

MARKET EYE
2019 CONSUMER & FINANCIALS
INVESTMENT CONFERENCE

7 May 2019





AGENDA

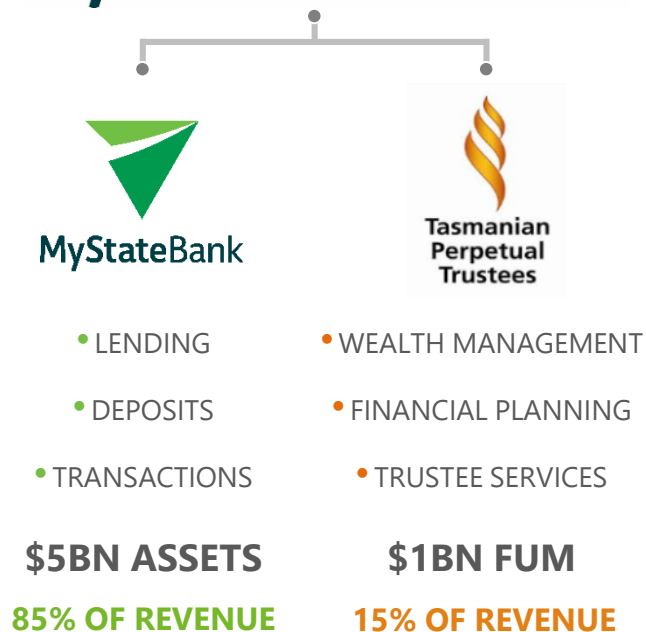
Melos Sulicich CEO

- Corporate Profile and History
- Strategy
- Key Highlights 1H19
 - Banking Business
 - Wealth Business
- Summary

CORPORATE PROFILE

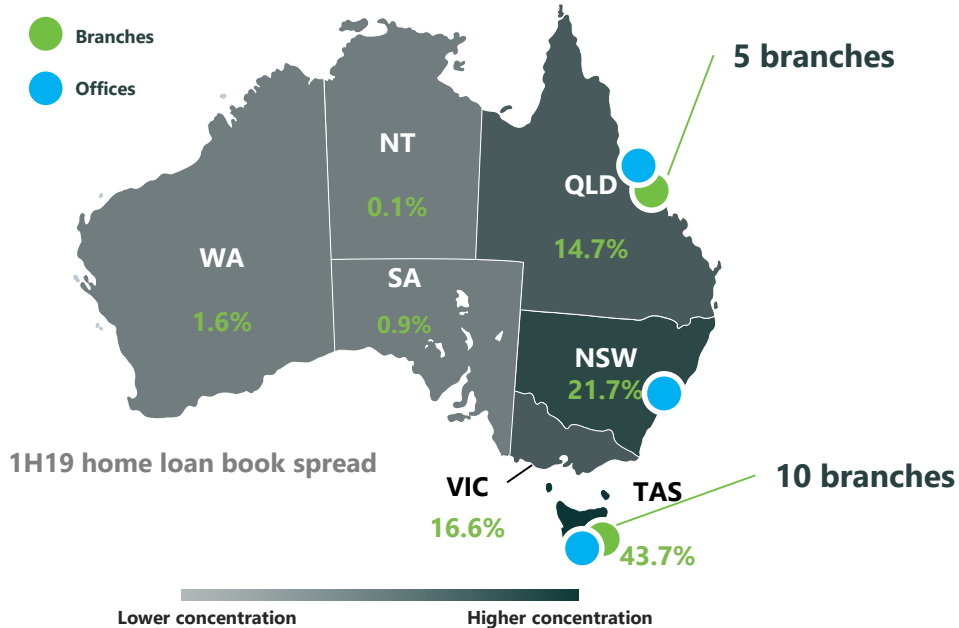
MyState is a leading regional bank with Banking and Wealth management operations

MyState Limited

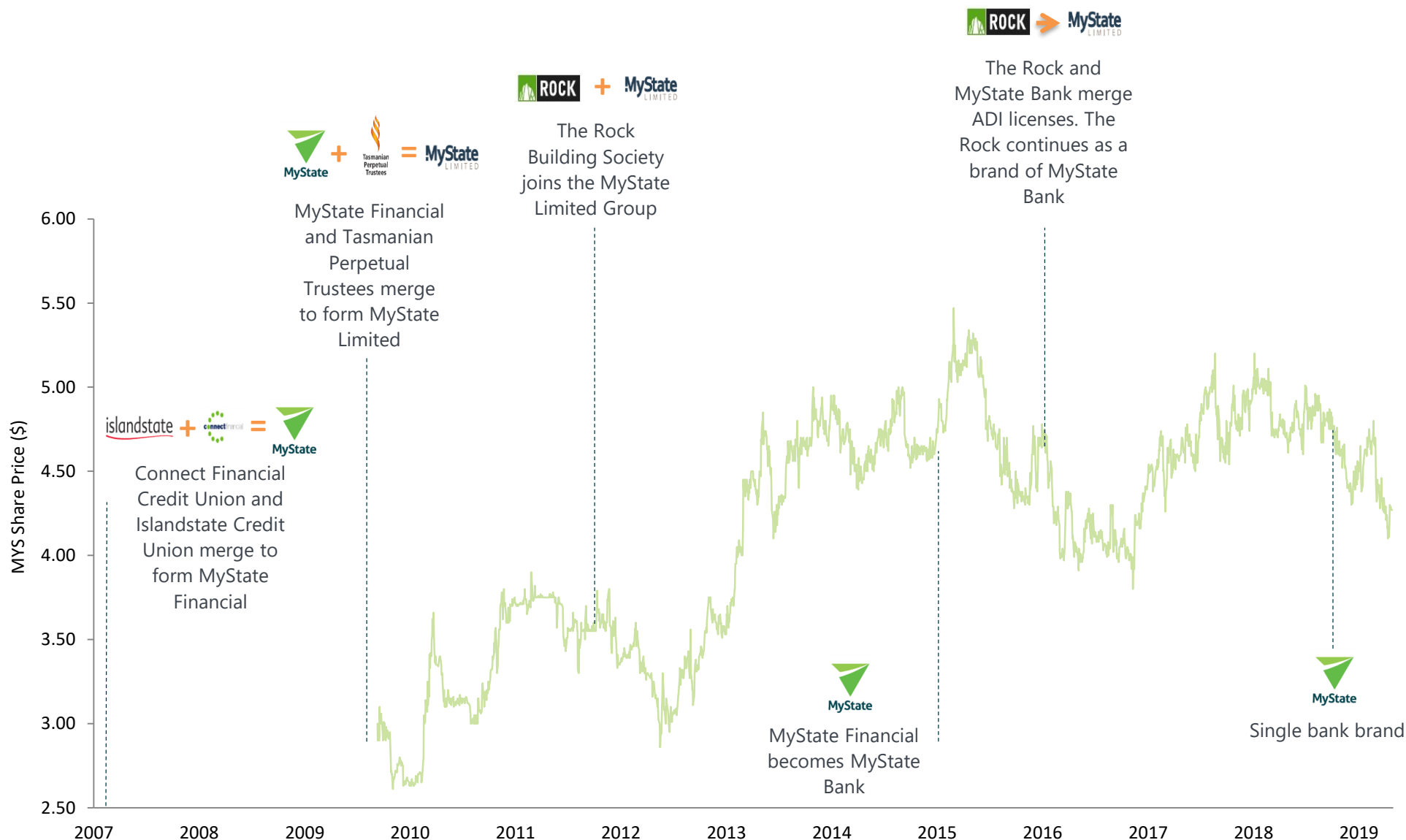


- ASX300 listed company
- Market capitalisation of c.\$400m
- c.63,000 shareholders

GEOGRAPHIC OVERVIEW



CORPORATE HISTORY



OUR STRATEGIC PRIORITIES

Our GOALS are to be

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



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

Being **agile** with a strong focus on growth, **margins** and **cost management**



More deeply **community connected**

Our STRATEGY is focused on

Building out and operationalising our **digital bank, digital capabilities** and **brand**



Investing in contemporary **wealth management** products and systems

To DELIVER

Superior **customer outcomes**

Increased **customer advocacy**

High levels of **staff engagement**

Greater **operational efficiency**

Sustained **shareholder returns**

CONTEMPORARY DIGITAL BANK

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

New Payments Platform

COMPLETED: FEBRUARY 2018



Modern contact centre system

COMPLETED: JUNE 2017



Contemporary IB and mobile platform

COMPLETED: MAY 2017



Online origination engine

COMPLETED: APRIL 2017



CRM

COMPLETED: APRIL 2017



Single core banking system

COMPLETED: MAY 2017



Currently enabled



Simplified products:

- Clean, simple online application process; accounts opened and operational in minutes.
- New "Glide" transaction account launched featuring no monthly fee and unlimited free electronic transactions.
- New Bonus Saver account launched featuring bonus interest and no penalty for withdrawals.
- All bank products now with fully digital origination.

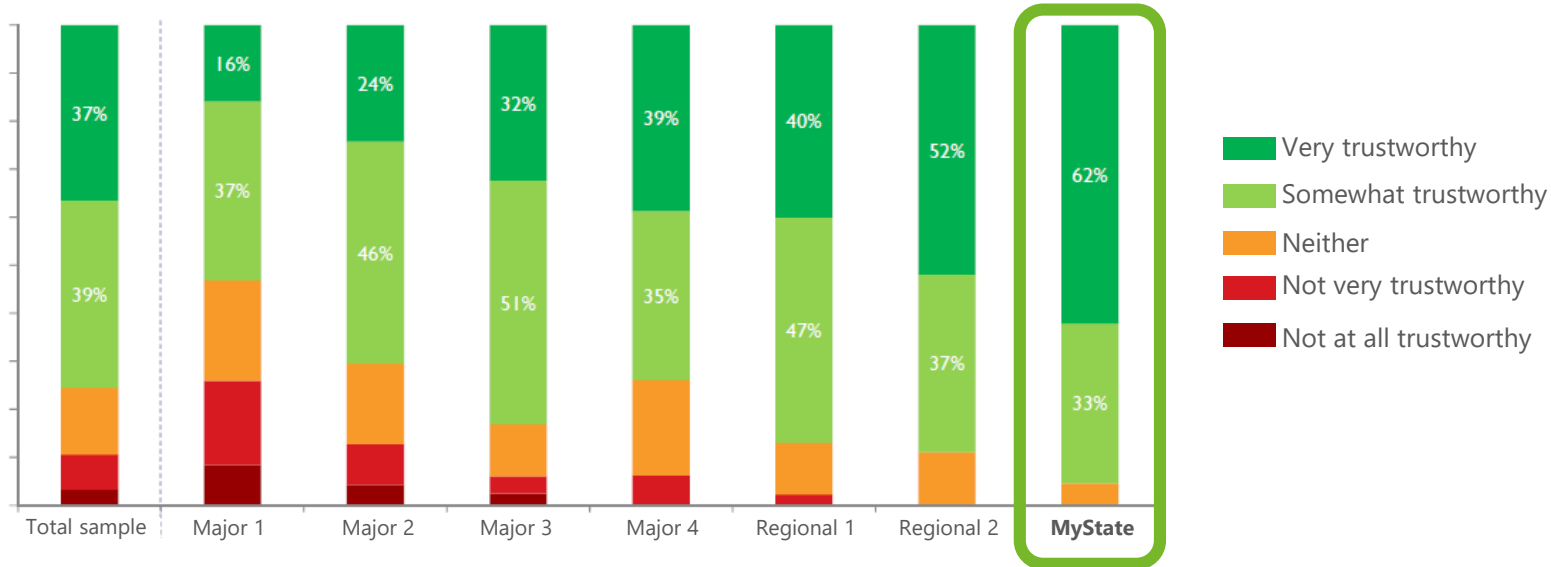
Personal loan origination:

- Same day personal loan funding.
- Over 40% reduction in online PL conversion time FYTD.

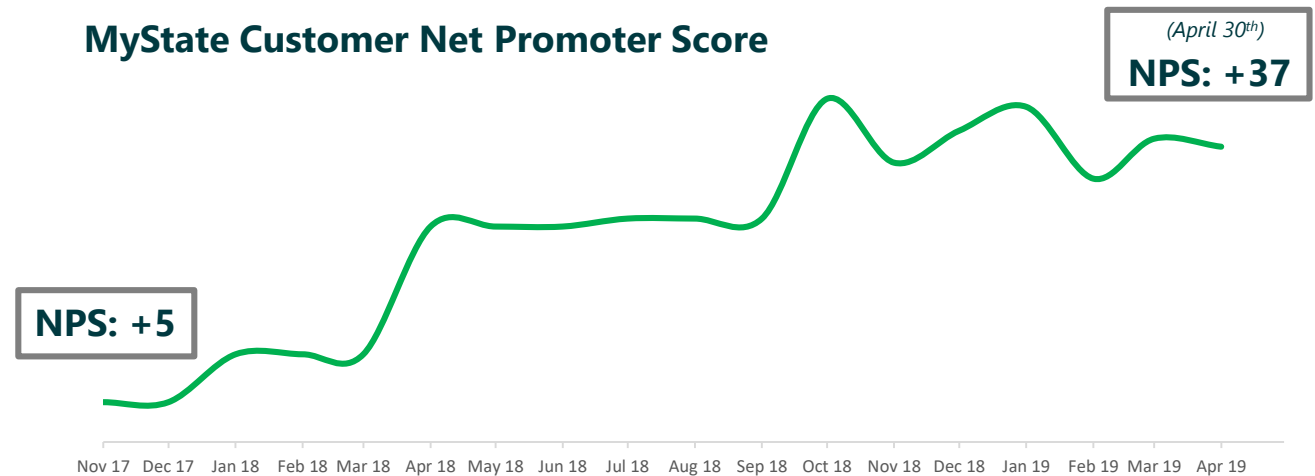
BUILDING STRONG RELATIONSHIPS

Net Trust Score – MyState Brand Tracking Research

October 2018



MyState Customer Net Promoter Score

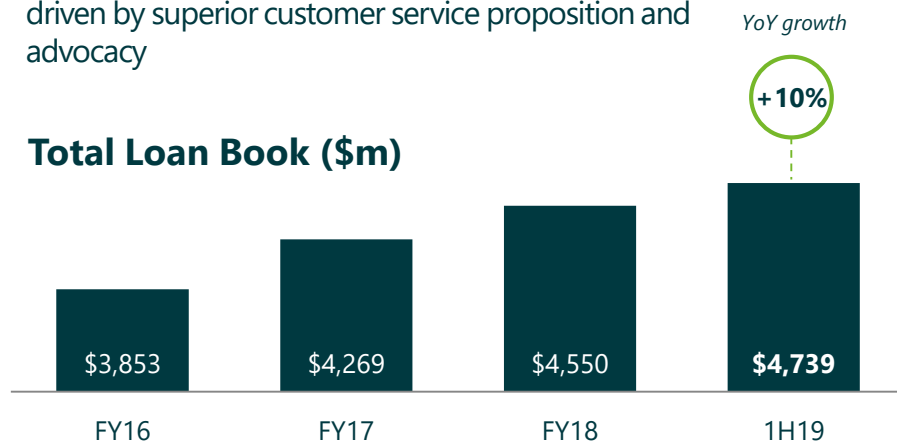


STRONG 1H19 BALANCE SHEET GROWTH

2x SYSTEM LENDING GROWTH

driven by superior customer service proposition and advocacy

Total Loan Book (\$m)

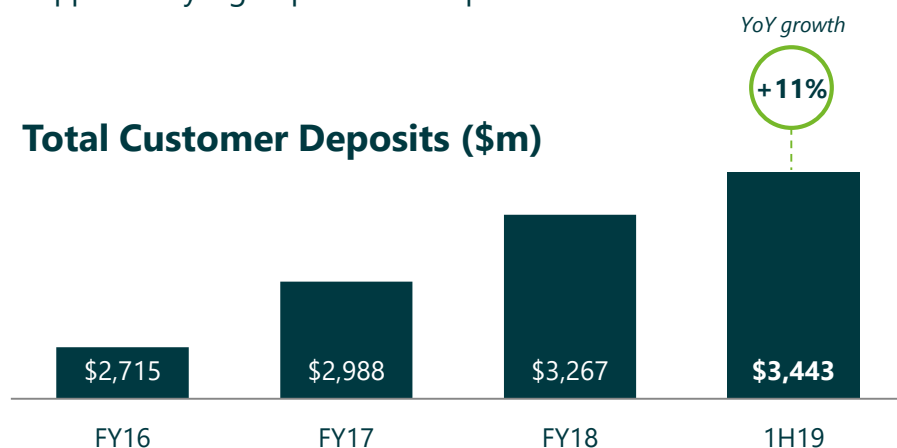


- Record applications and settlements in 1H19 creating a strong pipeline for 2H19
- Growth targeted to Australian eastern seaboard; focus on lower LVR loans with high asset quality
- Impairments remain at historic lows; 30 and 90 day arrears below peers and stable
- Low exposure to interest-only and investor lending

STRONG CUSTOMER DEPOSIT GROWTH

supported by digital platform and product innovation

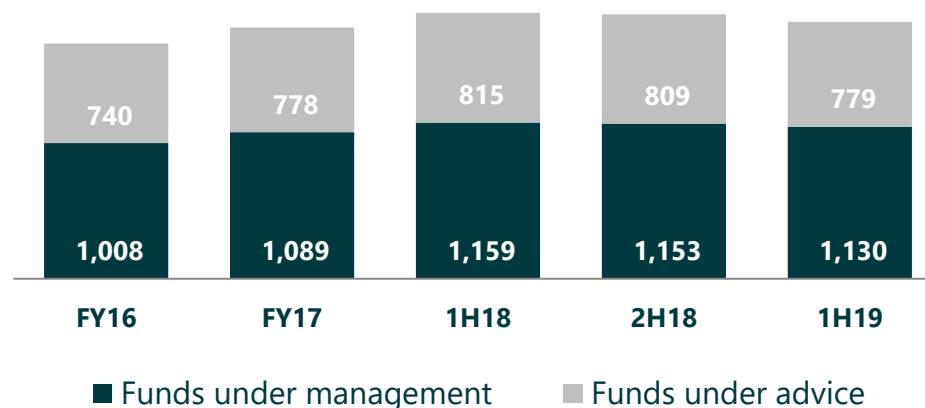
Total Customer Deposits (\$m)



- Stable funding mix enhanced by growth in customer deposits
- Customer deposit growth supported by introduction of Bonus Saver, Glide transaction account and online TDs
- Moody's Baa1/P2 stable investment grade rating

Investment in the development of contemporary funds management products and systems focused on the growing income needs of retirees

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



- Improving our product offering for income focused investors and delivering better returns
- Introducing contemporary technology for investment management to improve client experiences
- Improving our TPT Mortgage Fund Lending capability

KEY HIGHLIGHTS

CORE STRATEGY

- **Digital bank**
 - Record online origination
 - New online products
- **Superior customer outcomes**
 - NPS +39
 - Enhanced digital experience

DISCIPLINED EXECUTION

- **Tight cost management**
 - Flat operating expenses
- **Appropriately capitalised**
- **Loan book growth**
 - Record settlements
- **Customer deposit growth**

CONTINUED INVESTMENT

- **Wealth products + systems**
- **Brand**
 - Single bank brand
- **Digital**
 - All bank products now with fully digital origination

SECTOR OVERVIEW

Industry dynamics

- Funding costs volatile
- Lending market remains competitive
- Unemployment remains low; credit growth slowing; house price decline showing signs of stabilising



Regulatory dynamics

- Royal Commission
 - Pivotal in ensuring customer long term interests are looked after
 - Strength, accountability and effectiveness of regulators
 - Changes to mortgage broker remuneration should be done thoughtfully and sensibly
- Competitive landscape still unbalanced:
 1. Risk weighted asset and capital differentials
 2. 'Too big to fail' funding cost advantage
 3. Disproportionate impact of regulatory burden on smaller banks
 4. Mortgage broker ownership transparency



OUTLOOK



**Continued above
system book growth**



Operating costs managed



**Continued enhancement of
marketing, digital
capabilities and customer
aquisition**



**Investment in funds
management capabilities,
products and systems**

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