

ASX ANNOUNCEMENT

MyState Limited 

MyState announces capital raising of up to approximately \$80m¹ to rapidly accelerate growth

Monday, 24 May 2021: MyState Limited is today announcing a capital raising which aims to raise up to approximately \$80 million to rapidly accelerate its growth strategy.

MyState shares have been placed in a trading halt to enable the Placement to be completed, with trading expected to recommence on 26 May 2021.

MyState Chairman, Miles Hampton, said: "The capital raising will support the business to pursue a significant acceleration of its growth strategy. Since 2016, MyState has increased its home loan book by 43%. We now see an opportunity to build on that success and substantially increase our growth trajectory. This is important as it helps us to remain competitive and provide the services that our customers expect whilst improving shareholder value.

MyState has built a modern, scalable technology platform, upgraded its systems and processes, and has established a high calibre and high performing team. With the investments made in these areas we are targeting growth well ahead of system at reduced marginal cost, with the objective of creating significant incremental value for our shareholders."

Managing Director and Chief Executive Officer, Melos Sulicich said: "Our focused and accelerated growth strategy builds on MyState's strong financial position and leading customer NPS to access growth opportunities via a strong digital offering. We see significant opportunity in the current market to rapidly grow our business.

Our growth strategy is underpinned by four strategic priorities:

- **Culture & Capability:** Building on our high customer advocacy will further drive a culture of customer centricity and execution excellence.
- **Customer Experience & Acquisition:** Delivering a digital and intuitive customer experience by providing easy to access banking and wealth services.
- **Distribution:** A simple core product set distributed through expanded digital and third party channels.
- **Operations:** Simplify, digitise and automate processes and create value through productivity improvements."

The 2021 - 2025 strategy has the following objectives:

- Accelerated home loan and retail deposit growth over the medium term, while maintaining asset quality.
- Improved operating leverage (cost to income ratio) in line with business growth.
- ROE accretion as capital is deployed.
- Sustainable growth in EPS over the medium term.

In FY22 ROE and EPS expected to be diluted as capital is deployed and increased opex continues to deliver balance sheet growth.

¹Up to approximately \$80m equity raising comprising:

- \$20m fully-underwritten institutional placement (Placement)
- 1 for 6.6 pro rata accelerated non-renounceable entitlement offer to raise gross proceeds of approximately \$60 million (Entitlement Offer)
- Up to approximately 18.6 million new fully paid ordinary shares (New Shares) (equivalent to 20.2% of current issued capital)

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April 2021 YTD Trading Update

Financial performance for the 10-month period ended 30 April 2021 is well ahead of the prior comparative period.

Mr Sulicich said: "The results of this trading update reflect our continued focus on driving customer acquisition and investment in digital innovation, supported by our disciplined approach to managing operating expenses. The momentum we have seen is expected to continue with many of the underlying drivers to remain for the full financial year. Our digital transformation is delivering continuous improvement, further supporting our significant growth ambitions".

Financial highlights for the 10-month period ended 30 April 2021² include:

- Net profit after tax increase of 17.1%.
- Earnings per share up 16.2%.
- Net interest margin of 1.96%, up 10bps.
- Cost to income ratio down 360bps.
- Return on average equity up 101bps to 10.47%.

FY21 guidance

MyState is on track to deliver growth in pre-provision operating profit of +11% to +14% over the prior year, and positive JAWS, notwithstanding an uplift in cost growth to support accelerated growth in FY22.

Mr Sulicich said: "Our financial results summarised in this trading update are a good indication of what the market can expect for FY21. I am also very confident in our updated strategy and as a trusted, respected and established digital challenger brand with demonstrated capability in execution and a strong balance sheet, we are well placed to continue delivering for our customers, shareholders and our people."

Equity raising details

To further accelerate its growth strategies, MyState is undertaking a \$20m fully-underwritten institutional placement (**Placement**) and a partially underwritten 1 for 6.6 pro rata accelerated non-renounceable entitlement offer to raise gross proceeds of approximately \$60 million (**Entitlement Offer**). The Entitlement Offer is underwritten to \$30 million.

The offer price for the Placement and Entitlement Offer of \$4.30 per share (**Offer Price**), represents a:

- 9.6% discount to the theoretical ex-rights price (**TERP**) of \$4.76; and
- 11.3% discount to MyState's last closing price of \$4.85 on Friday, 21 May 2021.

The Placement and the Entitlement Offer will result in the issue of up to approximately 18.6 million new fully paid ordinary shares (**New Shares**) (equivalent to 20.2% of current issued capital). The New Shares issued under the Placement and the Entitlement Offer will rank equally with existing MyState shares as at their date of issue.

The Entitlement Offer is non-renounceable and rights are not transferrable and will not be traded on the ASX or other exchange.

Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect of those entitlements not taken up.

Placement

All shares offered under the Placement will be issued at the same price as New Shares issued under the Entitlement Offer (\$4.30 per share). New Shares issued under the Placement do not have rights to participate in the Entitlement Offer.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the institutional component of the Entitlement Offer (**Institutional Entitlement Offer**). Under the Institutional Entitlement Offer, eligible institutional shareholders can choose to take up all, part or none of their entitlement. Entitlements not taken up under the Institutional Entitlement Offer and those that would otherwise have been offered to ineligible institutional

² Unaudited management results. Financial performance figures compare FY April YTD 20 to FY April YTD 21 as the previous corresponding period (pcp). Balance sheet and capital figures compare 31 December 2020 as pcp.

shareholders will be offered to certain eligible institutional investors and existing eligible institutional shareholders through an institutional book build at the Offer Price.

Retail Entitlement Offer

Eligible retail shareholders in Australia or New Zealand may participate in the retail component of the Entitlement Offer (**Retail Entitlement Offer**), which opens on Monday 31 May 2021 and closes at 5.00pm (AEST) on Monday 21 June 2021.

Please note that shareholders outside Australia or New Zealand (among other criteria) are ineligible to participate in the Retail Entitlement Offer. Further details will be set out in the Retail Offer Booklet.

Dividend

All shares issued under the Placement and Entitlement Offer will qualify for the final dividend expected to be announced with our full year results in August. It is expected that the dividend will be no less than the first half dividend of 12.5cps.³

Retail Investor enquiries

For further information in regard to the Entitlement Offer, please do not hesitate to contact the Registry from 8.30am to 5.00pm (AEST) Monday to Friday on 1300 040 684 (callers within Australia) or +61 3 9415 4050 (callers outside Australia).

ENDS

Authorised

MyState Limited Board

Investor call

A briefing call will take place via audio webcast at 10:30am (AEST) on Monday, 24 May 2021.

Teleconference details

If you wish to join the investor teleconference you will need to pre-register at the link below. You will receive a calendar invite and a unique code which is to be quoted when dialling into the call.

<https://s1.c-conf.com/diamondpass/10014172-fup453.html>

Investor Relations

Adrian Mulcahy
adrian.mulcahy@marketeye.com.au
+61 438 630 422

Media Relations

Christie Thomas
christie.thomas@mystate.com.au
+61 400 935 275

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.

³ The amount of any dividend paid will be at the discretion of the Board and will depend on several factors, including (a) the recognition of profits and availability of cash for distributions; (b) the anticipated future earnings of the Company; and (c) when the forecast timeframe for capital demands of the business allows for a prudent distribution to Shareholders.