

MyState announces strong start to FY21

At MyState Limited's (ASX:MYS) Annual General Meeting today, the company's Managing Director and CEO, Melos Sulicich announced that the first quarter of FY21 showed increases of 20.6% in core earnings (pre-provision operating profit) and 21.7% in net profit after tax before restructuring charges, compared with the previous corresponding period (pcp).

At 30 September 2020, MyState Bank's lending assets had increased by 1.1% since 30 June 2020, with loan settlements up approximately 43% compared with the prior corresponding period – a record for the first quarter of a financial year. This followed the loan book's strong growth in FY20 when it increased by 4.7% to \$5.3 billion.

Customer deposits had increased by 1.5% compared with the first quarter of FY20, helping net interest margin grow to 1.91% for the quarter up from 1.76% in the same quarter last year.

TPT Wealth's funds under management had grown to \$1.09 billion since the end of FY20.

'These are clearly a good set of financial metrics,' said Mr Sulicich. 'Six years ago, we adopted a strategy to transform MyState into a highly scalable digital banking and funds management business, attracting a growing number of retail customers across Australia's eastern states. The operational efficiencies and the improvements we have made since then are now flowing through to the bottom line and setting us up for a very bright future.'

'If the trend seen in the first quarter continues for the balance of the year, the full year result will likely be materially ahead of last year. We will provide a further update when we announce the half year results at the end of February 2021'.

Summarising MyState Limited's results for the year to 30 June 2020, the company's Chairman, Miles Hampton said: 'It is very pleasing to note that core earnings, as measured by net operating profit before impairment and tax, increased 12.9% to \$47.9 million. This reflects in part the tailwind of reduced funding costs, but it also reflects the significant investment and effort that has been made over recent years to transform our business.'

'An increase in our Customer Net Promoter Score, which measures customer advocacy, to +48 is a reflection of our continued focus on customer service as we progressed our digital strategy. The core of our strategy is to *Make Financial Services Simple and Trustworthy* and our customers are endorsing our execution of this strategic objective.'

'The Board and senior management have for several years had a focus on building a digital bank. As one of the smaller listed banks, we are disadvantaged by a higher cost of funds, higher regulatory capital requirements and the diseconomy of a lack of scale. We are targeting a lower cost operating model that will ensure that we can compete whilst providing high quality services.'

Mr Hampton said that, barring unforeseen circumstances, the Board anticipated resuming dividend payments after the end of the first half of FY21. This followed its decision not to pay a final dividend on MyState's FY20 results to bolster the company's capital position due to uncertainty surrounding the impact of the pandemic-induced recession on employment and house prices.

Looking ahead, Mr Sulicich said: 'We will continue to re-engineer our cost base, improving productivity and investing further in growth.' He added that he expected MyState Bank's balance sheet to continue to grow as the bank increased its investment in building its brand on the Australian mainland.

Mr Sulicich also said that TPT Wealth was improving its digital marketing and already was seeing positive results from new markets. 'We expect TPT Wealth funds to benefit from being more easily accessible on the mainland,' he said. 'We will have our new trustee management system in place around the end of the year which will be the last technology plank in TPT's transformation. We are making progress with improving our funds' returns and differentiation and are excited by the prospect this presents to us.'

For further information relating to this announcement, please see the Chairman's address and Managing Director's presentation and address announced to the ASX on 21 October 2020 which can be found on MyState Limited's website or on the ASX website.

Authorised

MyState Limited Board

About MyState Limited

Registered Office: 137 Harrington Street, Hobart 7000

MyState Limited 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.

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