

Morgans

Investor conference



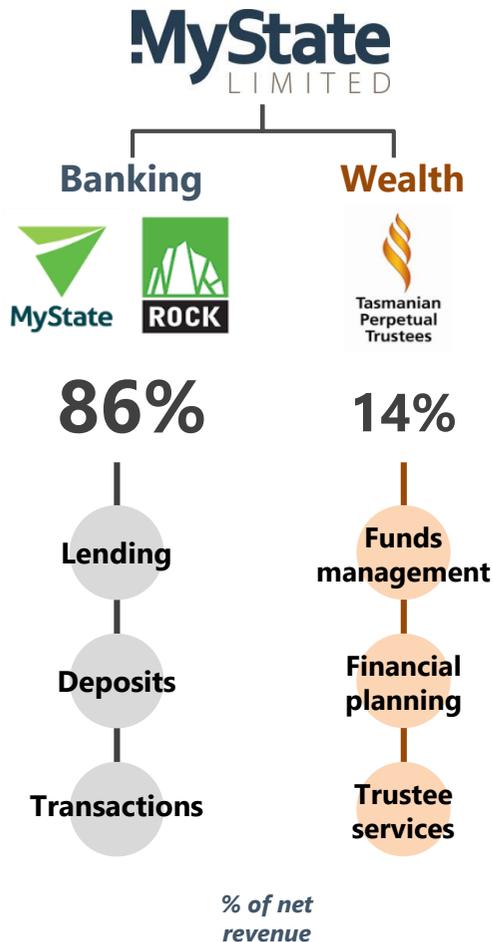
May 2018



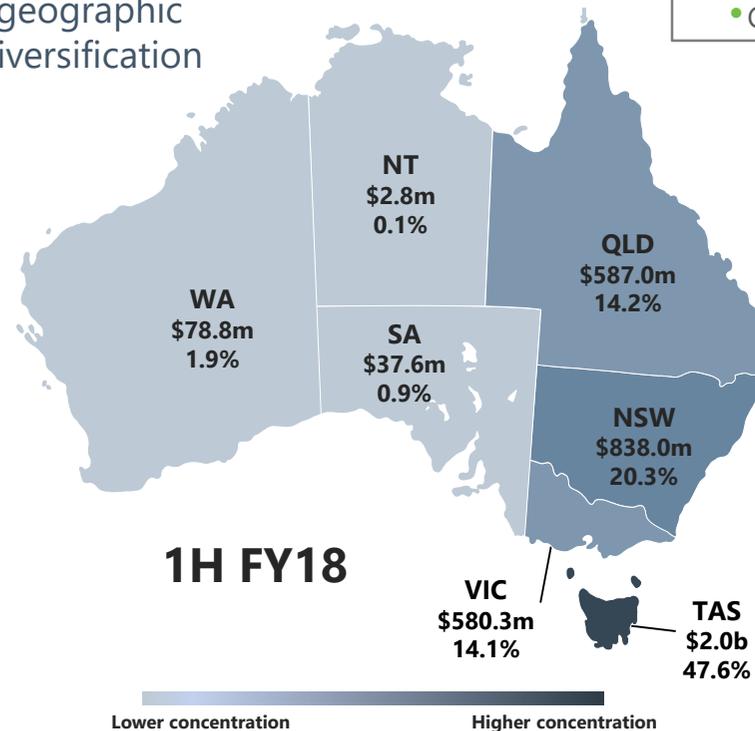
MyState
LIMITED

A growing banking and wealth management group

MyState is a leading regional bank headquartered in Tasmania with Banking and Wealth operations



Home loan book geographic diversification



- ASX300 listed company
- Market capitalisation of c.\$430m
- c.64,000 shareholders
- Consistent dividend returns

Increasing shareholder returns

\$2.44
in fully franked dividends earned by shareholders since inception



Solid financial performance continued in 1H18

- Strong shareholder returns with growth in NPAT, EPS and dividend per share
- Wealth business growing with solid revenue performance and gains in FUM and FUA
- Growing a quality loan book and customer deposit base
- Technology investment driving digital customer acquisition, operating leverage and a falling cost to income ratio
- Executing on our strategy to become a national, scalable, modern banking and wealth management business

Growth across key metrics

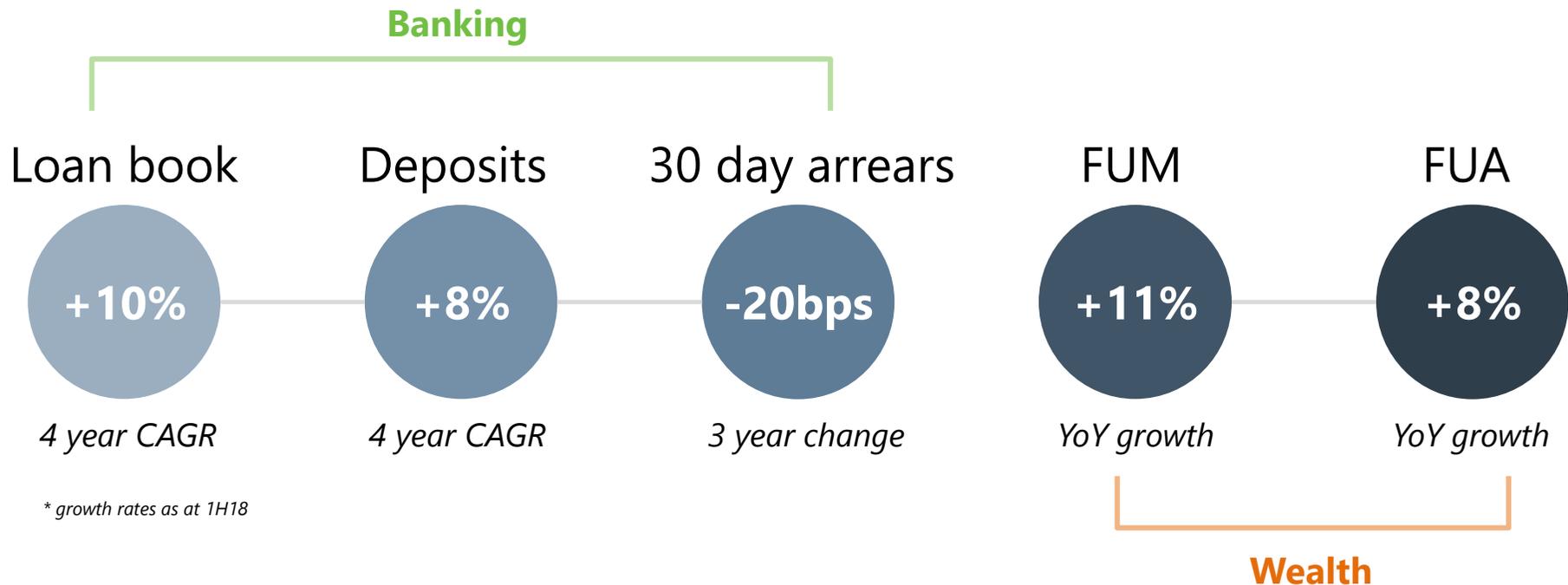
- Margin management delivered NII improvement on pcp
- Operating leverage improving cost to income ratio
- Growth in bank assets and deposits
- FUM at highest level in nearly a decade
- Fully franked, increased dividend for shareholders

Change on 1H17 results except where otherwise stated

Net interest income: \$46.4m		6.8%	Net profit after tax: \$15.8m		4.0%
Cost to income: 64.6%		182bps	Earnings per share: 17.6 cps		1.6%
Home loan book: \$4.1b <small>0.7x system</small>		4.7%	Customer deposits: \$3.1b <small>1.0x system</small>		4.9%
Funds under management: \$1.2b		10.7%	Return on equity: 10.2% *		-1bps
Fully franked dividend: 14.25 cps		0.25cps	Net interest margin:		Steady

** annualised FYTD 1H18*

Growth in underlying value drivers*



- Emphasis on maintaining quality lending growth amidst strong competition
- Continuing improvement in credit quality with 30 day arrears well below peers
- Highest FUM growth in almost a decade

Delivering on our strategic priorities



The **needs** and **expectations** of customers are changing and technology is opening opportunities to **attract** and **serve** new customer segments across Australia.



MyState is making **significant investments** in **technology** and changing the way we **think** and **operate** to thrive in this future.



This combination of **customer centricity** and **technology investment** and continued improvement is the key to MyState's **future success**.

MyState's strategy is underpinned by **5 strategic goals**, focused on how MyState plans to:



Grow



Simplify



Strengthen



Build
Relationships



Transform the
Business

Our PURPOSE:

To help people achieve their **dreams**.

Our VISION:

We want to make **genuine difference** to our customers and communities **every day**.

Our GOALS are to be:

Simpler, more **relevant**, accessible for our customers and **easier** to “use”.



Evermore **digitally enabled** so that we can attract the **target customers** we are seeking.

More deeply **community connected**.

Seen by our shareholders as being **agile** with a strong focus on **margins** and **cost management**.



Building a digital, scalable banking and wealth business

Investment in digital has **modernised** the banking business and allows us to **embrace digital savvy customers**

- Lendfast and Apply**  

COMPLETED: APRIL 2017

 - Over 300% growth in number of bank accounts opened online FYTD
 - eSaver deposit growth of c. \$150m FYTD
 - Almost a third of all PL applications in the FYTD have come from the online channel

- CRM**  

COMPLETED: APRIL 2017

 - Predictive modelling improving customer retention and share of wallet
 - Intelligent analytics driving digital campaigns and EDM activity

- Single core**  

COMPLETED: MAY 2017

 - Merged banking platforms simplifying operations, improving productivity and supporting a scalable multi-brand business

- IB and mobile**
(incl. Apple, Android & Samsung Pay)  

COMPLETED: MAY 2017

 - e-statement registrations up c. 120% in the FYTD
 - Early adoption of Apple, Google and Samsung pay

- Contact centre system**  

COMPLETED: JUNE 2017

 - Contact Centre average call wait times reduced by over 80%

- New Payments Platform**  

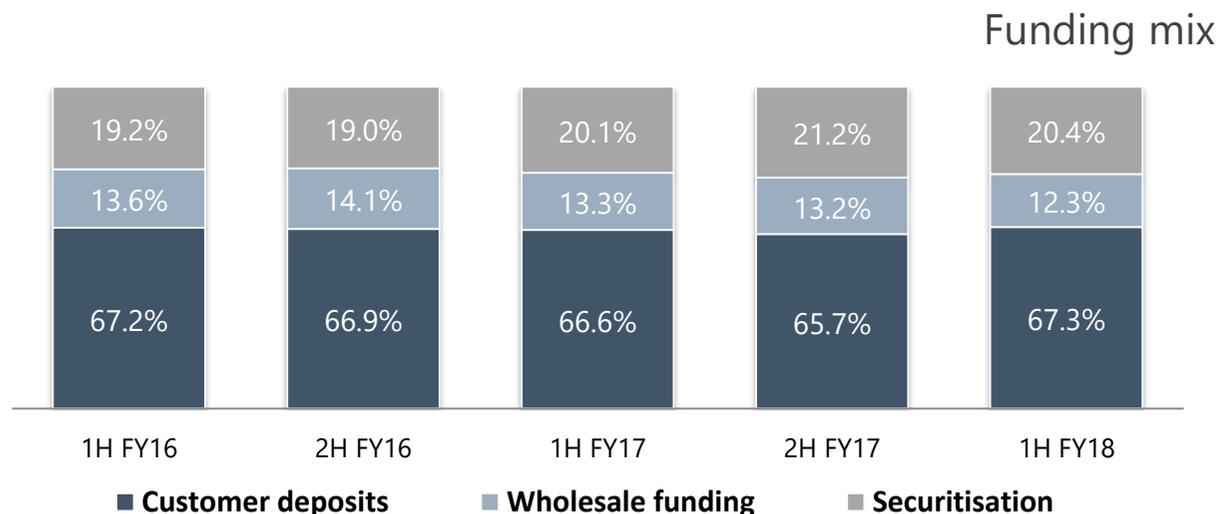
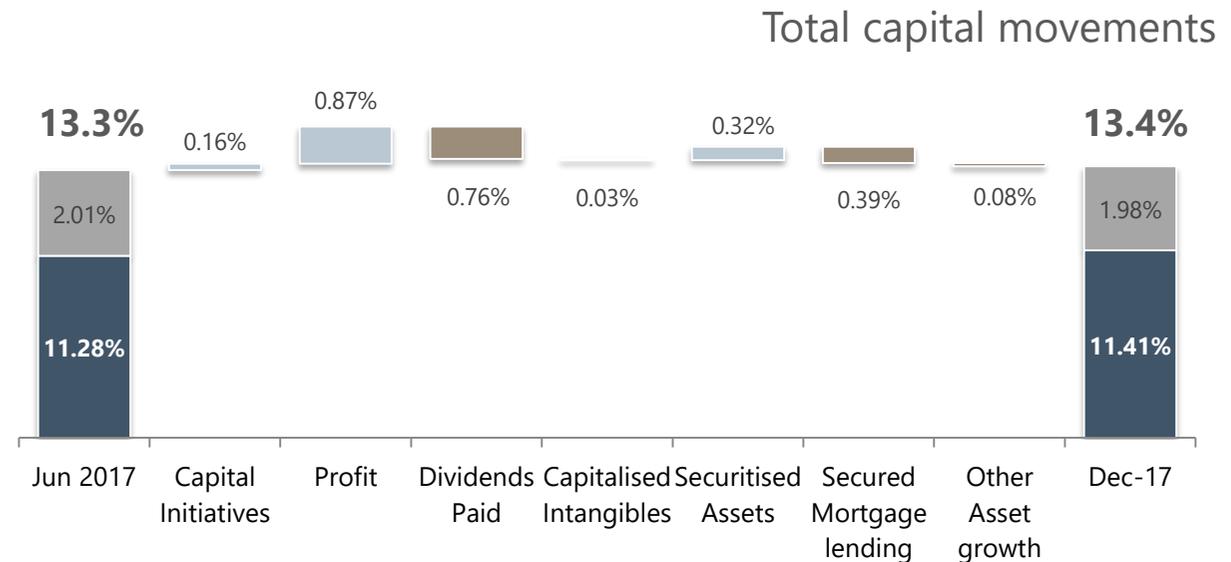
COMPLETED: FEBRUARY 2018

 - Processing significantly higher volumes of NPP payments relative to MyState's size within the system

* FYTD to Feb/March 2018

Diverse funding sources to fund growth

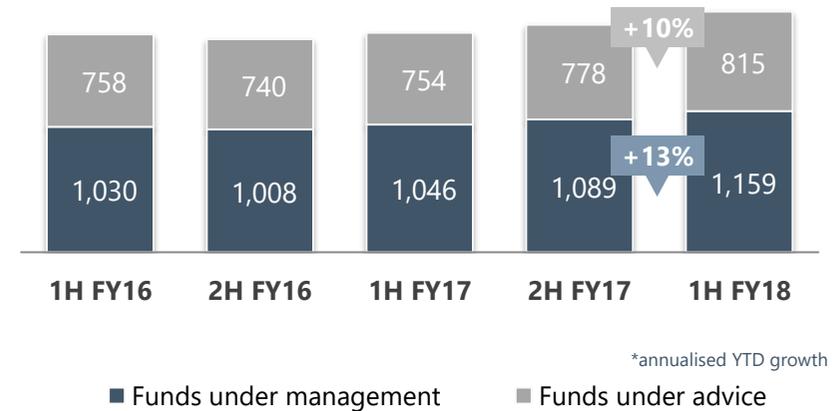
- Stable capital and funding mix underpinned by core customer deposits
- Customer deposit growth supported by online eSaver and TD product initiatives
- Programmatic RMBS issuance continues to be well supported by broad investor-base
- Moody's Baa1/P2 stable investment grade rating provides further opportunity to build on very strong and broad investor support for wholesale funding programs



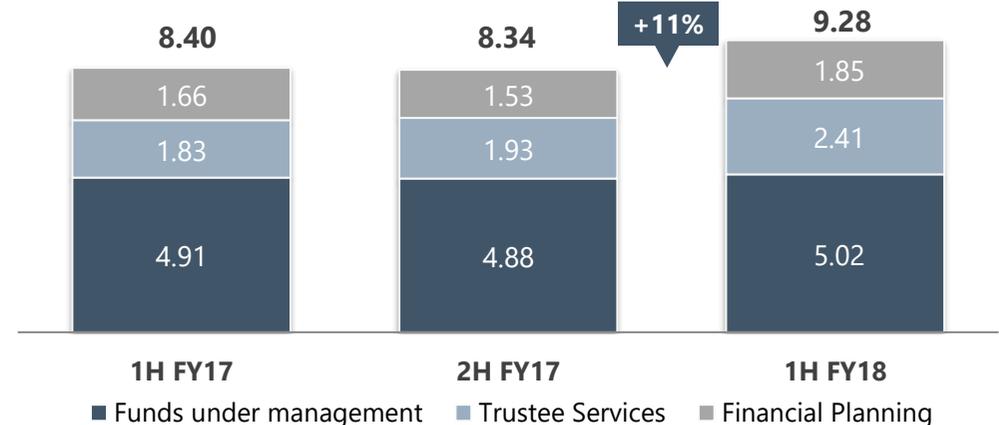
Wealth growth adds to diversity

- Wealth revenue growth at 10.5% on pcp with solid revenue growth across all business lines
- Highest FUM growth in almost a decade
- Strong FUA growth at 13% YTD annualised
- Will writing underpinning Trustee revenue growth
- Income fund strategy and investment to support growing income needs of burgeoning retiree segment
- Investment planned to modernise and grow this part of the business

Funds under management and funds under advice (\$m)



Operating income (\$m)



Sector overview



Industry dynamics

- System credit growth moderating
- Property price growth easing
- Lending market continues to be highly competitive
- Some volatility in short-term wholesale debt markets



Regulatory dynamics

- BEAR
- Royal Commission
- Productivity Commission Review
- APRA review of CBA
- Competitive landscape still needs rebalancing

Platform for continued growth

What we've achieved



Deposit and loan book growth

- Solid **growth** but constrained due to regulatory requirements



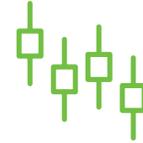
Costs

- Targeted **branch closures**
- Strong **cost disciplines**



Digital transformation

- New Payments Platform
- **Online originations** for PL's, transaction accounts and TD's gaining pace



Strong capital position

- Moody's Baa1/P2 stable **investment rating**
- Broad suite of **capital options** available to the group

What we're working on



Efficiencies

- **MyExcellence** program
- Continued focus on **efficiencies and speed**



Digital

- **Faster customer onboarding**
- **Digital** mortgage origination
- Focus on **digital deposit acquisition**



Marketing

- Build out **marketing analytics** and CRM capabilities
- **Brand building**



Wealth

- Investment to **modernise Wealth** with a focus on systems and capability

Summary

- MyState's digital transformation is simplifying our business and dramatically improving customer experiences through greater efficiency, quality and speed
- We are responding to the changing needs of our customers by rationalising product portfolios, redesigning customer journeys and using digital technologies to 'industrialise' core processes from end to end
- The payoff is being measured through improved customer experiences, increased efficiency for the business (i.e. lower Cost to Income ratio) and ultimately growth
- It will allow us to attract more customer segments to the bank through new channels
- Our digital journey will allow us to best leverage our small, nimble size to the benefit of our customers, shareholders and communities in which we operate

Disciplined strategy execution is transforming MyState into a national, scalable modern banking and wealth management business

Disclaimer

Summary Information

This Presentation contains summary information about MyState and its activities current as at the date of this Presentation. The information is subject to change without notice and does not purport to be complete or comprehensive. It does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with MyState's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

Not Financial Product Advice

This Presentation is for information purposes only and is not financial product advice or a recommendation to acquire shares. It has been prepared without taking into account any investor's objectives, financial position, situation or needs. Therefore, before making an investment decision, investors should consider the appropriateness of the information in this Presentation and have regard to their own objectives, financial situation and needs. Investors should seek such financial, legal or tax advice as they deem necessary or consider appropriate. MyState is not licensed to provide financial product advice in relation to the offer of shares. Cooling off rights do not apply to the acquisition of the shares.

Financial Information

All information in this Presentation is in Australian dollars (\$) unless stated otherwise. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation and totals may vary slightly due to rounding. All references to financial years (FY) appearing in this Presentation are to the financial years ended on 30 June of the indicated year.

Past Performance

Past performance information, including past share price information, given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Future Performance

This Presentation may contain "forward-looking" statements including statements regarding MyState's intent, belief or current expectations with respect to their business operations, market conditions, results of operations, financial conditions, and risk management practices. Forward-looking statements can generally be identified by the use of forward-looking words such as "anticipated", "expected", "aim", "predict", "projections", "guidance", "forecast", "estimates", "could", "may", "target", "consider", "will" and other similar expressions. Indications of, and guidance on, future earnings, financial performance, and financial position are also forward looking statements. Forward looking statements, opinions and estimates are based on assumptions and contingencies which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, there can be no assurance that actual outcomes will not differ materially from these statements. To the fullest extent permitted by law, MyState and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

Investment Risk

An investment in securities in MyState is subject to investment and other known and unknown risks, some of which are beyond the control of MyState, including possible loss of income or principal invested. MyState does not guarantee any particular rate of return or the performance of MyState. Investors should have regard to the risk factors outlined in this Presentation when making their investment decision.

Not an Offer

This Presentation is not an offer or an invitation to acquire shares in MyState or any other financial products and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law. It is for information purposes only.