

19 October 2017

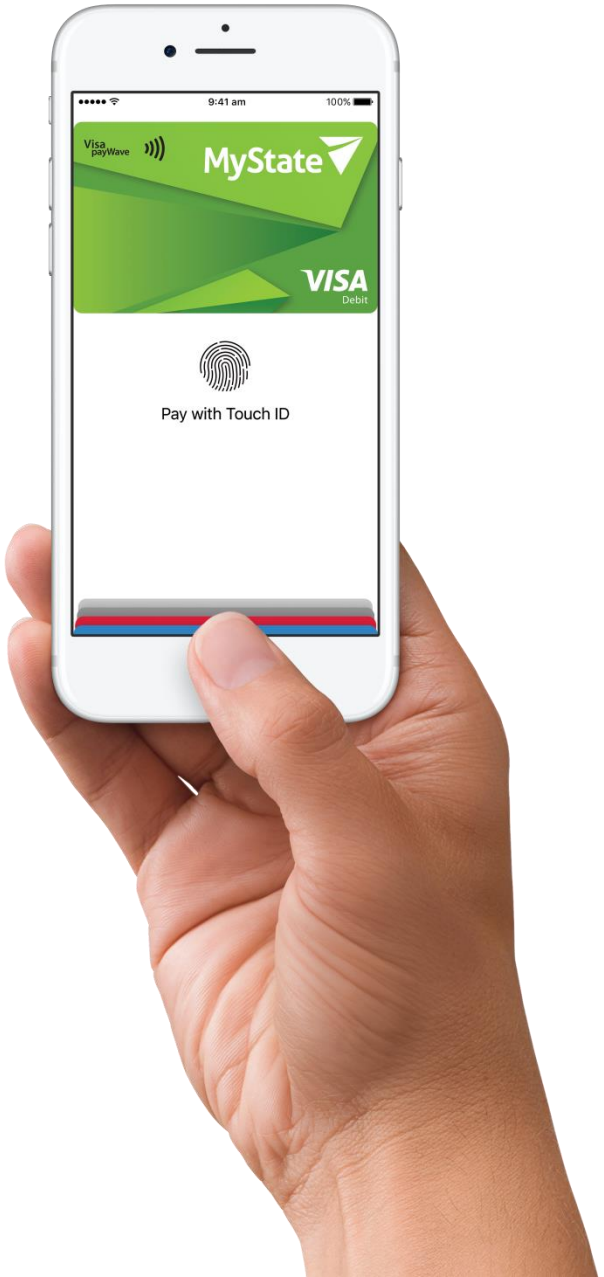
MyState LIMITED

Annual General Meeting



Chairman's Address

Miles Hampton



Managing Director's Address

Melos Sulicich

FY2017 results[1]

Above system lending and deposit growth

Full year dividend of 28.5cps and final dividend steady at 14.5cps fully franked with DRP discount of 2.0%

Total income: **$124.6m**	▲	1.0%	Home loan book: **$4.08b** 1.6x system	▲ 11.3%
Customer deposits: **$3.0b** 1.8x system	▲	10.1%	30-day arrears: **0.51%**	▼ -19bps
Capital adequacy ratio: **13.3%**	▲	25bps	Net profit after tax: **$30.1m**	▼ -3.2%
Earnings per share: **34.0cps**	▼	-1.5cps	Net interest margin: **1.93%**	▼ -20bps
Cost-to-income ratio: **65.9%**	▲	270bps[2]	Return on equity: **10.0%**	▼ -62bps

1: FY2016 results presented on an underlying basis with removal of $1.0m post tax software write down and $1.8m post tax significant due diligence project costs

2: 60bps increase on FY16 excluding significant M&A project costs

Strategic overview

Our **industry** is being **disrupted** by changing customer expectations and our strategic agenda is targeted at **meeting and exceeding** customers' needs

MyState's strategy



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
To improve scale economies



Simplify
To improve productivity



Strengthen
To invest and grow



Build Relationships
To improve customer outcomes



Transform the business
To embrace the new world

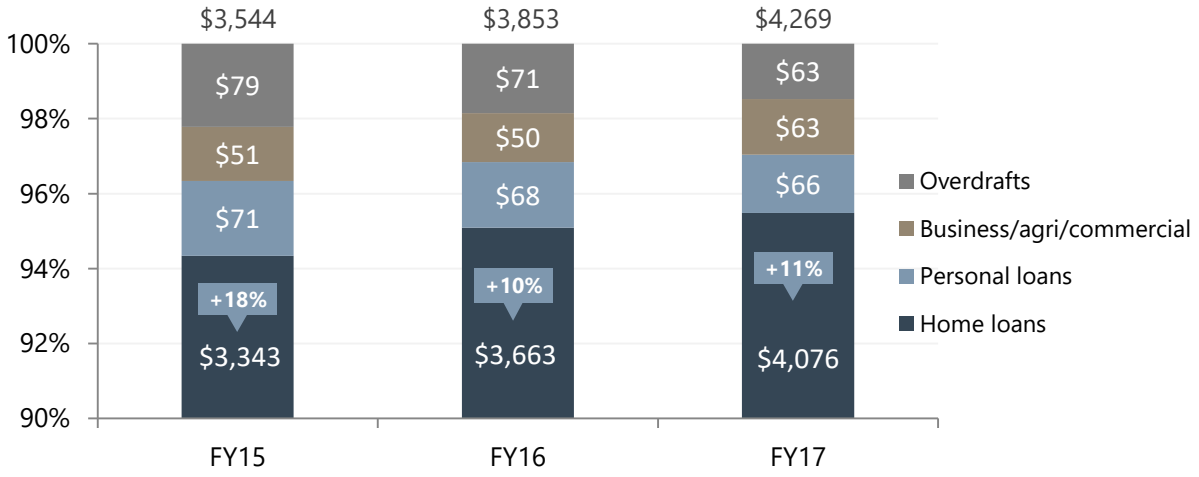
Our Purpose	Our Mission	Our Vision
To help people achieve their dreams	To make financial services simple and trustworthy	To make a genuine difference to our customers and communities every day

Loan book

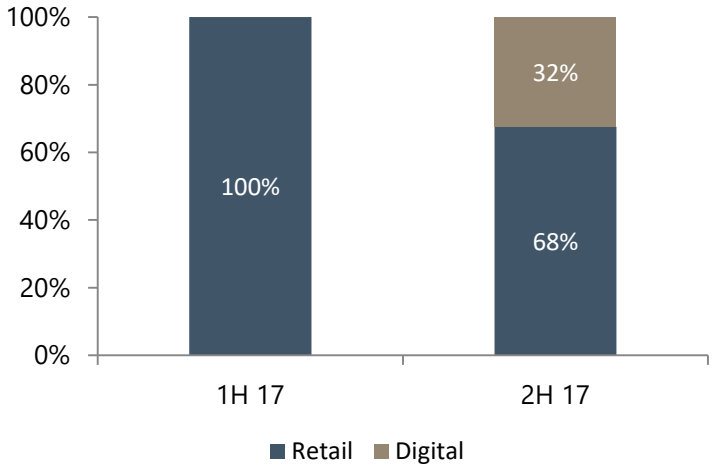
Total loan book growing at 1.8 times system

Improved service proposition driving higher conversion to settlement

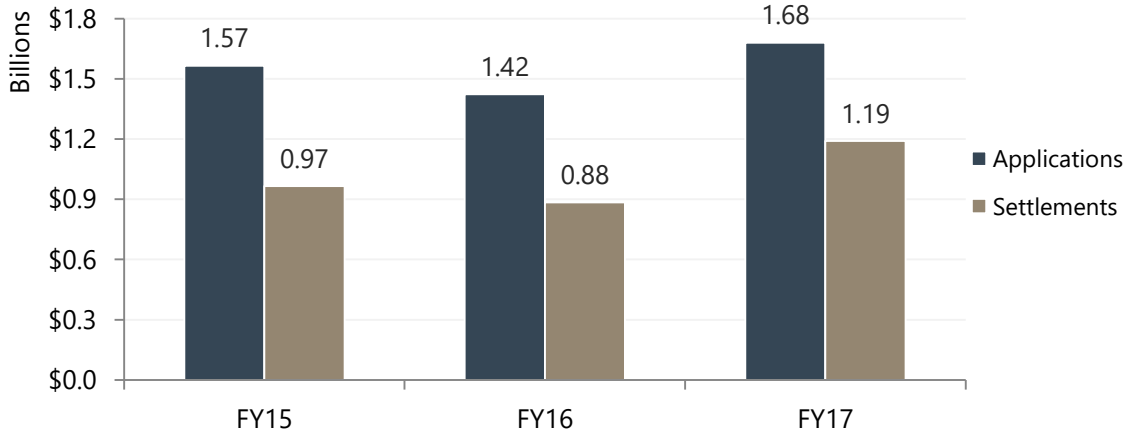
Total book – composition ($m)



Total Personal Loan Applications FY17



Home loan book – applications and settlements

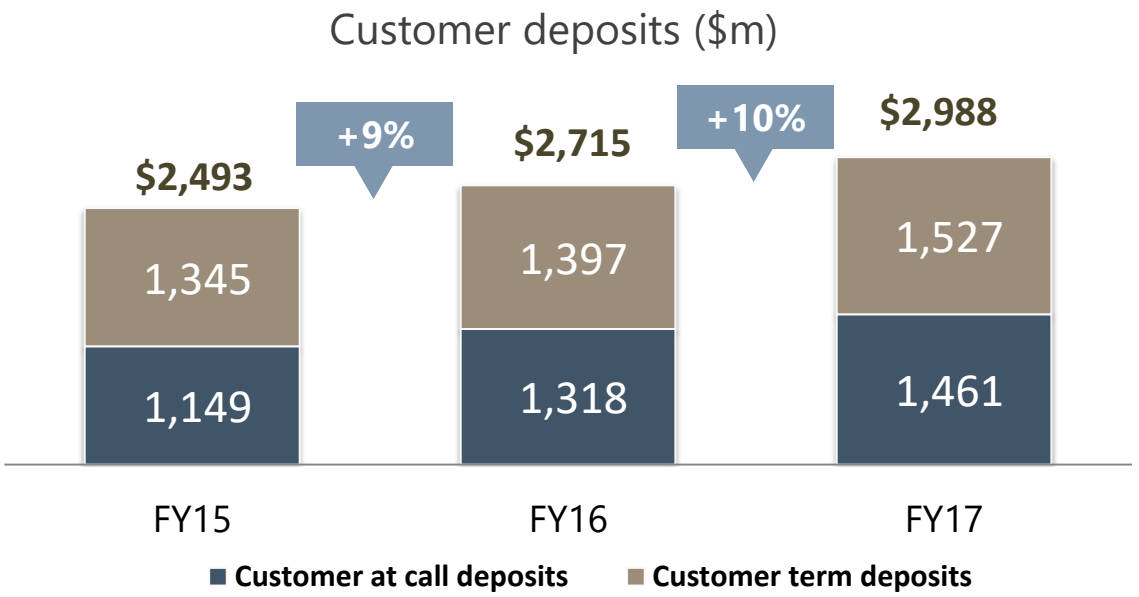


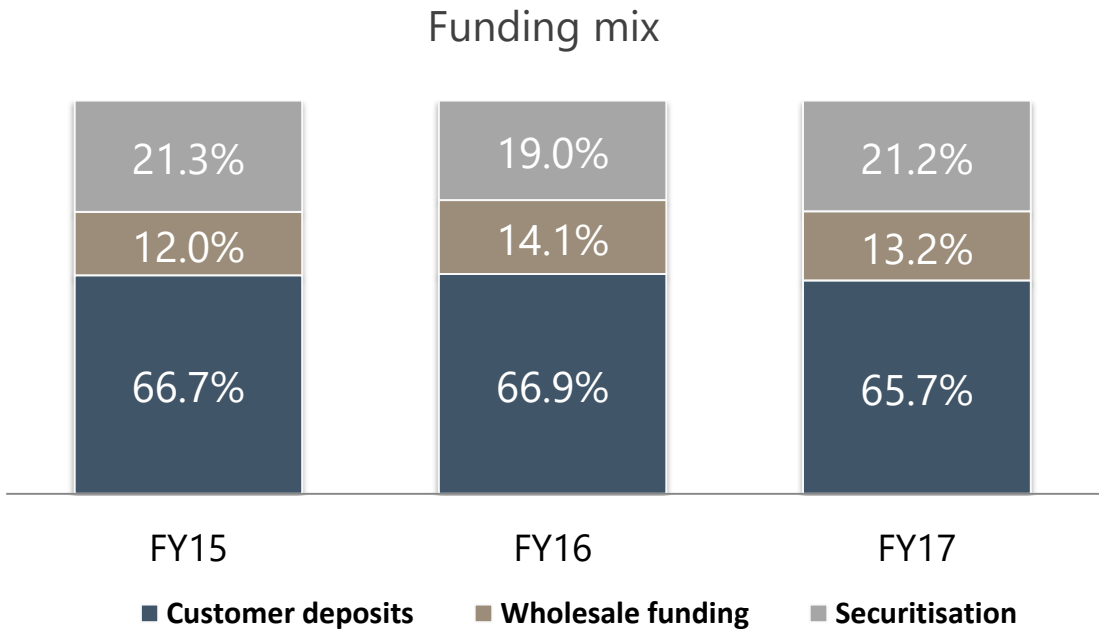
Funding

Moody's rating Baa1/P-2 with stable outlook

eSaver product successfully launched in 2H17 enabling customers to open accounts and deposit money from anywhere

Multiple RMBS issuances with further issuance of sub-debt supported by broadened investor base





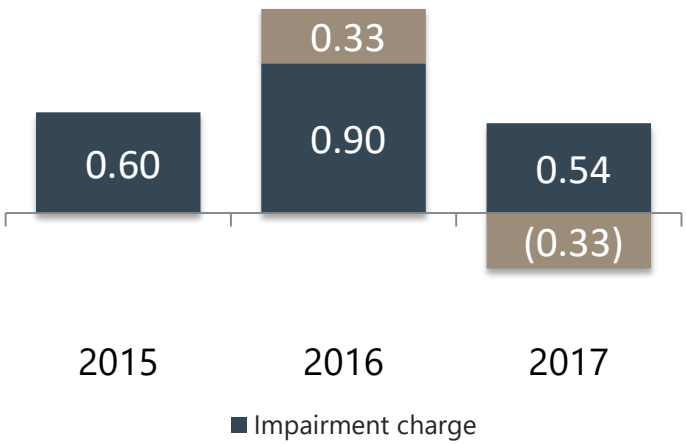
Credit quality

Credit quality remains excellent

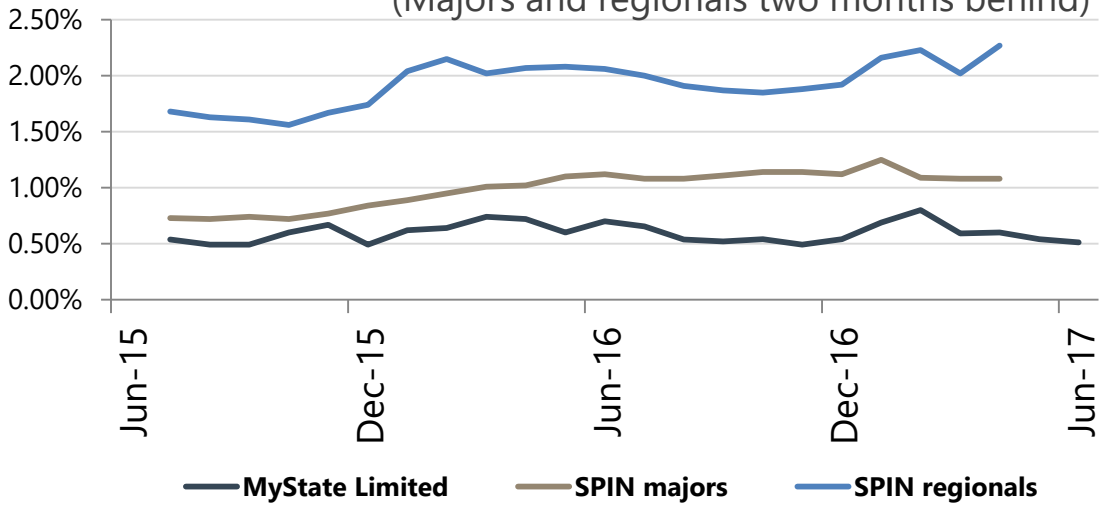
Historically low impairments

30 day arrears performance improved in FY17 and remains well below industry

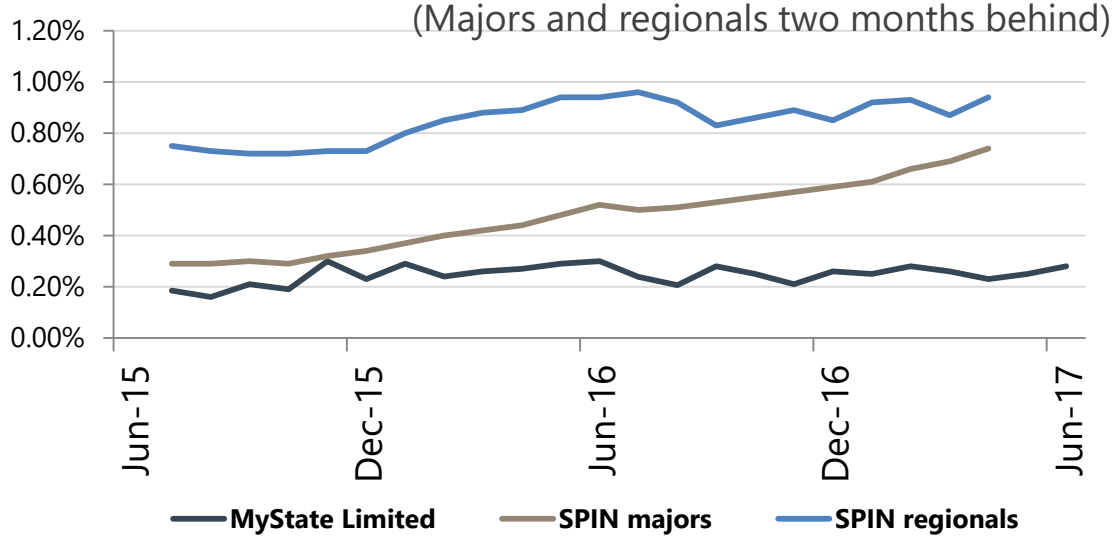
Impairment charge ($m)



30+ Days S & P arrears data
(Majors and regionals two months behind)



90+ Days S & P arrears data
(Majors and regionals two months behind)



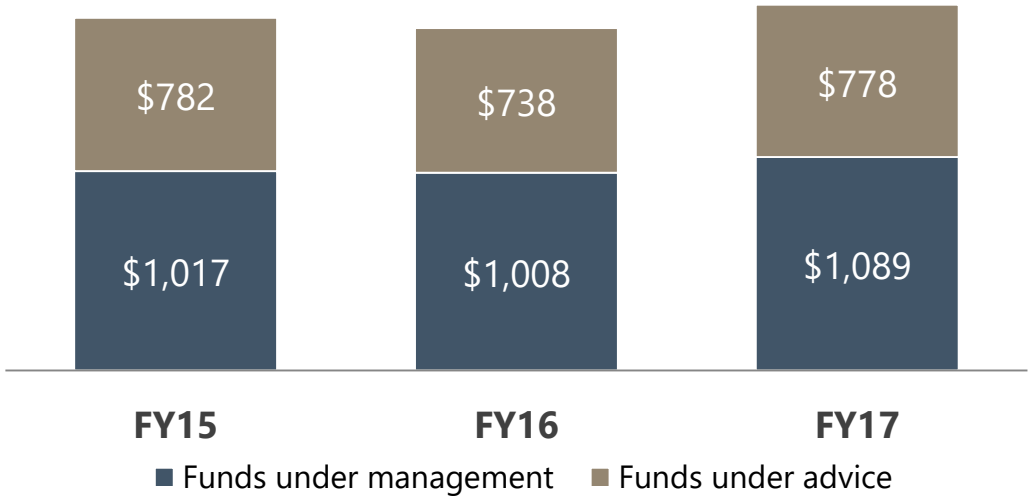
Wealth Division

Funds under Management growth of $81m (+8%)

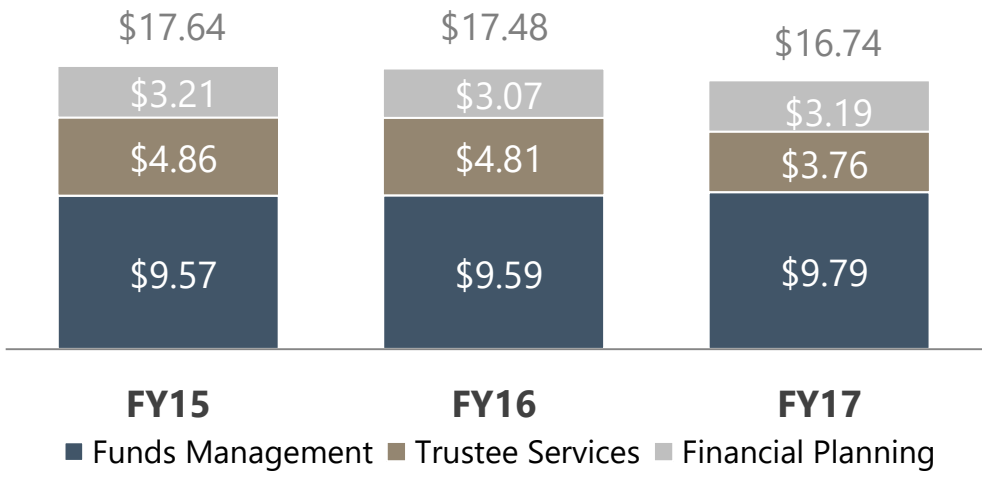
Trustee revenue Challenged but improved in 2H17

Investing in systems, processes and people to modernise the business

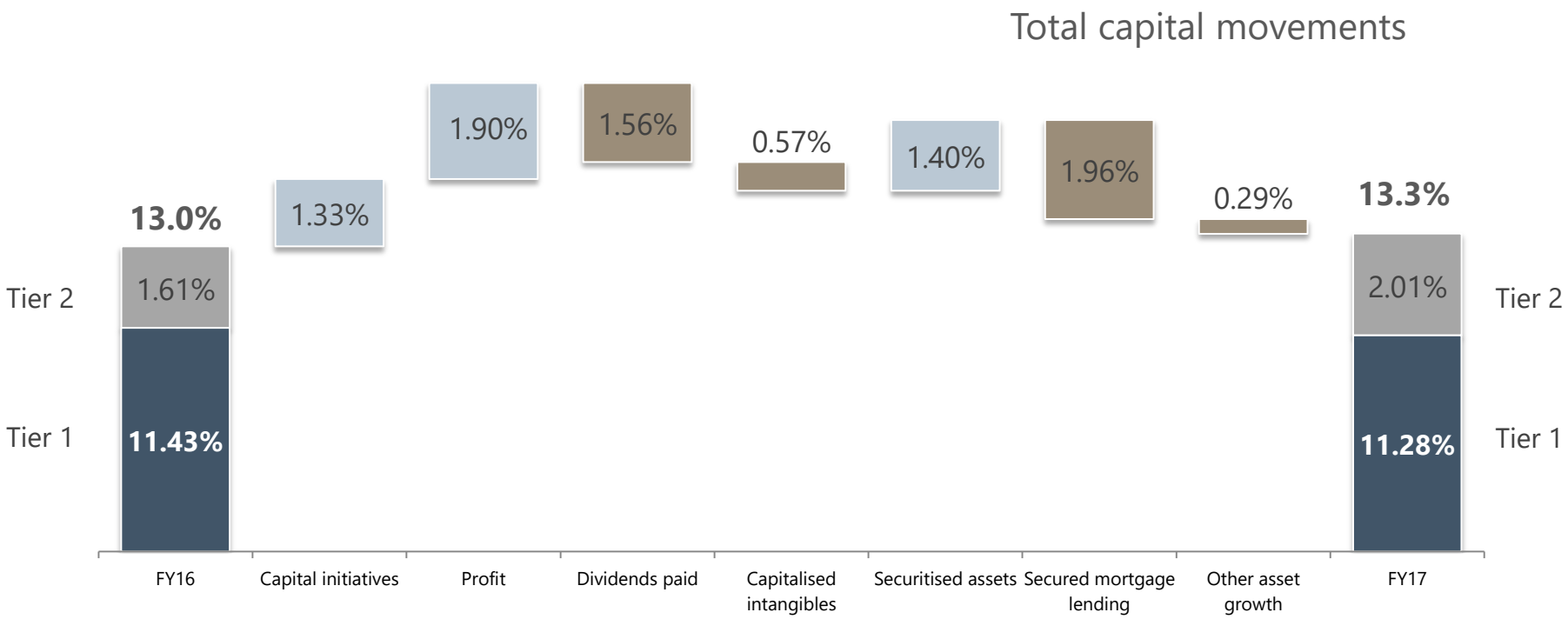
Funds under management and funds under advice ($m)



Operating income ($m)



Capital



Strong and effective capital strategy underpinning growth and digital banking platform investments

Capital initiatives in FY17:

- $10m sub-debt issuance in September 2016
- $300m RMBS issuance in November 2016
- Partial DRP underwrite in February 2017
- $400m RMBS issuance in June 2017

MyState in the community

$1.6m
distributed through the MyState Community Foundation since 2001

$225,000
three-year commitment to The Smith Family

220,000
People attended the MyState Australian Wooden Boat Festival

1,000
students participated in the MyState Student Film Festival







Tasmanian economy



17 consecutive quarters of growth



Household spending remains solid



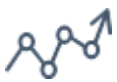
Tourism continues to be a key driver



Leading wage growth (2.2%)



Property prices, rental yields high



Population growth beginning to climb

Sector overview



Changing industry dynamics

- System credit growth moderating
- Historically low interest rate environment continues
- Competition is fierce particularly in lower LVR owner occupied household lending

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Regulatory change and oversight still high

- Financial system stability concerns and international issues influencing regulator and government actions
- Government needs to address the unbalanced competitive marketplace arising from:
    1. Funding cost advantage to big banks
    2. Risk weighted asset differentials
    3. Macroprudential regulation skewing competition in the sector
    4. Lack of transparency in vertical integration of mortgage brokers
    5. Disproportionate impact of regulatory burden on smaller banks

Additional regulation is not the way to improve competition

Platform for continued growth

What we've achieved

Digital transformation



- Internet and mobile banking
- Contact centre system replacement
- Single core banking system; new CRM
- Origination system
- Apply Pay, Android Pay, Samsung Pay launched

Deposit and loan book growth



- Well above industry

Capital optimisation



- MTN program and sub-debt issuance
- Multiple RMBS issuances in FY17

Leadership



- Strong leadership team and capability

What we're working on

Cost efficiencies



- 'MyExcellence' productivity and process program
- Closed Rock agency network and 2 main branches

Digital transformation



- New Payments Platform
- Analytics and CRM campaigns
- Online originations for savings, transaction and loan accounts
- Systems development to accelerate growth

Banking products



- Retail deposit growth
- Basic home loans

Wealth



- Exploring systems and product development for organic growth
- Wealth business product and distribution growth strategy

What's to come

Simplification



- MyExcellence program to streamline processes and utilise technology to enhance services and reduce cost

Channel optimisation



- Broaden digital for growth

Marketing



- Build out marketing analytics and CRM capabilities

Growth



- Organic revenue growth
- Open to corporate transactions and strategic opportunities and assessing these as they arise



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Business of the Meeting

Item 1 – Financial Statements and Reports



19 October 2017
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Business of the Meeting

Item 2a – Election of Director – S Krieger

Proxies Lodged	
For	22,302,556
Against	454,033
Abstain	613,786
Open*	4,162,878

*The Chairman holds 2,603,625 open votes and intends to vote in favour of the resolution



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Business of the Meeting

Item 2b – Election of Director – P Armstrong

Proxies Lodged	
For	22,349,227
Against	448,138
Abstain	600,662
Open*	4,135,226

*The Chairman holds 2,575,973 open votes and intends to vote in favour of the resolution



19 October 2017
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Business of the Meeting

Item 3 – Remuneration Report

Proxies Lodged	
For	20,518,578
Against	1,387,192
Abstain	794,275
Open*	4,093,275

*The Chairman holds 2,567,830 open votes and intends to vote in favour of the resolution



19 October 2017
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Business of the Meeting

Item 4a – Issue of Shares to the Managing Director under the 2014 Executive Long Term Incentive Plan

Proxies Lodged	
For	21,263,183
Against	1,488,378
Abstain	694,585
Open*	4,078,906

*The Chairman holds 2,561,606 open votes and intends to vote in favour of the resolution



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Business of the Meeting

Item 4b – 2017 Executive Long Term Incentive Plan Offer to the Managing Director

Proxies Lodged	
For	21,289,166
Against	1,443,056
Abstain	688,676
Open*	4,104,154

*The Chairman holds 2,557,534 open votes and intends to vote in favour of the resolution



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Business of the Meeting

Item 5 – Subsequent Approval of Prior Issues of Placement Shares

Proxies Lodged	
For	21,672,841
Against	970,038
Abstain	796,005
Open*	4,094,369

*The Chairman holds 2,575,761 open votes and intends to vote in favour of the resolution



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