

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

MyState Limited 2024 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 2024 Annual General Meeting to be held today at 10:30 am.

Yours faithfully,

Scott Lukianenko
Company Secretary

Authorised

MyState Limited Board

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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 | 23 October 2024

Chairman's address

Vaughn Richtor - Chairman



Business performance summary

Balancing growth and return in a challenging environment. Capital up. Dividend stable

\$8.0b

Home loan book
+46.0% since FY21

\$5.9b

Customer deposits
+33% since FY21

\$35.3m

Net profit after tax
-8.3% on pcp

16.4%

Total capital
+100 bps on pcp

32.0 cps

Earnings per share
-9.7% on pcp

23.0 cps

Stable dividend

+58 Net Promoter Score | Record level of customer advocacy

Note: All figures compare FY24 to FY23 as the previous corresponding period (pcp) unless otherwise indicated. All amounts shown represent statutory results unless otherwise stated





Annual General Meeting
Chairman's Address to Shareholders
24 October 2024

Good morning everyone.

As Chair of MyState Limited, I am pleased to present the FY24 Annual Report. It has been a difficult year in financial services, but through it all, our company has balanced growth, revenue, and costs to produce a solid return for shareholders.

Market context

In FY24 the financial services industry faced slowing credit growth, intense competition and an inflationary environment.

Banks across the country experienced operating cost pressures and narrowing net interest margins.

Regulatory and compliance costs continued to rise, and smaller banks paid a higher proportional cost. Merger and acquisition activity increased, particularly smaller community banks, as businesses sought greater scale.

I'm proud to say we were quick to identify the trends and challenges in the market and reacted accordingly to focus on balancing growth and shareholder return.

I congratulate the management team for reducing costs and managing this balance in such a challenging environment.

The team protected revenue, safeguarded margins and maintained strong cost control.

At the same time, we've laid the groundwork for future growth, with strategic investments that will support accelerated expansion as conditions improve.

Performance and Growth

In a competitive lending environment, we grew our mortgage portfolio while adhering to prudent risk management practices. Our arrears remain low and below the industry average.

Retail deposits are the key enabler for our overall balance sheet growth and we continued to focus on strategic initiatives to support that growth, such as our new internet and mobile banking platform which has been successfully launched. This

transformation is a key part of making our growth sustainable, by providing a more contemporary digital experience for both existing and new customers.

I'd like to take this opportunity to congratulate the entire team at MyState for their dedication to high-quality customer service and support of community.

Operating Performance

Now, to our financial performance.

In a challenging environment our statutory net profit after tax (NPAT) for FY24 was \$35.3 million, representing a decline of 8.3% from the record achieved in FY23.

Revenue fell by 5%, driven by an 18-basis-point compression in our Net Interest Margin (NIM) due to intense competition in both the mortgage and retail deposit markets. That said, we saw stabilisation in NIM during the second half of the year as market conditions normalised.

TPT Wealth delivered a solid improvement in operating performance, contributing positively to the Group's overall outcomes. Trustee Services revenue was higher in FY24 and through the year we expanded our range of services. Further, the team delivered on optimisation initiatives to support future performance.

In terms of operating expenses, I'm pleased to report that we achieved a 1.6% reduction, bringing total operating costs down to \$101 million—a significant achievement, especially given the inflationary pressures Australia experienced during this period, with the Consumer Price Index rising at an annualised rate of 3.8% over the 12 months to 30 June.

Driven by the intense competition and mitigated through management actions, the Group's earnings per share decreased 9.7% to 31.9 cents per share, and our return on equity was 7.7%.

Dividend and Capital

Turning to dividends and capital.

Over FY24, notwithstanding the challenging operating environment, we maintained a stable dividend while also increasing our capital adequacy.

The Board approved a final dividend of 11.5 cents per share, fully franked, bringing the full year pay-out ratio to 72%. This strikes the right balance between pursuing growth opportunities and rewarding our shareholders.

In terms of capital strength, MyState's total capital ratio increased to 16.4% as of June 30, 2024, up from 15.4% the previous year. This solid capital base gives us the flexibility to invest in future growth initiatives.

During the year, we completed a \$500 million Term RMBS transaction and established a second committed warehouse facility. We also fully repaid the RBA's Term Funding Facility in June.

Strategy and the Future

Our strategy at MyState remains centred on prudent, sustainable, and profitable growth.

Since 30 June 2021, MyState Bank's home loan book has grown by 46% and Customer deposits have grown by 33%.

To support the execution of our profitable growth ambition, we recently announced a proposed merger of equals with Auswide Bank (ASX:ABA), headquartered in Queensland.

The proposed merger will deliver 50% growth overnight and is strongly aligned with our longer term, growth strategy

The proposed merger will bring together two businesses with highly aligned business models, strategies, and values. Both businesses share customer centric cultures and national distribution networks of mobile lenders and brokers while maintaining a physical presence in their home states of Queensland and Tasmania.

The proposed merger will deliver greater revenue, portfolio diversification and scale for cost efficiency and customer reach.

Estimated cost synergies are expected to be between \$20m and \$25m per annum, equal to 13% to 16% of the FY24 pro forma combined cost base.

Based on extensive due diligence, it is the judgement of the MyState Board the transaction is in the best interests of MyState Limited shareholders.

It is also important to understand that there are strategic benefits from a merged group that are not directly quantifiable, such as a larger portfolio of home loans across geographies and risk profiles; greater revenue diversification, benefits of scale such as higher cost efficiency and negotiating power with suppliers and greater access to governance and management talent.

As part of negotiating the proposed merger of equals, MyState is nominating four non-executive directors plus the managing director to continue on the Board, with Auswide nominating three directors to join the MyState Board including the Chairman.

I am humbled and very proud to be nominated by my peers to continue as a Director and contribute to the long-term success of the business.

The MyState Board is confident that the composition of the proposed Board will have the requisite, complementary skills and experience to discharge its duties and deliver long term value for shareholders.

For any interested shareholder, the scheme booklet, released by Auswide to the ASX today, contains an independent expert's report which has opined that the Merged Group will be able to accelerate and sustain its growth strategy and potentially increase future dividends through strong capital generation. The scheme booklet has also been cross released on the ASX platform under MyState's ASX ticker code MYS.

The merger, of course, is subject to the usual regulatory and Auswide shareholder approval and is targeted to become effective by mid-to-late December 2024.

Looking Ahead

Looking to the future, both MyState and Auswide have strong, loyal customer bases, with high-quality loan books with low arrears and solid deposit gathering capabilities.

The proposed merger will further diversify our loan balances geographically and support continued growth in deposits.

The immediate increase in scale will enable the Merged Group to benefit from the ability to spread operational and future investment costs across a larger customer base and loan portfolio.

The Merged Group will also reaffirm its position in the ASX 300 index, which will provide greater access to capital markets and broaden investor interest in MyState stock.

As disclosed in the MyState FY24 Investor Presentation, whilst the proposed merger is forecast to be earnings dilutive in FY25 due to front loaded transaction and integration costs, it is forecast to be double digit earning per share accretive in 2026, with full run rate cost synergies expected to be achieved by FY27.

EPS outcomes will be a key consideration as the future board contemplates dividends for shareholders.

Bob Gordon Retirement

At this point I would like to honour my fellow director Bob Gordon for his significant contribution to the MyState Group.

Bob's tenure as a MyState director officially ends today after 26 years of service with MyState and its predecessors.

Bob was appointed a director of MyState Bank Limited (previously Connect Financial) in 1998 and he continued as a director of MyState Limited following the merger with Tasmanian Perpetual Trustees Limited in 2009.

Throughout his tenure Bob has held numerous positions including chairman of the antecedent Savings and Loans Credit Union and Connect Credit Union of Tasmania Limited and, more recently, Deputy Chairman of MyState Limited and Chairman of the Board's Group Risk Committee.

I would particularly like to acknowledge Bob's immense contribution to the MyState Foundation since its inception and thank him on behalf of the thousands of young Tasmanians who have been helped over the years.

Closing

In closing, I'd like to extend my sincere thanks to our shareholders for their continued support. Many of you are not only investors in MyState but also loyal customers, and for that, we are profoundly grateful.

Thank you.

Managing Director & CEO's address

Brett Morgan
Managing Director & CEO



MyState 2024 Annual General Meeting

Managing Director's Address

Thank you Vaughn and the Board for your guidance and endorsement of the management team's execution of our strategy.

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

As Vaughn mentioned, it was a challenging year and I'm proud to reflect on our FY24 performance and achievements.

In a highly competitive environment, we were disciplined and actively optimised the growth return trade off. We lowered operating costs, grew our lending portfolio to \$8 billion, attracted over 14,000 new customers and delivered on a number of key strategic initiatives.

These factors place us in a strong position and support future profitable growth.

Today, I'd like to share with you some of the highlights of the year.

FY24 highlights

Bank



- Successfully launched our new internet and mobile banking platform
- Enhanced online origination and increased customer security

Wealth



- Delivering on Trustee Services optimisation program
- Positive business momentum

Group



- Operating costs down year on year in an inflationary environment
- Continual focus on operating efficiencies



Delivering for customers

In response to increased competition and cost-of-living pressures, MyState continued to deliver competitive products, outstanding service, and an improved digital experience.

Our customers remain resilient, despite the challenges of inflation, higher interest rates, and cost of living pressures. I'm pleased to report that over 60% of our mortgage customers are ahead in their loan repayments, and 90 day arrears remained well below the industry average at 44 basis points.

Throughout FY24 we proactively contacted customers coming off fixed home loan rates to offer assistance as they transitioned to higher repayments. It was also heartening to see many of our customers taking advantage of our award-winning bonus saver and competitive term deposit rates.

Our Net Promoter Score, a key measure of customer advocacy, rose by 23 points in FY24— a testament to our high level of customer focus.

During the year, the team was focused on delivering our new internet and mobile banking platform. I am very pleased and proud to share that we successfully launched it and customer feedback has been extremely positive.

Customers have embraced the change, with the majority of our digitally active customers using the platform. The new mobile app has made it easier for customers to access and view their accounts, make payments, pay bills and manage personal finances.

We are now delivering digital experiences that meet customer expectations and this is just the beginning—this platform will continue to be improved based on customer feedback.

On the wealth side, we've continued to enhance the client and beneficiary experience, and expand TPT's trustee services offering.

Delivering for the community

Our commitment to sustainability remains central to our Purpose, and we've made strides in this area, adopting new carbon accounting technology to measure and report on MyState's carbon footprint. More customers have switched to e-statements, with 68% now enrolled — an increase from 62% last year.

In FY24, the MyState Foundation granted \$155,000 to 18 charitable organisations to support Tasmanian youth reach their full potential. Recipients included JCP Youth, Tassie Mums, Beacon Foundation and The Smith Family.

We co-authored the Tasmanian Financial Wellbeing Index with Colony 47, providing valuable insights into our community's financial pressure points and aspirations.

Understanding the economic and social pressures and aspirations facing Tasmanians is crucial for MyState Bank, policy makers and the Tasmanian community.

Our community work extends beyond financial contributions. MyState employees dedicated over 320 volunteer hours to various organisations, including Dress for Success, Ronald McDonald House, and Tassie Mums. Additionally, our continuing partnership with the Tasmania JackJumpers helps us to engage with the community in new, exciting ways.

Providing a Great Place to Work

We understand that people thrive in workplaces where they feel connected to the organisation's purpose. That's why we continued to invest in our people in FY24. We launched a new leadership program, Drive, which equips our leaders with the skills to drive change and apply their knowledge to business transformation projects.

This focus on leadership has already yielded results, with 62 internal promotions in FY24. Our ongoing investment in our people and community continues to foster a positive, engaged workforce, with an employment engagement score of 70%.

Protecting Customers

Protecting customers from cybercrime and scammers is a top priority for MyState.

We continue to invest in preventing, detecting and responding to scam threats and working with industry, law enforcement, government and other sectors of the economy.

According to the ACCC, in the 2023 calendar year Australians lost \$2.74b to scams. While this is a huge sum of money it is 13% lower than the previous year. It shows that the collaborative efforts are working.

MyState is part of an industry drive to strengthen intelligence sharing on scams.

We invest in AI technology that recognises normal customer behaviour and can raise the alarm when patterns change.

We are educating customers to threats through website updates and social media.

Customers are responding by better protecting passwords, double checking investments and billers and being more wary of unsolicited calls and clicking on links.

Two factor identification and Pay-ID are effective barriers to scammers when passwords and security codes are not shared.

It takes a team effort to beat the scammers, and we thank our customers for staying vigilant.

Proposed merger transaction timetable

Lodge regulatory applications & notifications	August/September 2024	●
Lodge Scheme Booklet with ASIC and ASX	September 2024	●
First Court date	October 2024	●
Dispatch Scheme Booklet	October 2024	○
Scheme meeting (Auswide shareholder vote)	November / December 2024	○
Second Court date	December 2024	○
Implementation date	December 2024	○



Looking Ahead

Finally, as we look towards the future, we remain committed to profitably growing our business across customer deposits, home lending, income funds and trustee services.

We will continue to focus on simplifying products, processes and systems, risk management and driving efficiencies.

We will also continue to look for opportunities to accelerate scaling the business

Our proposed merger with Auswide Bank, announced on August 19th, 2024, marks a significant step towards executing our profitable growth strategy. As shared by Vaughn, combining two complementary businesses with a broad reach across the Eastern seaboard, will enable delivery of substantial value for our people, customers, communities and shareholders.

I will now provide an update on the merger process.

Yesterday the scheme booklet was approved by the Court for distribution to Auswide's shareholders and released on the ASX today. We continue to collaborate with Auswide to work through the remaining steps including regulatory approvals.

We are aiming to complete the transaction in December.

Thank you to customers and clients for choosing MyState products and services and shareholders for your continued support.

Disclaimer

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