MyState LIMITED
ABN 26 133 623 962

Registered Office
23 Paterson Street
Launceston 7250
Tasmania Australia
e: info@mystatelimited.com.au
w: mystatelimited.com.au
p: 1300 487 155
f: (03) 6348 1173

ASX ANNOUNCEMENT
MyState Limited Annual General Meeting
Grand Chancellor - Launceston
25 October 2011

Address by the Chairman Dr Michael Vertigan AC

The merger of MyState Financial and Tasmanian Perpetual Trustees came into effect a little over two years ago. I am delighted to be able to report to you today the continued progress of the Company towards meeting the expectations outlined to support the merger. Our emphasis has been on delivering the benefits specified at that time and laying the foundation for our strategic direction.

Our end of year results, released in August, confirm that we have made consistent progress in achieving the benefits of the merger. The results also confirm the strengths of our brands and our ability to win business and maintain strong customer loyalty, even during a period of intense competition and economic uncertainty.

With a customer base of more than 200,000 Tasmanians, the strategic direction we have consistently stated is that if the MyState Limited Group is going to continue to grow and be competitive, it will need to extend its operations nationally.

The Company continues to reaffirm its vision to be a highly successful financial services Group headquartered in Tasmania and operating nationally.

Consistent with this vision, I recently announced to shareholders, the proposed merger of MyState Limited and the Rock Building Society to create one of Australia's leading community-focused regional banking businesses, subject to a successful outcome of the voting by The Rock shareholders.

As you will be aware, in recent years there has been considerable consolidation in the financial services industry in Australia. This consolidation has been brought about by the need of industry participants to build and maintain sufficient financial strength and scale in order to ensure that they can continue to provide their customers with the competitive range of products and services that they expect, particularly in this highly regulated and technologically driven age.

The merger of MyState and The Rock will create an enlarged Group with enhanced long-term prospects, greater scale and diversification, and a stronger balance sheet, just as the merger of MyState Financial and Tasmanian Perpetual Trustees has done. Your Board considers that the current proposed merger will enable the Company to better maintain its competitiveness against key peers and achieve on-going growth.

We are therefore confident that all shareholders will have the opportunity to benefit from the enhanced value of the enlarged Group.

Another important element of our strategy is to expand our suite of products and services. The expansion of our offerings in the agri-business and small business areas which is imminent is part of that strategy.

To turn to the past year, in August, we announced a record full year net profit after tax of $22.02 million, which was a 27% increase on the prior period. This result was achieved primarily through continued outstanding growth in deposits and loans in MyState Financial. The performance of Tasmanian Perpetual Trustees has been more subdued as the level of funds under management continues to be impacted by the Government deposit guarantee and the performance of financial markets.

Consistent with the Board’s policy of generally paying between 70 and 90 percent of profits after tax as dividends to shareholders, our final dividend of 15 cents per share, which was paid recently, resulted in a full year dividend of 27 cents per share.

This would be a very pleasing result in any year – but is even more so during a year marked by a considerable slow down in general economic conditions. Management and staff have embraced the challenges of the global economic environment and delivered an excellent result.

Our Managing Director, John Gilbert will later talk in more detail about our Company's full year performance, the operational highlights, recent developments and the road ahead, should the current merger proposal proceed as planned. He will welcome your questions at the end.

While the Management team will no doubt again be highly focused on delivering the promises of this new merger with The Rock, should it proceed, the Board is also mindful, especially given the long lead times in such matters, of the need to continue to actively pursue its strategic vision by way of additional mergers or acquisitions, as these opportunities arise. This will be an ongoing feature of our business strategy as we seek to optimise the advantages of our non-operating holding company structure and our developing capacity in this area, in order to deliver longer term growth and improved shareholder returns.

The Board also remains committed to ensuring that the Company operates under a comprehensive Risk Management Framework. Over the last year we have made significant progress in clearly identifying our Risk Appetite and aligning this with our business strategy and activities, as well as our corporate values. This work is vital to ensuring the desired risk culture is achieved and maintained throughout the business. In the context of the current market conditions and our stated business strategies, shareholders can be assured that the Board and Management will continue to have a strong and prudent focus on this important area of our business.

The Board also seeks to observe the highest standards of corporate governance. An important element of effective corporate governance is board renewal and earlier this year I announced changes to our Board of Directors.

In early June, I announced that three of our Directors, would be standing down from the Board no later than today. Consistent with this announcement, Mr d'Antoine stepped down from the Board on 30 September 2011, while Mr Gourlay and Mr Reidy will step down at the conclusion of this meeting.

These three Directors have served all Shareholders to an outstanding level throughout their long and distinguished period on the Board of MyState Limited and its predecessor organisations, and on behalf of Directors and Shareholders; I would like to thank them for their outstanding contributions.

Should the merger with the Rock Building Society be completed, it is the intention of your directors to invite their current Chairman, Mr Stephen Lonie, to join the Board.

The challenges of the last year have placed significant pressures on Directors and the various Board Committees. I would sincerely like to thank my fellow Directors for their efforts during this recent period – their commitment to the success of the business has been unwavering.

I would also like to express the Board's gratitude to the executive team, led by our Managing Director, John Gilbert, who have made an exceptional level of progress in implementing the merger and pursuing the strategies and programs that will deliver continued growth for the business. I would also like to thank the Management and staff of the Company for the considerable extra effort that they have given over the year, and the spirit in which they have embraced the challenges and the many changes that have occurred to the business.

Thank you.