

# FY 2022 results announcement

Investment in growth strategy delivering

## Home loan book

**+25.5%** from FY21

**\$6.8b**

Home loan book growth over 3x system in FY22

## Customer deposits

**+25.1%** from FY21

**\$5.6b**

Strong deposit growth driving favourable funding mix

## NPAT

**2nd highest**

**\$32.0m**

Second highest NPAT on record

## New customer growth

**+14.8%** from FY21

**+19,500**

New to bank customers

Strong organic new to bank customer growth in FY22

## TPT commercial loan book

**+33.9%** from FY21

**\$354m**

Growth reflecting improved distribution capability

## 30 day home loan book arrears

**-14bps** from FY21

**0.41%**

Considerably below industry benchmarks

**+43 Net Promoter Score <sup>1</sup>**

**Strong customer advocacy**

<sup>1</sup> As at 30 June 2022

**MyStateLimited** 

ASX Announcement | 15 August 2022

**Monday, 15 August 2022**

MyState Limited, the banking and wealth management group, has announced significant home loan and customer deposit growth for the financial year ended 30 June 2022.

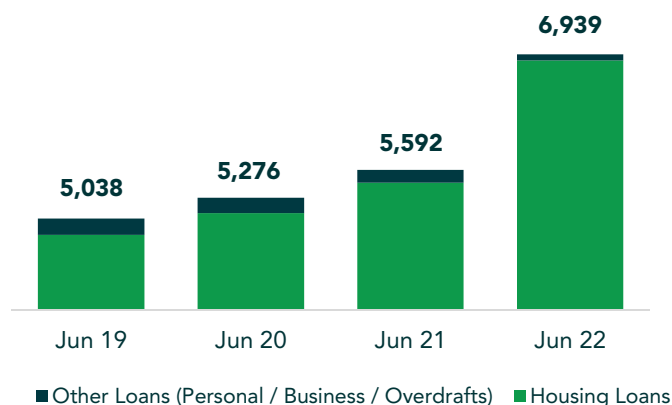
"This shows our strategy to accelerate growth in a competitive banking landscape is working, with significant above system home loan book and customer deposit growth, all supported by a strong Net Promoter Score," said MyState Limited Managing Director and CEO, Brett Morgan.

### Accelerated home loan book growth

MyState's home loan book grew rapidly during the year, with growth of 25.5%, well above system (+8.2%).

MyState continues to focus on loan book quality, with lending growth driven by lower risk owner-occupied principal and interest (P&I) lending. The home loan book now comprises 98% of lending assets, primarily driven by growth in settlements over the prior corresponding period (pcp) of 93% to \$3.0 billion. There is also significant momentum in home loan applications going into FY23 with applications in Q4 FY22 up 63% on pcp.

### Total loan book composition (\$m)

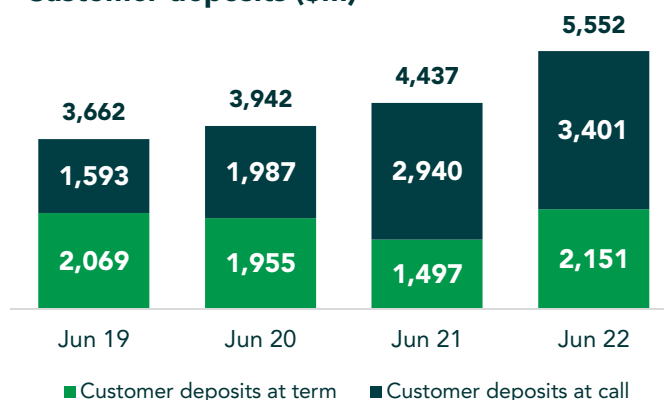


### Continued growth in customer funding

Lower-cost 'at call' customer deposits grew 15.2% on pcp, with above system customer deposit growth of 25.1%. Customer deposits now represent 73.1% of the funding mix.

During the period, there was growth in the award-winning Bonus Saver Account, up 20.0% on pcp driven by MyState's digital acquisition of new customers.

### Customer deposits (\$m)



### NPAT second highest level on record

In FY22, MyState reported a NPAT of \$32.0 million (FY21: \$36.3 million), its second highest on record.

The 11.9% decrease on the pcp was due to a 12.9% increase in operating costs to support investment in MyState's growth strategy. This was led by increased investment in marketing initiatives of \$3.9 million, up 61.0% on the pcp, to support customer acquisition across both Tasmania and the mainland and also other customer growth initiatives.

The Board has declared a final dividend of 11.5 cents per share for the full year, equating to a payout ratio of 79.2%, at the top end of the Board's target range.

MyState continues to provide a consistently high level of customer service with no deterioration in home loan approval times, despite the significant increase in application volume. As a result of the investment in marketing and distribution capacity, the cost-to-income ratio increased to 68.4%.

As foreshadowed at the time of the ordinary share capital raise in June 2021, the deployment of this new capital in FY22 saw a dilution in Return on Equity (ROE) to 7.7%.

### Customer growth and NPS score

MyState recorded a very strong customer net promoter score (NPS), with its internally measured NPS at +43 at the end of June, reflecting a high level of customer advocacy and supporting growth in the bank's customer base as customers experience how easy it is to deal with us.

### Net interest margin (NIM)

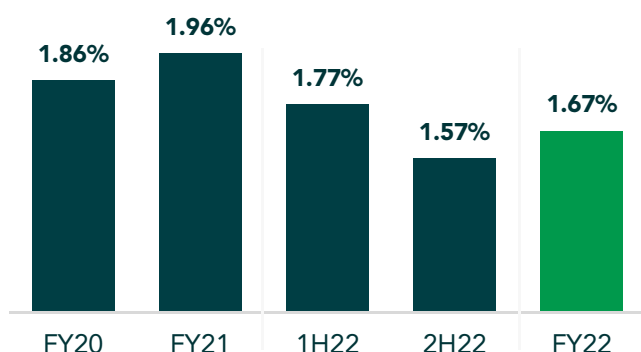
NIM declined during the year reflecting growth and portfolio mix in the home loan book.



Exit NIM in June 2022 was 1.57% (June 2021: 1.89%), in line with average NIM for the second half.

The recent and forecast increases in the Official Cash Rate are expected to be positive for NIM moving forward with overall NIM outcomes also subject to the competitiveness of the home loan market and funding cost pressures.

### NIM trend



### High credit quality

MyState's focus on low-risk, owner-occupied lending underpins the quality of the bank's balance sheet.

The growth in >90% Loan-to-Value Ratio (LVR) loans is primarily attributable to the support of the First Home Loan Deposit Scheme (FHLDS), which makes up 13.8% of the book.

At 30 June 2022, there were no loans receiving COVID-19 related assistance.

The forward-looking overlay for credit losses of \$0.9 million remains unchanged from 31 December 2021, while home loan arrears levels are lower than 12 months ago, down 14bps to 0.41%.

### Capital position

The Group's total capital ratio was 12.41% at 30 June 2022 and the Group's Common Equity Tier 1 (CET1) ratio was 10.53%. The \$55.5 million capital raised in June 2021 has now been fully deployed to support balance sheet growth.

MyState expects that further capital flexibility will be provided by the proposed first time issue of Additional Tier 1 capital and further securitisation.

As announced on 8 August 2022, MyState has mandated Westpac and Ord Minnett to act as joint lead managers in preparation for a potential Additional Tier 1 capital issue.

Both CET1 and total capital ratios will benefit from the introduction of APRA's new bank capital framework effective 1 January 2023.

### TPT Wealth positioned for growth

TPT's funds under management were modestly lower on the pcip, down 3.9% to \$1.062 billion.

Income from wealth management activities was 8.8% higher than pcip, with managed funds fee income flat and Trustee services related income up 29.4%.

The commercial lending portfolio grew by 34% over the period to \$354 million reflecting the improved distribution capacity in our home market of Tasmania.

### Commentary on Group outlook from Brett Morgan

"We remain committed to our 2025 growth strategy, which is focused on growing our share in deposits, lending and funds under management. MyState remains focused on increasing scale and benefitting from operating leverage, whilst optimising our digital and AI capabilities, which enables our team to deliver simpler products and experiences for our customers."

"MyState's investment in marketing, customer growth, digital capabilities and simple processes – underpinned by our strong balance sheet – puts us in a solid position to increase market share in a competitive banking landscape."

### Authorised

MyState Limited Board

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# Appendix

Results summary for year ended	30 June 22	30 June 21	Change
Net interest income (\$m)	110.2	112.0	-1.5%
Group total operating income (\$m)	140.2	138.5	1.2%
Operating expenses <sup>1</sup>	95.9	84.9	12.9%
Pre-provision operating profit (Core earnings) <sup>1</sup>	44.3	53.6	-17.4%
<b>Net profit after tax (\$m)<sup>2</sup></b>	<b>32.0</b>	<b>36.3</b>	<b>-11.9%</b>
Banking contribution (\$m)	29.9	34.9	-14.5%
Wealth contribution (\$m)	2.2	1.5	49.0%
Net interest margin (%)	1.67	1.96	-29bps
<b>Earnings per share (cents)</b>	<b>30.3</b>	<b>39.2</b>	<b>-22.6%</b>
Return on average equity (%)	7.7	10.3	-261bps
Return on tangible equity (%)	9.9	14.1	-417bps
Total dividend per share – fully franked (cents)	24.00	25.50	-1.5cps
Dividend payout ratio (%)	79.2	69.3	+990bps
Total capital ratio	12.4%	14.8%	-243bps
<b>As at the end of the reporting period</b>	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>Change (%)</b>
Total assets (\$m)	8,079.8	6,542.5	23.5%
Net assets (\$m)	429.9	415.2	3.5%
Funds under management (\$m)	1,062	1,105	-3.9%

<sup>1</sup> Excludes Restructure costs (\$2.5 million before tax) in FY21

<sup>2</sup> Includes Corporate centre costs of \$0.1m in FY22 (FY21: \$0.1m)

Note: All amounts shown represent statutory results unless otherwise stated. Percentages may not reconcile due to rounding.

## Investor webinar

A reminder that an investor webinar will be hosted by Managing Director and Chief Executive Officer, Brett Morgan and Chief Financial Officer, Gary Dickson, at 11:00am (Australian Eastern Standard Time) today - 15 August 2022.

To register for the webinar, please click [here](#). If you wish to ask a verbal question, please [register here](#) to access dial in information. Once you are connected, please mute your webcast player and press \* and 1 on your phone to join the question queue.

## 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.