



Investor presentation

Full year 2022

MyStateLimited 

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Brett Morgan
Managing Director & CEO

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Financial results

Gary Dickson
Chief Financial Officer

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Brett Morgan
Managing Director & CEO

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Overview and highlights

Brett Morgan
Managing Director & CEO

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2025 growth strategy recap

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

MyStateBank 

To help
people
achieve
their
dreams

TPT 
WEALTH

Everyday banking

Core offering

- Transaction accounts
- Saving accounts
- Term deposits

Lending

- Home Loans
- Investment Loans

Asset Management

- Mortgage funds
- Commercial lending

Trustee Services

- Wills & Estate planning
- Estate administration
- Charitable trusts

Key channels Distribution & service

Digital
Branches (TAS)
Contact centre

Brokers
Mobile lenders (TAS)
Digital
Contact centre

Relationship managers
Digital
Asset consultants

Direct

Our people and values underpin our strategy

Create customer 'wow'
Chase the better
Collaborate to win



FY22 highlights

\$6.8b

Home loan book
+25.5%. Over 3.0x system

\$5.6b

Customer deposits
Strong growth of +25.1%

\$32.0m

NPAT
Second highest on record

0.41%

30 day arrears
Considerably below industry
benchmarks

+14.8%

New to bank customer growth
Strong uplift in new customers

\$354m







TPT commercial loan book
Growth of 33.9%

+43 Net Promoter Score | Strong customer advocacy



Note: All figures compare FY22 to FY21 as the previous corresponding period (pcp) unless otherwise indicated. All amounts shown represent statutory results unless otherwise stated.

Executing on our growth strategy

	 Customers	 Business	 Milestones	 People
 MyStateBank	<ul style="list-style-type: none"> ✓ New customer growth + 14.8% ✓ Net Promotor Score +43 ✓ Digital transactions ~96% 	<ul style="list-style-type: none"> ✓ Loan settlement growth + 93% ✓ Customer deposit growth + 25.1% ✓ Home loan growth + 25.5% 	<ul style="list-style-type: none"> ✓ Business development team in place ✓ Multi-award winning lending business ✓ Multi-award winning deposit business 	<ul style="list-style-type: none"> ✓ Launched our growth strategy ✓ New values embedded ✓ Increased employee engagement score from 64% to 71%
 TPT WEALTH	<ul style="list-style-type: none"> ✓ Estates managed +40% ✓ Increase in investor returns from direct lending asset allocation +51bps 	<ul style="list-style-type: none"> ✓ Operating income increase +8.8% ✓ TPT Commercial loan book growth +33.9% ✗ FUM growth -3.9% 	<ul style="list-style-type: none"> ✓ Commercial lending & investment team in place ✓ Principles of Responsible Investing in place 	

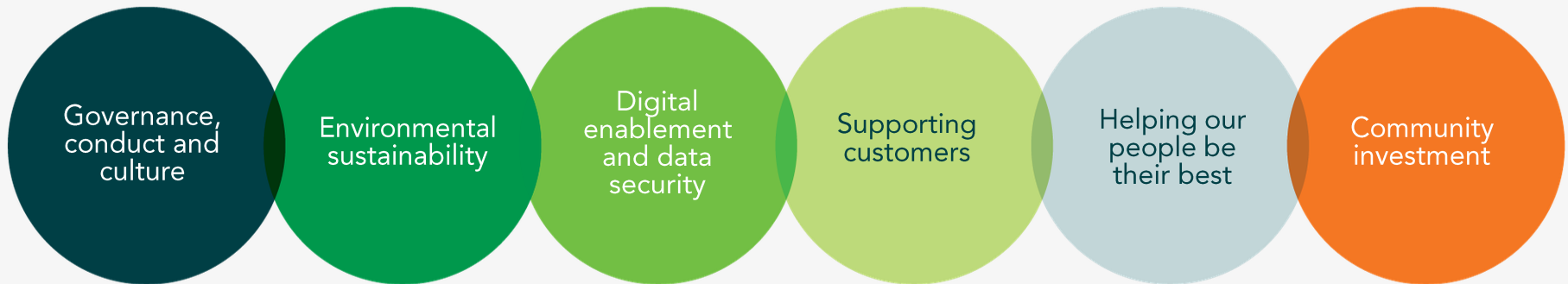
Shareholder

Second highest NPAT on record | Bottom line FY22 earnings, ROE & EPS impacted by investment in growth | Operating scale to follow



Increasing investment in ESG

The 6 ESG topics that matter most to us:



FY22 progress

For MyState, being sustainable is about how we create value for our stakeholders over the long-term

Environmental

- Inaugural Task Force on Climate-related Financial Disclosure (TCFD)
- Significant emphasis on digital communication with customers

Social

- Continued enhancement of support for customers experiencing vulnerability due to circumstances such as financial hardship, family violence, elder abuse and scams
- Diversity ratios:
 - 46% of all leadership roles filled by women
 - 33% of Board Directors are women
 - 38% of the Executive team (direct reports to the CEO) are women

Governance

- Creation of an ESG Committee and ESG working groups with oversight from the MYS Board
- TPT Wealth membership of the United Nations Principles for Responsible Investing (PRI)
- Majority of MYS Board independent



Focusing on community



MyState Bank Arena

Naming rights sponsorship of the new home of entertainment and sport in Tasmania.



MyState Foundation

Over 20 years of supporting the community. Over \$2.5m in grants provided to not-for-profit organisations.



JackJumpers NBL team

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



MyState Bank Student Film Festival

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



Football Tasmania

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



More support

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





Financial results

Gary Dickson
Chief Financial Officer

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FY22 financial performance

- Total operating income up \$1.7m (+1.2%) on pcg
- NPAT down 11.9% to \$32.0m (second highest on record)
- Cost to Income ratio increased to 68.4% reflects up front investment in growth initiatives
- EPS and ROE diluted as capital raised in June 2021 has been fully deployed to support lending growth
- Final dividend of 11.5 cps, equating to a payout ratio of 79.2%, at the top end of the Board's target range

	FY22	FY21	Change (v FY21)		1H22	2H22	2H v 1H Change
Total operating income (\$m)	140.2	138.5	1.2%	▲	71.0	69.2	-2.5%
Pre-provision operating profit (\$m) ¹	44.3	53.6	-17.4%	▼	22.2	22.1	-0.1%
Statutory net profit after tax (\$m)	32.0	36.3	-11.9%	▼	16.6	15.4	-7.2%
Statutory earnings per share (cps)	30.3	39.2	-22.6%	▼	15.8	14.5	-7.5%
Net interest margin (%) (annualised)	1.67%	1.96%	-29bps	▼	1.77%	1.57%	-20bps
Cost-to-income ratio (%) ²	68.4%	61.3%	+710bps	▲	68.8%	68.0%	-80bps
Total capital ratio (%)	12.4%	14.8%	-243bps	▼	13.8%	12.4%	-140bps
CET1 ratio (%)	10.5%	13.1%	-255bps	▼	11.6%	10.5%	-110bps
Return on average equity (%)	7.7%	10.3%	-261bps	▼	8.0%	7.4%	-67bps
Return on tangible equity (%)	9.9%	14.1%	-417bps	▼	10.2%	8.9%	-125bps
Dividend—fully franked (cps) ³	24.00	25.50	-1.5cps	▼	12.50	11.50	-1.0cps
Credit performance - 30 day arrears (%)	0.41%	0.55%	-14bps	▼	0.47%	0.41%	-6bps

Note: All figures compare FY22 to FY21 as the previous corresponding period (pcg) unless otherwise indicated. All amounts shown represent statutory results unless otherwise stated.

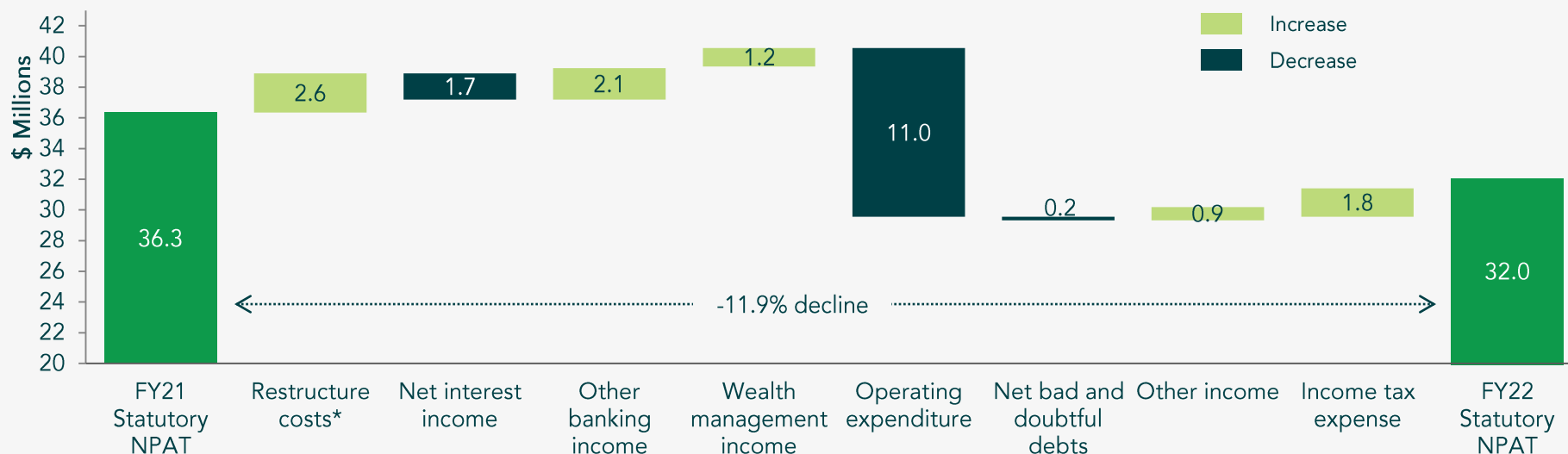
A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation and totals may vary slightly due to rounding.



1. Operating profit before restructure costs, bad & doubtful debts expense and income tax expense
2. Excludes restructure costs in FY21
3. Final dividend of 11.50cps payable to shareholders on the register at the record date of 19 August 2022

Second highest NPAT on record

Net profit after tax



- NPAT second highest on record although decreased 11.9% on FY21
- Net interest income down 1.5% on pcp a result of lower NIM reflecting the competitive market dynamics for home loans, partly offset by lower funding costs and above system home loan book growth
- Other banking income up 16.6% on pcp due to loan related transaction fees, reflecting the accelerated growth of the loan book
- Wealth management income up 8.8% on pcp driven by Trustee Services related income
- Significant growth related investment in marketing and brand building contributing to the overall increase in operating expenditure, with an uplift of \$3.9m or 61.0% on pcp to support customer and lending growth

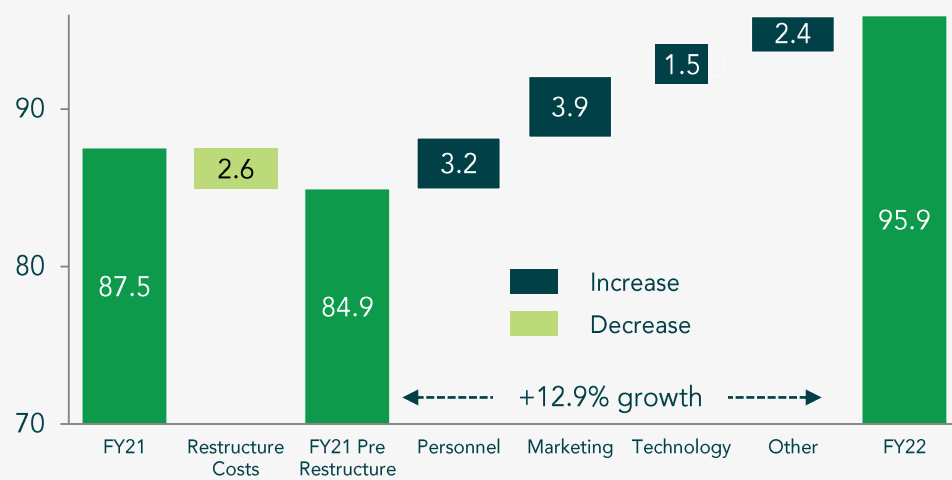


* Restructure costs pre tax of \$2.6m in FY21 related to the closure of branches in Central Queensland and re-organisation of the Wealth business. Savings have been reinvested in growth related initiatives including distribution and customer acquisition related marketing spend

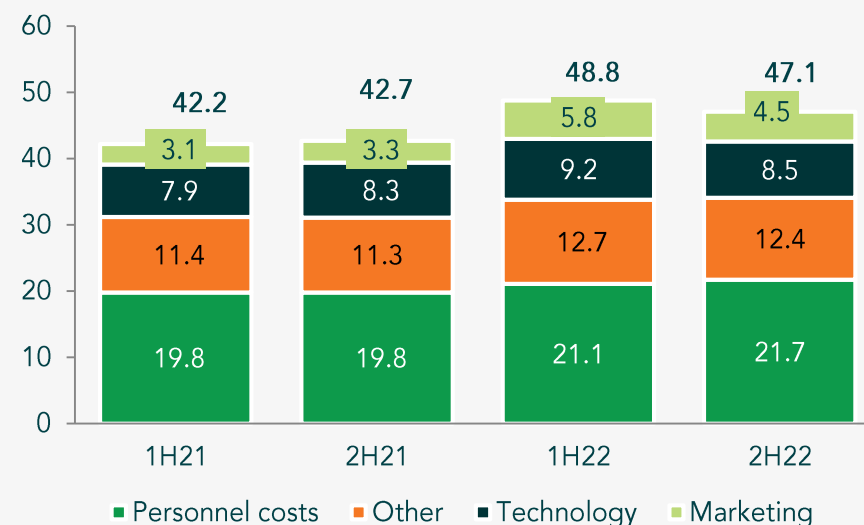
Investment in growth reflected in operating costs

- Operating costs increased by 12.9% led by investment in marketing and brand awareness and corresponding higher lending and deposit volumes
- Higher personnel costs reflective of investment in growth related roles, primarily distribution and operations
- Marketing up \$3.9m or 61.0% on pcp due to investment in building the MyState brand on mainland Australia and customer focused activities
- Uplift in Other expenses primarily volume related
- 2H22 expenditure 3.5% lower than 1H22

Operating expenditure \$m



Expenditure breakdown \$m



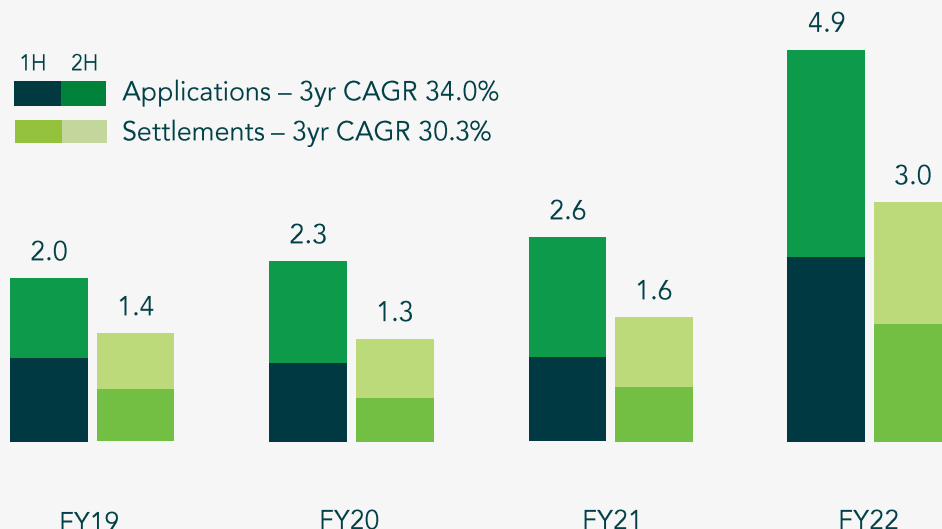
Note: Expenditure breakdown is exclusive of restructure costs



Growth in settlements driving loan book growth

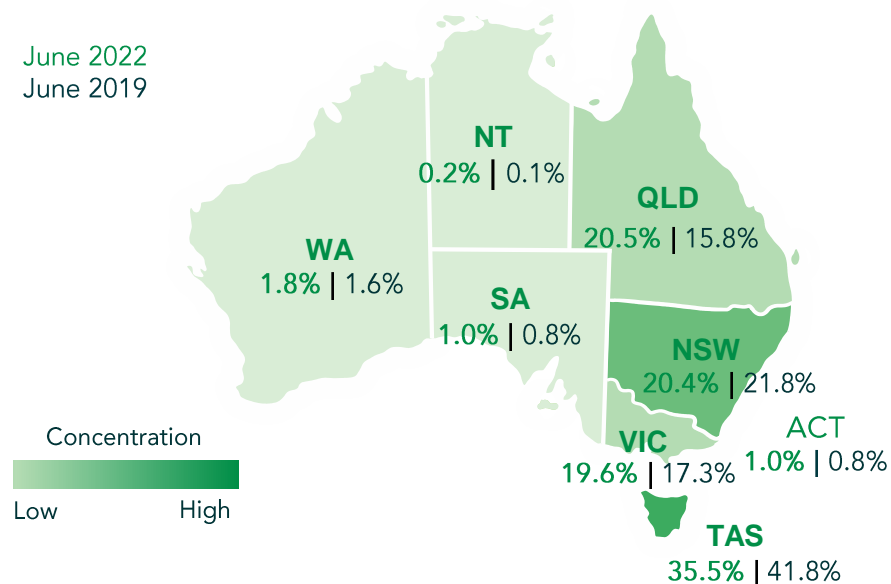
- Home loan settlements of \$3.0bn were up 93% on pcp
- Significant momentum running into FY23 with Q4 home loan applications up 63% on pcp
- Home loan book comprises 98% of lending assets
- Maintaining quality lending growth remains a key focus

Home loan book – applications and settlements (\$b)

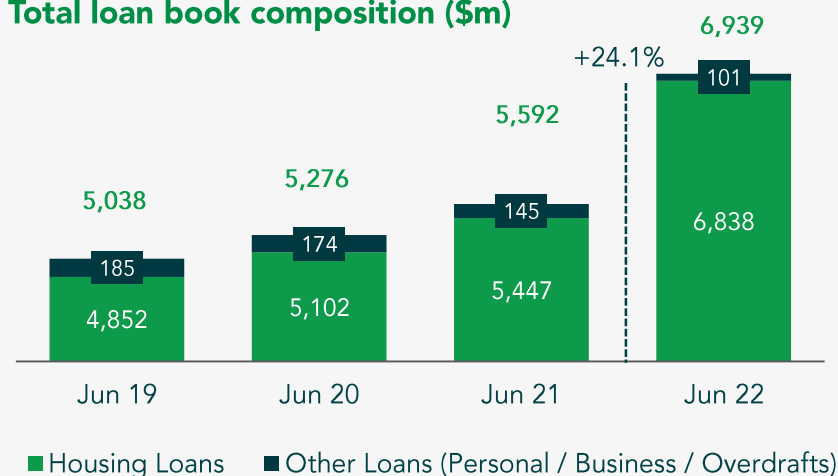


Home Loan geographic concentration 2019 to 2022

June 2022
June 2019

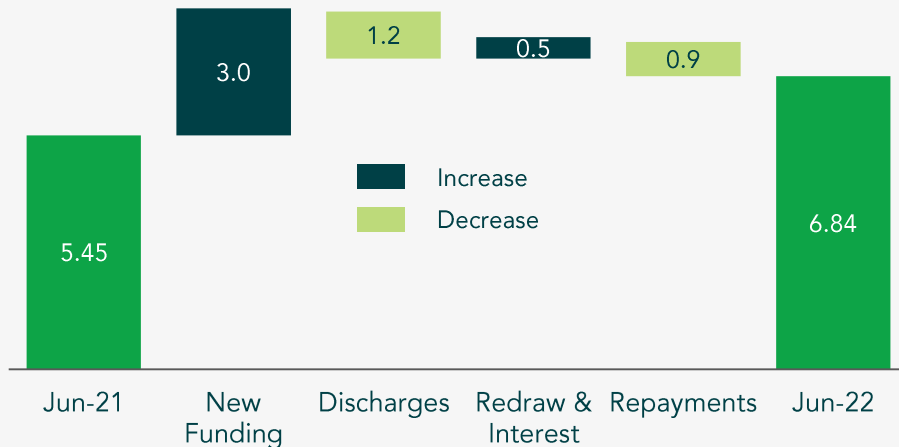


Total loan book composition (\$m)



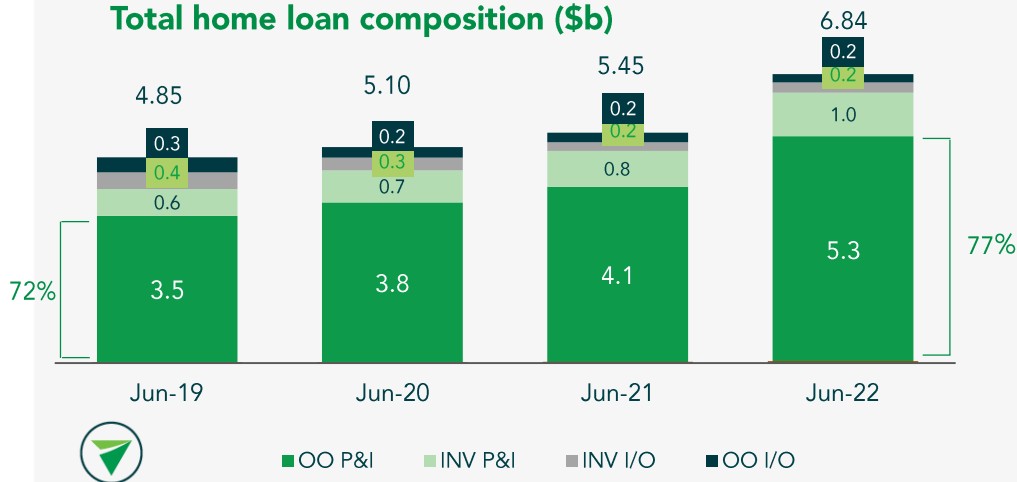
Accelerated home loan book growth

Loan balance & lending flows (\$b)

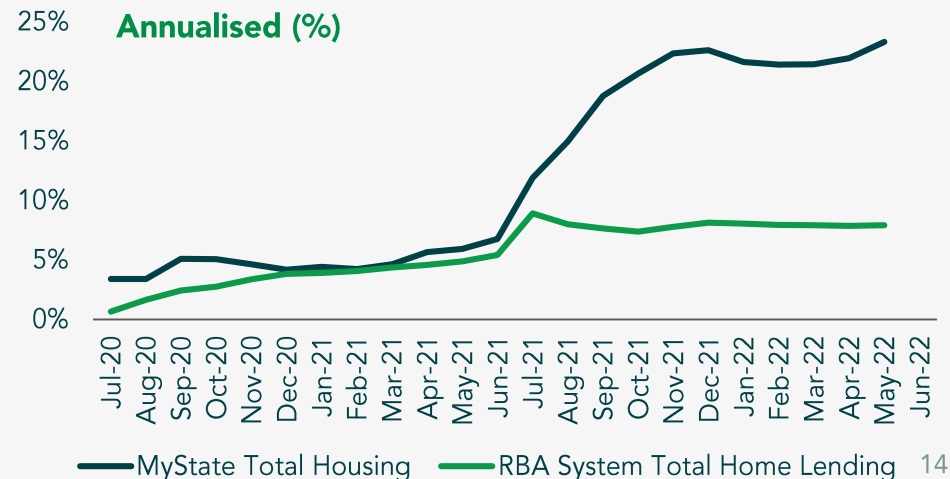


- Growth driven by lower risk owner occupied P&I lending with LVR <80%
- Fixed rate lending as a proportion of total flow was 24.5% in FY22 (1H22: 34% & 2H22: 15%) reflective of the rising rate environment. Fixed rate flow was 28% pcp.
- Run-off remains a sector wide challenge. MyState run-off of c.\$1.9bn was 33% higher than pcp (\$1.4bn)
- Home loan book grew well above system in FY22 (+25.5% on 30 June 2021, over 3.0x system)

Total home loan composition (\$b)



MyState home loan growth Annualised (%)



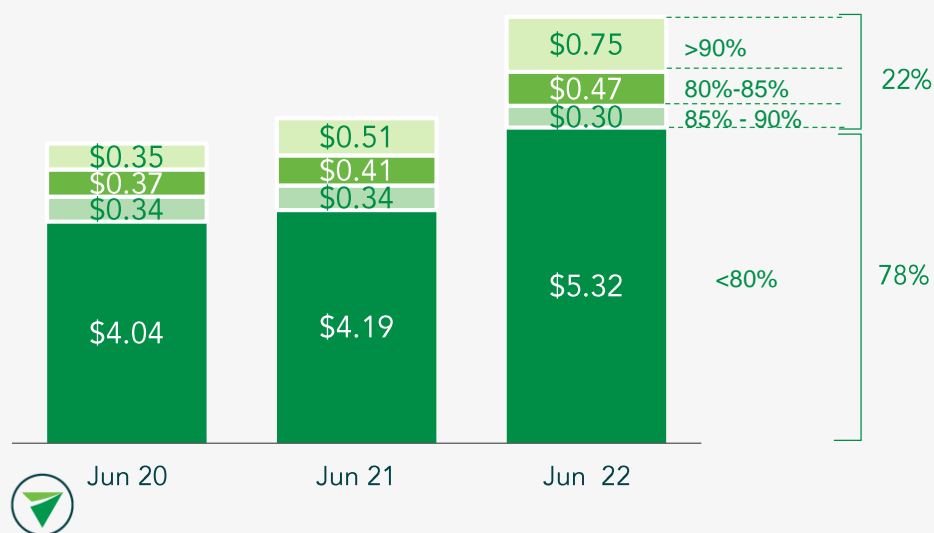
■ OO P&I ■ INV P&I ■ INV I/O ■ OO I/O

— MyState Total Housing — RBA System Total Home Lending

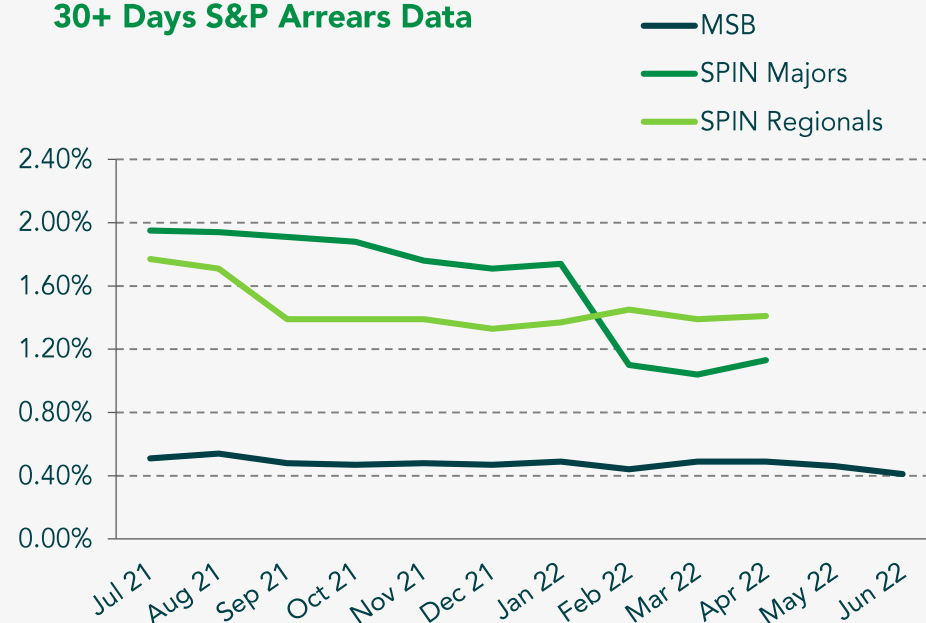
Continued high credit quality

- Maintaining quality lending growth underpins our balance sheet strength
- Our focus is on low-risk, owner occupied lending with a LVR of less than 80%
- Growth in >90% LVR loans reflects support of Federal Government guaranteed First Home Loan Deposit Scheme
- There are no longer any loans receiving COVID related assistance
- Dynamic LVR 55.2% at 30 June 22

Home loan book - LVR profile (\$b)



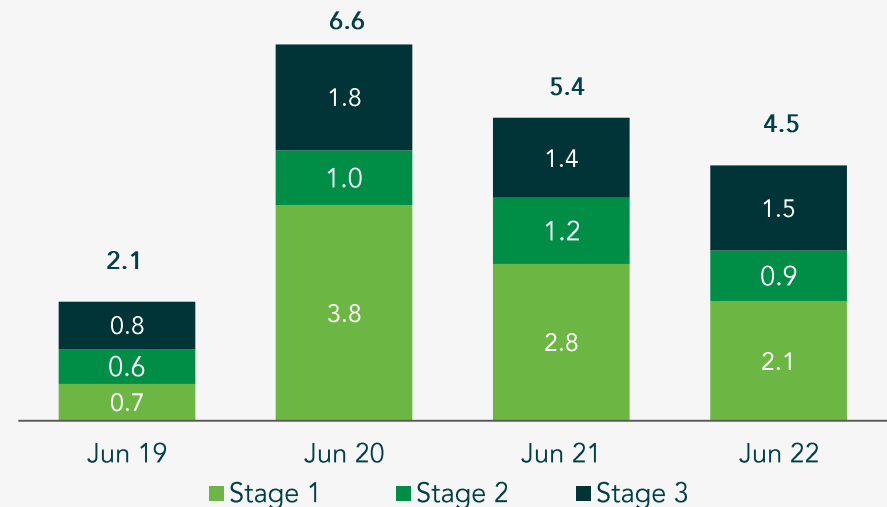
30+ Days S&P Arrears Data



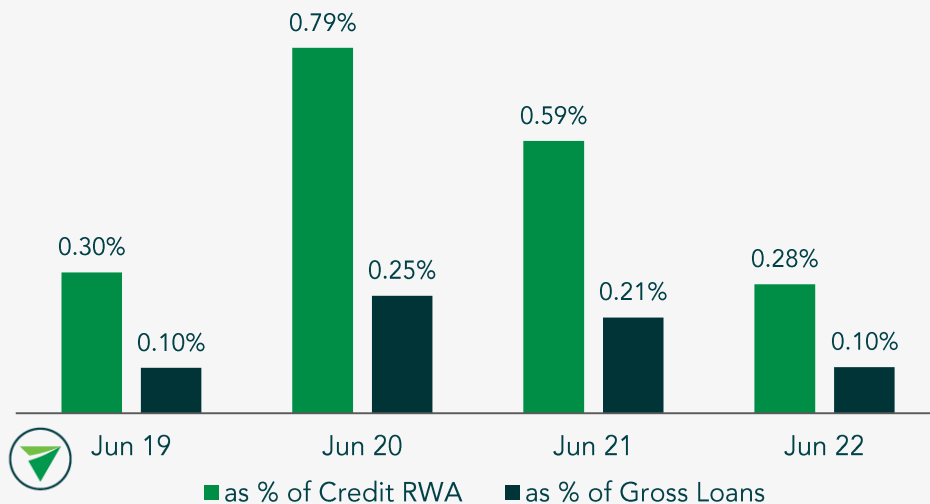
Loan provisioning

- Decrease in Total collective provisions consistent with lower arrears and a reflection of the credit quality of the lending book
- Forward looking overlay of \$0.9m unchanged from 31 December 2021 reflecting no customers being on COVID-19 related assistance and the uncertain economic outlook
- Majority of the General Reserve for Credit Losses (GRCL) transferred to retained earnings following the adoption of APS220 on 1 January 2022
- Provision coverage ratios are consistent with pre COVID-19 levels

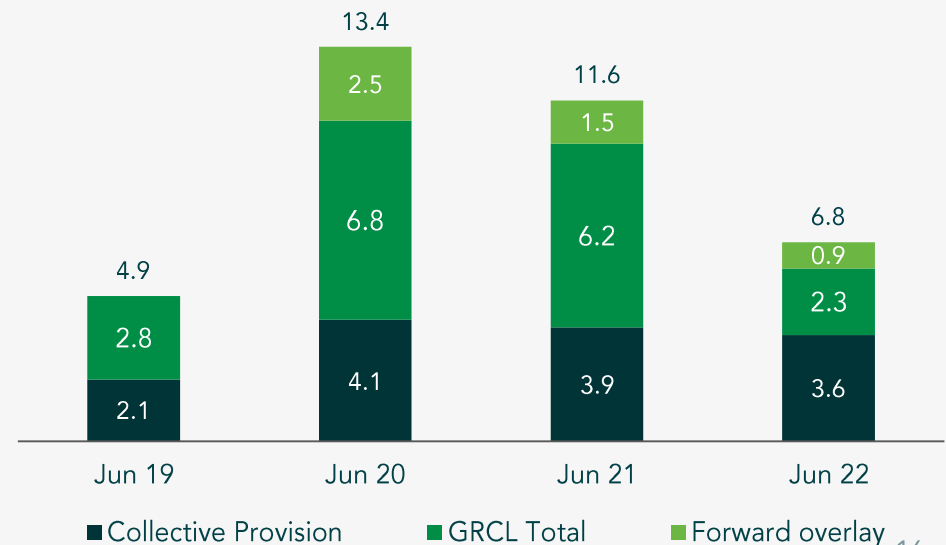
Credit provisions (\$m)



Total Provision Coverage Ratio
(Collective and GRCL)



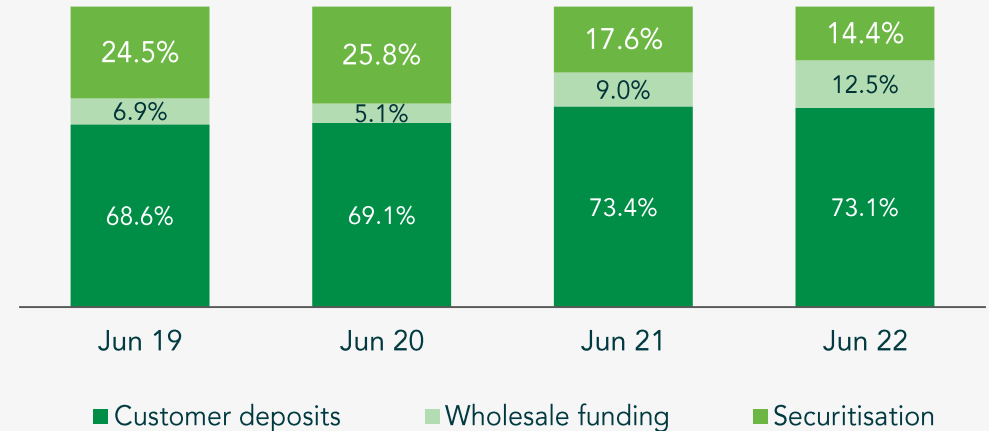
Total collective provisions and GRCL (\$m)



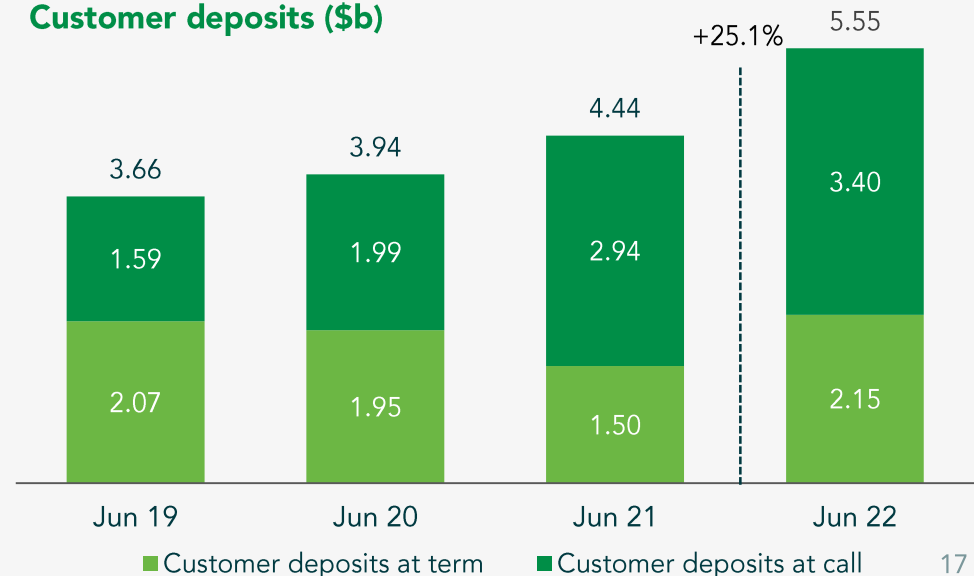
Continued growth in customer funding

- Customer deposits grew above system (+25% on pcp) and represent 73% of the funding mix
- Continued growth in the award winning Bonus Saver Account (+20% on 30 June 2021) driven by digital acquisition of new customers
- Customers started to move towards term style products in 2H FY22 in response to the rising interest rate environment
- Issue of senior unsecured Medium Term Notes in June 2021 (\$50m) and November 2021 (\$100m)
- Securitisation remains an important source of funding and provides additional capital flexibility

Funding mix (%)



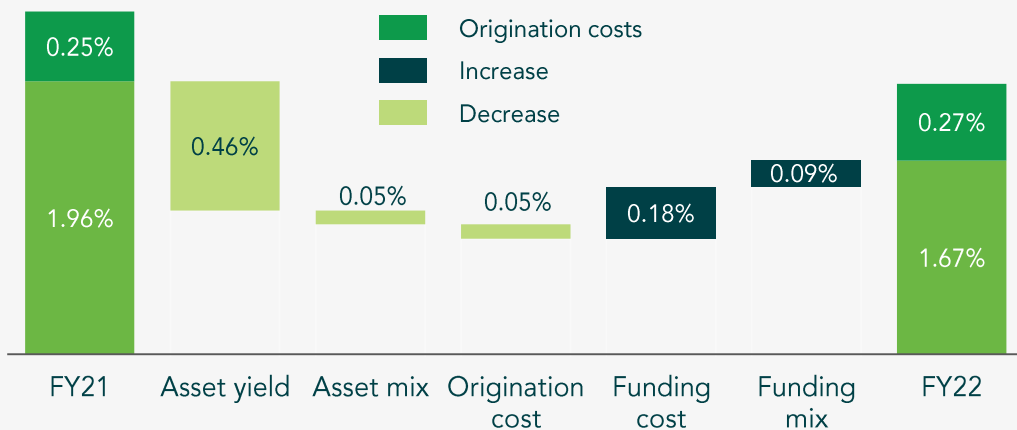
Customer deposits (\$b)



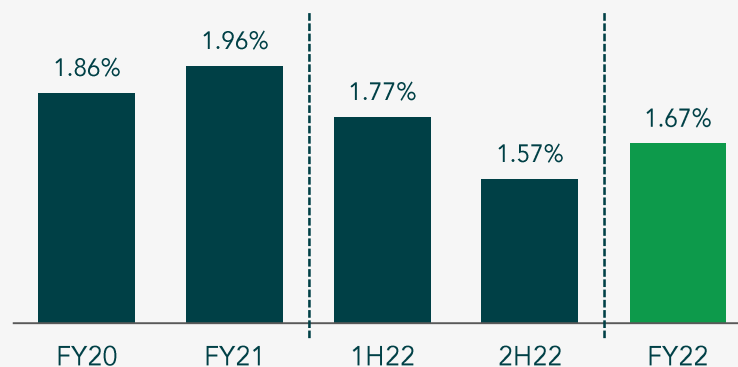
NIM decline a reflection of market competition

- Net interest margin down 29bps on pcpr, reflecting growth in the home loan book and portfolio mix
- Lending market still remains highly competitive due to refinance incentives driving customer switching and retention discounting
- Funding cost benefits evident in FY21 continued but have plateaued from 2Q FY22
- Exit NIM in June 2022 was 1.57% (June 2021: 1.89%) in line with average NIM for the second half

NIM waterfall



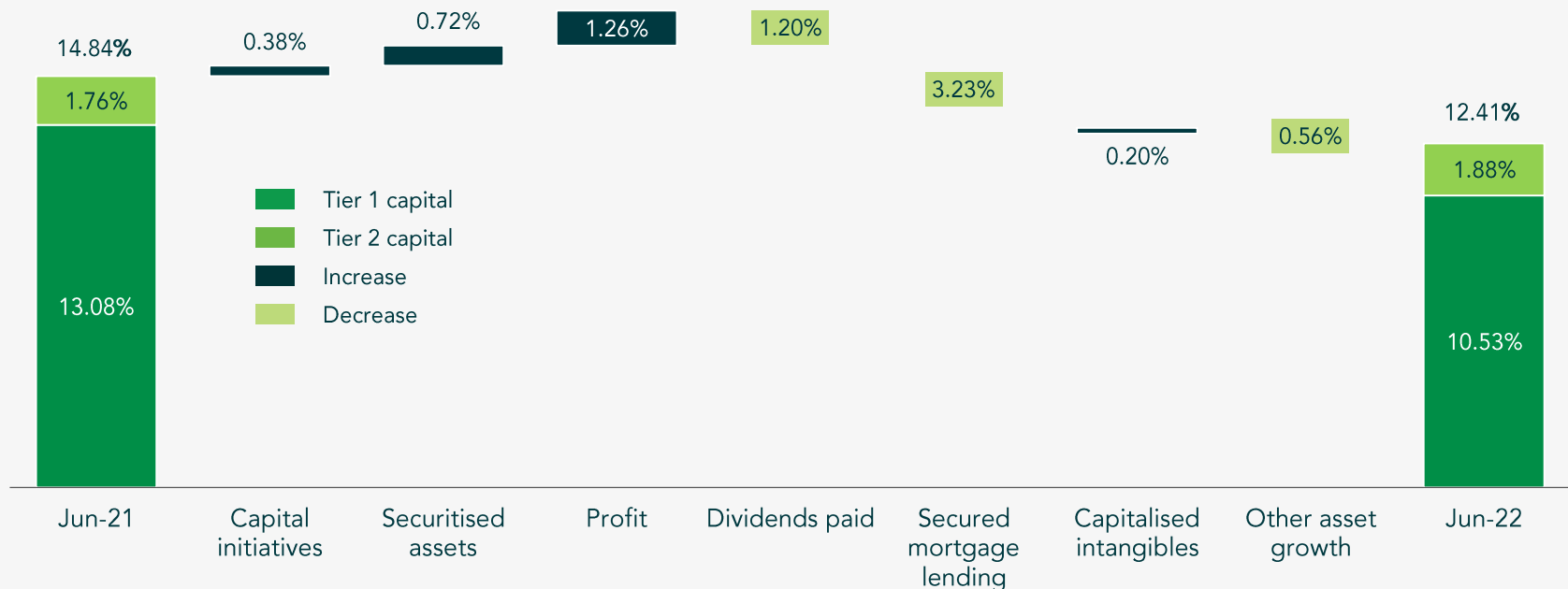
NIM trend



Growth a result of effective capitalisation

- Effective capital strategy underpinning growth and investment in capability
- Prior year's capital raise proceeds of \$55.5m have been deployed to execute MyState's growth strategies
- Further capital flexibility will be provided by Additional Tier 1 and Tier 2 capital and securitisation
- Proposed issuance of Additional Tier 1 capital to enable next stage of growth
- Expected CET1 and total capital benefit from the introduction of APRA's new bank capital framework (effective 1 January 2023)

Capital

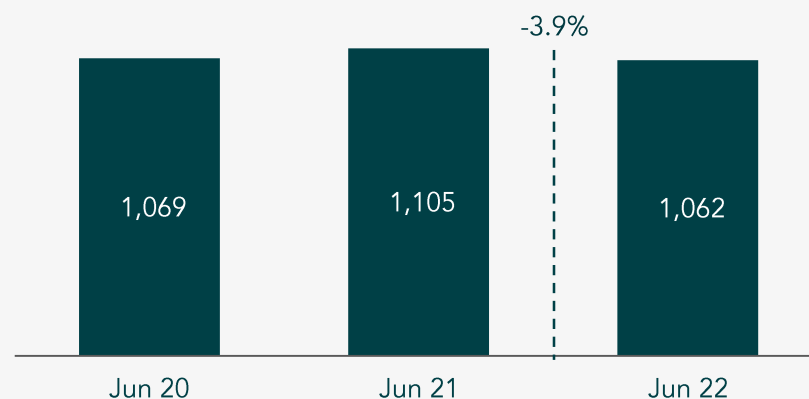


TPT Wealth positioning for growth

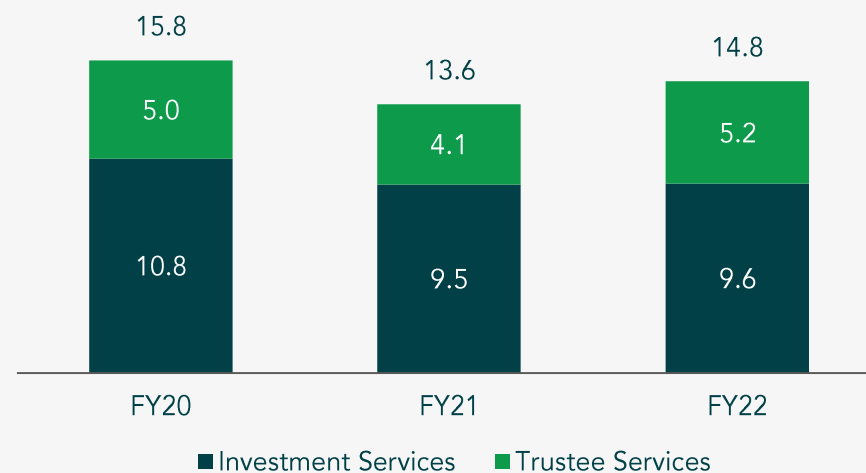
- Wealth operating income up 8.8% on pcp
- FUM 3.9% lower (\$1.062bn) on pcp
- Commercial lending book growth of 33.9% following investment in distribution capability
- Investment Services management fees in line with pcp
- Trustee Services related income up 29.4% on pcp
- TPT Wealth now a signatory of the UN Principles for Responsible Investment



Funds under management (\$m)



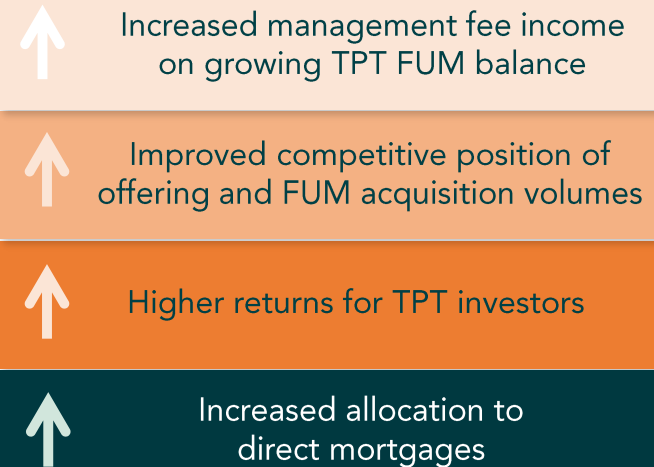
Operating income (\$m)



TPT Wealth lending

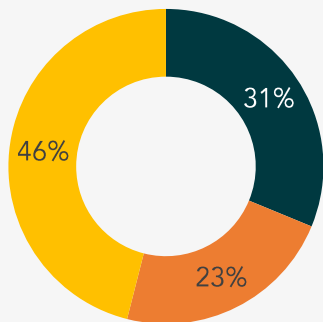
- Increased advertising & distribution in Tasmania in FY22
- c.12% increased allocation to direct mortgages in FY22
- 51bps increase in returns for investors in FY22 driven by change in asset allocation

Benefits of increased allocation to direct mortgages

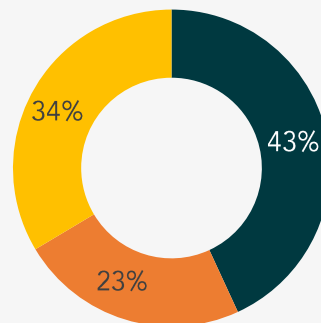


TPT Wealth asset allocation

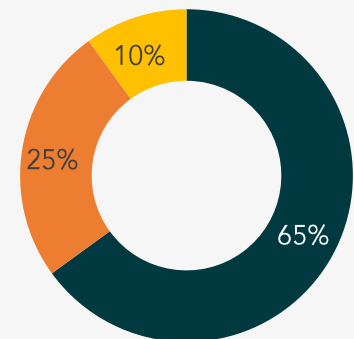
June 2021



June 2022 (current)



Strategic asset allocation goal



● Mortgages

● Cash and Liquid Investments

● Credit Assets

Outlook

Brett Morgan
Managing Director & CEO

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Outlook

SHORT TERM



Grow our customer lending, deposits and FUM



Continue to improve CX across our digital and human channels



Continue to invest into digital and simplify our products, processes and systems

MEDIUM TERM



Deliver operating leverage from scale



EPS and ROE accretion



Why MyState?



Unique bank and wealth (funds and trustee) businesses



Leading trusted Tasmanian brand with strong advocacy



Proven and consistent financial performance



Delivering on early stages of growth strategy



Appendices

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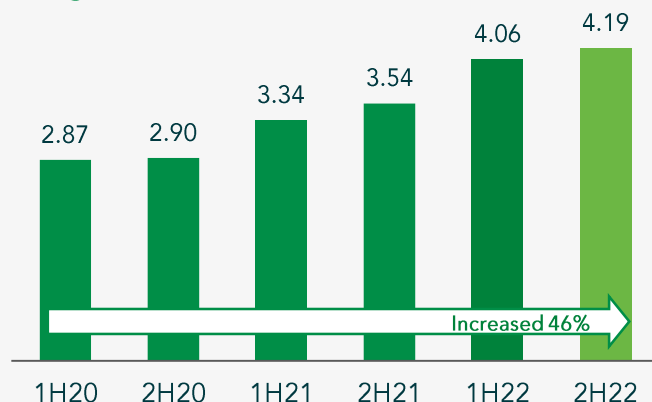


Digital transformation driving growth

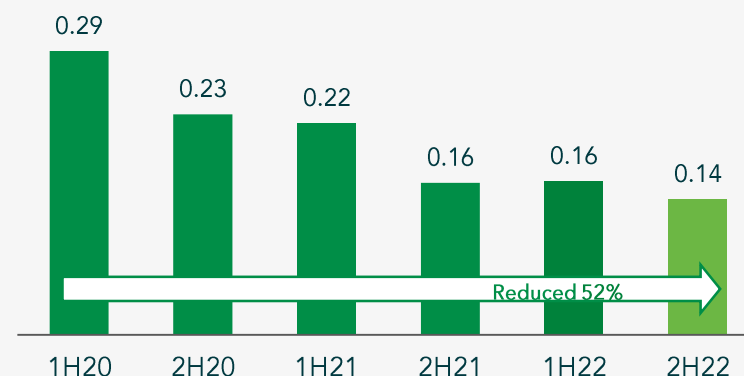
Migration to digital continues

- Customer uptake of internet and mobile banking increasing.
- Digitisation of back office processes increasing scalability and speed.
- AI insights in MyState Bank app generating over 1.5m insights per month.
- 96% of transactions completed digitally.
- Bonus Saver awarded 5 Stars by RateCity and Mozo Experts Choice Award.
- Digitisation strategy is growing our customer base with very high customer satisfaction.

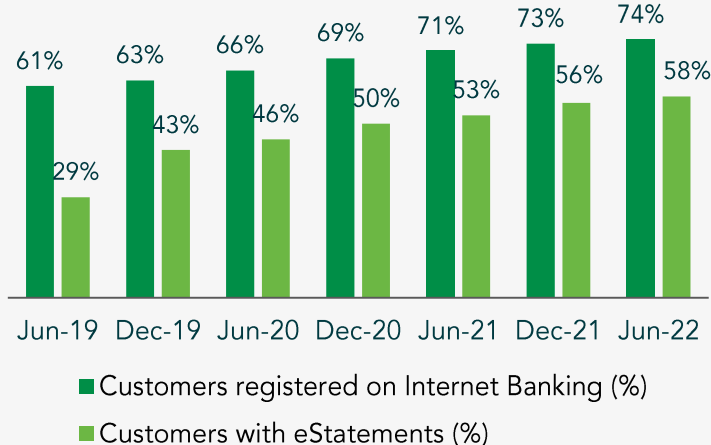
Digital transactions (#m)¹



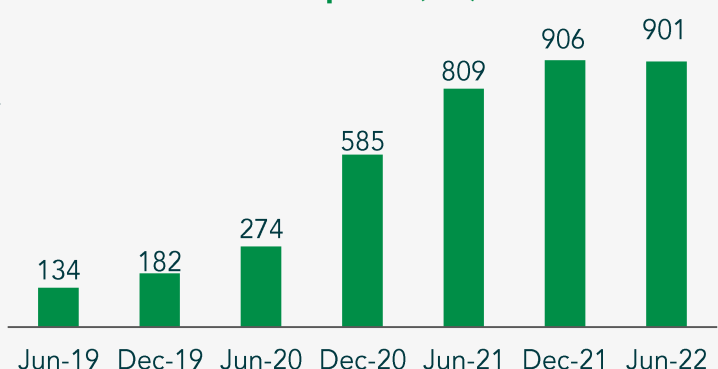
Branch transactions (#m)¹



Customers registered with IB & eStatements



Online customer deposits (\$m)



Glossary

1H:	First half of financial year	DRP:	Dividend reinvestment plan	MLH:	Minimum liquidity holdings
2H:	Second half of financial year	EPS:	Earnings per share	NII:	Net Interest Income
ADI:	Authorised deposit-taking institution	FHLDS:	First Home Loan Deposit Scheme	NIM:	Net Interest Margin
APRA:	Australian Prudential Regulation Authority	FUM:	Funds under management	NPAT:	Net Profit after Tax
Avg:	Average	FY:	Financial year	NPBT:	Net Profit before Tax
ASX:	Australian Securities Exchange	FYTD:	Financial year to date	PCP:	Previous Corresponding Period
BBSW:	Bank Bill Swap Rate	HY:	Half year	RBA:	Reserve Bank of Australia
BDD:	Bad & Doubtful Debt Expense	IO:	Interest only	RMBS:	Residential mortgage-backed security
bps:	basis points	IRB:	Internal ratings-based	ROE:	Return on equity
CAGR:	Compounded annual growth rate	JAWS:	relationship between income and expense growth	SPIN:	Standard and Poor's Performance Index
CET1:	Common Equity Tier 1	LVR:	Loan to valuation ratio	S&P:	Standard and Poor's
cps:	Cents per share	MYS:	MyState Limited	TD:	Term deposit
CTI:	Cost-to-income ratio	MSB:	MyState Bank Limited	TPT:	TPT Wealth Limited



Disclaimer

Summary Information

This Presentation contains summary information about MyState Limited (ABN 26 133 623 962) 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.

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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.

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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.

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