

MyStateLimited

ASX CEO Connect

7 December 2021

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Corporate profile 01

MyStateLimited

A trusted and respected brand...

MyState is a unique provider of banking, trustee and wealth management services to more than 160,000 customers across Australia through its retail brands – MyState Bank and TPT Wealth.

MyState listed on the ASX in 2009.

MyState currently has a market capitalisation of approximately $525m and has a shareholder base of [61,500].

MyState Bank

MyState Bank is a leading challenger, digital bank. Since its establishment, it has grown its lending assets to more than $6.0bn, offers award winning products and has market leading customer advocacy ratings.

95%* Banking
Lending | Deposits | Transactions

TPT WEALTH

TPT Wealth, a 134 year old business, is one of the oldest providers of trustee solutions in Australia. A trusted brand, today it offers contemporary financial products including asset management and trustee services.

5%* Wealth
Funds management | Trustee services

* % of Core Earnings as at 30 June 2021

MyStateLimited

… that has evolved into a digital bank

2016 — Our journey — 2021

Branch based "credit union"

- Geographically concentrated customer base
- Legacy technology platforms
- Inward-focused processes
- Disparate systems and processes
- Largely manual workflow





Customer-centred business



Digital Bank

- Increasingly geographically diverse customer base
- Online origination increasing
- Customer focused processes
- Relationship focused business and people
- Digitised and simplified systems and processes
- AI enabled customer insights

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Digital transformation is driving growth...

April 2017
CRM

May 2017
Single Core banking system (TCS BaNCS)
Internet and mobile banking upgrade
Online deposit origination

June 2017
Contact Centre system replacement

Feb 2018
New Payments Platform (NPP)

Dec 2019
Online mortgage origination

Feb 2020
Online managed fund platform

Aug 2020
AI-driven personalised insights in MyState Bank app

Feb 2021
Trustees services platform upgrade

1HCY 2022
On track to launch next generation mobile app & internet banking



Currently enabled

Apple Pay · G Pay · SAMSUNG pay · Osko · fitbit pay · GARMIN PAY

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2021 ESG snapshot

MyState's 2021 Annual Report included an inaugural Environmental, Social and Governance (ESG) snapshot.

ESG reporting is an evolving and increasingly important field of practice and MyState will to continue to build and develop on its initial reporting.

Six ESG topics matter most to MyState	Why are they important?	Progress
Supporting customers	• We help customers by making things easier and putting things right if they go wrong.	• Customer NPS +47 • 17,000 new customers in FY21
Governance, conduct & culture	• These are the foundations of conducting our business in an ethical, responsible and transparent way.	• Governance, culture, remuneration and accountability (GCRA) self assessment • Compliance with Modern Slavery Act
Helping our people be their best	• To drive a culture of customer centricity and execution excellence we rely on our people being at their best.	• 46% of leadership roles filled by women • Increased investment in training
Digital enablement and data security	• As a national digital bank, we must change and evolve our systems and products to meet our customers' increasing expectations.	• 94% of transactions completed digitally • 71% customers on Internet Banking • 53% customers on e-Statements
Environmental sustainability	• It will help us transition to a low carbon economy.	• 90% of operations in Tasmania which is 100% self sufficient in renewable energy
Community investment	• It enables us to make a difference and support our communities.	• Sponsorship of Football Tasmania and naming rights sponsor for Tasmania's Women's Super League • MyState Bank Student Film Festival



Strategy 02

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2025 strategy

Our ambition is to rapidly grow our share in deposits, lending and FUM.

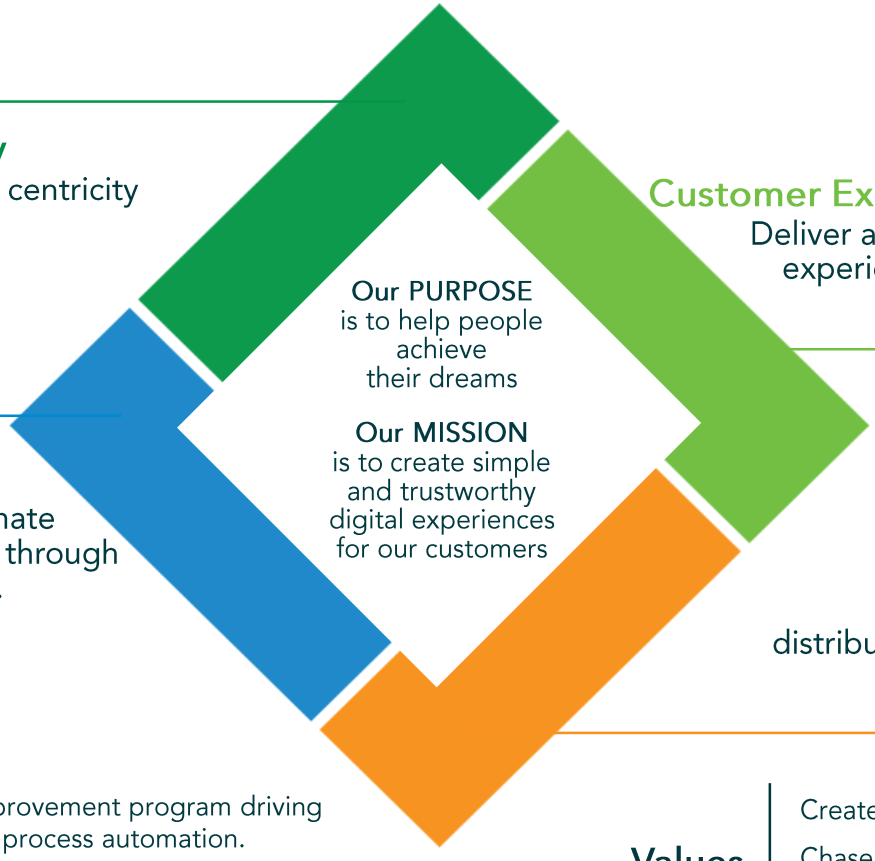
Our growth strategy is focused and bold. It builds on our strong financial position and high customer NPS to access specific growth opportunities in eastern seaboard markets, via a strong digital and AI enabled offering.

Culture and Capability

Drive a culture of customer centricity and execution excellence.

Customer Experience and Acquisition

Deliver a digital and intuitive customer experience by providing easy access banking and wealth services.



Operations

Simplify, digitise and automate processes and create value through productivity improvements.

Distribution

A simple core product set distributed through expanded digital and third party channels.

Enablers

Continuous improvement program driving innovation and process automation.

A strong and flexible capital position with robust risk culture.

Values

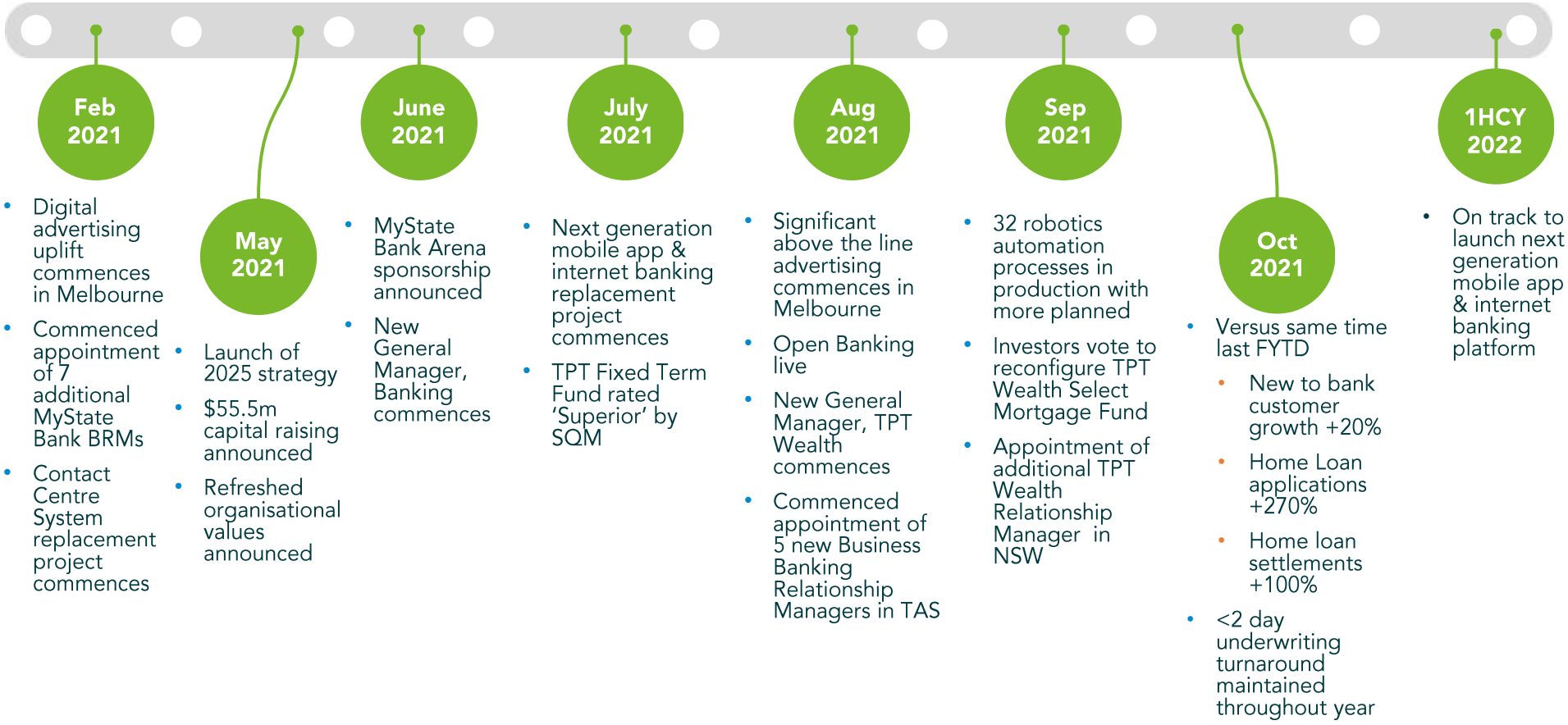
Create customer 'wow'

Chase the better

Collaborate to win

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Progress on strategic execution



2021 has a been a standout year for progress



Financial highlights 03

FY21 Key highlights

Financial performance

+20.9%
Net profit after tax

+19.2%
Earnings per share

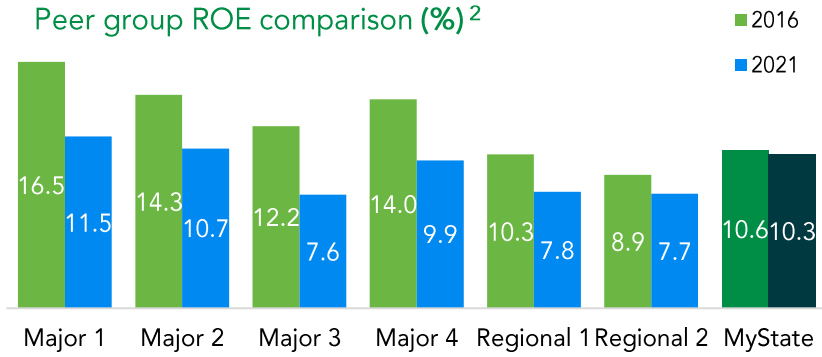
-153bps
Cost to income[1]

+10bps
Net interest margin

+116bps
Return on average equity

+13.2%
Customer deposits

Peer group ROE comparison (%)[2]



Note: All figures compare FY21 to FY20 as the previous corresponding period (pcp) unless otherwise indicated. All amounts shown represent statutory results exclusive of discontinued operations unless otherwise stated

1 Excludes restructure costs 2 As per most recent financial reporting

Strategic initiatives delivered

Grow	✓ Customer deposit growth of 13.2% ✓ Bank balance sheet growth of 6%, including 5% HL growth in Tasmania ✓ Wealth distribution capability and capacity enhanced ✓ $55.5m capital raised to support growth
Increase digital capability + automation	✓ AI enabled home loan retention tool live ✓ Best in class AI insights in MyState Bank app generating over 1.5m insights per month ✓ Multiple improvements to internet and mobile banking platform ✓ New Wealth Trustee Services platform
Build our brand + capability	✓ Significant expansion of marketing activities into Melbourne and Tasmania ✓ MyState Bank Arena naming rights and sponsorship of Football Tasmania ✓ Significant investment in learning and development experiences
Attract + deepen relationships	✓ 17,000 customers have joined across the past 12 months ✓ Customer NPS +47; Customer funding ratio 73.4% ✓ COVID assistance to customers

These results together with our recent capital raising have put us in a position to rapidly execute our 2025 strategy.

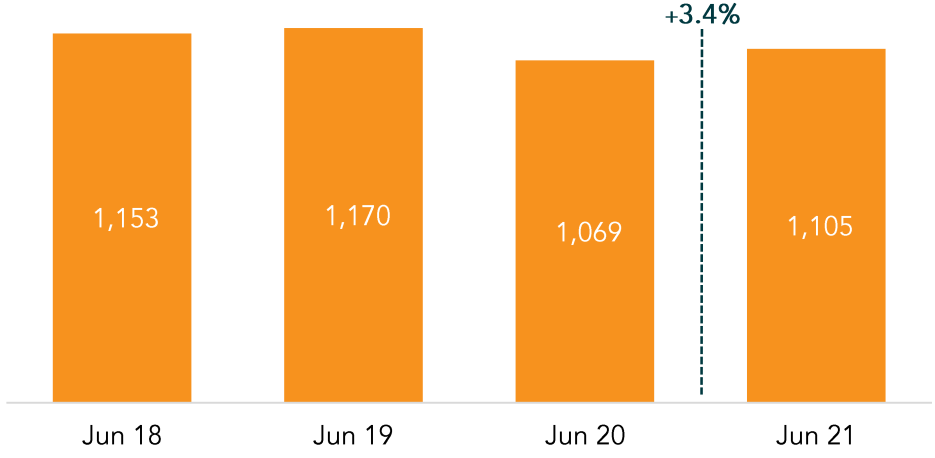
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TPT Wealth positioned for growth

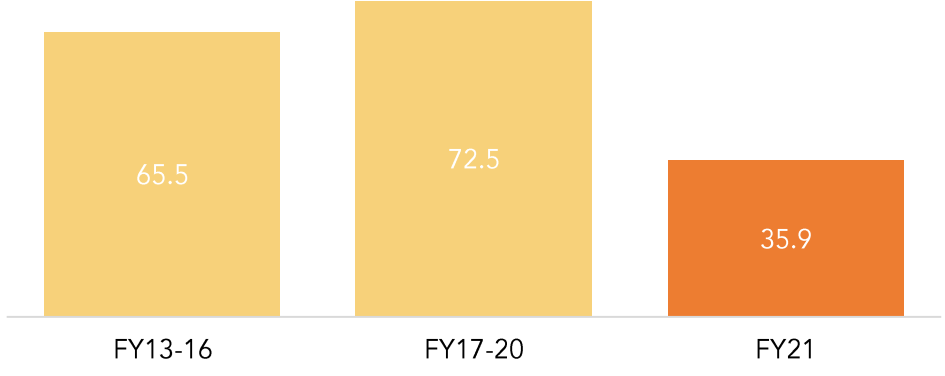
- Distribution capacity enhanced to drive growth on the eastern seaboard, to complement the team in the heartland market of Tasmania
- FUM increased 3.4% on PCP to $1.105b driven by income fund growth
- 30% of investors on the new digital portal
- New cloud lending platform and legacy trustee system replaced
- TPT Fixed Term Fund, Long Term Fund & Select Mortgage Fund awarded a 4 Star (Superior High Investment grade) rating from SQM Research

Superior SQM RESEARCH

Funds under management ($m)



Net FUM growth ($m)





Summary 04

MyStateLimited

Q1 FY22 update

Strategy being rapidly implemented

- Focused on rapid execution and growth
- Trusted and respected challenger brand with leading customer advocacy
- Increasing digital and AI capabilities remain a focus for future investment
- Customer deposit funding ratio +13.2% on same time last year to 74.5%
- Named in the 2021 AFR Boss list as one of the 10 most innovative companies in banking, super and financial services

FINANCIAL REVIEW BOSS MOST INNOVATIVE COMPANIES

- Across the last 12 months

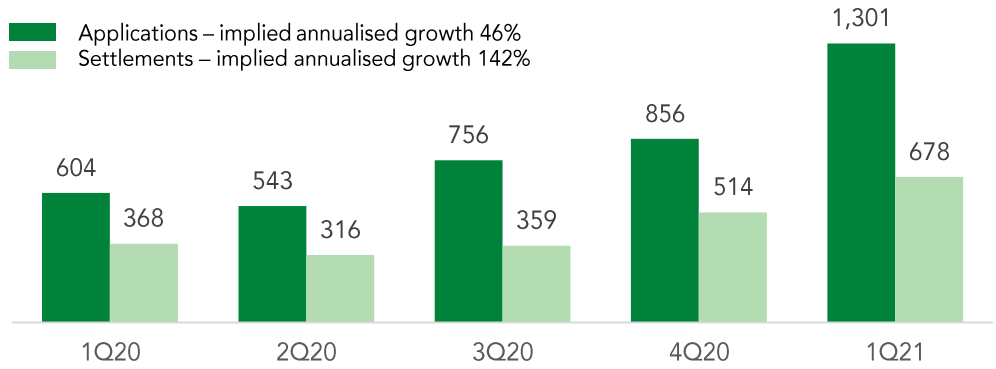
+18,000 new customers

FY22 financial performance to date[1]

Balance sheet	Sep 21	Jun 21	Change		Implied annualised growth
Home loan book	$5.70b	$5.45b	+4.7%	▲	+18.9%
Customer deposits	$4.71b	$4.46b	+5.6%	▲	+22.3%
Funds under management	$1.11b	$1.11b	+0.2%	▲	+0.8%
CET1 ratio	12.0%	13.1%	-109ps	▼	
Total capital ratio	13.3%	14.8%	-151bps	▼	

1. Unaudited management results. Financial performance figures compare 30 June 2021 to 30 September 2021. Percentage changes may not calculate due to rounding.

Home loan book - applications and settlements ($m)



MyState – a great growth business

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Closing remarks

Objectives [1]

- Rapidly accelerate balance sheet growth over the medium term, while maintaining asset quality
- Improved operating leverage (cost to income ratio) in line with business growth
- Targeting ROE accretion as capital is deployed
- Targeting growth in EPS over the medium term
- In FY22, EPS and ROE will be diluted while new capital is being fully deployed with opex rising to support customer and lending growth

Closing remarks

- Demonstrated capability on strategic execution
- Trusted and respected challenger brand with leading customer advocacy
- Increasing digital and AI capabilities remain a focus for future investment
- Established digital bank

1. Targets assume current market conditions persist and there is no significant change or deterioration in Federal and State Government responses to COVID-19.

MyState sees a significant opportunity across its markets to accelerate growth, creating value for shareholders

1H: First half of financial year

2H: Second half of financial year

ADI: Authorised deposit-taking institution

APRA: Australian Prudential Regulation Authority

Avg: Average

ASX: Australian Securities Exchange

BBSW: Bank Bill Swap Rate

BDD: Bad & Doubtful Debt Expense

bps: basis points

CAGR: Compounded annual growth rate

CET1: Common Equity Tier 1

cps: Cents per share

CTI: Cost-to-income ratio

DRP: Dividend reinvestment plan

EPS: Earnings per share

FUM: Funds under management

FY: Financial year

FYTD: Financial year to date

HY: Half year

IO: Interest only

IRB: Internal ratings-based

JAWS: relationship between income and expense growth

LVR: Loan to valuation ratio

MYS: MyState Limited

MSB: MyState Bank Limited

NII: Net Interest Income

NIM: Net Interest Margin

NPAT: Net Profit after Tax

NPBT: Net Profit before Tax

PCP: Previous Corresponding Period

RBA: Reserve Bank of Australia

RMBS: Residential mortgage-backed security

ROE: Return on equity

SPIN: Standard and Poor's Performance Index

S&P: Standard and Poor's

TD: Term deposit

TPT: TPT Wealth Limited

Disclaimer

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