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MyStateLimited

Investor Presentation

Full Year 2021

The human way to bank

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01 Overview and highlights
Melos Sulicich
Managing Director & CEO

02 Financial results
Gary Dickson
Chief Financial Officer

03 Strategy and outlook
Melos Sulicich
Managing Director & CEO

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Investor presentation Full Year 2021

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Overview and highlights 01

Melos Sulicich

MyStateLimited

MyState 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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MyStateLimited

MyState positioned for accelerated growth

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MyState at a glance

- Diverse financial services business across banking and wealth management
- Geographical spread with greater than 60% of the home loan book in mainland Australia
- Consistent above system growth in loan and deposit books
- Experienced management team with a track record of delivering results

2025 strategy, capital raise and use of funds

- 2025 strategy builds on MyState's solid financial position, demonstrated execution capability and leading customer NPS to access growth opportunities via an intuitive digital and AI enabled offering
- Strategy is underpinned by four strategic priorities of Culture and Capability, Customer Experience and Acquisition, Distribution and Operations
- May 2021 capital raising: $55.5m raised through Placement and Entitlement Offer
- Funds will be used to build on current momentum and rapidly accelerate growth across banking and wealth management

We have a focused digital strategy, with a significant opportunity to accelerate growth.

MyStateLimited

Key highlights

Financial performance

+20.9%
Net profit after tax

+19.2%
Earnings per share

-153bps
Cost to income[1]

+10bps
Net interest margin

+133bps
Return on tangible equity

+13.2%
Customer deposits

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

Strategic initiatives delivered

Grow	✓ Customer deposit growth of 13.2% over prior year ✓ Bank balance sheet growth of 6%, including 5% HL growth in Tasmania ✓ Wealth distribution capability and capacity enhanced ✓ Cost out via closure of 6 MyState Bank branches
Increase digital capability + automation	✓ AI enabled home loan retention tool now live ✓ Best in class AI insights in MyState Bank app generating over 1.5m insights to benefit customers 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 an excellent position to execute our 2025 growth strategy.

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Key metrics and performance drivers

Financial performance

Pre-provision operating profit[1]: $53.6m	+11.9%
Net profit after tax: $36.3m (statutory)	+20.9%
Earnings per share: 39.2cps	+19.2%
Return on average equity: 10.3%	+116bps
Net interest margin: 1.96%	+10bps
Total capital ratio: 14.8%	+183bps
Total loan book: $5.6b	+6.0%
Customer deposits: $4.5b	+13.2%
Final dividend	13.00cps

- Solid NPAT and EPS growth with significant business investment
- Excellent top line momentum with NIM continuing to benefit from lower funding costs
- Positive 'JAWS' with operating expenses continuing to be well managed
- Return on average equity increased on pcp to 10.3%

Peer group ROE comparison (%)[2]



*Financial performance, balance sheet and capital figures compare FY21 to FY20 as the previous corresponding period (PCP). All amounts shown represent statutory results exclusive of discontinued operations unless otherwise stated.

1. Operating profit before restructure costs, bad & doubtful debts expense and income tax expense
2. As per most recent financial reporting

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Financial results

Gary Dickson

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Positive trend in all key metrics

- Solid NPAT and EPS growth
- Top line momentum with NIM continuing to benefit from lower funding costs
- Positive 'JAWS' with income growth and operating expenses continuing to be well managed
- Return on average tangible equity increased on pcp to 14.1%

	FY21	FY20	Change (v FY20)		1H21	2H21	2H v 1H Change
Total operating income ($m)	138.5	128.9	+7.5%	▲	68.6	69.9	+1.8%
Pre-provision operating profit ($m) [1]	53.6	47.9	+11.9%	▲	26.4	27.2	+2.9%
Statutory net profit after tax ($m)	36.3	30.1	+20.9%	▲	17.0	19.3	+11.9%
Underlying net profit after tax ($m)	38.1	30.1	+26.8%	▲	18.7	19.4	+3.6%
Statutory earnings per share (cps)	39.2	32.9	+19.2%	▲	18.5	20.7	+2.2cps
Net interest margin (%)	1.96%	1.86%	+10bps	▲	1.94%	1.97%	+3bps
Cost-to-income ratio (%) [2]	61.3%	62.8%	-153bps	▼	61.5%	61.1%	-48bps
Total capital ratio (%)	14.8%	13.0%	+183bps	▲	13.2%	14.8%	+157bps
CET1 ratio (%)	13.1%	11.1%	+200bps	▲	11.2%	13.1%	+182bps
Return on average equity (%)	10.3%	9.2%	+116bps	▲	9.9%	10.7%	+74bps
Return on tangible equity (%)	14.1%	12.8%	+133bps	▲	13.3%	14.8%	+157bps
Dividend–fully franked (cps)	25.50	14.25	+11.25cps	▲	12.50	13.00	+0.50cps
Credit performance - 30 day arrears (%)	0.55%	0.61%	-6bps	▼	0.57%	0.55%	-2bps

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.
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.

1. Operating profit before restructure costs, bad & doubtful debts expense and income tax expense
2. Excludes restructure costs in FY21

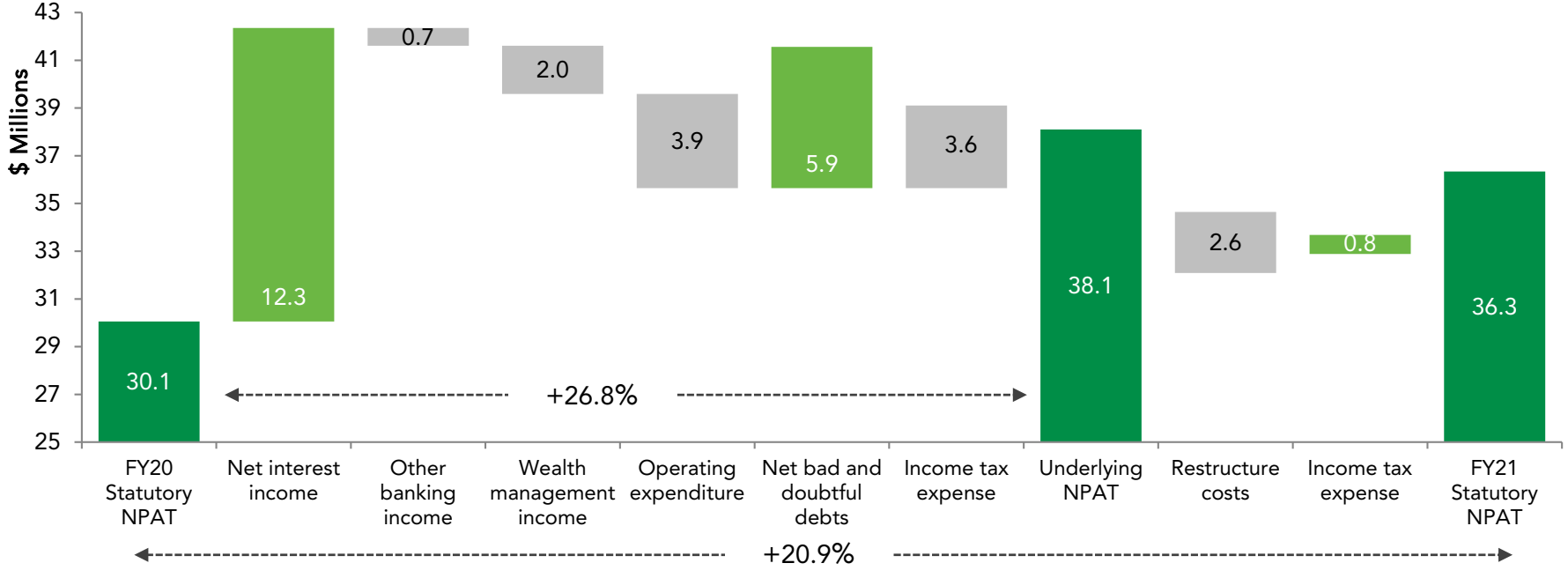
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NPAT underpinned by NII growth

- Statutory NPAT increase of 20.9%
- Net interest income up 12.5% on pcp benefiting from a higher average balance sheet, lower funding costs and focused margin management
- Disciplined management of costs with ongoing investment in marketing and digital
- Net bad and doubtful debts write-back of $1.0m in FY21 provided a significant benefit relative to FY20 due to lower arrears and a more positive economic outlook

Net profit after tax



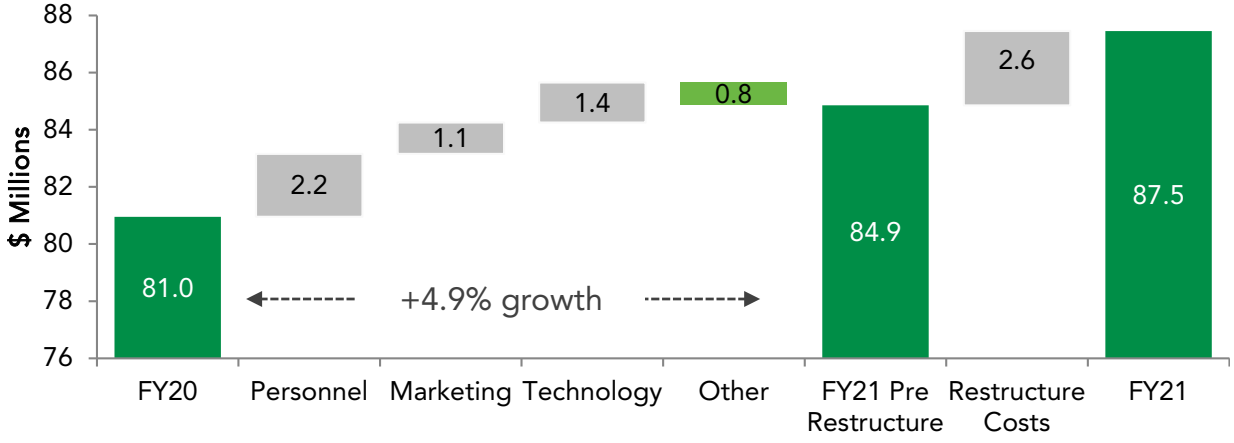
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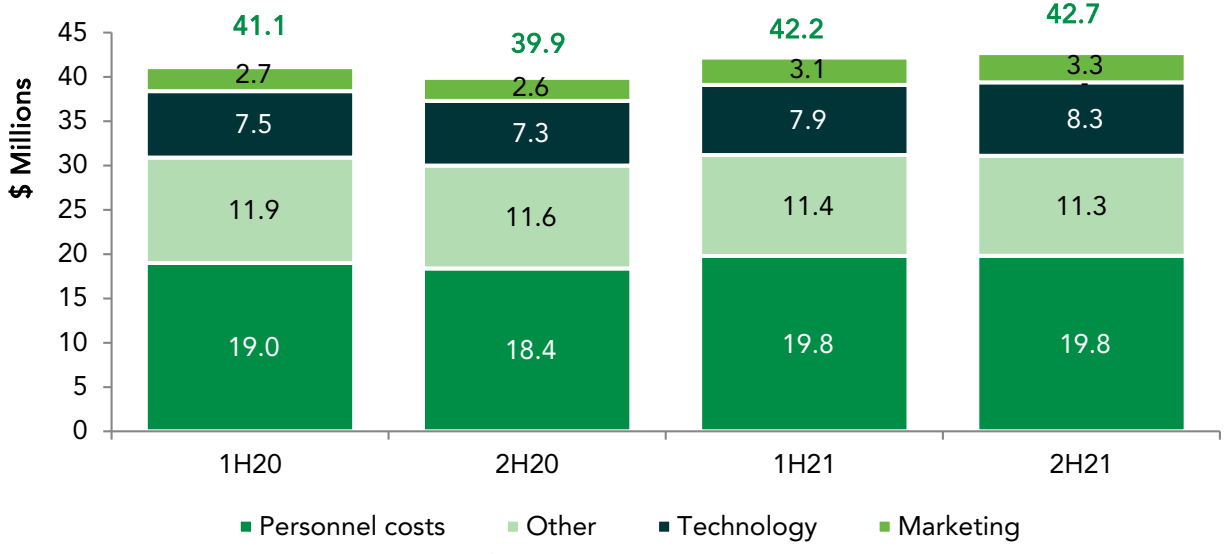
Operating costs reflect investment in digitisation and marketing

- Operating costs (before restructure costs) increased by 4.9% led by increased investment in capability, digitisation and marketing
- Increased investment in marketing of $1.1m, up 22% on pcp
- Restructure costs of $2.6m relate to the closure of branches in Central Queensland and re-organisation of the Wealth business. Savings to be reinvested in growth related initiatives including distribution and customer acquisition related marketing spend
- Personnel costs in 2H20 benefited from the forfeiture of short term incentives due to the impacts of COVID-19

Operating expenditure



Expenditure breakdown



Note: Expenditure breakdown is exclusive of restructure costs

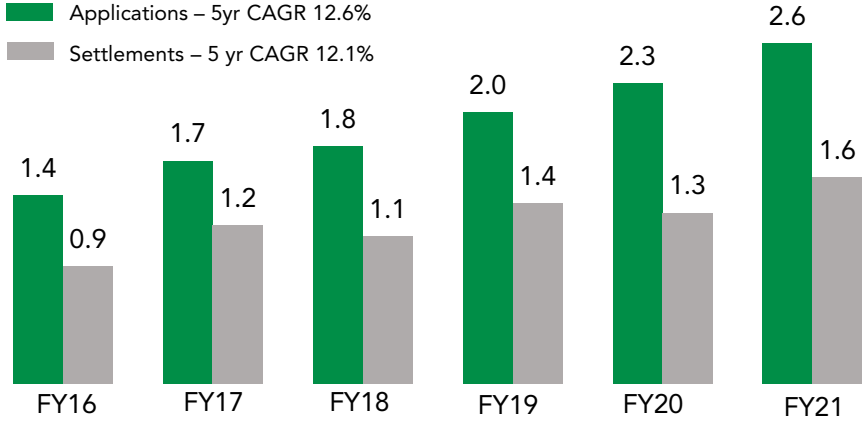
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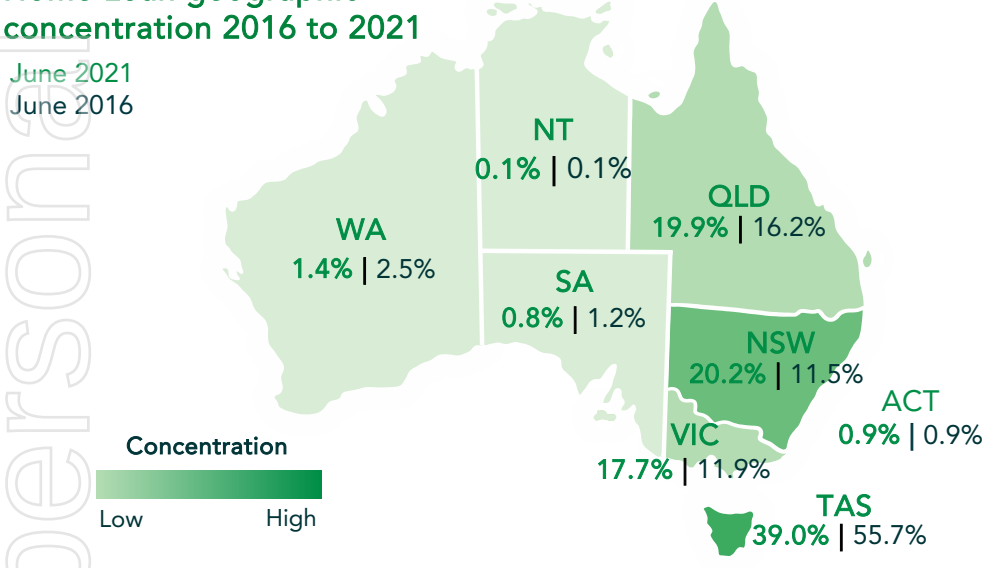
Solid growth, low risk loan book

- Loan book grew well above system during FY21 led by home lending (1.3x system; +6.8% on pcp) with uplift in 2H applications and settlements
- Continued participation in First Home Loans Deposit Scheme (FHLDS)
- Significant momentum running into FY22 with home loan applications up 69% in Q4 FY21 relative to pcp
- Maintaining quality lending growth remains a key focus

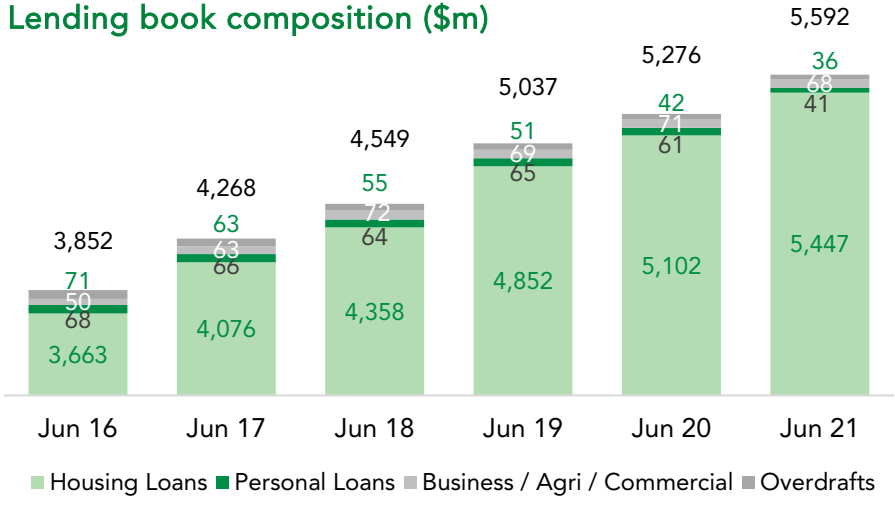
Home loan book – applications and settlements ($b)



Home Loan geographic concentration 2016 to 2021



Lending book composition ($m)



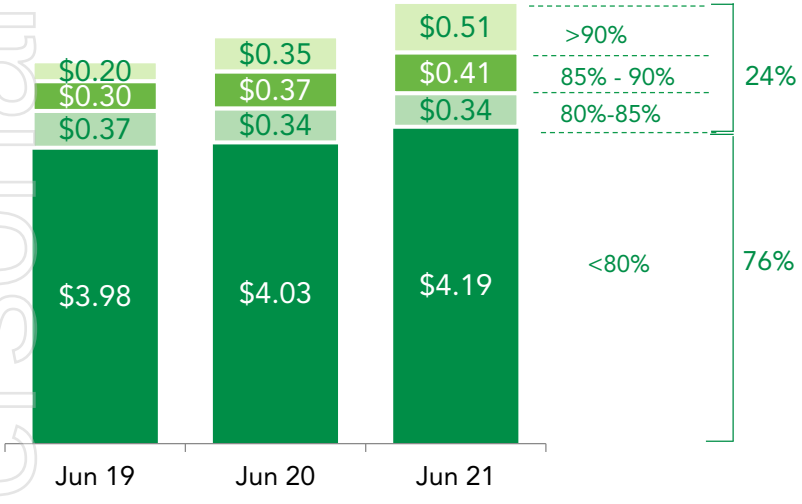
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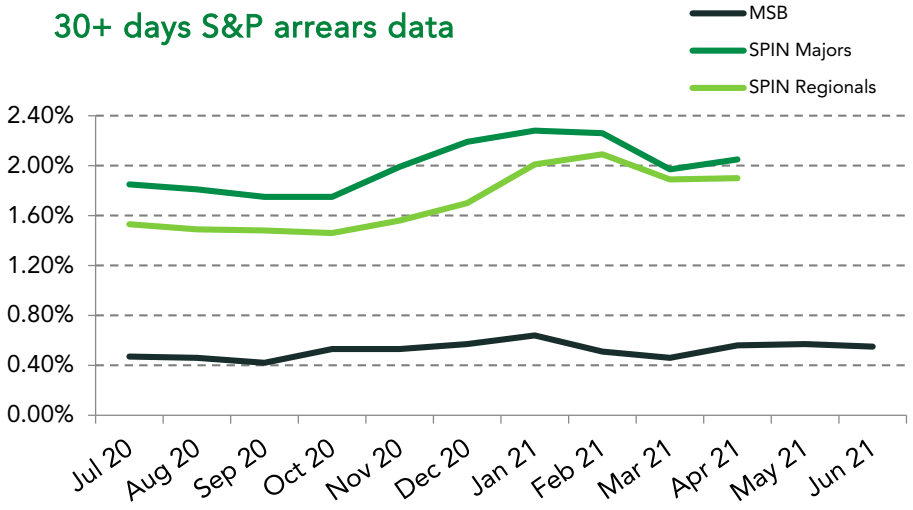
Continued high credit quality

- Continued credit quality underpins balance sheet strength
- Focus on low-risk, owner occupied lending with LVR of less than 80%
- Growth in >90% LVR loans reflects support of Federal Government guaranteed FHLDS
- Loans with prior COVID related assistance currently receiving further assistance only 0.2% of the book

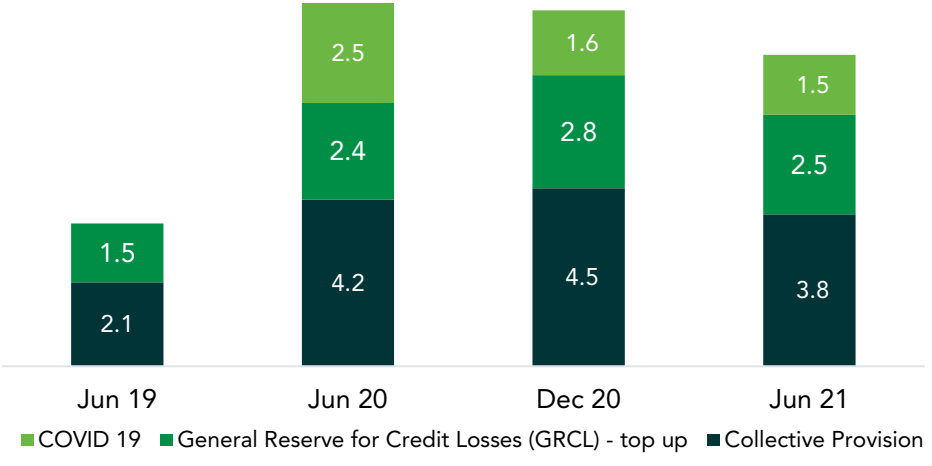
Home loan book - LVR profile ($b)



30+ days S&P arrears data



Total collective provisions and GRCL ($m)



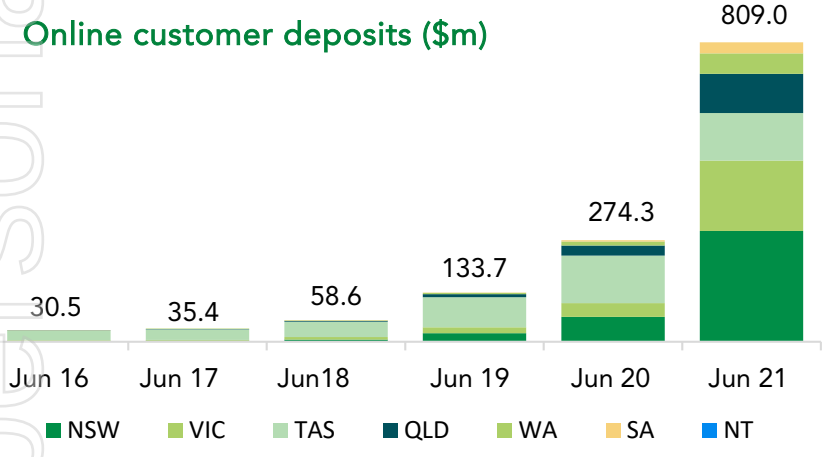
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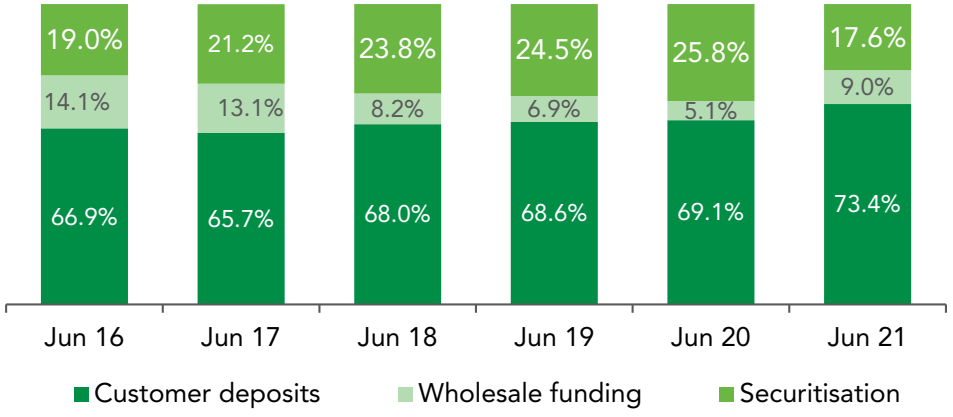
Improved customer funding driven by online acquisition

- Funding mix continues to be enhanced by growth in lower cost 'At call' customer deposits (+49% on pcp)
- Customer deposits grew above system (+13% on pcp) and now represent 73% of the funding mix
- Significant growth in the award winning Bonus Saver Account (+319% on 30 June 2020) driven by digital acquisition of new customers
- Inaugural issue of senior unsecured Medium Term Notes in June 2021 ($50m)
- RBA Term Funding Facility allowance of $184m fully drawn by 30 June 2021
- Securitisation remains an important source of funding

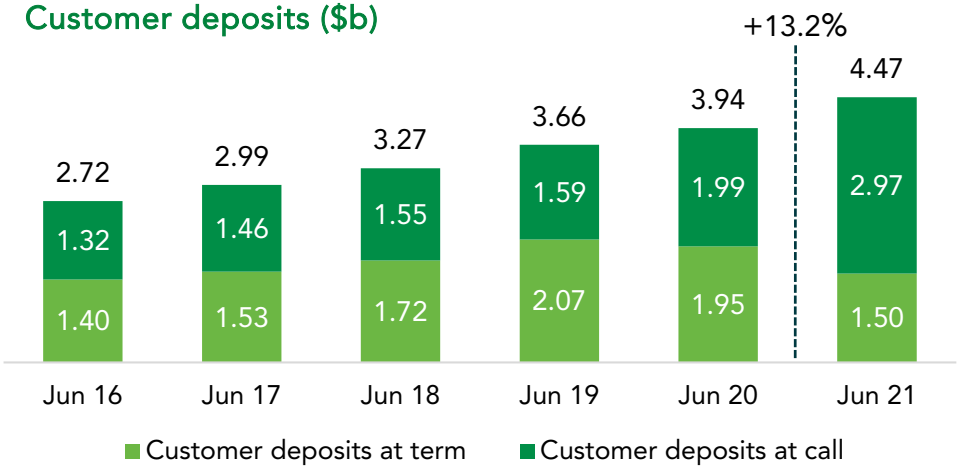
Online customer deposits ($m)



Funding mix (%)



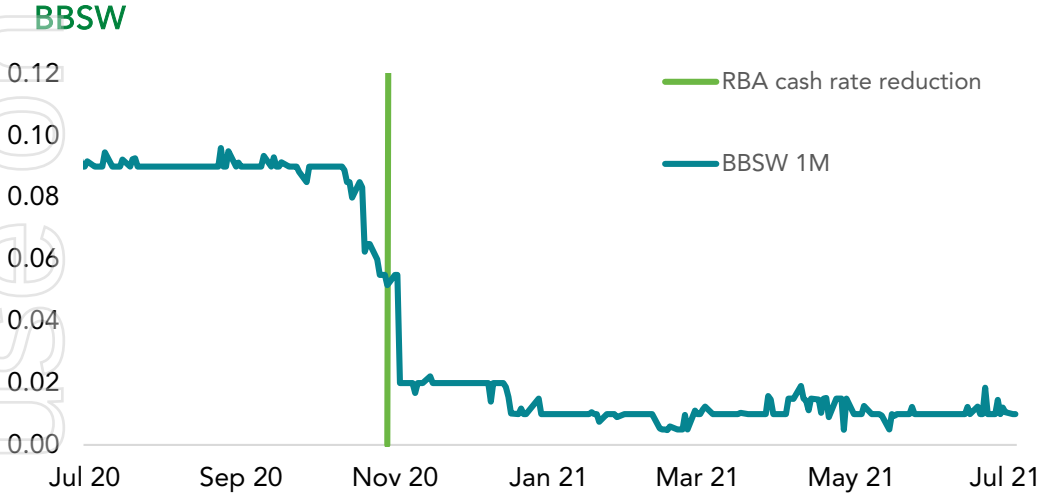
Customer deposits ($b)



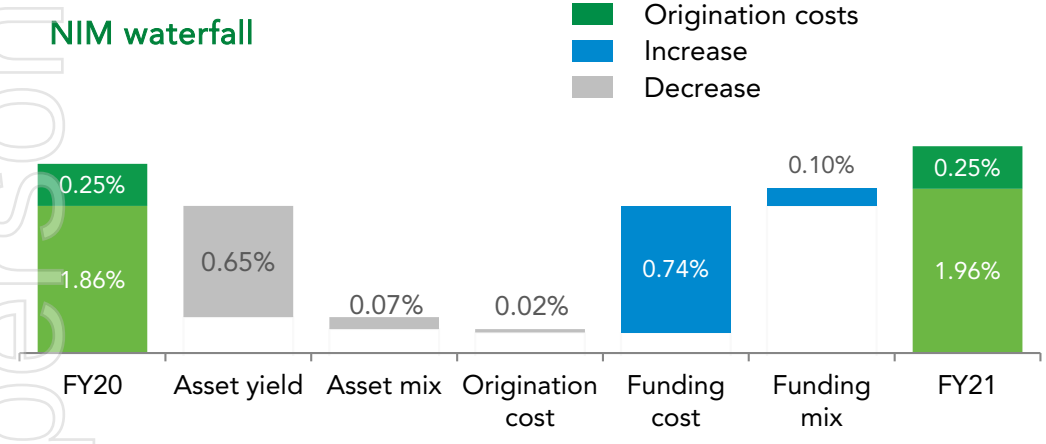
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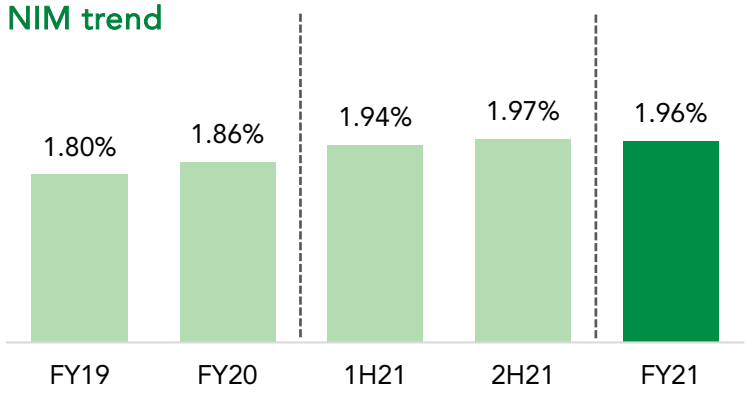
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MSB sees funding costs decrease



- Rapid fall in BBSW and significant decrease in funding costs during FY21
- Net interest margin up 10bps on pcp
- Lending market remains highly competitive
- Lending book growth a result of continued diversification across the eastern seaboard. Personal loans origination ceased

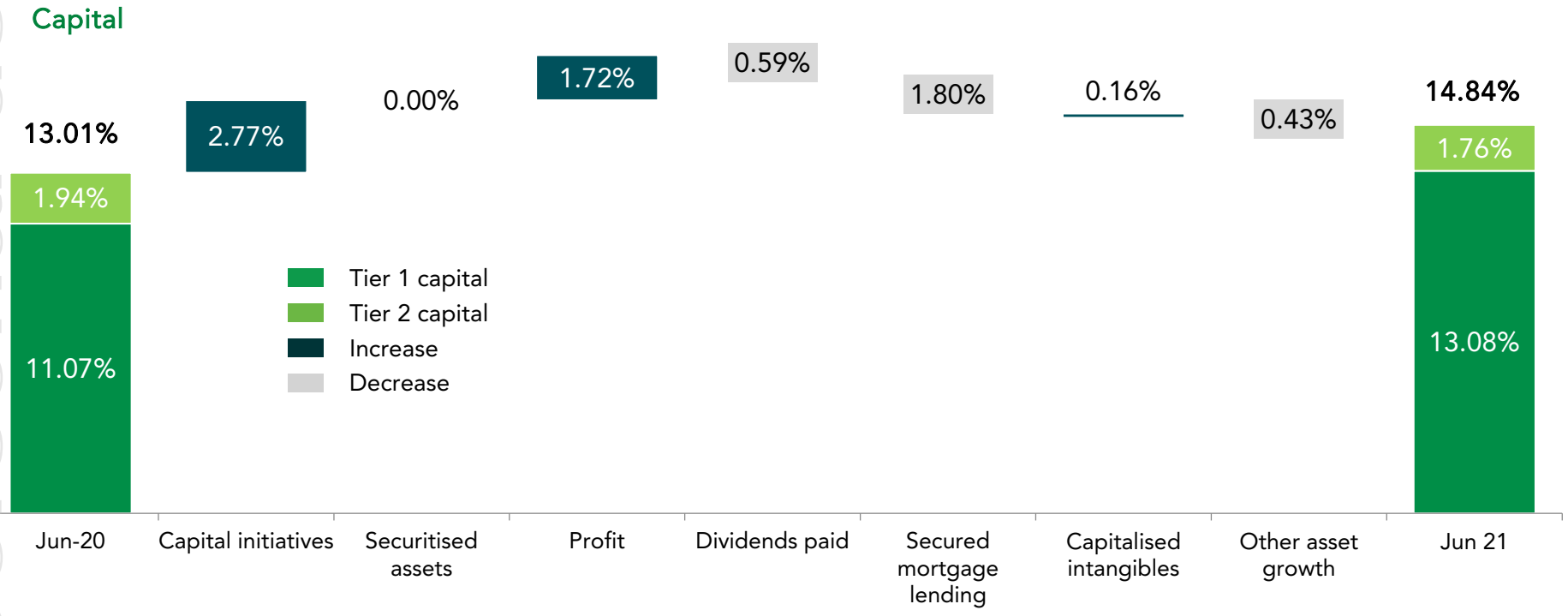




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Capitalised for rapid growth

- Effective capital strategy underpinning growth and investment in digital capability
- Capital raise proceeds of $55.5m to be deployed to rapidly accelerate the execution of MyState's growth strategies
- Capacity for Additional Tier 1 and Tier 2 capital and securitisation to provide further capital flexibility



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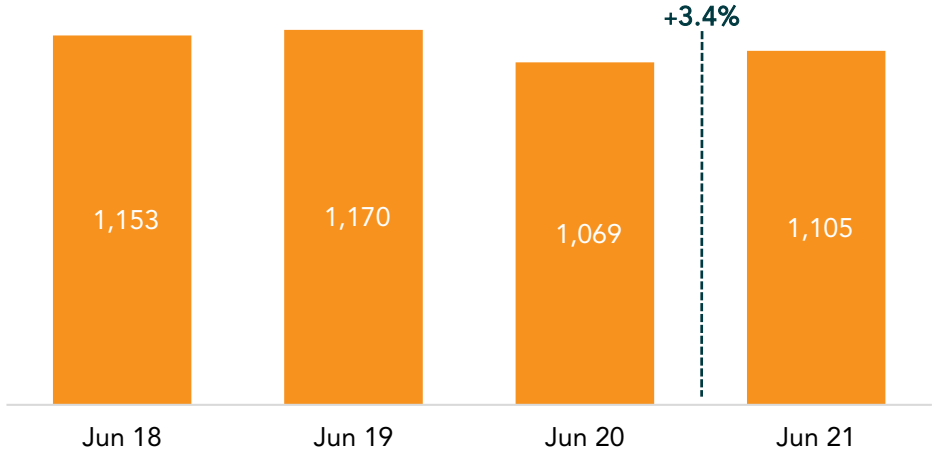
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TPT Wealth positioned for growth

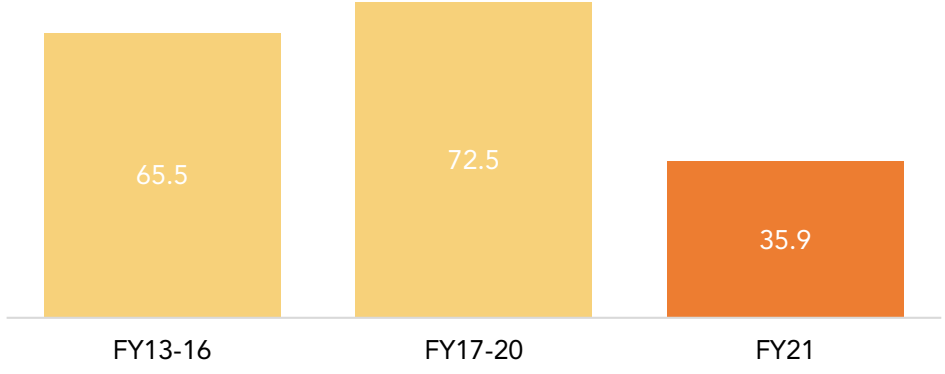
- Distribution capability enhanced to drive growth on the eastern seaboard, to complement the team in the heartland market of Tasmania
- FUM increased 3.4% on PCP to $1.105b driven by income fund growth
- 30% of investors on the new digital portal
- Investment management for growth funds outsourced to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

Superior
SQM RESEARCH

Funds under management ($m)



Net FUM growth ($m)



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Strategy and outlook 03

Melos Sulicich

MyStateLimited

Operating environment creating opportunities

- In a world still feeling the effects of COVID-19, business is adapting to a more volatile environment; regulation, capital requirements, record low interest rates, intense competition and shifting buying patterns are all affecting profitability.
- In this environment, our focus remains on simplifying, automating, improving productivity, investing and innovating to grow retail deposits, home loans and wealth investments.

Economic and industry dynamics	MyState's response
Australian economy rebounds with consumer and business confidence positive	• Continue to grow market share in our heartland • Plans to grow rapidly in eastern seaboard markets
Low credit growth combined with low rates for longer increases importance of scale economies	• Simplified digital product set • Best in class analytics, insights and robotics processes
Competition for new lending remains intense	• Simple and easy origination – speed to decision
Shifting customer preferences towards digital	• 'Human way to bank' with strong digital capability • Leading customer NPS
Regulatory requirements increasing	• Simplified business model reduces complexity • Automation and digitisation reducing error rates
Increasing industry consolidation	• A trusted brand with a deep care for customers

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2025 strategy

Our ambition is to 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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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

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

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

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

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Appendices 04

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MyStateLimited

Digital transformation 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

July 2021
Open Banking ready

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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MyStateLimited

A trusted and respected brand...

MyState is a unique provider of banking, trustee and wealth management services to more than 150,000 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 $530m and has a shareholder base of 61,500.

MyState Bank

MyState Bank is a leading challenger bank with strong digital capability. Since its establishment, it has grown its assets to more than $5.5bn, offers award winning products and has market leading customer satisfaction ratings.

95%* Banking
Lending | Deposits | Transactions

TPT WEALTH

TPT Wealth, a 134 year old business, is one of the oldest providers of wealth 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

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MyStateLimited

...with a long and proud history...



1887
The Perpetual Trustees, Executors and Agency Company of Tasmania Limited commenced trading

1958
First credit unions in the MyState family tree commenced trading:

Claremont Credit Union Glenorchy Credit Union, Launceston Central Credit Union & Savings and Loans

1970
Island State Credit Union commenced business as Postech Credit Union Co-operative Society Limited

1998
Teachers, Police and Nurses Credit Union of Tasmania Limited + Savings and Loans Credit Union Limited merged to become Connect Credit Union Limited

2001
Perpetual Trustees Tasmania merges with Tasmanian Trustees Ltd to form Tasmanian Perpetual Trustees Ltd (ASX:TPX)

2007
Island State CU + Connect Financial CU merged to form MyState Financial

2009
MyState Financial + TPT merged to form MyState Limited (ASX: MYS)

2011
The Rock Building Society joined MyState Limited

2014
MyState Financial becomes MyState Bank

2016
The Rock + MyState Bank merge ADI licenses

2018
MyState single bank brand

2019
Tasmanian Perpetual Trustees rebranded

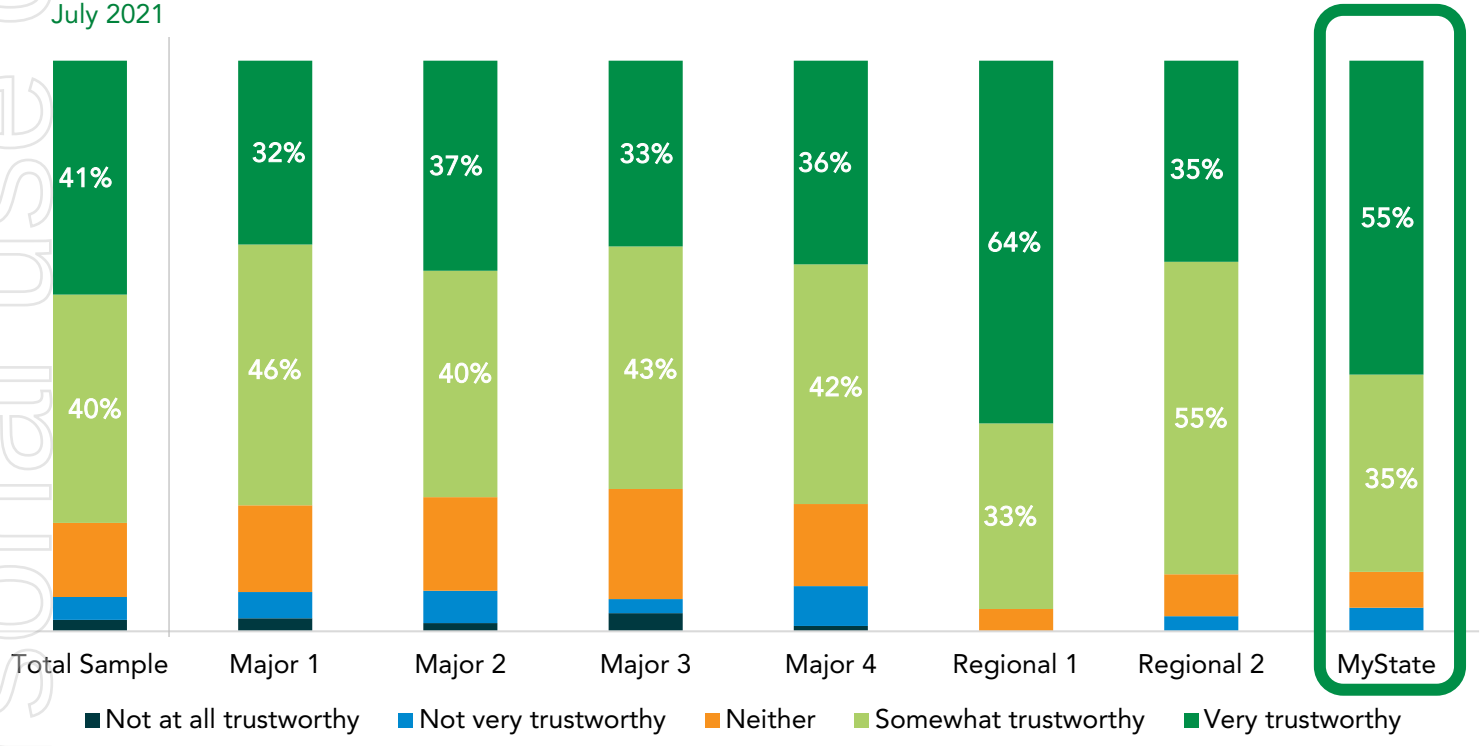
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MyStateLimited

...that has built solid relationships...

Net Trust Score - MyState brand tracking research (Tasmania)

July 2021



- MyState Bank has built on an already excellent position of trust, with its net trust score rising to 86% against a backdrop of falling net trust in banks more broadly[1] [2]
- MyState continues to sit amongst the most trusted banks in the Tasmanian market

1. MyState Brand Tracking Study July 2021, n=676
2. Roy Morgan Single Source (Australia). Risk Monitor, April 2020 – March 2021; n=21,833

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...underpinned by a vibrant organisational culture and capability.

FY21 outcomes delivered

Linking tangible and intangible people assets to organisational value
Significantly increased investment in training and development

Leadership quality and capabilities

- Significant expansion of learning and development experiences
- New leadership development program
- New classification structure and remuneration framework
- Succession plans for critical roles needing a future ready successor

Customer focused organisation

- Introduction of digital hiring, onboarding and learning for employees
- Refreshed corporate values to support our ways of working
- Diversity and inclusion program making equal employment opportunities possible

Future ready workforce capabilities and wellbeing

- New Enterprise Agreement
- Talent and capability uplift
- Virtual learning offerings for targeted and self-paced e-development
- Change management focus to support business growth

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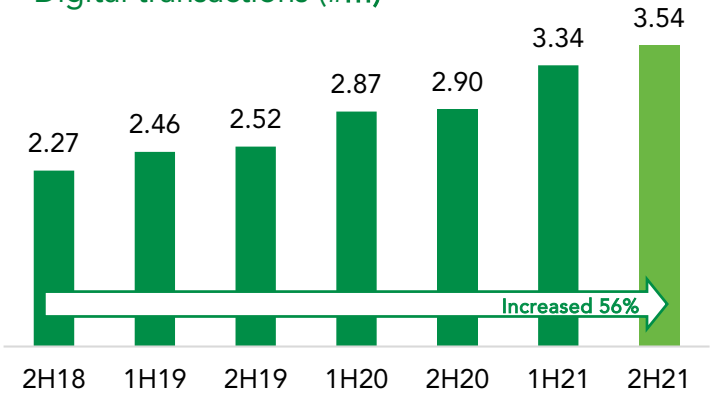
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Digital transformation driving growth

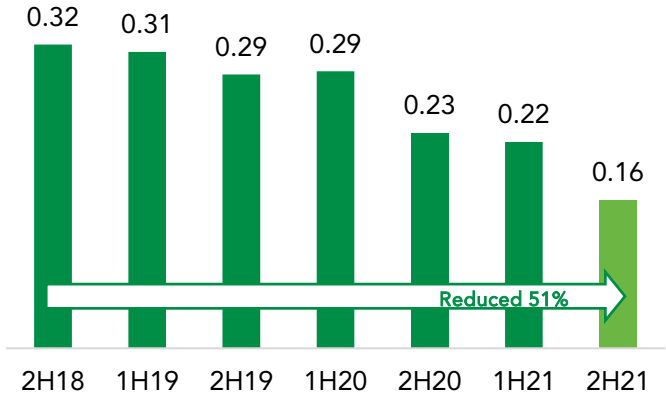
Migration to digital continues

- Customer uptake of internet and mobile banking increasing.
- Digitisation of back office processes increasing scalability and speed.
- Best in class AI insights in MyState Bank app generating over 1.5m insights per month.
- 94% of transactions completed digitally.
- Bonus Saver awarded 5 Stars by Canstar and Mozo Experts Choice Award.
- Digitisation strategy is growing our customer base with very high customer satisfaction.

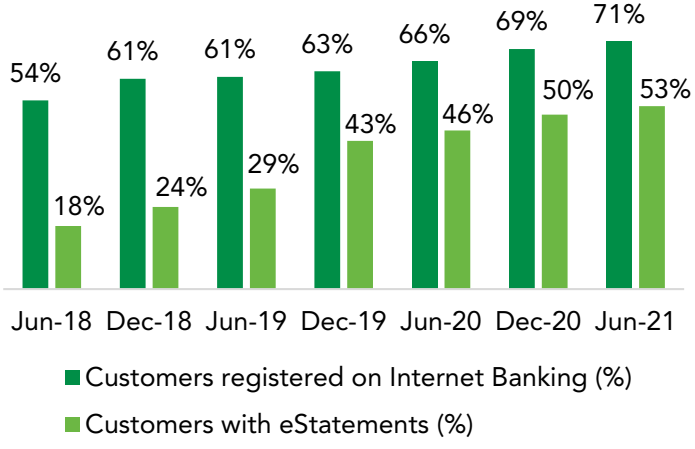
Digital transactions (#m)[1]



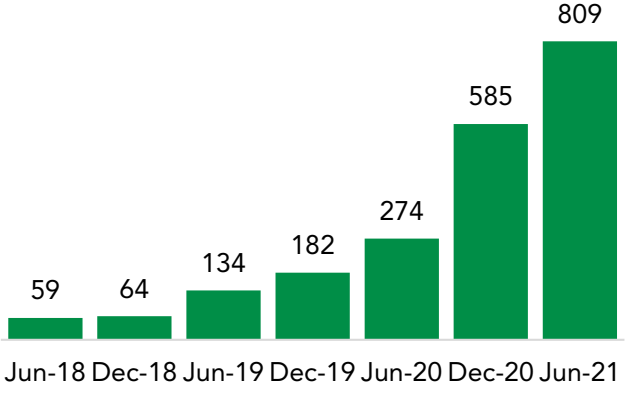
Branch transactions (#m)[1]



Customers registered with IB & eStatements



Online customer deposits ($m)

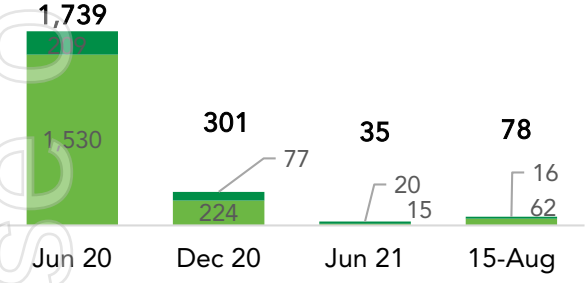


1. rolling 6 months

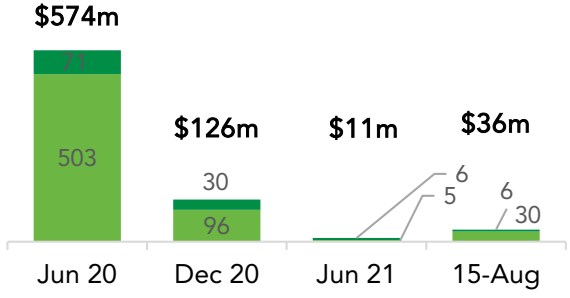
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Mortgage assistance

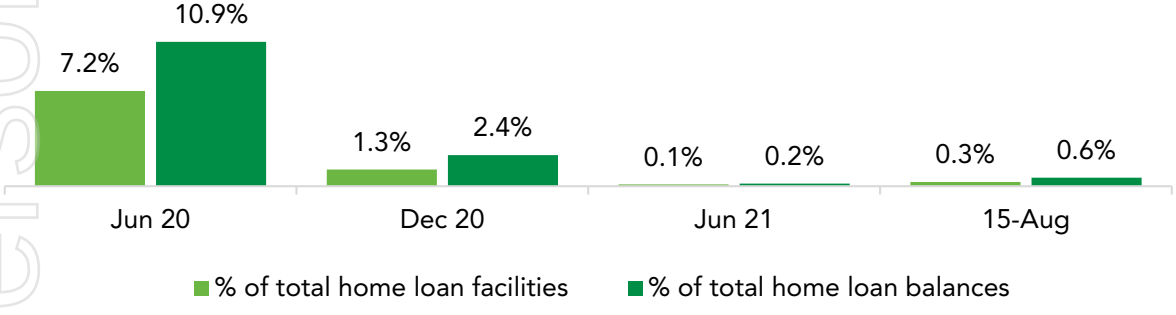
Total loans with assistance
(facilities, no.)



Total loans with assistance
(balances, $m)



Home lending assistance profile
% of total home loan assistance balances



Financial assistance[1]

- At 30 June a very small number of accounts remained in deferral (35 customers; 34 home loans and 1 personal loan)
- At 30 June just 0.2% of the mortgage portfolio is receiving some form of assistance, with only 0.09% on payment deferrals
- As at 15 August, 78 loans are receiving some form of assistance, with 56 of these related to the latest Delta COVID-19 outbreak and resulting lockdowns across Australia

1. Data relates to financial assistance provided during COVID -19

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MyState in the community



MyState Bank Arena

3 year naming rights sponsorship of the new home of entertainment and sport in Tasmania.

JackJumpers NBL team

Joined forces with the JackJumpers to make genuine community connections all around Tasmania.



Football Tasmania

Naming rights sponsor of the Women's Super League and statewide referees. Support for all junior Football programs.



MyState Bank Student Film Festival

Nurturing and celebrating the creative and storytelling skills of Tasmanian students.



MyState Foundation

Celebrating 20 years of supporting the community. Over $2.4m in grants provided to not-for-profit organisations.



More support

Support for programs including UTAS scholarships, Cape Hope Foundation and Tour de Cure.

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MyStateLimited

Recovering economic environments



Tasmanian economic recovery well advanced

State final demand	TAS economic growth strongest of all the states	+2.9% YoY
Unemployment Rate		4.5%
Retail spending	Positive growth lending support to local businesses	+2.4% YoY
House price growth	Property prices soar to record levels	+21.9% Dwelling value growth YoY
Home building activity	Solid investment driven by construction blitz and HomeBuilder programs.	+43.7% YoY
Tourism	Bouncing back as campaigns and accessibility drive tourist average spend	+29.0% YoY



Australian economy also recovering

GDP	Positive economic growth despite continued easing of COVID-19 restrictions	+1.1% YoY
Unemployment Rate		4.9%
Retail spending	Positive despite continued snap lockdowns	+2.9% YoY
House price growth	Fastest pace in 17 years	+16.1% Dwelling value growth YoY
Home building activity	Solid commencement growth with a strong pipeline	+48.9% YoY
Tourism	Marketing campaigns employed to boost domestic tourism growth	'Holiday Here This Year' Successful campaign promoting domestic tourism

Economic data sourced from ABS, CommSec and Tourism Tasmania
- SFD as at 2 June 2021; Retail sales as at 5 July; Dwelling commencements as at 3 August
- CoreLogic dwelling values as at 1 August; Tourist Visitor Survey http://www.tvsanalyser.com.au/

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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

Glossary

Investor presentation Full Year 2021

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