth Focus

We increased new to bank customers by 14.8% in the past financial year. Pleasingly this included 12,827 new customers in the three eastern seaboard mainland states – testament to the success of our growth strategy in a highly competitive banking landscape.

Key to our growth has been our ability to build partnerships with independent mortgage brokers. In addition, we achieved consistently fast loan approval turnaround times and enhanced our digital banking platforms – while maintaining a highly visible and accessible branch network across Tasmania.

Our wealth business, TPT Wealth, is also well placed for growth, following completion of a major brand and strategy review to take the 135-year-old wealth management business into the future.

Our customers

We are proud of the outstanding efforts of employees in our call centre and branch networks, and our friendly customer support teams. Largely through their efforts, we've maintained a high level of customer advocacy, ending FY22 with an internally measured NPS, or net promoter score, of +43, among the highest in the sector.

We also received industry acknowledgement of our recent achievements in the banking market, including awards for our competitive range of banking products and lending teams.

Retirement of Chairman and Managing Director

In March, MyState's previous Chairman Miles Hampton, retired from his role, having served on the Board with distinction for 13 years, including nine as Chair.

Melos Sulicich also retired as Managing Director and CEO in December 2021 after seven years in the role.

Together, both Miles and Melos played a pivotal role in MyState Limited's successful transition to a modern digitally enabled business – without compromising the high-quality customer service that has made us such a trusted and successful brand over so many years.

They left us with solid foundations to continue growing this great business.

I thank Miles for his friendship, guidance and support in my new role as Chair and thank Melos for his key role in driving the evolution of MyState to becoming a digital bank with a human touch.

Appointment of a new Managing Director and CEO

Our new Managing Director and CEO, Brett Morgan, who assumed his role in January 2022, has a distinguished and successful history in banking, including international banking and fintech experience.

Brett is an experienced digital banker and brings exactly the type of background and experience to help drive our growth agenda. I know from personal experience that Brett also stands for what he believes in, challenges the status quo, and puts the customer at the centre of his decisions and seeks to deliver strong returns to shareholders

Concluding remarks

MyState has the foundations in place to execute an ambitious growth program where we provide the services that customers expect, career opportunities for our people and acceptable shareholder returns which can be maintained over the longer term.

Our investment in brand, customers, digital capabilities and simple, straightforward customer-focused processes puts us in a solid position to continue to increase market share in a competitive financial services landscape.

I thank my fellow directors for their commitment, contribution and support as we implement our ambitious growth strategy. I'd also like to thank you, our shareholders, for your continued support.

I now invite our Managing Director and CEO, Brett Morgan to address the Annual General Meeting.

After Brett has delivered his address, we will then respond to questions.



Managing Director's address

Brett Morgan – Managing Director & CEO



MyState 2022 Annual General Meeting

Managing Director's Address

Slide 1 – Introduction

Good morning everyone. I am very pleased to present my first AGM address as Managing Director and CEO of MyState from my new hometown of Hobart.

It's been a little over 12 months since MyState announced it was embarking on its 2025 growth strategy, and today I will provide more detail on how it is coming to life.

2025 growth strategy

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



To help
people
achieve
their
dreams



Everyday banking

Lending

Asset management

Trustee services

Core offering

- Transaction accounts
- Saving accounts
- Term deposits

- Home loans
- Investment loans

- Mortgage funds
- Commercial lending

- Wills & estate planning
- Estate administration
- Charitable trusts

Key channels Distribution & service

Digital
Branches (Tas)
Contact centre

Brokers
Mobile lenders (Tas)
Digital
Contact centre

Relationship managers
Digital
Asset consultants

Direct

Our people and values underpin our strategy

Create customer 'wow'
Chase the better
Collaborate to win



Slide 2 – 2025 Growth Strategy

Turning to slide 2, the overarching ambition of our 2025 strategy is to grow our share in deposits, lending, and our funds under management.

Our banking business, MyState Bank, is focussed on growing retail deposits and residential lending across both our Tasmanian heartland and also across the east coast of Australia.

On the mainland, MyState Bank offers its products through digital channels and mortgage brokers, with customer service provided by our Australian-based contact centre, located here in Tasmania.

In Tasmania, our customers also have access to our branch network and a team of mobile lenders.

Our wealth business, TPT Wealth, is focussed on growing funds under management and continuing to deliver trustee services through our Tasmanian based team, as it has done since 1887.

To support execution of the growth strategy, we will continue to invest in our digital and human channels across both MyState Bank and TPT Wealth, as well as continuing to simplify our products, services, processes and systems.

And given the importance of a positive culture – which is critical to the success of our growth strategy – we will continue to live by our three culture values - creating customer wow, chasing the better and collaborating to win.

With the support of our shareholders, we embarked on the growth strategy after raising \$55 million of ordinary share capital in June 2021 and I am happy to share that we have had a successful first year.

FY22 highlights

\$6.8b

Home loan book
+25.5%. Over 3.0x system

\$5.6b

Customer deposits
Strong growth of +25.1%

\$32.0m

NPAT
Second highest on record

0.41%

30 day arrears
Considerably below industry
benchmarks

+14.8%

New to bank customer growth
Strong uplift in new customers

\$354m

TPT commercial loan book
Growth of 33.9%

+43 Net Promoter Score | Strong customer advocacy



Note: All figures compare FY22 to FY21 as the previous corresponding period (pcp) unless otherwise indicated. All amounts shown represent statutory results unless otherwise stated.

Slide 3 - FY22 Key Highlights

Turning to slide 3, the results for FY22 illustrate that our investment in the growth strategy is delivering.

Our investment into distribution capability and capacity provided the catalyst to accelerate growth across both our MyState Bank and TPT Wealth lending books.

MyState Bank's home loan book grew by 25.5%, over 3 times system, with loan settlements up 93% on the prior year. Our 30-day home loan arrears were, and remain, below industry benchmarks – a reflection of our conservative approach to home lending.

And our growth rate in home lending was broadly matched by our growth in customer deposits, which increased 25%.

Increased investment in marketing accelerated growth in customers and customer deposits. As Vaughn mentioned, we achieved a 14.8% increase in new to bank customers

In TPT Wealth, lending growth of 33.9% in our commercial loan book directly contributed to a 0.51% uplift in investor returns. And whilst our funds under management declined by 3.9% over the year, our efforts to increase returns, in conjunction with increased market engagement, are showing promising signs.

And the other part of our TPT Wealth business, Trustee Services, managed 40% more estates in FY22 than the prior year.

In FY22, to support execution of the growth strategy, we increased investment in distribution capability and capacity, brand and marketing. Whilst we invested, we also delivered our second highest Net Profit after Tax on record, at \$32 million.

At MyState Bank and TPT Wealth, we are very focussed on continually improving customer experience. Our Net Promoter Score of +43 reflects our commitment to our customers and demonstrates the strength of our customer proposition. And the many awards that we won in FY22 reflects the quality products and services we offer, and the value we deliver to our customers and partners.

During the year, we also further embedded our new culture values and this has supported a significant increase in employee engagement, up from 64% to 71% in FY22.

Increasing investment in ESG

The 6 ESG topics that matter most to us:



FY22 progress

For MyState, being sustainable is about how we create value for our stakeholders over the long-term

Environmental

- Inaugural Task Force on Climate-related Financial Disclosure (TCFD) 4,690 t-CO₂E
- Significant emphasis on digital communication with customers

Social

- Continued support for customers experiencing vulnerability due to circumstances such as financial hardship, family violence, elder abuse and scams
- Diversity ratios:
 - 46% of all leadership roles filled by women
 - 33% of Board Directors are women
 - 38% of the Executive team (direct reports to the CEO) are women

Governance

- Creation of an ESG Committee and ESG working groups with oversight from the MYS Board
- TPT Wealth membership of the United Nations Principles for Responsible Investing (PRI)
- Majority of MYS Board independent



Slide 4 – Increasing Investment in ESG

Turning to slide 4, for MyState, sustainability across our operations is about how we create further value for all stakeholders over the long-term.

We are integrating tangible changes to the way we operate our business across six key areas: governance, conduct and culture; environmental sustainability; digital enablement and data security; supporting customers; helping our people be their best; and community investment.

Taking environmental sustainability, in FY22 we calculated our baseline scope 1, 2 and 3 greenhouse gas emissions footprint, and identified and prioritised MyState's climate change risks and opportunities in the short, medium and long term.

This financial year we will calculate the financed emissions from our loan book. Once we understand our combined operational and financed emissions impact, we will explore appropriate emissions reduction targets and initiatives.

During the reporting period, TPT Wealth become a signatory of the United Nations-supported Principles for Responsible Investment – or PRI. As a new signatory, TPT Wealth is fully committed to the adoption of the Principles and we expect to increase transparency in our use of ESG data over the next few years.

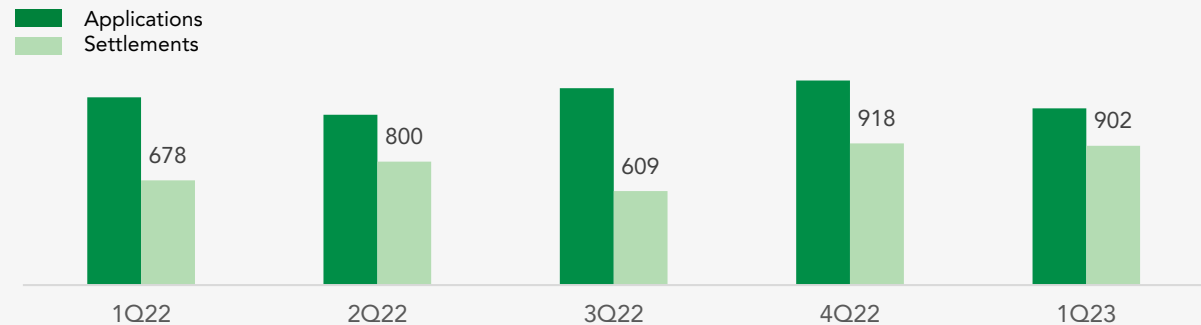
Q1FY23 update

- NPAT of \$9.7m up +41% on pcp
- Net interest income up 24% on pcp reflecting above system loan growth, the rising rate environment and the benefits of hedging
- Home loan book up +6.9% and Customer deposits up +10.1%
- Settlements up 32.7% on pcp (1Q23 - \$902m vs. 1Q22 - \$678m)

Financial performance ¹	Q123	Q122	Change
Net profit after tax (\$m)	9.7	6.9	▲ +41%
Cost to income (%)	65.0	72.0	▼ -698bps
Return on average equity (%)	9.0	6.7	▲ +235bps
Earnings per share (annualised cps)	36.51	26.17	▲ 39.5%

Balance sheet + capital ¹	Sep-22	Jun-22	Change
Total capital ratio (%)	14.1	12.4	▲ +168bps
CET1 ratio (%)	10.1	10.5	▼ -40bps
Home loan book (\$b)	7.3	6.8	▲ +6.9%
Customer deposits (\$b)	6.1	5.6	▲ +10.1%
Credit performance - 30 day home loan arrears (%)	0.41	0.41	● Steady
Funds under management (\$m)	1,044	1,062	▼ -1.7%

Home loan book - applications and settlements (\$m)



1. Unaudited management results. Financial performance figures compare quarter ended 30 September 2022 to 30 September 2021. Balance sheet and capital figures compare 30 September 2022 to 30 June 2022 as pcp. Percentage changes may not calculate due to rounding.

Slide 5 – Q1FY23 update

Turning to slide 5, we have had a positive start to FY23.

Unaudited Net Profit After Tax for the first quarter of FY23 was \$9.7m, up 41% from the previous corresponding period, with net interest income up 24%.

Net Interest Margin, or NIM, was 1.78% for the quarter, an increase of 21 basis points on FY22 exit NIM. The increase in net interest income was driven by balance sheet growth, the rising rate environment and benefits from hedging.

Return on equity increased by 235bps from the prior corresponding period to 9% and annualised earnings per share increased to 36.5 cents per share, up nearly 40% from the prior corresponding period and 6% above the 5 year average of 34.3 cents per share. Over the same period, the cost to income ratio improved by 698bps to 65.0%.

Over the quarter, we continued to grow the bank balance sheet.

For the quarter, customer deposits were up 10.1% to \$6.1 billion and our home loan book grew by 6.9% to \$7.3 billion. Our home loan book continued to perform, with 30 day home loan arrears steady at 0.41%. Funds under management declined by 1.7% over the quarter to \$1.044 billion

Overall, these results are pleasing and show that our growth strategy is on track.






And in response to a shareholder question received in advance of this meeting, the recent inaugural issue of \$65 million of Floating Rate Capital Notes issued at the end of August are eligible to be recognised as Additional Tier 1 regulatory capital. MyState did not previously have this type of capital as part of its regulatory capital mix.

The distributions paid on the Capital Notes are fully franked and the cost, net of franking credits, is currently approximately 5.5%, making this form of capital significantly more cost effective than ordinary share capital and will provide support for future home loan book growth.

The Total Capital ratio at 30 September 2022 was 14.1% and we remain on track to meet APRA's new capital requirements that are effective from 1 January 2023.

Outlook

Based on current conditions, we are targeting to achieve the following¹:

	Short term FY23	Medium term FY24-FY25
 <p>MyState Bank lending</p>	Lending growth >2x system	
 <p>MyState Bank deposit composition</p>	Customer deposits >65% of funding	
 <p>Earnings per share</p>	Cumulative growth of 30% over 3 years (above 5 year average ²)	
 <p>Operating efficiency</p>	Cost to income ratio <63%	Cost to income ratio <60%
 <p>Return on equity</p>	Cumulative return of 30% over 3 years	



1. See disclaimer at the back of this presentation
2. 5 year average EPS 34.32 cps (FY18 35.0; FY19 34.2; FY20 32.9; FY21 39.2; FY22 30.3)

Slide 6 - Outlook

Turning to slide 6, our 2025 growth strategy is targeting to achieve a number of objectives.

Based on current conditions, over the next 3 years we are targeting to grow lending at more than 2 times system and continue to grow our customer deposit base so it represents more than 65% of our funding needs.

We are also targeting cumulative earnings per share growth of 30%, and cumulative return on equity growth of 30% over the 3 years between now and FY25.

And finally, we will balance investment to support execution of the growth strategy with delivery of operating leverage. As we deliver the growth strategy, we are targeting a cost to income ratio below 60% in FY24 and FY25.

We appreciate we're in uncertain times and the sector is competitive, but that plays to our strengths.

We are a unique, proven business, with a strong brand and position in Tasmania which has consistently delivered in the past, and we are delivering on the early stages of the 2025 growth strategy.

I'll now hand back to the Chairman.

Glossary

1H:	First half of financial year	CTI:	Cost-to-income ratio	PCP:	Previous Corresponding Period
2H:	Second half of financial year	EPS:	Earnings per share	RBA:	Reserve Bank of Australia
ADI:	Authorised deposit-taking institution	FUM:	Funds under management	ROE:	Return on equity
APRA:	Australian Prudential Regulation Authority	FY:	Financial year	S&P:	Standard and Poor's
Avg:	Average	FYTD:	Financial year to date	TD:	Term deposit
ASX:	Australian Securities Exchange	HY:	Half year	TPT:	TPT Wealth Limited
BBSW:	Bank Bill Swap Rate	IO:	Interest only		
BDD:	Bad & Doubtful Debt Expense	LVR:	Loan to valuation ratio		
bps:	basis points	MYS:	MyState Limited		
CAGR:	Compounded annual growth rate	MSB:	MyState Bank Limited		
CET1:	Common Equity Tier 1	MLH:	Minimum liquidity holdings		
cps:	Cents per share	NII:	Net Interest Income		
		NIM:	Net Interest Margin		
		NPAT:	Net Profit after Tax		



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