

MyState Limited Executive Long Term Incentive Plan Rules

Board Approved – February 2021

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MyState Limited

(ABN 26 133 623 962)

MyState Limited Executive Long Term Incentive Plan Rules

1. Purpose

The purpose of the Plan is to provide Executives with the opportunity to acquire Performance Rights and be rewarded with Shares, for helping to create long term value for shareholders of MyState Limited.

2. Definitions

2.1 In these Rules, unless the contrary intention appears:

Adjustment Event means an event or circumstance justifying (as determined by the Board) the application of Rule 7.9 to:

- (a) protect the financial soundness of the Company (such as, where the Company is experiencing losses affecting its financial soundness, causing it not to meet prudential capital requirements or causing it to rely on public sector injections);
- (b) respond to or take account of a significant error or misstatement of criteria on which an Offer was based (directly or indirectly);
- (c) respond to or take account of unexpected or unintended consequences or outcomes (including for customers, beneficiaries or counterparties) that were significant and not foreseen by the Board including, without limitation, when any Offer is made and at any relevant vesting date(s); or
- (d) respond to or take account of any examples of misconduct, risk events, breaches of accountability, fitness and propriety or compliance obligations, acts or omissions or breaches of any law or regulatory obligation by or in respect of a Participant, including (without limitation) where such examples could have reputational damage for the Company, result in regulatory non-compliance or failures by a Participant to take appropriate accountability.

Application Form means the form that the Board determines from time to time is to be used by Executives to accept an Offer to participate in the Plan.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it (as the context requires).

Banking Executive Accountability Regime or **BEAR** means Part IIAA of the *Banking Act 1959* (Cth), as it applies to the Company, or any replacement executive accountability regime in so far as it applies to the Company.

BEAR Accountability Period is the default minimum period under BEAR for the deferral of variable remuneration comprised in a Performance Right or a Share, or such longer or shorter period as determined by MyState Limited (acting reasonably) pursuant to the applicable requirements of the BEAR.

Board means all or some of the Directors acting as a board or the person or persons to whom the Board has delegated all or any of its powers.

Capital Event means any of the following:

- (a) a person acquiring a relevant interest (within the meaning of section 608 of the Corporations Act) in more than fifty percent (50%) of the Shares in MyState Limited as a result of a takeover bid undertaken in accordance with the requirements of the Corporations Act;
- (b) a person acquiring a relevant interest (within the meaning of section 608 of the Corporations Act) in more than fifty percent (50%) of the Shares in MyState Limited through a scheme of arrangement undertaken in accordance with the requirements of the Corporations Act; or
- (c) any other event which the Board determines in its absolute discretion to be a Capital Event.

Company means MyState Limited ABN 26 133 623 962 or any related body corporate (as applicable).

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of MyState Limited.

Executive means a person whom the Board determines to be in full time employment or permanent part time employment of the Company and who is an Executive Officer of the Company or such other employee of the Company as determined by the Board in its absolute discretion.

Executive Officer means a person who is concerned in or takes part in the management of the Company.

Law means the applicable law of every jurisdiction that may apply in relation to the Plan.

Listing Rules means the official listing rules of the ASX as amended or waived from time to time and as they apply to the Company for the time being.

LTIP Share means a right to receive a Share the subject of an Offer, and **LTIP Shares** means all or any of them, as the context requires.

Offer means an invitation made under Rule 3.1 to an Executive to participate in the Plan.

Participant means an Executive who has accepted an Offer under the Plan.

Performance Criteria means, in relation to a Performance Right or an LTIP Share, the performance criteria and other terms and conditions prescribed by the Board from time to time under Rule 3.3 and which must be satisfied before a Performance Right will vest (and the Participant will become eligible for a Share) or before a Participant will become eligible to receive the Shares the subject of an LTIP Share.

Performance Period means, in relation to a Performance Right or an LTIP Share, the performance period described in Rule 3.2.

Performance Right means a right granted to a Participant under the Plan to acquire a Share if Performance Criteria are satisfied and otherwise subject to these Rules.

Plan means the MyState Limited Executive Long Term Incentive Plan as set out in these Rules, as altered or added to under Rule 8.

Plan Administrator means the person appointed by the Board to carry out the day to day administration of the Plan.

Qualifying Reason means:

- (a) the death, total and permanent disability (as determined by the Board in its absolute discretion), retirement at retirement age or redundancy, of the Participant; or
- (b) any other reason as determined by the Board in its absolute discretion (other than because a Capital Event occurs to which Rule 3.14(d) applies).

Retirement Age means: the Board are satisfied the employee intends to permanently leave the workforce.

Rules means the rules of the Plan set out in this document, as amended from time to time.

Share means a fully paid ordinary share in MyState Limited.

Specified Period means, in relation to a Performance Right or LTIP Share the subject of an Offer made on or after 1 July 2018, the period prescribed by the Board from time to time under Rule 3.4.

Trust means the MyState Limited Executive Share Plan Trust.

Trust Deed means the deed establishing the Trust as amended from time to time.

Trustee means the trustee of the Trust from time to time.

Unallocated Share means a Share (including a bonus Share and a Share which has been forfeited in accordance with the Rules) held by the Trustee which has not been allocated to a Participant.

Vested Performance Right means a Performance Right in respect of which any Performance Criteria applicable to that Performance Right have been:

- (a) satisfied, reached or met during the Performance Period for the Performance Right; or
- (b) waived by the Board;

and which has otherwise become a Vested Performance Right in accordance with Rule3.12.

2.2 In these Rules, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) the masculine gender shall include the feminine and neuter genders and vice versa;
- (c) a reference to a person includes the legal personal representative of that person and also corporations and other entities recognised by Law;
- (d) a reference to a clause or paragraph is a reference to a clause or paragraph of these Rules, or the corresponding Rule or Rules of this Plan as amended from time to time;
- (e) headings are for convenience only and do not affect the interpretation of these Rules;
- (f) references to any Law or the Listing Rules includes that Law or the Listing Rules as amended, re-enacted or replaced and any Law or any Listing Rule that supersedes that Law or any Listing Rule (as the case may be);
- (g) references to any Law includes any legislation, statutory instrument, regulation, binding determination and ruling made in connection with that Law;
- (h) references to any word or expression defined in the BEAR has the meaning given to it in the BEAR; and

- (i) references to any word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act.
- 2.3 If any part of these Rules is held in law to be void, voidable, unenforceable or illegal, that provision shall be deemed modified to the extent required to comply with that law or, if necessary, shall be severed from the rest of the Rules and the remainder of the Rules shall have full force and effect.

3. Offer, Application and Allocation of Shares

Eligibility

- 3.1 The Board may in its absolute discretion make an Offer to an Executive selected by the Board. In selecting an Executive to receive an Offer, the Board may have regard to:
- (a) the Executive's length of service with the Company;
 - (b) the contribution made by the Executive to the Company;
 - (c) the potential contribution to be made by the Executive to the Company; and
 - (d) any other matters the Board considers relevant.

Performance Period

- 3.2 The Board in its absolute discretion may prescribe the Performance Period applicable to Performance Rights and LTIP Shares.

Performance Criteria

- 3.3 The Board in its absolute discretion may prescribe the Performance Criteria applicable to Performance Rights and LTIP Shares.

Specified Period

- 3.4 The Board in its absolute discretion may prescribe the Specified Period applicable to Performance Rights and LTIP Shares.

Offer to Participate in the Plan

- 3.5 Any Offer to an Executive shall be in writing and shall specify:
- (a) the date of the Offer;
 - (b) the Performance Period applicable to the Performance Rights or LTIP Shares;
 - (c) the Performance Criteria applicable to the Performance Rights or LTIP Shares;
 - (d) the maximum number of Performance Rights or LTIP Shares the subject of the Offer;
 - (e) the closing time and date for the acceptance of the Offer;
 - (f) the minimum holding period applicable to the Performance Rights or LTIP Shares (if any);
 - (g) the acquisition price (or the method for calculation of the acquisition price) of the Performance Rights or LTIP Shares at the date of the Offer)
 - (h) an explanation of the way in which MyState Limited will, during the period of the Offer, upon request by an Executive make available to the Executive the current market price of the Shares calculated at the date of the Executive's request; and

- (i) any other terms and conditions relating to the Offer which in the opinion of the Board are fair and reasonable and not inconsistent with these Rules.
 - (j) whether Performance Rights or LTIP Shares the subject of the Offer may be variable remuneration of the Executive for purposes of the BEAR or any applicable prudential or regulatory rule; and
 - (k) the Specified Period applicable to the Performance Rights or the LTIP Shares the subject of the Offer.
- 3.6 An Offer must include or be accompanied by a copy, or a summary, of the Rules. If a summary (rather than a copy) of the Rules is given, the Offer must include an undertaking that during the period during which an Executive may acquire the financial products offered, MyState Limited will, within a reasonable period of the Executive requesting, provide the Executive with a copy of the Rules without charge.

Acceptance by Executive

- 3.7 An Executive accepts the terms of an Offer by completing and signing the appropriate Application Form and returning it to the company secretary of MyState Limited, or any other person notified by the Board in its absolute discretion, by the time and date specified in the Offer. Upon acceptance an Executive is a Participant in the Plan from the date specified in the Offer and agrees to be bound by the Rules. For the avoidance of doubt, acceptance of an Offer by an Executive does not give the Executive a right to receive a Share as a Participant in the Plan. A Participant will only have an entitlement to a Share:
- (a) in respect of an Offer made before 1 July 2018 - on satisfaction of the Performance Criteria relevant to the Offer, and otherwise in accordance with the terms of the Offer and these Rules; or
 - (b) in respect of an Offer made on or after 1 July 2018 – at the end of the Specified Period and on satisfaction of the Performance Criteria relevant to the Offer, and otherwise in accordance with the terms of the Offer and these Rules. For the avoidance of doubt, until the end of the Specified Period relevant to the Offer the Participant has no rights (including voting and dividend rights) to the Shares the subject of an LTIP Share or which may be allocated in respect of a Vested Performance Right.

For the purposes of paragraph (b), where an entitlement to a Share (whether as a result of satisfying the Performance Criteria attaching to an LTIP Share or in respect of a Vested Performance Right) may be variable remuneration of the Participant under the BEAR or any applicable prudential or regulatory rule, then each reference in this clause to "the end of the Specified Period" is taken to be a reference to "the latest of the events referred to in Rule 7.2".

Allocation for Offers made before 1 July 2018

- 3.8 In respect of any Offer made before 1 July 2018, if, and as soon as possible after, the Performance Criteria applicable to the LTIP Shares for a Participant have been satisfied, MyState Limited must direct the Trustee to allocate to the Participant's account the number of Shares to which the Participant is entitled under the terms of the Offer, which Shares shall vest in the Trustee on behalf of the Participant to be held in accordance with these Rules and the Trust Deed.

Allocation for Offers made on or after 1 July 2018

- 3.9 In respect of any Offer made on or after 1 July 2018 and prior to 1 July 2021:
- (a) if, and as soon as possible after, the Performance Criteria applicable to the LTIP Shares for a Participant have been satisfied, MyState Limited must determine and notify the

Participant of the number of Shares (if any) to which the Participant may be entitled under the terms of the Offer; and

- (b) if the entitlement to a number of Shares determined in respect of an Offer under paragraph (a) is greater than nil, until the end of the Specified Period relevant to the Offer, MyState Limited must notify the Participant if a subsequent determination is made that the number determined under paragraph (a) is to be reduced for any reason referred to in Rule 7.8; and
- (c) as soon as possible after the end of the Specified Period relevant to the Offer, MyState Limited must direct the Trustee to allocate to the Participant's account that number of Shares to which the Participant has become entitled. Vested Shares issued to the Trustee shall be transferred or sold by the Trustee in accordance with Rules 7.2 and 7.3 and the Trust Deed.

For the purposes of paragraphs (b) and (c), where Shares to which the Participant may be entitled under the terms of the Offer relating to an LTIP Share are variable remuneration of the Participant under the BEAR or any applicable prudential or regulatory rule, then each reference to "the end of the Specified Period" is taken to be a reference to "the latest of the events referred to in Rule 7.2".

Allocation for Offers made on or after 1 July 2021

3.10 In respect of any Offer made on or after 1 July 2021:

- (a) if, and as soon as possible after, the Performance Criteria applicable to Performance Rights for a Participant have been satisfied, MyState Limited must determine and notify the Participant of the number of Shares (if any) to which the Participant may become entitled in respect of a Vested Performance Rights under the terms of the Offer; and
- (b) if the number of Shares to which a Participant may become entitled in respect of Vested Performance Rights determined in respect of an Offer under paragraph (a) is greater than nil, until the end of the Specified Period relevant to the Offer, MyState Limited must notify the Participant if a subsequent determination is made that the number determined under paragraph (a) is to be reduced for any reason referred to in Rule 7.9; and
- (c) as soon as possible after the end of the Specified Period relevant to the Offer, MyState Limited must direct the Trustee to allocate to the Participant's account that number of Shares to which the Participant has become entitled. Shares issued to the Trustee shall be transferred or sold by the Trustee in accordance with Rules 7.2 and 7.3 and the Trust Deed.

For the purposes of paragraphs (a) and (b), where Shares to which the Participant may be entitled in respect of a Vested Performance Right under the terms of the Offer are variable remuneration of the Participant under the BEAR or any applicable prudential or regulatory rule, then each reference to "the end of the Specified Period" is taken to be a reference to "the latest of the events referred to in Rule 7.2".

Entitlement in respect of Vested Performance Rights

3.11 Subject to these Rules:

- (a) each Performance Right, upon satisfaction of the Performance Criteria, confers on its holder an entitlement, at the end of the Specified Period and otherwise subject to these Rules, to be allocated the number of Shares into which the Performance Right is convertible as:
 - (i) stated in the Offer document for the Performance Right; or
 - (ii) as calculated in accordance with a formula (for calculating that number) included in the Offer document for the Performance Right,

as applicable; and

- (b) unless otherwise set out in the Offer and subject to all applicable laws, Shares issued or transferred to a Participant in respect of a Vested Performance Right will rank equally with all existing Shares on and from the date of issue or transfer (as applicable) in respect of all voting rights, rights issues, bonus share issues and dividends which have a record date for determining entitlements on or after the date of issue or transfer (as applicable) of those Shares.

Vesting of Performance Rights

3.12 In relation to the vesting of Performance Rights:

- (a) If the Offer in respect of a Performance Right:
 - (i) specified any Performance Criteria, the Performance Right will not vest and become a Vested Performance Right unless those Performance Criteria have been satisfied, reached or met during the applicable Performance Period, in which case the Performance Right will become a Vested Performance Right on and from the date of satisfaction of the Performance Criteria, as notified to the Participant by the Board; or
 - (ii) did not specify any Performance Criteria, the Performance Right will become a Vested Performance Right on and from the date specified by in the Offer.
- (b) If the Offer in respect of a Participant's Performance Rights specified any Performance Criteria and / or Performance Period(s), as soon as practicable after the end of the Performance Period for a Participant's Performance Rights having the same Performance Period, the Board will notify the Participant of the number of those Performance Rights that have become Vested Performance Rights.
- (c) Subject to all applicable laws, the Board may, in its absolute discretion, by notice to the Participant:
 - (i) reduce or waive any Performance Criteria attaching to a Performance Right in whole or in part; or
 - (ii) reduce any Performance Period.

Terms of Allocation

- 3.13 Shares must be allocated on the terms of these Rules and each Participant will be taken to have agreed to be bound by these Rules on acceptance of any Offer.
- 3.14 The Participant must not sell, transfer, mortgage, charge or otherwise dispose of, deal with or encumber any Shares acquired under the Plan in respect of any Offer made before 1 July 2018, other than in accordance with applicable requirements of Rule 7.

Change of Control

3.15 Unless the Board determines otherwise –

If a Capital Event occurs, then in respect of an Offer made before 1 July 2018:

- (a) a Participant will be allocated the number of Shares which is equal to fifty percent (50%) of the number of LTIP Shares granted to the Participant in respect of a current Offer for which Shares have not otherwise been allocated under Rule 3.8 as if the Performance Criteria for those LTIP Shares had been satisfied; and

- (b) the Participant will be allocated the number of Shares which is equal to the remaining fifty percent (50%) of the number of LTIP Shares granted to the Participant in respect of a current Offer at the earlier of:
 - (i) the date which is twelve (12) months after the date the Capital Event occurs; and
 - (ii) the date upon which the employment of the Participant is terminated by the Company.

If a Capital Event occurs, then in respect of an Offer made on or after 1 July 2018:

- (c) the Board may in its absolute discretion, but subject to paragraph (d), allocate to a Participant any number of Shares up to the total number of Shares
 - (i) comprising the LTIP Shares; or
 - (ii) which may be issued in respect of Vested Performance Rights, the subject of an Offer to the Participant for which Shares have not otherwise been allocated under Rule 3.9, 3.10 or 3.13 as if the Performance Criteria for those LTIP Shares or Performance Rights had been satisfied; and
- (d) if Performance Rights or Shares to be issued in respect of LTIP Shares or Vested Performance Rights are variable remuneration of the Participant under the BEAR or any applicable prudential or regulatory rule, the Company must obtain consent of the Australian Prudential Regulation Authority or applicable body to the accelerated allocation or release of such Shares or any associated payment pursuant to the BEAR or other applicable prudential or regulatory rule. If such consent is not given wholly or partly, allocation or release of such Shares or payment to the Participant is not to be made or given to the extent it would cause the Company to contravene its obligations under the BEAR or applicable prudential or regulatory rule. For the avoidance of doubt, however, the Participant does not lose their entitlement to their variable remuneration to the extent that such consent is not given, and the Board will determine, in its absolute discretion, an alternate form of variable remuneration to be paid to the Executive at the relevant or a later time provided always that the Participant's eligibility to receive such variable remuneration remains subject to the BEAR or applicable prudential or regulatory rule.

Cessation of Employment

3.16 Unless the Board determines otherwise –

Where a Participant ceases to be employed by the Company because of a Qualifying Reason, the Participant will be: (i) in respect of LTIP Shares, eligible to receive the number of Shares which is equal to the number of LTIP Shares granted to the Participant in respect of a current Offer for which Shares have not otherwise been allocated under Rule 3.8 or 3.9 (as applicable); or (ii) in respect of Performance Rights, benefit from the vesting of the number of Performance Rights held by it on the following basis:

- (a) if less than a third of the Performance Period has elapsed no Shares will be allocated in respect of the LTIP Shares and no unvested Performance Rights will become Vested Performance Rights; and
- (b) if more than a third of the Performance Period has elapsed, the number of: (i) Shares that will be allocated in respect of the LTIP Shares; or (ii) unvested Performance Rights which will become Vested Performance Rights, shall be determined on the following basis:

Step 1 Work out the number of days from the beginning of the Performance Period up to and including the date of cessation of employment.

Step 2 Divide the result from Step 1 by the number of days in the Performance Period.

Step 3 Multiply the number of: (i) LTIP Shares which have not otherwise been allocated under Rule 3.8 or 3.9 (as applicable) or (ii) the number of unvested Performance Rights which have not become Vested Performance Rights (as the case may be), by the result from Step 2.

This is the pro-rated number of LTIP Shares in respect of which Shares may be allocated to the Participant under Rule 3.8 or 3.9 (as applicable) or the number of unvested Performance Rights which may become Vested Performance Rights (as the case may be), subject to application of the relevant Performance Criteria.

Step 4 Apply the Performance Criteria for the Performance Period (over the full term of the Performance Period unless the Board at its discretion determines that the test should be applied over a shorter period) to determine how many of the pro-rated number of LTIP Shares will be allocated to the Participant or unvested Performance Rights will become Vested Performance Rights.

However, where Shares are to be allocated or Performance Rights are to vest under this Rule are in respect of an Offer made on or after 1 July 2018 and are variable remuneration of a Participant, allocation or vesting in respect of a the Participant is not to be made to the extent it would cause the Company to contravene its obligations under the BEAR or any applicable prudential or regulatory rule.

- (c) Where a Participant ceases to be employed by the Company in any other circumstance, any rights and obligations of the Participant relating to LTIP Shares in respect of which Shares have not been allocated or Performance Rights that have not become Vested Performance Rights automatically terminate unless the Board at its discretion determines otherwise.
- (d) The Board may, at its discretion (but subject to applicable requirements of the BEAR or any applicable prudential or regulatory rule for any Offers made after 1 July 2018), allocate Shares to Participants in respect of LTIP Shares or determine that unvested Performance Rights are to become Vested Performance Rights in circumstances where, in the Board's view, it would otherwise be unfair not to allocate Shares or determine that unvested Performance Rights are to become Vested Performance Rights.

Adjustment

- 3.17 The number of LTIP Shares or Shares which may be issued specified or transferred in respect of Performance Rights in respect of which a Participant may be entitled to under the Plan may, at the discretion of the Board (but subject to applicable Listing Rules, and applicable requirements of the BEAR for any Offers made after 1 July 2018), be determined to be such number as is appropriate following upon any variation in the share capital of MyState Limited arising from:
- (a) a reduction, subdivision or consolidation of share capital;
 - (b) a re-organisation of share capital;
 - (c) a distribution of assets in specie;
 - (d) the payment of a dividend, otherwise than in the ordinary course, of an amount substantially in excess of MyState Limited's normal distribution policy; or
 - (e) any issue of Shares or other equity, securities or instruments which convert into Shares by way of capitalisation of profits or reserves.

- 3.18 Upon any adjustment being made pursuant to this Rule the Board must notify each Participant in writing, informing them of the change in the number of LTIP Shares or Shares which be issued in respect of Performance Rights applicable to the Participant.
- 3.19 MyState Limited will only exercise its powers pursuant to this Rule if allowed by or pursuant to the Listing Rules.

4. Funding of Shares

- 4.1 In accordance with the Trust Deed, MyState Limited may from time to time (in its absolute discretion) by notice in writing direct the Trustee to purchase Shares on the ASX or to subscribe for Shares for the purposes of the Plan. MyState Limited must at the Board's discretion provide money to the Trustee or any other person to fund the purchase of Shares on the ASX or for the Trustee to subscribe for Shares, for the purposes of the Plan. The purchase of Shares on the ASX is subject to compliance with the provisions of the Corporations Act.
- 4.2 Subject to these Rules, Shares purchased by or issued to the Trustee under this Plan are to be held by the Trustee in accordance with the Trust Deed. Shares are to be registered in the name of the Trustee and allocated to the accounts of Participants as and when those Participants become entitled to them in accordance with these Rules.

5. Maximum Number of Shares

- 5.1 Subject to Rule 5.4, the Company will not make an Offer of LTIP Shares or Performance Rights under the Plan if the total number of Shares the subject of those LTIP Shares or Performance Rights plus:
- (a) the total number of Shares that would be issued were each outstanding:
 - (i) offer with respect to Shares or rights to acquire unissued Shares (including an Offer);
 - (ii) right or option to acquire unissued Shares, being a right or option that has been granted but has not been allocated or converted (as the context requires), lapsed or otherwise expired;
 - (iii) unit of a Share,issued under an employee incentive scheme of the Company (including the Plan) to be accepted or exercised; and
 - (b) the number of Shares issued during the previous three years pursuant to the Plan or any other employee incentive scheme of the Company which is covered by ASIC Class Order [CO 14/1000], ASIC Class Order [CO 03/184] or an individual instrument made by ASIC in terms similar to those class orders,
- but disregarding and excluding any offer made or option or right acquired (whether under the Plan or any other employee incentive scheme), or any Share or unit of a Share issued by way of or as a result of:
- (c) an offer to a person situated at the time of receipt of the offer outside of Australia; or
 - (d) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;

- (e) an offer that did not require the giving of a product disclosure statement (as defined in the Corporations Act) because of section 1012D of the Corporations Act; or
- (f) an offer made under a disclosure document or product disclosure statement (as defined in the Corporations Act),

would exceed 5% of the total number of issued Shares of MyState Limited as at the time of the Offer.

- 5.2 Shares must not be allocated under this Plan to the extent that, immediately following the allocation, the Participant would hold a legal or beneficial interest in more than five percent (5%) of the Shares in MyState Limited.
- 5.3 Shares must not be allocated under this Plan to the extent that, immediately following the allocation, the Participant would be in a position to cast, or control the casting of, more than five percent (5%) of the maximum number of votes that might be cast at a general meeting of MyState Limited.
- 5.4 If the Company is able to rely on ASIC Class Order [CO 14/1000] in respect of an Offer and ASIC replaces ASIC Class Order [CO 14/1000] with a new class order in relation to employee incentive schemes (or substantially modifies ASIC Class Order [CO 14/1000]) Rule 5.1 will no longer apply and Rule 5.5 will apply instead.
- 5.5 Where this Rule 5.5 applies instead of Rule 5.1, the Company will not make an Offer of LTIP Shares or Performance Rights if the issue of the LTIP Shares or Performance Rights the subject of the Offer would cause the Company to exceed any limit that applies under the ASIC class order that replaces or modifies Class Order [CO 14/1000] (when aggregated with the total number of Shares and other financial products required by the replacement or modified class order to be counted towards the limit, and disregarding and excluding all offers, Shares and other financial products that may be disregarded when applying that limit).

6. Ranking of Shares and the Trustee

Ranking of Shares

- 6.1 Shares allocated under the Plan shall rank equally with all other existing Shares in all respects, including voting rights and entitlement to participate in dividends and in future rights and bonus issues.
- 6.2 If MyState Limited reconstructs its capital in any way, Shares allocated under the Plan will be affected in the same way as other Shares.

Trustee

- 6.3 While the Trustee holds Shares upon trust for a Participant:
 - (a) the Trustee will exercise the voting rights attached to those Shares in the manner directed by the relevant Participant and in the absence in any direction in relation to the Shares, will not vote in respect of them; and
 - (b) where there is a choice whether or not to receive dividends on the Shares, the Trustee will choose to receive dividends rather than any other available benefit.

7. Restrictions on Sale or Transfer of the Shares

- 7.1 Subject to Rule 7.7, the Trustee must not sell or transfer a Share allocated to a Participant's account in respect of an Offer made before 1 July 2018 before the earliest of:
- (a) the end of a period of seven (7) years after the date of offer of the LTIP Share in respect of which the Share was allocated;
 - (b) the time when the Participant ceases to be an employee of the Company;
 - (c) the time that a Capital Event occurs; and
 - (d) the time the Trustee receives the written consent of the Board to an application for the sale or transfer of the Shares by the Participant.
- 7.2 Subject to Rule 7.7, the Trustee must not sell or transfer a Share allocated to Participant's account in respect of an Offer made on or after 1 July 2018 before the latest of:
- (a) the end of the Specified Period applicable to the relevant Offer; and
 - (b) if the Shares to be allocated to a Participant in respect of LTIP Shares or on conversion of Vested Performance Rights are variable remuneration of the Participant under the BEAR or any prudential or regulatory rule, the date on which MyState Limited (acting reasonably) considers that the BEAR Accountability Period, or other applicable accountability or deferral period under any prudential or regulatory rule, for such Shares has ended and an allocation would not cause the Company to contravene its obligations under the BEAR or any applicable prudential or regulatory rule.
- 7.3 Upon the happening of the earliest of the events referred to in Rule 7.1 or the latest of the events referred to in Rule 7.2, as the case may be, a Participant has 2 months to either:
- (a) give the Trustee a notice that the Participant wishes to arrange through the Trustee the sale of all the Shares held by the Trustee on behalf of the Participant; or
 - (b) give the Trustee a notice to transfer the Shares held on behalf of the Participant to the Participant.
- 7.4 Where the Trustee sells Shares under this Rule 7, the Trustee:
- (a) must sell the Shares at or above the then current market value of the Shares;
 - (b) has no obligation to maximise the sale price of the Shares;
 - (c) may sell the Shares with any other Shares (whether or not held for the Participant or any other Participant); and
 - (d) in relation to its obligation (if any) to pay the proceeds of sale to the Participant, may:
 - (i) deduct any costs of the sale before making a payment to the Participant; and
 - (ii) attribute a sale price to each Share as the Trustee considers appropriate.
- 7.5 If the Trustee does not receive a notice in accordance with Rule 7.3, then the Trustee must transfer the Shares allocated to a Participant's account to the Participant as soon as practicable and in any event within 12 months of the end of the notice period referred to in Rule 7.3.
- 7.6 A Participant will not have any claim against the Trustee or the Company as a result of the exercise by the Trustee of a power, discretion or determination under this Rule 7.

7.7 A Participant will forfeit the right to receive Shares allocated to their account under this Plan pursuant to an Offer made before 1 July 2018 if, in the opinion of the Board, the Participant is dismissed with cause or commits an act of fraud or defalcation in relation to the affairs of the Company while such Shares are held by the Trustee. If a Participant forfeits any Shares under this Rule, the Trustee shall at its discretion either hold those forfeited Shares as Unallocated Shares or sell the Shares, in which latter case the proceeds shall be treated as an accretion to the corpus of the Trust.

A Participant shall have no entitlements to any proceeds in the event that there is a sale of Shares under this Rule 7.7.

7.8 A Participant will forfeit an entitlement in respect of Shares pursuant to an Offer made on or after 1 July 2018 if, in the opinion of the Board, the Participant is dismissed with cause or commits an act of fraud or defalcation in relation to the affairs of the Company after the end of the Performance Period and the latest of the events referred to in Rule 7.2. A Participant shall have no entitlements to any proceeds in respect to the entitlement under this Rule.

7.9 If the Board determines that an Adjustment Event has occurred (without limitation to any other provision of the Rules), it may decide that one or more of the following will apply to the Participant:

- (a) the number of Performance Rights the subject of any one or more of the Participant's grants will be reduced (potentially to zero);
- (b) some or all of the Performance Rights the subject of one or more of the Participant's grants will lapse;
- (c) the Performance Criteria, Performance Period and/or vesting date(s) applicable to some or all of the Participant's Performance Rights will be varied;
- (d) some or all of the Vested Performance Rights will be unvested Performance Rights and subject to new or additional Performance Criteria, Performance Period and/or vesting date(s).

For the avoidance of doubt, paragraphs (a) – (d) above can apply in relation to a Participant, without limitation:

- (e) before or after the Participant has ceased to be an employee of the Company;
- (f) whether the Adjustment Event occurred before, after or while the Participant was an employee of the Company;
- (g) whether the Adjustment Event occurred before or after the grant of Performance Rights, or Performance Rights become Vested Performance Rights; or
- (h) whether the Adjustment Event occurred before or after the Participant acquires Shares in respect of the Vested Performance Rights.

A Participant shall have no entitlements to any proceeds in respect to any entitlement under this Rule.

7.10 MyState Limited may administer its register of members, and do all things necessary or desirable, for the purpose of preventing a breach of Rules 7.1 and 7.2.

8. Amendment and Termination

Amendment

- 8.1 MyState Limited may at any time by written instrument or by resolution of the Board amend all or any of the provisions of these Rules (including this Rule 8.1). Notwithstanding the foregoing provision, no amendment is to reduce the rights of a Participant in respect of either LTIP Shares, Performance Rights or Shares held by the Trustee on behalf of the Participant where those Shares were held by the Trustee on behalf of the Participant prior to the date of the amendment.
- 8.2 No amendment may be made except in accordance with and in the manner stipulated (if any) by Law and the Listing Rules.

Plan Termination

- 8.3 MyState Limited may at any time by written instrument or by resolution of the Board, terminate the Plan in whole or in part in respect of some or all of the Executives, without any liability whatsoever on the Company for any such complete or partial termination, provided that no action may be taken to reduce the rights of an Executive in respect of either LTIP Shares, Performance Rights or Shares held by the Trustee on behalf of the Executive where those Shares were held by the Trustee on behalf of the Executive prior to the date of the termination of the Plan.

9. Powers of the Board

- 9.1 The Plan shall be managed by the Board which shall have power to:
- (a) determine appropriate procedures for the administration of the Plan consistent with these Rules, including the form of Application Forms and other forms and notices to be issued under the Plan;
 - (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan and these Rules and any dispute of any kind that arises under the Plan;
 - (c) appoint and remove the Plan Administrator and determine the terms and conditions of the Plan Administrator's appointment;
 - (d) establish or cause to be established a Trust to acquire and hold Shares under the Plan, to appoint and remove the Trustee and determine the terms and conditions of the Trustee's appointment;
 - (e) exercise discretions expressly conferred on it by these Rules or which may otherwise be required in relation to the Plan; and
 - (f) delegate to any one or more persons (for such period and on such conditions as it may determine) the exercise of any of its powers or discretions arising under the Plan.
- 9.2 The Board has absolute and unfettered discretion:
- (a) to act or refrain from acting under these Rules or concerning the Plan or any LTIP Shares, Performance Rights or Shares allocated under the Plan; and
 - (b) in exercising any power or discretion concerning the Plan or any LTIP Shares, Performance Rights or Shares allocated under the Plan.

- 9.3 Notwithstanding Rule 9.2, any power or discretion under these Rules may be exercised in the interests or for the benefit of the Company, and the Board is not, in the exercise of such a power or discretion, under any fiduciary or other obligation to any other person.
- 9.4 The Plan shall take effect on and from such date as the Board may resolve.

10. Powers of the Plan Administrator

- 10.1 The Plan Administrator shall administer the Plan in accordance with these Rules and any procedures determined by the Board and agreed to as between the Board and the Plan Administrator.

11. Contracts of Employment and Other Employment Rights

- 11.1 It is a condition of these Rules that the Plan may be suspended or terminated at any time at the discretion of MyState Limited and that no compensation under any employment contract will arise as a result.
- 11.2 The value of the LTIP Shares, Performance Rights or Shares issued under the Plan shall not increase a Participant's income for the purpose of calculating any other employee benefits.
- 11.3 Participation in the Plan shall not confer on any Participant any right to current or future employment and does not restrict any person's rights to terminate the Participant's employment.

12. Notices

- 12.1 Any notice or direction given under these Rules is validly given if it is handed to the person concerned or sent by ordinary prepaid post to the person's last known address or given in any manner which the Board from time to time determines.

13. Plan Costs

- 13.1 With the exception of brokerage fees when Shares are sold, taxes, stamp duty, withholding tax and any other governmental imposts, a Participant will not be liable for any costs associated with the implementation and administration of the Plan unless the Board at its discretion determines otherwise. If the Board so determines otherwise, the Board must inform the Participant prior to making any such deduction.
- 13.2 The Company will pay or reimburse all expenses incurred by the Trustee in connection with the Plan.

14. Operation of the Plan

- 14.1 The Plan shall be operated in accordance with these Rules which bind the Company, the Trustee and each Participant.

15. General

- 15.1 Notwithstanding any Rule, Shares may not be issued, purchased, allocated, transferred or dealt with under the Plan if to do so would contravene the Corporations Act, the Listing Rules, BEAR, applicable prudential or regulatory rule or any other applicable Laws.
- 15.2 Where Shares may not be issued, purchased, allocated, transferred or dealt with as outlined in Rule 15.1, the Company will, to the extent permitted by law, pay the cash equivalent (calculated as the current market value of the Shares or on such other basis as determined by the Board) of the Shares that the Participant has become entitled to have allocated to him or her under Rule 3.8, 3.9, 3.10 or 3.13 (as applicable).
- 15.3 Despite any other provision of these Rules, and for the avoidance of doubt, Shares to be allocated in respect of an Offer made before 1 July 2018 are not subject to the BEAR.
- 15.4 Notwithstanding Rule 15.2, where Shares to be allocated in respect of an Offer made on or after 1 July 2018 are variable remuneration of an Executive within the meaning of the BEAR or any applicable prudential or regulatory rule, the Participant is not to be paid or entitled to a payment of a cash equivalent for the Shares to the extent that such a payment would, or would reasonably be expected to, cause the Company to contravene its obligations under the BEAR or any applicable prudential or regulatory rule.

16. Governing Law

- 16.1 The Laws of Tasmania govern these Rules.

SCHEDULE 2

SUMMARY OF THE TRUST DEED

Equity Trustees Limited (“**Trustee**”) has been appointed as trustee of the MyState Limited (“**MYS**”) Share Plan Trust (“**Trust**”).

Trustee acquires and holds Shares

At the direction of MYS, the Trustee will acquire MYS Shares with funds provided by MYS. The Shares will be registered in the Trustee’s name and held in the Trust. At the direction of MYS, after you become entitled to the Shares in accordance with the Plan Rules, the Trustee will allocate to you the number of Shares to which you have become entitled.

Shares rights

Shares allocate to you under the Plan rank equally with existing MYS ordinary Shares in all respects, including voting rights and entitlement to participate in dividends and in further rights and bonus issues. However, while the Shares are held by the Trustee on your behalf, they are subject to the terms and conditions of the Plan Rules and the Trust Deed.

Powers of the trustee

The Trustee may only deal with the Shares in accordance with the Plan Rules and the Trust Deed (as amended from time to time).

Income and capital

You will be entitled to an income of the Trust attributable to the Shares held on your behalf. For example, dividend or sale proceeds.

Any income of the Trust attributable to the Shares held by the Trustee that have not been allocated to participants (“**Unallocated Shares**”) may be retained in the Trust and used to acquire Shares for the purposes of the Plan.

Voting rights

You may direct the Trustee as to how to exercise the voting rights attaching to the Shares it holds on your behalf. If you do not give such a direction, the Trustee will abstain from voting in respect of those Shares.

Bonus Shares and rights

You will be entitled to any bonus Shares that accrue to the Shares held in trust on your behalf. These bonus Shares will not be subject to the disposal restrictions outlined above.

Any bonus Shares that accrue to Unallocated Shares will be retained by in the Trust and be allocated to a participant in accordance with the Plan Rules.

The Trustee will advise you of any rights to acquire Shares or other securities to be issued by MYS that accrue to the Shares held by the trustee on your behalf. You may direct the Trustee as to how to deal with such rights as set out in the Trust Deed.

Records and accounts

The Trustee will keep all necessary records for the proper administration of the Trust and details of the Shares and income held on your behalf.

Yearly Statements

At least once a year, the Trustee will notify you of the number of Shares the Trustee is holding on your behalf and any other information the Trustee considers appropriate.

Expenses of the Trust

Only out-of-pocket costs and expenses may be met out of the Trust. The Trustee must not levy on the Trust or on any beneficiary of the Trust any fees, charges, commission or other remuneration in respect of its office or in respect of operating or administering the Trust. MYS will indemnify the Trustee for costs relating to the Trust.

Further information

For further information, please contact Company Secretary on (03) 6215 9454.